Effecting change management: a reality with the LingHe Simulation?

With China's business environment undergoing fast and significant change – partially driven by the introduction of information and communication technologies into business relationships – managers now need to be more effective than ever in implementing change within their organisations.

But just how effective are they? According to Albert A. Angehrn, INSEAD Professor of Information Technology and Director of the Centre for Advanced Learning Technologies (CALT), the truth is that the vast majority of change projects in organisations fail, some miserably. Failure in this case, he says, means that performance targets are not achieved, as new ways of operating are not integrated and adopted to the extent that would allow organisations to profit from them.

While there's no lack of knowledge as to how to address change initiatives, Angehrn says we have not been successful in translating that knowledge into practice. We simply don't know how to move from the relatively comfortable area of 'knowing' to one of actually 'doing.'

Change is coming

This is further compounded with Chinese managers operating in China. China's policy of economic reform has opened her markets to foreign trade and investment. The resulting increase in collaboration between Chinese and foreign managers has brought an interesting new dimension to learning how effectively to introduce innovation – and change – in culturally-mixed environments.

Visit INSEAD Knowledge
http://knowledge.insead.edu

Chinese managers today are facing change on a scale and at a pace that have previously been unseen, and for which there exists little or no relevant past experience. Western managers are not exempt either, as they too need to adapt their managerial styles to better suit the Chinese context and environment.

Enter the LingHe Simulation, a computer-based interactive multimedia simulation that models the dynamics of organisational change in a typical Chinese business environment. Its purpose: to simulate real-life scenarios faced by Chinese and foreign managers who want, or need, to implement organisational change at China Inc.

Creating the LingHe Simulation

Modeled after the Executive Information System (EIS) Simulation, which has already been used extensively as a learning tool in MBA and corporate management training programmes in Western organisations, LingHe is unique in that it is tailor-made for the China market. More specifically, it is aimed at those responsible for introducing and implementing knowledge and innovation strategies in China. This includes CEOs, CIOs, general and project managers, heads of departments, and other key decision makers.

To authenticate the simulation, a framework for the company was constructed. Angehrn and his partners invented a fictitious business enterprise called the LingHe Company (LHC), a switching equipment manufacturer located in Changsha, the capital of Hunan province. The intention was to portray a company that was still relatively remote from Western influence, based in a region with a moderate pace of economic change so that the need for further change was not felt very strongly. The description of the company as moderately profitable further reduced any urgency to change.

However, a twist of fate saw LHC being sold to SinoCom, China's largest national telecom operator. The move was intended to induce LHC to adopt managerial best practices and to consolidate the national telecom industry in the face of foreign competition. An employee from SinoCom has been dispatched to help LHC executives adopt its highly-regarded computer-based performance management system. An uphill task no less, especially when computer literacy, profitability and personal objectives are not yet standard operating procedures at LHC.

Therein lies the challenge of the simulation, a critical component being the influence tactics or initiatives that managers choose to convince the people in an organisation during the process of adopting proposed changes. With no two organisations being identical, tactics that may work for one may be ineffective or counter-effective for another.

After conducting more than 100 interviews with top and middle-level Chinese business managers, 19 typical tactics for organisational change in China were shortlisted, and these would become the template for the simulation. The simulation was tested yet again, this time on both Chinese and Western managers in a series of four workshops held in Nanjing, Beijing and Europe.

Learning by mistakes

Besides being recognisable and realistic, Angehrn says the simulation also has to be challenging in order to "force" managers to make mistakes and avoid "quick-fix" solutions.

Though the simulation provides immediate feedback (positive, neutral or negative) following each decision taken, this unorthodox approach is not without its detractors. Angehrn notes some initial resistance by Chinese managers in particular, because the simulation does not correspond with traditional Chinese methods. His research has also revealed that people in higher positions were less willing to "play" along, as they would rather not fail in front of their subordinates. Most however, he says, gradually warmed to the "game" dimension, where making mistakes is permissible and even intended.

"Simulations are effective pedagogical tools. They are designed to make you fall into traps and make you aware of what you could do wrong. They show that you are going to fail so that we can discuss this and open up issues, and really understand where we can add value to develop further competencies," he says.

"Now this approach is clearly exposing the individual, which in my belief is key for learning. If people are not put at their limit of their incompetence and realise that they can fail, they have no motivation to really learn. We try to advocate that it is only through failure that we can learn something.

"For instance, only through a simulation as LingHe, can managers fully realise that much of the resistance faced when implementing change is actually the indirect result of their own way of proceeding. Ultimately, they themselves are the ones generating the very resistance that kills their projects. It's a very important insight that can only be fully understood through experiential learning approaches as the LingHe Simulation."

The payoff

By and large, simulations can trump traditional

learning tools and techniques, such as lectures, or even participating in short role-playing exercises, as they can capture a significantly higher level of complexity and create a life-like experience in a risk-free environment.

For example, of the 19 listed change tactics, the 'task force' tactic, which is often used in Western companies to engage selected individuals from within the organisation as change agents, did not receive strong backing from the participating Chinese managers. This indicates that Chinese managers would not be active in appointing change agents or in wishing to be appointed to perform that role.

Similarly, the management training tactic is not used by Chinese managers, whereas it is widely used by Western managers.

The 'electronic mail' tactic, broadly used by Western managers, is also not popular with Chinese managers, who do not have the habit of checking their email frequently and are inclined to use traditional communication tools.

While the overall evaluation of the LingHe Simulation among groups of Chinese managers has consistently showed positive feedback regarding its realism, Angehrn says more substantive testing is required in order to validate further the use of the LingHe Simulation as a learning tool for Western managers who wish to introduce change in a Chinese environment.

Footnote

Designing effective simulation games to address complex management subjects such as change, collaboration and innovation is one of the key challenges of INSEAD's Centre for Advanced Learning Technologies (CALT). This activity goes hand in hand with the analysis of the impact, be it short or long-term, that such simulations have on the organisations which deploy them with their managers.

As an example, take for instance **ChangeMasters**, which was a large EC-funded study that CALT has recently completed on the impact of change management simulations on organisations as IKEA, the FIAT Group, and the Scottish Government. Similar studies are now ongoing that will serve to better understand and validate the impact of the "China-centered" LingHe simulation on increasing the change readiness of individual managers and organisations."

 Find article at
https://knowledge.insead.edu/leadership-organisations/

Visit INSEAD Knowledge
http://knowledge.insead.edu

effecting-change-management-a-reality-with-the-linghe-simulation-1843

Download the Knowledge app for free