

GREENING YOUR COMPANY PROCESSES



THE ESSENTIAL ROLE OF LEADERSHIP AND CHANGE MANAGEMENT

Sustainability is one of the top concerns for businesses around the globe. Spanning the dimensions of people, planet, and profit, also known as 'triple bottom line', sustainability covers all main aspects a business should consider in their (future) strategy. Yet, a key consideration regards how businesses contribute to the pro-environmental 'planet' component. In fact, businesses are increasingly forced to consider their detrimental impact on our planet. This is stimulated by European or national governmental regulations, including the European Green Deal and global developments such as the United Nations Sustainable Development Goals. But also customers (B-2-B and B-2-C) increasingly consider a company's pro-environmental performance and image in their decision making. As such, industry needs to seriously think about and act upon 'greening' their operations towards net zero production. This big task leaves a question mark how they will realize those ambitions and

manage to transform their organization accordingly.



In my research team at the University of Twente, within the department of High-tech Business & Entrepreneurship, we develop insights on how companies can successfully navigate this 'green transformation'. We focus specifically on effective change management and organizational behaviour, including the roles of leaders and employees in the change. Naturally, we also teach those concepts to our students, for instance in the Minor Energy Transition Perspectives^[1] for technical Bachelor students, the Leading Systemic Change course as part of the Transdisciplinary Master Insert Shaping Responsible Futures^[2], and our Bachelor and Master Honours programmes (Change Leaders^[3] and Processes of Change^[4]) at the University of Twente. So, what are our latest learnings that could benefit your company facing this major challenge?

Change management for the green transformation

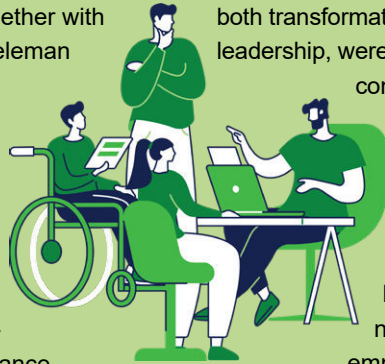
When it comes to large (industry) transformations, people often think about big bang shifts or even inertia because it might be difficult to determine where to start. In fact, we found that

complex change is most effectively implemented using a combination of providing clear top-down direction and bottom-up initiatives. For example, in an entirely different context of interdisciplinary process improvement throughout large hospitals, such a combined approach to change led to the most significant performance improvement over time (as reported in the article with my PhD student John van Beers^[5]). This means that leaders at all levels need to be involved and follow a clear and focused strategy execution while leaving room for (innovative) frontline contributions. Together one can achieve far more.

Taking it one step further, engaging employees and letting them participate in the (radical) renewal of new work processes and green company policies, has been found to safeguard actual, long-lasting green performance benefits, including carbon footprint reductions, energy conservation, reduced water use, and waste reduction. This promising conclusion is based on a preliminary overview^[6] of the literature to date offered by my colleague Annemarie Dedden. Thus, it really pays off to involve your employees in the change process if you want to realize a green transformation in your company.



Yet, the green transformation requires such a different scope and level of change that we must acknowledge that it cannot be realized with internal stakeholders alone. Thus, your company could benefit from taking a so-called 'open strategy' approach when developing your green strategic action plan. This approach engages a wide variety of internal and external stakeholders (such as customers, suppliers, and network partners) into the strategy development process and setting your company's green goals, while at the same time aligning and preparing all stakeholders for the execution that needs to follow. Indeed, a study^[7] conducted together with my colleague Henk Doeleman showed that such an open strategy approach is supported by the use of just one A3 page visual strategy map, combined with regular management dialogues about the up-to-date (green) performance figures, and IT-enabled performance data figures. Driving this change and (open) strategy process also requires leaders to properly prepare their employees for the shift in ways of working, behaviours, and even mindset. Our study therefore also highlighted the importance of transformational leadership for strategy implementation.



In particular, she found that the leaders of family-owned firms that were seriously implementing 'lean and green practices' in their logistics operations, added also 'instrumental leadership' to their behavioural repertoire. For example, they specified the path towards implementing the green ambitions by clarifying the different phases steps in the implementation process, invested time and effort in the right skills training, actively tracked the implementation and intervened if needed, and constantly engaged in dialogues with staff to ensure fast feedback and mutual learning process. We found that the business leaders who embodied the behaviours of both transformational and instrumental leadership, were most successful in convincing and engaging their employees across organizational levels to participate in the green change.

In other words, leaders need to help their employees to adequately

balance their efforts between the adoption of visionary innovations in their daily job and small, incremental improvement steps. This also requires leaders to be sensitive to their people's needs throughout the change process. Indeed, my own recent publication^[9] highlighted the essential emotional intelligence skills leaders need to show when introducing innovation to the frontline. In fact, a green transformation often goes together with the adoption of smart technologies to reduce carbon footprint, energy use, etcetera. Thus, it is advised to not only map out the different steps in the implementation process, but also consider the impact this change might have on your employees. Do they see it as an opportunity, or as a threat?

Does it make their job more interesting or meaningful?
How much effort does it take them to make the shift and learn new skills?
How can you alleviate the impact the change might have on them?

Leading people in the transformation process

Such transformational leaders, who try to motivate employees through charismatically sharing the bigger vision, certainly contribute to the change. Yet, for a green transformation to succeed this is not the full story. In fact, recently published work^[8] with my PhD student Nissa Syifa Puspani shows that, besides a transformational leadership style, leaders also need to be rather instrumental.



Conclusion

Hence, to green your company processes, it is strongly advised to:

- ✓ set your company's strategic green goals together with in- and external stakeholders,
- ✓ integrate the execution of a clear top-down direction with bottom-up ideas from employees,
- ✓ develop and train both transformational and instrumental leadership behaviours among your management team, and
- ✓ open up to the socio-emotional needs of employees by tapping into your emotional intelligence.

Considering these powerful leadership and change management practices alongside smart green technological innovations, is likely to contribute to a smoother green transformation.



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[1] *Faculteiten Werken Samen in Nieuwe Minor Energietransitie - U-Today* (utoday.nl)

[2] *Transdisciplinary Master-Insert | Home | MSc University of Twente* (utwente.nl)

[3] *Change Leaders | Honours programmes* (utwente.nl)

[4] *Bachelor Honours programme | Our tracks | Honours programmes* (utwente.nl)

[5] *Effective Hospital-Wide Lean Implementation: Top-Down, Bottom-Up or Through Co-Creative Role Modeling?* | *International Journal of Lean Six Sigma*

[6] *Effectively Changing Intra-organizational Behaviors for Environmental Performance* | *Academy of Management Proceedings* (aom.org)

[7] *Leading Open Strategizing Practices for Effective Strategy Implementation* | *Journal of Strategy and Management*

[8] *Evolved Leader Behaviours for Adopting Lean and Green in Family Firms: A longitudinal study in Indonesia* | *Journal of Family Business Management*

[9] *Social Enablers of Industry 4.0 Technology Adoption: Transformational Leadership and Emotional Intelligence* | *International Journal of Operations & Production Management*