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Drive Transformation With Human-Centric Leadership

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A new report lays out a leadership model in which close attention to human emotions and behaviors is the key to navigating major change.

- Whether transformation succeeds or fails depends on how well leaders help their teams navigate inevitable “turning points” in the process, by detecting problems early, applying appropriate remedies, and empowering employees to act and speak freely.
- A report from the University of Oxford and EY lays out a people-centric leadership model to help leaders move through such turning points via a three-step process that

involves *sensing, sense-making, and acting*.

- By adopting a model that accounts for human emotions and behaviors, leaders can accelerate their transformational efforts and increase their chances of success by 2.6 times.

What does it take for a global automobile company to successfully craft a strategy for manufacturing a fully electric truck? Or for a multinational bank to pivot its human resources functions into a cloud-based, mobile environment? Or for a mining company to completely overhaul its global supply chain?

All three initiatives require human-centered leadership, according to the authors of "[Transformational Leadership: Navigating Turning Points](#)." Recently released by the University of Oxford's Saïd Business School in the U.K. and accounting firm EY, the joint report highlights real-world case studies alongside the results of a survey of 846 senior leaders and 840 employees. Survey respondents represented companies based in 23 countries across 16 sectors. All participants in the survey had been involved in at least one transformational program at their companies within the past five years.

The survey was a continuation of [initial research](#) on transformational leadership the partners conducted in 2021. The earlier paper outlines six drivers that are key to success—the recent report focuses on how those drivers can be best applied.

Success or failure in transformational scenarios, the report's authors emphasize, depends on whether and how well leaders sense problems early, apply appropriate remedies, and empower employees to act and speak freely—in other words, on how well they apply principles of human-centered leadership.

The Inevitability of 'Turning Points'

At a time when institutions are adapting themselves to changes brought about by emerging technologies, climate change, and other societal shifts, the need for ongoing adaptation—in business and [business education](#) alike—is going to be a given. And one thing nearly all radical strategic changes have in common is that they will have what the authors call "turning points."

These are defined as "moments in the transformation process where a transformation has or will go off-course and leaders choose to intervene (or not)." Such points can be caused by exogenous shocks such as geopolitical conflict or climate change; alternatively, they can stem from internal issues such as inadequate technological infrastructure or poor management.

The authors emphasize that turning points also are likely to arise from four aspects of "human system dynamics." Each of these aspects raises a particular question for leaders to ask themselves:

- Do employees feel ownership over the transformation? (*"Are we building agency?"*)
- Do individuals or departments fear losing power? (*"Are we anchored in the past?"*)
- Do employees feel they have the capabilities required to execute the plan set out by management? (*"Does our current team fit with the future?"*)
- Are people either too confident or not confident enough in the organization's ability to make the change at all? (*"Do we believe we can do this?"*)

Among survey respondents, 96 percent reported that they had experienced at least one turning point over the course of a project. Seventy-six percent cited such trouble spots as unavoidable in today's business environment, where rapid technological, political, and societal changes have become more the rule than the exception.

When leaders do not deploy well-considered human-centered approaches to manage such trouble early, the research shows that their efforts are 1.6 times more likely to fail. In addition, workers are 3.5 times more likely to experience negative emotions such as anxiety, fear, and apprehension about the change itself.

When organizations adopt a human-centric leadership model, researchers estimate that leaders can increase their chances of meeting their objectives from 28 percent to 73 percent—a 2.6 times increase.

The report's data show that, without human-centered leadership, a company's chance of making a successful strategic transition is only 28 percent. "Unsuccessful turning points not only can fail to improve transformation performance but can make the overall situation worse," the report's authors write.

The Saïd-EY report lays out factors that predict when an organization's change management efforts are likely to go awry. Then, it offers a three-step model to help leaders better ensure success. When organizations adopt the model, researchers estimate that leaders can increase their chances of meeting their objectives from 28 percent to 73 percent—a 2.6 times increase.

3 Steps to Advance Transformational Change

The researchers find that leaders can better support any comprehensive change that their organizations undertake by following three integral steps: *sensing*, *sense-making*, and *acting*.

Sensing—Here, leaders do not simply wait to see if key performance indicators (KPIs) are not met. Instead, they deliberately focus on detecting problems early by keying into behavioral and emotional changes among the people involved.

Sense-making—Each time they suspect that a problem is brewing, leaders collaborate with all team members involved to work toward acknowledging the issue and identifying and addressing any root causes.

Acting—Leaders can set the right conditions for success by attending to the six drivers highlighted in the 2021 white paper: *demonstrating engaged leadership, collaborating with others, fostering a culture of inspiration, empowering team members, caring for others, and recognizing the emotional impact of technology.*

The authors emphasize that these steps are not meant to be executed in order just once, but again and again, as each turning point arises.

When leaders execute all three steps skillfully, they can double the speed with which plans are executed and beat the expectations of their initial KPIs by a factor of 1.9. Moreover, they set their organizations up for future success as well: Workers also are 1.9 times more willing not only to participate in the current transition, but also to contribute to the next one.

Emotions and Behaviors as ‘Signals’

Throughout any strategic shift, many leaders often pay the greatest attention to outcomes, but the report emphasizes that having such a sole focus is largely a mistake. Leaders also should key into the *emotions* and *behaviors* of all involved. “Our data show that emotional signals are the strongest indicators that an issue has emerged, but also the least frequently tracked,” the authors write.

When leaders take note of how they and those around them are feeling and acting, they can gain insights into how the project is going. If they sense that the emotional energy of the team changes—from confidence and enthusiasm to concern or frustration, for example—they also will be more aware of signals that trouble could lie ahead.

They also put systems into place to help avoid negative emotional shifts altogether—especially during the Acting phase. As part of the six drivers of successful transformation mentioned above, human-centric leaders will:

- **Present a purposeful vision** and clearly communicate the “why” behind the upcoming change.
- **Demonstrate adaptive leadership** in which they “lean in, are constantly working on themselves, and emphasize ‘we,’ not ‘me.’”
- **Provide a sense of psychological safety** that accommodates the human emotions of team members and creates a safe environment for people to raise concerns, manage stress, and maintain their calm throughout the process.
- **Use technology** to help people develop the skills necessary to implement the change.

- **Offer “disciplined freedom”** for workers to have the autonomy to experiment with new approaches and execute the vision. In this regard, leaders must also accept that, as people experiment, “the pace of progress will ebb and flow.”
- **Collaborate with people** to foster co-creation, connectivity, and creativity.

These conditions help leaders “understand and rally people’s emotions and behaviors,” keep positive energy high, and tune leaders into early signals of trouble, the report’s authors write. “All these conditions contribute to creating an environment where people thrive: an environment where they can do the work needed to deliver the transformation.”

Real-World Application

What does this process look like in real-world companies? The report highlights the experiences of several organizations that used human-centric approaches to accomplish their objectives.

This includes Swedish automaker Volvo. In its bid to manufacture a fully electric truck, its leaders discovered that teams were feeling increasing anxiety over the pace of change. In response, one leader took the **kaizen** approach, holding meetings where workers could talk openly and raise concerns about the continuous improvement process. “These meetings allowed teams to share their challenges and co-develop solutions,” the report notes, “as well as align on guidelines and principles, both of which improved collaboration among team members.”

Strategies that acknowledge employee concerns, encourage employee input, and offer space for co-creation are all hallmarks of human-centric leadership.

Rio Tinto, a multinational mining company, was working to redesign and standardize its global supply chain. In that process, its leaders created “**lighthouses**”—spaces where employees could test out new ideas. The company also gave employees “permission to implement solutions that [were] only partially complete” so that employees could then refine the best ideas as they went.

Strategies that acknowledge employee concerns, encourage employee input, and offer space for co-creation are all hallmarks of human-centric leadership. Among the survey respondents who reported adjusting their organizations’ structures to encourage collaboration across organizational boundaries, 61 percent were successful in navigating turning points—double those who did not take such steps, according to the report.

Embracing the Human Factor

Failure to anticipate and effectively address turning points has been the downfall of many companies that have attempted to adopt major changes. Too often, failure occurs because

leaders do not encourage employees to communicate freely about issues, provide opportunities for people to problem-solve collectively, or give them time and freedom to experiment with new ideas.

As noted by a manager from a manufacturing company whose case was also included in the study, "You need to listen to people, and when they're telling you you're doing too much way too fast, you're going to burn people out. And if you burn people out, people stop giving you their 100 percent."

By using human emotions and behaviors as benchmarks of success, leaders can respond to difficulties before the organization has even felt any "real pain" and head off trouble before "it is too late to act."

"Turning points are a natural part of how we navigate into the future," the authors conclude. "We cannot avoid them, but we can navigate them successfully. When leaders navigate turning points successfully, they can do more than bring things back on track, they can accelerate the program and increase the value created by the whole transformation."

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