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Can Change Management Be a Driving Force in Green Transition Planning?

With the pandemic, economies awoke to a new world. Crises are evolving and multiplying. While the socio-economic impacts of the pandemic are still being debated, evolving geopolitical crises, trade wars, energy and food crises, supply chain disruptions, resource shortages, and extreme weather events have ceased to be extraordinary threats. The global economy has come under scrutiny, and the transition to an inclusive and sustainable economy has become a necessity rather than an option. The world now has to tackle economic and non-economic crises simultaneously. For sustainable development, economic activities must be addressed with their environmental and social dimensions. In this context, structuring corporate change culture accordingly is essential when formulating strategies. A planned change management model can support this objective.

In the 21st century, business requirements are rapidly changing. According to the World Economic Forum's (WEF) Future of Jobs 2023 Report, approximately 23% of jobs (25% over five years) are expected to change by 2027, with 69 million new jobs created and 89 million jobs eliminated. The same report notes that the green transition, localization of supply chains, adaptation to technology, and increased digital access will lead to net job growth. Clearly, mega trends are forcing businesses to change and adopt new sustainable business models. Thus, adaptation is critical for business sustainability. However, one of the fundamental challenges for businesses is their inability to adapt and evolve simultaneously with this changing environment. Regardless of management level, change is human-centered, and success is nearly impossible without a structured approach. Businesses need change management to adapt successfully and achieve their goals because managing change is not easy. Employee habits, feelings of insecurity, uncertainty, and anxiety can lead to resistance. Change management offers strategies to manage this resistance, inform employees about the reasons for change, and provide support. In summary, change management is a systematic approach that enables businesses to adapt to change, achieve strategic goals, and gain sustainable competitive advantage.

In a Green Central Banking article, Dr. McBain, a guest professor at the Grantham Institute, noted a "serious cultural deficit" in positive visions for a net-zero future. This indicates that a cultural value necessary for achieving net-zero visions is not sufficiently embraced by societies/organizations. In other words, values like sustainability or environmental consciousness are not sufficiently prioritized or culturally ingrained, posing a challenge in transformation. Renowned management guru Peter Drucker emphasized the importance of corporate culture over strategy with his famous quote, "Culture eats strategy for breakfast." This suggests that an organization's corporate culture has a greater impact on its success than the strategies or plans it formulates. No matter how well-designed or thought-out a strategy is, if the company's culture does not support or align with it, the strategy is unlikely to succeed. Therefore, today's businesses need to be open to change, flexible, innovative, and competitive, meaning they must adopt a corporate change culture. To build resilient organizations capable of managing multiple changes/polycrises, businesses may need to reshape their corporate cultures accordingly. Thus, analyzing corporate culture before formulating transformation plans and strategies is critical. However, forming a corporate culture encompassing a company's values, behaviors, and attitudes takes years, and reshaping it for change requires time, leadership, and guidance. In short, to overcome challenges and implement sustainability strategies, businesses may need to adopt more systematic, planned organizational approaches to rebuild their corporate cultures accordingly.

Transitioning to a sustainable economy represents a significant transformation for companies. Sustainable business models incorporating elements such as clean production, eco-friendly and smart designs, and circular economy are needed. Additionally, digital transformation is considered a driving force for sustainable development. Today, companies lacking a certain level of digital maturity struggle to survive. However, incorporating sustainability into organizations, integrating sustainability principles into business processes, managing sustainable operations, and embedding them effectively is not easy. Considering SMEs' limited resources and capabilities, the level of difficulty increases further. Numerous focus areas such as management and strategy, production, operations, and governance create complexity and involve risks and opportunities. A comprehensive sustainability implementation framework tailored to each company is necessary. Moreover, for sustainability to succeed, it must be embraced by all stakeholders, and a holistic perspective should include stakeholders across all areas during planning. Simply put, in sustainability transformation addressed at the Board of Directors level, inputs, operations, and outputs should be evaluated through ESG dimensions, with all stakeholders included, and integrated into change/transformation processes according to strategies.

Although change management has been a phenomenon throughout human history, its foundational philosophies date back to the 1940s. Its significance grew during the 1950s-60s, driven by needs to handle industrial growth, cope with new and technological developments, enhance productivity/efficiency, and identify better methods. Application to organizational processes began in the early 20th century. Change management consists of models, processes, and plans designed to mitigate potential negative impacts of change on organizations. Businesses can choose from popular change management models to suit their change objectives. Developing a comprehensive risk management plan aligned with this process could be a good start.

Although research on green transformation is limited, change management can illuminate organizations transitioning to sustainability. Being human-centered, change management helps employees understand the reasons for change, learn how changes will be made, and evaluate outcomes. Therefore, it can serve as a powerful tool to guide businesses through individual change and ensure effective management and successful completion of transformation processes. Factors like leadership support, change strategy, employee engagement, training, reward systems, and monitoring are strong steps supporting firms in achieving sustainability goals. By aligning their change management processes with sustainability goals, companies can plan a green transition for a sustainable future. For example, steps like adopting a holistic and long-term perspective (3Ps: People, Planet, Profit), leadership, vision and value creation, strategy and target setting, prioritization assessment, stakeholder/employee engagement and awareness, reviewing and transforming business processes, innovation,

collaboration and continuous improvement, and monitoring-performance measurement-reporting can be established.

A nature-positive future necessitates green transformation. The EU has unlocked the green transition by enacting a majority of its regulations for sustainable development goals. Adapting to this transition process is a valid reason for sustainable development, particularly for Turkey, as the EU is a significant export market for both Turkey and the world.

On the other hand, whether green, blue, or digital transformation, adaptation to change/transformation is inevitable in today's conditions and involves risks and opportunities. The most important competitive tools in transitioning to a sustainable economy are green targets, innovation, and adaptation to innovations. Therefore, aligning organizations with a culture of change; adopting a flexible, agile, resilient, collaborative, and continuously improving culture is essential. There is a need for effective and disciplined management of the human-centered change/transformation process, and change management can be a driving force in green transition planning. The change management process offers a framework for planning, implementing, and managing all steps of green transformation and can guide companies in forming an effective transition path aligned with sustainability principles and strategies. However, change/transformation is not short-term; thus, time planning is critical for leveraging opportunities.