

Permission-based Leadership and Change Management in Hong Kong's Nongovernment Organisations

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ABSTRACT: This study addresses the management of transformational change by chief executives in nongovernment organisations (NGOs) in Hong Kong. The study takes an exploratory approach with interviews of 18 chief executives from a cross section of Hong Kong's NGOs. The findings indicate that organisational transformation is driven by increasing competition within the NGO sector and from commercial firms, by a demand for greater transparency and by internal forces. These factors are countered by structural inertia. Leadership of the organisational transformation of an NGO is permission-based; agreement from the various stakeholders must be gained to execute a successful transformation. The chief executive should have a humanistic style and be visionary, ethical and participative. Constant communication and involvement facilitate this process. Through this approach, followers will have a greater commitment to the organisational transformation. Organisational change is a combination of planned and emergent processes. The chief executive should relax control and foster a nurturing environment for transformation. This research suggests a leadership style, behavioural approach and model for managing change that will provide chief executives and senior leaders with useful considerations and insights.

Keywords: Permission-based leadership, non-profit organisation, emergent change, planned change, change barriers

JEL code: M10

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1. Introduction

This study addresses a gap in the literature regarding the effects of leadership in the management of change in Hong Kong's nongovernment organisations (NGOs). This study makes use of an exploratory approach in an attempt to identify the means by which chief executives and senior leaders successfully navigate their way through transformational changes in their organisations.

Several forces are driving change in the city's NGO sector. NGOs in Hong Kong have mushroomed in quantity and in their areas of output. Over the past six years, the sector has grown by 50% (The Law Reform Commission Charities Sub-Committee Consultation Paper, 2011). In addition, the Hong Kong community expects greater transparency, not only in government organisations, but also in public organisations and NGOs in particular, because they are perceived to be supported by public benevolence and thus should be highly accountable. In the business community, corporate social responsibility is also becoming a welcome trend. Companies are beginning to see the benefits of making socially conscious contributions.

Such changes in the operating environment are exerting pressure on Hong Kong NGOs to make adjustments to their organisations. In many cases, the adjustment may be transformational, requiring a reconstruction of operational processes and structure. An extremely high failure rate of 70% has been reported for organisational change initiatives in these large scale transformations (Hughes, 2011).

There are several differences between NGOs and commercial or other organisations: NGOs are mission driven, do not distribute profits, provide services to welfare recipients and are generally supported by public funding. Such characteristics give rise to certain structural barriers that make change difficult. The chief executive of an NGO has multiple stakeholders to whom he or she must answer, and any proposed changes may require the permission of most, if not all, of them. In addition, NGOs may have a tendency to be conservative because of their strong commitment to remain within their roots and missions.

By referencing a number of studies of NGOs, change management and leadership, this study aims to identify the types of leadership style and change processes that have the greatest likelihood of success in effecting transformational change in Hong Kong's NGOs.

2. Objectives

The aim of this study is to determine the effects of leadership style on change management in Hong Kong's NGOs. A leadership style includes the behaviour of the leader and the interaction of that behaviour with the followers. The process of change management in an NGO is more complex than in corporate organisations because of the multiplicity of accountability, stakeholders and mission, which are often compounded by a paucity of resources. By exploration of the relationship between leadership and change management in a specific, local context, we seek to understand the major processes and moderating factors that lead to the success or failure of this kind of transformation.

The research questions to guide our exploration follow:

- *What are the key challenges in the change process?*
- *What are the levers of change in Hong Kong NGOs?*
- *Which leadership styles and forms of behaviour are associated with the change process in Hong Kong NGOs?*
- *What is the most suitable approach to lead transformational change?*
- *What are the effects of leadership moderators on the change?*

3. Literature review

The literature indicates that change is a difficult process that has little guarantee of success (Beer and Nohria, 2000). A study by Kotter (1995) of more than 100 companies' attempts at corporate transformation shows that successful examples are few and far between. Many experts have attempted to guide business practitioners through the change process (Lewin, 1952; Schein, 1985; Kotter, 1995; Mento et al., 2002), but there is scant literature to advise the leaders of NGOs on how to prepare for change (Hay et al., 2001).

The connection between leadership and change management is strong. Kotter (1990) states that although leadership is necessary for first-order, non-core changes, it is even more critical for transformational, or second-order changes.

NGOs, or nonprofit organisations, are experts in their fields of activity and provide specialised knowledge (Nalinakumari and Mclean, 2005). In addition, NGOs represent the views of

important constituents that are not reflected by official or government channels and are thus able to generate support at a grass-roots level. NGOs influence public policy and undertake public tasks on behalf of the government and provide goods and services that are in demand but for which there is no supply. Because of their nonprofit constraints, NGOs are thought to provide goods and services more efficiently (Edwards and Hulme, 1995), and by focusing on problem solving and minimisation of bureaucracy, they can be more effective as well (Werker and Ahmed, 2008).

NGOs are primarily mission driven. This mission grounds the legitimacy of the organisation (Candler, 2001). As NGOs grow and engage professional management, perceptual differences between the management layer and the members may cause a rift in this legitimacy. Examples include the need to provide demonstrable output for stakeholders, or ‘output legitimacy’, at the expense of engaging in less-visible but relevant works, or ‘normative legitimacy’ (Ossewaarde et al., 2008).

NGOs have existed in Hong Kong for more than 100 years to provide relief from poverty and disaster and even to provide for animal welfare. In the 1970s, the Hong Kong government, in an effort to streamline services, started a programme to subsidise NGOs and charities with the provision of ‘personal social service’ catering to individual situations. It retained statutory services such as probation and child protection, social security and emergency services within government agencies, but with this arrangement, more than 90% of the city’s welfare services were offloaded to NGOs. These subsidised NGOs work together with their respective government departments in their designated areas of need. In reality, their work and policies are strongly influenced by the government departments and are aligned to the general social climate as shaped by their administrators (Wong, 2008; HKCSS, 1987 and 1992; Scott, 2003; Pearson, 2005).

Government subsidies provide about 60% to 80% of an NGO’s operating costs, and roughly 20% comes from programme income (Wong, 2008). Charitable donations and foundation grants constitute a small fraction of the NGO’s revenue stream. This pattern is consistent with that of Germany and France, and is classified as ‘corporatist’ in the third-world sector (Anheier, 2001; Salamon and Anheier, 1998).

In Hong Kong, there are more than 6,000 registered charities (IRD Annual Report, 2009-2010), and more than HK\$8 billion is raised in charitable donations. The sector has seen rapid growth of more than 50% since 2005.

Researchers suggest that the magnitude and quantity of changes that NGOs face threaten their day-to-day survival (Medley and Haki Akan, 2008; Schein, 1992; Karp and Helgo, 2007). The first of these forces is competition. The increasing number of NGOs that are in direct competition has the dual effect of diverting much-needed resources and depriving the NGO of exclusivity in its service niche. At the same time, the roles of NGOs are increasingly assumed by commercial firms, such as in the provision of health care for the aged (Werker and Ahmed, 2008; Weerawardena and Sullivan-Mort, 2001).

The second issue, a demand for accountability and transparency, creates a difficult situation for NGOs. They face a growing public expectation of efficiency in the use of their funding and service activities (Eisenberg, 2004; Behn et al., 2010; Gugerty et al., 2010). Public confidence in the United States is ‘shaken by financial scandals, questionable practices, ethical lapses, huge compensation packages and poor public reporting’ (Eisenberg, 2004, p. 170). Continued opaqueness in the sector will lead to a decline in community support, especially in the form of donations and funding. Nalinakumari and Maclean (2005) suggest an all-around approach to NGO accountability, including upward to the stakeholders, downward to the beneficiaries, horizontally across the industry, externally and internally, functionally and strategically.

The third issue driving NGO change is opportunities for collaboration with commercial firms. Traditionally, the role of the NGO has been perceived to be ‘the moral compass and ethical watchdog against forces of government and capitalism’ (IFCNR Special Report, 2002, p. 13). NGOs have also traditionally worked by challenging the system and generating income by stoking ‘public anger or guilt’ (Nalinakumari and Maclean, 2005).

The fourth issue that encourages NGO transformation is pressure from stakeholders. NGOs are increasingly required to focus on innovation and continuous improvement in both their mission and their operations to continue receiving government funding. Light (2000) highlights the ‘war on waste’, an awareness and action towards cost containment and reengineering, amongst NGOs to gain economies of scale and consolidate their provision of service.

Researchers have long highlighted the role of leadership in the process of organisational change (Nohria et al., 2003; Walsh et al., 2006). Leaders recognise environmental shifts, make plans to respond and direct change and steer the organisation in a new direction (Walsh et al., 2006). The right leadership at key levels of the organisation harnesses the organisation's energy and resources, leads and monitors the change process and becomes an icon for the effort (Oakland and Tanner, 2007).

Many researchers consider servant leadership to be the style that is best suited for NGO change (Spears, 1995; Smith et al., 2004; Van Dierendonck, 2011). Researchers are beginning to look into more humanistic styles of management that accentuate the leader-follower relationship and celebrate an ethical and community-based approach and social responsibility as key tenets in organisational leadership (Avolio et al., 2009; Patterson, 2003; Luthans, 2002; Macik-Frey et al., 2009).

First proposed by Alan Greenleaf in 1970, servant leadership takes on a more humanistic and ethical approach to management. It bears similarity to transformational leadership in that servant leadership seeks to encourage higher performance from employees. Where it differs is that it balances achievement with social responsibility (Graham, 1991).

Servant leadership involves 'going beyond people's self-interest' (Greenleaf 1970). Greenleaf and other researchers also discuss further characteristics. Servant leaders should help their followers grow and develop to their full potential (Luthans and Avolio, 2003) and they are genuinely concerned about serving their employees over the interest and well-being of the organisation and thereby create a stable and tenuous bond (Greenleaf, 1977; Stone et al., 2004). Greenleaf (1998) believes that because the resulting atmosphere is one of trust and long-lasting dependence, the employees are able to excel in their performance.

Greenleaf (1970) believes in an equality of status between employees and their leader; however, this does not imply that the leader is subservient. Indeed, the leader is 'primus inter pares' – first amongst equals – and he or she guides the organisation through influence rather than through authority or power. Reinke (2004) compares the servant leader to that of a steward who is entrusted with the well-being of the organisation and its employees. Operationalising the concept

of a servant leader, Van Dierendonck (2011) defines these attributes as empowerment, humility, authenticity, acceptance of people, providing direction and stewardship.

Empowerment is a motivational method that increases an employee's sense of value and encourages him or her to take responsibility for personal growth (Conger, 2000). Humility in a servant leader has three components (Van Dierendonck, 2011): modesty and deferring of credit for successes; recognition that he or she can learn from the followers and the pursuit of their contribution; putting the interests of employees first and giving them aid and support to improve their performance. Authenticity is described as the ability to express oneself to reflect one's inner thoughts and feelings (Harter, 2002). An authentic leader is perceived to be honest, to deliver what is promised (Russell and Stone, 2002) and to be vulnerable (Luthans and Avolio, 2003).

Interpersonal acceptance comprises two main perspectives: the ability to understand and relate to the feelings of others and the ability to feel compassion, warmth and forgiveness in the face of offences, arguments and mistakes made by the follower (Van Dierendonck, 2011; McCollough et al., 2000). Providing direction is a key role for the servant leader, who tailors work according to the abilities and needs of the follower and provides the follower with the appropriate degree of accountability. Stewardship has its basis in service to the organisation and a desire to be responsible for the management and outcome of the organisation. Servant leaders who act in stewardship are likely to exemplify loyalty to the organisation, to behave in a socially responsible manner and to foster teamwork amongst their followers (Van Dierendonck, 2011; Spears 1995).

The descriptions of Van Dierendonck (2011) reflect an important perspective: servant leaders recognise that their authority is not a given and that it is derived from their followers. Lawn (2012) discusses 'permission-based leadership' as influencing people to want to be a part of a mission. By respecting the roles of each follower, the leader earns permission to lead the team. A similar concept to permission-based leadership is 'collectivistic leadership'. Yammarino et al. (2012) describe this as putting the 'we' in leadership, whereby multiple individuals interact through a variety of formal and informal channels and take on a variety of roles.

Researchers (Whetson, 2002; Stone et al., 2003) have long complained that servant leadership is still grounded in philosophical theory and lacks empirical substantiation. On a practical level,

some researchers believe that the servant leadership theory is simply not realistic. Chief amongst the arguments is that the theory does not consider accountability and the underlying fundamental aggression of people at work and that it fails to take into account the varying levels of competence amongst the followers.

The literature also suggests that a leader who can articulate a clear vision will be much more effective in leading an organisational change (Kirkpatrick and Locke, 1996; Tichy and Devanna, 1990; Bass and Avolio, 1994). A well-communicated vision can stimulate, inspire, create an optimistic future orientation, mobilise action and break new ground. A strong vision can motivate a high level of performance by the organisation members.

Another critical leadership quality is clear communication, which conveys consideration for the individual followers. Such communication enhances the sharing of values, thoughts and feelings, which will in turn raise the level of trust and commitment of the followers to the organisational change process.

Change management intrigues both academics and practitioners because of the high probability that the organisational change will fail. The study of change management can be traced to Kurt Lewin's seminal work on the subject (Bamford and Forrester, 2003) in which his planned-change approach helped inspire the development of organisational dynamics (Medley and Haki Akan, 2008).

The study of change management is important for NGOs because of the increasing turbulence in both external and internal environments. Karp and Helgo (2007, p. 83) declare that the forecast for most public service organisations is continued change. Unless organisations react to these forces, they are likely to be confronted with 'strategic drift', or a 'lack of clarity, confusion and deteriorating performance', according to By (2005).

Change management can be defined as the process of continuing renewing an organization's direction, structure and capabilities to serve ever changing needs of external and internal customers (Moran and Brightman, 2001, p. 112).

Burnes (2004) refers to change as an ever-present feature of organisational life at both operational and strategic levels, yet organisational reaction to change is 'reactive, discontinuous and ad hoc' (Hudescu and Ilies, 2011, p. 125).

A review of the literature suggests that the two major methods of conducting change are the planned approach and the emergent approach (Pettigrew, 2000; Burnes, 2004; Aiken and Keller, 2009). Planned change is based mainly on Kurt Lewin's (1952) seminal work, in which an organisation operates under an equilibrium of driving and restraining forces. Any driving force for change is quickly met with an equal restraining force. For a change to occur, one must overwhelm these culturally and psychologically embedded restraining forces (Buchanan et al., 1999). Action research is necessary to understand the psychological and behavioural makeup of individuals and group dynamics. This understanding helps to assess the impact and quantity of the driving force and to determine whether it is sufficient to overcome the restraining forces (Longo, 2011).

Many researchers comment that the planned approach oversimplifies the complexity of change, especially with regard to human factors. The more prominent critics of the planned-change approach are Kanter et al. (1992), Pfeffer (1981) and Pettigrew (1985 and 1990). Kanter's blistering criticism of Lewin's three-step model can be interpreted as a commentary of the planned-change process that organisations do not exist in a linear, singular state.

Organizations are never frozen, much less refrozen but a fluid entity with many personalities. Second, to the extent that there are stages they overlap and interpenetrate one another in important ways. (Kanter et al., 1992, p. 10)

Kanter et al. (1992) further comment that change cannot be made from one stable state to another within a turbulent business environment. Stacey (1996) supports this view and challenges the assumption that organisations are systems that tend towards equilibrium and the view that change is a linear process that a manager can manipulate regardless of environmental forces.

The alternative view to the planned approach is an emergent approach (Pettigrew, 2000; Burnes, 2004; Aiken and Keller, 2009). In the 1980s, researchers begin to suggest the application of evolutionary theories, including the complexity theory, in the change management process (Depew and Webber, 1995; Litchenstein, 1996; Sammut-Bonnici and Wesley, 2002).

Researchers begin to speak of emergent change in organisational transformation (Burnes, 2004; Bamford and Forrester, 2003). Depew and Weber (1995) claim that the process of change is too complex to be implemented in a top-down or uniform basis. They call it a 'mess' rather than a planned activity. These views are supported by Stacey (1996).

Bamford and Forrester (2003) note that although agreement exists amongst researchers that change is an emergent process, the difficulty lies in agreeing on its actual meaning. Emergent organisation change is a nonstop process of trial and adaptation to fit the organisation's capabilities to the characteristics of an uncertain environment. It is the result of cultural and political processes. Key decisions regarding the available resources evolve over time. The common themes upon which theorists seem to agree are the unpredictability of change and its essentially political nature (Wilson, 1992; Dawson, 1994).

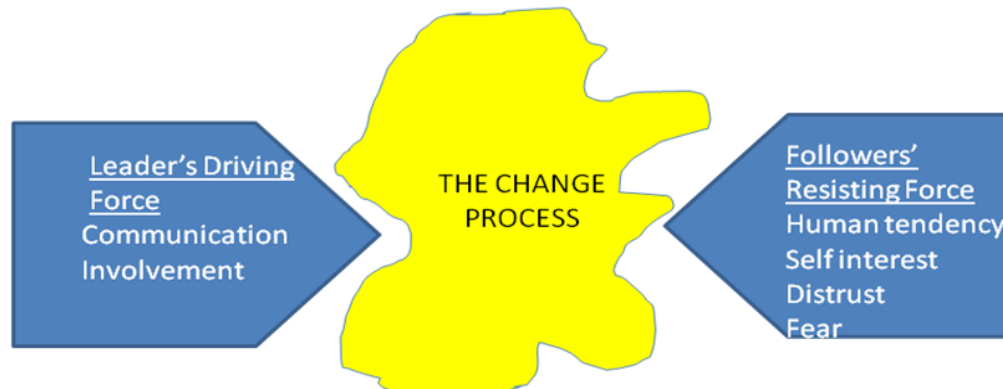
Critics of the emergent change process stress the difficulty of applying these models in actual organisational settings (Seel, 2006; Burnes, 2004). The literature is mostly descriptive rather than empirical (Livne-Trandach and Bartunek, 2009). In addition, emergent approaches seem to be diverging rather than evolving towards a common theme (Bamford and Forrester, 2003; Dawson, 1994).

Two other themes that consistently emerge in the change management literature are resistance to change and the importance of communication in the change process. On a biological level, human beings have an inborn resistance to change and to certain forms of leadership (Rock and Schwartz, 2006). We are normally unable to tolerate too much uncertainty and stimulation (Schein, 1992). There are several other reasons for resistance to organisational change; first among them is a mistrust of management. In most instances of organisational change, it is not possible to achieve distributive justice. Certain employees may become worse off as result of the change. The resistance to change will also be greater if management is perceived to be partial in the allocation of resources, benefits and cutbacks (Price and Chandal, 2006; Shin et al., 2013).

Parochial self-interest and politics are also reasons for resistance to change. Diefenbach (2007) finds that most people do not openly resist change and learn to live with it at an operational level. In many situations, resistance is more likely to take place out of the public eye, except for that by individuals who might initiate overt power struggles and politics (Atkinson, 2005; Dover and

Lawrence, 2013). Some employees may believe that the change strategy is unnecessary or has not been sufficiently considered (Price and Chadal, 2006). People tend to advance their individual potential or benefits during the change (Karp and Helgo, 2007).

Figure 1: Forces that affect the change process.



4. Methods

Leadership and change management in the context of Hong Kong's NGOs is a relatively unexplored topic. To find patterns within the 'rich and complex' information, as described by Cavana et al. (2001), we make use of one-on-one, semistructured interviews with chief executives and senior management members of recently transformed NGOs. The research questions probe issues surrounding the forces for change, resistance to change, leadership styles, change management methods and change inhibitors. The target sample of 18 respondents aimed to achieve a certain level of commonality and broad representation from the interviews.

We use a judgment sampling design for this study. The sampling frame consists of the following requirements. (1) The charitable organisation must be registered in Hong Kong under Section 88 of Inland Revenue Department. (2) The organisation should have undergone a major restructuring or significant change, as determined by self-reporting in annual reports or external communication or from verbal and networking channels. (3) The respondent should be a board member, chief executive or senior management member with close involvement in the planning, leadership or implementation of the change.

The respondents were recruited through networking at the Hong Kong Council of Social Service at the Association of Fundraising Professionals Hong Kong Chapter. A sample size of 18

respondents was targeted. The respondents are either the chief executive or a senior director in the organisation.

5. Findings and discussion

NGOs in Hong Kong are under pressure to reform. The forces for change arise from increasing competition from other NGOs and commercial firms and from increasing public demand for transparency in NGOs. The government, by changing the terms of their subventions and awarding one-off grants rather than regular subsidies, also adds to the pressure for transparency and accountability. At the same time, opportunities arise. The commercial sector's awareness of corporate social responsibility motivates more of them to partner with NGOs or to support them by donations or through volunteerism. Within the organisation, the donors, the board of directors and the chief executive may initiate transformational change in pursuit of greater efficiency and effectiveness or to ensure the survival of the organisation. New needs also arise from changes in culture, crises or an instinct to grow to gain credibility as a service organisation.

The organisation's structural barriers are key challenges to transformational change and can cause inertia. NGOs usually have a complicated network of accountability, whereby they are required to address the requests of the board of directors, the government, their employees and their funders and donors. Some of these obligations may be contradictory, and in most cases any major decision requires consultation and consent from most, if not all, of the various parties. The organisation's vision, mission and values serve as an anchor that prevents the organisation from drifting but at the same time can hold it back from needed improvements and changes. At the same time, the NGOs' public and government funding model means that they are often in need of resources for their work. However, compared to their service activities, development work, including organisation transformation, typically receives fewer resources. Other structural barriers include self-interest and political motivations amongst particular staff members that make them resistant to reforms.

The literature confirms the importance of leadership in creating a commitment for transformational change. The right leadership style can help increase employees' perception of organisational justice, that is, the feeling that the leader of the change can be trusted. The right leadership style also increases employees' psychological capital and regulatory fit with the

organisation. These four factors can increase employees' motivation and commitment to the transformational process.

The literature suggests that servant leadership can best guide transformational change in NGOs (Spears, 1995; Smith et al., 2004; Van Dierendonck, 2011). The attributes displayed by servant leaders, such as empowerment, authenticity, humility, acceptance, stewardship and giving direction, are respected by employees. However, the findings do not find evidence that the chief executives of NGOs put the needs of the staff ahead of the organisational objectives, which is also a defining characteristic of servant leadership. The respondents overwhelmingly endorse the attributes of servant leadership as being useful for transformational change, but reject the notion of giving priority to staff development above all else.

A summary of the respondents' views shows that the most successful style of leadership is likely to be a permission-based, humanistic style. It is important to realise that the organisational culture of democracy and participation requires a high degree of employee involvement in operational and structural issues. Change thus requires the permission of employees, and this permission is based on their belief that the chief executive is ethical and trustworthy in protecting the organisational mission and the employees' welfare.

What is most important is to inspire trust that you believe in the mission, and people also trust that you are doing what you believe is best for the organisation. Where you lose that trust is when people think you are doing it for your own self-interest. Even if they don't agree with the decision, they will trust that you have integrity. (Respondent I)

The evidence (for change), is very important, and when they (the staff) feel that the change will bring about actual positive results, they will usually be willing to follow your lead. If you put effort into preparation, there will be a higher chance that the change will be for the better; otherwise, you will lose the trust of your staff if the change turns out to be for the worse. (Respondent K)

The most realistic way of achieving this trust is through a humanistic approach in which the attributes of servant leadership are demonstrated. Although the leader ultimately has the organisational objectives as his leadership priority, he can exemplify humanistic behaviour, such

as an ability to set a vision for change based on the mission and the external and internal environments; a strong relational capability, especially in exemplifying integrity and the ability to engage with people; an inclusive management style that builds staff effectiveness, consensus and participation; and effective communication that displays empathy, clarity and charisma.

From integrity comes your reputation, and from your reputation comes your brand. Behind your brand, behind your reputation is the actual true honesty and integrity of the organisation and the leader. If the leadership is for 1 minute only and is there for its own personal benefit, there is no more integrity, and you will never have the spirit of commitment and volunteerism for the organisation. (Respondent I)

You cannot rush the changes. You have to give more time for everyone to review the results along the way and for everyone to trust you; when the second step in the change is introduced, people will feel more confident about the whole process. Of course, whether your colleagues accept the idea of change sometimes depend on luck, as it depends on whether they will put the benefit of the organisation as the top priority. (Respondent G)

The findings also point to certain personality traits that can be found in successful change leaders. These traits include optimism and resilience, which help the leader maintain a positive perspective, especially during the lengthy and often difficult process of change; risk taking, so that the leader has the moral perspective and courage to take decisive action; and sociability, which enables him or her to engage and to build progressive connections.

The literature considers the planned-change process and emergent change as the two means of transformational change (Pettigrew, 2000; Burnes 2004; Aiken and Keller, 2009). The findings indicate that the process of change in NGOs can be very complicated and may require an amalgamation of both approaches. The first stage of transformation is likely to be a planned process, including the establishment of objectives in line with the organisational mission, alignment with the vision and mission and environmental scanning. However, the next stage, that of consensus building, is an emergent process over which the change leader has little control.

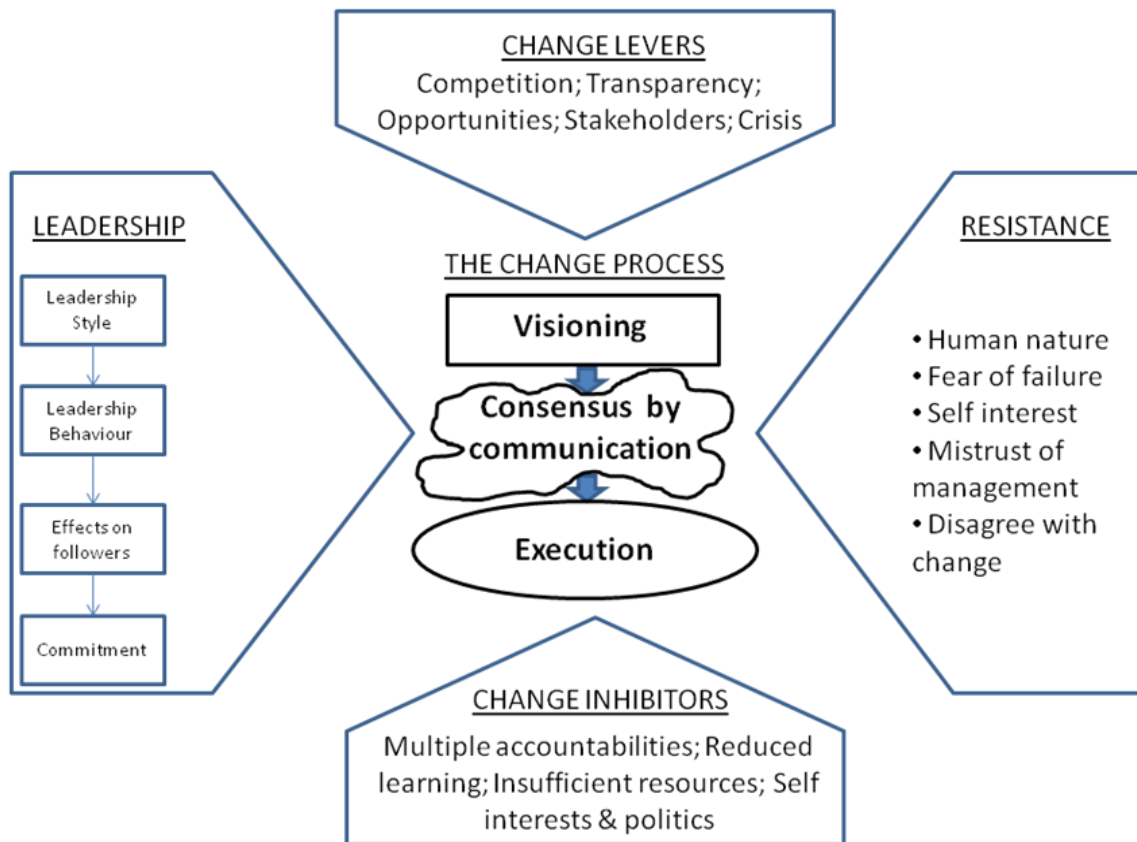
You cannot impose changes without the agreement of others...you have to tell them why you are doing it this way, and you cannot just let them figure it out themselves. (Respondent Q)

In the social service sector, you cannot use a top-down approach to supervise your staff. Instead, you have to lead by a collective effort. A leader in the social service sector under such circumstances will need to be charismatic. (Respondent K)

Building consensus is an iterative process of idea exchange, amendment and compromise to win over employees and stakeholders and to obtain their permission to proceed with the transformation. Politics and human factors often come into the picture. The major themes of this stage are the chief executive's relaxation of control and creation of a nurturing atmosphere to allow the forces to play out. The third stage is the execution of the change. The major themes of this stage include controlling the speed of the change so that the participants do not feel rushed or pressured, resolving the ambiguities of the process, handling conflicts of interest and self-interests and overcoming resistance to change. The process is monitored and frozen when the organisation has successfully completed the transformation to its new structure and processes.

Leadership moderators or factors that resist change are usually present in most transformation attempts. The literature suggests several major factors (Rock and Schwartz, 2006; Csikszentmihalyi, 1996; Price and Chandal, 2006; Shin et al., 2013; Diefenbach, 2007; Steward and Kringas, 2003), including resistance to change as an inborn trait; a mistrust of change leaders; the effects of the change on an individual's self-interest; disagreement with the change; and simply a low tolerance for change.

Figure 2: Model of permission-based leadership and change management.



Our findings, supported by those in the literature (Liu, 2012; Atkinson, 2005; Price and Chandal, 2006; Karp and Helgo, 2007; Bordia et al. 2011; Smith, 2012), indicate solutions through active communication with stakeholders and involvement of the participants. Other solutions include training for slow adopters; relating the change to the mission; restructuring organisational reporting lines and planning for attrition of resisting staff; adopting an a priori strategy to tackle resistance; and winning over peer leaders and influencers.

This study serves as a useful reference for the senior management of Hong Kong NGOs regarding transformational change. Although the study has a local focus, we believe that these findings may be applicable in other settings that share similar issues: multiple accountabilities, increasing competition, a trend towards partial self-financing, the permission factor in organisational change and adherence to a vision and mission.

This study identifies critical decisions and processes that the board of directors, chief executive, or senior management member may encounter in the process of organisational change. Notable

in its mention by a majority of respondents is the importance of establishing a base of credibility and trust for the change leaders, particularly for the chief executive. Many NGOs demonstrate a more participative and humanist approach to management, and the model of change we propose at the conclusion of this manuscript is based on the need for change leaders to seek permission for organisational transformation. Our findings confirm that this permission is best obtained by a process of communication that encourages the interchange of ideas; through this process, broader consideration and compromise and finally approval and support for the transformation can be attained.

The proposed model at the conclusion of this manuscript is intended to be a toolbox for change leaders. Notable is the suggestion of the oxymoron, 'planned emergency'. Chief executives are not generally used to the concept of stepping back and letting agents interact, but this study demonstrates the need for a degree of relaxing control and enabling ideas to flow upwards, both as a reality check and as a means of gaining commitment to the transformation. By understanding and making use of this process of 'planned emergency', chief executives will be better positioned for success.

A review of the literature shows little research on leadership and change management in Hong Kong NGOs. The local context makes this study relevant for the Hong Kong NGO sector, especially as many organisations are faced with the necessity of some kind of transformation due to external or internal forces. Hong Kong's political climate is changing dramatically in the new millennium, and the population is more critical of establishments and increasingly inquisitive of the operations of public organisations. Local NGOs may find our findings relevant and applicable to their current or prospective situations.

One key issue that emerges from our findings is the role of trust in leadership and in the change management process. Although academic work has been done on the role of trust in the process of creating commitment, it is thought that this important factor may not receive the attention it deserves in the overall change process. This is especially indicative in scientific models that specifically address change management, such as the eight steps of Kotter (1995) or the type E/O models of Beer and Nohria (2000), which are influential to concepts in the change management literature.

It is believed that the greater influence of trust is due to the specific context of the NGO environment, wherein the management and staff relationship is more democratic and participative than in a commercial surrounding. However, in the new millennium, when many organisations are considering more humanistic styles of leadership, a mutually trusting relationship between management and staff may be an effective prerequisite in the change management process.

Similarly, our findings show support for servant leadership in NGO transformations, as suggested in the literature. However, the actual practice of servant leadership deviates in principle from its intent, which is service to the follower above and beyond the achievement of the organisational objectives. In these findings, no organisation can claim to ascribe to this intent, even though its leadership style and behaviour may correspond with the characteristics described in the literature. This may point to opportunities for further development of the concept of servant leadership.

Two issues are therefore suggested for further exploration. First, does intent take precedence over behaviour, or does behaviour define the leadership style? In the case of NGOs, can chief executives still be called servant leaders when they have an overt intention that is not consistent with the literature's definition? The second issue is the practicality of the concept of servant leadership, and the manner in which this definition can be applied if it fails to find endorsement in practice.

Correspondingly, the respondents in our study suggest that the personality of the chief executive has a significant role in leading a transformational change. Although the influence of personality in leadership is discussed in the literature, it is not specifically addressed in the change management research, as there is an additional element of risk and danger in the leadership process. Conversely, our findings suggest that a humble, authentic and introspective leader may be more likely to possess the leadership attributes for leading a successful change process than a charismatic and dramatic personality. This again relates to trust and the perceived integrity of the leader. A down-to-earth personality inspires trust because a leader with this trait is perceived to be less attention-seeking or egotistic.

6. Conclusion

This study aimed to fill the knowledge gap on leadership and change management in Hong Kong's NGOs. The findings suggest that the entire change process should be firmly grounded in integrity: trust in the leader in doing what is best for the organisation and trust that he will take care of the employees during the transition. This trust is not a given; it has to be earned through engagement with stakeholders, empathising, listening, responding and compromising. With this trust comes permission from the stakeholders for a transformational change. The chief executive who gains permission for change is likely to demonstrate a humanistic leadership style akin to that of servant leadership.

Although the overall change process can be planned, the building of consensus is likely to be emergent: uncontrollable, ambiguous and complex. If this stage can produce consensus, the change can then be executed while addressing the issues of politics, self-interests and the speed of change. The process is not expected to be easy; nonetheless, there is hope that with more research on the process of transformational change, the anecdotal 70% rate of failure of these kinds of change initiatives can be addressed.

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