

**UNIVERSITY OF LIVERPOOL**  
**DOCTORATE OF BUSINESS ADMINISTRATION**

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**THESIS**

**LEADERSHIP OF TRANSFORMATIONAL  
CHANGE:**

**THE ASSESSMENT AND DEVELOPMENT OF  
CHANGE PRACTICE IN A UN AGENCY**

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## Abbreviations and acronyms

|        |  |
|--------|--|
| AR     | Action Research  |
| EB     | Executive Board  |
| ECOSOC | United Nations Economic and Social Council               |
| ECSA   | Executive Committee of IFAD Staff Association            |
| EMC    | Executive Management Committee                           |
| GSS    | Global Staff Survey                                      |
| HRD    | Human Resources Division                                 |
| IE     | Institutional Ethnography                                |
| IEE    | Independent External Evaluation                          |
| IFAD   | International Fund for Agricultural Development          |
| MOPAN  | Multilateral Organisation Performance Assessment Network |
| OD     | Organizational Development                               |
| OE     | Organizational Ethnography                               |
| OMC    | Operational Management Committee                         |
| OpEx   | Operational Excellence for Results                       |
| OPV    | Office of the President and Vice President               |
| UN     | United Nations   |

## **Abstract**

This study represents my DBA thesis, which is focused on Leadership of transformational change. It was undertaken in 2016-2018 in the International Fund for Agricultural Development (IFAD), a specialized UN agency. The study aims at producing actionable knowledge for improvement of management practices in the organization. It referred to the period of 2008-2016, during which the organization went through major changes that transformed its structure, management and business model. In close consultation with management and staff, I reviewed, documented and assessed leadership of IFAD changes and developed 4 recommendations for improvement of change management functions and practices in the organization.

The study was grounded in Action Research framework (AR) with two parallel processes, research and action, taking place at every step of study implementation. It was an insider AR as I combined the role of the researcher and full-time employee in the organization. Using organizational ethnography as a research methodology, I reconstructed the context of leadership of changes from the views and reflections of people working in the organization.

Through face-to-face interviews with 11 IFAD managers and focus group discussions with 20 staff, I identified 4 priority areas for improvement of management of changes in IFAD. Based on data analysis, I suggested that IFAD should strengthen its Leadership of changes at two levels: collective and individual. The organization should recognize and assign the distinctive leadership roles and functions in managing changes. At the collective level, a Visionary leadership role should be assigned to the President, Strategic leadership to senior managers and Facilitative leadership to middle managers. The study also identified a great variation of leadership performance by middle managers, some being supportive and others passively resisting the changes. Therefore,

IFAD must review their functions in change, formalize them and develop an accountability framework, as well as provide support for the successful performance of these functions. The overall quality of IFAD's leadership of changes could be improved through Leadership development programme and coaching.

Further to improvement of leadership functions, IFAD should develop a thorough corporate Change Strategy that would translate the Vision for changes and provide much needed clarity and guidance to management and staff on change implementation process. Building and regaining trust in management was found to be particularly important in the context of IFAD, which can be addressed through assigning Champions of changes among managers, role modelling of organizational values by them, improving communication and increasing engagement with staff. The proposed improvements were extensively discussed and validated by senior and middle managers in the organization and found particularly relevant to IFAD's new round of changes.

# **Chapter 1: INTRODUCTION OF THE RESEARCHED ORGANIZATION**

The purpose of this research project is produce context-specific knowledge on change management practices within a United Nations (UN) agency. The researched organization, the International Fund for Agricultural Development (IFAD) is an international and intergovernmental entity, which is a specialized UN agency. Since 2005, the organization has been going through major changes that have had a profound impact on the organization, its structure, management, resources and its operation in developing countries.

IFAD was established as an international financial institution and a specialized UN agency in 1977 with the purpose to finance agricultural development projects primarily for food production in the developing countries. It is dedicated to eradicating rural poverty in developing countries as seventy-five per cent of the world's poorest people live in rural areas and depend on agriculture and related activities for their livelihoods.

Through low-interest loans and grants, IFAD works with governments to develop and finance programmes and projects that enable rural poor people to overcome poverty. Since starting operations in 1978 and until 2016, IFAD has invested US\$14.9 billion in 954 projects and programmes that have reached some 430 million poor rural people. Funding for the organization is provided by a number of developed countries that are 'donors' for the organization.

## **1.1 Context of Reforms and Change Management**

In September 2005, an independent evaluation of IFAD concluded '... that if it is to meet its many challenges, IFAD will need to implement deeper, more far-reaching changes and a

new operating model. In particular, IFAD needs to overhaul its management processes and actively pursue the new human resources policy.’ (IFAD, 2005, p.iv) This conclusion kick started a new phase for the organization - the phase of organizational changes. Some of the changes started in 2005, namely, the change in IFAD’s business model and adoption of a new business function of directly supervising its investments. However, major changes were initiated by the newly elected IFAD President in 2008, who came up with a vision for transformational changes to improve the organization, its image and performance.

At the same time, the external environment to the organization experienced a number of shocks that added pressure on the organization to broaden the scope of changes and deepen the ongoing ones. The Global Financial Crisis 2008-2009 had a strong impact on developed countries; moreover, it had a spillover effect on the overall development aid sector, which included the researched organization. Shrinking economies in wealthier ‘donor’ countries reduced the amount of aid dedicated by them to support poor and developing countries. Donors became more selective in choosing a development agency they would continue partnering with for channelling their aid funding. Their decisions on the selection of agencies became greatly dependent on the organization’s efficiency and effectiveness in delivering results. Such donor selectivity pressured the organization to demonstrate its competitive advantage through its ability to deliver results on the ground.

Furthermore, the organizational environment had also been greatly affected by the Food Price Crisis 2008-2009. One of the root causes of the crisis was the neglect of agriculture in developing countries (ECOSOC, 2008), which resulted in reduced performance of agricultural sector and reduced food production. Both developing and developed countries responded to this crisis by renewed focus on agriculture, which put a great pressure on IFAD. As it is a UN agency with the unique mandate to support agriculture development, the crisis resulted in an increased demand for IFAD investments, services and knowledge.

This also pressured the organization to deliver more and better results on the ground to assist agricultural production.

The combined effect of these events on the organization was the greater need to deliver more and better results with shrinking resources. The organization had limited capacity to respond to those pressures and had to find and introduce new ways of doing business, to use existing resources more efficiently, and to introduce streamlined structures and processes.

While the changes were pressured from the outside environment, the internal organizational environment also experienced major challenges. The results of its Global Staff Surveys (GSS) 2008 and 2010 (IFAD, 2008; IFAD, 2010) demonstrated internal problems: 77% (GSS 2010) of its employees had main concerns with the changes introduced by Management; over 60% (GSS 2010) of employees had little incentives to increase efficiency and did not see the approaches and tools in place to do so; and 52% (GSS 2008) and nearly 60% (GSS 2010) also shared various concerns with the Management about existing HR policies and procedures. In complex public-sector organizations, Pablo et al. (2007) noted that the success of changes that were forced by external environment depends on organization's internal resources and their ability to reconfigure processes and competences. Introducing any changes in such environment as it was in IFAD would, according to Armenakis and Bedeian (1999,) create major dissatisfaction among employees, which would in turn create further frustration and decrease employees' commitment (Armenakis and Bedeian, 1999). Therefore, such internal environment would put at risks the changes that the organization's Management was trying to introduce.

Pressured by internal and external factors, IFAD's senior management introduced and implemented a Change and Reform agenda starting from 2009 that was aimed at transforming the organization 'to be more effective, more efficient and more agile' (IFAD,

2014). This agenda included among other initiatives a redefined Business Model; Management for Development Results; Strategic Workforce planning and HR reforms; and Country Presence and Decentralization. It was expected that these reforms would renew the organization in order to meet the demands of its donors and partners/clients, thus ensuring organization's long-term sustainability. In addition to those, the aim was to address the issues raised by its staff and increase their motivation and engagement, so that the organization could deliver more and better results.

Four years after the initiation of these changes, IFAD performance was assessed by the Multilateral Organisation Performance Assessment Network (MOPAN). The organization was tasked by 19 donor countries to assess organizational effectiveness of the major multilateral organizations. The 2013 MOPAN report (MOPAN, 2014) acknowledged IFAD's strong focus on and clear directions for results, transparency of performance-based resource allocation systems, and significant improvements of its human resource management policies and practices that were introduced in recent years. Similarly, to efficiency improvements, positive progress has been demonstrated by IFAD's Global Staff Survey 2014 which confirmed that: 73% of employees highly regarded IFAD; 76% of employees felt engaged; 62% had trust in IFAD's management style and supported the changes that were introduced by the management. Half of employees shared the opinion that there are incentives in place to increase efficiency and there is already a good balance between efficiency and quality of service.

These improvements in operational effectiveness and employees' engagement were the interim results as changes were still being implemented and the senior management expected that the results can be further improved. For example, only 27% of employees considered that the existing internal processes and procedures were already efficient (IFAD, 2014). However, comparing these results to those of other organizations within the

development sector suggested that the changes already achieved made the organization stand out as a successful example to follow.

## **1.2 Conceptual Context**

Academic literature considers change as a natural process which accompanies people and their organizations. Philosopher James (1909/1996) stated that “The essence of life is its continuously changing character” (p. 253). This statement is in agreement with Tsoukas and Chia (2002); Zare, Arein, Azzar and Mardani (2015) and Feldman’s (2000) thinking of changes as a natural phenomenon that occurs in every element of human life and embedded in human action. Van de Ven and Poole (1995) defined organizational change as ‘a difference in form, quality, or state over time in an organizational entity’ (p.512). While change is a normal part of organizational life (Tsouksa and Chia, 2002), responding more deliberately to the challenges requires us to examine the way in which we understand better the challenges and opportunities created by such changes (Balogun, Hailey and Imogen, 2014).

Organizations in today’s world are also affected by their external environments, such as political and social reforms, economic and financial fluctuations, climate change, and fast technological development. Such turbulence, volatility and complexity affect organizations regardless of their nature and business sector (Tsoukas and Chia, 2002; Zaccaro and Banks, 2004; Zare et al., 2015). Agarwal and Helfat (2009) and Zare et al. (2015) argued that, in such context, organizational survival, further growth and success depend on an organization’s ability to adapt to external changes and introduce changes within its internal environment. The major challenge when facing a turbulent environment, according to Burke (2009), is to predict and control the process of organizational change for it to unfold in an expected way. Balogun et al. (2014) in contrast, viewed the challenge in how to simultaneously run two parallel processes: exploiting the existing strength (e.g.

profitable lines of business), while also introducing changes and exploring the new forms of business that would create a comparative advantage in the future. In other words, given the need to understand change, both as a continuous process and as a strategic imperative to respond to the changing environment, requires us to examine various types of changes that could be applicable to the researched organization and identify the processes that are particularly relevant to the changing organizational context.

### **1.3 Scholarly-practitioner's Context**

As for everyone else, change continuously accompanies my personal and professional life. After 15 years of UN services in field operations in various UN organizations and duty stations, I assessed my opportunities to move ahead with my UN career towards an increasingly important role in corporate management. This step required me to improve my management skills and understanding of organizational development practices. The DBA course at the University of Liverpool offered me an opportunity to learn modern management approaches that are closely linked to practice. It was important for me, as a practitioner, to learn a new knowledge that I could relate to my workplace. The other important factor was that the DBA course allowed me to combine a full-time employment in the UN with the studies.

My current job in IFAD is in the operational department in the IFAD's Headquarters in Rome, where I am tasked to follow up on the IFAD's investment portfolio in various developing countries. I work directly with Governments and other development partners to design development projects, funded by IFAD, and to then ensure that these projects are implemented efficiently and effectively, and have an impact on improving the living conditions and income of rural population in those countries. My managerial tasks relate to leading UN/IFAD missions in those countries, direct negotiations with the partners, and making operational decisions.

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My DBA studies introduced me to a concept of scholar-practitioner (Tenkasi and Hay, 2004) who bridges the two worlds of theory and practices and makes a contribution to the organization and academic environment. I contributed my operational experience to our learning sets and brought back new knowledge on management practices to my organization. This thesis is the concluding stage of my 7-year DBA course.

Upon successful completion of the studies, I had to choose the topic of the thesis project. My scholarly interest was in corporate management, though my job was not directly linked to management, therefore, I approached the IFAD's Office of the President and Vice President offering my thesis to IFAD and its management as an opportunity to work on a real management issue in the organization and generate knowledge that would be useful for addressing it. Within this context, I met with the IFAD's Vice President to discuss the potential research opportunity in the framework of current issues faced by management in IFAD and identify those which could be addressed by the study. During the discussion, I outlined the thematic areas of my studies, which were linked to various aspects of corporate management along with the purpose of the thesis project. I particularly highlighted my interest in various aspects of change and reform management, which could be the object of the thesis as I considered it relevant to IFAD's ongoing processes and issues potentially faced by management within those. The Vice President welcomed such initiative and shared his ideas on the potential research project. He underlined that it would be an interesting project that would allow to better understand the context of changes within a UN institution. He confirmed that the institution was going through major changes, within which there was a lot of knowledge already generated on the type of changes that were introduced. What was less known to the organization, according to the Vice President, was how these change processes were managed and led, what was the impact of management decisions and actions on staff and what could be improved by the organization. He particularly stressed the fact that the organization will be going to future

changes and knowledge generated by this research could be useful for improving leadership of these changes and increasing the chance of success of those changes. In two follow up meetings with the Chief of Staff, I was able to further develop the concept of this thesis, identify the area of focus and define its scope. It was agreed to examine management and leadership actions within the ongoing IFAD's Change using action research methodology to generate knowledge from management and staff experiences. The action part of the project was also discussed and agreed upon from the very beginning with continuous dialogue with the management on the research itself, but importantly on the initial and final findings and recommendations.

#### **1.4 Research Aim and Objectives**

At the time when this study was initiated, the organization had been going through major changes and the management realized that the changes have to be continued to keep up with the demands of the external environment and further improve operational performance. This was also in line with the understanding from academic literature that change is a natural continuous process that accompanies modern organizations (Tsoukas and Chia, 2002). In implementing the changes IFAD already witnessed some degree of success, however, management noticed that the implementation of these changes was not smooth and there were different views on how these changes were led, what went well and what could be done better next time. These observations were also confirmed by issues raised by staff in the Global Staff Surveys 2008 and 2010, particularly those relevant to management practices.

In light of the management's intention to continue organizational changes by introducing further strategic improvements, the management identified the need to analyse leadership practices which were embedded in IFAD changes and draw lessons and recommendations for improvement of leadership of changes. In line with this, the aim of this study was to

contribute to the improved management practices in the organization through generating organization-specific knowledge on leadership of IFAD changes. The specific objectives that the study was planning to address were to 1. review, assess and document leadership practices in the context of IFAD changes; 2. develop a set of actionable recommendations for IFAD's management to improve leadership of organizational changes and 3. raise awareness of management in the organization about the areas for improvement of leadership of IFAD changes and related actionable recommendations.

In the study, I reviewed the major change initiative, IFAD's Change and Reform agenda, that the organization implemented from 2009 to 2016, and in the framework of this initiative, I assessed and documented leadership actions that were embedded in the changes. More specifically, I focused on the following questions: i. what were the key leadership roles and functions embedded in IFAD's changes; ii. how did these functions impact the success of the changes; iii. what could the organization learn from the implementation of these practices and iv. what recommendations for improvement could be drawn for informing the future changes in IFAD. I initiated and undertook the study in close consultation with the IFAD management and got it approved in line with the existing procedures in the organization (Appendix 1).

The expected result of the study was context-specific actionable recommendations for improvement of change management practices in the organization. I widely shared the study findings and recommendations with the management and employees in order to validate them, raise awareness about successful leadership practices and areas for improvement, and identify pathways for introducing the proposed improvements in the context of ongoing and new organizational changes.

## **1.5 Structure of the Thesis**

The thesis is structured in 8 Chapters. I set up the contextual framework for the study and presented the study objectives in this Chapter 1. It is followed by the review of academic literature in Chapter 2, that aims to build a conceptual understanding of the leadership role and functions in change management. In Chapter 3, I present the research methodology that allowed me to reconstruct the organizational context and understand leadership functions in IFAD's change management processes. Chapter 4 presents the collected data, followed by the discussion of findings and recommendations in Chapter 5. Chapter 6 is particularly important for this study as it presents and discusses the actions which I undertook in the research organization during the study, which were focused on raising awareness and interest of IFAD management in the study and its findings and identifying the avenues for introducing the changes proposed by this study in the organization. Study reflections and limitations are presented in Chapter 7, followed by study conclusions in Chapter 8. The report is completed with a list of References and Appendices with supporting documentation.

## **Chapter 2: CONCEPTUAL FRAMEWORK**

In this chapter I present academic literature on strategic changes and position these changes within the framework of organizational development. While analyzing various types of strategic changes and their respective frameworks, I identify key cross-cutting themes that have major influence on management of changes. I then put together these themes in a research framework which serves as a basis for the study.

As discussed in the introduction, the researched organization has been recently going through major changes, which can be classified as strategic according to Agarwal and Helfat (2009) as they relate to long term vision of the organization and have critical influence on its success or failure. Strategic change though is a broad category of various types of changes (Burgelman, 1991), within which there are conceptual frameworks that relate specifically to long-term success of the organization: strategic renewal (Agarwal and Helfat, 2009; Floyd and Lane, 2000) and transformational change (Chapman, 2002). These two types of strategic change focus primarily on the deliberate action to respond to crisis faced by the organization that require something more than incremental change (Argawal and Helfat, 2009) and intended to ensure the survival of the organization and set the foundation for further analysis of change management in the organization.

I commenced the study with the academic literature review, the purpose of which was to gain a broad conceptual understanding of the leadership role and practices in strategic change management. The below review is structured in a way to start with a broader overview of organizational change management concept, zooming into two particular types of strategic change and then identifying particular aspects of change in which leadership practices significantly impact the change process. The review commences with the section that presents change concept evolution in organizational development (OD), the ongoing discourse among scholars, key themes and elements as well as various frameworks and

models that guide its implementation. Thereafter, I defined two types of strategic changes: transformation change and strategic renewal, discussing differentiating features and key frameworks, processes and elements of each of them. The review of the two types of strategic changes enabled me to identify key and crosscutting themes that are common to these changes and play an important role in making change happen. Within each of the themes, I particularly explored how leadership functions and practices guide and influence them. The concluding section of the review focuses on the role, functions and importance of leadership in strategic changes. The final section presents and discusses the framework of leadership in change management that would guide the research project.

## **2.1 Evolution of Change concepts in Organizational Development**

Studying philosophical routes of change, Tsoukas and Chia (2002) concluded that change has been a time-old philosophical puzzle with contrasting views on what it is and where it leads. Similar discourse on the topic of organizational change continues for decades within organizational development (OD) studies (Chapman, 2002). At its roots in the 1960s, OD was primarily focusing on building knowledge and supporting small-scale incremental changes (Chapman, 2002). OD general discourse at that time was primarily dominated by the issue of stability, according to Orlikowski (1996), and there was little attention and seriousness about transformation [change] (p. 63). Within this context, change was reviewed from the rational perspective, it was planned and directed by management and the expected result was that the achieved changes would serve as a ground for future stability (Clegg, Kornberger and Pitsis, 2005).

As the understanding of change and its scope grew, Chapman (2002) noted that OD started paying more attention to large scale strategic changes. Over time two major schools of thought on change concepts evolved, which affected the way change has been understood

and that in turn affected the conceptual distinctions among its various types (Chapman, 2002).

The contemporary change concept school, according to Armenakis and Bedeian (1999) consists of a number of scholars such as Lewin (1947); Burke and Litwin (1992); Vollman (1996) representing a traditional approach with its view of change as a short-lived episodic process with its beginning and end. These scholars consider change as exceptional rather than natural process, privileging stability, routine, and order (Tsoukas and Chia, 2002). This school of thought at its core adopts Lewin's model of change (1947) with 3 steps of changing people and organizations: unfreeze–move–refreeze. The model according to Clegg et al. (2005) became the template for many modern change programs. On the other hand, there is a growing pool of critics of the model, referring to it as overly simplistic, static and rigid concept which is outdated and inappropriate in today's complex world (Kanter et al., 1992; Child, 2005; Benson, 2015; Cummings, Bridgman and Brown, 2016). Van de Ven and Sun (2011) also noted that the model is missing the fourth element of 'sustaining the change', that can bring the situation back to stability and equilibrium. Tsoukas and Chia (2002) referred to conclusions of Beer and Nohria (2000) and Taylor (1993) that change programmes, which are informed by the traditional approach, do not produce change.

In contrast, change programmes that are claimed by Orlikowski (1996) to work are those based on the conceptual view of change as ongoing, with the change continuously enacted and adjusted by organizational actors. Such a view of change is at the core of the modern school of thought on change management. This school, according to Tsoukas and Chia (2002), considers change as continuously evolving human action, and therefore being natural, evolutionary and ongoing process involving everything in the world. This view is shared by Ford and Ford (1995), Orlikowski (1996), Van de Ven and Poole (1995), Weick and Quinn (1999) and many others. Tsoukas and Chia (2002) argue that organizational change depends on how the organizational actors make sense of the context and

continuously act together to implement the change. In their opinion, successful change should represent the flow of continuous action and interaction of all actors rather than episodic events. Van de Ven and Poole (1995) recognized complexity of organizational environments with numerous changes and change models being implemented at the same time and problems that arise from the conceptual view of change agents making meaning of the ongoing changes and constructing the new understanding together, which can be confusing and lead to breakdown of implementing the changes. This view of change is already complex, but there are some attempts to shift the concept of organizational change to 'organizational becoming', proposed by Tsoukas and Chia (2002), which, in essence, denies any model of change to be used as rigid and static, and suggests using intuition and sense-making to guide continuous changes.

The spectrum of conceptual understanding within this school of thought is extremely large varying from large scale changes to those continuous micro-changes at a routine level that might be unintentional and invisible. For the purpose of this research, therefore, I adopt a synoptic account of organizational change within the modern school of change (Tsoukas and Chia, 2002; Greiner and Bhambri, 1989). Change is viewed within synoptic accounts as a separate accomplished event with its features, causal antecedents and consequences (Tsoukas and Chia, 2002) and provides a snapshot of the particular change event. The difference between such a view and the traditional view of change is that the synoptic view recognizes the ongoing process of change and sees a particular change event as a movement towards stabilizing the organization and as a part of the flow of various changes, which are affected by various external and internal factors (Tsoukas and Chia, 2002). The benefit of such view is that it allows taking a snapshot of the situation, examining and describing it (Tsoukas and Chia, 2002); while at the same time recognizing it is but one part of an ongoing process.

## **2.2 Organizational Development Frameworks**

Different conceptual understandings of change fuelled the development of various frameworks in the OD literature (Golembiewski, Billingsley and Yeager, 1976; Isabella, 1990; Van de Ven and Poole, 1995; Weick and Quinn 1999). Golembiewski et al. (1976) developed a model of three types of change: alpha, beta and gamma change. The first two changes, alpha and beta, represented behavioural changes within the existing and fixed organizational boundaries. The third, gamma change, represented a change that led to redefinition of the entire space, a 'big bang' type of change (Golembiewski et al, 1976, p.38), the one that shifts the overall understanding of organizational purpose and its operations (Chapman, 2002). Nearly at the same time, Watzlawick, Weakland and Fisch (1974) divided changes into two types: first- and second-order change. The first order change, similarly to alpha and beta change, entails adjustments within the system; the second order change, similar to gamma change, involves qualitative adjustments to the system. After that, various OD scholars built upon and clarified this framework. First-order change was further elaborated by Bartunek and Moch (1987) as gradual modifications within the existing framework, and by Levy (1986) as incremental adjustments that do not change the basis of the system.

Second-order change, instead, was further defined as alteration of the system itself by Bartunek and Moch (1987) and as movement to a different state of understanding and shift in deep structures by Ford and Backoff (1988). While analysing elements of various changes Chapman (2002) concluded that second-order change represents the change that was commonly defined as "transformational". Beckhard (1992) explains this definition represents the needs and practices involved in transformational change that forces complex organizations to re-define their form and structures, and to revisit their needs and appearance.

Transformational change, according to the above presented conceptual models, falls under the second order or gamma change and entails a deep qualitative shift of organizational systems affecting how the organization is shaped, its nature and interaction with external/internal environment (Chapman, 2002; Beckhard, 1992). The synoptic view of the change, presented by Tsoukas and Chia (2002), allows us to explore a particular change event in the process of ongoing changes. In the case of transformational change, this is a drastic strategic and systemic change, and an analysis of such a change allows us to then examine common processes that might be evident in that type of change.

### **2.3 Defining Transformational Change**

In the earlier OD literature, the concept of transformational change, according to McNulty and Ferlie (2002), was viewed in a more traditional way as a gradual, piece-meal change and only from 1980s, scholarly interest evolved towards large scale and synoptic changes. The main discourse at that time particularly focused on defining the difference of this type of change from the other changes, as described in Golembiewski et al. (1976); Bartunek and Moch (1987); and Chapman (2002). The topic was then discussed in the framework of behavioural science, which developed an understanding that significant changes are difficult to occur unless people change first (Chapman, 2002). The original idea of behavioural change was presented by Argyris (1964) and particularly referred to changes in beliefs and values of executives, highlighting the importance of personal changes of those in power, the development of their values, decision-making and leadership prior to initiating any change event.

Building on this understanding, several OD scholars (Bartunek, 1988; Golembiewski, 1976; Chapman, 2002) concluded that, in transformational change, people's values and attitudes should be changed first and that would serve as a foundation for follow up changes in organizational structures and systems. The main premises for such conclusion was

explained by Argyris (1964) who found that, with time, people in corporations become less motivated, they tend to avoid taking risks or try new innovations and, unless they change - improve their interest, be open for new ideas and innovations - it would be difficult to achieve any major change. Such understanding affected the overall discussion on transformational change, which started to evolve around the change in 'soft elements' of organizational environment, such as culture, values and behaviour, leaving behind 'hard elements', such as systems and structures, in the organization (Muja, Appelbaum, Walker, Ramadan and Sodeyi, 2014; Balogun, Hailey and Imogen, 2015). Changes in behaviours and values were defined by Golembiewski et al. (1976) as a major shift in psychological space and by Levy and Merry (1986) as a paradigmatic shift within transformational change. The new understanding of a sequence of change elements became a main differentiating factor for transformational change from other types of changes (Chapman, 2002; Golembiewski et al, 1976).

Over time, in the 1990s, the OD discourse on transformational change shifted to focus on achieving a better understanding of the end results of transformation, its effect, defining it as associated with radical and revolutionary shift (Limerick, 1994), rebirth (Richan, 1991), remaking themselves (Kotter, 1995). There was still a recognition of people-centred, humanistic approach to transformation, but the new elements of the discussion were focused on what the change brings and its outcomes (Limerick, 1994). At the same time, various conceptual frameworks started being developed to provide better clarity on the key processes or change events that lead to transformational effect of change. Beckhard (1992) developed 4 types of transformational change, only one of which was focused on cultural changes. The 3 other types were: changes in what drives the organization; changes in relationships between different parts of organization; and major changes in the way of doing work. He claimed that each of these types of change can be transformational. This framework suggests that transformation can be achieved through individual changes of

main elements of organization – its mission, operations, and culture. However, the weakness of the framework is that each type of change represents episodic traditional type of change undertaken in a simple structured organization. Transformational change, though, should be multilevel and multidimensional (Levy and Merry, 1986) with its complex approach to change so it brings ‘deeper transformation’ (Balogun et al., 2014, p.5).

Over the past decade the thinking on transformational change further evolved and consistently portrayed organizational transformation in its complexity, as major changes in multiple dimensions (Wischnevsky and Damanpour, 2006). Presenting this complexity, Chapman (2002, p. 17) upon review of several previously developed models of Cummings and Huse (1989); King and Anderson (1995) defined 3 core elements of transformational change: i. these changes were undertaken within complex and overlapping systems; ii. they primarily address issues of culture, while changes in processes and structures became secondary; and iii. these are led by top management and enabled by all members. The importance of this typology is that it shows the complexity of the endeavour, the complexity of the environment in which the changes are implemented, the complexity of the change focus with several elements (people, structures, and processes) included in it and the need for greater participation and support from all members. The challenge then, according to King and Anderson (1995), is to bring such complexity into practice and manage to implement it successfully.

The latest literature on transformational change embraces the diversity of previously discussed concepts with the aim to bring it close to practice. There is still no agreement among scholars on the definition, requirements, elements and expected outcome, but there is much more research and interest in testing the models in practice (Balogun et al., 2015; Zare et al., 2015). For example, Arya (2012) underlined the importance of sustainability and claimed that many transformational changes were only short-lived ‘management fads’ and did not bring long term improvements in the organizations. Therefore, Arya (2012)

concluded that, to achieve transformation, the organization should not only transform itself, but also sustain this transformation. The importance of sustained results, beyond short-term gains, in transformation was also confirmed by the empirical case study of the health care system in the UK by McNulty and Ferlie (2002). The three ingredients that are important in achieving such sustained transformation, according to Arya (2012) are: i. the transforming strategic vision, which is supported by ii. the change of cultural norms and procedures, and implemented by iii. competent leadership. In other words, these are the three pre-requisites without which transformation would not happen.

Looking at organizational transformation from the perspectives of personal transformation, Howard and Hirani (2013) defined it as a change occurring through moves from one stage to another, thus bringing in an incremental feature of transformation. Looking at transformation from a synoptic point of view complemented with the understanding of its sequential nature enriches managers understanding of such change and allows them to plan and monitor these gradual improvements. The theory on incremental feature of transformation of Howard and Hirani (2013) has been practice tested by Balogun et al. (2014, 2015) who examined various cases of transformational change and suggested a step-by-step approach in a model of transformational change in practice. Balogun et al. (2014, 2015) defined transformational change as large-scale changes that address fundamental organizational issues and that substantially affect the culture of the organization. The scholars discussed a few main points that make the change difficult to practitioners and which results in nearly 70% of failure of change efforts. These are primarily related to the challenge for executives to keep the equilibrium between the exploitation of existing business and exploration of new ways of doing business at any point of time.

The above section provides an understanding of transformational change as a fundamental change that involves major rethinking on organizational structure, management and results for improved organizational performance. It is a complex change initiative that

involves various simultaneously run organizational attributes such as structure, people, culture, and processes. This change has an incremental nature in which people's values and attitudes should be changed first with follow up changes in organizational structures and systems. Arya (2012) provides a definition of transformation as a fundamental change that disturbs the entrenched equilibrium and involves major rethinking on how the organization is structured and managed, which results in improved organizational performance, and which is also sustained. This definition integrates the aim of the change - improved performance, with the need for changes in structure and management in order to achieve transformative effect of change. Furthermore, it reflects on the requirement for sustainability of changes and their results. Therefore, for the purpose of my research, this is the definition of transformational change that I intend to adopt.

## **2.4 Defining Strategic Renewal**

Strategic renewal is another type of strategic change that gained attention towards the end of the century (Leavy, 1997), though Agarwal and Helfat (2009) highlighted that, so far, the concept was not sufficiently reviewed as a distinct concept of strategic change. Strategic renewal was defined by Agarwal and Helfat (2009, p.282) and Worch, Truffer, Kabinga and Eberhard (2012) as a process, content and outcome of substantial change that entails the replacement or refreshments of strategic attributes of organizations, those that have a potential to substantially affect an organization's long-term prospects. These attributes are context-specific and can include goals, structures, business models, products and service, resources and organizational capabilities. In further explaining strategic changes, Agarwal and Helfat (2009) made particular emphases on two elements: the refreshment and replacement of attributes; and the strategic nature of this change with its focus on long-term organization's prospective. The definition proposed by Agarwal and Helfat (2009) could potentially include a broad variety of possible strategic changes, which in turn make

it difficult to differentiate strategic renewal from other types of strategic changes. The only distinction provided by Agarwal and Helfat (2009) was that strategic renewal excludes strategic extensions, additions, or deletions. By this they mean that strategic renewal includes partial or full qualitative replacement of the attribute, while changes in which additional attributes are introduced and existing attributes removed could not be considered as strategic renewal.

From the perspective of Volberda, Baden-Fuller and Van den Bosch (2001) strategic renewal is a multi-level process to alter its path dependence that leads towards adaptation of the organization to its environment. This definition highlights the adaptive nature of the organization to its environment, which was studied by many scholars (Flier, Van Den Bosch and Volberda, 2003; Burgelman, 1983, Crossan, Lane, and White, 1999) who brought up the issue of alignment with internal and external environment within strategic renewal. Martens, Matthyssens and Vandenbempt (2012) and Flier et al. (2001) argued that adaptation to changing environmental conditions is required for organizations in order to gain and retain its competitive advantage, which is important for organization's long-term survival and success.

While implementing strategic renewal, the organization, according to Volberda et al. (2001), has two parallel processes going on. On one hand, the organization preserves and exploits the existing capabilities, such as successful business lines, while in parallel it also explores the new ones, such as testing innovations and new models. It is important that both of these actions are included in the change exercise: in exploitation renewal actions elaborate on the current range of activities through refinement and efficiency increase (March, 1991); while in exploration, the renewal actions add new activities to the existing one through search and variation (Volberda et al., 2001(b); March, 1991).

A different approach to the concept of strategic renewal was taken by Floyd and Lane (2000) who reviewed it from the perspective of learning theory. The scholars argued that successful changes are the result of bottom-up learning and internal selection. In this framework, strategic renewal was defined by Floyd and Lane (2000) as ‘an evolutionary process associated with promoting, accommodating, and utilizing new knowledge and innovative behaviour in order to bring about change in an organization's core competencies...’ (p. 155). In the process of strategic renewal, Leavy (1997) considered exploitation as low-level or single-loop learning which produces new knowledge from the existing insights (Argyris and Schon, 1978). Exploration, on the other hand, is based on higher-level or double-loop learning through acquiring knowledge that is fundamentally different from the existing insights (Argyris and Schon, 1978; Liao, 2008). Similar to Volberda et al. (2001), Floyd and Lane (2000) connected the learning-based changes to external environment and organization’s long-term development, seeing such changes as a way to decrease the organization’s vulnerability to the external environment and gaining a greater chance for its survival (Floyd and Lane, 2000).

Volberda et al. (2001) reviewed strategic renewal through the lenses of behaviour of managers towards each other; their ways to balance exploration and exploitation and to share knowledge within the organization. As a result, they developed a managerial framework with four types of strategic renewal: emergent, directed, facilitated, transformational. Emergent and facilitated renewals are primarily guided by the force of the marketplace, with the later containing some involvement of frontline management. In contrast, directed renewal represents a top-down approach to change with top management presenting purpose and strategy and managing the balance of exploration and exploitation efforts. The type of strategic renewal in which all layers of management, top, middle and frontline, are involved is transformational strategic renewal (Volberda et al., 2001).

Agarwal and Helfat (2009) divided strategic renewal into two types: i. incremental renewal and ii. discontinuous strategic transformation. The type of incremental renewal entails smaller scale changes that are introduced in response to minor changes in the environment and represent gradual replacement of processes and structures. These type of changes seem to be similar to what Tsoukas and Chia (2002) call continuous change or 'organizational becoming'. The benefit of such gradual approach is that it allows the organization to continuously adapt to changing environment and thus reduce the need for larger scale changes, such as transformation. Building on the co-evolutionary change view of Volberda et al. (2001), Agarwal and Helfat (2009) argues that such gradual changes might not be only in response to external environment, but also a result of continuous experimentation, research and innovation inside the organization. Burgelman (1991) brought particular attention to the strong consequential link between experimentation and internal selection and the strategic renewal. The challenge faced by organizations in such gradual change is that continuous changes might be hard for organization to effectively manage; it could also conflict with established routines (Nelson and Winter, 1982) and have a negative impact on employees' job satisfaction and motivation (Parlalis, 2011). Furthermore, gradual changes might not always be an option as it is difficult for the organization to anticipate changes in the environment (Agarwal and Helfat, 2009) or due to built-up organizational inertia which make adaptation efforts difficult (Flier et al., 2003). Both of these would later on result in the need for the organization to undertake a major shift in order to adapt to already changed environment.

Such fundamental shift is defined by Agarwal and Helfat (2009) as discontinuous transformation, the second basic type of strategic renewal. Such transformation is characterized by fundamental changes along multiple dimensions of strategic organizational attributes. Transformative strategic renewal challenges the very ideas on which the organization is built (Flier et al. 2003) which according to Leavy (1997) could

only be achieved by exercising higher order learning. Nonaka (1988) considered that in self-renewal there is shift from chaos to order through a process of dissolving of an existing organizational order and creating a new one. Similar to typology of Agarwal and Helfat (2009), Leavy (1997) divided strategic renewal into two phases: a long phase of evolutionary change which is interspersed by short bursts of revolutionary and disruptive transformation. The challenge faced by the organization in transformational strategic renewal is that it requires a major re-thinking and leads to fundamental restructuring in the organization (Worch et al., 2012).

The concepts of strategic renewal discussed above suggest that there is no consensus in the literature on what strategic renewal means and how it differs from other strategic changes. The emphasis on refreshment and replacement of attributes in this type of change as suggested by Agarwal and Helfat (2009) do not provide sufficient ground to clearly differentiate it from other strategic changes. The important elements of strategic renewal that are cross cutting in various concepts are the following: i. the strategic nature of the change that involves the entire organization and affects its long term development (Agarwal and Helfat, 2009; Nonaka, 1988); ii. co-evolutionary processes that lead to adaptation of competencies to organizational environment in order to increase competitive advantage (Volberda et al., 2001; Flier et al., 2003; Burgelman, 1983); iii. refreshment and replacement of strategic attributes (Agarwal and Helfat, 2009); and iv. changes are the outcome of learning and experimentation (Floyd and Lane, 2000; Burgelman, 1991). Therefore, the definition of strategic renewal that is adopted for the purpose of the project is of Agarwal and Helfat (2009) and Volberda et al. (2001) as strategic change that entails the replacement or refreshments of strategic attributes, leads towards the organizational adaptation to the changing environment and the alteration of its path dependence.

## **2.5 Cross-cutting themes in transformational change and transformative strategic renewal**

The description of discontinuous strategic transformation of strategic renewal provided by Agarwal and Helfat (2009) and Leavy (1997) is similar to the definition of transformational change of Arya (2012) as a fundamental change of organizational structure and management. In both processes, the change involves the entire organization through major enactment of its strategic attributes. Furthermore, among strategic attributes that can be included in strategic renewal, Agarwal and Helfat (2009) listed the organizational mindset, which suggests that organizational culture change could be part of transformative strategic renewal. This is similar to transformational change in which culture change is a primary element of change followed by structural changes (Chapman, 2002).

In other words, these highlight conceptual similarities of transformational strategic renewal with transformational strategic change. Both concepts fall under the category of strategic changes, which serves as an umbrella concept for them and refer to transformation of strategic profile of the organization (Floyd and Lane, 2000). The types of changes included in both concepts can be described as fundamental shifts involving major rethinking that challenges the very ideas on which the organization is built (Arya, 2012; Balogun et al., 2015; Agarwal and Helfat, 2009). Furthermore, the management/leadership approach of both types of changes is the one led by senior management and enabled by all employees (Arya, 2012; King and Anderson, 1995; Volberda et al., 2001).

Reviewed literature revealed two main differences between the two concepts: i. the focus of strategic renewal is on refreshment and replacement of attributes, excluding deletions and extensions (Agarwal and Helfat, 2009), while transformational change includes all types of organizational changes; and ii. transformational change pays a greater attention to culture

change (King and Anderson, 1995; Balogun et al., 2015), while strategic renewal includes it as a possible element of renewal.

In light of large amount of conceptual similarities between transformational change and transformational strategic renewal, the next section of the report will review various cross cutting themes that enable the change in both concepts and would identify the key phases in which leadership plays a role in them. Among these are triggers of change, participation, cultural changes and learning. Thereafter, the key theme of leadership will be discussed in the overall framework of change as well as summarizing its role in other themes. While integrating and evaluating literature on these themes, additional research is reviewed to gain better understanding of the scholarly standpoint taken on these topics, the ongoing discourse, and the elements of their models that could be used by the study.

### **2.5.1 Triggers for change**

As it was discussed earlier, organizations operate in complex environments, sometimes very turbulent and with multiple simultaneously occurring dynamics (Chapman, 2012; Zare et al., 2015). Like living organisms, organizations must cope with the environment and adapt to it, which in turn depends on their ability to implement changes (Agarwal and Helfat, 2009; Zare et al., 2015; Teixeira and Werther, 2013). Failure to adapt to the environment puts at risk the organization's success and survival (Ben-Menahem, Kwee, Volberda and Van Den Bosch, 2013; Teixeira and Werther, 2013). Changes triggered by the environment, according to Chapman (2012) should be not just any changes, but they should be transformational. Such reactive approach to the environment is in line with the co-alignment method of strategic renewal (Floyd and Wooldridge, 1997). Facing such environments organizations often embark into major re-evaluation of its purpose, vision and main business elements and implement changes that aim to improve organizational performance and transform the organization (Chapman, 2012; Zare et al., 2015).

Another approach, which similarly aim to align the organization with the external environment, is co-creation (Agarwal and Helfat, 2009) in which organizations are constantly engaging in incremental strategic renewal in order to cope with and also influence the changes in the environment, remain agile and reduce the need for transformative changes (Agarwal and Helfat 2009; Volberda et al. 2001). Learning and experimentation according to Limerick, Passfield and Cunnington (1994) is the tool that allows the organization to continuously implement gradual changes and adapt to the environment. By aligning internal with external rates of change Ben-Menahem et al. (2013) considered that over time organizations achieve dynamic environmental fit. Nonaka (1988) added that the more organization creates multi-level fits between its attributes and external environment, the more functional it is. Volberda et al. (2001b) claimed that the choice of co-alignment or co-creation approach depends on the environmental conditions the organization faces. This suggests that alignment with external environment is the first trigger for initiating changes with two approaches to implement it: through co-alignment or co-creation. Co-alignment is an approach used for changes that bring transformation: in transformational change and transformative strategic renewal; while co-creation approach is predominantly used in incremental strategic renewal efforts.

The entire transformational change effort according to Kotter (1995) is acted upon a crisis situation. Arya (2012) calls it as imminent threat or urgency which would lead to the creation of a new path for the organization. A similar view is shared by scholars of strategic renewal, Nonaka(1988) and Leavy (1997) who emphasized the roles of crisis, ambiguity and chaos within the organization and from the outside and considered them as necessary precondition for meaningful change. Leavy (1997) argues that very often organizations face crisis as they naturally tent to prioritize continuity and prevalent inertia, which often exacerbate the problem of alignment with the environment. Howard and Hirani (2013) and Nonaka (1988) noted that crisis is an important motivator for change for people; it

stimulates creative thinking and activities that could transform and rejuvenate the organization. Howard and Hirani (2013) added that it is essential not only to identify crisis, but also communicate it in a way that employees understand its importance and urgency. The above suggests the second trigger for change, which is the situation crisis, chaos or ambiguity.

Kezar and Eckel (2002) concluded that transformational change is intentional, which proposes human intervention in triggering change. Many scholars built their conceptual frameworks on the fact that leader is a starting point of any transformation (Agarwal and Helfat, 2009; Caldwell, 2003; Floyd and Lane, 2000; Kotter, 1995). Leavy (1997) and Crossan and Bedrow (2003) had a broader view on leadership that triggers the change, concluding that those in power rarely identify the need for change, while change can be a joint effort of many people; someone at the lower level of management or someone new to the organization. Balogun et al. (2015) also found in practice that there is a stream of new CEOs who have the transformational agenda as well as the ability to read the context and identify the need for change. Kotter (1995); Arya (2012); Balogun et al. (2015) considered that the initial role of the leader/s is to identify the need for change and then develop a strategic or transforming vision that presents a clear direction in which the organization must change. This suggests that leaders as individuals and/or groups at various levels of organizational hierarchy can identify the need for change. It is though arguable that those leaders with power can follow up on the need for change and initiate changes.

The literature presented three main triggers of change: alignment with the environment, crisis/chaos, and leaders of change. These triggers shape or push the organization to change and influence the choice of the type of change that would be implemented as well as the approach that would be used for its implementation. While all three triggers are important, it is the role of the leaders to identify the need for change that would re-align the organization to the environment or would address the situation of crisis. It is also the role

of the leader to convince the organization to accept the need for changes. This suggests that leaders, as a trigger of change, are the ones who identify and operationalize the other two triggers. In the context of researched organization, the research project could evaluate the role of leaders in triggering change as well as in operationalizing other triggers and stimuli for change. For the action part of the research, it would be useful to reflect on the type of leadership that would prepare the organization to respond to future environmental shifts or crises.

### **2.5.2 Participation**

There is a general agreement in the reviewed literature on transformational change that participation of all actors is essential for achieving transformation. Kotter (1995) viewed it as a fundamental issue, stating that change will not happen unless large number of employees is ready to help the change and willing to go through some sacrifices. For Chapman (2002) participation and conversion of everybody to become change agents is a differentiating factor of second-order, transformational change, from first-order changes. The value of participation, according to Chapman (2002), is that it allows generating new information and perspectives by employees.

Literature on strategic renewal pays little attention to the issue of participation, though, scholars who tackled the issue highlight its importance in the process. Among them Volberda et al. (2001) who underlined the need for substantial involvement of all levels in the changes, but more importantly, the value of their contribution towards shaping the direction of the renewal process. The scholars claimed that such broad involvement would speed up the process and bring improved quality of the outcome of renewal. Furthermore, Auster, Wylie and Valente (2005) explained that efforts in making employees participate in changes make them feel respected and empowers them, which in turn increases their commitment to change and, as a result, enhances the likelihood of success of changes. It is

the particular role of the manager/leader to bring people together and motivate them to participate in it, according to Arya (2012); Chakravarthy and Gargiulo (1998); Kotter (1995) and Volberda et al. (2001).

It should be pointed out, however, that the reviewed conceptual models assume that people are ready to change, give up their stability and ready to accept sacrifices. In this regard, Ford and Ford (2010) noted that most people do not respond well to the fact that they need to keep delivering results, while simultaneously have accept new roles and responsibilities within the change. The demands might be too high and exceed their coping resources, which according to Bouckenoghe (2012) would make them feel overwhelmed. In addition, people during times of change must let go their sense of stability, according to Tsoukas and Chia (2002), and that is generally met with anxiety, uncertainty, frustration, stress (Parlalis, 2011). Studying strategic renewal in practice, Worch et al. (2012) found that significant number of employees were unwilling to support the changes as many of them had to leave the organization.

Auster et al. (2005) differentiated organizational groups depending on their reaction to change: those who are open to change; others who might be open but could have good reasons not to support it; and the last group of those who generally tend to react negatively to change. These groups, according to Auster et al. (2005), are also affected by organizational politics and dynamics of various groups in the organization with their distinct interests, priorities, values, and perspectives. Auster et al. (2005) warns that if particular interests of those who do not support change are not considered and no efforts are made to integrate them, the change process will slow down or its success will be undermined. In view of many academics, according to Bareil (2013), resistance to change is employees' response against change which could be either their reluctance or unreadiness to accept change (Piderit, 2000). Resistance can be expressed in terms of behaviour (action or inaction, defiance) or emotions (anxiety, aggression or frustration). Resistance can also

be triggered by organizational politics and interest of those groups that are against the change (Ferris et al., 1989 cited in Bouckennooghe, 2012). While the aspect of resistance is well-accepted and studied among scholars who worked on change management concepts, it is generally ignored by those scholars who worked on transformational change and strategic renewal (Leavy, 1997).

The traditional view on resistance is that it is an obstacle or threat to change (Bareil, 2013). However, there is a growing amount of modern literature that considers it in a positive light, as a resource (Bareil, 2013; Ford and Ford, 2010; Piderit, 2000). Scholars, supporting this view, look at resistance as a feedback to change in the form of discomfort, ambivalence, and a concern about the change, all of which can be addressed (Bareil, 2013; Piderit, 2000). In practice though, Piderit (2000) found that managers continue having a negative perception of resistance viewing resisting employees as disobedient. Managers often blame them for failing changes without attributing those failures to themselves (Piderit, 2000; Ford and Ford, 2010).

Ford and Ford (2010) remind managers that often people who speak about their objections to change are the ones who care about doing things right and who see shortfalls in the proposed process. There is a need for managers to engage with these people and there are several approaches that are suggested by scholars. Piderit (2000) and Vince and Broussine (1996) suggest to the managers and leaders to engage with the group of employees who demonstrate some degree of ambivalence or duality of positive and negative feelings, make them voice their concerns, try to understand the issues and develop targeted communication techniques to address the concerns. Similarly, creating a dialogue according to Bareil (2013) and Ford and Ford (2010) to discuss concerns and preoccupations would help make sense of changes to employees. On the other hand, it will help the manager/leader to better understand resisters, assess the validity of their concerns and make changes in the change process, or find an agreeable solution to issues.

Within the overall dialogue creation effort, Auster et al. (2005) suggests that managers consider the issue of political dynamics in the organization and groups that people align with, particularly those people who are resisting change. Narrowing efforts towards those groups, trying to create dialogue and understand their concerns, would be a good approach to have an impact on a larger number of people. Auster et al. (2005) also suggests capitalizing on the group of early adopters of change (those who were open to change) to work with the resisting colleagues as they can share their insights on what to do and how to do it. The positive value of resistance particularly in early states of change, according to Ford and Ford (2010), is in keeping the change alive – discussing concerns and negative feelings could be used as a tool to explain the changes, keep discussions going, getting people involved and push for the changes in the organization. Instead of addressing people's ambiguity, Balogun et al. (2015) suggest the leaders to use a provocative approach of initially raising ambiguity and creating purposeful instability in order to encourage employees to actively question the change and adopt new thinking. This might thought be a risky approach, particularly in the environments of silos as warned by Morrison and Milliken (2000), in which such instability might block the change initiative. In addition to those who can be worked with and converted to support the change, there will be those who will not want to engage in any dialogue and continue blocking the change (Ford and Ford, 2010). In some difficult cases, Bareil (2013) suggests taking disciplinary measures (transfer, retirement or termination) in line with the existing legal regulations, which will send the signal to others that the change is taken seriously and blocking resistance will not be tolerated.

The reviewed literature demonstrated that employee participation and acceptance of change is an important factor of success for change initiatives. The role of the leader in the process is essential to ensure that people are well informed about the change and motivated to be part of it. The literature also demonstrated that people react differently to

change, depending on the groups they belong to, their personal interests, feelings and their opinion on the proposed changes. In consideration of these, the leader must create dialogue with those groups of people to engage them in open discussion and better understand their interests, fears and concerns. That would create space for participants to voice their concerns and collectively make sense of the proposed changes and potentially increase the number of those who accept and support the change. Such dialogue could also be used as a tool to improve the change initiative as their concerns might be valid. With relevance to the research project, the issues that could be reviewed within the context of the researched organization are the approach taken by the leaders to help employees understand and accept changes, what issues and concerns were raised by employees and their groups how these were addressed by leaders, what communication techniques were most effective in increasing the participation of employees. In terms of the action-research, this information would provide guidance on the context-specific leadership approach to better engage employees in, and address, their concerns about change.

### **2.5.3 Culture changes**

The significance of culture changes has been highlighted in the context of transformational change by many scholars such as Arya (2012); Balogun et al. (2014, 2015); Chapman (2002); Muja et al. (2014); Kotter (1995); King and Anderson (1995). Muscalu (2014) defined organizational culture as ‘the values, beliefs, aspirations, expectations and behaviours shaped over time in each organization’ (p.393). Denison et al. (2012) underlined that every organization creates its own unique culture, which becomes its identity that grows and develops over time. The argument that the scholars put forward in justifying the importance of culture change is that people create organizations and build a unique way of how things are done in that particular environment. Thus, without changing the people no other changes will be successful, which is in line with the conclusion of Chapman (2002) on the significant role of culture change in transformation. Complementing its transformative

function Arya (2012); Chapman (2002); Kezar and Eckel (2002) and Kotter (1995) viewed change in culture as a way to ensure sustainability of efforts, explaining that any successful changes are fragile and may deteriorate until they are deeply instilled in organization's culture. With time these changes should become a routine, "the way we do things around here" (Kotter, 1995, p. 256), and be engrained in organizational norms, behaviours, shared values, rules, and procedures (Arya, 2012).

The subject of culture change has only recently attracted the attention of scholars working on strategic renewal. Agarwal and Helfat (2009) listed the organizational mindset as an attribute that might be included in strategic renewal opening the discussion on changes in culture. Teixeira and Werther (2013) substantively elaborated the need for cultural changes in strategic renewal arguing that it would support the organization adapt to its environment and become resilient to further environmental changes. Similarly, Hailey (2001) argued that shift in culture can only be triggered by a sense of crisis. The above suggests that culture change in strategic changes has several internal and external to organization triggers and functions: it is a requirement for adaptation to external environment, a pre-requisite for transformative changes; as well as a way to ensure future sustainability and resilience of the organization.

At the beginning of any transformation, Muscalu (2014) recommends assessing the existing cultural norms and assumptions in order to identify whether it will be a facilitator or barrier to change. Briody, Trotter and Meerwarth (2010) identified 6 sequential stages of culture change covering the broad range of activities starting from the identification of the need for change; setting up of the new cultural values and defining processes that are required to change the values; managing the implementation of change; and measuring the new behaviours and values through feedback loops. The process is very difficult and relatively slow (Muscalu, 2014) as the process of moving from the "old way" to a "new way" of doing things in many cases faces a lot of barriers (Briody et al., 2010). Similar to any

change in general, in culture change people naturally, sometimes unconsciously, resist changes (Muscalu, 2014). They tend to ask questions on why to change things if they worked well in the past or if they felt that the old norms and values were the right ones. Briody et al. (2010) provided detailed explanation of 7 types of barriers to culture change, which in essence relate to human natural resistance to change, the need to unlearn the old way of doing thing and put in efforts to learn new things.

Scholars emphasized the essential role of the leadership in initiating and implementing the culture change (Argyris, 1964; Balogun et al., 2014; Muscalu, 2014). Muscalu (2014) provide detailed suggestions to leaders to communicate to employees the advantage of culture change, which though might be challenging as it is difficult to demonstrate certain values such as trust and respect. Improved communication with employees would in Muscalu's (2014) opinion motivate the adoption of new behaviours. These recommendations could work well only in the contexts in which, as noted by Argyris (1964), those in power commit to culture change and change their own behaviour and value first, prior to changing the others. In support of this conclusion Balogun et al. (2014) suggest that leaders should become role models of the new attitudes and behaviours. It should be noted though that such approach might work in flat hierarchical structures; however, it can be argued that in highly hierarchical bureaucracies, role modelling by leaders might not be even visible to those at the lower level of the hierarchy and it will take a long time to trickle these new behaviours down to employees.

The reviewed literature demonstrated the agreement among scholars on the need and importance of cultural change in any transformative effort and presented various functions that culture change could play in the change initiation, process and outcome (Golembiewski et al, 1976; Chapman, 2002, Muja et al., 2014; Minton-Eversole, 1991; Teixeira and Werther, 2013; Zare et al., 2015). However, the literature also recognized that culture change is a cumbersome and lengthy process, which furthermore, is difficult to monitor and

assess. The approach proposed by scholar for leaders to address culture changes is like the one to ensure general acceptance of changes: through efficient communication, open dialogue and role modelling of new cultural values. Questions that can be drawn from the literature to inform the research project are: the main elements of new cultural values and how these values contributed to the overall change initiative and the approach taken by the leaders to implement the new values and promote new behaviours.

#### **2.5.4 Learning and experimentation**

Strategic change was conceptualized by Quinn (1982) and Rowden (2001) as an evolving process of purposeful experimentation and learning. The scholars concluded that learning in an organization is continuously evolving through the process of identifying and solving problems, experimenting and learning, through which the organization is building the capacity to grow and achieve its purpose (Daft and Marcic, 1998 cited in Rowden, 2001). Crossan and Bedrow (2003) underlined the importance of learning as it is a key aspect in managing success of the enterprise.

In the process of understanding the nature of organizational change, Limerick et al. (1994) also discussed organizational learning as one of the two main approaches for organizational transformation. In such organizations as per Rowden (2001) people are continually expanding their learning and experimentation, which allows the organization to change and adapt faster to the environment. Such a link of learning to adaptability to the environment places the concept at the heart of strategic renewal. Leavy (1997) identified a differentiation between the lower- and higher-order learning in the framework of strategic renewal, which Crossan and Bedrow (2003) called single- and double-loop learning. The lower-level learning according to Leavy (1997) is exploitative learning, which is adaptive and linked with gradual change with the same paradigm. The higher-level learning is generative in nature and represents a paradigm shift, presenting explorative learning.

Leavy (1997) underlined that both types of learning are self-reinforcing, but at tension with each other. In this regard, the challenge according to Crossan et al. (1999) is to obtain an effective balance between the new learning, exploration, and the exploitation of existing knowledge, which would then allow the organization to achieve strategic renewal.

The model of learning presented by Crossan et al. (1999) and also used by Crossan and Bedrow (2003) and Lengnick-Hall and Inocencio-Gray (2013) includes four processes: intuiting, interpreting, integrating, and institutionalizing. These processes happen simultaneously at various levels: intuiting and interpreting at individual level; interpreting and integrating at group level; while the process of integrating and institutionalizing is at organizational level. The first three processes enable exploration, while instituted learning enables exploitation. Referring to the tension between the two types of learning, Crossan and Bedrow (2003) underlined their primary difference: exploitation being an institutionalized knowledge which follows a well-defined routine in the organization, while exploration is based on intuition and interpretation and thus being less defined and tangible.

Limerick et al. (1994) and Leavy (1997) concluded that it is the responsibility of the leader to enable an environment of organizational learning. In the process of building such organization, Rowden (2001) advises leaders to consider that learning is a continuous process; every experience represents an opportunity to learn and that shared learning is most effective. To stimulate continuity of learning, leaders need to create an environment conducive for learning, innovation and creativity (Auster et al., 2005). It is an environment in which employees would feel that their new ideas are welcome, creative solutions are valued, and that learning is encouraged. In order to ensure that the value of learning is taken seriously by employees, the leader has to act in a way that demonstrates commitment to learning. An example from Google was shared by Teixeira and Werther (2013) where employees were given 'free time' for generating creative ideas. In addition,

Balogun et al. (2015) suggested managers to organize learning weeks with simultaneously run training sessions, so that employees can choose which of the sessions they would like to attend. In addition to benefits of joint thinking, shared learning according to Rowden (2001) eases boundaries between different departments and improves communication between layers of the hierarchy.

The reviewed literature demonstrated that the concept of learning is well recognized for its importance in change management as it leads to improved organizational capabilities which allow the organization to have a better fit with the environment and ultimately succeed (Crossan and Bedrow, 2003). Crossan and Bedrow (2003) and Steenekamp, Botha and Moloji (2012) though also highlighted that there is still no agreed concept and model of organization learning. The literature also emphasized the key responsibility of the leader in this process. Considering this, I particularly focused of the study on the learning agenda that IFAD had during the changes and how it was rolled out and the role of leadership in it. The action part of the project would focus on exploring the type of learning that have proven to be successful in fostering the change in the particular context of the organization and the qualities of a leader that played an important role in fostering this learning.

### **2.5.5 Leaders of change**

Leadership of change is highlighted above in a number of sections as a key trigger and crucial force to make change successful, and thus it is worthy of further analysis. Kotter (1995), Balogun et al. (2015), Caldwell (2003) and Arya (2012) stressed the essence of strong leadership as a foundation for any change and particularly for it to be transformative. Explaining transformative leadership, Kotter (1995) and Caldwell (2003) meant a good leader, a change champion who is placed at the very top, at senior management position, preferably the new head of the organization. Reviewing a case of strategic renewal, Leavy (1997) provides an explanation why the new head is needed,

arguing that only a few existing executives would have the courage to shake and dismantle the apparatus that created their own importance, justifying the need for a new person for such a role. Balogun et al. (2015) shared a similar view, noting that there is a new generation of CEOs who understand how to lead transformational change and have the change agenda for being implemented in the organization. This view is shared by Volberda et al. (2001) who defined that transformational renewal is led by a chief executive whose tasks are beyond being just an administrator, to drive the transformative process from 'the front'. The message given by these scholars is that the leaders of transformation should be placed at the highest level of hierarchy, being senior or chief executive, so that the transformative change initiative would come from the top.

Arya (2012); Hailey (2001); Hurst, Rush and White (1989) and Leavy (1997) had a broader understanding of leadership of change, considering it a shared function within a team rather than concentrated in one person. Floyd (2000) though highlighted the concern over shared leadership in which people might have different opinion on what needs to change and the choice of renewal that is the most appropriate. Volberda et al. (2001); Balogun et al. (2015) and Toussaint (2015) also argued that transformational change requires not only a leader at the top, but also a multifunctional leadership team working at various levels of hierarchy and also comprising experts in Human Resources, Organizational Development and Learning and Development and other units who are vital to organizational improvement. Contrasting views on single or shared leadership were pooled together within the leadership framework of strategic renewal developed by Doz et al. (2010) who detailed how the CEO/leader and leadership team can work together to achieve successful transformation. The framework integrates and aligns the roles, interest and aspirations of various actors within the team with the aim to promote dialogue and reach collective engagement and commitment from the members of the organization. The reviewed

literature thus presented various models of leadership of transformative change that is led either by individuals or teams, or a combination of the two.

Leadership discourse in the framework of transformational change is particularly focused on the role, skills and functions of the leader (Arya, 2012; Balogun et al., 2015; Caldwell, 2003; Kotter, 1995). In contrast, the discourse on strategic renewal is dominated by the importance of managerial function within the renewal process with only some attention to leadership skills of the managers (Agarwal and Helfat, 2009; Floyd and Lane, 2000; Leavy, 1997; Teixeira and Werther, 2013). Gilley (2005) and Arya (2012) provide indications on the different functions and skills of managers versus those of leaders of change. Managers, according to Gilley (2005) are those who “push things” to happen (p.6), they are focused on operational matters such as planning, directing, organizing, and controlling. Instead, leaders are those “pull people” to make it happen, they develop, inspire, influence, facilitate, guide and coach. In transformational change, leaders should be mentors, coaches and those who can set new behavioural and cultural norms (Arya, 2012), bring in people, ensure their engagement and support (Gilley, 2005). Caldwell (2003) concluded that it might be difficult to combine the leadership with good management skills, thus emphasizing the need for a separate leadership function. However, many scholars build their work on the view of combined functions of executives as both managers and leaders, as it is presented by Agarwal and Helfat (2009); Balogun et al. (2015); Beer, Eisenstat and Spector (1990); Kotter (1995); and Volberda et al. (2001). While such combined function is well recognized in theory, Zaccaro and Banks (2004) found that in practice often managers lack leadership skills and training.

As highlighted above, the primary leadership tasks in the change are focused on people, developing relationships, raising motivation and morality; appealing to and engaging them at emotional level (Arya, 2012); creating dialogue, building respect and trust among actors (Balogun et al., 2015; Arya, 2012). Further to well acknowledged tasks of the leader in

working with people inside the organization, Teixeira and Werther (2013) highlighted the importance of the tasks that the leader should undertake in working with people outside the organization during the change process, initiating and maintaining discussions on the future of the organization with customers and competitors. Such tasks, according to Agarwal and Helfat (2009) and Muja et al. (2014) require leader's ability and skills to efficiently communicate with various stakeholders. Inside the organization, the purpose of their communication is to empower, inspire and motivate employees, while in the external environment, discussions would help improving anticipation and adaptability of the organization (Teixeira and Werther, 2013). As was already highlighted in the above section on participation, communication skills are particularly vital for engaging with resisting employees by listening to them, creating dialogue and a platform to share concerns (Balogun et al., 2015).

The reviewed literature shares an agreement on the importance of good leadership for success of change initiatives and predominantly advocates for the combined management and leadership function of the top executive and/or management team. Among leadership skills, the ability to effectively communicate has a particular value to engage people and obtain their acceptance and commitment to change. Building on the knowledge gathered from the literature, it makes sense that I should review and assess 2 main elements of leadership in change: roles and functions, and actions and techniques that were involved in the process. In particular, I should collect information on the: i. role and functions: who was in lead of the change agenda, what were their distinctive roles and functions, and how were shared in among managers; ii. actions and techniques: what were the main leadership techniques used (communication, participation, resistance and others), and whether they were effective. In addition, for the action part of the research, I should ask the participants to share reflections on what could have been done differently to improve leadership roles

and actions within the context of the IFAD, and provide recommendations on how to improve those in further changes.

### **2.5.6 Summary: Leadership that matters**

The above sections presented two types of strategic changes: transformational change and strategic renewal and thereafter discussed five key themes in change management: triggers of change, participation, culture change, learning, and leadership. Within each of the themes the literature brought attention to several elements and processes that significantly affect the success of change initiation and management. Among them, the review confirmed the importance of leadership role and functions in delivering cross-cutting themes and suggested several key questions that could be further assessed by the research project within each theme.

I put together the cross-cutting themes and related to them key elements of change in the below research framework (Figure 1) that aims to guide the study. Leadership is placed in the centre of the framework overlapping with each of the themes as leadership functions are essential in delivering these themes on one hand, and it is the focus on the study, on another. The framework also includes 4 enabling factors and processes that accompany any change: vision, communication, behaviours, structures and processes. These create a conducive environment that stimulates and supports changes. Similarly to key themes, these processes are necessary for change to happen and they are also led by managers/leaders. The key themes together with the supporting processes comprise the study framework, which would allow to better focus the research questions and identify those issues which would matter the most for the action part of the research.



**Figure 1: Research framework: Positioning of leadership in change management**

The framework visually demonstrates presence of leadership in every process of the change and its importance within the entire change management cycle. It is in line with the conclusion of Rowland and Higgs (2009) and Valleala, Herranen, Collin and Paloniemi (2015) who found that it matters how leaders lead the change. Rowland and Higgs (2009) explained that their performance [functions] lead to organizational improvements, while Valleala et al. (2015) particularly focused on their behaviours that play an essential role in changes. Moreover, Rowland and Higgs (2009) concluded that leaders are the single most important reason of success of change initiatives. In other words, this presents that the

success of change is directly linked to leadership, its role, functions and skills, which validates the initial assumption of the research.

In line with the framework, in this study I intend to assess leadership of changes at two levels: leaders' roles and functions in changes and leaders' actions that supported the changes. The leadership roles and functions include: leaders and leadership/management team, their change vision, their leadership style, ability to implement the changes and monitor their achievement of change results. In addition to those, I will review leaders' actions in how they translated the change vision into action, how they engaged staff, how they communicated as well as their actions to stimulate learning and culture change.

In this chapter I reviewed academic literature on strategic changes, particularly focusing on the two of its types that are more relevant to the researched organization: transformational change and transformational strategic renewal. The five crosscutting themes that enable the change in both concepts were identified and put together in the research framework (Figure 1). The literature confirmed that Leadership is not only a key cross-cutting theme, but it also plays an important role in other cross cutting themes such as Triggers of change, Participation, Learning and Culture change. Therefore, Leadership was placed in the center of the Framework overlapping with other themes. The literature also confirmed that the way leaders acted in all these areas of changes greatly defined the rate of success of change initiative. In the next Chapter, I detail the study methodology and present how the data was gathered in IFAD and then analysed and validated in the organization.

## **Chapter 3: METHODOLOGY**

### **3.1 Introduction and philosophical framework**

This chapter presents the methodology for the study, particularly defining the two parallel processes undertaken within its framework: research and action. The research part of the study addresses the study objectives 1 and 2 which aim to review and analyse leadership role and functions in IFAD's Change and Reform processes and produce actionable recommendations for improvement of these practices. The section on action research presents my approach to address objective 3 of the study, which is focused on raising awareness of management on the improvement of leadership practices in the research organization.

Within the research part of the study, I intend to generate information on leadership practices through the knowledge of people who work in the organization. This suggests that the reality, that the study would base its assessment on, is subjective; the one that reflected what employees and managers considered as their own reality. I would focus on reconstructing that reality by developing an understanding of what happened during the change process in the particular context of the researched organization. The research method that I would use to generate this understanding would be through interpreting employees' views and reflections on their reality. This suggests that the most appropriate philosophical framework for the study would be social constructionism with interpretive epistemology used to generate knowledge about the reality. Social constructionism, according to Berger and Luckmann (1991), Cunliffe (2008) and Creswell (2013) is seeking to understand the reality of the world by viewing it as socially constructed, interpreted by people using their subjective views and knowledge about the reality. The way people define their reality is by using their knowledge, values, beliefs, morals and experience, as explained by Berger and Luckmann (1991).

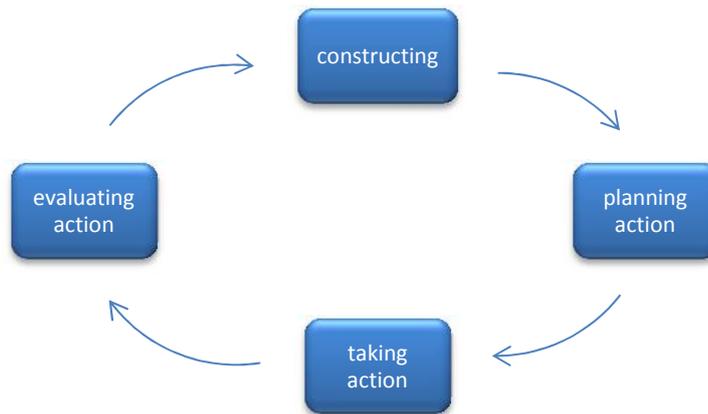
In addition to the view that reality is different for each person, Berger and Luckmann (1991) also argued that reality is also particular to each social context and represents the sum of everybody's knowledge. This idea led to their conclusion that every organization has a pool of very specific knowledge that is constructed by people within it and there is no single truth in it (Coghlan and Brannick, 2010). The shared knowledge then becomes the rules that guide and define the social context within that organization (Berger and Luckmann, 1991). This suggested that to understand the reality it was also needed to understand the social organization that influences people's defining the reality (Berger and Luckmann, 1991; Thorpe and Holt, 2008). The two above discussed viewpoints: the particular social context of the organization and the perspective of the people within the organization, when combined, create the reality that surrounds and defines processes within the organization. Therefore, in order to understand the change in the organization, these two views had to be explored and interpreted. Such process required extensive interaction of the researcher with the people within this context and interpretation of how the realities were created and changed, which is suggested by Denzin and Lincoln (2011) and Gamage and Wickramasinghe (2014) as 'practical knowing'. The acts of understanding and learning were guided by questions such as "what is it" and "what does it mean" (Coghlan and Brannick, 2010), that allowed to get a better understand the particular reality of the research participants, interpret the meaning that they assigned to their reality in order to generate learning about this reality, that allowed to develop strategies for improving change management. The knowledge that was generated is very particular to the organizational context and people within it and presented the meaning of how things and processes relate to the research participants (Coghlan and Brannick, 2010). This suggested that the approach for generating knowledge used by this research was interpretive epistemology (Hassard, 1991). Therefore, the project was undertaken within

the philosophical framework of social constructionism using interpretive epistemology to generate knowledge of the reality.

### **3.2 Action Research**

The study was grounded in an action research (AR) framework. I considered it as an appropriate framework for this particular project as according to Coghlan and Brannick, (2010) and Thorpe and Holt (2008) it would allow me to address a real management issue - an improvement of change management processes, in order to develop actionable solutions. Coghlan and Brannick (2010) claimed that by focusing on actions, AR differs from traditional scientific research which is purely focused on knowledge production. Furthermore, they differentiated AR from general qualitative research: the later builds on the past while AR builds on the past, takes place in the present with the aim to change the future. In line with this, I reviewed the change processes that took place in the organization, obtained views and experiences on how these were led in order to generate learning and actionable solutions that would be applied to improve management of future changes.

AR was also characterized by Coghlan and Brannick (2010) as being a research in action that is applied at each stage of the process. There are four stages of the AR cycle which are constructing, planning action, taking action and evaluating action, as demonstrated in the below Figure 2.



**Figure 2: The action research cycle**  
as per Coghlan and Brannick (2010, p.8)

In line with this, I proactively engaged with the management and staff at each stage of the cycle as follows:

1. Constructing - I engaged with senior management in the organization to better understand issues that the management was facing and identify the one for which they would like to gather practical knowledge on how to address it. Within this process, I consulted the Vice President and Chief of Staff who advised me to investigate management of Change and Reform process given its importance for organization's survival and success. I also gathered feedback from my colleagues on whether they thought that this research idea could be useful for them and the organization. I prepared the concept for the thesis which was shared with senior management and some staff and upon their acceptance and support, I engaged in obtaining necessary clearances and approvals for undertaking research project in the organization.
2. Planning action – Subsequently, I reengaged with senior management on planning the research, obtaining clearances to access research participants and selection of

managers as research participants. It was important to engage with them at that stage to build an understanding of what is going to happen and how the project will evolve. In the context of IFAD, management support was essential in addressing delays in obtaining necessary clearances and having access to research participants. Furthermore, because my own job would not provide me with a comprehensive view of who among IFAD managers were actively engaged in initiating and managing the changes, it was important to obtain advice from the Chief of Staff on who among managers could be approached for engaging in this research project.

3. Taking action – I have proactively engaged with research participants, both management and staff through individual interviews and focus group discussions. In parallel to research side of the thesis, I engaged in informal discussions with the participants building their understanding of the project, expectations from them and the potential benefits for the organization. As the study was explorative in nature, my further engagement with management and staff outside the interviews helped to better understand the issues which were brought up during the interviews and their importance for understanding leadership for changes in the contacts of IFAD. For example, the importance of change communication was brought up during the interviews, but it was also continuously referred to during informal meetings with staff. Therefore, communication has been introduced as a main theme of the study. I also met with the Chief of Staff on a regular basis to obtain further clarifications and share initial findings of the study.
4. Evaluating action - the major part of action came after data analysis and findings. I organized several interactive sessions with the management and staff to validate the data and gather additional information. I met with the entire senior management team: new and outgoing IFAD Presidents, two Vice President, two Chief of Staff to brief them about the study, its findings and recommendations.

Furthermore, I presented the findings to the Operational Management committee (OMC) meeting in October 2017 to raise awareness of various levels of management about the study, validate its findings and obtain their views on how the recommendations can be operationalized in IFAD's context. I also held numerous meetings with middle management and staff to obtain their views on whether the study findings reflect their views and how to move forward in introducing the improvements in leadership of IFAD changes.

Further to the action orientation, AR is a collaborative process in which there is a large scope of interaction between the researcher and those who participate in it (Coghlan and Brannick, 2010). Greenwood and Levin (2007) clarified the meaning of collaboration which implies that the research is undertaken with people rather than on people. Research participants are engaged as 'co-researchers' (Greenwood and Levin, 2007, p.209) or partners with the researcher (Thorpe and Holt, 2008) in the entire process of inquiry and action. Interviewees demonstrated great interest not only during the focus group discussions, but also requested to be actively engaged in validation of findings and identification of how the study recommendations could be implemented in their work place. Such active engagement from research participants according to Greenwood and Levin (2007) would be beneficial not only for them as research participants but would also bring future benefits to a broader group of people in the organization.

Central to collaboration is the ability of the researcher to communicate to research participants, convince them to trust the researcher and engage in collaborative learning process (Greenwood and Levin, 2007). An indirect indication of trust built by the researcher among research participants was the fact that 31 employees agreed to contribute to the study out of the total 38 contacted eligible participants. They felt that they could trust me as a researcher and agreed to participate in the research, express their personal opinions and openly discuss organizational matters, some of which are sensitive. Coghlan and

Brannick (2010) though warned that active participation of the researcher might lead to the risk of strong influence of the researcher on the process, participants and results of the study. Considering this, I chose the research methodology, organizational ethnography that gave more value to the knowledge of participants while my role during data gathering process became less active. In addition, as suggested by Greenwood and Levin (2007) and Coghlan and Brannick (2010) I continuously reflected on my influence on the project and questioned my own observations, decisions and judgements. These reflections are presented in Chapter 7.

In addition to action and collaboration as main characteristics of AR, Greenwood and Levin (2007) defined AR as a research undertaken from inside the organization by its member. This is valid for the present study as I am a researcher, but also a full time IFAD employee who has been working in the organization for the past 15 years. According to Roth, Shani, and Leary (2007) and Evered and Louis (1981) the benefit of the insider AR is that it allows us to have the perspective coming from inside of the organization, and bring out the unique knowledge about the organization, which otherwise would not be easy to generate. This refers to my important pre-understanding of the organization which helped me to navigate organizational politics and raise awareness about the project and its findings, while not having formal authority and negotiating power. In addition, my pre-understanding of the organization helped me with participant selection as it was easier for me to identify research participants, those who have been actively engaged in changes in the organization and also convince them to contribute to the project as I already had working relationships with them. In addition, my knowledge of the organization helped me to understand the context, culture, language (e.g. names, acronyms, technical phrases, and other) which substantially improved the quality of information which was inputted in the project. These insights relate to elements of organizational life that are not easy to grasp by external researchers: organizational politics and relationships, culture, traditions, relationships,

emotions, language (Coghlan and Brannick, 2010). While having clear benefits, the insider AR also entails a risk that, as an insider, I found difficulty in detaching myself from the situation, separating my own feelings and be able to assess the issues objectively, similar to those highlighted by Coghlan and Brannick (2010) and Roth et al. (2007). I acknowledge and tried to manage the risk of my interference in the project, my own biases and assumptions. The mitigation of such risks is also related to continuous self-reflection (Coghlan and Brannick, 2010) to stop and question myself while planning action (for example in phrasing questions for interviews) and during the data gathering and analysis phases.

The three above discussed AR characteristics: being a research in action, collaborative effort and an insider research, created the methodological approach for the study. This approach constituted the following elements: being an insider researcher, I undertook the study and continuously engaged and collaborated with employees and management with the purpose of understanding the particular context of the organization, interpreting it and producing learning and recommendations for the improvement of management practices. The combination of social constructionism and AR allowed me to investigate change management practice in the organization through engaging with the people who were involved in the change processes in two ways: by treating them as meaning makers on one hand, but also as those who are supposed to be active participants and beneficiaries of the study. My primary role was to facilitate the process of the study, proactively engage the participants into inquiry and action, but also to contribute the pre-understanding of the organizational relationships, culture and language. The risks associated with my close involvement in the project were mitigated by continuous reflection on the potential interferences, biases and assumptions.

### **3.3 Organizational Ethnography**

Being guided by the study objective to understand organizational processes from the perspective of people who work in it, the research methodology chosen for the study was ‘organizational ethnography’ (OE) (Watson, 2012; Yanow, 2012), which is also known as ‘institutional ethnography’ (Walby, 2013; Townsend, 1996). OE recognizes that people live in complex social networks in organizations and allows to explore the meaning of this context (Thorpe and Holt, 2008), which is in line with the research objective. Yanow (2012) defines OE as a way of knowing. Similarly, Prodinge, Rudman and Shaw (2015) and Kalou and Sadler-Smith (2015) define institutional ethnography (IE) as a method of inquiry that makes sense of perspectives and practices of people, learns from them and explores how these practices shape the context. IE, according to Walby (2013), gives focus to people’s knowing, treats them as experts of their lives and also as an entry point into understanding organizational processes. Van Maanen (2006) made particular emphasis on OE’s empirical nature as it relies on seeing, hearing, experiencing social setting, purpose of which, as per Prodinge et al. (2015), is to understand the reality of others. Having such purpose, ethnography recognizes the socially constructed reality and fits well within the philosophical framework of social constructionism, chosen for this research. To this end, OE/IE is a methodology which was used by the research to reconstruct participants’ reality by listening and observing them and interpreting their constructed reality (Berger and Luckmann, 1991).

The type of OE used for this research was a participant, non-covert and semi-structured methodology (Thorpe and Holt, 2008). It is a participant OE as I’m a member of the organization with the interventionist role rather than being just an outsider observant (Yanow, 2012). Such a role, as discussed earlier, allowed me to bring richness to the organization-specific meaning making and reach out to more meaningfully selected research participants. The participant OE also implied that I needed to be flexible to play

the role of the insider at some moments, while trying to detach and play the role of an outsider in other moments, to avoid influence my own experiences, emotions, feelings on research process and results. The research objective intent was formally announced to management and employees of the organization and duly cleared by the management, thus it is a non-convert OE. Thorpe and Holt (2008) divided OE into structured, semi- or un-structured processes. This study was explorative in nature and used semi-structured approach in which the research methodology and framework were set from the very beginning, but the themes and sub-themes were modified as the study progressed. Such design allowed me to incorporate new understanding, themes and insights at various stages of the project.

The research process included various steps of identification of changes; participants' selection; information generation; meaning making and analysis. The methods used for each of the steps are described below.

### **3.4 Change Processes Selection**

The initial task for the research was to select the change processes that would be the focus of the project. It was initially thought that the project would identify 3 important changes that took place in the organization within the past 6-8 years. At start, I reviewed IFAD publicly available documents, particularly the ones relevant to changes, such as IFAD's Change and Reform agenda documents, progress reports to the IFAD Executive Board (EB) and other relevant publications. In parallel, I consulted with two senior managers, the Vice President and an Advisor to the President/Chief of staff to obtain their opinion on the selection of change processes. Such consultation was needed as these managers have the corporate level view on the changes processes in the organization and their importance for the organization. Equally important, such consultation mitigated the risk of my personal and professional biases to avoid them affecting the selection of the changes for review.

Upon consultation with the senior managers and review of IFAD documents, it was identified that the organization in the past 8 years, since 2009, carried out the large-scale transformation process called the 'Change and Reform Agenda', which aimed to make IFAD a more effective, efficient and agile institution (IFAD, 2009). This Agenda included several interlinked changes under the umbrella of 3 clusters of changes: focused on enhancing IFAD's organizational capacity to ensure effective and efficient results delivery; ensuring effective management of the Fund's financial resources; and raising the profile of IFAD as a knowledge institution. The IFAD management suggested covering the entire process of Change and Reform agenda, which meant that the research would investigate leadership of changes at the scale of the organization. This suggested that it had to engage management and employees from any part of the organization, and research findings and recommendations would be applicable to the entire organization rather than being specific to any particular type of change.

### **3.5 Participant Selection**

Given the organization-wide scope of the reviewed changes, I needed to select those managers for interviews who played a key role in those changes at corporate level. For that, I needed an advice from the Office of the President, which I got from the Chief of Staff who helped me to identify 15 managers at various levels from division directors (middle management level) up to the President, those who were key in designing and implementing those large-scale changes. Among them 4 were no longer working in IFAD. In addition to the managers, I preselected 27 employees based on following criteria: inclusiveness (work in various IFAD departments and divisions); those representing different categories of staff (professional and administrative staff); as well as those who served the Fund for the entire period of the selected change processes (from not later than 2008). Prior to contacting IFAD staff for interviews and group discussions, I was requested by the management, HR and

IFAD's Ethics office to obtain an additional authorisation to interview staff and use of IFAD facilities (meeting rooms, e-mails). Once obtained, I contacted potential participants using IFAD e-mail addresses to inform them about the research project (the Information sheet for managers and staff is presented in Appendix 2) and invite them to contribute to the study. In addition, I attached the IFAD approval of the study and authorisation to interview staff, as it was an important element that reassured employees about legitimacy of the study in IFAD. The potential participants were given 7 days of work to review the information.

Upon participants' preliminary acceptance to take part in the study, I shared the Consent form, which they had a chance to review and sign as a confirmation of their agreement to take part in the study. Only about 20% of the preselected managers and 26% of employees did not agree to participate or declined to contribute to the study. As a result, I was able to gather information from 11 managers and 20 employees, which was in line with the planned number of participants.

### **3.6 Ethical consideration**

AR as a methodology is grounded in participation, freedom, democracy, and justice, which are the basic ethical considerations of any research on individuals, as per Coghlan and Brannick (2010). In line with this, the potential participants had been given the Information note (Appendix 2) about the project which clearly presented ethical considerations and potential risks associated with the study. They were informed in writing and during the meetings that their participation is voluntary and that they were free to withdraw at any time without giving any reason. The information provided to them helped them to make an informed decision on whether they would like to participate in the study.

The main ethical question that needed to be particularly discussed and agreed upon with the participants was the question of confidentiality and anonymity (Walford, 2005; Coghlan

and Brannick, 2010). The participants were given a choice in the Participant Consent Form whether their names can be included in the report (e.g. The IFAD President's quotes on change processes in IFAD).

I also kept all contributions to the study confidential and the electronic records were kept on a password protected computer. During the interviews/meetings, I made sure that no sensitive questions were asked, the discussions were based on publicly available material, and I did not request any personal or confidential information from the research participants. Furthermore, prior to initiating discussions with focus groups, the participants were reminded that these discussions are considered confidential and should not be discussed elsewhere.

At the stage of validation of study results, I engaged with several managers in discussing the study findings and seeking their recommendations on how these findings could be applied in their particular unit. In some cases, I found that the findings have already being addressed. While writing up this report and referring to those meetings, I had to use their titles to show the relevance of the findings to that particular unit (e.g. discussion of Communications with the Director of Communication Division). This led to the fact that these people could be identified in the report. Upon consultation with the IFAD's Ethics office, I obtained additional written consent from those managers to ensure their agreement with the summary of our conversation that was included in this report.

Throughout the project I adhered to ethical standards by treating the research participants with respect, honesty, professionalism, benevolence and ensuring that there is no discrimination of participants. I was aware that the participants and myself could be potentially exposed to minimal level of relationship and professional risks and made efforts to minimize these risk by involving people who are not in direct manager-subordinate positions and in focus groups create groups of people who are not familiar with each other.

My insider knowledge of employees helped me to select the participants that meet this criterion.

In the unlikely case of unethical behaviour or risks associated with the study, the research participants were given contacts of the UoL ethics officer and the IFAD Ethics office to discuss their concerns. There was one case when the IFAD staff approached the IFAD's Ethics office to seek their advice on whether the study is legitimate and IFAD staff could participate in it. Upon confirmation from the Ethic's office, that participant agreed to contribute to the study and participated in the focus groups discussions.

### **3.7 Information collection**

Within the framework of social constructionism and interpretive epistemology, the particular objective of data collection was to gather subjective viewpoints of managers and employees, their experiences and personal perceptions of the role and functions of leadership in change management in IFAD. In line with OE methodology of Watson (2012) and Walby (2013) the study used interviews with managers and focus group discussions with employees as investigative methods for data gathering and a primary source of information, which were supported by secondary sources – organizational reports, leaflets, announcements and other relevant publicly available documents. Interview and focus groups recognized by Guest, MacQueen and Namey (2012) as the two most commonly used qualitative data collection strategies. These allowed to explore the meaning that IFAD employees assigned to certain activities and processes in the organization in order to understand and assess how the change management processes were led: designed and implemented. The purpose of the secondary data sources was to complement to primary sources with organizational information to better understand the institutional context within which these changes took place.

### **3.7.1 Interviews**

In the context of the study I organized interviews with 11 managers who played a key role in designing and implementing the Change and Reform agenda in IFAD. They represented three levels of management: The President, senior management (from the Office of the President and Vice President and department heads) and middle management (division directors). The interviews with most of the participants were organized one time, except two senior managers who had two interview sessions each in order to cover all interview questions. Ten interviews were with managers who were employed by the organization at the moment of the interview. They were conducted face to face in the premises of the organization. In addition, one interview was conducted over skype as the manager left the organization in late 2014. It was important to interview that manager as he played an important role in designing and implementing key HR related changes in the organization. The interviews were semi-structured (Thorpe and Holt, 2008) with a list of predefined questions but also allowing the respondents to provide further insights on the researched questions. Such semi-structured interviews allowed, on one hand, to obtain standardized questions and answers which can be compared, but in addition, such approach gave a chance for me to explore other issues as they arose and for participants to refer to specific situations, provide examples, and be more personal.

These interviews aimed to obtain information on leadership roles and functions in designing and implementing the Change and Reform agenda, draw lessons and obtain views on what the leaders can do to improve future changes. The questions were developed around the research framework topics and focused on the following: the triggers for change and the actions of leaders to these triggers; leadership roles and actions in designing the change agenda and processes; the techniques used to ensure employees buy-in and support of the changes; addressing concerns and resistance; learning from leading the changes and suggesting the ways how leadership can improve future changes. The interview template is

provided in Appendix 3. In addition, there were a number of questions which were focused on enabling change environment in line with the research framework: communication tools; leadership of cultural changes; learning and capacity building to improve changes; and other processes/structures that were created by leadership to support changes. The open questions were primarily focused on what the leaders learned from this experience and how they thought leaders should act differently to obtain better change outcomes. The interviewed managers in their majority were outspoken, provided rich background information, were open to discuss shortcomings and shared their reflections on the experience. Referring to real life examples they described the 'case' but did not provide confidential information. During the interview I used the probing technique (Thorpe and Holt, 2008) asking the interviewee to explain further "what did you mean by that" and "what makes you say that" (p. 131). The interviews were conducted in IFAD premises, they lasted in average one hour.

### **3.7.2 Focus group discussions**

I also organized 7 focus group discussions with 20 employees in the organization to explore their opinion on the leadership of changes as well as their engagement, support to and acceptance of reforms and the outcomes. The Focus group discussion template is provided in Appendix 4. Such discussions allowed me to gather substantial information directly from the research participants in a short period of time, as defined by Franz (2011). Krueger and Casey (2009) suggested that discussions should be organized in a permissive and non-threatening environment for participants to feel comfortable to express their views. Therefore, I had to carefully select participants for group discussions to ensure their willingness to talk in front of the each other as well as to ensure their usefulness to the research topic (Easterby-Smith et al., 2012). My knowledge of the organization, its social context and social networks, employees and their personalities helped to select appropriate employees for group discussions. It was initially planned to have groups of 5 to 7

employees; however, due to work schedules and various commitments of invited employees, the discussion groups were smaller and varied from 2 to 4 people. The small size of the group helped to make people comfortable of sharing their thoughts, but also gave more dedicated time for each of them to share their thoughts. I conducted seven focus groups where we discussed similar questions, which also served to balance out the extreme opinions and obtain further insights on the topic.

Similar to the interviews, focus group discussions lasted for about one hour and were semi-structured with the list of predefined list of questions, similar to those asked during the interviews with the managers, and focusing on the topics of the research framework. The questions were focused on the opinion and views of employees on: triggers for changes, the role of leaders in introducing and designing changes; techniques which were used by leadership to ensure employees buy in and support of the changes; resistance to changes; the learning agenda and cultural changes; what employees learnt from this experience and what could the leadership do differently to obtain better results. The probing technique (Thorpe and Holt, 2008; Guest et al., 2012) was used to ask the group to further elaborate on a particular topic. Given my extensive knowledge of the organization and personal experience and opinion about the topics of the discussion, I had to continuously remind myself that the discussion was among the participants and I should not provide any comments that might influence the course of the discussion. The role that I played during these focus groups was to steer the discussion and motivate people to share their thoughts.

### **3.7.3 Interview and Focus group requirements and methods**

I carefully selected the venue for the focus group discussions in line with recommendations of Easterby-Smith et al. (2012) and Beyea and Nicoll (2000) who highlighted its importance for making participants feel comfortable of discussing their thoughts. As per the IFAD requirements, I had to obtain additional clearances to conduct interviews and focus groups

discussions in the IFAD premises and use IFAD facilities, such as e-mails, to communicate to the interviewees (see Appendix 5). Face-to-face interviews were undertaken in the offices of the managers, while focus group meetings were conducted in IFAD meetings rooms. As IFAD required, all meetings were conducted during lunch hour; therefore, I provided refreshments and snacks for the focus group members, which helped to create a comfortable and informal flow of discussions.

I collected data during interviews and focus group discussions using several methods. Each session was audio-recorded which served as the primary source of data. The participants agreed for audio recording in the Consent form as well as were asked during the meeting to agree with its use. I also took brief notes on the content of the discussion as well as noted my observations of participants' behaviour in line with suggestions of Beyea and Nicoll (2000), such as: body language, group mood, willingness to speak. Such observations were helpful in engaging in direct questioning of those participants who were shy to take the floor, though most of the participants were eager to talk. The data generated by the interviews and focus group discussions was then transferred into electronic Microsoft Word files which were stored on a password protected computer.

#### **3.7.4 Documents review**

At the beginning of the study, I undertook a desk review of IFAD publicly disclosed documents and publications to better understand the organizational context within which these changes were initiated, the type of changes the organization went through within the review period, milestones in the process, and results. As requested by the organization, I used only publicly available documents, which were mainly the IFAD's Executive Board documents on the progress of the Change and Reform process. The reviewed documents contributed to my better understanding of the organizational context during the period of changes and complemented my own knowledge and experience of that time.

### **3.7.5 Stages of information collection and analysis**

The process of data collection was divided in 4 stages, each stage covering 3-4 interviews and 1-3 focus groups. Considering Guest et al. (2012), the main objective of staging was to determine whether the data that was gathered is useful and informative and, based on this, whether changes should be made for the next data collection stage. This staged approach was in line with the explorative nature of the study and semi-structured approach of its data collection (Thorpe and Holt, 2008). The stages were divided such that during the first stage the division directors were interviewed; at second stage there were interviews with senior managers and the third stage interviews covered the senior managers at the Office of the President and Vice President. Since all focus group discussions were with employees, there was no differentiation on the interviewees for each stage and their participation in each stage was subject to their availability for meetings.

Upon completion of each stage, I reviewed the collected data from that stage and undertook its preliminary analysis prior to initiating the next stage of data collection. This process allowed me to determine whether the questions used during the previous stage were clearly understood by the interviewees, whether the collected information was sufficient to inform the study or more questions had to be added to collect further information, whether there were addition themes which were not initially included in the code template (Table 1), but were considered by interviewees as important in the context of change management in IFAD. Answering these questions allowed me to assess whether I should introduce modifications in the code template and questionnaire for the next stage of data collection. For example, the question on learning from changes had to be modified after the first stage of data collection as interviewees were asking clarifications on the type of learning that I was looking for. As a result of this, I divided learning into two questions: learning environment to support the changes and personal learning as a manager or employee during the changes. Having two separate questions made clearer to the interviewees the

type of information I was looking for and allowed me to gather data on various aspects of learning.

The data generated from the interviews and group discussions was transferred into electronic files with over 200 MS word pages of raw data, verbatim from the meetings. The data was then cleaned up and transcribed for further interpretation and analysis.

### **3.8 Meaning Making and Analysis**

In line with the staged approach, data was analysed at two stages of data collection, after the first and second stages, and at completion of data collection. The purpose of data analysis during the data collection stages was different from data analysis upon completion of the full data collection phase. After the first two stages of data collection, data was analysed for the purpose of informing the subsequent stage of data collection and further modifying the questions for interviews and focus groups. It also helped me to identify the emerging themes, which I was able to probe during the subsequent stage of the interviews. For example, during the initial interviews managers and employees referred to the establishment and operation of the executive and operational management committees (EMC/OMC) as they considered these important management structures that influenced the function of leadership of changes. After the initial analysis of the first stage of interviews, additional questions on role of EMC and OMC were added to the section on leadership of changes.

The purpose of analysis of the entire set of data was to interpret the gathered information in order to re-construct the context in which the organizational changes took place; identify common patterns and views, successful experiences; and derive lessons learnt. The approach used for meaning making of the collected qualitative data was template analysis. Template analysis technique, according to King (1988) and Thorpe and Holt (2008) allows to structure data in a thematic way using the coding of text. It involved the design of a

coding 'template' into which gathered information was divided and categorized. These codes were defined a priori and represented the main cross-cutting themes of the methodological framework (picture 1) of the study, which included: the Triggers for Change, Participation, Leadership, Learning and Culture Change. In addition to these, there was also a sub-set of codes that represented the enabling factors of the framework, such as Leaders vision, communication, behaviours and new processes/structures that are important in supporting the change. At the beginning of data collection, it was unclear whether the sub-set should be also treated as separate codes, or sub-codes of the main codes, which was assessed during the initial stage of analysis.

Data analysis included reading through the collected data, careful consideration of the text and then categorizing its relevance to the existing code template. Where parts of data corresponded to a priori themes, these were coded as such. Data was analysed to identify those quotes that describe the context of IFAD changes and provide substantive information on a specific theme of the study, thus assigning this section to a specific code in the template. In some cases, information in the quotes provided clarity on two or more themes, and therefore were included in both codes. For example, the following quote from the focus group was assigned to three codes: triggers of change, participation and leadership.

*"Once management has seen the need of the change, there's also a consultation process with the technical people and then management championed the changes" (FG3)*

The significance of this quote is that it confirmed that management identified the need for change (triggers of change); there was some consultation with staff (participation); and management took the lead in implementing the changes (leadership).

In cases when data did not fit elsewhere, new codes were created and added as a separate code to the template or sub-codes of the existing code, creating a hierarchical coding structure (Thorpe and Holt, 2008). In the process of assigning data to various codes it was found that the theme of communication was given a lot of importance and extensively discussed during the interviews. The initial code template had communication as a sub-code of triggers of change and participation. However, the interviews demonstrated it as a key factor of success of any change initiative in the context of IFAD. Therefore, during the first round of analysis, communication became as a new separate code.

The institution introduced a set of new processes and structures which were included in the initial Research framework as enabling factors, which could have been considered as separates. However, during data analysis at the final stage, the information gathered for this code was not considered of particular importance in understanding the leadership function in the changes or represented repetition of information already recorded in other codes. Therefore, the gathered data was redistributed and analysed as part of other codes.

In addition, during data analysis, new three new sub-codes were created: trust in management was included as a sub-code of participation; and collective leadership and decision making were included as two new sub-codes of leadership. These were the sub-theme which were not sufficiently reflected in the reviewed academic literature as those that could substantially affect the course of changes and its success; however, these were brought up by the research participants as specific issues in IFAD changes that affected the way the changes evolved and were led. For example, limited staff trust in management substantially affected their participation in changes and support of change initiatives and provided reasons for understanding why staff had been careful in engaging with management and had limited response to management actions. As this was directly linked to staff and their participation in changes, the theme of trust in management was included as sub-code of the main code of participation.

For ease of reference, the new code and sub-codes which were introduced in the template during analysis were presented in the template in *Italics*. The final version of the code template is detailed in the below Table 1.

King (1988) suggested using computer packages which assist in qualitative analysis. However, while considering the personal input in terms of time and efforts in learning the new software, which I might never use in my current and future work, and the fact that the study sample was not large, I decided to analyse information manually using Microsoft office software and manual tools (post-its, print outs).

Throughout the process of data collection and analysis the template was modified several times. All transcripts were coded to the template which served for interpretation of the data set and the write-up of the findings. In total, there were 123 MS Word pages of coded data representing the total data set for analysis.

**Table 1: Code Template**

| <b>N</b> | <b>Theme/Code</b>     | <b>Sub-theme</b>            | <b>Representative Quotes</b>  |
|----------|-----------------------|-----------------------------|---|
| 1        | Triggers of Changes   |                             |   |
|          |                       | External                    | <p><i>“There was a whole series of external events that forced IFAD to decide whether to remain, let’s say like as is or to grow.” (FG2)</i></p> <p><i>“IFAD didn’t have a great reputation and as development has moved along, that was becoming increasingly important, so the world out there expected us do better projects in the future” (SM1)</i></p>  |
|          |                       | Internal                    | <p><i>“There was a lot of inefficiency and our argument was to drive for a better efficiency and better value for money” (MM5)</i></p> <p><i>“This was reopening the questions of “are the right people at the right place, do we have the right functions, do we have the right structures, do we have the right department structure and organizations” (SM5)</i></p>   |
|          |                       | Consultation                | <p><i>“They are just doing whatever they want without the information sharing and consultative process.” (FG1)</i></p> <p><i>“[We] tried to make justice to what staff were telling us and we went through a number of iteration and we had the groups of staff put together in my division to think about the possible changes.”(MM2)</i></p>  |
|          |                       | Leadership                  | <p><i>“The first impetus was internal, there was a felt need, came from the top, from the EMC, executive management committee, led by the president”(SM1)</i></p> <p><i>“The president coming in and saying “I’m going to make, you know, big changes” and he did make big changes, huge changes.” (FG4)</i></p>  |
| 2        | <i>Communication*</i> |                             |   |
|          |                       | Messages                    | <p><i>“To make IFAD stronger... improve IFAD, to put it up as a higher level well-known recognized institution.” (FG6)</i></p> <p><i>“The slogans were “change, change, do more with less”” (FG2)</i></p>   |
|          |                       | Channels                    | <p><i>“Multiple channels, various meetings to explain the principles and guidelines, at committees meetings, various groups, through e-mails, guidelines and procedures” (MM1)</i></p> <p><i>“We would like to see a truly two way communication, it’s true that we have open channels to the blog, you can post your comments, but how many comments do we have there? How many questions do we have during a town hall meeting? Very few. This to me is something that requires some attention.” (FG5)</i></p> <p><i>“There’s no efficient feedback channel, it depends somehow on the goodwill of people who would be able to convey the message.” (FG3)</i></p> |
|          |                       | Management of communication | <p><i>“[I] deliver a personal style, non aggressive, to explain and listen” (MM1)</i></p> <p><i>“When the [ division] director told us directly in a staff meeting [information about the changes], then I finally believed it.”(FG2)</i></p>   |
| 3        | Participation         |                             |   |
|          |                       | Staff Engagement            | <p><i>“We were we determined to work and make this work together.” (MM1)</i></p> <p><i>“A lot of these reforms had some kind of consultation with s very small group and then the decision was made. Then there’s a huge campaign to inform people with Townhall meetings, with little booths at the GSM. It’s almost like you are trying to get peoples’ buy-in to what you are selling. But the decision is taken.” (FG7)</i></p>   |
|          |                       | Concerns and Resistance     | <p><i>“The change at the beginning was not very clear and the first reaction was actually to be scared of this change. What does it mean? What will change?” (FG4)</i></p>  |

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|   |                |                                   |  |
|---|----------------|-----------------------------------|--|
|   |                |                                   | <i>"I was under the false impression from previous experience that when you work through the directors that it will trickle down the staff, but there's a certain resistance among Directors and I don't think a lot of it trickled down to staff" (SM2)</i>   |
|   |                | Management of staff participation | <i>«I did not go directly to all staff, I did it with my team [of Directors], sometimes with ECSA, I felt it was important to me to give that space for HR Division to take that forward and come in when there was a need." (SM1)</i><br><i>"It was a very busy time in terms of talking to people, trying to understand. We were determined to make this work together." (MM1)</i>   |
|   |                | Trust in Management*              | <i>"There was a complete almost a uniform lack of confidence in leadership and management, they didn't believe that it be managed in transparent way." (MM2)</i><br><i>"We now have less trust then we had before."(FG4)</i>   |
| 4 | Learning       |                                   |  |
|   |                | Corporate learning agenda         | <i>"I don't think there was so much of a structured learning at corporate level, it's only very recently that HRD started to set up like management development programs or to develop a bit more focused training." (FG1)</i><br><i>"There was always support to go out and get some management training." (SM1)</i>  |
|   |                | Management of learning            | <i>"HR really has had a really good budget for people to learn on the job and they have arranged training here, training outside and so on. I see a lot of staff taking advantage of those opportunities." (SM4)</i><br><i>"We would have sort of divisional meeting, a lessons learned meeting where we try to capture feedback and learning." (MM3)</i><br><i>"Unless you have a real strong senior champion of that some sort of this learning to institutionalize some learning, it gets lost."(MM1)</i> |
| 5 | Culture Change |                                   |  |
|   |                | Organizational culture            | <i>"When people are coming to IFAD, they should leave their culture at the security gate. It's a bit of a harsh way to say, because people get sensitive, but people need to understand that when we talk about culture and diversity, we mostly do it to the endangerment of organization's own culture, that what we're here to develop and we should align to that." (MM1)</i>  |
|   |                | New cultural values               | <i>"Without Ethics officer, I don't think I would've accomplished what I accomplished. She gave voice to this new, significantly different culture, put a framework about it, saying which things we are going to do and which not." (MM2)</i>   |
|   |                | Management of culture change      | <i>"With regards to cultural differences between staff, the code of conduct, there's been a big attempt to push forward the agenda of ethical behavior. Whether it's changed now, I wouldn't know." (FG2)</i>  |
| 6 | Leadership     |                                   |  |
|   |                | Visionary                         | <i>"The President was a very charismatic leader who had a vision, who was prepared to make this vision happen at all cost and was absolutely convinced and did not want to back down. This charisma, this leadership, persona it cant be underestimated" (MM3)</i>   |
|   |                | Strategic                         | <i>"If you go back to the 2005 evaluation study, a very important finding says that the way IFAD is operating to get consensus on every issue means that there is no strategic leadership, because IFAD management was scared to take any decision unless it was endlessly discussed." (SM1)</i>   |
|   |                | Facilitative                      | <i>"If it is at divisional level, each Division director was kind of bringing forward the change." (FG6)</i>   |

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|  |  |                         |   |
|--|--|-------------------------|---|
|  |  |                         | <i>"He [division director] was holding regular meetings to see what are the challenges, what we see as positive and how to move forward." (FG3)</i>   |
|  |  | <i>Collective*</i>      | <i>"They implemented this approach of making decisions in a collegial manner through the OMC and the EMC, so if your directors are also more informed and share more"(FG5)<br/>       "The first thing that we did, that was to put a formal structure by creating the EMC and the OMC. So that was very important initial step, because it gave me further very clear and transparent management structure (SM4)</i> |
|  |  | <i>Decision making*</i> | <i>"The moment the new President came I must give him full marks for putting in place the decision making architecture in this organization - the OMC, EMC, which were supposed to be a collective decision making process."(FG4)<br/>       "That's a problem here, either the decision is not made or the decision that is made so wishy-washy that it becomes meaningless, so it's a half decision." (SM2)</i>     |

*\* New codes and sub-codes that were not included in the original list of codes and added during the analysis*

### **3.10 Action in Action research**

Addressing action part of the study was an important process to address objective 3 of the study and was undertaken extensively in the research organization, in parallel to the research part. These actions were aimed to generate concrete practical suggestions for the organization to improve its management and leadership practices, but more importantly to raise awareness among management and staff about the areas for improvement and identify ways for operationalizing them. The actions followed the stages of the AR cycle (Figure 2): constructing, planning action, taking action and evaluating action (Coghlan and Brannick, 2010, p.8).

- Constructing: I engaged with senior management to offer my DBA research as an opportunity to gain new knowledge about a management issue. We discussed the context of change management in IFAD, what was already known to the institution and what else the Management would like to know. I was informed that the organization was interested in learning more about the roles, functions and actions of its managers in changes and wanted to improve these practices.
- Planning action: Upon approval of the study concept, I re-engaged with the management for the selection of managers who would be invited to contribute to the study. Given the fact that in my job I had a limited overview of participation of managers in the changes, I had obtained recommendations from the senior managers on who among managers were actively involved in change implementation in IFAD.
- Taking action: I engaged with those managers and staff who confirmed their willingness to contribute to the study. I had preliminary meetings with them to explain the purpose of the study, reassure them about anonymity and

confidentiality of data, and explain their expected contribution to the study.

Following that, I held 13 interview sessions and 7 focus group discussion meetings.

- Evaluating action: At the stage of data analysis, I reengaged with senior and middle managers to brief them formally and informally about the preliminary findings and validate the findings. I also invited them to provide their reflection on the findings and define areas within the existing change management processes that could benefit from the proposed improvements. The approach chosen for this step was through interactive feedback sessions (Berryman, 1989) in which I presented the findings and sought their validation and their opinions. The format of meetings with management was individual meetings as they expressed their opinion of discussing the findings, which might be sensitive, in one-to-one meetings as well as due to their busy schedule. Among those meetings, I met with the two IFAD's Presidents and two Vice Presidents. In addition, I made a formal presentation to the OMC Committee, consisting of IFAD senior and middle managers. My presentation during the OMC (management) meeting was given 20 minutes timeslot during a busy schedule of the meeting and, therefore, served the purpose of awareness raising and initial feedback from managers. In total, I held about 22 sessions with management and staff: 6 individual sessions with senior managers (including two sessions with the IFAD Presidents), 10 sessions with middle management as well as 6 informal validation meetings with staff. In addition, I produced a 10 page summary of the study findings and recommendations, which I shared with the decision makers in IFAD and those of direct relevance to recommendations of the study, such as the Vice President, HR Director, Ethics Director and others. In addition, and as suggested by OPV, I engaged with the Operational Excellence for Results (OpEx) team, which was newly set up and tasked by IFAD's senior management to

design the new round of changes. I shared with the team a short summary of study findings and recommendations, which was then discussed with them in order to identify concrete measures that the organization would include in its change plan for the improvement of leadership of changes. This resulted in 5 concrete actions which were submitted to the President for consideration and resource allocation.

### **3.11 Reflections**

In AR, reflection accompanies every step of the process and forms the basis for learning (Coghlan and Brannick, 2010; Marshall and Reason, 2007). It is a process of stepping back and questioning gathered knowledge, testing assumptions to better understand what was heard and observed in order to learn from it and plan further action (Coghlan and Brannick, 2010). The staged process of data collection and analysis of this project could be perceived as a linear, step-by-step process, while continuous reflection made it iterative and recurring, which is in line with the suggestion of Fereday and Muir-Cochrane (2006).

There are three types of reflection that were used in this research: reflection about content, process and premise (Coghlan and Brannick, 2010). In other words, my questioning focused on the knowledge that I gathered at each step (content); questioning the process of getting this knowledge (process) as well as my own assumptions and perspectives (premise). Questioning myself and how my own assumptions and intellectual involvement affects the judgement is reflexivity, which is a higher level of reflection (Coghlan and Brannick, 2010; King, 1988; Jacobs, 2008). Reflexivity though is not just questioning my own assumptions, thus reflecting inwards towards myself, but also reflecting outwards, on other elements that could affect my own judgement, being social, cultural, political and other (Marshall and Reason, 2007; Jacobs, 2008). To this

end, reflection and reflexivity accompanied each stage of the research and questioned the three its elements: the knowledge, the process and my own impact as a researcher. During the study, I kept an electronic journal in which I would write up my reflections at each stage of the AR cycle. Upon completion of the study, I reviewed the notes and presented the detailed account of them in Chapter 7.

In the above Chapter, I presented the methodology for this study which was undertaken within the philosophical framework of social constructionism using interpretive epistemology for generating knowledge. I chose the AR framework for this study as it allows addressing a real management issue and developing actionable solutions for it. Using organizational ethnography, I gathered knowledge from the people working in the organization which served as an entry point into understanding organizational processes. The OE methodology allowed to reconstruct participants' reality by listening and observing them during interviews and focus groups discussions. Raw data was then collected and analysed in stages and interpreted using the template analysis technique. The step by step data gathering was accompanied by continuous interpretation and reflection on the knowledge, process and my own influence on the research. The research findings were then discussed with several senior and middle managers and staff during individual meetings as well as presented to the IFAD's management committee for validation and adoption of actions. The next chapter will present the data gathered during the interviews and its analysis.

## **Chapter 4: DATA PRESENTATION AND ANALYSIS**

In this chapter I present the data collected from interviews and focus group discussions with 31 Managers and staff as well as from reviewed IFAD's documents. The interviews and focus group referred to the period of IFAD's changes 2008-2016, which were initiated by the newly appointed President and his management team in 2008 and lasted through his presidency, until the end of 2016. In discussions with managers and employees I explored the role and functions of leaders in the key themes of the research framework (Figure 1) which are the Triggers of Change, Participation, Leadership, Learning, and Culture Change. The purpose of the discussions was to reconstruct the context within each of these themes, specific to the researched organization, and then examine the role and actions of leaders in each of these themes with the aim to develop recommendations that would improve the leadership of ongoing and future changes in IFAD.

Data in each theme was further divided into 3-4 sub-themes, or phases, which reflected the key areas of the discussion and in which leadership functions had a significant impact. The section below is structured around these themes presenting key elements of the discussion, range of views of management and staff on each discussed subject and any tensions among them.

Further to these, interviewees provided additional information on enabling factors that helped the changes to happen, namely describing processes and structural changes, communication patterns, changes in behaviour, which accompanied the changes in the organization. These were also suggested by the academic literature as enabling factors of change and were included in the research framework. In the cases when these had a significant role in the outcome of the change, these factors were presented in the text of the main themes.

Raw data from 13 interviews<sup>1</sup> and 7 focus group discussions was organized in a single file with key messages divided by the main research themes and sub-themes for ease of reference. Within a broader category of management, I separated data from the interviews of middle management, division directors and the rest of the management, senior management. In a few cases, the role of the President has been split from other senior managers as his views were important in understanding the role of the senior executive in the change processes in the organization and in defining the course of action for other managers in the organization or had a significant effect on the staff. Direct quotes from interviews are used in the text of the analysis to demonstrate management and staff opinion on the matter. These quotes were selected because the message in them represented a shared view of either management or staff. Attention is paid to differences in opinions of management and staff as a demonstration of how intentions and actions of leadership were taken by staff and how they impacted them. Quotes are coded to differentiate data sources: “PR” referred to The IFAD President, “SM” to senior manager, “MM” to middle manager and “FG” referred to staff quotes during a particular focus group discussion. To protect confidentiality of respondents and avoid any potential attribution of answers to female respondents, particularly given their limited number among managers, data and quotes from all respondents was adjusted to refer to them as male (e.g. he/him).

#### **4.1 Triggers of Change**

The interviews started with the discussion of triggers of change, which aimed to reconstruct the context, from staff recollection, prior to changes in order to better understand the forces that pushed IFAD to change and the type of changes that were

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<sup>1</sup> Interviews were held with 11 managers, among them 2 Senior managers had 2 sessions each, thus in total 13 interviews.

introduced. Within these broader themes, discussions particularly focused on leadership role and functions: how leaders reacted to those triggers, who among leaders was involved in those decisions; and how leaders designed the type of changes that were introduced. Interviewees were also asked to share their learning from the process and their recommendations on how to improve leadership function in this theme.

#### **4.1.1 External Pressures**

Referring to triggers of change, IFAD senior management and staff particularly talked about external factors that affected IFAD, such as changing context around the organization and the need for IFAD to stay relevant in that changing context. An IFAD middle manager explained it as:

*“... external pressure, certainly, changing the global environment, greater competition, shrinking development budget, governments feeling that they need to turn inward, or they need to get more value for money, and all of that, contributed to our thinking.” (MM3)*

Staff echoed this statement adding that:

*“[the impact of] the financial crisis, so countries would not have enough budget for institutions like IFAD”. (FG2)*

This shows a shared understanding of the threats that the organization experienced when its donor countries diverted their priorities inwards and support to organizations like IFAD became secondary for them. This is because IFAD’s financing model at that time was solely dependent on donor financing for its operations and any deviation in donor attention, and subsequently funding, would threaten IFAD’s existence.

In addition to shrinking resources from the donor countries, senior management talked about the incidence of Food prices crisis and increasing poverty in developing countries,

which translated in higher demands for IFAD investments and services in those countries. IFAD is mandated to provide support to developing countries, which it traditionally did using the resources of the donor countries. This suggests that with the shrinking resources of donor countries and higher demands from the developing countries, IFAD would not be able to deliver its mandate in full and its business model was no longer effective or sustainable.

The double push from the donors and developing countries was communicated to IFAD by various IFAD member states at the IFAD Executive board meetings. Staff remembered:

*“It’s the executive board constantly asking for us to change and be up to-date, be flexible, work smart”; “what I recall hearing was that the driver for that change was from member states, [they] are not happy with what we deliver, and IFAD might die”. (FG3)*

The interviews and discussions thus demonstrated a few strong external pressures on the organization at the beginning of the change process. This meant that the existing business model was no longer suitable for the achievement of the organization’s goals, thus representing a risk for organization’s long-term existence. It also indicates that the management was able to identify the pressures and recognize the need for changes. The fact that all interviewees were aware of these threats and had a shared understanding of their importance for the organization demonstrates that the management widely communicated these across the institution and ensured that everyone was aware of the organizational environment, therefore, building a strong rationale for changes.

#### **4.1.2 Internal Pressures**

Further to external changes, both senior managers and staff described the changes during the cycle of 2008-2016 as a continuation of those that were triggered earlier, in

2005, by the Independent External Evaluation (IEE) of IFAD. Back then, the IEE report questioned the IFAD's business model and various business processes such as HR, risk management, and developed a set of recommendations for IFAD. Following these, the IFAD management at that time started the internal change agenda in the period of 2006-2008, which was then handed over to the newly appointed President in 2008. The newly established management team responded with a review of internal structures and processes, which led to the confirmed need for further changes. When describing these changes, the interviewed staff and management referred to further changes in the institutional structure, business model, improved efficiency and resource utilization.

IFAD's senior management in their responses commented on the organization's internal need for changes, linking changes in the organizational structure and resources to its mandate. A senior manager commented:

*"IFAD is a financial institution, but it didn't have a formal financial department, it was administration and finance, which was very odd"; "the questions were asked are the right people at the right place, do we have the right functions, do we have the right structures, do we have the right department structure and organizations?" (SM1)*

Division directors, who represent IFAD's middle management, paid particular emphasis on internal need for change in their technical areas. The rationale for changes was outlined by some of them, as:

*"There was a lot of duplication before, and there was not a lot of overall corporate policies and procedures to make sure that all the regional divisions were effectively carrying out the same sort of minimum standards and practices"; "There was a lot of inefficiency". (MM1)*

This highlights the fact that the organization faced several internal issues, both at strategic level and technical levels, and it had to find the ways to address them. Some of these changes were already ongoing at the time of the beginning of the Change and Reform agenda, but the new management reinforced the focus on them and highlighted the need for intensified processes.

This suggests that the strong external pressures laid over the internal need for changes by amplifying the necessity for organizational changes. The management realized that doing business the old way in the changed environment was not feasible. Furthermore, the situation was considered by many interviewees as a matter of the organization's survival:

*“The mere existence of the institution was at stake...” (FG7)*

*“It really faced an existential challenge...” (SM1)*

*“We would have not survived...” (SM3)*

The context described by staff and management suggested that the combined pressure was immense and had extended implications on IFAD business and long-term survival. All interviewees recognized that the changes were well needed and justified. Staff seemed to be on board, well informed on the need for changes. In other words, the newly appointed IFAD management recognized the pressures, openly communicating them to staff explaining the rationale for upcoming changes. This demonstrates that they have exercised efficiently their leadership function in response to the triggers of change. IFAD management had then to find ways of addressing the existing concerns to make the organization viable in the existing external and internal environment.

### 4.1.3 Leadership structure for designing changes

In order to understand how effectively leadership responded to triggers of changes and designed the changes, it is necessary to review the leadership structure at the offset of changes. In the case of IFAD, there was a strong consensus among those interviewees that the leadership of change in IFAD was primarily associated with the President. Staff remembered:

*“The new President came in and he said “I’m going to make many changes”...”*  
(FG3)

*“He was serious about doing something different...”* (SM1)

*“He had an agenda for a new, improved IFAD...”* (FG7)

The President also confirmed his vision for change:

*“I saw IFAD, the future of IFAD as an institution that is different from the one when I joined... the more efficient, a slim institution, able to deliver.”* (PR)

This highlights the President’s vision of a different institution, a changed one from what it was before as well as the recognition of his role across the institution. He was viewed by others as a leader with the vision for changes. In the context of numerous external and internal pressures, it suggests that the President took the opportunity to change the institution in response to the pressures, but also in line with his agenda and vision.

The decision on embarking into changes was clearly with the President. The interviews with managers though revealed that the changes were designed in a collective manner. To execute that, at the beginning of changes senior management created two management committees, the executive (EMC) and operational (OMC) committees which consisted of various level of management in them. The committees aimed to create a clear and transparent management structures in the institution that would be

the platform for collaborative decision making in the organization. In other words, that was an attempt by the management to set up inclusive management structures of senior and middle managers, which was not the case before that. Staff in general assessed it as a positive step and felt that it represented an attempt to encourage coordination and information sharing. Staff also felt that the involvement of the division directors in OMC resulted in those directors being better informed and it led to sharing information by those directors with staff.

The discussions though demonstrated a tension in recollections of management and staff on staff involvement in design of changes. From the management perspective, the changes were designed in a collective and consultative manner. One of them explained:

*“They [office of the President] selected some dedicated team members to become the action part under the leadership of the President...” (SM2)*

*“The issue would come, the President would be the driving force, they [senior managers] would discuss it, debate it and change it.” (SM3)*

Middle managers provided various examples of a consultative process with staff which they organized, including, a series of workshops, retreats, and individual conversations in which staff were driving the design of changes. One of them shared:

*“We went through this consultative process. We did a retreat, used a technology to vote, all anonymous, everybody counted the same, so everybody can express themselves.” (MM4)*

*“We had a series of meetings [with staff] to talk about how we could put it into practice” (MM1)*

In contrast, staff had various opinions on the degrees of their involvement in designing changes ranging from a very critical opinion of not being involved to the one where

selected technical staff were consulted. They considered that the changes were designed in a top-down manner, with no or limited involvement of staff.

*“I don’t believe that people were involved at all and the way I saw it was just “this is the new structure...” (FG3)*

*“There was a consultation process with technical people and of course management” (FG2)*

The contrasting opinions of division directors and staff on staff involvement and consultation in designing of changes shows that the consultation was not fully inclusive, or that the staff inclusiveness was not consistent throughout the institution. In the cases when staff were engaged and consulted was primarily at divisional level and led by division directors.

The review highlighted the fact that the President was in lead of the changes. Under his leadership, two collective management structures were established involving various layers of management in them. I also found that the function of middle management was important in engaging staff and collecting their views on what needs to change and how to do it.

#### **4.1.4 Vision and Strategy**

One of the key drivers of change in IFAD was the President’s vision for changes. The President in his interview confirmed that:

*“I had a vision of IFAD, I wanted the best out of IFAD.” (PR)*

All interviewees agreed that there was a vision, though it was differently formulated by everyone, such as:

*“To make IFAD better” (FG5)*

*“... to put it up as a higher level well-known recognized institution” (FG6)*

*“[as an] internationally recognized knowledge centre for rural transformation”*

*(The President)*

The vision of a new changed IFAD was commented on by staff as driving the institution and inspiring them. This suggests that people were driven by a vision to excel, but the message varied and each person had a different perception of the vision. Despite this, the interviewees recognized that the mere existence of the vision had a positive impact on the institution as it gave them a purpose and motivated them towards the change.

On the other hand, staff extensively commented on the absence of an overall strategy for the implementation of the vision. In their view, the strategy meant to be a master plan for the implementation of changes which would provide clear guidance on how to translate the vision into practice, the implications on the institution, its resources as well as directly on staff and their work assignments.

*“IFAD was embarking into change without actually doing real groundwork, study, feasibility study or what is necessary to instigate this change.” (FG1)*

*“The changes need to be calculated, need to respond to a very sound Strategy”*

*(FG5)*

The strategy, in the view of staff, had to be prepared based on a rigorous assessment of the previous experience in IFAD and other institutions, as well as resource implications on the institution. This assessment needed to answer the question on whether the proposed changes are the right fit for IFAD, as a UN organization and an international financial institution, and what would it take to implement them.

Management in their responses did not provide any information or clarifications on the existence of a strategy. It might indicate that the strategy existed but was not shared

with staff or the opposite, that it did not exist. One senior manager mentioned that since the changes were designed internally using IFAD expertise with the limited capacity and resources, there were designed in parts, step by step. This might clarify that there was no overall strategy from the very beginning, but there were rather smaller strategies or plans for each type of subsequent changes. A few division directors in their responses described internal and external assessments which were undertaken while designing stand-alone changes or specific strategies, e.g. communication strategy. This highlighted the fact that the experience in designing smaller scale strategies existed in IFAD, and they were based on qualified assessments, but applied to specific thematic areas. However, it was not clear from the interviews whether there was a corporate level strategy that was encompassing all changes.

The important finding of this section is that a vision is a key driver of change, which gives purpose to staff, motivates them and outlines direction of changes. In the case of IFAD, the vision was present, and it played an important positive role in driving the change and uniting staff with its positive message 'to excel'. The message of the vision was known to staff which demonstrated that it was widely communicated by management. On the other hand, the vision seems to be not supported by a Strategy which either did not exist or was not communicated to staff, in both cases being the weak point of the phase of designing the changes in IFAD. This strategy should have been developed based on a thorough assessment of the previous experience within the organization and beyond, resource implications and confirm IFAD's capability of implementing the proposed changes and existence of sufficient resources for the changes to happen. The lack of such a strategy and assessment led IFAD to embark into changes without the background information for management on what is needed for the changes to happen and well-needed clarification to staff on what to expect in the future.

#### **4.1.5 Summary of Triggers for Change and Preliminary**

##### **Recommendations**

The interviews recreated a picture of the organization at the beginning of that round of changes, back in 2008-2009. It was widely recognized that the context around and within IFAD was complex and there were several factors that pushed it to change. The organization was under great external pressure from its donors and clients demanding it to deliver more and better with reduced funding. The situation was also intensified by the internal pressures that the organization could not sustain longer if it had not changed the way it worked. The pressures were mutually reinforcing and were coming from various directions, which was the tipping point for IFAD to acknowledge and accept the need for comprehensive change.

Leadership of changes was clearly with the President who had a vision of renewed IFAD. Staff confirmed that for the changes to happen it was important for IFAD to have a charismatic leader with the management agenda and clear vision for changes. The leader's function was to drive the institution towards the vision and inspire staff and management to accept it. The IFAD President fulfilled this expectation, he looked at the existing organizational context as an opportunity to introduce changes, linking it to his vision, and by using inspirational leadership style he convinced the organization and created a widespread recognition on the need for change. This highlights the importance of the role of the leader of changes, the need for inspiration leadership with the vision for changes which would create the positive and change enabling environment in the institution. There is a strong thread that points to the fact that a tipping point for changes had been reached and this feeling was widespread.

Data also suggests that staff involvement at designing changes varied. However, they considered that management, particularly middle management, should take the

leadership and ownership of changes and push for them. Management, on the other hand, confirmed that they took the responsibility for leading the changes, and have designed them with some consultation with staff. The creation of collective leadership structures (EMC/OMC committees) was generally taken in a positive spirit of joint and transparent leadership in the organization, well regarded by management and staff. The important element of this structure was the inclusion of middle management, division directors, in the OMC committee, which in turn secured their access to information and had some trickled down effect to staff. These middle managers were expected to internalize and operationalize the changes, as well as engage and empower staff in the change process. The interviews demonstrated that there were some examples of good leadership of design of changes at middle management level, though these were not consistent throughout the organization. Such inconsistency resulted in a negative feeling among staff of being excluded from consultation in designing changes as well as lack of information and clarity on the proposed changes. Interviewees recommended for IFAD to acknowledge the important functions of middle management in designing the changes and to ensure that these are consistently undertaken.

In addition, there was a shared view that IFAD's future changes should have a Change Strategy to be developed at the beginning of the change process. The strategy has to clearly present the rationale for changes and be based on a rigorous assessment of experiences, capabilities and resources required for the implementation of changes. Staff felt that it should be based on consultation with staff and widely communicated. The strategy would help management to get clarity on directions in which the institution will change, assess the implications on the business as well as understand whether the institution has required resources and what additional resources are needed. On the other hand, the strategy would help staff to understand the expected changes, the expected inputs from staff, implications on their work, thus providing clarity and

potentially reduce their natural fears to change. The two action points that were given importance for future changes in IFAD are the important role of middle managers in designing changes and the need for a comprehensive Change Strategy.

## **4.2 Communication**

Communication was included in the research framework as an enabling factor since reviewed academic literature considered it as support to each theme of the change process: leadership, participation, culture change and others. In line with this, Communication was considered as a sub-theme within the other themes of the initial Code template. I included questions on communication in the interview template and focus group discussions. The purpose was to understand communications techniques and channels used by IFAD managers in changes, the means of forward and backward communication and derive learning and recommendations on how to improve communications in change management in IFAD.

During the initial set of 3 interviews and 1 focus group discussion, the topic generated extensive discussions and it became clear that IFAD management and staff shared the opinion that Communication is vital for success of change initiatives and important element of management function. Staff shared a lot of insights that showed that communication played a defining role in the process of change implementation in IFAD. In line with the staged approach of information collection and based on the analysis of the first set of interviews, Communication was added as a stand-alone theme to the research framework and as a separate theme in the Code Template. The reason for bringing it to the level of the theme was due to its role in success or failure of the entire change initiative compared to the initially assumed influence on some elements of the process. The other reason for considering Communications as a theme was that it had its own enabling factors: structures and processes that helped to implement it.

In line with this, I added additional questions on Communications to the revised interview template after the first round of analysis. These questions explored the change-related Communication strategy and techniques, key messages and channels. Furthermore, in consideration of the research purpose of making concrete actionable recommendations for the institution, interviewees were also asked to identify the three best communication channels in IFAD from their perspective, the ones that they felt worked best in IFAD and helped them to absorb the information better. I also asked interviewees to provide recommendations on how to improve the overall communication process in IFAD change management.

#### **4.2.1 Communication in IFAD change management**

The interviews with various levels of management and staff underscored the shared understanding of the importance of communication. Some managers shared:

*“Communications were absolutely vital.” (MM1)*

*“... if you're going to make change work - you have to constantly communicate”  
(MM2)*

Staff then explained that at the beginning of the change process there was no communication, they were not aware of what was happening. Managers seemed to be aware of that problem and noted that:

*“We went from the environment where there was almost no communication to the environment where we made too much communication.” (MM1)*

This highlights that there was a positive progress over the past years in shaping the communication strategy in IFAD. The question arises on what made the management change their way of communication. The discussions with managers revealed several elements that contributed to that. The Global Staff Survey 2012 highlighted several

problems, some of which were attributed to lack of communication to staff. Management faced the challenge and created several working groups to address the issues. While communication was not considered as an issue by itself, but rather was part of other issues faced by the organization. It resulted in an improved effort from the management to better communicate throughout the institution. Around that time, as per recollection of a middle manager, a new IFAD Communication Strategy was developed in a participatory manner, involving staff and external experts. The strategy among other elements included an approach and means of improving internal communication. The fact that it was developed in a participatory manner, involving staff, ensured that the proposed measures were in line with the staff expectations. On the other hand, senior managers noted that lack of communication in some instances was related to confidentiality of information, particularly about HR related change initiatives (Job audit, strategic workforce planning). The management had to wait until these were completed to then come with more information for staff. A senior manager clarifies:

*“There was a lot of communication, but we had to wait with it till the end of the [change] process. If we were to say throughout the process “don’t worry, nothing’s going to happen, you’re not going to be affected, they wouldn’t believe us.” (SM3)*

In these circumstances, the management was careful about what was communicated and was withholding some information. The reason was to avoid an increase in staff ambiguity about the upcoming changes, but it then resulted in the fact that staff felt that they are not informed, which created speculations and in turn raised ambiguity. In addition, staff had a perception that managers withheld information in order to implement their own agendas.

This highlights that IFAD management at the beginning was either not considering communication as important element of changes as well as was intentionally

withholding some information, which resulted in communication vacuum in IFAD. This created ambiguity among staff and had a broader impact in terms of questioning managers intentions, thus impacting employees trust in management. Once the issues were highlighted at the GSS 2012, management had to put measures to gradually improve communications in the organization. The interviews highlighted a few elements that contributed to the improvement: there was more structured communication because of the new Communications strategy; the managers were pushed to communicate more because of staff dissatisfaction shared at GSS 2012; as well as managers were able to communicate the information which was considered confidential before. Learning from that experience, senior management considered that they have not done a great job of communicating the staff, and it could have been improved.

#### **4.2.2 Messages**

There is a great variation in messages recalled by management and staff in relation to changes. Staff recollected key messages such as “change, change, do more with less” (FG2). This type of generic message would give a sense to staff that things will change, creating some fear of unknown, while it also showed that their workload and responsibilities would increase because of this change. Without a follow up explanation, the natural reaction to such message was probably not positive. Staff further remembered:

*“The communication was not that clear, so I hear that this might happen, but I don’t understand why. And if you ask why, clear answers were not there.” (FG4)*

This points to the fact that staff were indeed not getting clarifications, which could have led to further detachment of staff from the change process. The reasons for withholding the information by management might have been valid, e.g. not to create unnecessary panic, but it still had a negative impact on staff. Senior managers were trying to address

these concerns by reassuring staff. The President recollected his messages at a Townhall meeting gathering all IFAD staff:

*“I know you’re not going to believe me, but I can assure you, nobody is going to lose their job because of this.” (PR)*

The feedback he got after the meeting was that staff indeed didn’t believe him. This highlights that such types of messages were not providing light on what to expect and resulted in increased staff cautiousness and job insecurity. This was particularly true in the context in which both managers and staff commented on increasing incidence of lack of trust in management. The way the message was formulated intended to show openness and honesty, but in fact in the particular context of IFAD and staff insecurity, it probably further inflated their fears.

The review of the messages used by management for informing staff on the upcoming changes showed a great variation; however, they all were very generic and not provided sufficient guidance and clarity to staff. It might be that such messages were not intended to clarify the process, but rather to bring staff buy in of the changes, motivating them to change. It is assumed that clarifications were provided separately, but either were not sufficient or not effective. Furthermore, the absence of the Change Strategy did not fill the gap. In IFAD’s situation, the messages didn’t contribute to improved staff morale and their buy-in and instead had a negative impact as increased staff ambiguity in light of the unclear changes. The learning which can be extracted from this is that the messages should be well-crafted and thought through to catch the attention of staff; be informative enough to provide guidance on the direction of changes as well as widely shared across the institution.

### **4.2.3 Management of Communication, role of division directors in the chain of communication**

#### ***Pathway***

Communication style in IFAD, as per senior management's view, is hierarchical with the information coming from the highest authority, the President, down through the layers of management to staff. A senior manager described it:

*“In IFAD, the kind of communication is a bit hierarchical, the President communicates to us. I then talk with my directors through the weekly management team meetings. I did not go directly to all staff. I felt it was important to me to give that space for division directors, and for me to come in when there was a need.” (SM1)*

This example provides a clear path of information flow in IFAD, from the President to senior managers, division directors and then to staff. It specifically refers to verbal communication, while the channels for written communication are reviewed further below. Managers described that information is shared at EMC and OMC meetings, as well as at other events, such as stand-up breakfasts with the President in which management is informed about the ongoing processes. This indicates that there were various pathways of information to reach the level of middle management, but then it was assumed that this last chain in the process “division directors – staff” was functional and staff were duly informed through this channel. Interviews with division directors confirmed that they were taking measures to informing staff. One of them recalled:

*“It was a very busy time in terms of talking to staff, trying to listen, understand.”*  
*(MM1)*

Some staff confirmed that their division directors are the main source for information for them and many of interviewees referred to an open communication channel with the directors. One of them summarized:

*“The division director held regular meetings informing us of everything that’s been done in the EMC, in the OMC, we got detailed information of the big things going on, but I know that’s not all the directors.” (FG1)*

On the other hand, there were other staff who pointed out that their Directors would not communicate to them about the changes. As per staff opinion, they kept the information to themselves as knowledge is power and they would only share this information on a need-to-know basis. Other reasons for withholding information, as provided by staff, included the personality of the director, his or her buy-in of the changes as well as culture within the division. They clarified that in divisions where there was a culture of openness and where director had people-focused approach, frequent communication would take place and staff would be duly informed. In other cases, information was not shared. Furthermore, they also said that those directors who did not support the changes would not inform staff about them.

This suggests that in IFAD there were examples of efficient communication from senior management to staff through division directors and in these cases the information would reach staff. However, there were some cases in which the information would reach the level of division director and then would not be shared with staff. Senior management seemed to be aware of this issue, one of them reflected:

*“I was under the false impression from the previous experience that, when you work through the directors that it will trickle down to the staff, but there’s a certain resistance among directors and I don’t think a lot of it trickled down to staff.” (SM3)*

This points that division directors were recognized by both senior management and staff as a key element of the chain of flow of information from management to staff, but in the case of IFAD this link was not consistently effective.

***Means of communication to staff***

Majority of interviewed staff shared an opinion that divisional staff meetings were the primary and most efficient channel of informing staff about the changes. In IFAD, divisional staff meetings are called and led by division directors with the participation of other managers on an ad-hoc basis. Sharing information with and among staff was emphasized during the divisional meetings in IFAD. This recognizes the fact that divisional meetings were an efficient instrument for the organization to inform staff.

Staff particularly elaborated on how meetings were held in cases when their Director was open and would inform them about the changes, encourage them to share opinions and would request comments and suggestions from them. It points that divisional meetings in IFAD presented also an opportunity to gather staff opinion and feedback on changes, beyond just informing staff. Division directors shared this view and one of them recalled:

*“We gathered input from the team, their key messages that they want to be communicated for the OMC and EMC team, we did that regularly in order for them to feel that the voice is being heard consistently at that management level.”*

*(MM1)*

Therefore, these meetings represented a basis for forward and backward communication in IFAD changes. The forward communication entailed the chain of information from senior management to staff. The interviewees revealed that staff feedback was collected by division directors and one of the staff said in this regard:

*“It is not an official channel of giving feedback, than it depends on whether the division director can bring it forward or not.” (FG3)*

It was not clear from the responses if and how the division directors would bring staff feedback to the attention of senior managers. Staff suggested that it all depends on the personal relationship of the director with the Office of the President. In cases when this link was strong, staff feedback would reach the level of the President and EMC, in all others, staff were not convinced that this feedback was brought to senior management’s attention. Staff were also unsure whether OMC, which includes division directors and allows discussion among management, is organized in such way to allow bringing in staff feedback on changes.

The data points out that middle management played a key link in forward and backward chain of communication in IFAD. There are examples of effective communication through division directors, particularly at divisional meetings. However, it was also noted that this channel was not always functioning and depended on the personality of the director and his/her buy in of the changes. Data also suggested that staff feedback was primarily gathered by division directors and, given lack of structured feedback pathway, it was not clear on how this was brought to senior manager’s attention.

#### **4.2.4 Other Communication Channels**

Management in their interviews pointed out that there was a need for various communication channels, recognizing that different people absorb information in different ways and the role of management was to make sure that whatever is person’s preferred communication style, they tap into this.

Townhall meetings were frequently mentioned by interviewed staff and management. These are the meetings in which the President and other senior managers gather staff

to inform them about ongoing processes. The majority of management considered these meetings “hugely successful” as they enhanced interaction with staff. In contrast, staff pointed that such meetings served the purpose of informing staff, but failed to engage them into meaningful discussion and provide feedback. They said:

*“We are not in that comfort zone where we can really raise our hand and say “well, actually, I don’t agree with this kind of approach” and we try to do it through a secret feedback process, confidential process.” (FG6)*

Data demonstrates that management was aware of this opinion, as explained by one senior manager:

*“Staff are actually afraid or reluctant to stand up and take a question with the President... so the townhalls have just been for information sharing rather than for real discussion. Very few people now ask questions at townhalls, there is a sense that they do not want to stick out and take an issue as this is a too small organization.” (SM4)*

This suggests that Townhalls and similar to that official gatherings of IFAD staff are good channels for directly informing staff, but they require further rethinking on whether and how to engage staff in discussions and obtain their opinion.

### ***Written communication***

All interviewed staff referred to President’s bulletins and Information Circulars being the official documents which would formally inform staff about the changes. These documents were posted on the IFAD internal web-site “intranet”, the “log-on messages” or sent to staff by e-mail. Staff considered those as the documents that they can trust and shared their opinion that they were key in getting reliable information about the changes. Other documents, such as OMC and EMC minutes, which were also posted on

intranet, were found useful in understanding the ongoing processes and the issues that were discussed by the management. Staff indicated that both channels (intranet and by e-mail) were reaching them well. This suggests that these particular types of written information were consistently reaching staff and they are the channels that are good to continue using in the future.

Among other written communication channels staff mentioned various blogs on intranet in which management or staff would write about various issues and events. The majority of staff interviewees shared the opinion that they do not read the blogs and do not consider them as an efficient channel for communication within IFAD context. Furthermore, staff mentioned that they are sometimes invited to communicate written comments or questions to various forums, e.g. OMC, replenishment secretariat. Staff feedback on this was that such mechanisms of providing direct feedback were not efficient as staff did not feel comfortable of openly questioning senior managers as it could have been interpreted as them resisting changes. Management was aware of this perception as they recalled:

*“We instituted the feedback mechanism for staff to raise questions or comments on OMC items to the OMC, and that has happened a handful of times, there have been a few comments coming in, but at least staff knows it’s there, so I think that’s a good thing.” (SM3)*

Global staff survey (GSS) was another channel of communication, which IFAD introduced later in the process of changes. According to both management and staff, GSS represented a useful feedback mechanism, particularly the one in 2012 which highlighted many issues and pushed for things to change in IFAD.

*“Following up on staff survey 2012/2014 we were very clear about talking to the staff about what their concerns were, about communicating what we heard.”*

*(MM1)*

### ***Communication through various foras/ad-hoc committees***

Management highlighted the importance of consultation and communication through ECSA (executive committee of staff association) as representatives of staff. It was considered by them as a channel through which management gets organized feedback from the staff. On the other hand, staff in general did not refer to ECSA as a pathway to convey their feedback to management, except one staff member. Among successful examples of other communication channels, staff several times referred to a committee called “HR Champions”, which was established by HR division (HRD) and included representatives of staff nominated by their divisions and departments. The purpose of the committee was to get first-hand information from HRD on the ongoing changes and provide comments and feedback on the changes. Staff pointed at the fact that these were their representatives and they regularly brought back information to staff. Staff suggested using this format of communication in the future that they felt that it worked well in the past.

### ***Informal channels***

Many staff particularly pointed to success of informal channels in IFAD, among them were the discussions among staff and with management in the IFAD cafeteria.

*“Informal channels work very, very actively in IFAD. You hear things “oh, did you hear this has been discussed” and somehow you get to know about them.” (FG2)*

In consideration of such ‘informal culture’, IFAD organized various formal meetings in a less formal format of open discussions. These were: IFAD 10 breakfast series, Global

staff meetings, which were considered by management very successful and as those which stimulated direct interaction and discussions with staff. Staff did not comment on these and their effectiveness need to be further explored. This points to the fact that the two-way interaction of management and staff during semi-formal events could represent an opportunity for staff to share their feedback in an environment which they feel less threatening and more aligned with informal culture in IFAD.

The above indicates that over the years IFAD management developed and used a broad range of channels of written and verbal communication. Some of the channels were meant to be used for information sharing only, while others stimulated feedback and effective discussion. Among the most successful information sharing channels are the Townhall meetings, written communique and intranet. It was found that the channels which stimulated discussion and staff feedback are the ad-hoc committees around major changes with staff representatives being part of them, as well as semi-informal format of meetings to discuss important corporate issues. IFAD should also be aware of the current existence of information overload which was highlighted by staff in the interviews and, therefore, efforts need to be made to further assess its impact and be selective in what is communicated.

#### **4.2.5 Summary of Communication and Preliminary Recommendations**

The section on Communication reviewed how communication was addressed in IFAD change processes, the channels and techniques used by the management for informing staff and gathering their feedback. The data suggested that at the beginning of the changes, communication on changes was very limited for various reasons, such as limited awareness of management in the importance of communication in implementing changes or in some instances due to confidential nature of information which restricted its sharing. In response to staff feedback communicated through the Global Staff Survey

2012 (GSS 2012), communication became an area of great attention within change management in IFAD. Both management and staff shared their lesson that communication is key to any change initiative and there should be numerous communication channels used by the institution to satisfy various preferences for information absorption. This led to the management's acknowledgement that they could have done more in terms of communication, better highlighting the changes and broadening the outreach.

It was also found that communication pathway mirrored the management structure with its hierarchical pattern from the top management down to staff. The interviews described that information through the established channels would reach the division directors, while the subsequent link the "division director-staff" was not consistently functioning, thus the information was not always reaching staff. This indicates the important role of the division director in the chain of top-down communication and passing information to staff.

The feedback from staff was also gathered by division directors, middle management, but data did not provide clarity on how this information was transmitted upwards to senior management. Staff perception was that it didn't reach senior management as there was no formalized feedback sharing channels for division directors. This suggests that the two-way flow of information could break at the level of division directors, who would accumulate the information both from senior managers and staff and in some cases would not pass it on. The reasons for withholding the information, mentioned during the interviews, were either lack of formalized institutional structures for downward and upward communication, or the director's limited support and acceptance of changes.

There were numerous other channels of communication which were used in IFAD and were considered successful by both staff and management. The data suggests that the management should recognize and differentiate these channels, some being effective for information sharing and others for stimulating discussion and feedback. Among successful information sharing events in the context of IFAD were the Townhall meetings, President's Bulletins, Information Circulars and intranet posts. Staff feedback was gathered at divisional meetings, semi-formal events, in special committees in which staff are broadly represented. Staff also indicated the current level of overflow of information, which represents a communication risk limiting the ability of staff in absorbing all information and giving attention to priority information. It means that IFAD must be selective and prioritize information that it presented to staff as well as present it in a better structured way.

The above suggests that the two areas that IFAD could take forward to improve its communication in change management are: i. strengthening the function of middle management in the chain of communication in IFAD by formalizing their responsibilities in this regard, recognizing their inputs in the process, and creating formalized avenues for the two-way information flow; and ii. refining IFAD's communication strategy, focusing on the most efficient channels, but also those which present the information in a selective manner enabling staff to focus on priority areas.

### **4.3 Participation**

The theme of participation explored the perception of interviewees on inclusiveness of change processes, staff engagement, and buy in of the changes. Issues that were explored during the interviews were on how management engaged staff in the changes, what were the measures that were introduced by managers to ensure staff buy-in as well as what were staff concerns and how these were addressed by management. In

addition, questions probed the existence of resistance among employees, reasons for resistance and management responses to them. At the end of this theme, interviewees were asked to share their learning in this process and recommendations for future changes.

#### **4.3.1 Inclusiveness**

Speaking about the organizational context, staff shared their strong sense of belonging to the organization. They talked about how they love working in it, how they feel responsible for what is happening in the organization, and that they are ready to put extra efforts and work extra hours to improve it. In relation to change, staff also shared that their first reaction of being “scared” of it, particularly when they had limited information about how the changes would be rolled out. They felt that they were left out by the management and that their concerns were not being taken care of or addressed. One of them remembered:

*“People are not questioning why they are here, IFAD values, they are happy to be here, but there are still issues that have not been resolved and people feel left out, that their concerns are not raised.” (FG3)*

This suggests that IFAD staff are motivated to work in this institution; their sense of belonging to the organization represents a strong ground for engaging them in organizational activities, including the changes. This is a positive element that the management could have capitalized on. However, on the other hand staff felt that management did not involve them and made a deliberate effort to exclude their contribution. Some staff had critical comments that there was no consultation at all and they did not know what was happening, while others commented that consultation was done sporadically. They remembered:

*“Consultation was sometimes done not democratically, management handpicked people throughout the house and met them once a month, not to have a discussion or consultation, but to tell them what IFAD has decided and what they are going to do and then this was being sold and presented to the [IFAD] governing bodies as sort of “staff is being involved and there has been staff consultation””. (FG2)*

This suggests that staff did not find the process transparent and questioned management intentions and actions towards getting them involved or addressing their concerns. This in turn highlights the existence of an issue of staff trust in management.

Senior managers in general had a shared understanding that changes push people away from their comfort zone, changing the way they are used to do things in the organization, shifting them in the area of vulnerability. However, at the beginning of changes they did not pay attention to this. The President remembered that:

*“Staff survey of 2012 opened our eyes, we’re bringing about changes and we forgot that the change is affecting people, and we realized everything has to be people centric, and the change should bring the best out of the people that are the centre of an institution and this is why the 2012 survey was so bad, that I said “my goodness, we were totally blind”, so that was like a wake-up call.” (PR)*

This suggests that there was limited consideration of impact of changes on staff, prior to GSS 2012. During the interviews senior management generally recognized that there was no sufficient consultation with staff and they were aware of that. They shared their experience of participating in meetings with staff on an ad-hoc basis or as part of organization-wide events, such as Townhall meetings. Some of them commented that this was done to give space to division directors’ interaction with staff and senior managers intervened only when it was needed. They recognized that the task of getting staff buy-in is difficult, but also thought that with time staff would have to accept the

changes as they would understand that it's better to be part of the change than be outside of it. One senior manager added that in light of his previous experience he would push people to accept the changes, which would result in push back from staff and their disbelief in changes. He commented that staff also thought of changes as part of senior managers' agenda and did not commit to them.

The above highlights that senior managers in general had a distanced, sometimes passive, approach to staff engagement expecting division directors to fulfil this role as well as expecting that staff with time would accept and understand the need to support the changes. However, this type of approach might have not sufficiently demonstrated senior managers' commitment to changes or allowed the time and space for senior managers to provide much needed clarity to staff, which in turn triggered questioning management intentions and impacted staff trust in management.

Interviewed division directors clearly demonstrated their people-focused actions in making sure that staff understood the changes and were engaged in the process. They recalled that time being very busy talking to people in order to explain the changes. Directors were aware that changes negatively impacted staff and recalled that staff were anxious, particularly that they feared losing their jobs. In this context, they felt that they needed to put extra efforts in reassuring staff and making them voice out their opinions. This has been done through various means of individual conversations, divisional staff meetings and retreats, during which they were talking to staff about how to put these changes into practice and discussed staff concerns. One of them remembered:

*“Communication with staff is not just information sharing, it is interaction, you know, getting them to buy in, to take ownership of things.” (SM4)*

This example shows that the interviewed division directors had an understanding that engaging staff is important, but also that it is a two-way process, informing staff on one hand and obtaining their feedback, on another. This confirms that directors gathered staff feedback, but as described earlier in the section on communication, there were limited avenues for directors to pass this information on to senior management. One of the possible results of this would be that staff did not see their questions and concerns being addressed since there were not communicated to the decision makers, the senior managers. This in turn contributed to the already growing mistrust in management. Furthermore, staff in their interviews shared that not all division directors in the organization were engaging with their staff, it varied from one director to the other.

*“[My division director] didn’t believe in holding regular staff meetings, so we just found out [the information about the changes] in the hallway. I know that’s not all the directors, it trickles down into our individual managers.” (FG1)*

As it is described in the quote, some directors did not engage with staff and share the information about changes, thus further contributing to lack of clarity and fears of unknown.

The above presents a mixed picture in which senior management had a distanced approach to staff engagement, entrusting division directors to perform this function. It seems that such approach might have not demonstrated to staff senior management’s commitment to changes and was not sufficient for triggering and increasing staff engagement. Interviewed division directors, in turn, showed direct interaction with staff discussing the changes with them and helping them to internalize those changes. However, their involvement with staff was not consistent through the institution and therefore, not all staff had access to information about the changes from their division directors. Even through interviewed directors did put efforts in reaching out to staff

using various means and obtained their feedback and suggestions, they had no formalized structures to communicate staff feedback back to senior managers. The above suggests that there was a clear disconnect between senior managers and staff on the topic of changes and the role of division directors in bridging them was not consistently performed or not sufficiently supported by the communication structures and processes for information sharing and feedback flow.

#### **4.3.2 Concerns: Job Security**

The interviewed staff shared many concerns that in their opinion negatively affected staff engagement in the changes and their perception of changes. The two main ones which were consistently listed by most staff were job security and trust in management. Staff identified that job security was the number one issue that negatively impacted their morale and motivation. Some staff gave examples of them losing sleep for several months because they were not sure what was going on and how the change would impact them.

The two change initiatives that contributed to raising staff job insecurity were the Job Audit and Strategic workforce planning exercises. Both focused on the HR matters in IFAD, reviewing and assessing functions, workload, the fit for the job of existing staff and made plans for future staffing. Staff commented that their perception of the Job audit was that it was “not a fair and consistent exercise”. Management seemed to be aware of these concerns as some managers quoted staff opinion on Job audit as being “a way of getting rid of staff, reducing number of staff”. Staff commented that these initiatives lasted for about 2 years, and during this prolonged time staff were unsure if their jobs would be confirmed or not.

Staff also commented that the Strategic Workforce planning exercise was completely confidential and considering this, no information was shared with staff. As a result, it

reinforced their fears of unknown and whether they would be affected by the changes. Management considered that sharing information about this exercise with staff would have caused even bigger damage and the only solution that the senior managers adopted in relation to this exercise was to reassure staff that this was not done to get rid of certain people. Staff acknowledged that the President in his speeches committed that no jobs would be lost, but they commented that limited trust in management and natural fears of uncertainty did not provide any relief. As a remedial action, particularly after the GSS 2012, HR introduced a special committee (HR Champions) consisting of representatives of staff from various divisions to inform staff about the HR-related changes. Most staff appreciated such an approach for informing them, but also commented that these representatives of staff were informed about the already made decisions and had no influence on the process of changes.

The section highlights that staff, in the context of prolonged period of HR-related changes, had been negatively affected due to limited access to information, perceived lack of transparency and fears for their employment. In the context of general anxiety towards changes, staff reaction to HR related changes was to protect themselves and ensure that they would not be affected by the change, and to secure their job and income. While management recognized these concerns, the only approach that they have taken was by giving reassurances, which in turn was not effective in the existing context of questioning managers' intentions and decreasing trust in management.

### **4.3.3 Trust in Management**

Lack of trust in management was the second frequently raised concern by both management and staff. This issue relates directly to leadership and management functions, but it is analysed in this section considering its profound negative impact on staff buy-in of the changes and their support of the processes. During the discussions,

staff extensively questioned management intentions in introducing and implementing changes, which is an indirect indication of limited trust in management. Staff also directly confirmed that they didn't have much faith in management at that time. Management said that they were aware of the issue, particularly after it was highlighted in the staff survey 2012:

*“There was a complete almost uniform lack of confidence in leadership and management, they didn't believe that it be managed in transparent way.” (MM2)*

Staff in turn said:

*“It started as very theoretical and beautiful, slowly staff became indifferent, untrusting, because there was no communication, nobody had a clue what was happening.” (FG1)*

This suggests that at the beginning staff had positive attitude towards changes, but with time due to lack of clarity and communication their morale has gone down and gradually their trust decreased. Staff also presented other elements that contributed to their mistrust in management, such as lack of transparency of decision making and processes, lack of consistency, removal of staff benefits. These resulted in increased anxiety, decreased motivation, and negatively impacted staff understanding of changes and support of them.

The discussions revealed that the issue of trust was brought up to management attention after 2012 and since then there was a shared understanding of the existence of the issue. The interviews did not reveal any particular action that was undertaken by management to regain staff trust. However, the interviews referred to several actions that indirectly addressed the issues by increased communication and more focused attention to staff. Nevertheless, the distanced approach of senior managers towards

staff and inconsistent actions of some of division directors did not contribute to the improvement of the situation and further raised staff concerns. This suggests that in the context of IFAD, management actions initially led to broken trust in management which had a direct and wide negative implication on staff acceptance and support of changes. There were actions that could have contributed to regaining trust, but it was not fully sufficient, and the issue has been persistent throughout the changes.

#### **4.3.4 Other Concerns**

There were other elements that aggravated staff fears and increased their uncertainty about the changes. Interviews indicated that other UN agencies in Rome were going through similar changes, which at that time already resulted in many people losing their jobs or being reallocated to other duty stations, which had a significantly negative impact on them and their families. Seeing the situation in those organizations and relating those to the changes that were introduced in IFAD, resulted in increased fears among IFAD staff and escalated their job insecurity.

Leaving the UN system was another issue that staff commented on and that intensified their fears. Management explained that one of the proposed option for consideration while designing the changes was to reform the institution to become a full-fledged international financial institution, thus leaving the UN system with its common platform of HR rules and regulations. During the discussion staff remembered that they were worried about the impact of this action on them and were proactively resisting this step. Staff recalled being vocal about it at that time when the decision was made and went to share their concerns with the IFAD Governing bodies, at the Executive Board meeting. The focus group discussions indicated that staff felt that by leaving the UN system their rights would no longer be protected by the UN common system and IFAD management would be able to implement their own agenda freely. This reconfirms staff

lack of trust in management and their actions were driven by the need to protect themselves and sustain their jobs.

Among concerns raised by management, particularly middle management, were limited time for implementing reforms, reduced human and financial resources, and increased workload. Staff also commented that changes brought more work, but this was not supported by increasing number of staff and as a result, there were less people to deliver higher workload.

#### 4.3.5 Communication of staff concerns

There was a mismatch in management and staff opinion on sharing staff concerns. Management believed that staff had numerous avenues to share their concerns through divisional meetings, HR champion meetings, with ECSA. Staff in turn commented on difficulty in raising concerns or in case they raised them, in not being able to get answers. Some of them shared:

*“When those concerns were brought to the table, a lot of the big questions, the answer was that it is not in the scope of this discussion. We weren’t actually getting an answer.” (FG6)*

*“I’m not sure if staff are raising their concerns any more, I think concerns are misperceived as complaints, they are not seen as being constructive, in our recent events we were told we don’t want to hear about them. I don’t know how staff should express themselves anymore.” (FG7)*

This demonstrates staff eagerness to raise concerns and get answers, which were not addressed by management. Furthermore, it shows that the management was not ready to hear them. Division directors who were in direct contact with staff had an opportunity to hear the concerns and help staff to get answers. However, as commented by some

division directors, they had no sufficient information to share with staff or they were not allowed to share it with staff as it was confidential (e.g. as in the case of strategic workforce plan). Division directors though recognized that some staff concerns were valid, and they helped the directors to focus on those matters, particularly technical matters, which would have been missed otherwise. They also commented that in the process they got limited support from the senior managers, whenever they needed it. This once again shows the disconnect between the senior management and division directors/staff, in which the senior managers were not sufficiently supportive by providing the information and division directors were unable of transmitting the concerns to senior managers and responding to staff questions.

#### **4.3.6 Resistance**

Talking about staff acceptance of changes, IFAD managers referred to three categories of staff: those who were supportive of changes, those who were ‘on the fence waiting to see which way the wind would blow’ and the third group that in general would not like what the management did. According to this classification it seems that the second category would be those who would be either supporting or resisting change and this is where the management had a chance to make a difference. The third category though would resist the changes in any case, no matter how much efforts would be put by management.

Talking about resistance in IFAD, management recognized that it was not profound, except for a few particular change initiatives, those mainly related to HR reforms. One senior manager remembered:

*“Staff were concerned that IFAD would move out of the UN system and establish its own system. There was a big resistance, and we had to change that perception and of course, associated with that, was that the belief that we were going to*

*terminate a lot of people, it was human cry over jobs, and these two issues really brought about a strong resistance.” (SM4)*

This points out that in those HR-related change initiatives staff were feeling vulnerable to management decisions, particularly because these changes could impact directly their well-being through questioning their job security and benefits. It seems that staff would resist such changes to protect themselves from their impact. Management also referred to other reasons for staff resistance such as personal agendas, people's embeddedness in the institution and resistance to change the way they are used to work. They noted though that this resistance was particularly strong if things seemed to be working well but had to change. This highlights the fact that people were not understanding the rationale for changes, there was lack of clarity on why this had to change, which is linked to absence of change Strategy, which should have addressed and clarified these issues. The data suggests that the two main reasons for resistance among staff in IFAD were the sense of vulnerability (job insecurity) and lack of clarity on the changes.

Staff in their interviews did not recall any active resistance in IFAD. They recognized that a small portion of people might have been guided by personal agendas rather than organizational priorities and this is a natural reaction of some people. However, most staff said that instead of resisting, some people were not supportive because they would not be sufficiently informed, they would not see the rationale or benefit of the change, or resources that are required for implementing the change would not be available – all of which all valid reasons from the perspective of staff. Furthermore, staff shared the opinion that they could not challenge the changes, one of them remembered:

*“If you ask a question which you might be perceived as challenging, it was “were you being negative, resistant to change, tired, maybe it’s time for you to move on?”*

*It was more like this is the way it's going to happen, you either engage or sorry."*

*(FG1)*

These show that in addition to the issue of lack of clarity on the changes, staff were feeling that there are certain silos and they were not able to raise questions as it would be negatively perceived by management.

### ***Addressing resistance***

Management in their responses shared that the way they addressed concerns and resistance was by introducing new policies and guidelines that specified rules and procedures, thus providing clarity on the accepted actions and behaviour. In addition, they also believed that the way to deal with resistance is to increase consultation with staff at division director's level. However, while recognizing the need for division director's involvement, the senior managers also talked about the resistance among division directors. One of them recalled:

*"The real bottleneck of institutional change is middle management. And part of it is just not believing in it. So, I don't think there's active resistance to changes in most cases, but it's kind of not doing anything to recognize that there's this push towards." (SM1)*

This shows that senior management believed that there was an element of passive resistance among middle managers. These division directors would not openly demonstrate it, but rather would not do anything to support the change or would negatively influence their staff acceptance of changes. The effect of this was that staff would not get sufficient information about the changes from their division directors and would not be able to discuss their concerns and communicate their feedback.

### **4.3.7 Management response to staff concerns**

In response to concerns raised by staff at the global staff survey, management put in place an action plan with “realistic bite-size pieces of work to be done in one year”, championed by senior managers. The President remembered:

*“By 2014 we realized that we had to really get staff involved in the whole process, they should drive it. I don’t know how it happened, but I think at some point in time, staff realized that this was for the good of everyone, I wasn’t there to bring about change for the sake of change.” (PR)*

Staff confirmed that in the past 3-4 years the level of consultation has improved, which demonstrates that staff are positively reacting to management action. Nevertheless, while acknowledging that consultation is improving, staff still shared the opinion that it usually happened after management already taken the decision and staff were consulted only either in a small group or with the purpose of justifying the already taken decision. This points out that there is still a persistent issue of trust in management and transparency of the processes in the organization.

In addition to improved consultation, management pointed out that in order to improve staff motivation and engagement, a number of staff incentives and empowerment activities were introduced in the past 5-6 years. Among them was a staff award, introduced in 2010, which was staff-driven and for staff, with the management only facilitating the process. Global staff meeting (GSM) was equally staff driven and the management’s aim for this exercise was to build staff confidence and share information and provide opinion on matters of importance to IFAD. The President remembered:

*“Staff awards where staff identified and people say “oh, if you work properly your own colleagues would nominate you”, then of course pay for performance, you can*

*go out on a sabbatical, you can go on a field trip paid by IFAD, and so on. I don't think it's enough, because, but also one has to be very cautious.” (PR)*

A few senior managers noted the absence of incentives for one category which plays an important role in the process of change implementation, the division directors. In other words, while senior managers acknowledged that division directors got additional responsibilities, their interests and incentives were overlooked.

Staff were much more critical about the new incentives, noting that several of them were not working or not compensating staff for the effort that they put in. One of them said:

*“Working beyond the schedule, yes, we got the award, thank you very much, but, we immediately said that this project cannot go without a different staff resources, in the end, we were all committed, but that's not enough. People have their head buried anyway because of the workload.” (FG1)*

Within this context of working overtime, staff noted that general category staff salaries were frozen, and there were issues with the new “pay for performance system”. There was no further clarification from the interviewees on why these were not working, but there was a clear sense of overall dissatisfaction among staff on how they are compensated for the efforts.

In other words, management recognized the persistent issues raised by staff and made efforts to respond to them by coming up with actions to address them through increased consultation, staff empowerment and additional incentives. Referring to this experience, managers agreed that engaging staff and peers is fundamental to success of the changes. Moreover, they realized that staff engagement should be done from the

beginning of the process and not at a later stage, as it was done in IFAD during this round of changes. A manager shared:

*“I learned that leading inclusivity is a key. The availability and accessibility of the management, it makes management accessible and puts a human face on it.”*  
(MM1)

Many staff in turn realized that changes are for good and staff should not be afraid of them. But also, most of them said that what they learnt through the process was that staff are very committed to the institution and ready to accept additional load and responsibilities. They remembered:

*“One lesson learned is that change is good, I think IFAD is a quite lucky organization because all the staff are very keen in going for the extra mile.”* (FG4)

This demonstrates that staff are engaged and willing to take responsibilities, which presents a strong ground for management to build upon future changes.

To this end, the data shows that management recognized their function in engaging staff, exercised it and adjusted their actions in response to issues raised by staff, however, their actions did not yet generate the expected impact among staff.

#### **4.3.8 Summary of Participation and Preliminary Recommendations**

The review of the responses revealed that staff in IFAD are motivated and engaged by the sense of belonging to the institution as it gave them the purpose. On the other hand, changes made them feel vulnerable, which is a natural human reaction to change. However, in the case of IFAD, this was complemented by the lack of clarity on the changes, which in turn also triggered among staff the feeling of job insecurity and decreased trust in management. This impact was not recognized or acknowledged by management until 2012, the fourth year of the change implementation. Once faced with

the challenge, management proactively responded by putting measures in place to engage with staff, get their buy in and support of the changes through increased consultation, the new incentive framework, and staff empowerment measures. Management learnt that inclusiveness and staff buy-in are key to successful implementation of IFAD changes.

However, senior managers in their interviews demonstrated a rather passive approach to direct staff engagement, expecting these activities to be actively pursued at divisional level, by middle management. Interviewed division directors have indeed demonstrated extensive efforts in engaging staff from the very beginning of the change process and throughout the process. However, they themselves were constrained by limited clarity on the change process, limited support from senior managers as well as in some cases they were not allowed to share confidential and sensitive information which was important to staff. In addition, data from staff responses indicated that some middle managers could have passively resisted the changes by avoiding their staff engagement function and limiting information provided to staff, which resulted in increased staff fears and decreased satisfaction with the ongoing processes.

There is a strong thread that points to the fact that there was not active resistance in IFAD changes. Staff either expressed their concerns due to either lack of clarity and guidance from the management on the proposed changes or the fact that their well-being was threatened by the change. It was recognized by middle management that in some cases staff concerns, particularly technical concerns, were valid and aimed to improve the changes. However, in many cases when concerns were raised by staff these were perceived by management as resistance. Acceptance of changes among middle managers varied, with some not believing and supporting the changes, thus passively resisting the changes. At the same time, these division directors were expected to address staff concerns and deal with staff resistance, which in these particular cases

would not materialize and would instead decrease staff acceptance of changes and possibly serve as a trigger of staff resistance.

In the past few years, staff engagement and acceptance of changes have improved as a result management actions, such as improved communication and consultation. However, data also shows that these actions were still inconsistent throughout the institution. Further to this, existing lack of trust in management continued hindering the process, all of which resulted in only partial success of employees' engagement.

There is strong evidence that absence of the corporate Change Strategy had a negative impact on staff and resulted in the lack of clarity on the changes and limited information about the future of the organization and its staff members. This impacted staff support of changes and raised their concerns. It is suggested that in future changes IFAD has to prepare a strategy that would provide required information and guidance to staff and management on rationale for changes and their implementation.

In IFAD, actions to engage staff were expected to be performed by division directors, though these actions were not consistently applied, or not sufficiently supported by the senior managers. As a result, they were unable to provide staff with the timely support and feedback. This suggests that in future IFAD management should acknowledge the role of division directors in engaging staff and insuring inclusiveness of the change process. They should also be empowered and supported by access to required information, allocated time, space and resources for these activities. Importantly they should be supported by senior managers who champion the processes and create the two-way information flow with the middle managers. The function of middle managers in changes should also be accompanied by the accountability framework to ensure their consistent attention to the issue as well as supported by incentives to motivate them in this task. Having sufficiently resourced and motivated division directors would result in

their greater efforts in engaging staff and improving communication flow between management and staff.

The issue of trust in management substantially impacted staff engagement and support of changes. It is suggested by the interviewees to correct it in two ways: the closer consultation with staff, who are at the bottom of hierarchical pyramid and the particular attention given to HR matters that directly impact staff lives and would require broad consultation with staff.

#### **4.4 Learning**

This section aims to review the process of learning in IFAD during the recent changes and how learning was addressed and encouraged by management. I asked interviewees to share their learning experiences and reflect on how IFAD managers acted in creating a learning environment that would help the change agenda and what could IFAD do in the future to promote further learning.

##### **4.4.1 Corporate learning agenda**

Learning was considered by one senior manager as the third important element of the change agenda, after the vision and resource management. He particularly stressed that without enhanced or new skills the institution can fail, and therefore, learning, capacity building and innovation are recognized as key. Other managers confirmed the importance of developing new skills and competences in changes as to meet the new business requirements (e.g. direct supervision, new design, impact assessment), though they acknowledged that the organization did not progress much on that.

In addition to skill development, all interviewees noted that the organization does capture a lot of learning. A senior manager's view was that "we implement projects and by implementing we learn and from that we shape the whole thing". However, general

perception was that the learning is not used systematically captured and, if compared to other organizations, IFAD is way behind the accepted rate of learning.

Management actions to improve learning in the organization included the establishment of a dedicated training and professional development unit in HR division with the dedicated learning budget. This budget was used to provide training opportunities to staff and managers for enhancing their professional skills and competences, either in the organization or outside of it.

#### **4.4.2 Management learning and training development**

As part of the learning agenda, senior managers shared their views that many division directors benefited from management training, coaching and mentoring and their progress was positive. There was only one middle manager among interviewees who acknowledged benefiting from coaching and shared his experience and satisfaction with it. He confirmed that it was provided after he was recruited, and it helped him to get on the new job faster. In addition, it gave him an opportunity to openly discuss challenges and helped him in finding solutions for his daily work problems. No other division director or senior manager commented on this.

Learning among senior managers takes place at regular retreats during which they review what they learned from experience and how to apply it in the future, as one of them stated: “looking back in the future”.

#### **4.4.3 Staff learning and skill development**

Staff extensively reflected on the importance of learning in the change agenda and acknowledged that nowadays IFAD provides numerous opportunities for skill development. The meaning assigned by staff to learning in changes was primarily related to skill development to match the new business requirements. Staff shared their

experience that there were limited training opportunities at the beginning of this round of changes and staff had to cope with the changes in business processes and learn new skills by themselves, which was a double burden. The situation has changed in the recent years, when the importance of training was recognized, and numerous in-house and external training opportunities were offered by the organization. Staff are aware of these opportunities and many of them benefited from those.

*“Only very recently the HR division started to set up management development programs and more focused training.” (FG1)*

*“Training is very high on the agenda here, we’re also required on the PES [Performance Evaluation System] to attend at least one training course per year and there’s a huge selection of training classes, we can also look outside and go elsewhere for specialized training.” (FG2)*

As demonstrated in the above quote, participation in training became a requirement in the institution and was integrated in the IFAD Performance evaluation system. Staff described that they are required to set up training targets, attending one or more training courses per year, and then report on them at the end of the year. It was recognized by staff that in the context when the organization provides support and creates enabling environment for skills development, they should take the responsibility for their own learning and be more proactive.

In addition to formal training, both managers and staff recognized the concept of ‘learning from doing’ which they meant as learning from IFAD operations. Staff felt that such learning primarily happens at the divisional level and some of them shared their examples in which their directors would encourage them to learn. Directors confirmed that such learning happened in their divisional meetings and retreats, during which they reviewed successes and failures from experiences and encouraged staff to reflect on

what was done right and could be improved and their role in the process. The purpose of these meetings was to capture learning and make people share that learning among peers. Many interviewees noted though that such learning is not systematic and consistent through the organization and depends on the manager's initiative. Some of the middle managers reflected:

*“Sometimes we get too busy in getting the job done, we forget to implement the learning.” (MM1)*

*“At corporate level - we did a ton of learning capture, but I don't recall anything being incredibly systematic at that level in terms of capturing experience and learning.” (MM4)*

This suggests that even though learning from operations is gathered, it is not consistently used to inform future actions. The learning framework used in IFAD is predominantly a single-loop learning in which learning was not consistently used to improve future operations and inform new changes.

Several senior managers and some staff noted that IFAD doesn't promote learning from failures. IFAD had one workshop about failures and the comment was that the event was powerful. At the moment, staff noted that when something goes wrong, nobody wants to talk about it and ask for help.

*“We don't have this culture of failure, where if something goes wrong we just say it and ask for help from the others, rather than packing a communication that doesn't say anything and wouldn't serve anything, no, because you don't want to talk about it.” (FG1)*

*“They were trying to encourage in the organization was a celebration of failures, people thought that there were learning opportunities.” (SM3)*

It was suggested that IFAD has to acknowledge that while being proactive and innovative people might make mistakes and failures, and it is important to accept them and learn from them. It was then suggested to create an organizational culture that would “celebrate failures” and integrate this learning in the future operations

In order to improve management of learning in IFAD, interviewees proposed to assign a senior manager to champion organizational learning, who would be tasked to take the learning agenda forward by reinforcing the need for consistent learning, supporting the implementation of learning agenda and providing backstopping to middle managers in actively implementing it. It was also suggested to enhance the role of middle managers in learning as they have an important role in encouraging and supporting staff learning, both skills development and learning from experience.

#### **4.4.4 Summary of Learning and Preliminary Recommendations**

The data has demonstrated that IFAD leaders recognized the importance of learning and created an environment of organizational learning to adapt to the changes. During this period, IFAD set up a dedicated unit in HR with the allocated budget for training and introduced training requirements in the IFAD’s staff performance management system. Management development training and coaching was found useful by managers, but only limited number of managers referred to attending it. This suggests that the attendance of such courses was optional. Staff confirmed that they benefited from the training offered by IFAD and these new skills were helpful in implementing new processes and functions that were accompanying the changes.

In addition, interviews demonstrated that IFAD captured learning from its experience. Such learning was primarily happening at divisional level and was at the discretion of the division director. Learning from failures was found to be important for the improvement of future operations of IFAD, though there was no supporting environment

created by managers for staff to feel comfortable of sharing such experiences. The data suggested that there was no formalized responsibility of managers for encouraging a learning environment, and as such its implementation was not systematic and consistent through the organization. In order to improve management of learning in changes, IFAD should formalize the responsibilities of senior and middle managers in creating and stimulating a learning environment and implementing the learning agenda. The role of the senior managers should be in championing the learning agenda and providing support for its implementation. The role of middle managers would be in actively pursuing the learning agenda, encouraging and facilitating staff learning. Within the learning agenda, IFAD should review the need for management and leadership development training and ensure that these are consistently offered to managers.

## **4.5 Culture Change**

In this section, I review the context of organization culture in IFAD and identify the changes in culture that were required for the reforms to be effective. Furthermore, with the understanding that culture change is a defining aspect of transformational change in organizations, the other purpose of the review was to understand whether in IFAD culture and mindset change were preceding and driving other changes. During the interviews, employees were asked to reflect on institutional culture before and during the period of change, the new cultural values and behaviours that were required and actions of management to roll out the new culture.

### **4.5.1 Organizational culture**

Many interviewees highlighted the IFAD context of being a multicultural environment and that such diversity in an organization has its own challenges. People come from various cultural backgrounds that define their behaviour in the organization. They gave

an example of people from western cultures being outspoken and raising concerns easily, while those from eastern cultures being modest and not feeling fully comfortable of speaking up. In this regard, managers recalled a message from the newly established Ethics office stating that “when you come to IFAD please keep your culture outside of the door, and adopt IFAD culture, when you’re going home, pick up your culture at the gate”. This recognizes that IFAD was trying to reinforce its own organizational culture with the values and behaviours.

Some managers also recognized the positive aspects of organizational culture that already existed in the organization. Staff, in their opinion, were driven by the IFAD’s mission, they loved their jobs and that motivated them. They were informal and friendly. These were positive aspects of culture that provided a good starting point to build upon. On the other hand, both management and some staff the existence of negative perceptions in the organization: “there was lack of confidence, trust and fairness, therefore the culture change was important because we needed to address that”. They said that the feeling around the changes in general was negative.

Management identified the need to change the culture towards being positive, built on optimism and trust, which they considered would require a difficult process of change of mind-set. The way they addressed it was by introducing two measures, as presented by staff and management, were by formalizing the Code of Conduct and establishing a new Ethics Office. Staff reflected that in the context of cultural diversity, the Code of Conduct was “a big attempt to push forward the agenda of ethical behaviour”. It was always part of the HR documentation and not known by many. The right thing that the management did, in staff opinion, was to revise and formalize the IFAD values in the Code of Conduct and making it widely known and structured, which was missing before. Staff felt that this step was needed and have shown no resistance towards accepting the values.

Management also considered the Ethics office as the key aspect of culture change at IFAD given that its very existence enabled staff realign themselves with the cultural values of the organization. Furthermore, management unilaterally praised the Ethics officer for opening the door for staff to express their concerns, and for holding people accountable for their actions. They considered her as a role model for “culture of values” and spokesperson for staff. The President reflected:

*“She did a great job in building confidence, people now felt they could go and complain to somebody in confidentially, without a fear of being pushed back by boss, being punished. There was an office where they can go and report harassment.” (PR)*

Staff agreed on the importance of the Ethics office and its role in making people accountable. They thought that the idea of the Ethics office was kind of a safety net for staff to refer to. They shared that at the time of its establishment staff approached the office and raised a lot of questions, which were not real cases, as people were just inquiring. In great contrast to management opinion, staff reflected excessively negatively on the Ethics officer:

*“Actual ethics officer did not make anybody feel comfortable in going to speak to the ethics office. It was not the right choice of person to encourage people to go and be open or to try find solutions to problems and working relationships.” (FG1)*

The success and efficiency of the Ethics office in shaping up the new culture, according to staff, was in delivering the organization-wide training which was attended together by staff and management. The training set the acceptable values and behavioural standards in IFAD and allowed staff to raise any questions and get clarifications in front of the management. Some of them felt that by bringing in the cases of unethical behaviour staff clarified to both staff and management that this is not acceptable. The

fact that everyone was sitting in the same room for the training was considered very useful and staff felt that these trainings contributed to better working environment.

Senior managers also refer to oversight of ethics issues, trying to make the internal justice system as professional, fair and rigorous. Staff opinion though was that the results of some cases were suboptimal, and these didn't send the right signal to staff on the equal application of ethical standards to all employees.

#### **4.5.2 New cultural values**

The interviews also discussed the new values and how these were brought in by managers. Both staff and managers confirmed that the hierarchical structure of IFAD had an impact on the organizational culture. The impact of this, according to management, was in creating distance between management and staff, which did not help to revert the lack of trust and address fears among staff. Staff instead saw that the hierarchy would allow senior managers using their positions to role model cultural values and be an example to follow. This indicates that the management did acknowledge the opportunity of influencing staff given by their role in the organization.

What are the values that the management tried to promote? IFAD division directors talked about the values of results orientation, professionalism, integrity, respect, which are the values outlined in the Code of Conduct and the ones they feel very important. In addition, they talked about making efforts to promote in their teams the value of openness, ability to speak up and express diverse opinions in front of other people, particularly recognizing that in some cultures this is not widely accepted. Senior managers placed a great emphasis on respect, trust and fairness, while also recognizing the importance of showing the human face, openness and friendliness. The key area for many of them was on building trust with staff. They considered that some trust has been already built and those who already got that trust would become spokespersons for

the others. Senior managers talked about role modelling humanity and friendliness through being accessible, having informal talks, coffees and lunches with staff.

Talking about organizational culture, staff talked about the environment in which there is low trust in management. Such limited trust made them question management intentions and slowed down their acceptance and support of changes. There were different opinions on whether the trust was improving or not, but all recognized that it is still an issue in the organization. In addition, staff reflected that the new organizational culture introduced during this round of changes put of a lot of pressure on them to focus on results and delivering them. This results orientation was also introduced in the new performance management system and makes them accountable in delivering results. There were other descriptions of culture by staff, some commenting that IFAD has an informal and friendly culture among staff, others mentioning that there is a culture of openness and trust at divisional level. However, all shared the same feeling that at corporate level they are still not comfortable of questioning or disagreeing with management.

In conclusion staff shared their observation that the culture in the institution is gradually changing and improving to some extent, and this process requires continued support from both senior and middle managers.

#### **4.5.3 Summary of Culture Change and Preliminary Recommendations**

The review culture change in the IFAD's Change and Reform agenda confirmed that management considered it as an integral part of the change process. It was addressed by management at two levels: through formal processes of establishing the Ethics office and formalizing the Code of Conduct; and through promoting new values by the management. The Ethics office and Code of Conduct created a solid framework of acceptable values and behaviours that are expected in the reformed organization, which

was well regarded and accepted by both staff and management. The management talked about role modelling the values of the Code of Conduct, such as: professionalism, respect, results orientation; while also integrating in their behaviour other human values as openness and fairness. However, staff still noted that despite these efforts there are persistent silos in the organization as well as mistrust in management actions, which greatly affect their behaviour.

Therefore, the data suggests that there was an understanding that culture in IFAD is changing and all interviewees were well aware of the main values that the institution would like to adopt. It is difficult to assess whether the new cultural values are fully integrated in practice as this would require longer period of time. The two main issues that IFAD should introduce in managing the culture change are: i. to create and promote the culture of openness in which staff would feel comfortable of expressing their views and contributing to changes and ii. to regain staff trust in management. While implementing the changes, IFAD should also give more careful consideration to personality of the Ethics officer in the organization.

Furthermore, the data did not demonstrate the leading role of culture change in the process of IFAD's Change and Reforms. It was considered as an element of the reforms and was not the main theme which was driving the change.

## **4.6 Leadership**

The theme of Leadership is placed at the centre of the research framework, which illustrates the involvement and important role that Leaders play in each change-related activity: triggers of change, participation, learning and culture change. The function of leadership in those themes is reviewed in each respective section. In addition, there are certain leadership structures, functions and behaviours that are cross cutting through all themes and they are important to defining the course of action in the change process.

The context of management in IFAD, according to managers and staff, is hierarchical. The interviewees made a clear distinction between various levels of management: the President, senior management and middle management and described their differentiated roles and actions through the changes. At the top of the leadership pyramid is the President. Senior management includes the Vice President, Associate Vice Presidents and Department Heads, Advisors to the President and Vice President, Chief of Staff. Division directors were considered as middle management.

The below section will reconstruct the leadership functions and behaviours of each of the level of management in the context of the changes in IFAD. It will also look at the function of collaborative leadership in IFAD and review decision making as one of the management functions. Decision making was given particular attention and assigned as a sub-code to this theme as interviewees staff referred to various elements of decision making that affected their perception of management of changes. Towards the end of the section, learning and recommendations of staff and management on the topic of leadership of changes in IFAD will be presented.

#### **4.6.1 Leadership of changes in IFAD**

Talking about leadership of changes staff referred to various layers of management, highlighting distinctive leadership roles and functions associated with their role. Staff noted that many IFAD managers successfully performed their management functions in changes as they had solid technical expertise and rich management experiences from other institutions. However, some of these managers found it difficult to perform required leadership functions during the changes, which over time have negatively impacted staff perception of management in general and their confidence in it. Staff feedback on leadership by management was communicated at GSS 2012, conveying their lack of trust in management. Their message was taken seriously and in response,

the management identified several areas for improvement and introduced changes that resulted in gradual improvement of staff perception of management in the past 4 years.

The collected data allowed identifying three leadership styles that were performed in IFAD during the change and were considered as important by the interviewees. These styles, to a broad extent, mirrored the hierarchical layers of the management: The President, senior managers and middle managers, with some degree of overlap in leadership function between the layers. The reason for similarities in leadership styles among layers of management was primarily because of the type of leadership function that was expected from the certain level of management as well as their proximity to operational level and staff. These leadership styles are Visionary leadership, Strategic leadership and Facilitative leadership.

### ***Visionary leadership***

Visionary and inspirational leadership was considered key in triggering the changes and driving them. This type of leadership was unilaterally assigned by all interviewees to the President, and a lesser degree to some of the senior managers in IFAD. The President came up with the Vision for Change and inspired staff and management to proceed with the changes. His message of making IFAD better gave a sense of a brighter future for the institution and inspired staff to be part of it. The same message was then consistently communicated by other IFAD leaders, senior managers, which resulted in a widespread recognition of the need for changes. This suggests that the Visionary leaders should also be charismatic and inspirational in order to push for the acceptance of the vision and commitment to it.

This leadership style, according to staff, should also be participatory, involving managers and staff in discussions, and allowing them to determine the best path for putting the vision in practice. In line with this, the President's communication was open

and understood by staff; he introduced and led Townhall meetings, had a blog, issued the President's Bulletins, all of which were the main source of information about the changes. He was also open to informal conversations with staff, having regular lunches in the IFAD cafeteria, which was particularly appreciated by staff.

While Visionary leadership of the President was widely recognized by staff, the President in his answers saw his role in IFAD as a manager and facilitator. He felt that the management function is "more material, more concrete". It might suggest that he had a sense that you need to be a good manager in order to operationalize the Vision. He also considered himself as a facilitator, who has strong followership, with people sharing his vision, believing him, and complementing his views by bringing a new perspective. He described his management style as people-centred, knowing the people, being open to them, listening to them and helping them to use these strengths, which are also the traits of leadership. He had trust in senior management team and believed in collective leadership.

The leadership issue that was faced by IFAD at that level is the declining trust and confidence by staff. At the beginning of changes, staff felt that The President was "one of them" and they trusted him. Over time though this trust had been declining and it was not clear from the staff responses what triggered the change in staff perception of the President's leadership and weakened trust in him. The reasons could be linked to his actions or behaviours, or influenced by the broader organizational context of lack of confidence in management.

The above suggests that in the context of IFAD, Visionary leadership of the President was important in identifying the need for change, formulating the vision and being able to inspire the institution, management and staff, to change towards a brighter future. The important traits of this leadership were being inspirational, collaborative and

focused on the expected result of the vision. The President in his responses demonstrated these leadership functions, complemented by his people-focused behaviour. The leadership issue and the barrier that was affecting the change process in IFAD was the declining trust in management, which affected the perception of the Visionary leader in IFAD.

### ***Strategic Leadership***

Strategic leadership was identified another type of leadership of changes in IFAD. In the context of IFAD, strategic leadership functions as translating the vision into corporate strategy and priorities, extensively engaging in consultation and communication on the change initiatives, making strategic decisions and following up on the change implementation progress. These functions were primarily undertaken by senior managers in IFAD, with some overlaps with the functions of the Office of the President (such as strategic decision making) and middle management (such as consultation and communication). Among Strategic leadership functions are some managerial tasks, such as managing resources, planning and results orientation, following up on actions and performance, decision making. These were clearly understood and accepted by IFAD senior managers. One of them described their functions:

*“Senior management has the responsibility of taking the corporate decisions, which require the capacity to formulate a clear message, clear expectations, having substantive performance discussion with the concerned directors and showing that the whole thing is advancing.” (SM5)*

Senior managers widely recognized that as managers they are tasked to make decisions and in IFAD, in that function they are pressured “to be more authoritarian, directive, strong, ‘take no prisoners’ kind of leaders, to get this process moving”. They felt under a

lot of pressure to make decisions and shared their ambiguity about consultation and the need to satisfy all. They felt that sometimes decisions in IFAD are not made because of lengthy consultations and their try to satisfy all, or they are made very unclear that it would be difficult to implement them. One of the senior managers explained:

*“I think here quite often decisions are made with a concern of making people unhappy about the decision and that they’re going to come and whine and complain, that they either do it kind of quietly, whispering in the corner - this is what we’re going to do, and so then it takes forever to actually happen, and creates all sorts of ambiguity.” (SM2)*

Staff in turn felt that they were not sufficiently consulted and when they offered their opinion, these were overturned by senior managers or the decision was de facto made prior to consultation. This demonstrates once again the persistent issue of trust in management.

In addition to the management functions, IFAD experience shows that Strategic leadership should include several leadership functions, such as leading by example, championing the changes, inspiring and engaging staff, communicating to them, encouraging collaboration and team work. These functions represented the learning of managers from the IFAD experience. However, these leadership functions in the context of changes were not formally acknowledged. Most of senior managers in their interviews recognized that while they are busy focusing on management functions, and they recognized the need for integrating the leadership function, they did not push enough as leaders. A senior manager described:

*“You have to have this empathy, this ability to basically be a cheer leader to everyone. That’s what the good manager is, try to get the best out of people. It’s true.”*

The leadership issue that senior managers in IFAD experienced was in embracing “social skills” of leadership into their functions and the gradual process of personal transformation to excel in both management and leadership functions. Some IFAD senior managers considered that they don’t have the required personal traits to excel in leadership role. Their distance from staff also contributed to the issue as they are positioned in the hierarchy away from direct contact with staff. To address the issue of distance from staff, many senior managers introduced an open-door policy so people can directly ask questions and raise concerns, but at the same time they also recognized that their schedules are full and they were not able to accommodate some requests. Referring to Senior manager’s style, staff also recognized a great variation in leadership styles linking that to personality of those managers.

This suggests that Strategic leadership in IFAD changes required a mix of management and leadership functions, which were primarily focused on setting and implementing strategic directions for the organization and making decisions. The management function that was highlighted as a concern both by staff and managers was the process of decision making in IFAD. The main Strategic leadership concern was the ability of senior managers to perform the leadership functions and integrate these in their management role.

### ***Facilitative Leadership***

There is a clear recognition among managers in IFAD that change would not happen if not supported by middle managers, division directors. They are the “*real ones who are going to bring over the changes*” as they are at the forefront of their units and in direct contact with staff. From the discussions, it was clear that the type of leadership expected from these managers was a Facilitative leadership style.

Similar to other types of leadership, the Facilitative leadership style included the management functions of implementing the changes and ensuring the delivery of the planned outputs, following up on performance, managing budgets and other resources. However, they also recognized that the leadership functions were key to make the changes happen. One of them shared:

*“I believe very strongly in motivating staff, I believe before you ask for a hand, touch your heart. I enjoy doing things with the team just to spark something in their hearts that motivates them to try harder.” (SM4)*

Leadership functions of Facilitative leadership, as presented by division directors, focused on facilitating the change implementation at operational level, thus with staff. These included their actions on working together with staff, encouraging them, creating space for talking and providing support. They shared their understanding that communication is a critical aspect of leadership of changes and they made efforts to integrate it in their daily work using various channels: meetings, teambuilding events, joint lunches, one-to-one conversations. Referring to that period of changes, they remembered being very busy talking to people, trying to help them understand and accept the changes.

The issue that IFAD faced in this type of leadership was the large variation of quality of leadership among division directors. About half of interviewed staff shared positive examples of inclusiveness and collaboration, while the other half noted that division directors did not sufficiently performed required leadership functions and to some degree resisted them. Those directors might have performed their management of changes function well but did not perform their leadership of changes function. The impact of failed Facilitative leadership, as described by senior managers, was in limited acceptance of changes by staff in their units. These division directors withheld

information, didn't support staff and had a tendency of blaming senior managers for things that do not work. One of them remembered:

*"They [division directors] just got all the knowledge, information, anything that the senior managers wanted to do with good intentions, but this would not happen because it would not be properly conveyed to the staff and the staff aspirations, concerns, suggestions for reform were not conveyed back." (FG7)*

The above demonstrates the important role of leaders at that level in the chain of communication to staff and back to senior management. In some case in IFAD this chain of communication was interrupted at the level of middle managers.

The review of functions of Facilitative leadership in implementing changes in IFAD demonstrated the key role of middle managers in encouraging staff to support the changes. This leadership style includes both management and leadership functions. There were no major issues identified by the interviewees in the performance of middle managers in management functions. Instead, the interviews highlighted a major issue in performing leadership functions by middle managers. There were successful examples of middle managers who were actively supporting the changes and effectively exercised facilitative leadership functions. They were people-focused, extensively communicated to staff and invested their time and efforts in bringing staff on-board. There were also examples of poor leadership of changes, which was expressed in the form of passive resistance to changes, limited support to staff and broken communication chain between staff and senior managers. There was a wide-spread recognition among senior managers in IFAD that the bottle-neck of institutional change is middle management.

#### **4.6.2 Collective Leadership**

One of the first changes introduced by the newly appointed management in IFAD in 2008 was the establishment of a formal structure of Collective leadership, as there was

an understanding that “one person’s reform is a fail if it is not led by a team”. Two management committees were established at that time: the Executive management committee (EMC) and operational management committee (OMC). The purpose of these committees was to create clear and transparent management structures for decision making. Given the importance of these committees in change management in IFAD, as described by interviewees, the questions on their role and functions were added to the interviews after the first stage of data collection.

EMC was considered by senior management as “the apex governance body within management” and represented the collective leadership of senior management. While describing the EMC, senior managers referred to it as “us, the EMC”, demonstrating their sense of belonging to the committee and accepting the responsibility for its actions. The EMC members supported the President’s vision and commented that there was a high degree of trust among its members, however they also noted that this took some time and several rounds of replacement of senior managers. The role that the committee played in the changes was to set up organizational priorities, including those related to upcoming changes as well as periodically review their progress. The way EMC’s work was described by senior managers was collaborative, open, allowing managers to express their views and opinions, while also recognizing that the decision would ultimately belong to the President.

Senior managers explained that OMC was a new concept that never existed in IFAD before. It brought together senior managers and division directors across the institution and was considered as a platform for broader consultation particularly in the environment of “silos of divisions”. At first, there was no clear understanding of the functions of OMC and division of responsibilities as there was a huge overlap with EMC. These were clarified with the appointment of a new chair, the Vice President who “integrated OMC in the decision-making process” and clarified the issues discussed by

OMC, which were focused on operational issues and complementary to issues discussed at EMC. The committee had the function of informing the EMC about the discussions.

OMC, in the view of management, was not driving the changes, but rather was a platform for information sharing, coordination and decisions on operational matters.

The importance of this committee from the words of the President was:

*“It gives us a platform for broader consultation, so people who are even not in the area of a particular discipline or activity are informed of corporate decisions and processes.” (PR)*

For division directors, OMC was a platform to which divisions can bring issues for discussion and be better informed on the corporate issues. The overall assessment of the OMC function was positive among management. One area that was suggested to be improved was explained by a division director, OMC member:

*“We have this rotation on a six months basis. I think that we miss out on discussions. I think that makes the OMC two different meetings or two different groups, the first part of the year, you have one OMC, and the second part - you have another OMC. And the quality of this discussion, the tone of the discussion, could be completely different, depending on what rotation you go into.” (MM1)*

Staff in general positively reacted to the establishment of the management committees seeing those as collective decision-making bodies and shared responsibility. They particularly referred to OMC as their directors would participate in it and inform staff accordingly. Staff also noted that there is an online feedback mechanism for staff to raise questions or comments on OMC items, but they do not feel comfortable openly raising issues. The main issue that staff felt important to address in the collective

leadership structures was the issue of collective decision making, which at the moment they felt was not effective and sometimes misused.

The above suggests that the newly established collective leadership structures played an important role in the process of changes in IFAD. The EMC committee brought together Visionary and Strategic leaders and played a role of driving the changes and deciding on the priorities for change and making strategic decisions for the organization. The OMC united the Strategic and Facilitative leaders and played a key role in management collaboration, information sharing and coordination. This suggests that OMC was best positioned to play an important role in forward and backward communication on changes among senior and middle managers.

#### **4.6.3 Summary of Leadership and Preliminary Recommendations**

The interviews demonstrated a widely shared recognition of importance of the management role and function in IFAD changes. It identified the existence of three distinctive types of leadership in IFAD: Visionary, Strategic and Facilitative, which broadly mirrored the layers of management hierarchy. It was also evident that each of the leadership styles integrated both management and leadership functions in change design and implementation. Visionary leadership was clearly with the President who brought in the vision for changes and through inspirational and participative leadership style got a wide-spread recognition of the need for changes. Strategic leadership was the function of senior managers and to some degree, the President. These leaders were expected to set the strategic directions of the changes and follow up on their implementation, while also integrating the people-focused collaborative leadership style in their work. Staff particularly stressed the importance of championing the changes by senior managers and their important function of actively motivating staff, both of which were not consistently undertaken in IFAD. The two issues that were faced by Strategic

leaders were i. the lengthy and inefficient decision-making processes; and ii. the adoption of participatory leadership style by Strategic leaders.

Facilitative leadership was considered as key in delivering the changes on the ground. These leadership functions were primarily expected from the middle managers, who were in direct contact with staff. All interviewees middle managers demonstrated their proactive approach to facilitating the changes by using participatory and collaborative actions, helping staff accept the changes and support them. However, interviews also showed that there were many other middle managers who would not actively participate in changes, thus were not interviewed. These managers did not believe in changes and passively resisted them by blocking them at their level, not communicating to staff or engaging them in the changes. IFAD management and staff shared an opinion that middle management was the “bottleneck of institutional change” and “failed IFAD”. The leadership issue that was behind these conclusions was that several division directors would not consistently perform their Facilitative leadership functions as it required in the process of changes.

Collective leadership was an important and successful element of IFAD’s reforms. This leadership was performed through the establishment of EMC and OMC committees which brought together senior and middle managers and aimed at setting up organizational priorities, monitoring their implementation and exercising collective decision making. It also provided a platform for enhanced management collaboration and communication. The barriers that prevented effective functioning of these structures in changes were the undefined role of each type of leadership in the collective structures; and not sufficient collaboration and peer support among managers. The recommendation for future changes was to capitalize on the existing structure, clearly define the roles and enhance the function of a united management team. This team should be led by a charismatic leader with the Vision for change; senior managers

exercising Strategic leadership and taking the role of champions for various changes and providing peer support to middle managers; and middle managers should play a role of Facilitators of changes and a communication link with staff. The data also suggested that within the work of this management committees, decision making should also be improved to clarify the process, responsibilities, consultation and timeframe.

#### **4.7 Chapter Conclusions**

In this Chapter I reviewed leadership practices within the IFAD's Change and Reform process, which lasted from the time of the election of the new President in 2008 through his presidency until 2016. The data was collected from interviews and focus group discussions 31 managers and staff and divided into themes of the research framework: Triggers of change, Participation, Culture change, Learning, and Leadership of changes. The process of data collection was through face-to-face interviews and focus group discussions with the aim to reconstruct the context of leadership of changes in IFAD and identify areas for improvement of those practices. During initial data analysis, which took place after four interviews and focus group discussions, it was clear that the theme of Communication was an important factor as it was frequently raised and generated extensive discussion and proved to play an important role in the success of changes in IFAD. Therefore, the topic of Communication was added to the Research Framework as a key theme in IFAD changes and the gathered data was distributed among these six key themes. In the next chapter, I will present the revised Research Framework that was adopted to IFAD's context of changes and then discuss the findings and recommendations from each of the key themes.

## Chapter 5: DISCUSSION

In this chapter I discuss the main findings of the study and ground them in academic literature in order to produce actionable recommendations for improvement of leadership practices in IFAD. In this process, I review and compile the proposed areas for improvement under each key theme of the research framework, which were presented in chapter 4. This allowed me to identify those areas that have repeatedly affected the quality of leadership in designing and implementing the changes and had a substantive impact on the course of changes. These areas are then further discussed in the context of academic literature in order to develop actionable recommendations for the organization.

### 5.1 Areas for improvement of Leadership of IFAD's changes

The approach I took to identify the major areas for improvement of leadership of changes was to extract the findings and related to them key recommendations for each of the six themes of the Research Framework. These recommendations were clustered in broader themes and then split into two categories of leadership: i. Leadership roles and functions and ii. Leaders actions and behaviours. These are then collated in Table 2

**Table 2: Matrix of areas for improvement**

| CHANGE THEMES/ AREA OF IMPROVEMENT | LEADERSHIP FUNCTIONS            |                       | LEADERS ACTION AND BEHAVIOUR |                         |                     |
|------------------------------------|---------------------------------|-----------------------|------------------------------|-------------------------|---------------------|
|                                    | Leadership of middle management | Collective leadership | Change Strategy              | Communication/ Learning | Trust in management |
| TRIGGERS OF CHANGE                 | X                               | X                     | X                            |                         |                     |
| COMMUNICATION                      | X                               |                       | X                            | X                       |                     |
| PARTICIPATION                      | X                               |                       | X                            |                         | X                   |

|                       |                                |               |               |               |               |
|-----------------------|--------------------------------|---------------|---------------|---------------|---------------|
| <b>LEARNING</b>       | X                              | X             |               | X             |               |
| <b>CULTURE CHANGE</b> |                                | X             |               |               | X             |
| <b>LEADERSHIP</b>     | X                              | X             |               |               | X             |
| <b>Occurrence</b>     | 5 times out of 6 themes<br>83% | 4 of 6<br>67% | 3 of 6<br>50% | 2 of 6<br>33% | 3 of 6<br>50% |

The vertical column of the table presents 6 key themes of the research framework. The horizontal column presents 5 clusters of recommendations which came out of data analysis. The sign X indicates that the particular area of improvement was the key recommendation for a specific theme. The last row of the table indicates the total number of incidences and % of occurrences of this recommendation among the six key themes. For the purpose of the study, any occurrence of 50% and more is considered as an area for substantive improvement in the context of IFAD changes.

The matrix demonstrates that there are 4 key areas of improvement of leadership role and functions in IFAD that could contribute to better chances of success in the context of IFAD. Improved leadership function of middle management was the key and crosscutting recommendation in 5 out of the 6 key themes, representing 87% of occurrences, the highest among all recommendations. There was an agreement among interviewed managers and staff on the important role that middle management should be given in implementing the changes, which in the context of IFAD was not sufficiently recognized and not consistently performed. This importance of middle managers in changes is not new in academic literature and their key role in strategic changes was already recognized and discussed by Balogun (2003); Floyd and Wooldridge (1994, 1997); Raelin and Cataldo (2011) and Turnbull (2001). The interviews highlighted that the expected role of middle managers in the context of IFAD's changes should be a Facilitative leadership role, in which they are expected to be greatly involved in

ensuring timely and smooth communication and feedback, in engaging staff in changes and getting their support of changes. In the changes that IFAD went through, there were successful examples of facilitative leadership of middle management, but their performance depended on the personality of the manager and their leadership skills. This suggests that IFAD must review, define and improve the role, functions, consistency and accountability of middle management's leadership role and functions in change management. Given the high incidence of this recommendation among all themes, the improvement of leadership of middle management becomes the main recommendation of the study.

The next significant area for improvement is Collective leadership which gathered 67% of occurrences. Interviewed staff considered that leadership of changes in IFAD was not fully collaborative among all managers in the organization and the role of each management layer in change management functions was not clearly defined and exercised. While collective leadership is indeed critically important for delivering changes, as confirmed by Denis, Lamothe and Langley (2001), it also needs to ensure that members of that collective group play well defined and complementary roles. Considering this, the recommendation would be to strengthen the existing management team by ensuring clearly defined roles and responsibilities in relation to change management, and greater collaboration and peer support among managers. In this team, data suggested that the President should recognize and exercise his Visionary leadership, senior management use Strategic leadership (decision making, championship of changes, role modelling of core values), while middle management should demonstrate Facilitative leadership of changes. Collective leadership should also improve communication among all the layers of management.

The two other recommendations, which got 50% of occurrences (in 3 out of 6 themes), relate to specific actions and behaviours of leaders in IFAD and these include the

Change Strategy and Trust in management. Both issues were frequently discussed by the interviewees and identified as those that impacted the course of design and implementation of changes and impacted their success. Change Strategy, according to Nuran and Linda (2006) and Kotter and Schlesinger (2008) is crucial for guiding the change implementation in the organization and providing clarity on the types of changes the organization was embarking into, their rationale, implementation stages, resources and required inputs. Absence of such Strategy would make it difficult for management not only to implement the changes, but also to monitor the results against which they are accountable. As indicated by the interviews, in IFAD, there were various separate documents on individual changes prepared for the EB meetings, which lacked the overall overview on the entire process of changes, but also did not provide sufficient implementation details to guide management and employees in the process. The need for such Strategy in future changes came across as a recommendation for IFAD.

From the data it was clear that in the context of IFAD change implementation, trust in management played a crucial role and impacted the participation of employees in changes, their acceptance and support of changes. Trust in management was decreasing and that had a negative impact on the course of change. This is in line with Kotter and Schlesinger (2008) who made a link between limited trust in management and subsequent staff resistance and actions to undermine the course of changes. Management in their responses recognized the issue and demonstrated their willingness to improve the situation; however, the data did not demonstrate that the trust was fully regained. IFAD senior management has changed in 2017 and this can represent an opportunity to make a shift and demonstrate trustworthiness of management; therefore, substantially improving the environment in which employees would be able to trust their managers.

In addition to the above discussed 4 areas for improvement, there is another recommendation for the improvement of managers' actions in Communication and Learning. This recommendation gathered only 33% of occurrences and is not considered as a major area for improvement in IFAD. The reason for low occurrence is that IFAD has already recognized the importance of both issues in managing changes and set up systems for their implementation in IFAD, such as a corporate Communications Strategy and a dedicated learning unit in HR Division. The IFAD's actions were in line with the academic literature in which Cao, Bunger, Hoffman and Robertson (2016); Parsells (2017); Miller (2012) recognized the importance of timely and effective communication for successful change implementation. On the other hand, the ability of organizations to learn in the change process, has been considered by Burke (2014); Burnes (2009) and Parsells (2017) as a particular strength that ensures organizational sustainability and competitiveness. In light of their importance, both of these themes will be looked upon and integrated as crosscutting issues in the 4 areas for improvement of management of changes. In consideration of this, IFAD should integrate leadership learning in the improvement of its leadership function as well as link learning from its experience to the Change Strategy development. IFAD management should also ensure that communication is consistently integrated in all leaders' actions, and particularly in addressing the issue of staff trust in management.

## **5.2 IFAD-specific Change Framework**

I then integrated the study findings back into the original research framework (Figure 1). In this process, I revised the framework to fit in the two outcomes of the study that I found to be important in the case of the researched organization. I added the theme of Communication the sixth theme in the framework as it demonstrated an extensive impact on the course of changes in IFAD. In addition, I integrated the four

recommendations for improvement in the framework to highlight their importance in the process of IFAD changes. The leadership functions that were required to successfully manage the changes in the context of IFAD were detailed as Visionary, Strategic and Facilitative and added as sub-themes of Leadership of changes. In addition, the two types of Leaders' actions: Change Strategy and Trust in management were added as two enabling factors that would help IFAD improve the success of its future changes. The revised research framework represents the IFAD context-specific Change framework and is presented in Figure 3.



**Figure 3: Change framework in the context of IFAD**

This figure demonstrates that in the context of IFAD, Leadership of changes was fundamental of its change agenda, which confirms the conclusions of Rowland and Higgs (2009) and Valleala et.al. (2015) on the importance of leaders in organizational changes. The case of IFAD also confirmed that its leaders affected the key elements of change design and implementation, which were suggested by change management literature. In addition, they led change communication which in the context of IFAD was a critical element of success of changes. Trust in management and Change Strategy were found to be the necessary prerequisites and success factors of change in the context of IFAD, which were not fully considered or sufficient paid attention to by its management. This Change framework has an important role for the ongoing and new round of changes in IFAD as it could serve as guidance to the IFAD management on the issues for consideration in planning and implementing the changes.

### **5.3 Discussion of study recommendations – Leadership function**

The collected data highlighted that the functions of IFAD management during the change process have been elevated from the traditional management practices towards those requiring them to exercise additional change-related responsibilities, which represented a mix of management and leadership functions. These changes in responsibilities happened at two levels, at collective and individual management levels. A new Collective leadership structures, EMC and OMC, were established at the offset of the reforms and aimed to set up and monitor the implementation of organizational priorities, exercise collective decision making, ensure coordination and information sharing. Changes also required individual managers to integrate additional change-related responsibilities in their daily practices. Among them, there were management tasks such as planning the changes, integrating them in the work of the team, following on results. These have been recognized by the organization and to some extent

supported with resources. In addition, there were leadership responsibilities related to the changes, which the interviewees recognized as very important, however, these were not sufficiently acknowledged or supported.

The two-layer approach to management of changes, collective and individual, that have been used in IFAD is in line with conclusions of Nelson-Brantley and Ford (2017) who confirmed that both individual and collective leadership are the key attributes of the successful leadership of changes. While IFAD took the right approach of structuring the management functions at two levels, the interviews did not demonstrate that the institution duly acknowledged additional functions and provided sufficient and/or consistent support to exercise them. The implementation of these responsibilities was left to actions of individual managers and it is not surprising that these have not been undertaken consistently during the process. The study findings also underlined the need for improvement in both attributes of management of changes: individual management practices, particularly of middle management; and collective leadership structures.

#### **5.4 Middle management**

The interviews pointed at the consensus on the key role that middle managers had in the change process in IFAD, which is in line with findings of Nieswandt (2015) and Rauh (1990) that confirmed that middle management is the most critical factor of success of change initiatives. The way middle managers acted in managing changes in IFAD, some being very supportive and others actively or passively blocking their implementation, are good examples of the two contrasting views of the academic debate on the role of middle managers in strategic changes (Balogun, 2003; Floyd and Wooldridge, 1994, 1997; Turnbull, 2001). Some literature presents them as “dinosaurs of the business world” considering them an outlived management layer, which is not necessary in the modern organizational structures, and as those who “slow things down”

(Floyd and Wooldridge, 1994, p.47). They are too costly, block communication both upwards and downwards and ultimately resist the changes (Scarbrough and Burrell, 1996). On the other side, there is a growing body of recent literature on the positive role and influence of middle managers on changes, considering them as a strategic asset of organizational change (Balogun, 2003; Floyd and Wooldridge, 1994, 1997). Turnbull (2001) studied the way middle managers behaved at the time of changes in a major UK corporation and confirmed the existence of various types of committed and uncommitted middle managers and the fact that their behaviour had no correlation to their age, gender or length of services. This suggests that the two opposite ways that middle managers acted in IFAD, supportive and resisting changes, have been well researched and explained in academic literature.

There is recognition that changes increase the work load and responsibilities of management (Balogun, 2003; Rudhumbu 2015; Turnbull, 2001) and the interviewees clearly confirmed this incidence in IFAD. During the changes, middle managers have continued performing their daily management functions, to ensure operational performance, efficiency and effectiveness, as well as follow up on the implementation of changes in operations. In addition to these, IFAD management expected that middle managers, who are in direct contact with staff, would take the leadership role of informing the staff, engaging them in changes, and ensuring their buy-in of the changes and support. IFAD though did not consider that at the time of changes middle managers themselves are faced with increased pressures and a big amount of stress, which, as explained by Turnbull (1999, 2001), could have affected their own motivation and communication. The interviews indeed demonstrated that middle managers were under a lot of pressure to deliver results of changes within short period of time and with less resources. IFAD did not mitigate these factors and continued to request the middle managers to perform these additional tasks.

This is in line with Balogun (2003) and Rudhumbu (2015) who considered that in the time of changes, middle managers are required to perform additional leadership functions such as interpretation of change information for themselves and their teams, facilitation of acceptance of the changes by their teams, communication upwards and downwards. In the case of IFAD, these leadership functions were considered as Facilitative leadership functions.

Analysing the functions of middle managers in changes Floyd and Wooldridge (1994; 1997) described 4 types of roles: championing strategic alternatives, facilitating change, synthesising information, and implementing deliberate strategy. Balogun (2003) further developed this structure to better reflect their sense-making role to interpretation the changes for themselves and their teams. In her typology, middle managers are expected to undertake personal change, help their teams to understand changes, implement changes and keep the business running. These two typologies have been further adapted to reflect the findings of this study and to clearly define the management and leadership functions that were required from middle managers in the context of changes in IFAD (Table 3).

**Table 3: Expected middle management functions in strategic changes in IFAD**

|                             |  |  |
|-----------------------------|--|--|
| <b>Managerial practices</b> | Keeping business going                                   | Implementing changes                                       |
| <b>Leadership practices</b> | Interpreting and communicating<br>(meaning/sense-making) | Facilitating<br>(support to the team to adopt the changes) |

As demonstrated in the table, the IFAD middle managers have been performing four types of roles in the course of changes: two of them relate to management functions and

two others are leadership functions. Among management functions they had to ensure that the operational business is ongoing, but also to take on management responsibilities in implementing the changes. The later responsibilities included translating the changes into operational and technical priorities and tasks, allocating financial and human resources, following up on progress and results. In addition to that, interviewed middle managers noted that they had to dedicate a lot of their time and put extensive efforts in leadership functions: facilitating the adoption of changes and interpretation and communication.

Within this framework, supportive IFAD middle managers were trying to do their best in integrating management and leadership functions in their daily work. They exercised people-focused actions, extensive communication with staff, listened to their concerns, helping them to meaningfully engage in the change processes. This was achieved through one-to-one meetings, divisional meetings and retreats. Staff recognized the existence of these successful practices and commented that these made a positive impact on the staff in their units and their support of changes. These were the successful examples of IFAD middle managers who championed changes in their units.

There were also other IFAD middle managers who either did not adopt additional responsibilities related to leadership of changes or acted to block the changes. It was recognized by the interviewees that these managers were breaking the chain of communication and/or not providing support to their staff for adopting the changes. Such behaviour was explained by Kraus, Becker-Kolle and Fischer (2004) who confirmed that middle management is in a position of being able to filter and manipulate information which is aimed at employees, make negative statements, thus delaying the acceptance of changes and their implementation.

Balogun (2003) and Turnbull (2001) discussed the institutional setting for supporting middle managers in changes. Balogun (2003) argued that middle managers should be aware of what is expected from them in the change process and have the right leadership skills to adjust to the new requirements. In the case of IFAD, the additional functional requirements for middle managers in changes were not formally recognized, though it was expected that all managers would be able to adapt to the changed context and have the right set of skills, which was not always the case. Furthermore, Heyden (2017) considered that just recognizing the role of middle managers would only result in their compliance with what is expected from them, but would not trigger extra role behaviours that are necessary to engage and inspire employees in changes. Taking this into account, and in line with suggestions of Balogun (2003); Floyd and Wooldridge (1994) and Raelin and Cataldo (2011) these managers should be empowered and provided with the enabling conditions and support structures in the organization to help them perform their role in the changes.

As part of the empowerment, Heyden (2017) suggested to ensure greater engagement of middle managers with senior managers and complementarities of roles among them. Complementary to that, Turnbull (2001) suggests that in this relationship middle managers require role modeling from senior managers as they set the tone of the expected behaviour and provide required support to middle managers. This is in line with what was suggested by the interviewed middle managers.

Consistent with this, the IFAD's OMC committee have integrated them in the management structure and provided access to information, and some resources were given them for effectively carrying management functions. However, direct support of senior managers to them, which was cited by middle managers as essential, was not consistently provided. Interviewees also noted that not all middle managers had the right set of skills to exercise leadership functions. The organization provided some

support to middle managers to enhance their management and leadership skills; a few of them referred to individual coaches and training on leadership development that helped them to better perform their functions, but these were individual cases. However, these learning opportunities were either not systematic or not consistently taken by managers. In addition, the organization did not have any incentive structure for middle managers to perform additional responsibilities.

In order to address the performance of middle managers in changes, the reviewed literature points out to a number of measures that organizations, such as IFAD, have to undertake. The senior management should acknowledge their additional management and leadership functions of middle managers related to changes and create an accountability framework to perform these functions. Enabling conditions should also be created to empower these managers and provide support for them in performing these additional functions. The support could include: peer support and role modeling from senior managers; delegation of authority; additional resources (time, financial and human resources) to successfully perform those functions; leadership development training to enhance leadership skills of managers; as well as incentives for managers to take over additional responsibilities.

Actions in this area are particularly important in the new wave of changes in IFAD as with the decentralization the number of middle managers in IFAD would increase to include IFAD's Regional Hub Heads and Country Directors, who will be located in different countries. In this new geographically dispersed organizational structure, leadership will become distributed between various field offices, which in turn presents various challenges for the organization. Middle managers in this new structure would become increasingly important as they would serve as a link and mediators between the field office with its staff and the main office, as highlighted by Balogun and Johnson (2004) and Wooldridge, Schmid and Floyd (2008). This function would put to test the

leadership skills of the newcomers in middle management, particularly their ability to translate and communicate corporate strategies to their staff and provide feedback to other managers in the main office from the field location. In reality, many of the newly appointed Regional Hub Head and Country Directors are promoted from their current Country Programme Manager's position, which is primarily technical and focused on management of IFAD's investment portfolio in the country. With the new appointment, IFAD should undertake thorough assessment of their managerial and leadership capacity to perform regular and change-related management functions and put in place an extensive support system to help them undertake their new functions. There are already some successful examples of IFAD middle managers in performing required functions and more research should be undertaken to better understand success factors and required support structures.

## **5.5 Collective leadership**

The study also found that the IFAD's collective management structures need to be enhanced. At the beginning of the change process, IFAD had created formalized collective leadership structures, EMC and OMC, which aimed to provide a basis for cross institutional consultation, collaboration and transparent decision-making processes. Such formalized collective leadership structure is considered necessary by Denis et al. (2001) and Stewart (1991) in complex and pluralistic organizational contexts, similar to the one in IFAD. These structures, according to Denis et al. (2001) allow for many individual leaders to contribute to strategic changes. The collective leadership in IFAD was regarded by interviewees as a successful experience of management of changes. However, the interviewees also pointed out that the roles and functions of these committees and managers in them, particularly related to change implementation were not defined or not consistently exercised. There were also issues of

limited collaboration and peer support among managers, partial communication and feedback on changes, lengthy decision making.

The creation of such formalized collective leadership structures, instead of reliance on single individual leaders, has been recognized in the academic literature as necessary for leadership of changes (Denis et al., 2001; Hawkins, 2014; Lv, 2017). Such collective structures, according to Roberts and Stiles (1999) are useful to address the power risk associated with leadership in which there is reluctance of some leaders to share their power. In addition, it is helpful in mitigating the narcissistic nature of leader's personality, feelings of superiority or vulnerability or unwillingness to share responsibilities. But the key benefit of such collective structure in the time of changes, as explained by Denis et al. (2001) and Ospina (2017) is in creating spaces in which leadership is exercised towards a common goal, in a collaborative way, simultaneously by multiple people. It should be considered though that according to Denis et al. (2001), there could be a variety of possible divisions of roles among leaders in such structures, some focusing on operational issues, others on relationships outside the organization and so on. It is, therefore, necessary to define the roles and leverage complementarities between the leaders, senior and middle managers, in change initiation and implementation, which Heyden's study (2017) determined as necessary for organizational change. Lv (2017) and Ospina (2017) viewed collective leadership as institutional structure that exercised collective responsibility and accountability through continuous dialogue and joint decisions and actions. It is clear in the literature that this type of leadership is of growing interest in modern organizations and it represents collaborative and plural action; however, there is still ambiguity about what it exactly is and limited research on such structures, that would allow to better understand their functions and responsibilities (Quick, 2017).

Being guided by this theoretical framework, it is suggested that IFAD's collective management structure should better reflect and integrate the clear leadership roles of managers in IFAD changes, including the expected contribution of each layer of management to the team, their responsibilities, and subsequent individual actions and linked to these accountabilities. It was suggested by the interviewees that the President should exercise his Visionary leadership and guide the organization towards the vision, set up priorities, and lead the collective management team. Senior managers in that structure should perform Strategic leadership functions by championing the changes, role modelling expected actions and behaviours, improving direct communication to staff, and exercising executive decision making. The contribution of middle managers to the collective leadership should be in linking the management team with the staff, ensuring efficient communication to staff and their feedback to the management, and providing regular input to the management team on staff engagement, their concerns and suggestions.

For these roles to be exercised, leaders should be made aware of what is expected from them, have the right skills to fulfil these leadership responsibilities, work as a team and communicate effectively. Hawkins (2014), McFarlin (2006) and Anderson, Anderson and Mayo (2008) suggested to build the capacity of the team through Leadership Team Coaching which would help building an effective team that functions to its maximum potential. Collective coaching would also help to build a thorough understanding and acceptance of the roles and functions of the team in achieving organizational objectives and implementing the changes and offer practical tools and techniques to stimulate transformational leadership in the organization (Hawkins, 2014). As part of the practical tools, O'Sullivan and Partridge (2016) suggested for managers to be trained to become good communicators who can communicate effectively and deliver strategic messages within the management team and to staff.

To this end, it is suggested for IFAD to strengthen the existing collective management and leadership structure by enhancing capacity of the team through: better-defined roles and responsibilities of leaders in change management; improved collaboration and communication within the team and with staff; as well as improved collective decision-making processes. Leadership team coaching could help IFAD to undertake these actions and improve the quality of its leadership team.

## **5.6 Change Strategy**

The study found that the absence of a well-defined corporate Change Strategy had a profound impact on the implementation of changes as well as on the rate of acceptance of changes by staff. There was unclear rationale for changes, lack of guidance on change implementation process and allocated resources, which in turn created ambiguity among staff and slowed down the processes. Formulation of such Strategy was considered crucial by Nuran and Linda (2006) as it would direct the subsequent actions of the organization, even though there would be an understanding that it is a living document which would be adjusted during changes. An organizational Change Strategy, according to Nickols (2010) should outline the approach and method for implementation of changes in the organization. In the case of IFAD, in addition to approach and method, employees were highlighting the need for clearly explained rationale for changes that outlines the reasons that drive the organization to change. The management in their interviews highlighted that there were several strategic papers formulated around specific parts of the changes. However, staff felt that these were not sufficient as they did not present the broader organization context and how all these changes come together and complement each other in an organization-wide change initiative. In addition to providing guidance to the institution, the Strategy would allow individual managers to

monitor the implementation of the change goals against the expected results for which they are accountable.

Nickols (2010) classified Change Strategies into four types depending on various organizational contexts, management structures and various degrees of engagement of employees in their development. These are rational-empirical, power-coercive, normative-re-educative and environmental-adaptive. Janićijević (2017) further adapted this typology to replace the last type of adaptation to environment to creative strategy. The starting point for the development of Strategy is the trigger for change: evidence-based for rational-empirical strategy; management-driven for power-coercive; learning for normative-re-educative strategy; and changing environment for the environmental-adaptive strategy. The first two types of strategies are considered directive in which management triggers and drives the changes, while the latter two types of strategies entail participative approach to development of such strategy. The interviews highlighted the complexity of the context of changes in IFAD with various triggers involved in several individual change processes: internal, external, and management driven. Therefore, the IFAD changes do not fall under one type of Strategy of Nickols (2010), but are rather linked to 3 types: rational-empirical, power-coercive and environmental-adaptive. This means that according to Janićijević (2017) there should be various degrees of employee participation in Strategy development.

Another approach to developing a Change Strategy was proposed by Kotter and Schlesinger (2008), who advised the managers to look at key variables which are the time available for the change initiative, involvement of employees and potential resistance. These would determine the type of strategy which is required for a specific change initiative. If the change needs to be implemented fast, Kotter and Schlesinger (2008) suggested to clearly plan the changes, limit the involvement of employees and make attempts to overcome the resistance. In the case when the change could be

implemented slower, than the strategy should not be prescriptive and would allow greater engagement of employees which would in turn minimize resistance. From the two approaches to strategy development of Janićijević (2017) and Kotter and Schlesinger (2008) it is clear that involvement of employees in strategy development is a defining factor of change implementation. Similar to this, in the context of IFAD, staff particularly referred to the need for collective development of the strategy with their technical inputs into it. They argued that collective development of the Strategy would lead to improved understanding of changes, their ability to influence the changes, and their buy in from the offset of changes, which is in line with the conclusions of Kotter and Schlesinger (2008) and Cao et al. (2016). Participatory approaches to strategy development would increase employee commitment change and reduce their potential resistance; however, management should consider the cost of required investment in terms of time, financial resources and personnel (Cao et al., 2016; Russ, 2010).

In light of the above I consider that in the context of IFAD staff involvement at various degrees should be integrated in every type of change strategy development, regardless the trigger of change or timeframe for change implementation. Staff in IFAD expressed their wiliness to contribute to the Strategy development and provide technical expertise to its development, design realistic change implementation plans, identify its applicability to various technical areas, and required resources to implement these changes. On the other hand, academic literature confirms that the benefit of employees' engagement in such process as Change Strategy development would go beyond just their technical contribution. According to Greenberger and Strasser (1986) their engagement would make them feel that they are contributing to a bigger picture and being empowered. Moreover, Sharma and Good (2013) considered that such process would lead to their increased support of changes and reduce uncertainty related to changes. The Strategy should also be widely communicated as suggested by Sandhu (2009) in order to

create a shared understanding throughout the organization on how things will be changed. All of these actions would result in common expectations from the changes as well as increased employees' engagement in changes.

This suggests that in the context of IFAD and its future changes, the organization must dedicate efforts in translating the change Vision into a comprehensive Change Strategy. This Strategy should integrate learning from IFAD's experience and provide clear rationale for changes. It should be used a guide for change implementation and be considered as a living document that is regularly updated. Learning from its experience, IFAD should use a participatory approach to Strategy development, even in the cases of management-driven changes. To implement this, it is suggested for the management to identify internal or external expertise which will jointly engage in designing the right type of Strategy in the context of IFAD while consulting management and staff in its preparation. The Strategy should be widely communicated to become a guiding reference for IFAD changes.

## **5.7 Trust**

I found that in IFAD the lack of trust in management has substantially hindered the implementation of changes. At the initial stages of change implementation, staff had positive attitude towards their working environment, as they were driven by the IFAD's mandate and their belonging to the institution. It provided a purpose to them and made the work place enjoyable, thus intrinsically motivating them (Vansteenkiste, Lens, De Witte and Feather, 2005; Deci and Ryan, 1985). This positive attitude was the ground for their trust in the organization and its management, particularly in the newly elected President at that time, as he previously served as an IFAD Vice President and was considered by staff as "one of them".

During the initial years of changes, IFAD management focused on design and implementation of changes and did not make particular efforts in engaging staff and did not consistently communicate to them. As a result of insufficient information and their limited involvement, staff did not see the need and logic for changes, which as warned by Kotter and Schlesinger (2008), led to their questioning of manager's intentions. Furthermore, some change initiatives had a direct impact on staff, questioning their jobs, thus having potential impact on their well-being and of their families. Management was at some point considering a recommendation to get out of the UN system, which had raised a huge concern among staff as they felt that being outside of the UN system would not protect them from the actions of management. Obviously, it resulted in a tremendous pressure on staff, raising the level of their insecurity and anxiousness; they felt the need to protect themselves, became disengaged and expressed low level of trust in management in the GSS 2012. This demonstrates that management actions had a significant impact on staff experiencing those changes.

It led to a situation in which staff felt that the management did not adequately fulfil their obligations towards them, which according to Coyle-Shapiro and Kessler (2000) and Cortvriend (2004), result in feelings of uncertainty, uneasiness, frustration, silence and reduced commitment to the organization and its changes. Rousseau, Sitkin and Burt (1998) and Saunders (2011) found a direct link between the implementation of HR specific changes with the level of staff trust. They concluded that the level of trust depends on the way these changes are implemented and the way they protect the rights of employees.

In the case of IFAD, many changes were in HR area and they were implemented with limited communication to staff. Management intention to keep information confidential was in some cases well justified, as to avoid unnecessary fears among staff. However, it contributed to the increased insecurity among staff, decreased morale and further

reduced staff trust in management. From the time of GSS 2012, in which the level of trust in management was highlighted as a main area of concern until GSS 2016, the level of trust has improved; however, it remained an issue. Guided by suggestions of Coyle-Shapiro and Kessler (2000), IFAD should take steps to understand employees' perceptions of management, actions of management that affect their attitudes and behaviour, and rethink management practices to improve the level of trust in IFAD management. The particular areas of management practices that in the context of IFAD already demonstrated negative impact on employees' trust were limited communication and engagement of staff in changes. Management actions are necessary to ensure effective and consistent communication, improved engagement and collaboration with staff and role modelling of expected organizational behaviours. These actions will in turn be supported by leadership development and change strategy preparation.

## **5.8 Chapter Conclusions**

Based on the data analysis I identified four main areas for improvement of management functions and practices in the context of IFAD. The two management functions that required particular attention and improvement are collective leadership practices and the role of middle management in changes. These areas have proven to play a key role in the implementation of changes in IFAD and required improvement particularly in better integrating people-focused leadership practices in management functions. It is suggested for IFAD to recognize and further elaborate the responsibilities and accountabilities of each layer of management, at collective and individual level, that are specific to the change process. It could establish the support framework that would allow managers to develop their leadership skills that are required for implementation of changes. Such support could include the Leadership Development programme for individual managers and the Leadership Team Coaching for collective management

structures. IFAD has already some experience in leadership development training and coaching and these should be expanded to cover all layers of management.

In addition to the above functions, there are two management practices that require IFAD's attention and improvement in the context of future changes. These are the Change Strategy and Trust in management. It was found that a Change Strategy, developed under the leadership of IFAD management and with the participation of employees, could provide clarity on the changes, guidance to both management and staff on its implementation, and result in improved success of changes, increased staff acceptance and support of changes. Regaining employees' trust in management is an important element of success of changes in IFAD and it requires careful assessment of management practices and its impact on the organizational and staff. Immediate actions that IFAD can implement are the improved collaboration of management with staff, clear and consistent communication, and role modelling of expected organizational behaviours by managers.

The 4 findings were compiled together with the proposed recommendations and actions in the below Table 4. The matrix summarizes the key areas for improvement together with the actions that the organization could undertake to improve leadership of changes in the context of IFAD.

**Table 4: Matrix of Study findings and recommended actions**

| <b>Findings/<br/>Recommendations &amp; Actions</b> | <b>LEADERSHIP FUNCTIONS</b>  |   | <b>LEADERS ACTION AND BEHAVIOUR</b>  |  |
|--|--|---|--|--|
|  | <b>Middle management</b>   | <b>Collective leadership</b>  | <b>Change Strategy</b>   | <b>Trust in management</b>   |
| <b>Recommendation :</b>                            | Improve leadership of changes by middle management, which include interpretation of changes and facilitation of their acceptance by staff, communication upwards and downwards.  | Strengthen the existing Collective leadership structure to better reflect and integrate the clear leadership roles of managers in IFAD changes and improve management team communication and collaboration  | Develop in participatory manner a comprehensive Change Strategy that translates the Vision into practice, provides rationale for changes and serves as a guide for change implementation.  | Demonstrate trustworthiness of management which will substantially improve the environment in which staff would be able to trust their managers and their actions.   |
| <b>Proposed areas of focus and actions:</b>        | <ul style="list-style-type: none"> <li>➤ Acknowledge MMs additional management and leadership functions related to changes</li> <li>➤ Create an accountability framework for these functions</li> <li>➤ Empower middle managers and provide support in performing these additional functions:               <ul style="list-style-type: none"> <li>- peer support and role modelling from senior managers</li> <li>- delegation of authority</li> <li>- additional resources</li> <li>- leadership development training</li> <li>- incentives</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>➤ Clearly define leadership roles and responsibilities within the management team in relation to change management:               <ul style="list-style-type: none"> <li>- Visionary leadership</li> <li>- Strategic leadership</li> <li>- Facilitative leadership</li> </ul> </li> <li>➤ Improve effective communication within the management team</li> <li>➤ Improve collaboration among managers</li> <li>➤ Improve collective decision making</li> <li>➤ Organize Leadership team coaching</li> </ul> | <ul style="list-style-type: none"> <li>➤ Identify internal or external expertise in designing the right type of Strategy in the context of IFAD</li> <li>➤ Engage staff in consultation and its preparation</li> <li>➤ Widely communicate the Strategy as a guiding reference for IFAD changes</li> <li>➤ Treat the Strategy as a living document</li> </ul> | <ul style="list-style-type: none"> <li>➤ Understand employees' perceptions of management and actions of management that affect their attitudes and behaviour and rethink management practices</li> <li>➤ Ensure effective and consistent communication to staff</li> <li>➤ Improve engagement and collaboration with staff</li> <li>➤ Managers to role model of organizational behaviours</li> </ul> |

In the next chapter I present the actions that I took in the organization to raise awareness of management about the study, its findings and recommendations for improvement of leadership of changes in IFAD.

## **Chapter 6: MANAGING THE ACTION IN ACTION RESEARCH**

In this chapter I review the actions that I executed in the researched organization to achieve the objective 3 of the study, which is on awareness raising and promotion of study findings among management in the organization. The action focus was continuously exercised at every step of the study implementation in parallel to research part of the study. In this process I extensively engaged with management and staff and consulted them to obtain their views and feedback, raised their awareness on the study findings, and promoted action recommendations for further implementation in IFAD.

### **6.1 Engagement with Management and Staff**

The theme of the study was selected in close consultation with the IFAD's Office of the President and Vice President (OPV). I informed a senior manager from OPV about my ongoing studies at the University of Liverpool and offered my doctorate research project as an opportunity for the institution and its management to learn from the ongoing processes and develop knowledge that could be useful in the organizational environment. This was a welcomed initiative. Considering the ongoing at that time Change and Reform agenda in IFAD, the senior manager commented that the type of changes and the actions that took place during the changes were well known to the management. What was less known and could have been interesting for the management to know was the impact of the change processes and management actions on staff. He mentioned that managers had good intentions in leading the changes. However, it was not known how these were accepted by staff. The proposed topic overlapped with my personal interest as a scholarly practitioner in leadership practices and change management, and thus represented an opportunity to me to learn in action

in the specific context of my organization. This led to the preparation of the study concept note with the focus on the assessment of IFAD's management practices in ongoing changes and developing actionable recommendations for improvement of these practices.

At the stage of selection of research participants, I re-engaged with senior management and sought their advice. The reason for that was that my job in the organization was not in management and did not provide me with the sufficient overview and knowledge of actual involvement of various managers in IFAD's Change and Reform process. The Chief of Staff and Special Advisor to the President reviewed the organizational organigram with me and suggested to interview all senior managers in IFAD to ensure that the study is representative and reflects on all types of organizational changes: strategic, operational and administrative, which were led by different senior managers. Among middle managers he identified 6 middle managers who were actively involved in the changes, of which 5 middle managers agreed for the interview.

After two rounds of analysis, I discussed the initial findings with the Chief of Staff and asked for further clarifications on those areas which were not initially included in the project, but which had come up as important themes during the interviews. For example, we discussed collective leadership structures, EMC and OMC committees, which staff and management frequently referred to, and which were not initially included in the scope of the study. Given that I was not part of these committees and there is no written formal record of the evolution of the committees in IFAD, I benefited from the information provided by the Chief of Staff on functioning of these committees and the tasks assigned to them.

During the interviews, additional themes came up which were beyond the scope of the study and led to further discussion. For example, the discussion of organizational

culture and existing silos in the organization during one of the interviews with a senior manager led to the idea of importance of acknowledging the existence of failures in IFAD, recognizing their value and learning from them to improve future processes. In follow up discussions with the senior manager, I was asked to further elaborate the idea of a corporate FailFair event and come up with the concept for such event. I developed and presented the event Concept to the senior manager in a later meeting. Even though the event was not yet organized, it triggered some discussions in the organization and resulted in an initial concept developed for its implementation (Appendix 6). This could be considered as an unplanned outcome and impact of this study.

The period of interviews coincided with the last months of the presidency of Mr.Kanayo Nwanze. It was important for me to ensure that I capture institutional memory of the outgoing senior management team prior to their departure. Therefore, I made efforts to conclude the interviews and develop initial findings before their departure in order to present them to the senior managers and obtain their feedback and validation. The interviews were completed in February 2017, and on 2 and 23 March 2017, I held one-to-one meetings with the IFAD President and Chief of Staff to discuss my initial thoughts (presented in Appendix 7). The discussion with the President focused on the importance of Visionary and charismatic leadership at the President's level; change strategy; engagement of staff and their concerns; as well as middle management and communication. The President welcomed the findings of the study and found them in line with his observations in the organization. He particularly talked about the importance of the role of middle managers in changes and the fact that some of them were the "broken chain" in the management structure. He intended to include this point in his hand-over notes to the newly appointed President. The Chief of Staff validated all study observations and talked about the importance of management training and leadership development in IFAD.

In February 2017, the new IFAD President, Mr. Gilbert F. Houngbo, was elected and took the office on 1 April 2017. He announced a new wave of changes in IFAD. In light of upcoming changes, I asked for a one-to-one meeting to brief him about the study, share main observations and views of study participants. The meeting took place on 8 August 2017. The President listened carefully to my presentation and suggested that all managers in IFAD should be aware of the findings and recommended for me to present them to the EMC and OMC committee meetings. He also confirmed that the engagement of division directors in future changes would be particularly important as IFAD is going through decentralization and it will be harder for senior managers to directly engage staff who will be located in different countries.

This was the time when IFAD established a task force on Operational Excellence for Results (OpEx) to lead the development and implementation of changes in IFAD. The objective of the team was “to (i) realize significant and measurable enhancements in business practices and processes for results, and (ii) make desirable changes in organizational culture, structures, staffing (including learning), and partnership arrangements that will facilitate operational excellence.” The team consisting of internal and external experts, who were tasked to review the existing processes, identify the areas for changes and develop a strategy for the upcoming changes. The process was participatory with IFAD staff and management involved in the committee from the very beginning. In addition, IFAD carried out extensive communication and consultation with staff in the organization. The creation of such team and the introduction of consultative processes were in line with the findings of this study. Even though I was not directly involved in the work of the team and communicate directly the findings of the study, I made efforts to extensively communicate them to various audiences in IFAD in order to raise awareness of these issues and areas for improvement in the organization.

After the completion of data collection phase, I held numerous follow up meetings with staff and middle managers in the organization. The purpose of these informal meetings was to brief them on the findings and obtain their validation, further clarifications and their observations. Staff interviewees approached me several times demonstrating their keen interest in learning about the outcomes of the study. There were particularly interested on whether their views were reflected in the findings. I had 6 informal meetings with staff and in all of them I observed the interest of staff in making a difference in the institution. The fact that I was interested in their opinion, listened to them and had a chance to pass their messages to the management was important to them and many said that it made them feel better. This pointed out to me that IFAD would benefit from a function or structure that would allow staff to share their views and opinions while knowing that somebody is listening to them and has a chance to act on that. This could potentially be a motivation offer or similar type of function. I mentioned this conclusion to senior managers in my follow up meetings with them.

The IFAD's Director of Ethics has been involved in the study from the very beginning by providing continuous guidance and ensuring that ethical considerations are duly respected in the study implementation. During the period of the study the Director of Ethics has changes three times and every time I re-engaged with the newly appointed Director to brief her about the study and secure continuous support and advice of the IFAD's Ethics office. At the stage of study findings, I discussed the preliminary findings with the outgoing and newly appointed Directors of Ethics, particularly focusing on those findings relevant to the issue of organizational culture and values, leaders' behaviours and role modelling. We discussed the importance of clear organizational values and awareness about these values in such multicultural environment as IFAD, as well as the important role of senior managers in championing and role modelling these values. In addition, in line with the findings, the Director of Ethics confirmed that

there will be more Ethics training organized for both management and staff, which were considered by the interviewees as key for changing the organizational culture.

During the meeting with the Director of Communications I briefed her about the study findings in the area of communication and the key role that communication played in the course of changes in IFAD. I shared with her the views of employees on various channels of communication in IFAD and highlighted the ones that staff felt as most useful for information sharing, generating discussion, and gathering staff feedback. Among them, we discussed the importance of President's bulletins, internal web-site Intranet, Townhall meetings and other semi-formal type of events in IFAD. To this, the Director of Communication confirmed that the ongoing processes already take in consideration most of these findings and the institution is already paying greater attention to communication and uses various channels to ensure that information is widely disseminated. I also brought to her attention a risk of information overload that was considered by interviewees as an important factor that affects employees' attention to information. She was also aware of this risk and informed me that it was already thought through and the newly redesigned internal intranet web-site would be launched soon. It will have a better structured presentation of the information in order to allow more visibility and attention to priority areas. Monitoring the developments in the area of communication in the organization, I noted that the newly redesigned Intranet site was launched in December 2017 with the better visualized information presentation. There were several updates on HR reforms posted in the blog of the intranet. Several sessions "Ask the President" were organization to enable staff obtain information about the changes directly from the President and other senior managers.

Regular meetings took place with the Director of Budget and Organizational development division to share ideas for IFAD's organizational development and the role of leadership in that process. The interest in the subject by the Director was both

academic and professional, as at the time of this study, he was also working on his thesis on Leadership development interventions within the ongoing IFAD decentralization process. Exchange of ideas and findings between the two ongoing studies in IFAD stimulated collaboration and cross validation. This complemented the Director's professional engagement in developing strategies for organizational development and designing the new roles assigned to middle managers in IFAD's extensive decentralisation process.

On 23 October 2017, I presented the study and its findings to the OMC committee meeting which consisted of most of senior and middle managers in IFAD. Prior to the meeting, I had to carefully consider how to deliver a sensitive message on poor performance of some middle managers to the management team, which includes those middle managers. The approach that I chose was to focus on functions of various layers of management and the improvements that are required in those functions. This allowed me to obscure the personalities of managers and instead focus the audience of the meeting on discussion of required functions in management of changes. This led to the preparation of the below structure of collective leadership in IFAD as presented in Figure 4.



**Figure 4: Collective leadership role and functions in IFAD management**

My presentation to the OMC meeting is attached in Appendix 8 gave an overview of the roles and actions of IFAD managers in six themes of IFAD change management; how these were perceived by staff and managers and suggested areas for improvement. Three main messages were highlighted in relation to improving leadership of IFAD Changes: i. the importance of developing a Strategy for change, based on solid assessment, staff involvement and communication; ii. The need to increase trust in management, based on communication, transparency and integrity; iii. The role played by middle managers in delivering change and the importance of providing them with adequate space and support, incentives and accountability. The topic of Collective leadership was not presented as a separate recommendation, but rather as a necessary structure for management of IFAD changes. The OMC meeting had short time allocated for discussion of the findings and therefore, only a few observations were shared by senior and middle managers. The feedback was positive, validating the study findings with the suggestions on how IFAD can action them. The minutes of the meeting state “The OMC welcomed the presentation and congratulated Lenyara Fundukova for the

interesting and bold work undertaken. The OMC noted the relevance of the project in the context of the on-going reform process in IFAD and the importance of establishing linkages with initiatives like the OpEx and the Leadership Development Programme. The need to develop a common language to communicate change among managers was also highlighted.”

The awareness raised by my presentation to OMC resulted in several follow-up requests from various division directors, who were not initially interviewed, but got to know about the study and expressed interest in sharing their own experience as a contribution to the study. Two follow up meetings were held with those directors. One of them shared his observation that quality of the information they provided to staff and the follow up conversation with staff depended on whether division directors had sufficient information from senior managers and whether they could share it, as some information was confidential. This confirms that division directors sometimes had limited access to information about changes, which was already captured by the findings of the study. This contributed to my understanding that communication among managers and particularly within the collective management structures is important, and in the case of IFAD it should be improved. The other director shared his experience that during the changes he found that the level of staff engagement in his unit was declining. He then sat with his staff and developed several concrete actions to address staff concerns, which had a positive impact later on. He mentioned that in this process he attended a Leadership development program, which was offered by IFAD, and he found it very useful in building his leadership capacity. This example validates the study recommendation to improve management of changes through provision of Leadership training to all managers.

On 22 March 2018, I met with the newly appointed IFAD Vice President to brief her about the study recommendations. In light of her educational background in OD, the

Vice President was very interested in the study and acknowledged its relevance and timeliness for the organization. She particularly appreciated the practical focus of the study recommendations which would allow IFAD to benefit from them. The study findings were in line with the VP's own observations of IFAD's management structure and functions, which, in her view, would require improvements to better align them with modern management practices. In conclusion, the VP strongly advised me to get engaged with the OpEx team in order to explore possibilities for operationalizing the study recommendations in the IFAD's ongoing changes.

The major achievement for the action research part of this study was the agreement of the organization's executive authority with the study findings and their recommendation to engage in discussion on how to introduce it in organizational change strategy. Furthermore, my extensive awareness raising efforts resulted in wide recognition of the issues by many IFAD managers, both senior and middle managers, who will consider them for their own daily managerial practice.

Prior to submission of this thesis, I prepared a 10-page summary of findings and recommendations of this study, which I then presented to the Vice President. Even though she is relatively new to the organization, her initial observations were very much in line with the study findings. Upon her recommendation, I shared the summary with the core OpEx team and I had a separate session with them to discuss how the findings of this study can be operationalized in the ongoing change agenda. The feedback from the team was very positive and they already witnessed the [negative] impact of the issues discussed in this study on the ongoing round of changes. The team also shared that some of the recommendations have already been included in the change process. For example, the collective leadership structure, IFAD management team (IMT) has been strengthened to integrate the entire management team, including middle management. We also identified a number of concrete actions that could be immediately

integrated in the ongoing changes. Among them were the mandatory leadership and management training for Regional Hub Heads [new middle management], the establishment of an IFAD SWOT teams which would be tasked to provide management support to the newly established Regional Hubs, introduction of unstructured discussions in the agenda of IMT to allow feedback from staff being communicated to senior management. These are the initial actions that are being proposed to senior management for implementation. I was also asked to join the team to implement these changes. Even though the thesis will be completed, the action part of this study will continue still continue beyond the timeframe of the study.

## **6.2 Taking action with limited authority**

My job in the organization is in operations, working with IFAD's investment portfolios in various countries. The proposed by the IFAD management topic of the study on Leadership of IFAD changes was interesting for me as a scholarly practitioner. However, it required me to assess leadership roles and functions, while in my job I had a partial view of management in the organization and nearly no authority in organizational power structure. I also had limited interaction with managers across the organization and could not influence their actions and decisions.

Considering my position in the organization, I reflected on the fact that AR is considered by Coghlan and Brannick (2010) a political action. This suggested that I had to carefully assess the impact of this project on me as a practitioner and come up with a well-thought strategy to approach and manage organizational politics in the project. The approach that I adopted in the action part of this project was similar to the one proposed by Björkman and Sundgren (2005) on 'political entrepreneurship' which entails extensive and very carefully chosen interactions in the organization in order to build the negotiation power as a way to influence decisions. My pre-understanding of

organizational context, its management and staff, their views, relationship between people were helpful in taking careful steps to obtain the required support for the study implementation.

The fact that the study was proposed by OPV and cleared by them from the very beginning was important in managing organizational politics as it gave me a green light to proceed in the organization and access to managers and employees. It made the formal approval of the study quite smooth, though still lengthy. This also led to the fact that I was allowed to use IFAD's facilities to organize the meetings during lunch time and after working hours.

Once I got the preliminary study findings, it was once again important for me to validate them with the outgoing President and obtain the support of the new President, who then referred me to the OMC committee. This high-level management support was key in creating the environment of openness and collaboration with managers as they felt that this is an activity approved by the management and they can trust it. In preparation for the OMC meeting, and in order to address any potential areas of tension with managers, I held formal and informal meetings with the relevant middle managers, in charge of the implementation of the specific theme of change: OD, Communication, and others to validate the study findings and take stock of the latest changes and improvements in these areas in IFAD. Once I obtained their support and agreement, I moved ahead with the presentation of the findings to the broader management team at the OMC meeting. Similarly, I obtained the support of the VP to then be redirected to the OpEx team for operationalizing the study recommendations.

My learning in taking AR action in the organization with the hierarchical management structure was that for each step of the study I had to ensure prior support of the executive authority. This required careful planning of next steps with consideration of

organizational politics and how they will affect the steps, which were then supported by my communication and negotiation skills to get the required support for each step to be successful. Even though I had and still have no formal authority in the organization, I managed to take the project ahead and built working relationships with several managers in the organization, which will be continued beyond this study. It also had an impact on the manager's perception of me, as a professional, as I'm now recognized for my expertise in OD and change management and involved in relevant discussions in IFAD.

## **Chapter 7: STUDY REFLECTIONS**

In this chapter I share my reflections, which was another parallel process that accompanied the study at each of its stages. I reflected on the study process, the knowledge that was gathered, and my own influence on both of them as well as my process of becoming a scholarly practitioner. I kept an electronic journal of reflections in which I regularly added my thoughts as I was going through the study. The reflections on the study process and my influence on it helped to improve the quality of the study, consider opinions of a diverse group of study participants, but also helped to mitigate the risks associated with my own influence on the study. The reflections on becoming a scholarly practitioner helped me to take stock of my personal achievements as well as new knowledge and skills that I developed in the process.

### **7.1 Reflections on the study process**

In the process of selection of study participants, I questioned the selection criteria, reflecting on the type of participants I planned to engage in the study. Even though the criteria were valid, it represented a risk of one social or age group being over-represented. Within this process, I had to ensure a diverse cultural background of participants. I also noted that if I would pre-select outspoken staff, there might be a risk of giving more weight to Western cultures, as people of Asian background tend to be more reserved and feel uneasy in speaking in public. I also had to ensure that different age groups were equally involved in discussions in order to provide a broader view on the range of experiences and avoid the potential risk of strong influences by senior staff members. The issue of personalities and office relationships had to be also considered while selecting people for different discussion groups in order to avoid imbalance of power during the meetings. These reflections helped me to select diverse group of participants and avoid potential tensions during the meetings.

Reflecting about the method of generation knowledge, I found that smaller focus groups of 2-3 staff worked best as they felt at ease sharing thoughts in front of a few people rather being in a larger group. In such meetings they also had sufficient time to think while the other one-two colleagues were speaking, but at the same time, they also had enough time to speak. In larger groups, people had to wait for their turn and sometimes this wait seemed to be too long and some of them became impatient.

## **7.2 Reflection on study content**

Reflecting after the meetings, I found that interviewees felt better after they shared their experience; they seemed happy that somebody carefully listened to them and considered their opinion as important. The participants offered to contribute more, if needed. This reflection has been shared with the management with the suggestion to introduce a function in IFAD (e.g. Motivation/Staff support Officer) that would be tasked to listen to staff in a non-threatening environment and communicate the main messages to management.

Looking back and reflecting about the study participants, I found both management and staff were outspoken, ready to offer their opinions and ideas. In no cases I had to wait and ask probing questions. Everyone was talkative and felt at ease of sharing their opinions. It is in contrast with the view on existing silos, with the potential explanation of being in an environment they felt comfortable of sharing their experiences as well as they trusted me and my confidentiality.

## **7.3 Reflection on Personal influences**

Throughout the study I questioned my influence on the project, in line with Coghlan and Brannick (2010). Being equipped with the knowledge of potential risks of my influence on the study, I continuously asked myself whether my own experience and feelings

towards the issues under discussion could affect the objectivity of the study. I did recognize that being an IFAD staff for 15 years and having my own first-hand experience in the process of changes made it difficult to detach from the discussion of issues. In this regard, I had to recognize them and take measures to address these potential influences.

During the selection of the topic of the study I consulted IFAD management on what knowledge IFAD would like to learn. I made sure that it is a topic that the management wants to know more about rather than being my own choice. I do recognize that the chosen topic of leadership of changes is in line with my own interests or preferences, but the primary focus was on making sure that it was for the organization.

I had to reflect on my own influence on the interviews and discussions. During the preparation of the study questionnaire I ensured that the study questions are formulated in a neutral way, not being influenced by my positive or negative experiences. During the interviews discussions, I found it very difficult to avoid providing my opinion as several times the participants of the study asked me to confirm witnessing the same experience, for example - "Do you remember this... ". I found it to some degree uncomfortable to keep neutrality and avoid adding some thoughts. In addition, while asking additional questions I had to make sure that I obtain sufficient information to present various sides of the story: positive and negative and do not give preference to any of them.

I also recognized the risk of my influence on the study findings and made efforts to build my analysis on concrete examples and direct quotes from the participants. I copied relevant direct quotes in a separate document, which resulted in 123 pages in MS Word document, and I then chose those ideas and thoughts which were repeated by the

majority of interviewees. This helped to ensure that my findings are based on opinions of interviewees rather than on my own.

The fact that I was aware of my various influences on the study and the risks associated with them, made me plan additional measures to improve the quality of the findings and objectivity in data collection and analysis.

## **7.4 Becoming an Action-Researcher**

My journey of becoming a scholarly practitioner, and action researcher as part of it, was gratifying but also challenging experience. At the time when I enrolled in the DBA studies I was a full time IFAD professional working in the headquarters, with frequent travel to developing countries, and remote rural areas in those countries, to follow up on IFAD's investment portfolio there. Combining studying and full-time job was already challenging, but I was ready to manage it as I felt the great need to learn more about modern practical approaches to corporate management and improve my analytical skills, which were exactly the knowledge and skills that the DBA programme was offering. But the future had something more for me.

Shortly after I started my DBA studies I was diagnosed with a serious health condition that required continuous follow up and treatment. Nearly at the same time, my third child was born, which meant that I had to dedicate my time to him and fulfil my role as a mother of a new-born baby, which was extremely demanding. The motherhood as well as the illness with its life-threatening risks made me re-evaluate my life and, among other things, reflect on the importance of my studies in it. I realized that the studies gave me a sense of fulfilment; I appreciated the new knowledge, but also enjoyed the fact that I had a chance to meet new people from all over the world, learn from them and share my thoughts and experiences. My contributions to group learning were greatly appreciated by DBA professors and fellows and it was greatly satisfying experience.

More importantly, the studies gave me a perspective of the future, some kind of additional purpose to look into my future, which was important in dealing with my illness.

This research project was undertaken within this very complex circumstance of my life. In addition to my involvement in the actions and processes described in this report, I had to take care of numerous other extremely important duties. At times, it was extremely challenging, and I felt of giving it up as the pressure on me was too high. It is thanks to my professor who was continuously there for me to encourage me, provide guidance and support. I'm very grateful to him as he made me move ahead with the study and bring it to completion.

As I finalize this document and look back, I realize that this is a great achievement for me as well as great inspiration for my future. I have proven to myself the impact of my willpower. In addition, this study was a great learning experience in which I had to learn and master many skills that would be useful in my personal and professional life. I had to be a very good planner to be able to plan the implementation of this study ahead of time, book the people, obtain relevant approvals while also fitting all this with my numerous other duties. Through the study process, I also improved my ability to process information from various sources: from academic literature, IFAD official documents, formal and informal conversations with IFAD managers and staff, professional magazines (e.g. Harvard Business Review magazine). I had to continuously exercise my analytical skills to process this information and identify those elements that would be useful for the study. Furthermore, I had to be resourceful to get the support I needed both in the organization, but also in my family to rely on while I was writing this report. My communication, presentation and networking skills had tremendously improved as the action part of this study required extensive interaction with staff and management.

These are the benefits that were not initially planned and thought through, but in fact they accompanied this study and enriched me as a person and professional.

Lastly, I also realized the role and importance of scholarly practitioners in modern organizations. In March 2018 I attended a conference in my organization in which academics and practitioners sat together to discuss issues of importance in the world of development, such as poverty, migration, climate change. It was interesting to observe that the academics were speaking the language which was difficult for practitioners to understand. They were claiming that there is little evidence on these issues. The practitioners instead were trying to convince everyone that there is a lot of data available on those subjects. There was a clear disconnect between the academics and practitioners which was an example of a split of two worlds: theory and practice (Tranfield and Starkey, 1998). This is the moment when I realized the importance of me as a scholarly practitioner who can link these two worlds. I found myself understanding the rules and requirements governing both worlds, being able to understand their languages and capable of bridging the two.

To summarize, the DBA studies and hands-on action research experience represent a great achievement and personal transformation for me. It transformed the way I see the world of organizations and my role of being a scholarly practitioner in them. It improved my interpersonal relationships in the office and outside, as well as helped me to further build several professional skills.

## **7.5 Study Limitations**

The study was undertaken in the context of one organization, IFAD and was limited to its organizational environment. There were two limitations of the study. The first one was in its limited scope. 31 managers and staff were interviewees in the course of the study, which represent about 5 % of the total number of employees. The question

whether the findings represent the viewpoints of all employees was asked during numerous individual and collective validation sessions with various levels of management and employees. There was a consensus that these findings are valid and widely representative of the main issues in the organization.

The second limitation was that the study design planned to interview those middle managers who were active in the ongoing changes. This led to the inclusion of all senior managers in IFAD (6 in total) and only some middle managers, those who were recognized for their active contribution to changes. As a result of the selection, 5 middle managers were interviewees in the course of the study, which is about 25% of the total number of middle managers in IFAD at that time. The study findings though highlighted the key function of middle management in changes in the context of IFAD and the existence of those middle managers who were not supportive of IFAD changes. This feedback was gathered from the observations of staff; however, there were no interviews with those middle managers who were not supportive of changes. Thus, there was no possibility to gather data directly from them on the reasons for that behaviour and actions. Therefore, further research is required focusing on middle management in IFAD to validate this study findings and that they can be attributed to all middle managers in IFAD.

## **Chapter 8: STUDY CONCLUSIONS**

This chapter outlines the initial study aim and objectives and summarizes how these were achieved in the process of study implementation. It also reflects on the additional benefits achieved by the study.

I undertook this study in IFAD, a specialized UN agency, with the aim to contribute to the improved management practices in the organization. The organization had been going through major changes and was keen to learn about how well the changes were led from the perspective of its managers and employees. This study focused on the IFAD changes undertaken during the period of 2008-2016 and aimed to contribute to the improved management practices in the organization through generating organization-specific knowledge on leadership of IFAD changes. The three objectives of study were to 1. review, assess and document leadership practices in the context of IFAD changes; 2. develop a set of actionable recommendations for IFAD's management to improve the leadership of organizational changes and 3. raise awareness of management in the organization about the areas for improvement of leadership of IFAD changes and related actionable recommendations.

In designing the study methodology, I considered that the topic represented a real management issue to improve organizational practices, which suggested that the study had to be grounded in Action research framework. More specifically, it was an insider AR as I'm a full-time employee of the organization and have the required pre-understanding of the organizational structure, its politics, culture and language, which I contributed to the study. This led to the two parallel processes, research and action, which were continuously implemented throughout the period of the study. The philosophical framework of the study was social constructionism with interpretive epistemology for generating knowledge and using the organizational ethnography as a

research methodology. Such methodological framework allowed me to develop an understanding of leadership of IFAD changes through the views and reflections of people working in the organization.

Through face-to-face interviews with 11 IFAD managers and focus group discussions with 20 staff, I reviewed leadership roles and practices in five key themes of leadership of changes of the research framework (Figure 1). These were: Triggers of change, Participation, Culture change, Learning, and Leadership of changes. The theme of Communication was not initially included in the framework but was found to be an important factor in success of changes in the context of IFAD and it was added as a sixth theme to the research framework.

Upon analysis of data, I identified four main areas for improvement of leadership functions in the context of IFAD. The two areas for improvement that have demonstrated an extensive impact on how the changes were designed and led in IFAD were the roles and functions of Collective leadership and those specific to middle managers in changes. It was suggested for IFAD to recognize and further elaborate the responsibilities and accountabilities of each layer of management that are specific to the change process, both at collective and individual level.

In the collective leadership structure, it was suggested to assign the Visionary leadership role to the President who would exercise his executive power and guide the organization towards the vision. Strategic leadership functions should be assigned and performed by IFAD senior managers who would provide strategic guidance and exercise decision making, champion the changes, role model expected actions and behaviours, as well as ensure improved communication across the organization. Facilitative leadership function should be assigned to IFAD middle managers who would be responsible to operationalizing the changes, interpreting and communicating them to staff, facilitating

staff engagement and support as well as providing regular input back to the management team on staff concerns and suggestions.

The study also identified the key role that middle managers played in the context of changes in IFAD and the extensive impact their leadership had on staff acceptance of changes. There was a great variation of their leadership performance, with some being supportive and engaging staff in changes, with others passively blocking the implementation of change. The study confirmed that the changes increased the work load and responsibilities of middle managers in IFAD requiring them to perform additional management and leadership functions, by following up on the operationalizing of changes and extensive efforts in helping staff to meaningfully engage in the change process, obtain their buy-in and support of changes. In order to address the performance of middle managers in changes, IFAD has to recognize the additional functions of middle managers in changes and set up their responsibility and accountability framework related to those functions.

In addition to acknowledging the role and functions of collective leadership and of middle managers, IFAD has to establish a support framework for managers to further develop their leadership skills. Such support could include a Leadership Development programme for individual managers and Leadership Team Coaching for collective management. IFAD already has some experience in leadership development training and coaching and it is suggested to expand it for all layers of management.

The other two areas for improvement relate to specific actions of leaders that played an important role in change implementation in IFAD and on the rate of their acceptance by staff. These are the Change Strategy and Trust in management. The study found that the absence of a comprehensive corporate Change Strategy had a negative effect on the management and staff as there was limited on the type of changes the organization was

embarking in to, the rationale for changes as well as there was lack of guidance on change implementation process and allocated resources, which in turn created ambiguity among staff and slowed down the change implementation process. In future changes, it is suggested for IFAD to develop a corporate Change Strategy that would provide clear guidance to the institution on how to translate the change Vision into concrete change results. It would also enable managers to monitor the achievement of the expected results and provide much needed clarity to staff on how to operationalize them. In the context of IFAD it was found important to develop the Strategy in a participatory manner by engaging staff in its preparation and ensuring that it is widely communicated through the institution. It is expected that such Strategy would result in improved success of changes, lead to better managed change processes and increase staff acceptance and support of changes.

Regaining employees' trust in management was found as another priority area for improving management of changes in IFAD. It was found that IFAD staff are very motivated by the organizational mandate that gives them a sense of belonging to a noble purpose. However, management actions during the changes, particularly in HR related reforms, had a significant negative impact on staff experiencing those changes and resulted in lowered trust in management. With the appointment of the new IFAD leadership in 2017, the organization and its management have an opportunity to demonstrate its trustworthiness through role modelling of organizational values by managers, improved collaboration between management with staff, and improved and consistent communication across the organization. In addition, improved leadership skills of IFAD managers would also contribute to elevated trust among staff.

In parallel to the research part of the study and in addressing the objective 3 of the study, I have been proactively engaged with IFAD managers and staff at each step of its implementation. The study was initiated in consultation with senior management;

additional information about the context of changes was gathered from management at data collection stage. Once data was analysed, 22 meetings were held with senior and middle management and staff to validate the study findings and identify areas for operationalizing the recommendations. In addition, I presented the study findings to the IFAD Operational Management team, which were validated and welcomed by the managers. The Management highlighted the study's relevance to the context of the ongoing reform process in IFAD and suggested integrating the study recommendations into the ongoing change initiatives, such as OpEx and the Leadership Development Programme. They also appreciated the practical focus of the study recommendations which would allow IFAD to benefit from them. Several concrete actions were already designed to be included in the ongoing changes and were submitted for management approval.

These improvements are particularly important in the new wave of IFAD changes as they represent a tremendous opportunity for improved organization performance and success of organizational changes, but also a clear challenge in addressing the right priorities. The IFAD's senior management team has recently changed, after the election of the new IFAD President in 2017 and appointments of new Vice President and Associate Vice Presidents. In addition, several new IFAD Regional Hub Heads and Country Directors were appointed in the ongoing course of IFAD's decentralization. These directors will soon join the IFAD's middle management team. Having so many new managers in IFAD represents both an opportunity to set a high-quality standard of management and leadership practices, which are key to organizational success. This would also contribute to regaining staff trust in management and their increased engagement in organizational processes. For this to happen, IFAD has to set the right leadership structure with the clear roles, responsibilities and accountabilities of managers in changes; as well as set up a support framework for the managers to

exercise their leadership functions in changes; while also ensuring the provision of strategic guidance, extensive forward and backward communication, and consistent collaboration with staff.

The above demonstrated that I was able to achieve the initial study objectives as I documented and assessed leadership practices embedded in the IFAD changes and produced actionable recommendations, which were then widely discussed with the IFAD management and led to the inclusion of concrete actions in the ongoing change initiative. This represented my contribution to the improvement of management practices in the organization, the aim of the study. To this end, the study achieved its aim and specific objectives.

These were other benefits from the study, which were beyond its objectives. I learnt a lot about management styles and approaches directly from IFAD managers. IFAD, as being a UN structure with its bureaucracy and hierarchical management structure, could be perceived as a directive type of management with strict controls and limited interaction. However, while having direct interaction with managers, I found many of them being proactive champions of change, open for discussion, eager to learn and seeking to introduce improvements in their management style as well as in the organization. They shared lots of ideas and our dialogue continues on a regular basis. Their willingness to change themselves and the organization are the fruitful ground for success of the new IFAD's change agenda.

The study in my own organization was also a great achievement and gratifying experience for me, both from professional and personal point of view. It resulted in my continued growth as a scholar practitioner in the organization. I became recognized by management and colleagues for my knowledge in organizational development and change management. As I had to extensively communicate with management during the

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study, I observed and learnt their experiences, issues that they face, the way they addressed them, which I consider very useful for my future career move towards a corporate management function. I also got to meet and share ideas with a lot of people beyond my regular communication circles which immensely improved my communication and presentation skills.

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## Appendix 1: IFAD approval of the Study

### MEMO



**TO:** Khalida Bouzar  
Director, NEN

Cassandra Waldon  
Director, COM

**FROM:** Lenyara Fundukova  
Programme Officer, NEN

**DATE:** 22 December 2015

**SUBJECT:** Request for endorsement and approval – Doctorate dissertation research on 'Transformational change: The assessment and development of change practice in a UN Agency'

The purpose of this memo is to obtain the endorsement by Director, COM and approval by Director, NEN of a research project (study) on 'Transformational change: The assessment and development of change practice in a UN Agency' (see the research proposal attached as Annex 1).

The study is a personal endeavour of an IFAD staff member, Lenyara Fundukova, which is undertaken as part of her Doctorate dissertation at the University of Liverpool, UK. It is planned to be carried out in IFAD during the period of January-December 2016. Given that the staff member is planning to write and research about the Fund, the IFAD HR Implementing procedures (Chapter 1, section 1.7.10, v) stipulate that she shall consult the Director, ETH and shall request authorization and endorsement by the Director, COM and approval by her Division Director. Upon successful consultation with Director, ETH (see the e-mail confirmation attached as Annex 2), the staff member is requesting herewith an endorsement and approval by Directors, COM and NEN.

The study aims to contribute to improved management practices in IFAD by generating organization-specific knowledge on change management. More specifically, the project has a twofold aim to (i) review, assess and document three most important change processes (design, techniques and management) that the organization introduced in the past 5-7 years; and (ii) identify key success factors as well as draw lessons from these experiences.

The study will use 'institutional ethnography' as a qualitative research method which would allow to understand the organizational context and processes that took place in the organization through the knowledge of the people who work in the organization. Through face-to-face interviews and group discussions with 10-12 senior managers and key employees involved in designing and managing these changes, the project will review, assess and document: (i) how these changes were designed; (ii) what techniques were used to introduce these changes; (iii) major influences that played a role in the process; (iv) how these changes were managed; and (v) communicated. In addition, focus group discussions will involve about 20 employees to explore their engagement and acceptance of reforms and the respective outcomes. IFAD staff will be invited to participate in the study and provided with the attached information sheet for study participants (Annex 3) and Consent form (Annex 4). To complement the knowledge from staff, a desk review of publicly disclosed IFAD documents and publications will be undertaken to better understand the organizational context within which these changes were initiated and designed, main messages used in communicating the changes to internal and external audience, milestones in the process, and results.

**cc:** Deidre Walker, ETH  
Bruce Murphy, COM  
Ama Brandford-Arthur, HRD  
NEN Front office  
Fundukova, Personal file, HRD

The data will be interpreted to re-construct the context and the process of changes, identify common patterns and views, as well as identify successful experiences and derive lessons learnt that could be used for the future. Interpreted data with the recommendations for improvement of management practices in the organization would then be presented to the senior managers, who were initially interviewed within the framework of this study.

The findings of the study together with proposed action areas would be presented in a study report. In line with preliminary consultations with COM, the final draft report will be submitted to COM for review prior to its final submission to the University. COM will then decide whether the information presented in the report could be disclosed to the public in line with IFAD's disclosure policy and other relevant policies. In case the decision is made to keep it confidential, the University of Liverpool has a special provision to ensure confidentiality and would limit report's distribution to two University examiners only. In case that the report can be publicly disclosed, it will then be published at the University's library and shared through other sources, as advised by COM.

While undertaking the study, the researcher will adhere to relevant provisions of IFAD's Code of conduct and other IFAD's and University of Liverpool's ethical standards and procedures that are described in the attached Information sheet for research participants (Annex 3).

In line with the IFAD HR Implementing procedures (Annex 5), I am hereby requesting the project's endorsement by Director, COM, and approval by my supervisor, Director, NEN.

**ENDORSEMENT BY CASSANDRA WALDON, DIRECTOR, COM**



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**APPROVAL BY KHALIDA BOUZAR, DIRECTOR, NEN:**



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## **Appendix 2: Information Notes for IFAD Managers and Staff**

### **Information Notes for IFAD Managers/Staff**

#### **Title of Research project - ‘Leadership in Transformational change: The assessment and development of change practice in a UN Agency’**

17 October 2016

*You are being invited to participate in a research project (study). Before you decide whether to participate, it is important for you to understand why the research is being done and what it will involve. Please take time to read the following information carefully and feel free to ask us if you would like more information or if there is anything that you do not understand.*

*Please also feel free to discuss this with your colleagues, relatives and friends. We would like to stress that you do not have to accept this invitation and should only agree to take part if you want to.*

*Thank you for reading this.*

#### **Purpose of the study**

The proposed study aims to produce knowledge on leadership practices in change management and organizational transformation within the International Fund for Agricultural Development (IFAD), a specialized UN agency.

In 2009, IFAD’s management launched the Change and Reform Agenda to make the Fund a more effective, efficient and agile institution (IFAD, 2011). The Agenda focused on enhancing IFAD’s organizational capacity to ensure effective and efficient results delivery; ensuring effective management of the Fund’s financial resources; and raising the profile of IFAD as a knowledge institution.

It included a number of key reforms, among them were: the redefined IFAD Business Model; comprehensive HR reform; strengthened management of financial resources and effective knowledge management. It was expected that these reforms would renew and transform the organization in order to meet the demands of its donors and partners/clients, thus ensuring organization’s long term sustainability.

Within this context, the study intends to review leadership role and functions in these change processes by assessing and documenting: i) how efficiently change management processes were led; ii) what were the leadership factors that contributed to the success of the changes and iii) what could the organization learn from these leadership practices

that could be subsequently applied in the ongoing and future changes in the organization.

The methodology chosen for the study is 'organizational ethnography', which allows to understand organizational processes from the perspective of people who work in it. Through face-to-face interviews with Senior managers, the study will gather and interpret 'practical knowing' of those who were actively involved in the design and implementation of these change processes. The knowledge generated by the study would be very particular to the organizational context and based on subjective views and interpretations by people in the organization.

Interpreted data with the recommendations for improvement of management practices in the organization would be then presented to Senior managers. The purpose of the final meeting would be to seek reflections and feedback on the findings as well as to identify areas in which this knowledge could be applied in practice in the context of ongoing change initiatives in IFAD. The findings of the study together with proposed areas of action would be presented in a study report.

### **Why have you been chosen to take part?**

#### For managers:

You were chosen to participate in the study given your key role in initiating, designing or managing IFAD change initiatives. Your expected contribution to the study would be in the form of your knowledge, experience and observations on the leadership practices in these change initiatives. In addition to you, there will be approximately 10-12 Senior managers who will also be invited to take part in this study.

Furthermore, about 20 employees representing various IFAD departments and divisions will be invited to share their views, personal experiences and observations during focus group discussions.

#### For Staff:

You are selected among approximately 20 IFAD employees who would be invited to participate in and contribute to the study. These employees are selected based on following criteria: inclusiveness (work in various IFAD departments and divisions); represent different categories of staff (professional and administrative staff); as well as those who served the Fund for the entire period of the selected change processes (recruited before 2008).

During focus group discussions, we would like you and other employees to share your views, personal experiences and observations on various roles and functions of leadership in IFAD change management processes. We are also interested in what you learnt in this experience and what could be done to improve management of ongoing and future changes in IFAD.

In addition to group discussions with employees, there will be face-to-face interviews and follow up discussions with about 10 Senior managers those involved in designing and managing changes in IFAD.

### **Do you have to take part?**

Please be aware that the participation in the study is voluntary and that participants are free to withdraw at any time without explanation and without incurring a disadvantage.

### **What will happen if you take part?**

This Information sheet presents to you the details of your potential participation and expected contribution to the study. You have at least 7 days to review it. Should you have any questions, please share them with the Researcher, Lenyara Fundukova, who will answer your questions and provide clarifications on the study and your role, responsibilities and expectations. You will also receive the participant's Consent form, which you will be able to review and sign as a confirmation of your agreement to take part in the study. You are free to take more time to review the form and consider participating in the study. It is your right to withdraw from the study at any time.

#### For managers:

Upon signing the Consent form, you will be invited for a face-to-face interview with the Researcher in IFAD HQ in Rome. For those who are no longer working in IFAD HQ, or would not be present in IFAD HQ at the time of the study, a skype interview will be arranged for the debriefing and interview at the time convenient to you. Once the date and time of the interview is agreed with you, the Researcher will share with you the interview template with the list of questions. You will have not less than 5 days to prepare for the interview. The interview with each participant of the study will be organized one time and will last for approximately one hour.

Furthermore, at the end of the study you will be invited for a follow up group discussion with other Senior managers, who were initially interviewees within the framework of this study. The purpose of the meeting would be to seek your reflections and feedback on the findings of the project as well as to identify areas in which this knowledge could be applied in practice in the context of ongoing change initiatives in IFAD. The meeting will last for about one hour. Audio recording will be used during the meeting which would allow the researcher to ensure quality of the data during its collection and interpretation.

#### For staff:

Upon signing the Consent form, you will be invited for a focus group discussion facilitated by the Researcher, Lenyara Fundukova. The discussions will be organized in IFAD HQ in Rome. You will be part of a small group of about 3-5 employees who will take part in the group discussion. The discussion will take about 1 hour of your time. The Researcher will also share with you the outline of the discussion and main questions.

You will contribute to one group discussion while there will be several rounds of the discussions involving other employees. Audio recording will be used during the meeting which would allow the researcher to ensure quality of the data during its collection and interpretation.

### **Payments**

There will be no financial or other types of rewards offered to participants of the study.

### **Are there any risks in taking part?**

The researcher will make every effort to ensure that research participants are protected from any potential undue intrusion, distress, indignity, physical discomfort, personal embarrassment, professional, psychological or other risk and harm. In order to minimize these risks, the researcher will adhere to ethical standards throughout the project by treating the research participants with respect, honesty, professionalism, benevolence, ensure that she does no harm and does not discriminate participants. She will ensure privacy and confidentiality of all contributions by research participants.

All questions and discussion topics will be presented to the participants beforehand to avoid any potential discomfort. During the interviews/meetings, the researcher will make sure that no sensitive questions are asked, no personal or confidential information is requested from the research participants.

The researcher is undertaking this project in her personal capacity. Your decision on whether to participate in this study should not be affected by your personal or professional relationship with the researcher. Furthermore, to the extent possible, the Researcher will make efforts to minimize any potential impact of the study on your professional career and relationships in your office.

If you feel that the project or interview/meeting cause any distress to you, you have the right to withdraw from the project or abandon the interview/meeting at any stage with no explanation. You can also report the case to the IFAD Ethics Office or contact the University Research Governance Officer at [ethics@liv.ac.uk](mailto:ethics@liv.ac.uk).

### **Are there any benefits in taking part?**

IFAD would be the primary beneficiary of this research project. Your views and experiences will contribute to the knowledge about IFAD change management practices. There are no direct benefits for research participants in taking part in the study. There might be indirect benefit from improved change management practices in the Fund, subject to management decisions, which is beyond the scope of this study.

### **What if I am unhappy or if there is a problem?**

If you are unhappy, or if there is a problem, please feel free to let us know by contacting Ms Lenyara Fundukova at [lenyara.fundukova@online.liverpool.ac.uk](mailto:lenyara.fundukova@online.liverpool.ac.uk) and she will try to help. If you remain unhappy or have a complaint that you feel needs to be highlighted to the University of Liverpool, then you should contact the Research Governance Officer at [ethics@liv.ac.uk](mailto:ethics@liv.ac.uk). When contacting the Research Governance Officer, please provide details of the name or description of the study, the researcher involved, and the details of the complaint you wish to make.

### **Will your participation be kept confidential?**

It is the primary responsibility of the Researcher to ensure participants' privacy and confidentiality. Names of the participants will not be recorded, unless they willingly waive that right and signed a relevant section of the Consent Form. Furthermore, participants of focus group discussions will be requested to sign a note that what is

discussed in the group is considered confidential and should not be discussed elsewhere. Access to raw data will be given to the Researcher only, no other person would be allowed to access it.

All information gathered from the interviews and focus group discussions will be kept in electronic files only. It will be kept in a password protected computer and backed-up on 2 password protected memory cards. The study adopts paperless workflow and no paper files will be stored. After being signed by participants, Consent forms will be scanned and stored electronically.

Electronic data will be kept for 5 years, after than all files will be deleted from the hard disk of the computer and the memory cards.

### **What will happen to the results of the study?**

The findings of the study will be analysed and presented in a study report. Upon completion, the draft report will be submitted to IFAD for review in line with the existing policy of writing and publishing on issues related to IFAD. A decision will be made at that point on whether the report contains any sensitive and confidential information which cannot be publicly disclosed as per IFAD disclosure policy. In this case, the report distribution would be limited to IFAD management and limited number of academic reviewers of the University of Liverpool.

In the case when the decision would be made to disclose the report, it will be available to public and can be accessed through the thesis deposit at the University of Liverpool or directly requested from the researcher Ms. Lenyara Fundukova by e-mail [lenyara.fundukova@online.liverpool.ac.uk](mailto:lenyara.fundukova@online.liverpool.ac.uk) .

Please note that your contribution to the results of the study will not be identifiable, unless you have expressly consented to waiving anonymity .

### **What will happen if you want to stop taking part?**

Participants can withdraw from the study at any time, without explanation. Results up to the period of withdrawal may be used, if you are happy for this to be done. Otherwise you may request that they are destroyed and no further use is made of them. If results have already been anonymised, it would not be possible to withdraw your contribution.

### **Who can I contact if I have further questions?**

For any further questions please contact Ms. Lenyara Fundukova, address: via Paolo di Dono, 44, Rome, Italy; contact telephone number + 39 0654592686, e-mail [lenyara.fundukova@online.liverpool.ac.uk](mailto:lenyara.fundukova@online.liverpool.ac.uk) .

## **Appendix 3: Interview Template**

### **1. Face to face interviews with IFAD Management**

In the past 8-10 years, IFAD implemented a Change and Reform agenda that aimed at transforming the organization to be 'more effective, more efficient and more agile' (IFAD, 2011). The Agenda focused on enhancing IFAD's organizational capacity to ensure effective and efficient results delivery; ensuring effective management of the Fund's financial resources; and raising the profile of IFAD as a knowledge institution.

The agenda included a number of key initiatives, among them the redefined IFAD Business Model; comprehensive HR reform; strengthened management of financial resources and effective knowledge management. It was expected that these reforms would renew and transform the organization in order to meet the demands of its donors and partners/clients, thus ensuring organization's long term sustainability.

Within this context, the study intends to review leadership role and functions in these change processes by assessing and documenting: i) how efficiently change management processes were led; ii) what were the leadership factors that contributed to the success of the changes and iii) what could the organization learn from these leadership practices that could be subsequently applied in the ongoing and future changes in the organization.

The purpose of this interview is to obtain your knowledge and experience on the role of leadership in these changes, what you learnt in this experience and what could be done to improve ongoing and future changes in IFAD.

1. Could you please tell me about your role, as a Manager, in initiating and implementing these changes?

#### ***Initiating and Leading Change***

2. If you recall the context prior to the changes. What were the triggers for change and what was the role of Leadership/Senior management in initiating the process?
  - Were these changes part of a management initiative/agenda or they were primarily triggered by internal or external forces?
  - If by other forces: what was happening in the organization at that time? Why this context pushed for changes?
  - Do you remember if the idea of changes was accepted right away by other managers? Why do you think it happened?
3. Was leadership of these changes concentrated in one person or shared in a team
  - Who was involved, what their the roles and functions;
  - How different your role in the changes processes different from your regular functions? What type of qualifications these new functions required?

### ***Participation and Communication***

4. Do you recall how you and other Senior managers communicated about the upcoming changes to employees?
  - What were the techniques used, communication channels? Why these were chosen?
  - Which one of them worked best? Why?
  - Do you remember any particular slogans/messages?
5. How did employees respond to the messages of upcoming changes?
  - Do you think employees they were motivated to change? Why?
  - Is there anything in particular that you remember
6. Were there any specific actions taken by Leadership to engage and get support of those who were unwilling to support the changes?
  - Why do you think people were not willing to support it?
  - Do you recall if there were any valid concerns among those people?
  - How did management approached them?

### ***Culture Change***

7. How did the leadership model new cultural values?
  - What were the new cultural values that were required for changes to be effective? Could you please give me an example
  - What did Senior managers do to promote these values?

### ***Learning***

8. Was there a mechanism in place to capture learning from the changes?
  - How was it done?
  - Was there a chance to integrate this learning in the ongoing change?

### ***Leadership***

9. What did you, as a Manager, learn from this experience?
  - If you had a chance to repeat those changes, do you think you would have done something different? If so, what?
10. Looking back, do you feel that these changes impacted you as a Manager and Leader?
  - Did your leadership and communication style change?
  - Did your values change?
  - Were there any other impact?
  - Please give examples

***Please feel free to share any other information about Leadership of IFAD Changes that you consider to be important in future changes.***

## **Appendix 4: Focus Group Discussion Template**

### **Focus Groups with IFAD staff**

In the past 8-10 years, IFAD implemented a Change and Reform agenda that aimed at transforming the organization to be 'more effective, more efficient and more agile' (IFAD, 2011). The Agenda focused on enhancing IFAD's organizational capacity to ensure effective and efficient results delivery; ensuring effective management of the Fund's financial resources; and raising the profile of IFAD as a knowledge institution.

The agenda included a number of key initiatives, among them the redefined IFAD Business Model; comprehensive HR reform; strengthened management of financial resources and effective knowledge management. It was expected that these reforms would renew and transform the organization in order to meet the demands of its donors and partners/clients, thus ensuring organization's long term sustainability.

Within this context, the study intends to review leadership role and functions in these change processes by assessing and documenting: i) how efficiently change management processes were led; ii) what were the leadership factors that contributed to the success of the changes and iii) what could the organization learn from these leadership practices that could be subsequently applied in the ongoing and future changes in the organization.

The purpose of the focus group discussion is to obtain your views, personal experiences and observations on various roles and functions of leadership in IFAD change management processes. We are also interested in what you learnt in this experience and what could be done to improve management of ongoing and future changes in IFAD.

### ***Questions to the Group discussion***

#### ***Initiating and Leading Change***

11. If you could recall the context prior to the changes. What do you think were the triggers for change and what was the role of Leadership/Senior management in initiating the process?
  - Were these changes part of a management initiative/agenda or they were primarily triggered by internal or external forces?
  - How did leadership react to those triggers?
  - If by other forces: what was happening in the organization at that time? Why this context pushed for changes?

#### ***Participation and Communication***

12. Do you recall how you got to know about the upcoming changes?
  - How the information about changes was communicated to you? if by managers, who among managers communicated it?
  - Which one of them worked best? Why?
  - Do you remember any particular events/slogans/messages?

13. Do you remember if the idea of changes was accepted right away by you and other employees? Why do you think it happened?
  - Do you think you were motivated to change? Why?
  - Did the change include any particular incentive for you?
14. Was there any group or individual employees that was not willing to support the change? Who were they?
  - Do you recall if there were any valid concerns among those people?
  - How did management approached them?

### ***Culture Change***

15. Do you remember if the changes entailed a need for new cultural values and behaviours?
  - If so, what were the new cultural values that were required for changes to be effective? Could you please give me an example
  - What did Senior managers do to promote these values?
  - How did employees reacted to those changes?

### ***Learning***

16. How was learning promoted and supported in these changes?
  - Did you improve your skills? Was there a special mechanism put in place for learning?
  - Was this learning useful in your new role?

### ***Leadership***

17. After going through this experience, what could you say about leadership of changes?
  - What do you consider was done right by the leadership? Please give examples.
  - If you had a chance to repeat those changes, what could the leaders improve in how they initiate and implement changes?

***Please feel free to share any other information about Leadership of IFAD Changes that you consider to be important in future changes.***

## Appendix 5: Data Collection approval

### MEMO



**TO:** Ms Lenyara Fundukova

**FROM:** Pierre Moreau-Péron  
Director, HRD

**DATE:** 06 December 2016

**SUBJECT:** Request for authorization – doctoral study in IFAD, data collection stage

Dear Ms Fundukova,

Following your request dated 16 November 2016, addressed to Mr Henock Kifle, AVP Chief of Staff, I am pleased to express the support of IFAD as you now start your specific research in-house, in relation to your Doctorate of Business Administration (DBA).

However, please note the following limitations we would like you to rigorously observe as part of our support:

- Your interviews should be as less disruptive as possible to the business of your colleagues and should therefore be conducted after working hours (another option would be during lunch break);
- You will ensure that every testimony and feedback you receive remains unidentified, so as to preserve the confidentiality of statements;
- Prior to conducting these interviews, it is required that you ask your volunteering contributors to sign a consent form;
- Finally, a copy of your thesis is made available to OPV, HRD and your supervisor.

With this said, please let me wish the very best possible outcome to the completion of your studies.

Yours Sincerely,

Pierre Moreau-Péron  
Director, HRD

A handwritten signature in black ink, appearing to read 'P. Moreau-Péron', is written over the typed name and title.

Ms Lenyara Fundukova  
Programme Officer, NEN  
IFAD

Prepared by: Conor Cappelli, HRD  
cc: Henock, Kifle; Khalida, Bouzar; Mame, Diagne; Cassandra, Waldon  
RMT

## Appendix 6: IFAD FailFair Concept

*“It's fine to celebrate success  
but it is more important to  
heed the lessons of failure”  
Bill Gates*

How might we learn from failures? In the development community it's no secret that many projects just don't work – some don't scale, some aren't sustainable, some can't get around bureaucratic hoops, and many fail due to completely unanticipated barriers. The idea of Failfair is to recognize the failures: the pilots that never got anywhere, the applications that are not delivering, the projects that are not having any measurable impact on the lives of people, and the cultural or technical problems that arise.

Publicizing what doesn't work is a fundamental part of any approach to evidence-based policy. Lack of results is a likely outcome of any innovation. We should remain open and even celebrate those that bring us the bad news as they are helping us stay honest.

### **FailFair Objectives:**

The goal for the event is to provide a space where IFAD could celebrate taking risks (innovations) and the open and honest sharing of information (about what doesn't work) so that we could learn from them.

The two general objectives of the event:

- to foster open dialogue among staff about how to identify and respond to project challenges in the hopes of making them more successful.
- to draw lessons from experience and see how it may be useful for similar situations in the future

The event will provide a space for colleague to talk about things that haven't worked in an informal way while at the same time not losing track of the fact that much of what is being discussed is serious business, with serious consequences for mistakes and failure of any sort.

### **Format of the event:**

Open to the public (potentially member states) or an internal event for IFAD staff

Half day or One full day

### **Presenters**

External presenters

One Key note speaker

IFAD Speakers: Successful well-respected staff (4-5)

### **Proposed IFAD Topics for discussion**

DBA Thesis  
Leadership of Transformational Change

SKD – Measuring impact on poverty

PD/FSU/HRD/Regional Hubs - Decentralization

PMD – 2 CPMs

### **Setting**

It is important to maintain semi-informal setting in which people would feel comfortable to openly discuss their failures, show their vulnerability

### **Budget**

Full day event:

Half day IFAD only event:

## **Appendix 7: Key points of discussions with IFAD management**

### **Discussion of Preliminary Findings**

#### **Meetings the IFAD President and Chief of Staff: 2 and 27 March 2017.**

- Strong Leadership of the President, with the AP and VP
- Internal Efficiency /External Circumstances
- Transformative changes, numerous / no clear long term strategy, analysis of ongoing and new changes, learning
- Committed Staff, not afraid of changes
- Communication is key: the best way is Intranet (ICs,PBs), townhall (one way), Divisional meetings (two ways, depending on the personality of Divisional Director/relationship with OPV)
- Concerns: Resources
  - Trust; Job Security; UN system
- Resistance: didn't see reasons for change,
  - Personal acceptance of changes; Valid technical reasons; role of Division directors
- Staff Incentives
- Management Training and coaching
- Support from Senior management
- Ethics important, Code of Conduct and joint with the management training were needed, personality of Ethics officer?
- Division directors
  - Two way communication, trust in management, feedback and leadership
  - Poor leader and frequent changes – disruptive environment, no communication
  - Resistance to change
  - All interviewees had participatory leadership style, all new
  - Directors with good leadership
- EMC/OMC/IMT – consultative mechanism, shared responsibility; Management Team approach
- OMC: 2 groups: Weak functions of coordination of policies
- IMT: need for unstructured discussion for sharing ideas, concerns, fears

### **Meeting with the IFAD President \_ 8 August 2017**

- Clear Vision
- Strategy based on assessment and previous experience
- Strong Leadership- the President + Collective leadership, Availability and Accessibility, Middle management, Management Training and coaching
- Committed Staff, feeling as part of the organization – trust, incentives, staff buy in, ECSA, staff being heard
- Communication is key: Clearly communicated reasons for change; the best way is Intranet (ICs,PBs), townhall (one way), Divisional meetings (two ways, depending on the personality of Divisional Director/relationship with OPV)
- Concerns: Resources,
  - Trust; Job Security; UN system
- Resistance: didn't see reasons for change,
  - Personal acceptance of changes; Valid technical reasons; role of Division directors
- Ethics important, Code of Conduct and joint with the management training were needed, personality of Ethics officer
- Learning – Training, learning from Failures
- Division directors
  - Two way communication, trust in management, feedback and leadership
  - All interviewees had participatory leadership style, all new Directors with good leadership
  - Poor leader and frequent changes – disruptive environment, no communication
  - Resistance to change
- EMC/OMC/IMT – consultative mechanism, shared responsibility
  - Management Team approach; OMC: 2 groups, Weak coordination
  - IMT: need for unstructured discussion for sharing ideas, concerns, fears

## Appendix 8: Study Presentation to IFAD OMC meeting

23 October 2017

# LEADERSHIP OF TRANSFORMATIONAL CHANGE

## Doctoral Research project

Lenyara Fundukova

IFAD, OMC meeting, 23 October 2017

## Research context

- Doctoral research project, DBA, University of Liverpool
- Aims to contribute to improved management practices in IFAD
- Refers to changes during 2008-2016
- Qualitative action research, organizational ethnography, subjective
- 11 interviews with Senior and middle managers, those who were actively engaged in changes
- 7 focus group discussions with 20 staff (departments, P/GS, male/female)



## Leadership that Makes a Difference



## Triggers of Change

### Staff Lessons:

- Successful changes require a Charismatic Leader with a clear Vision for changes
- Increased leadership and ownership of changes, particularly at middle management level. Greater support from senior management

### Staff Recommendation:

- Change Strategy to be developed at the beginning of change process



# Communication

*SM: if you're going to make change work - you have to constantly communicate*

## Improved Communication since 2012

*S: We went from the environment where there was almost no communication to the environment where we made too much communication*

*SM: There was a lot of communication, but we had to wait with it till the end of the process. If we were to say throughout the process "don't worry, nothing's going to happen, you're not going to be affected, they wouldn't believe us".*

*S: The communication was not that clear, so I hear that this might happen but I don't understand why. And if you ask why, clear answers were not there*



## Hierarchical communication

*SM: In IFAD, communication is a bit hierarchical, the President communicates to us. I then talk with my directors through the weekly management team meetings. I did not go directly to all staff. I felt it was important to me to give that space for division directors, and for me to come in when there was a need*

## DD in a 2-way communication

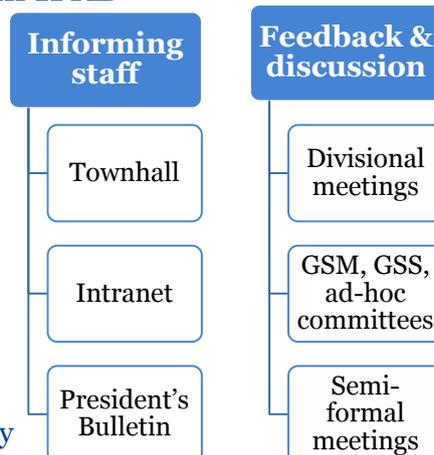
*S: The division director held regular meetings informing us of everything that's been done in the EMC, in the OMC, we got detailed information of the big things going on, but I know that's not all the directors*

*S: It is not an official channel of giving feedback, than it depends on them, whether the division director can bring it forward or not."*

# Communication channels

## Successful channels in IFAD

*SM: Staff are actually afraid or reluctant to stand up and take a question with the President... Very few people now ask questions at townhalls, there is a sense that they do not want to stick out and take an issue, as this is too small organization."*



## Lessons

- Communication is key
- Numerous communication channels to satisfy preferences in absorbing information

## Participation

*S: people are not questioning why they are here, IFAD values, they're happy to be here, but there are still issues that haven't been resolved and people feel left out, that their concerns are not raised.*

### Inconsistent inclusivity

*SM: Staff survey of 2012 opened our eyes, we're bringing about changes and we forgot that the change is affecting people*



*MM: I involved my staff in decisions making to make sure that my people become a critical part of this process, they understood the change management process, the role and how it worked*

### Concerns: Job Insecurity & Trust in Management

*SM "There was a complete almost uniform lack of confidence in leadership and management, they [staff] didn't believe that it be managed in transparent way."*

*S: job audit was "not a fair and consistent exercise", "a way of getting rid of staff, reducing staff".*

*S: It started as very theoretical and beautiful, slowly staff became indifferent, untrusting, because there was no communication, nobody had a clue what was happening.*

### Channels to share concerns

- divisional meetings
- committees

*S: When those concerns were brought to the table, a lot of the big questions, the answer was that it is not in the scope of this discussion. We weren't actually getting an answer.*

## Participation: Resistance to Changes

### Resistance

*SM: Staff were concerned that IFAD would move out of the UN system. There was a big resistance, and we had to change that perception and of course, associated with that was that the belief that we were going to terminate a lot of people, it was a human cry over jobs, and these two issues really brought about a strong resistance.*

*SM: The real bottleneck of institutional change is middle management. And part of it is just not believing in it, so I don't think there's active resistance to changes in most cases, but it's kind of not doing anything to recognize that there's this push towards*

*S: If you ask a question which might be perceived as challenging, it was "were you being negative, resistant to change, tired, maybe it's time for you to move on?". It was more like this is the way it's going to happen, you either*

### Management response

- Increased consultation, GSS, GSM
- Staff incentives



## Participation

### Lessons

*SM: I learned that leading inclusivity is key. The availability and accessibility of the management, it makes management accessible and puts a human face on it.*

*S: One lesson learned is that change is good, I think IFAD is a quite lucky organization because all the staff are very keen in going for the extra mile.*



### Recommendations

- Two way change implementation: leading the changes from the top and supported from the bottom
- Creating support and incentives for division directors to engage staff

## Learning

*SM: The third dimension of any transformative process. you may have the vision, you may manage the financial resources, but if you're not careful on how the skills are enhanced or acquired in the institution you may very well fail*

### Skills development

- HR Training unit
- Management training & coaching
- PES targets



**Learning** not consistent, primarily at divisional level

### Recommendations:

- Senior manager championing learning
- Learning from Failures
- Lifelong learning

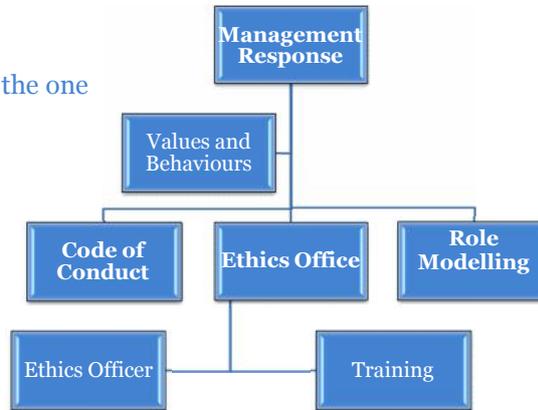
## Culture change

*SM: when you come to IFAD please keep your culture outside of the door, and adopt IFAD culture, when you're going home, pick up your culture at the gate.*

- Multicultural environment
- Change of mindsets towards the one built on optimism and trust

*S: ...was a big attempt to push forward the agenda of ethical behaviour*

*SM: She did a great job in building confidence, people now felt they go and complain to somebody in confidentially, without a fear of being pushed back by my boss, being punished.*



*S: EO did not make anybody feel comfortable in going to speak to the ethics office. It was not the right choice of person to encourage people to go and be open or to try find solutions to problems and working relationships.*

*S: joint learning was an important element being in that environment together shape the new culture.*

## Leadership

### Lessons

- Team leadership - cohesive, stand together and support each other.
- Middle management to bring over the changes

### Recommendations

- Charismatic Leader at the top,  
Champions among Senior managers  
Engaged Middle Management
- Transparent decision making



## Improved Leadership of IFAD Changes

| Collective Leadership  | Middle Management  | Strategy for Change   | Trust in Management  |
|--|--|---|--|
| <ul style="list-style-type: none"><li>• Defined roles and responsibilities in changes</li><li>• Championing the Changes</li><li>• Collaboration &amp; peer support</li><li>• Communication</li><li>• Clarified Decision making process</li></ul> | <ul style="list-style-type: none"><li>• Acknowledged responsibilities</li><li>• Accountability</li><li>• Empowerment</li><li>• Incentives</li><li>• Leadership development</li></ul> | <ul style="list-style-type: none"><li>• Living document</li><li>• Rational for changes</li><li>• Guidance to staff and management</li><li>• Staff involvement</li><li>• Widely communicated</li></ul> | <ul style="list-style-type: none"><li>• Communication</li><li>• Staff Engagement</li><li>• Transparency</li><li>• Managers to Role modelling organizational values</li></ul> |