Business Management Units 3 & 4

Chapter 14 — Corporate culture, the Learning Organisation and overcoming resistance

Aboriginal and Torres Strait Islander content has been excluded as accuracy cannot be guaranteed, and it is better to be respectful than cover the entire curriculum inaccurately.

Significant effort has been made to ensure this content is legal. Please send any areas of concern to admin@vwx.au with appropriate document/legal references so errors can be verified and changes be made.

Contents

Chapter 14 Corporate culture, the Learning Organisation and overcoming resistance — 14A Corporate culture and strategies for its development

Theory

Corporate culture is the shared values, beliefs, attitudes and behaviours that characterise a business and shape how its people think, work and treat one another — often summed up as "the way things are done around here". It develops over time out of a business's history, its leaders and the everyday behaviour of its staff, and although much of it is intangible it powerfully influences how employees respond to their work and, crucially, to **change**.

When a business needs to change — to respond to its **key performance indicators** or to pursue new opportunities — its existing culture can either help or hinder. A culture that values **adaptability, learning, openness and collaboration** is a **change-ready** culture: employees are willing to try new methods, accept new goals and get behind the change, so the business can transform more quickly and smoothly. A culture rooted in "we have always done it this way", by contrast, becomes a **restraining force** — a source of resistance that slows or blocks change. For this reason managers do not simply observe and describe their culture; they actively work to **develop** it, deliberately shaping a positive, change-ready culture in preparation for, and during, a period of change.

Strategies to develop a positive corporate culture. Because culture is created by the everyday behaviour of people and by what a business consistently signals it values, it is shaped through a combination of the following strategies.

- **Leadership role-modelling.** Managers and leaders **visibly demonstrate** the values and behaviours they want to see — they "walk the talk". Because employees take their cues from what leaders actually *do* rather than from what they say, a leader who openly embraces a change, collaborates with staff or admits and learns from mistakes makes the desired culture **credible** and sets the tone for everyone else.
- **Recruiting and selecting for cultural fit.** When hiring, the business chooses candidates whose **values and attitudes align** with the desired culture — for example, people who are adaptable, collaborative and open to new ways of working. Over time this gradually shifts the mix of employees towards the culture the business wants, and can bring in "champions" who reinforce it from within.
- **Staff training and development.** Employees are **trained in the skills, behaviours and mindset** the new culture requires — for instance in new technology, teamwork or customer service. Development builds employees' capability and confidence, so they are able to live the new values and are **less fearful** of the unfamiliar when change arrives.
- **Rewards and recognition aligned to the desired values.** What a business **rewards signals what it genuinely values**. Aligning bonuses, recognition, praise and promotion to the desired behaviours — for example rewarding collaboration or innovation rather than only individual output — reinforces the culture, because behaviour that is rewarded tends to be repeated. Publicly recognising staff who embrace change encourages others to do the same.
- **Rituals, symbols and celebrations.** Establishing **rituals** (regular team meetings, shared routines), **symbols** (logos, awards, the physical environment) and **celebrations** (marking milestones and successes) that embody the desired values makes the culture **visible and shared**. Celebrating a successful change, for instance, signals to everyone that adaptability is prized.
- **Open communication.** Sharing information **openly and honestly**, and in **two directions**, builds trust and a common understanding of the business's values and direction. During change, open communication explains the reasons for the change, invites and responds to concerns, and reduces the uncertainty and rumour that feed a negative, resistant culture.
- **Involving employees.** Giving employees a genuine **voice in decisions** and a part in shaping the change builds **ownership and commitment**, so the new culture is co-created rather than imposed. Employees who help shape a change are far more likely to accept the values behind it and to model them for their colleagues.

These strategies work best **together and consistently**: they reinforce one another, and mixed signals — such as preaching collaboration while rewarding only individual results, or announcing change while leaders keep behaving as before — quickly undermine the culture a business is trying to build.

Why a change-ready culture matters. Developing a positive, change-ready culture is important because change ultimately depends on **people**. Where the culture values adaptability and openness, employees accept and support change more readily, **resistance is lower**, and the business can respond to its KPIs and seize opportunities more quickly and effectively — the culture acts as a **driving force** for change. Where the culture is negative or change-resistant, even well-planned change can stall as employees cling to old habits. Shaping the culture is therefore a central part of successfully implementing change, not an afterthought.

Keep these straight.

- **Describing culture is not developing it.** *Describing* a business's culture — reading its behaviours, rituals and symbols — tells you what the culture currently **is**. **Developing** culture means deliberately using **strategies** (leadership modelling, aligned rewards, training, communication and so on) to **change or strengthen** it. The Unit 4 focus is on the strategies that *develop* a culture for change, not merely on identifying it.
- **Culture change is slow.** A positive culture **cannot be created overnight**, nor by a single announcement, memo or poster. Because real culture is built from consistent everyday behaviour and from what is repeatedly reinforced, developing it takes **sustained effort over time** — announcing new values changes only what the business *says*, not yet how its people actually behave.
- **Consistency is essential.** The development strategies must **reinforce one another**. If leaders, rewards, communication and rituals send **conflicting signals**, employees notice the inconsistency and the desired culture fails to take hold.

Contemporary example — Nine Entertainment, November 2024

On 17 October 2024, ASX-listed media business Nine Entertainment Co. — then a television, radio, publishing and digital group operating across Australia — released in full an independent review of its workplace culture conducted by the organisational culture firm Intersection. The review reported systemic problems including abuse of power and authority, bullying and harassment, and made 22 recommendations, which the board committed to implementing. On 29 November 2024 Nine published a board-endorsed action plan setting out how those 22 recommendations would be sequenced, measured and embedded across four priority areas: people and culture; leadership; policy, procedures and governance; and diversity, equity and inclusion. The plan reported that more than 60 per cent of the recommendations were complete or underway, tied senior leaders' remuneration and incentives to cultural measures, funded leadership development with one-to-one coaching for 200 leaders, and scheduled a culture check after two years and a deeper review after three.

The sequence shows culture being **developed**, not merely **described**. The review established what the culture then **was**; the action plan then applied recognisable strategies to change it — **aligned rewards and recognition** (linking senior leaders' incentives to cultural measures), **staff training and development** together with **leadership role-modelling** (coaching leaders in the behaviours expected of them), and **open communication** (publishing both the findings and the plan). The two- and three-year checkpoints reflect that **culture change is slow** and must be sustained rather than announced.

Source: Nine Entertainment, Nine Entertainment shares action plan to address culture review, 29 November 2024 — https://www.nineforbrands.com.au/media-release/nine-entertainment-shares-action-plan-to-address-culture-review/. Accurate as at July 2026.

Worked examples

Example 1 — scaffolded

MoveMate Removals is introducing new digital job-scheduling software, but its removalists are used to paper run-sheets and many are anxious about the switch. The owner wants to build a culture that is more open to new technology. Propose **one** strategy the owner could use to develop a positive, change-ready culture.

Working	Comment
The owner needs employees to value adaptability and be willing to embrace new technology → the goal is a **change-ready culture**.	Identify the culture the business is trying to develop.

Working	Comment
One suitable strategy is **staff training and development** — training the removalists to use the new software and building their confidence with it.	Name a development strategy that fits, showing what it would involve (propose = more than name it).
Training reduces employees' fear of the unfamiliar and shows the business is investing in them, so they are more willing to accept the change and take on the value of adaptability.	Justify by linking the strategy to how it shapes the culture.
∴ providing staff training and development would help develop a positive, change-ready culture at MoveMate Removals.	State the recommendation as the conclusion.

Example 2 — scaffolded

Corner & Co Accounting wants to shift from a rigid, hierarchical culture to one where staff share ideas and collaborate openly. At present the managing partner makes every decision alone and rewards staff only on their individual billable hours. Explain how changing **what the business rewards** and **how its leaders behave** could help develop the desired culture.

Working	Comment
What a business **rewards** signals what it truly values; rewarding only individual billable hours reinforces an individualistic culture.	Recognise that rewards shape culture.
Aligning **rewards and recognition** to collaboration — for example recognising teamwork and shared wins — would encourage the very behaviours the new culture requires.	Apply the aligned-rewards strategy to the goal.
Leadership role-modelling also matters: if the managing partner begins to consult staff and share decisions, they visibly demonstrate the collaborative values, giving the change credibility.	Apply leadership modelling to the goal.
Rewarding collaboration and leaders modelling it **reinforce one another**, so an open, collaborative culture is far more likely to take hold.	Note that consistent strategies compound.

Example 3 — unscaffolded

Explain why leadership is important when a business is trying to develop a positive, change-ready culture.

Leadership is important because employees take their cues from **what managers and leaders actually do**, not from what formal documents or announcements say. When leaders **visibly model** the desired values — for instance by openly embracing a change, consulting staff, or admitting and learning from mistakes — they demonstrate that the new behaviours are genuinely expected and safe to adopt, which gives the desired culture **credibility**. Leaders also decide what is communicated, rewarded and celebrated, so they set the tone that either reinforces or undermines the new culture. If leaders called for change while continuing to behave in the old way, employees would conclude that the change is not real and would revert to old habits. ∴ leadership is important because leaders both **model and reinforce** the values a change-ready culture requires, and without their consistent example the other strategies to develop culture will fail.

Example 4 — unscaffolded

A manager says, "We will change our culture to be more innovative by putting up posters of our new values next week." Evaluate this approach.

The approach has **limited** merit. Publishing the new values on posters can be **useful**, because it communicates the intended direction and signals to staff what the business now wants to see; it is a genuine first step in stating the culture the business is aiming for. **However**, a positive, innovative culture depends on how employees **actually**

behave, which cannot be changed instantly by a poster. Culture change is **slow**: it is embedded gradually through consistent **leadership modelling, aligned rewards, training, rituals and open communication** over time. If the posters are not backed by real changes in behaviour and in what is rewarded, a **gap** opens between the values the business proclaims and those it lives, which can breed **cynicism** rather than innovation. ∴ posters alone are insufficient; the manager should pair the announcement of the new values with sustained strategies — modelling, aligned rewards, training and involving employees — that change actual behaviour over time.

Practice questions

Scaffolded

Q1. Define the term *corporate culture*.

Q2. Identify **four** strategies a business could use to develop its corporate culture.

Q3. For each of the following, name the culture-development strategy being described: (a) leaders visibly behaving in line with the values the business wants to see; (b) aligning bonuses and recognition to the behaviours the business wants to encourage; (c) hiring people whose attitudes fit the desired culture.

Q4. Identify **two** reasons why a change-ready corporate culture helps a business to implement change.

Q5. A café chain wants its staff to become more customer-focused as part of a plan to lift service quality. (a) Identify **one** strategy the business could use to develop this culture. (b) Explain why this strategy would help develop the desired culture.

Q6. Explain the difference between **describing** a business's corporate culture and **developing** it.

Unscaffolded

Q7. Describe **one** strategy a business could use to develop a positive corporate culture. *(2 marks)*

Q8. Explain how **leadership role-modelling** can help develop a positive, change-ready culture. *(3 marks)*

Q9. Distinguish between **recruiting for cultural fit** and **staff training and development** as strategies to develop corporate culture. *(4 marks)*

Q10. Outline **one** way rituals and celebrations, and **one** way open communication, can help develop a positive corporate culture. *(4 marks)*

Q11. Explain why developing a positive corporate culture usually takes a long time. *(3 marks)*

Q12. Propose and justify **one** strategy a business could use to develop a culture that is more open to change. *(4 marks)*

Q13. Analyse the relationship between a positive, change-ready corporate culture and a business's ability to implement change successfully. *(4 marks)*

Q14. Compare **leadership role-modelling** and **aligned rewards and recognition** as strategies for developing corporate culture. *(4 marks)*

Q15. *Case study.* **Ferngully Timber Co** is a family-owned furniture manufacturer. For decades its founder made every decision personally, discouraged staff from suggesting changes, and the workshop's unofficial motto was "we've always done it this way". Facing falling sales as rivals release fresh designs, the founder's daughter — now managing the business — wants to build a culture in which employees share ideas and embrace new methods. She has begun running weekly "idea sessions", has started publicly recognising staff who suggest improvements, and personally trials new techniques alongside workers on the workshop floor. (a) Identify the type of corporate culture the daughter is trying to develop. *(1 mark)* (b) Analyse **one** problem the business's existing culture may create as it tries to change. *(3 marks)* (c) Explain how **two** of the strategies the daughter is using could help develop the desired culture. *(4 marks)*

Q16. Discuss the use of **staff training and development** as a strategy to develop a positive corporate culture. *(6 marks)*

Q17. Evaluate the importance of developing a positive, change-ready corporate culture for a business that is implementing significant change. *(6 marks)*

Q18. Explain why aligning **rewards and recognition** with a business's desired values can be an effective way to develop its corporate culture. *(4 marks)*

Q19. *Extended response.* A business preparing for major change often needs to reshape the way its people think and behave. Analyse how a range of strategies could be used to develop a positive corporate culture, and evaluate the importance of a change-ready culture for a business implementing change. *(10 marks)*

Q20. In October 2024 Nine Entertainment published the findings of an independent review of its workplace culture, and in November 2024 released a board-endorsed action plan that sequenced the review's 22 recommendations, linked senior leaders' incentives to cultural measures and funded leadership coaching. Analyse how these actions illustrate the **development** of corporate culture rather than merely its description. *(5 marks)*

Answers

Q1. The shared values, beliefs, attitudes and behaviours that characterise a business and shape how its people think, work and behave ("the way things are done around here"). **Q2.** Any four of: leadership role-modelling; recruiting/selecting for cultural fit; staff training and development; rewards and recognition aligned to desired values; rituals, symbols and celebrations; open communication; involving employees. **Q3.** (a) leadership role-modelling; (b) aligned rewards and recognition; (c) recruiting/selecting for cultural fit. **Q4.** Any two of: employees accept and support change more readily; resistance to change is lower; the business can respond to KPIs / seize opportunities more quickly; change is implemented more smoothly and effectively. **Q5.** (a) e.g. aligned rewards/recognition, staff training, leadership modelling, or recruiting for fit. (b) e.g. recognising and rewarding staff who deliver excellent customer service signals that the business genuinely values customer focus, so employees repeat that behaviour until it becomes "the way things are done" at the café chain. **Q6.** Describing culture identifies what the culture currently **is** — reading its existing behaviours, rituals and symbols; developing it means deliberately using strategies (leadership modelling, aligned rewards, training, open communication) to **change or strengthen** that culture. **Q7.** e.g. leadership role-modelling — leaders visibly demonstrate the desired values. See solutions. **Q8.** Employees take cues from what leaders do; modelling the values makes them credible and sets the tone. See solutions. **Q9.** Recruiting for fit = selecting new people whose values match; training = developing existing staff's skills/mindset. See solutions. **Q10.** Rituals/celebrations make valued behaviour visible and shared; open communication builds trust and shared understanding. See solutions. **Q11.** Real culture is built from consistent everyday behaviour reinforced over time, not declared instantly. See solutions. **Q12.** Name a strategy (e.g. open communication) + argue why it develops openness to change. See solutions. **Q13.** A change-ready culture lowers resistance and raises willingness → change is implemented faster and more effectively (causal). See solutions. **Q14.** Similarity: both deliberately reinforce desired behaviours to shape culture. Difference: modelling works through leaders' example, rewards through incentives. See solutions. **Q15.** (a) A positive, change-ready (innovative/collaborative) culture. (b) e.g. the entrenched "we've always done it this way" culture is a restraining force causing resistance. (c) Two of: idea sessions (involving employees/communication), recognising improvers (aligned rewards), trialling techniques (leadership modelling). See solutions. **Q16.** Advantages (builds capability/confidence, reduces fear, embeds values) and disadvantages (costly, slow, may not shift attitudes alone). See solutions. **Q17.** Weigh why it matters (lowers resistance, drives change) against limits (slow, not sufficient alone) → judgement. See solutions. **Q18.** What is rewarded is repeated; aligning rewards to desired values makes those behaviours the norm. See solutions. **Q19.** Model response in solutions. **Q20.** The review only **described** the existing culture; the action plan **developed** it — aligned rewards (leaders' incentives tied to cultural measures), training/leadership development (coaching), open communication (publishing findings and plan), applied consistently and over time. See solutions.

Fully-worked solutions

Q7. One strategy is **leadership role-modelling**. This involves the business's managers and leaders **visibly behaving in line with the values the business wants to develop** — for example, openly embracing a change or collaborating with staff — so that employees, who take their cues from what leaders actually do, see the desired behaviour demonstrated and follow it. *(Any one strategy, accurately described, is acceptable — e.g. aligned rewards, training, rituals, open communication, involving employees or recruiting for fit.)*

Q8. Leadership role-modelling helps develop a change-ready culture because employees judge what is really expected of them by **what leaders do**, not by what is formally stated. When leaders **visibly model** the desired values — embracing the change themselves, consulting staff and responding well to setbacks — they show that the new behaviours are genuine, expected and safe to adopt, giving the culture **credibility**. Employees are then more likely to imitate those behaviours, so the desired culture gradually becomes "the way things are done".

Q9. Recruiting for cultural fit develops culture by **selecting new employees whose values and attitudes already match** the culture the business wants — for example, choosing candidates who are adaptable and collaborative — so that, over time, the make-up of the workforce shifts towards the desired culture. **Staff training and development**, by contrast, works on the **existing** workforce, **building the skills, behaviours and mindset** the new culture requires so that current employees can live the new values. The two therefore differ in **who they act on and how**: recruiting for fit changes the culture by **choosing the right people at entry**, whereas training changes it by **developing the people already there**.

Q10. Rituals and celebrations help develop a positive culture by making valued behaviour **visible and shared** — for example, holding a regular event to celebrate a successful change or an employee's innovation signals to everyone that adaptability and initiative are prized, encouraging others to behave the same way. **Open communication** helps by **building trust and a shared understanding** of the business's values and direction — when managers share information honestly and listen to employees' concerns, staff feel informed and respected, which reduces the uncertainty and rumour that fuel a negative, resistant culture and helps embed the desired values.

Q11. Developing a positive corporate culture usually takes a long time because **real culture is built from consistent everyday behaviour**, not from a single announcement. Employees only come to believe in new values once they have seen leaders model them, seen the right behaviours **rewarded**, and experienced them **repeatedly reinforced** over many interactions. A new value declared on a poster or in a memo changes only what the business **says**; changing what people **actually do** requires sustained effort — modelling, aligned rewards, training and communication applied consistently — so culture change is necessarily **gradual** rather than instant.

Q12. A suitable strategy is **open communication**, and it should be **justified** rather than merely named. Open communication means the business **shares information honestly and in two directions** — explaining why change is needed, what it will involve, and inviting and responding to employees' concerns. It is an effective way to develop a culture that is more open to change because much resistance stems from **uncertainty and fear of the unknown**: when managers communicate openly, employees understand the reasons for change, feel their views are heard and trust that they are not being kept in the dark. This **builds trust and shared understanding**, reducing rumour and anxiety, so employees are more willing to accept new methods — exactly the openness a change-ready culture requires. *(Any strategy is acceptable provided the response argues **why** it develops openness to change.)*

Q13. A positive, change-ready culture and a business's **ability to implement change** are linked through a chain of cause and effect. When the culture **values adaptability, learning and openness**, employees are **more willing to accept new goals and methods**, so **resistance is lower**. Lower resistance means the change meets fewer obstacles, so it can be introduced **more quickly and smoothly** and employees are more likely to **support and sustain** it rather than revert to old habits. As a result the business can **respond to its KPIs and seize opportunities** more effectively. Conversely, a change-resistant culture acts as a **restraining force** that can stall even well-planned change. The relationship is therefore **causal**: the more change-ready the culture, the greater the business's ability to implement change successfully. *(Analyse requires the causal relationship, not a list of strengths and weaknesses.)*

Q14. Similarity: both leadership role-modelling and aligned rewards are **deliberate strategies to shape culture by reinforcing the behaviours a business wants**, and both work only if applied **consistently** with the desired values. **Difference:** they operate through **different mechanisms**. Leadership role-modelling shapes culture through **example** — leaders visibly demonstrate the values so employees imitate what they see leaders do. Aligned rewards and recognition shape culture through **incentives** — the business attaches bonuses, recognition or promotion to the desired behaviours, so those behaviours are repeated because they are rewarded. In short, both reinforce the target culture, but one works by **modelling behaviour** and the other by **rewarding it**.

Q15. (a) A **positive, change-ready culture** — one that is more **innovative and collaborative**, where employees share ideas and embrace new methods. (b) The business's existing "we've always done it this way" culture is a **restraining force** on change. Because staff have been discouraged for decades from suggesting improvements, they are likely to be **set in their habits and sceptical of new methods**, so when the daughter introduces new designs and techniques employees may **resist or disengage**. This resistance **slows the change and threatens its success** — the very innovations needed to reverse falling sales may be quietly ignored or half-heartedly adopted — so the entrenched culture directly undermines the business's ability to turn its performance around. (c) *Idea sessions:* running weekly "idea sessions" **involves employees and opens communication**, giving staff a genuine voice in shaping change so they take **ownership** of new ideas rather than feeling change is imposed. *Recognising improvers:* publicly recognising staff who suggest improvements is **aligned recognition** — it signals that initiative is now valued and rewarded, encouraging others to contribute ideas too. *(Alternatively, trialling techniques on the floor is **leadership role-modelling** — the daughter demonstrates the openness to new methods she wants staff to adopt, giving the change credibility.)* Any **two**, each linked to Ferngully Timber Co, earn the marks.

Q16. Staff training and development as a strategy to develop a positive corporate culture has both advantages and disadvantages. *Advantages:* training **builds employees' skills, confidence and the mindset** the desired culture requires, so staff are actually **able** to live the new values rather than merely being told to; it also **reduces the fear** that drives resistance, because employees who have been trained in new methods or technology feel prepared rather than threatened; and it signals that the business is **investing in its people**, which can itself build goodwill and commitment. *Disadvantages:* training can be **costly and time-consuming**, and taking staff off the job to train them reduces short-term output; it may **not shift attitudes on its own** — teaching a skill does not guarantee an employee embraces the underlying value, so training must be reinforced by leadership modelling and aligned rewards; and its benefits are **slow to appear**, because culture change takes time. *Overall*, staff training and development is a valuable contributor to developing a positive culture, particularly for equipping and reassuring employees, but it works best **combined with** other strategies rather than used alone. *(Discuss requires advantages and disadvantages; a judgement is not required, and points should not be double-dipped.)*

Q17. Developing a positive, change-ready culture is **highly important** for a business implementing significant change, though it is not sufficient on its own. *Why it matters:* significant change ultimately depends on **people**, and a culture that values adaptability and openness makes employees **willing to accept and support** the change, **lowering resistance** so the change can be implemented more quickly and sustained rather than resisted; the culture then acts as a **driving force** that helps the business respond to its KPIs and seize opportunities. A negative or change-resistant culture, by contrast, is a **restraining force** that can stall even a well-planned change, so shaping the culture can be decisive to whether the transformation succeeds. *Countervailing points:* developing culture is **slow and difficult** — it cannot be created quickly, so a business facing an urgent change cannot rely on culture alone and must also use structured approaches such as clear planning, communication and specific resistance-management strategies; and culture-building **consumes time and resources** that must be weighed against other priorities. *Judgement:* on balance, developing a positive, change-ready culture is **important and often decisive**, because it is the culture that determines how employees respond to change, but it is best treated as a **foundation that supports** the other elements of change management rather than a stand-alone fix — a business should build a change-ready culture **over time** while also managing each specific change directly. *(A full-mark answer weighs both sides and reaches an evidence-based judgement.)*

Q18. Aligning **rewards and recognition** with a business's desired values is effective because **what a business rewards signals what it genuinely values**, and behaviour that is rewarded tends to be **repeated**. If a business attaches bonuses, recognition, praise or promotion to the specific behaviours its desired culture requires — for example rewarding collaboration, innovation or support for change — employees have a clear, tangible reason to adopt those behaviours, and they can see that the business means what it says about the new values. Publicly recognising staff who model the desired behaviour also **sets an example** for others to follow. Over time, as the rewarded behaviours are repeated across the workforce, they become **the norm** — "the way things are done" — so the desired culture takes hold. The strategy is especially powerful when the rewards are **consistent** with the values leaders model and communicate, since mixed signals (rewarding the old behaviour while preaching the new) would undermine it.

Q19. *Model response (10 marks).* **Corporate culture** is the shared values, beliefs, attitudes and behaviours that characterise a business and shape how its people think and behave — "the way things are done around here". When a business faces significant change, its culture is decisive: a **change-ready** culture that values adaptability and openness supports change, whereas a culture rooted in "we have always done it this way" resists it. Because culture is created by everyday behaviour and by what a business consistently signals it values, managers can **develop** it deliberately using a range of strategies. **Leadership role-modelling** is central — leaders visibly demonstrate the desired values so that employees, who take their cues from what leaders do, see the new behaviours as credible and safe to adopt. **Aligning rewards and recognition** to the desired behaviours reinforces the culture, because behaviour that is rewarded is repeated. **Staff training and development** builds the skills, confidence and mindset the new culture requires and reduces fear of the unfamiliar. **Recruiting for cultural fit** gradually shifts the workforce towards the desired values, while **rituals, symbols and celebrations** make valued behaviour visible and shared. **Open communication** and **involving employees** in shaping the change build trust and ownership, so the new culture is co-created rather than imposed. These strategies work **together and consistently** — mixed signals, such as rewarding old behaviour while preaching new values, undermine the whole effort — and, because real culture is built from repeated everyday behaviour, they must be applied **over time**.

The **importance of a change-ready culture** for a business implementing change is considerable. Change ultimately depends on **people**, and where the culture values adaptability and openness, employees accept and support change more readily, **resistance is lower**, and the change can be implemented more quickly and sustained rather than abandoned — the culture acts as a **driving force** that helps the business respond to its KPIs and pursue new opportunities. Where the culture is negative or resistant, it becomes a **restraining force** that can stall even a well-planned change. **However**, developing culture is **slow and cannot be relied on alone**: a business facing an urgent change must also plan carefully, communicate clearly and manage resistance directly, and culture-building consumes time and resources. On balance, a change-ready culture is **important and often decisive** to implementing change successfully, because it shapes how employees respond, but it is best understood as a **foundation** that supports the other elements of change management rather than a stand-alone solution — one a business should build steadily over time. *(Full marks require: an accurate account of corporate culture and the strategies to develop it; genuine analysis of how those strategies shape a change-ready culture; and a sustained, two-sided evaluation of its importance for implementing change that reaches a justified conclusion.)*

Q20. Publishing the review findings **described** Nine's corporate culture — it identified what the shared values, attitudes and behaviours in the business at that time actually **were**. **Developing** culture, by contrast, means deliberately using strategies to **change or strengthen** it, and that is what the action plan set out to do. Linking senior leaders' incentives to cultural measures is **aligned rewards and recognition**: because what a business rewards signals what it genuinely values, attaching consequences to cultural outcomes gives leaders a tangible reason to adopt the desired behaviours, and behaviour that is rewarded tends to be **repeated**. Funding leadership coaching is **staff training and development** working alongside **leadership role-modelling** — it builds leaders' capability to behave differently, and because employees take their cues from what leaders actually **do**, changed leader behaviour makes the desired values **credible** to everyone else. Publishing both the findings and the plan is **open communication**, which builds the trust and shared understanding a positive culture requires. Sequencing the recommendations and scheduling later checkpoints also recognises that **culture change is slow** and depends on **consistent** reinforcement over time. The actions are therefore developmental rather than descriptive: each is a **cause** intended to produce an **effect** on how employees behave, whereas the review alone would have changed only what the business knew about itself. *(Analyse requires the causal link between the strategies and the intended cultural change, not a list of the actions taken.)*

Chapter 14 Corporate culture, the Learning Organisation and overcoming resistance — 14B The Learning Organisation (Senge)

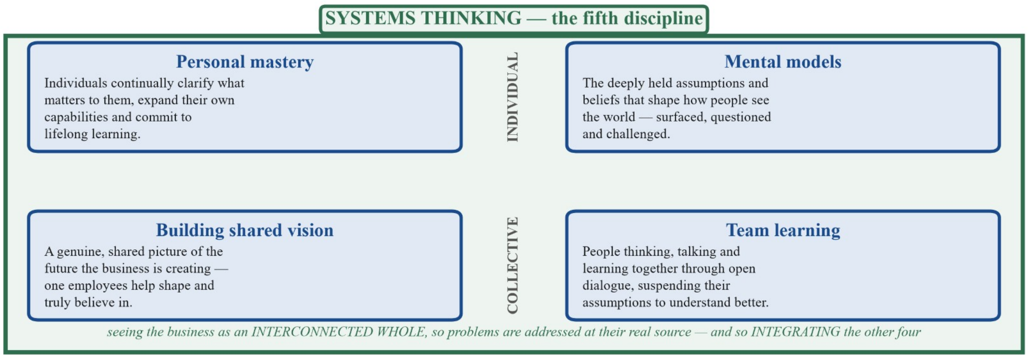
Theory

A **learning organisation** is a business that is skilled at **creating, acquiring and sharing knowledge**, and that uses that knowledge to **continually adapt and transform itself** in response to a changing environment. The idea was developed by the management writer **Peter Senge**, who argued that in a fast-changing world the most lasting competitive advantage a business can have is its ability to **learn faster than its rivals**. Rather than treating learning as an occasional event — a course here, a workshop there — a learning organisation makes continuous learning part of **how it works every day**, so that improving and adapting become normal rather than exceptional.

Senge identified **five disciplines**: five areas of practice a business must develop, and keep working at, to become a learning organisation. They are **systems thinking, personal mastery, mental models, building shared vision and team learning**.

- **Systems thinking.** The discipline of seeing the business as an **interconnected whole** rather than a collection of separate parts. Managers and employees consider how each decision, department and event **influences the others** and creates flow-on effects over time, so that problems are addressed at their real source instead of in isolation. Senge called this the "fifth discipline" because it **integrates the other four** into a coherent whole.
- **Personal mastery.** The discipline by which **individual employees** continually **clarify what matters to them, expand their own capabilities and commit to lifelong learning**. Employees with high personal mastery keep deepening their skills and their personal sense of purpose, which in turn keeps growing the whole business's capacity to improve.
- **Mental models.** The deeply held **assumptions, beliefs and generalisations** that shape how people see the world and how they act. The discipline involves **surfacing, questioning and challenging** these assumptions — including "the way we have always done things" — so that outdated or untested thinking does not block better ideas.
- **Building shared vision.** Developing a **genuine, shared picture of the future** the business is trying to create — one that employees help to shape and truly believe in. A shared vision generates **commitment rather than mere compliance**, giving everyone a common sense of purpose to work towards.
- **Team learning.** The discipline of people **thinking, talking and learning together** as a team, mainly through open **dialogue** in which members share ideas and suspend their assumptions to reach better understanding. When a team learns together, its **collective capability exceeds** what its members could achieve alone, and knowledge spreads quickly through the business.

Senge's five disciplines — four practices, held together by a fifth



Why this produces a culture that WELCOMES change

Personal mastery	staff are already committed to gaining new skills, so they are less likely to fear that a change will leave them unable to cope
Mental models	loosens the grip of "we have always done it this way", reducing the ORGANISATIONAL INERTIA that so often restrains change
Building shared vision	a change feels like progress towards a goal employees SHARE rather than something imposed, building commitment rather than compliance
Team learning	spreads new knowledge quickly and builds the trust and collaboration a business needs to adapt at speed
Systems thinking	helps employees understand WHY a change is needed and how it fits the bigger picture

Together the disciplines produce an open, flexible and trusting culture in which change is embraced rather than resisted.

A learning organisation is not the same as training. Training is one HR strategy teaching particular skills; this is a whole-of-culture approach.

Creating a positive culture for change. Becoming a learning organisation shapes a **corporate culture that is ready for — and welcomes — change**. Because continuous learning and adaptation are built into everyday work, employees come to see change as **normal and expected rather than threatening**. Personal mastery means staff are already committed to gaining new skills, so they are less likely to fear that a change will leave them unable to cope. Regularly challenging **mental models** loosens the grip of "we have always done it this way", reducing the **organisational inertia** that so often restrains change. A genuinely **shared vision** aligns employees behind a common future, so a change feels like progress towards a goal they share rather than something imposed on them — which builds commitment and lowers resistance. **Team learning** spreads new knowledge and builds the trust and collaboration a business needs to adapt quickly, while **systems thinking** helps employees understand **why** a change is needed and how it fits the bigger picture. Together the disciplines produce an open, flexible and trusting culture in which change is **embraced rather than resisted** — exactly the culture a business needs to transform successfully.

Key ideas to keep straight.

- **A learning organisation is not the same as training.** Training is a **single HR strategy** that teaches particular skills to particular employees; becoming a learning organisation is a **whole-of-culture approach** in which the entire business continually learns, questions and adapts. Training is one *activity*; a learning organisation is an ongoing *mindset embedded in the culture*.
- **Systems thinking is the integrating discipline.** It is not simply one of five equal parts — Senge called it the "fifth discipline" because it **ties the other four together**.
- **Mental models are not personal mastery.** *Mental models* is about **challenging assumptions about the world**; *personal mastery* is about an **individual's own growth and personal vision**.
- **Team learning is not personal mastery either.** *Team learning* is **collective** — the group thinking together; *personal mastery* is **individual**.
- **A shared vision is not a vision imposed by the manager.** It is **genuinely shared** and shaped by employees, which is why it produces **commitment rather than compliance**.

Contemporary example — Cochlear, August 2025

Cochlear Limited (ASX:COH) is an ASX-listed Australian manufacturer of cochlear and acoustic hearing implants.

In its FY25 results, released to the ASX on **15 August 2025**, Cochlear reported that it had invested $291.5 million in research and development in the year to June 2025 — an increase of 5% on the previous year and, as in that year, 12% of sales revenue. The same results reported the June 2025 launch of the Nucleus Nexa System, which the company described as the outcome of a 20-year investment in R&D and as its first implant with upgradeable firmware, so that recipients could receive later improvements without a new implant. On its workforce, Cochlear reported that 78 senior leaders had taken part in a nine-month Enterprise Leadership program intended to build an enterprise-wide mindset, and that it shared success stories in global forums so that the business could learn from them.

Cochlear does not describe itself in Senge's terms; the disciplines named here are this subtopic's framework applied to what the company reported. Sustained R&D at a steady share of revenue shows a business **creating and acquiring knowledge** as ordinary, continuing work rather than as an occasional event, while firmware that can be upgraded builds the capacity to **continually adapt** into the product itself. Developing an **enterprise-wide mindset** among leaders is **systems thinking** — seeing the business as an **interconnected whole** rather than separate parts; a nine-month development program builds **personal mastery**; and forums that spread what has worked from one team to others are **team learning**.

Source: Cochlear Limited, Cochlear Limited Financial Results — For the year ended June 2025 (ASX announcement), 15 August 2025 — https://assets.cochlear.com/api/public/content/3e225db043454396ba51833daf34b7c5?v=dbdf09d3. Accurate as at July 2026.

Worked examples

Example 1 — scaffolded

Brightpath Publishing is moving from printed books to digital publishing. Its editors keep saying "print is what we do best" and are reluctant to take the change seriously. Identify the discipline of Senge's model most relevant to this problem, and explain how applying it would help Brightpath change.

Working	Comment
The editors are held back by a **fixed assumption** — "print is what we do best" — about how the business should operate.	Identify what is blocking the change (a deeply held belief).
This is a **mental model**, so the relevant discipline is **challenging mental models**.	Match the problem to the correct Senge discipline.
By surfacing and questioning this assumption — for example, showing where readers and the market are heading — the editors can let go of outdated thinking and consider digital publishing on its merits.	Explain how the discipline removes the barrier.
∴ applying the discipline of **mental models** helps Brightpath overcome the thinking that is resisting the change.	State the conclusion.

Example 2 — scaffolded

Coast & Co, an accounting firm, finds that its separate teams keep making decisions that create problems for other teams. Recommend a discipline of Senge's learning organisation and explain how it would help.

Working	Comment
The problem is that teams act in **isolation**, so one team's decisions cause flow-on problems elsewhere in the firm.	Identify the underlying issue.
Systems thinking — seeing the firm as an interconnected whole — is the relevant discipline.	Match the issue to the discipline.
If staff consider how their decisions affect other teams and the firm as a whole before acting, they can solve problems at the source and avoid unintended flow-on effects.	Explain the causal benefit of applying the discipline.

Example 3 — unscaffolded

Distinguish between **personal mastery** and **team learning** as disciplines of Senge's learning organisation.

Personal mastery is the discipline by which an **individual** employee continually clarifies their own goals, expands their **own capabilities** and commits to lifelong learning, so that each person keeps growing. **Team learning** is the discipline of a **group** thinking and learning **together** — mainly through open dialogue — so that the team's collective capability becomes greater than the sum of its individual members. The key difference is one of **focus**: personal mastery develops the **individual**, whereas team learning develops the **group's shared ability** to think and improve as one. ∴ the two disciplines differ in whether learning is pursued individually or collectively.

Example 4 — unscaffolded

A manager claims, "Becoming a learning organisation guarantees that employees will never resist change." Evaluate this statement.

The claim has real merit but is **overstated**. Becoming a learning organisation **does** strongly reduce resistance: because continuous learning is built into the culture, employees treat change as **normal**; challenging mental models weakens the "we have always done it this way" inertia; a **shared vision** gives staff a common purpose so change feels like progress rather than an imposition; and personal mastery means staff are already willing to learn new skills. **However**, "guarantees" and "never" are too absolute. Building a learning organisation **takes time and sustained effort** and cannot be switched on instantly, so a business part-way through the journey will still meet resistance. Moreover, **not all resistance is cultural** — where a change involves genuine losses to employees, such as redundancies, even a strong learning culture will not remove every objection. ∴ becoming a learning organisation **substantially lowers** resistance and builds a change-ready culture, but it does not **guarantee** that no employee will ever resist.

Practice questions

Scaffolded

Q1. Define the term *learning organisation*.

Q2. List the **five disciplines** of Senge's learning organisation.

Q3. For each of the following, name the discipline of Senge's learning organisation being described: (a) challenging deeply held assumptions about how things should be done; (b) building a genuine, shared picture of the future that employees are committed to; (c) seeing the business as an interconnected whole rather than separate parts.

Q4. Explain how becoming a learning organisation can create a positive culture for change.

Q5. A business wants each of its employees to keep expanding their own skills and to pursue personal growth. (a) Identify the discipline of Senge's model most relevant to this aim. (b) Explain how this discipline helps the business become ready for change.

Q6. Explain the difference between **mental models** and **building shared vision** as disciplines of a learning organisation.

Unscaffolded

Q7. Outline what is meant by a **learning organisation**. *(2 marks)*

Q8. Describe the discipline of **systems thinking**. *(2 marks)*

Q9. Distinguish between **personal mastery** and **mental models** as disciplines of Senge's learning organisation. *(4 marks)*

Q10. Explain how **team learning** can help a business implement change. *(3 marks)*

Q11. Explain how **building a shared vision** can reduce employee resistance to change. *(3 marks)*

Q12. Outline **one** difference between becoming a learning organisation and simply providing staff with training. *(2 marks)*

Q13. Discuss the benefits and limitations for a business of trying to become a learning organisation. *(6 marks)*

Q14. Compare **systems thinking** and **team learning** as disciplines of a learning organisation. *(4 marks)*

Q15. *Case study.* **Lumico Lighting** designs and manufactures LED lighting. New overseas competitors and rapid changes in lighting technology have cut its market share. The new CEO, Renata Voss, tells staff, “We have to learn faster than our competitors.” She sets up weekly cross-team sessions in which employees openly question long-standing assumptions about the products, works with staff to develop a shared goal of “becoming Australia’s most innovative lighting brand”, and asks every employee to set personal learning goals for the year. (a) Identify the discipline of Senge’s model shown by the weekly sessions in which employees **question long-standing assumptions**. *(1 mark)* (b) Explain how developing a **shared vision** with staff could help Lumico implement change. *(3 marks)* (c) Analyse how becoming a learning organisation could reduce employee resistance to change at Lumico. *(4 marks)*

Q16. Analyse the relationship between becoming a learning organisation and a business’s ability to adapt to a changing environment. *(4 marks)*

Q17. A manager is preparing to lead a major change and is considering adopting the principles of Senge’s learning organisation beforehand. Justify this approach. *(4 marks)*

Q18. Propose how a manager could apply **two** of Senge’s disciplines to build a culture that is ready for change, and explain how each would help. *(6 marks)*

Q19. *Extended response.* **Northwind Freight**, a logistics company, faces new competitors, rising fuel costs and pressure to adopt new technology. Its CEO believes the business must “become a learning organisation” to survive. Evaluate the view that becoming a learning organisation is the most effective way to create a positive culture for change at Northwind. *(10 marks)*

Q20. *Contemporary example.* In its FY25 results released on 15 August 2025, **Cochlear** reported that it had invested $291.5 million — 12% of sales revenue — in research and development in the year to June 2025; that the Nucleus Nexa implant launched in June 2025 was the outcome of a 20-year investment in R&D and could have its firmware upgraded; and that 78 senior leaders had taken part in a nine-month program intended to build an enterprise-wide mindset. Analyse the extent to which this reported activity reflects the characteristics of a **learning organisation**, referring to at least **two** of Senge’s disciplines. *(6 marks)*

Answers

Q1. A business that is skilled at creating, acquiring and sharing knowledge and continually adapts and transforms itself in response to a changing environment. **Q2.** Systems thinking; personal mastery; mental models; building shared vision; team learning. **Q3.** (a) mental models; (b) building shared vision; (c) systems thinking. **Q4.** It builds continuous learning and adaptation into the culture, so change is seen as normal; challenged mental models reduce inertia; a shared vision builds commitment; team learning and personal mastery build skills and trust — so change is embraced rather than resisted. **Q5.** (a) Personal mastery. (b) Because employees are committed to continually expanding their own skills, they are more willing and able to learn what a change requires, so they resist it less. **Q6.** Mental models: surfacing and challenging deeply held assumptions about how things are done. Building shared vision: creating a genuine, shared picture of the future that employees commit to. The difference is one of focus: mental models looks critically at present assumptions, whereas building shared vision creates a common picture of the future. **Q7.** Model response in solutions. **Q8.** Seeing the business as an interconnected whole and considering how decisions produce flow-on effects across it; the integrating "fifth discipline". See solutions. **Q9.** Personal mastery = an individual's continual growth and lifelong learning; mental models = challenging deeply held assumptions. See solutions. **Q10.** Teams learn together through dialogue → knowledge and new skills spread quickly and collective capability rises → the business implements change faster and better. See solutions. **Q11.** A shared vision gives staff a common purpose, so change feels like progress towards a goal they believe in (commitment, not compliance), lowering resistance. See solutions. **Q12.** Training is one HR activity that teaches specific skills to some staff; a learning organisation is a whole-of-culture approach in which the entire business continually learns and adapts. See solutions. **Q13.** Benefits: adaptability, innovation, a change-ready culture, engaged staff. Limitations: takes time and money, needs sustained commitment, hard to measure/achieve. See solutions. **Q14.** Both are Senge disciplines that help a business learn and adapt; systems thinking is about seeing the whole (analytical), team learning is about groups learning together (collaborative). See solutions. **Q15.** (a) Mental models. (b) A shared "most innovative brand" vision gives staff a common purpose so they commit to the change. (c) Learning-organisation culture normalises change, challenges inertia, aligns staff and builds skills, so Lumico's staff resist less. See solutions. **Q16.** Learning organisation → continuous knowledge creation, challenged assumptions, shared vision and systems thinking → faster, better adaptation to a changing environment. See solutions. **Q17.** Justified because a learning-organisation culture lowers resistance, builds change-ready skills and commitment, and helps staff understand why change is needed — making the change more likely to succeed. See solutions. **Q18.** e.g. Building shared vision (align staff behind a common future) + mental models (challenge "we've always done it this way"); each explained as reducing resistance/inertia. See solutions. **Q19.** Model response in solutions. **Q20.** Sustained R&D at a steady share of revenue = continually creating and acquiring knowledge as normal work; upgradeable firmware = continual adaptation built into the product; "enterprise-wide mindset" = systems thinking; the nine-month leadership program = personal mastery; sharing success stories across teams = team learning. Limit: reported activity is evidence of learning, not proof the whole culture is a learning organisation. See solutions.

Fully-worked solutions

Q7. A **learning organisation** is a business that is **skilled at creating, acquiring and sharing knowledge** and that uses it to **continually adapt and transform itself** in response to a changing environment, making ongoing learning a normal part of how it operates rather than an occasional event.

Q8. Systems thinking is the discipline of seeing the business as an **interconnected whole** rather than a set of separate parts. It involves considering how each decision, department and event **influences the others** and produces flow-on effects over time, so problems are solved at their real source. Senge described it as the **"fifth discipline"** because it integrates the other four.

Q9. Personal mastery is the discipline by which an **individual** employee continually **clarifies their own goals, expands their own capabilities and commits to lifelong learning**, so that each person keeps growing. **Mental models** is the discipline of **surfacing, questioning and challenging the deeply held assumptions and beliefs** — such as "we have always done it this way" — that shape how people see their work. The two therefore differ in focus: personal mastery is about **developing the individual's skills and vision**, whereas mental models is about **examining and changing the assumptions** that guide thinking, so that outdated beliefs do not block better ideas.

Q10. Team learning helps a business implement change because it has people **think, talk and learn together** — mainly through open **dialogue** — rather than in isolation. When a change is introduced, teams that learn together can **share ideas and new knowledge quickly**, work through problems collectively and reach a shared understanding of what the change requires. Because the team's **collective capability exceeds** that of its individual members, the business can adapt to the change faster and more effectively, and staff support each other through it, which also builds trust.

Q11. Building a shared vision reduces resistance because it gives employees a **genuine, common picture of the future** that they have helped shape and truly believe in. When staff share the vision, a proposed change is seen as **progress towards a goal they already want**, rather than as something **imposed** on them. This produces **commitment rather than mere compliance**, so employees are more willing to support the change and less likely to resist it, and it gives a common sense of purpose that holds people together while the change is carried out.

Q12. *(Must reference both terms.)* **Training** is a **single HR activity** that teaches **specific skills to particular employees** at particular times. **Becoming a learning organisation** is a much broader, **whole-of-culture approach** in which the **entire business continually learns, questions its assumptions and adapts** as a normal part of everyday work. The key difference is scope: training is one *activity* aimed at individuals' skills, whereas a learning organisation is an ongoing *culture and mindset* embedded across the whole business.

Q13. *(Discuss — benefits and limitations.)* Trying to become a learning organisation offers real **benefits**. It builds a culture that **continually adapts**, so the business can respond quickly to new competitors, technology and customer needs; challenging mental models and encouraging team learning promote **innovation and better decisions**; and a shared vision and personal mastery keep staff **engaged and committed**, creating a **positive, change-ready culture** that lowers resistance. However, there are genuine **limitations**. Becoming a learning organisation **takes considerable time and money** and requires **sustained commitment** from management — it cannot be achieved quickly or with a one-off effort. Some employees and managers may cling to old **mental models** or resist the openness it demands, and the benefits are **difficult to measure**, so a business may struggle to know whether the investment is paying off. Overall, becoming a learning organisation can strongly improve a business's ability to change, but the effort, cost and time involved mean it is demanding to achieve in practice.

Q14. *(Compare — similarities and differences.)* **Systems thinking** and **team learning** are **both disciplines of Senge's learning organisation**, and **both help a business learn and adapt** so that it can handle change. A **similarity** is that each moves the business beyond narrow, isolated thinking towards a broader understanding. A **difference** lies in what each focuses on: **systems thinking** is about **how one person or team sees the business** — viewing it as an interconnected whole and tracing the flow-on effects of decisions — whereas **team learning** is about **how a group works together**, thinking and learning collectively through dialogue so the team's shared capability grows. In short, systems thinking is chiefly an **analytical way of seeing the whole**, while team learning is a **collaborative way of learning together**.

Q15. (a) **Mental models.** (b) By working **with staff** to develop the shared goal of "becoming Australia's most innovative lighting brand", Renata gives employees a **genuine, common vision** they have helped shape and believe in. When Lumico then changes its products or processes to compete, staff see the change as **progress towards a future they share**, rather than as something imposed by management, so they **commit to it** rather than resisting — which makes the change easier to implement. (c) Becoming a **learning organisation** would reduce resistance at Lumico through several linked effects. Because continuous learning is built into the culture, staff come to treat change as **normal**, not threatening. The weekly sessions that **challenge assumptions** (mental models) weaken the "we have always done it this way" **inertia** that would otherwise restrain the shift to new technology. The **shared vision** aligns employees behind a common goal, and asking staff to set **personal learning goals** (personal mastery) means they are already willing to gain the new skills the change requires, so they fear it less. Together these effects lower the barriers to change, so Lumico's staff are far more likely to accept, rather than resist, the response to its competitors.

Q16. *(Analyse — causal relationships.)* Becoming a learning organisation has a direct, causal effect on a business's ability to adapt. Because the business **continually creates, acquires and shares knowledge**, it **notices changes in its environment sooner** and has the information needed to respond. **Systems thinking** lets managers see how an external change will ripple through the whole business, so responses are better targeted. **Challenging mental models** stops outdated assumptions from blocking new approaches, which keeps the business open to doing things differently, while **team learning** spreads new knowledge quickly so the whole organisation can act on it. Finally, a **shared vision** and **personal mastery** mean staff are committed and continually building the skills change requires. As each of these disciplines strengthens, the business becomes **more flexible and quicker to respond**, so there is a strong positive relationship between becoming a learning organisation and the ability to adapt to a changing environment.

Q17. *(Justify — argue why, with reasoning.)* Adopting the principles of Senge's learning organisation **before** leading a major change is worthwhile because it prepares the culture so the change is far more likely to succeed. First, a learning-organisation culture treats change as **normal and expected**, so when the major change arrives employees are **less fearful and resistant**. Second, having already challenged **mental models**, staff are less trapped by "the way we have always done it", reducing the **organisational inertia** that would otherwise slow the change. Third, a **shared vision** built in advance means employees are **committed to a common future**, so they support the change rather than merely complying, while **personal mastery** means they have been building the skills the change will demand. Because these conditions lower resistance, speed up adaptation and improve staff commitment, the approach directly increases the chance that the major change is implemented smoothly — which is why it is a sound approach for the manager to take.

Q18. *(Propose — recommend and explain what each discipline entails.)* **Building shared vision.** The manager should work **with employees** to develop a genuine, shared picture of where the business is going — for example, running sessions where staff help define a common goal they believe in — rather than simply announcing a vision. This helps build a change-ready culture because staff who share the vision see change as **progress towards a future they want**, giving **commitment rather than compliance** and lowering resistance. **Challenging mental models.** The manager should also **encourage staff to surface and question long-held assumptions** about how the business operates, for instance by openly inviting them to challenge "the way we have always done it". This builds a change-ready culture because it weakens the **inertia** and fixed thinking that block new ideas, so employees stay open to doing things differently. Applying both disciplines creates a culture in which staff are aligned behind a common purpose **and** willing to rethink old habits — exactly the conditions needed to welcome change.

Q19. *Model response (10 marks).* A **learning organisation** is a business skilled at creating, acquiring and sharing knowledge that continually adapts to its environment, developed through Senge's five disciplines — systems thinking, personal mastery, mental models, building shared vision and team learning. For **Northwind Freight**, facing new competitors, rising fuel costs and pressure to adopt technology, becoming a learning organisation could be a powerful way to create a positive culture for change. Because continuous learning would be built into everyday work, staff would treat ongoing change as **normal rather than threatening**. Challenging **mental models** would weaken the "this is how freight has always been run" inertia that could otherwise block new technology. A **shared vision** — developed with drivers, depot staff and managers — would align everyone behind a common future, so cost-cutting or new systems feel like progress towards a shared goal rather than an imposition, generating commitment instead of compliance. **Team learning** would spread new knowledge quickly across depots, **personal mastery** would mean staff are already willing to learn the skills new technology requires, and **systems thinking** would help staff understand how each change fits the whole business. Together these disciplines build an open, trusting, adaptable culture in which change is embraced.

However, the claim that it is the **most effective** way must be weighed against its limitations. Becoming a learning organisation **takes significant time, money and sustained management commitment**, and Northwind's pressures — competitors and rising costs — may demand **faster** action than a cultural transformation can deliver. Some staff and managers may cling to old mental models, and the benefits are **hard to measure**. There are also **alternative** ways to create a positive culture for change, such as strong **communication**, **empowerment**, **support** and **incentives**, or corporate-culture development strategies, which can lower resistance more quickly and at lower cost, at least in the short term. These alternatives, though, tend to address a **single change**, whereas a learning organisation builds a **lasting capacity** to handle change after change.

On balance, for a business like Northwind facing **continual** pressure to adapt, becoming a learning organisation is a **highly effective** long-term way to create a positive, change-ready culture, because it embeds adaptability into the culture itself rather than managing one change at a time. It is best described not as a quick fix but as the **most durable** approach — most effective **over time**, provided management is willing to invest the effort and combine it with faster strategies for urgent changes. ∴ becoming a learning organisation is the most effective way to build a **lasting** positive culture for change at Northwind, but on its own it is not sufficient for changes that must happen quickly. *(Full marks require: an accurate account of Senge's learning organisation and its link to a positive culture for change; sustained application to Northwind; a two-sided evaluation weighing it against its limitations and alternatives; and a justified, evidence-based conclusion.)*

Q20. *(Analyse — apply the concept to the reported facts and draw out the connections.)* A **learning organisation** is a business skilled at **creating, acquiring and sharing knowledge** and using it to **continually adapt**. Cochlear's reported FY25 activity shows several of Senge's **disciplines** at work. Investing **$291.5 million — 12% of sales revenue — in R&D**, and doing so at the same share of revenue as the previous year, shows knowledge creation treated as **ordinary, continuing work rather than an occasional event**, which is the central idea of the model. The Nucleus Nexa implant, reported as the outcome of a **20-year** investment in R&D, shows knowledge **accumulated and carried forward** into the next generation of the product, and its **upgradeable firmware** builds the capacity to keep adapting into the product itself. The nine-month program for 78 senior leaders aimed at an **enterprise-wide mindset** matches **systems thinking** — seeing the business as an **interconnected whole** rather than as separate parts — while a sustained development program for individuals develops **personal mastery**, and sharing what has worked in global forums spreads knowledge through **team learning**. ∴ the reported activity aligns closely with the learning organisation model. **However**, these are **activities reported at one point in time**: they are strong evidence of continuous learning, but a learning organisation is a **whole-of-culture** condition, and R&D spending on its own would be closer to a single strategy than to the culture Senge describes.

Chapter 14 Corporate culture, the Learning Organisation and overcoming resistance — 14C Low-risk strategies to overcome employee resistance to change

Theory

When a business implements change, employees often **resist** it. **Resistance to change** is any employee attitude or behaviour that works against a proposed change — for example, complaining, reduced effort, absenteeism or outright refusal. Employees resist for reasons such as **fear of the unknown**, **worry about job security**, disruption to familiar routines, a belief they lack the skills for the new way of working, or **distrust of management**. Because resistance can delay or defeat a change, managers use strategies to reduce it.

These strategies are grouped by the **level of risk** they pose to the relationship between the business and its employees. **Low-risk strategies** work *with* employees to win their genuine support; they are unlikely to damage trust, morale or corporate culture, although they generally take **more time** and can cost money. (High-risk strategies, which can damage relationships, are treated separately.) The study design prescribes **four low-risk strategies**.

- **Communication.** Openly and clearly telling employees about the change — **what** it is, **why** it is needed, **how** it will affect them and **when** it will happen — and using **two-way** communication so they can ask questions and raise concerns. Communication lowers resistance by removing **uncertainty and the fear of the unknown**, correcting rumours and misinformation, and helping employees understand the reasons for the change. It is inexpensive and underpins the other strategies.
- **Empowerment.** Giving employees **authority, responsibility and involvement** in the change — for example, inviting their ideas, involving them in decisions, and delegating parts of the implementation to them. Empowerment lowers resistance by giving employees a sense of **ownership and control**, so they feel they are *driving* the change rather than having it imposed on them. It also draws on employees' own knowledge of the work.
- **Support.** Providing the **resources and assistance** employees need to cope with the change — such as **training and retraining**, mentoring, counselling, employee assistance programs, extra time, and emotional and practical help. Support lowers resistance by addressing employees' fears that they **cannot cope** or lack the skills the change requires, and it signals that the business cares about their wellbeing.
- **Incentives.** Offering **rewards** to encourage employees to accept and engage with the change. Incentives may be **financial** (a bonus, a pay rise, a one-off payment) or **non-financial** (recognition, a promotion, improved conditions or additional leave). They lower resistance by giving employees a tangible reason to support the change and by compensating them for the disruption it causes.

Why they are "low-risk". Each of these strategies builds **trust, understanding and engagement**, so it is unlikely to harm the ongoing employer–employee relationship or the corporate culture. The trade-off is that they are usually **slower to take effect** and some (support, incentives) cost money. This contrasts with **high-risk** strategies, which can secure fast compliance but risk **damaging relationships, morale and trust**.

Key ideas to keep straight.

- **Communication is not empowerment.** Communication *informs and listens*; empowerment *hands over authority and involvement*. A manager can communicate a change without empowering anyone.
- **Support is not incentives.** Support *helps employees cope* (training, counselling, resources) and removes barriers; incentives *reward* employees (money, recognition) and add a reason to comply.
- **Incentives can be financial or non-financial** — do not assume they mean money only.
- **Low-risk ≠ no cost.** "Low-risk" refers to the low risk of damaging **relationships**, not to time or money; these strategies are often slower and support/incentives can be expensive.

Contemporary example — Alcoa Australia, January 2024

Alcoa of Australia, an alumina refiner in Western Australia, was at the time of the events below part of the United States–listed Alcoa Corporation.

On 8 January 2024 Alcoa announced that it would fully curtail production at its Kwinana alumina refinery in Western Australia, beginning in the second quarter of that year. The announcement gave the reasons for the decision — the refinery's age, its operating costs, bauxite grades and market conditions — and set out the effect on employees: a workforce of about 800 at the start of 2024 falling to roughly 250 by the third quarter of 2024, when alumina production would cease. Chief operations officer Matt Reed said the business would work closely with employees to support them in moving to other opportunities, including possible redeployment within Alcoa or assistance to find work at other workplaces.

Two of the low-risk strategies this subtopic names appear in that announcement. Setting out **what** the change is, **why** it is needed, **when** it will happen and **how** employees are affected is **communication**, which lowers resistance by reducing **uncertainty and the fear of the unknown**. Offering redeployment and help finding other work is **support** — the resources and assistance employees need to **cope**, addressing the fear that they cannot manage what the change asks of them. **Empowerment** is not evident: the decision was made by the business, not shared with employees — and the announcement records the strategies the business *said* it would use, not how employees responded.

Source: Alcoa Corporation, Alcoa announces curtailment of Kwinana Alumina Refinery in Western Australia (media release), 8 January 2024 — https://news.alcoa.com/press-releases/press-release-details/2024/Alcoa-announces-curtailment-of-Kwinana-Alumina-Refinery-in-Western-Australia/default.aspx. Accurate as at July 2026.

Worked examples

Example 1 — scaffolded

Trellis & Vine, a garden-supplies retailer, is introducing a new point-of-sale system. Long-serving staff are anxious because they do not understand why the change is needed and fear they will not be able to use the new technology. Recommend **two** low-risk strategies the manager could use, and explain how each would reduce resistance.

Working	Comment
The staff's resistance comes from **not understanding why** the change is needed and **fear they cannot cope**.	Identify the specific *sources* of resistance first.
Communication — clearly explain what the system is, why it is being introduced and how it will help staff and customers, using two-way discussion.	Match a strategy to the first source (lack of understanding).
This removes uncertainty and corrects fears, so staff understand the rationale and resist less.	Explain the causal link to reduced resistance.
Support — provide hands-on training on the new system and extra help during the transition.	Match a strategy to the second source (fear of not coping).
This builds staff confidence and skills, addressing their fear that they cannot use the technology.	∴ both strategies target a real source of resistance and lower it.

Example 2 — scaffolded

Northlake Council is restructuring its administration teams. The manager offers staff who take on new responsibilities a pay increase and public recognition at the monthly staff meeting. Identify the low-risk strategy being used and explain why it is classified as low-risk.

Working	Comment
A pay increase is a **financial** reward and recognition is a **non-financial** reward, both offered to gain acceptance of the change.	Identify the strategy from its features.
This is the **incentives** strategy.	Name it.
It works *with* staff by rewarding them, so it is unlikely to damage trust or the employer–employee relationship.	Explain "low-risk" as low risk to *relationships*.
It does, however, cost the council money and may take time to change attitudes.	Note the genuine trade-off (cost/time), not relationship damage.

Example 3 — unscaffolded

Distinguish between **communication** and **empowerment** as low-risk strategies to overcome resistance to change.

Communication involves openly **informing** employees about a change and **listening** to their concerns through two-way discussion; it reduces resistance mainly by removing uncertainty and helping employees understand *why* the change is happening. **Empowerment** goes further: it gives employees **authority, responsibility and genuine involvement** in the change — such as contributing to decisions and leading parts of the implementation — so it reduces resistance by giving them a sense of **ownership and control**. The key difference is that communication *shares information*, whereas empowerment *shares authority*: a manager can communicate a change without giving employees any power over it, but empowerment necessarily involves handing over some control. ∴ the two differ in whether employees are merely informed or are actively given a say in the change.

Example 4 — unscaffolded

A manager says, "Low-risk strategies are always better than high-risk strategies because they never cause any problems." Evaluate this statement.

The statement is **partly correct but overstated**. Low-risk strategies — communication, empowerment, support and incentives — are generally preferable because they **preserve trust, morale and the employer–employee relationship** and tend to produce genuine, lasting acceptance of change. **However**, they are not problem-free: they are usually **slower to take effect**, and support and incentives can be **expensive**, so when a change must happen very quickly or resources are tight they may be insufficient on their own. In such situations a manager may feel a faster (higher-risk) approach is necessary, despite its dangers. Because the best choice depends on the **time available, the cost and the urgency of the change**, low-risk strategies are usually — but not *always* — the better option. ∴ the claim that they "never cause any problems" is inaccurate: their main weaknesses are time and cost, not relationship damage.

Practice questions

Scaffolded

Q1. Define the term *resistance to change*.

Q2. List the **four** low-risk strategies a manager can use to overcome employee resistance to change.

Q3. For each of the following, name the low-risk strategy being described: (a) providing retraining and counselling to help employees adjust; (b) offering a bonus to staff who adopt the new process; (c) involving employees in decisions about how the change is implemented.

Q4. Explain why open **communication** can reduce employee resistance to change.

Q5. A business is introducing new software and wants staff to feel ownership of the change. (a) Identify the most appropriate low-risk strategy. (b) Explain how this strategy would reduce resistance.

Q6. Explain why these four strategies are described as **"low-risk"**.

Unscaffolded

Q7. Outline the **support** strategy for overcoming resistance to change. *(2 marks)*

Q8. Distinguish between **support** and **incentives** as low-risk strategies. *(4 marks)*

Q9. Explain how **empowerment** reduces employee resistance to change. *(3 marks)*

Q10. Identify **one** financial and **one** non-financial incentive a business could use to overcome resistance to change. *(2 marks)*

Q11. Brightwater Dairy is automating part of its packaging line. Many employees fear they will lose their jobs or be unable to operate the new machines. Propose **two** low-risk strategies the manager could use and justify each with reference to the employees' concerns. *(6 marks)*

Q12. Explain **one** advantage and **one** limitation of using low-risk strategies to overcome resistance to change. *(4 marks)*

Q13. "Communication should always be the first low-risk strategy a manager uses." Discuss. *(4 marks)*

Q14. Compare **communication** and **incentives** as strategies for overcoming resistance to change. *(4 marks)*

Q15. *Case study.* **Kelso Print Co.** is moving from traditional printing to digital production. The operations manager, Dev, has announced the change by email only. Since then, several experienced printers have been arriving late, and one has told colleagues the change is "just management cutting corners". Dev has budget available for training and a small pool of funds for staff rewards. (a) Identify **one** likely cause of the printers' resistance. *(1 mark)* (b) Analyse how Dev's method of announcing the change may have increased resistance. *(3 marks)* (c) Propose **two** low-risk strategies Dev could now use to overcome the resistance, and justify each with reference to the case study. *(6 marks)*

Q16. Analyse the relationship between using **support** as a change strategy and an employee's willingness to accept a change that requires new skills. *(4 marks)*

Q17. Explain why low-risk strategies may be **slower** to overcome resistance than high-risk strategies. *(3 marks)*

Q18. A manager has limited time and a small budget but wants to reduce resistance without damaging staff trust. Recommend a combination of low-risk strategies and justify your recommendation. *(4 marks)*

Q19. *Extended response.* **Aurora Fitness**, a chain of gyms, is introducing a new membership and booking system that changes how staff work at the front desk. Some staff are enthusiastic but many are anxious and resistant. Evaluate the use of low-risk strategies to overcome employee resistance to this change. *(10 marks)*

Q20. *Contemporary example.* On 8 January 2024, Alcoa announced that it would fully curtail production at its Kwinana alumina refinery in Western Australia during 2024, giving reasons including the refinery's age, operating costs and market conditions, and setting out a phased reduction in the site's workforce. The business stated that it would work closely with employees to support them in moving to other opportunities, including possible redeployment within Alcoa or assistance to find work at other workplaces. Analyse how **communication** and **support** could operate as low-risk strategies to overcome employee resistance to a change of this kind. *(6 marks)*

Answers

Q1. Employee attitudes or behaviours that work against a proposed change (e.g. complaints, reduced effort, absenteeism, refusal). **Q2.** Communication; empowerment; support; incentives. **Q3.** (a) support; (b) incentives; (c) empowerment. **Q4.** It removes uncertainty and fear of the unknown, corrects misinformation and helps employees understand why the change is needed, so they resist less. **Q5.** (a) Empowerment. (b) By involving employees and giving them responsibility for the change, they gain a sense of ownership and control and are more likely to support it. **Q6.** Because they build trust and engagement and are unlikely to damage the employer–employee relationship or corporate culture (the risk to relationships is low), even though they take time. **Q7.** Model response in solutions. **Q8.** Support helps employees cope (training, counselling, resources); incentives reward employees (financial or non-financial) to gain acceptance. See solutions. **Q9.** Gives employees authority/involvement → ownership and control → less resistance. See solutions. **Q10.** Financial: e.g. a bonus/pay rise. Non-financial: e.g. recognition/promotion/extra leave. **Q11.** e.g. Communication (explain job impact honestly) + Support (training on the machines); each justified against the fear of job loss / inability to operate machines. See solutions. **Q12.** Advantage: preserves trust/relationships and gains genuine acceptance. Limitation: slower and can be costly. See solutions. **Q13.** Discuss — communication is cheap, foundational and removes uncertainty, so often first; but alone it may be insufficient where employees need support or incentives. See solutions. **Q14.** Both are low-risk and reduce resistance without damaging trust; they differ in that communication informs/listens while incentives reward. See solutions. **Q15.** (a) e.g. fear of job loss / distrust of management / lack of understanding. (b) Email-only, one-way announcement left staff uninformed and distrustful. (c) e.g. Communication (two-way meetings) + Support (training) or Incentives; justified to the case. See solutions. **Q16.** Support builds skills/confidence → removes the "cannot cope" barrier → greater willingness to accept the change. See solutions. **Q17.** They work by building trust, understanding and skills, which develop gradually, rather than forcing immediate compliance. See solutions. **Q18.** e.g. Communication (free, fast to start) + limited targeted support/recognition; justified by the time/budget constraints and the trust requirement. See solutions. **Q19.** Model response in solutions. **Q20.** Communication states what the change is, why it is needed, when it will happen and how employees are affected, reducing uncertainty and the fear of the unknown; support (redeployment, assistance to find other work) addresses the fear that employees cannot cope. Both work *with* employees, so the risk to trust and the employer–employee relationship is low, though support costs money and takes time. See solutions.

Fully-worked solutions

Q7. The **support** strategy involves providing employees with the **resources and assistance** they need to cope with a change — such as **training, mentoring, counselling or extra time** — which reduces resistance by addressing their fear that they cannot manage the new way of working.

Q8. Support provides employees with **help to cope** with change — for example training, counselling and additional resources — and reduces resistance by removing the barrier of not having the skills or capacity to adapt. **Incentives** provide employees with a **reward** — financial (such as a bonus) or non-financial (such as recognition) — and reduce resistance by giving them a tangible reason to accept the change. The key difference is that support **helps employees manage** the change while incentives **reward employees** for accepting it; support removes an obstacle, whereas incentives add a benefit.

Q9. Empowerment reduces resistance by giving employees **authority, responsibility and involvement** in the change — for example by inviting their ideas and letting them help implement it. Because employees then feel a sense of **ownership and control** over the change rather than having it imposed on them, they are more committed to making it succeed and less likely to resist. Empowerment also uses employees' own knowledge, which can improve the change itself.

Q10. A **financial** incentive could be a **one-off bonus or pay rise** for staff who adopt the new process; a **non-financial** incentive could be **public recognition, a promotion or additional leave**.

Q11. *(Two strategies, each justified to the employees' concerns.)* The employees fear **job loss** and **being unable to operate the new machines**. **Communication** — Brightwater's manager should honestly explain the reasons for automating, exactly how roles will change and whether any jobs are affected, using two-way meetings so staff can raise concerns; this reduces resistance driven by the **fear of the unknown and job insecurity**. **Support** — the manager should provide **training** on the new machines and time to practise; this directly addresses the fear of **not**

being able to operate the technology by building the required skills and confidence. Together the two strategies target both stated concerns without damaging trust.

Q12. An **advantage** of low-risk strategies is that they **preserve trust, morale and the employer–employee relationship**, producing genuine and lasting acceptance of change because employees feel informed, involved and supported. A **limitation** is that they are generally **slower to take effect** — and support and incentives can be **costly** — so where a change is urgent or the budget is tight they may not overcome resistance quickly enough on their own.

Q13. Communication is often the logical **first** strategy: it is **inexpensive**, it **underpins** the other strategies (employees must understand a change before they can be empowered, supported or incentivised to accept it), and it directly removes the **uncertainty** that drives much resistance. **However**, it should not *always* be assumed sufficient on its own — where resistance stems from a genuine skills gap or a real loss to employees, communication must be **combined with support or incentives**, and if trust has already broken down employees may not believe management's messages. On balance, communication is usually the sensible starting point but rarely the complete solution.

Q14. **Communication** and **incentives** are **both low-risk** strategies that reduce resistance without damaging the employer–employee relationship, and both help gain employee acceptance of change. They **differ** in how they work: communication reduces resistance by **informing employees and listening** to their concerns so they understand the change, whereas incentives reduce resistance by **rewarding** employees (financially or non-financially) to give them a reason to accept it. Communication is essentially free and addresses *understanding*, while incentives cost money or benefits and address *motivation to comply*.

Q15. (a) A likely cause is **distrust of management** and **lack of understanding** — the comment that the change is "just management cutting corners" shows staff do not understand the reasons and suspect management's motives (fear of job loss is also acceptable). (b) By announcing the change **by email only**, Dev used **one-way communication** that gave printers **no opportunity to ask questions or raise concerns**. This left them **uninformed about why** the change was happening and how it would affect them, allowing **rumours and distrust** to grow (as shown by the "cutting corners" comment) and increasing their resistance, seen in the late arrivals. (c) **Communication** — Dev should hold **face-to-face, two-way meetings** to explain why Kelso is moving to digital production, how roles will change and to answer the printers' concerns directly; this rebuilds understanding and trust that the email destroyed. **Support** — using the available **training budget**, Dev should provide hands-on training on the digital equipment so the experienced printers gain confidence with the new methods; this removes the fear of not being able to cope. (Incentives from the rewards pool would also be acceptable as a second strategy, justified as recognising staff who adapt.) Both are justified because they target the printers' actual resistance — distrust and skills fears — without further damaging the relationship.

Q16. Using **support** has a direct causal effect on willingness to accept a skills-based change. When a change requires **new skills**, a major source of resistance is employees' fear that they **cannot cope** or will fail. Providing support — especially **training and time to practise — builds the required skills and confidence**, which **removes that barrier**. As employees become more capable, their anxiety falls and their **willingness to accept the change rises**. In short, the more effectively support addresses the skills gap, the lower the resistance and the greater the acceptance.

Q17. Low-risk strategies are often slower because they work by **building trust, understanding and skills**, which develop **gradually**. Communication takes time for employees to absorb and believe; empowerment and support require employees to become involved or trained before attitudes shift. High-risk strategies such as threat can force **immediate compliance**, but low-risk strategies aim for **genuine, lasting acceptance**, and changing attitudes in this way cannot be rushed.

Q18. With **limited time and budget** but a need to **protect trust**, the manager should rely mainly on **communication**, which is **free and can begin immediately** — holding two-way meetings to explain the change and answer concerns — supported by **low-cost non-financial recognition** for staff who engage, and **targeted support** only where a genuine skills gap exists. This combination is justified because communication addresses the largest source of resistance (uncertainty) at no cost, recognition motivates without a large budget, and limiting expensive support to where it is essential respects the budget while still preserving staff trust.

Q19. *Model response (10 marks).* Aurora Fitness faces resistance to its new membership and booking system because many front-desk staff feel **anxious** — likely fearing they cannot use the new system or that their roles will change. Low-risk strategies can overcome this resistance while protecting the trust and morale Aurora needs from customer-facing staff. **Communication** is the essential foundation: by clearly explaining what the new system does, why it is being introduced and how it will affect front-desk work — through two-way meetings where staff can raise concerns — Aurora can remove the uncertainty driving the anxiety and correct any rumours. **Support** directly targets the fear of not coping: hands-on **training** on the booking system, with time to practise before go-live, builds staff confidence and competence. **Empowerment** can deepen acceptance: involving experienced front-desk staff in testing the system and shaping new procedures gives them **ownership**, turning some resisters into advocates and drawing on their knowledge of customer needs. **Incentives**, such as recognising staff who master the system, can provide an extra push, though they cost money and may be less necessary if the other strategies succeed.

Evaluating these strategies, their major **strength** is that they build **genuine, lasting acceptance** without damaging the trust Aurora relies on for good customer service, and combined they address every source of the staff's anxiety — understanding (communication), capability (support) and control (empowerment). Their main **weakness** is that they take **time** and some cost money, so if the system must launch very quickly they may not fully overcome resistance before go-live. On balance, however, for a customer-facing business where staff attitudes directly affect service quality, low-risk strategies — led by communication and support and reinforced by empowerment — are **clearly the most appropriate approach**, provided Aurora begins them early enough to work. *(Full marks require: accurate coverage of the low-risk strategies applied to Aurora; genuine links to the front-desk context; and a sustained, two-sided evaluation reaching a justified conclusion.)*

Q20. A curtailment of this kind is exactly the situation in which **resistance to change** would be expected, because it threatens employees' **job security** and creates a large **fear of the unknown** about what will happen to each of them. **Communication** is the first low-risk strategy visible in the announcement. By stating **what** the change was (full curtailment of the refinery), **why** it was needed (the refinery's age and scale, its operating costs, bauxite grades and market conditions), **when** it would happen (from the second quarter of 2024) and **how** employees would be affected (the phased reduction in the workforce), the business addressed the **uncertainty** that drives much resistance and limited the scope for **rumour and misinformation** to fill the gap. **Support** is the second. Offering **redeployment within the business** and **assistance to find work at other workplaces** provides the resources and assistance employees need to **cope** with the change, addressing the fear that they cannot manage what it asks of them and signalling that the business is concerned about their wellbeing. Both are **low-risk** because they work *with* employees and are therefore unlikely to damage **trust** or the **employer–employee relationship**; the genuine trade-off is that support of this kind **costs money** and takes **time** to deliver, not that it harms the relationship. It is also worth noting what is *absent*: the decision was made by the business, so **empowerment** — sharing authority over the change — is not evident, and an announcement is largely **one-way** unless it is followed by opportunities for employees to raise concerns.

Chapter 14 Corporate culture, the Learning Organisation and overcoming resistance — 14D High-risk strategies to overcome employee resistance to change

Theory

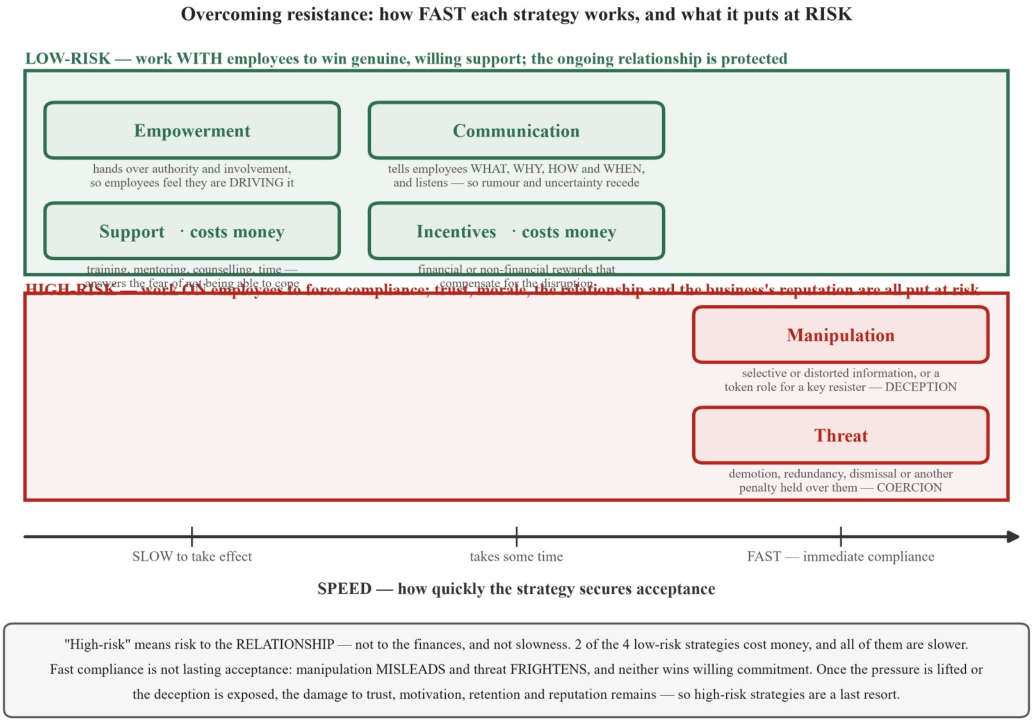
When a business implements change, employees often **resist** it. **Resistance to change** is any employee attitude or behaviour that works against a proposed change — such as complaining, reduced effort, absenteeism or refusal — and it arises from fears such as job insecurity, disruption to familiar routines, a belief that one lacks the skills the new way of working requires, or distrust of management. Managers use strategies to overcome this resistance, and these strategies are grouped by the **level of risk** they pose to the relationship between the business and its employees.

Low-risk strategies (communication, empowerment, support and incentives — see 14C) work *with* employees to win their **genuine, willing support**; they protect trust and morale but generally take time and can cost money. **High-risk strategies** work *on* employees to **force compliance**: they can overcome resistance quickly, but they risk seriously **damaging trust, morale, the employer–employee relationship and the business's reputation**. The study design prescribes **two** high-risk strategies: **manipulation** and **threat**.

- **Manipulation.** Manipulation means **covertly (secretly) influencing employees using selective or distorted information**, or **co-opting influential staff**, in order to secure their compliance with a change. A manager using manipulation controls what employees are told — presenting only the facts that favour the change, exaggerating its benefits and hiding or downplaying its costs — so that employees accept it on the basis of a **misleading picture**. A related tactic is **co-optation**: giving a key resister or an influential employee a **token role** or the *appearance* of involvement (not genuine empowerment) so that they publicly endorse the change and bring their followers with them. The defining feature is **deception** — employees are steered towards acceptance without being given the full, honest truth, and often without realising they are being influenced.
- **Threat.** Threat means using **coercion or pressure — such as the threat of demotion, redundancy, dismissal or another negative consequence — to force employees to accept a change**. Instead of persuading employees, the manager warns that resistance will be **punished**: hours or shifts may be cut, a bonus withdrawn, a worker moved to a less desirable role, or the employee placed first in line for redundancy. Acceptance is obtained through **fear** rather than genuine agreement — employees comply because they believe the cost of resisting is too high.

Why they are "high-risk". These strategies are attractive because they are **fast and cheap**: they can secure **immediate compliance** with little of the time or expense that low-risk strategies require, which can tempt a manager when a change is urgent or resistance is entrenched. Their danger — the reason they are called *high-risk* — is the **high risk of damaging the ongoing relationship** between the business and its employees. Compliance won by deception or fear is **superficial and temporary**, not genuine commitment: employees do the minimum required, and only while they are watched. If employees discover they have been **manipulated**, trust in management can **collapse**, making every future change harder because management's word is no longer believed. **Threats** breed resentment, fear and low morale, and typically raise stress, absenteeism and staff turnover — often driving away the most capable employees, who can most easily find work elsewhere. Both can harm the business's **reputation** as an employer, and both carry **ethical and legal risks**: deceiving or coercing staff is widely seen as unethical, and threats in particular may breach employment law or a workplace agreement (for example, protections against coercion, or unfair-dismissal rules), exposing the business to legal action.

Contrast with low-risk strategies. The essential difference is *how* each secures acceptance and *what it risks*. Low-risk strategies work **with** employees — informing, involving, supporting and rewarding them — to build genuine, lasting support while **preserving trust**; their trade-off is **time and cost**. High-risk strategies work **on** employees — deceiving or coercing them — to force quick compliance; their trade-off is **damage to trust, morale, relationships and reputation**, plus ethical and legal exposure. High-risk strategies are therefore generally a **last resort**, used only when speed is critical and other approaches have failed or are not possible.



Key ideas to keep straight.

- **"High-risk" refers to risk to the *relationship*, not to the business's finances or the speed of the change.** Low-risk strategies are unlikely to damage trust and morale; high-risk strategies can secure fast compliance but put **trust, morale, the employer–employee relationship and reputation** at serious risk.
- **Manipulation is not threat.** Manipulation works by **deception** — controlling information or co-opting staff so employees are misled, often without realising it. Threat works by **coercion** — openly pressuring employees with a negative consequence so they comply out of fear. *Manipulation misleads; threat frightens.*
- **Fast compliance is not lasting acceptance.** Both strategies can produce **quick, short-term compliance**, but neither wins genuine, willing commitment, and both risk **lasting damage** to trust, motivation, retention and reputation once the pressure is removed or the deception is exposed.
- **High-risk does not mean "always wrong", but it is a last resort.** The strategies may achieve a change quickly under severe time pressure; the point is that the compliance is **fragile** and the potential harm is **large**, so a manager should prefer low-risk strategies wherever time allows.

Contemporary example — Peabody Energy Australia, June 2026

Peabody Energy Australia is a coal mining business with operations in the New South Wales Hunter Valley. In early May 2026, workers at its Wambo coal handling and preparation plant — the washery — near Singleton began protected industrial action, including stoppages and partial work bans, during enterprise agreement bargaining with the Mining and Energy Union. In mid-June 2026 Peabody responded by locking 19 of those workers out of the site for two weeks. At that point Peabody said it had held 15 formal bargaining meetings and had offered a 13 per cent wage increase over four years; the union described the offer as 2.5 per cent a year with cuts to bonus arrangements. That first lockout ended on 1 July 2026, but the bargaining dispute was not resolved: on 14 July 2026, after 17 formal bargaining meetings, Peabody announced a further 14-day lockout of the same 19 workers.

A lockout is a lawful industrial action available to an employer during bargaining, not misconduct — but its mechanism is the one this subtopic identifies as **high-risk**. Acceptance is pursued by applying **pressure** and raising the **cost of continuing to resist**, rather than by working **with** employees through communication, support and negotiation to win **genuine, willing support** — the same logic as the **threat** strategy. What followed shows the risk: the dispute **escalated rather than resolved**, with a second lockout following the first; the ACTU president met the locked-out workers on 22 June 2026; and the reporting placed the **employer–employee relationship** and the business's **reputation as an employer** under public scrutiny. Classifying the action against this model is this workbook's analysis, not Peabody's.

Source: Muswellbrook Chronicle, "ACTU boss slams Peabody's two-week lockout as Wambo Coal dispute escalates", 23 June 2026 — https://www.muswellbrookchronicle.com.au/story/9293616/peabody-energy-wambo-lockout-escalates-hunter-coal-pay-dispute/. Source: Muswellbrook Chronicle, "Peabody Energy: Wambo washery faces new 14-day lockout over pay", 14 July 2026 — https://www.muswellbrookchronicle.com.au/story/9310063/peabody-energy-wambo-washery-faces-new-14-day-lockout-over-pay/. Accurate as at July 2026.

Worked examples

Example 1 — scaffolded

Kembla Freight, a courier company, is introducing GPS tracking of every driver's van. The operations manager tells drivers only that the system "will make your day easier and fairer", while privately intending to use the data to cut the least productive routes and reduce driver numbers. He also gives the drivers' most outspoken critic the title "Driver Experience Champion" so that she will speak in favour of the rollout. Identify the high-risk strategy being used and explain why it is high-risk.

Working	Comment
The manager gives drivers only the favourable information and hides the real purpose (job cuts), and gives the leading critic a token title to win her endorsement.	Read the scenario for the tell-tale features: controlled/distorted information + co-opting an influential employee.
Presenting selective information and co-opting an influential employee to gain compliance is **manipulation**.	Name the strategy from its defining feature (covert deception).
It is high-risk because the compliance rests on **deception**: if drivers later discover the hidden plan to cut jobs, they will feel misled and their **trust in management will collapse**, making future change far harder.	Explain the causal link between the tactic and the damage to trust.
∴ the manager is using **manipulation**, a high-risk strategy because it can secure quick agreement but risks lasting damage to trust and the employment relationship once the deception is exposed.	State the conclusion, naming the strategy and the risk.

Example 2 — scaffolded

Otway Timber Co. is changing its production roster to introduce weekend shifts, and many long-serving mill workers object. The plant manager tells them that anyone who refuses the new roster will have their overtime withdrawn and will be "first considered" if redundancies become necessary. Identify the high-risk strategy and explain why it is classified as high-risk.

Working	Comment
The manager is pressuring workers to accept the roster by warning of negative consequences — loss of overtime and possible redundancy.	Identify the mechanism: coercion through a threatened penalty.
Forcing acceptance through the threat of a negative consequence is the **threat** strategy.	Name the strategy.
It may gain **fast compliance** because workers accept out of **fear**, but it damages morale and trust, is likely to increase resentment and turnover, and may breach employment law (coercion / unfair treatment).	Give both the appeal (speed) and the reasons it is high-risk (relationship damage + legal/ethical risk).
∴ the plant manager is using **threat**, high-risk because the fear-based compliance comes at the cost of morale,	Conclude.

trust and possible legal exposure.

Example 3 — unscaffolded

Distinguish between **manipulation** and **threat** as high-risk strategies to overcome resistance to change.

Manipulation overcomes resistance through **deception**: the manager covertly influences employees by feeding them selective or distorted information, or by co-opting an influential employee with a token role, so that staff accept the change on the basis of a misleading picture — often without realising they are being influenced. **Threat** overcomes resistance through **coercion**: the manager openly pressures employees with a negative consequence — such as demotion, loss of hours or redundancy — so that staff comply out of **fear** of what will happen if they resist. The key difference is in *how* compliance is obtained: manipulation works **covertly, by misleading** employees, whereas threat works **overtly, by frightening** them. ∴ both force compliance rather than winning genuine support, but manipulation hides the truth while threat openly applies pressure.

Example 4 — unscaffolded

A manager states, “High-risk strategies are the best way to overcome resistance because they get results quickly.” Evaluate this statement.

The claim has **limited merit but is overstated**. It is true that high-risk strategies — manipulation and threat — can **overcome resistance quickly and cheaply**, forcing immediate compliance without the time and cost that low-risk strategies require; where a change is genuinely urgent and other approaches have failed, this speed can be valuable. **However**, the “results” they produce are **superficial and fragile**: compliance is won by deception or fear, not genuine agreement, so employees do only the minimum and revert once the pressure is removed or the deception is exposed. The strategies also carry serious costs — **damaged trust, lower morale, higher absenteeism and turnover, harm to the business’s reputation, and ethical and legal risks** (threats may breach employment law). Because these costs usually outweigh the benefit of speed, and because low-risk strategies produce more genuine and lasting acceptance, high-risk strategies are best treated as a **last resort** rather than the “best” approach. ∴ high-risk strategies are fast, but calling them the *best* way ignores the lasting damage they can do; they are justified only in narrow circumstances.

Practice questions

Scaffolded

Q1. Define the term *manipulation* as a high-risk strategy to overcome resistance to change.

Q2. Name the **two** high-risk strategies a manager can use to overcome employee resistance to change.

Q3. For each of the following, name the high-risk strategy being described: (a) warning employees they will be demoted if they do not accept the change; (b) giving employees only the information that makes the change look good, while hiding its drawbacks; (c) offering a vocal opponent a token leadership role to win their public support for the change.

Q4. Explain why manipulation and threat are described as **“high-risk”** strategies.

Q5. A manager needs staff to accept a change immediately and warns them that resisters will lose their end-of-year bonus. (a) Identify the high-risk strategy being used. (b) Explain **one** reason this strategy may still harm the business.

Q6. Explain the difference between **manipulation** and **threat**.

Unscaffolded

Q7. Describe how a manager could use **threat** as a high-risk strategy to overcome resistance to change. *(2 marks)*

Q8. Distinguish between **manipulation** and **threat** as high-risk strategies. *(4 marks)*

Q9. Explain why using **manipulation** can damage the relationship between management and employees. *(3 marks)*

Q10. Outline **one** advantage and **one** disadvantage of using high-risk strategies to overcome employee resistance to change. *(4 marks)*

Q11. A warehouse manager faces strong resistance to a new safety procedure that must be in place within 24 hours. Explain why the manager might be tempted to use a high-risk strategy, and identify **one** risk of doing so. *(4 marks)*

Q12. "High-risk strategies are never justified." Discuss. *(4 marks)*

Q13. Explain **one** ethical **and one** legal risk of using **threat** to overcome employee resistance to change. *(4 marks)*

Q14. Compare **high-risk** and **low-risk** strategies for overcoming employee resistance to change. *(6 marks)*

Q15. *Case study.* **Marlowe & Finch**, a chain of homeware stores, is replacing its in-store service model with a self-checkout system, and floor staff fear losing their jobs. The retail manager, Priya, tells staff the change is "purely about convenience for customers" — while privately planning to cut a third of floor positions — and gives the most influential team leader a special "Transition Coordinator" badge so that she will promote the change to others. (a) Identify the high-risk strategy Priya is using. *(1 mark)* (b) Analyse **one** problem this strategy may create for Marlowe & Finch. *(3 marks)* (c) Propose a **more appropriate** approach Priya could take to overcome the staff's resistance, and justify your recommendation. *(4 marks)*

Q16. Analyse the relationship between using **threat** to overcome resistance and employees' long-term motivation. *(4 marks)*

Q17. Evaluate the use of **manipulation** as a strategy to overcome employee resistance to change. *(6 marks)*

Q18. A manager used a threat of redundancy to force through a restructure. The change went ahead, but in the following months staff turnover rose sharply and the remaining employees seemed disengaged. Explain why the strategy may have caused these outcomes, and recommend how the manager could have approached the change differently. *(4 marks)*

Q19. *Extended response.* **Bellbrook Grocers**, a supermarket chain, is automating its distribution centre, which will change how warehouse employees work and reduce the number of roles. Management is under pressure to implement the change quickly and is considering using high-risk strategies to overcome the expected resistance. Evaluate the use of high-risk strategies to overcome employee resistance to this change. *(10 marks)*

Q20. In mid-June 2026, during enterprise agreement bargaining, Peabody Energy Australia locked 19 workers out of its Wambo washery near Singleton for two weeks; the dispute was not resolved, and in July 2026 Peabody announced a further 14-day lockout of the same workers. Analyse this action as an example of the **high-risk** approach described in this subtopic, referring to **how** acceptance is pursued and **what** such an approach puts at risk. *(5 marks)*

Answers

Q1. Covertly influencing employees using selective or distorted information, or co-opting influential staff, to secure their compliance with a change. **Q2.** Manipulation; threat. **Q3.** (a) threat; (b) manipulation; (c) manipulation. **Q4.** Because they can secure fast compliance but carry a **high risk of damaging trust, morale, the employer–employee relationship and the business's reputation** (and carry ethical/legal risks) — the "risk" is the risk to the *relationship*. **Q5.** (a) Threat. (b) e.g. it forces compliance through fear, damaging morale and trust and possibly raising turnover (or it creates a legal/ethical risk). **Q6.** Manipulation **covertly misleads** employees (selective/distorted information or co-optation); threat **overtly coerces** them with a negative consequence. Manipulation deceives; threat frightens. **Q7.** Model response in solutions. **Q8.** Manipulation = covert deception; threat = overt coercion (fear). See solutions. **Q9.** Deception → discovery → loss of trust → future change harder. See solutions. **Q10.** Advantage: fast/cheap compliance. Disadvantage: damages trust/morale (or legal/ethical risk) — keep them as separate points. See solutions. **Q11.** Tempted by speed (24-hour deadline + entrenched resistance); risk = damaged trust/morale or legal exposure. See solutions. **Q12.** Discuss — mostly not justified (fragile compliance; relationship, ethical and legal damage) but may be a last resort under severe time pressure. See solutions. **Q13.** Ethical: coercing staff through fear is unfair/disrespectful. Legal: threats may breach employment law (coercion / unfair dismissal). See solutions. **Q14.** Both aim to overcome resistance; they differ in that low-risk works *with* employees (genuine support, protects trust, slower) while high-risk works *on* employees (forces compliance, damages trust, fast). See solutions. **Q15.** (a) Manipulation. (b) e.g. once the hidden job cuts are revealed, trust collapses. (c) Low-risk approach — honest communication + support/retraining — justified. See solutions. **Q16.** Threat → fear-based compliance → resentment/low morale → falling long-term motivation and discretionary effort. See solutions. **Q17.** Evaluation — quick/cheap but deceptive, fragile, and damaging to relationship, reputation and ethics; a last resort. See solutions. **Q18.** Threat bred fear/resentment → turnover + disengagement; should have used low-risk (communication, support, empowerment). See solutions. **Q19.** Model response in solutions. **Q20.** Pressure → compliance obtained through the cost of resisting, not genuine support (the logic of threat); risk = escalation, damaged relationship and reputation. Note that a lockout is lawful, and that the classification is the workbook's. See solutions.

Fully-worked solutions

Q7. A manager could use **threat** by warning employees that they will face a **negative consequence if they do not accept the change** — for example, telling staff who resist a new roster that their **overtime will be withdrawn** or that they will be **first in line for redundancy** — so that employees comply out of **fear** of the penalty rather than genuine agreement.

Q8. Manipulation overcomes resistance **covertly**, by feeding employees **selective or distorted information** or by **co-opting an influential employee** with a token role, so that staff are **misled** into accepting the change, often without realising they are being influenced. **Threat** overcomes resistance **overtly**, by **coercing** employees with a **negative consequence** such as demotion, lost hours or redundancy, so that staff comply out of **fear**. The two therefore differ in *how* they secure compliance: manipulation works by **deceiving** employees, whereas threat works by **frightening** them — though both force compliance rather than winning genuine support.

Q9. Manipulation relies on **deceiving** employees — giving them a distorted picture of the change or co-opting a colleague to win support dishonestly. While the deception holds, employees may comply; but manipulation is difficult to keep hidden, and once employees **discover they have been misled**, they feel **betrayed**. This **destroys their trust in management**, because they can no longer believe what managers tell them. The damaged relationship then makes **every future change harder** to implement and can spread resentment through the workforce, so the short-term gain in compliance is outweighed by lasting harm to the relationship.

Q10. *Advantage:* high-risk strategies can overcome resistance **quickly and cheaply**, forcing **immediate compliance** without the time and expense that low-risk strategies require — useful when a change is urgent. *Disadvantage:* because they rely on **deception or fear**, they **damage trust, morale and the employer–employee relationship** (and threat may create legal or ethical problems), so the compliance is superficial and the business may suffer higher turnover and reputational harm. (The advantage — speed — and the disadvantage — relationship damage — are **separate** points, not two sides of the same point.)

Q11. The manager might be **tempted to use a high-risk strategy** (such as threat) because the change is **extremely urgent** — the safety procedure must be in place within **24 hours** — and resistance is **strong**, so there is **no time** for the slower low-risk strategies of communication, support and empowerment to take effect. A threat could force **immediate compliance**. However, **one risk** of doing so is that coercing staff would **damage their trust and morale** (and could breach workplace or safety obligations), leaving employees resentful and less willing to follow the procedure properly once the pressure is off — which could itself undermine the safety goal.

Q12. The statement is **largely but not entirely correct**. High-risk strategies are usually **hard to justify**: they secure only **superficial, fear- or deception-based compliance**, they **damage trust, morale and the employer–employee relationship**, they can raise turnover and harm the business's reputation, and threats may be **unethical or unlawful**. For these reasons low-risk strategies are almost always preferable. **However**, there are **narrow circumstances** in which a high-risk strategy might be defensible — for example, when a change is **critically urgent** (such as an immediate safety or survival issue) and low-risk strategies cannot work in time, or when a small number of employees are **actively sabotaging** a necessary change. In such cases a manager may judge that fast compliance is worth the risk. On balance, high-risk strategies are **rarely justified** and should be a **last resort**, but "never" is too absolute.

Q13. *Ethical risk:* using threat means **coercing employees through fear**, which is widely regarded as **unfair and disrespectful** — it treats employees as a means to an end, ignores their wellbeing and can amount to **bullying**, damaging the business's ethical standing and its corporate culture. *Legal risk:* a threat of demotion, dismissal or redundancy made to force acceptance may **breach employment law or a workplace agreement** — for example, laws that protect employees from **coercion** or from **unfair or unlawful dismissal** — exposing the business to **legal action, penalties or compensation claims**. Both risks mean the strategy can cost the business far more than the resistance it was meant to overcome.

Q14. *(Compare — both similarities and differences.)* **Similarities:** high-risk and low-risk strategies are **both used to overcome employee resistance to change**, and both aim to **move employees from resisting to accepting** a change so that it can be implemented. **Differences:** they differ in **how** they work and in **what they risk**. **Low-risk** strategies (communication, empowerment, support, incentives) work **with** employees — informing, involving, helping and rewarding them — to build **genuine, willing support**, so they **protect trust and morale** but are generally **slower** and can **cost money**. **High-risk** strategies (manipulation, threat) work **on** employees — deceiving or coercing them — to **force compliance quickly**, so they are **fast and cheap** but **damage trust, morale, the relationship and the business's reputation** and can create **ethical and legal problems**. In short, a **similarity** is their shared purpose (overcoming resistance); the key **difference** is that low-risk strategies win lasting support while protecting the relationship, whereas high-risk strategies force short-term compliance while endangering it.

Q15. (a) **Manipulation.** (b) *(Analyse — causal.)* By telling staff the change is "purely about convenience" while **secretly planning to cut a third of floor jobs**, and by **co-opting the influential team leader** with a token "Transition Coordinator" role, Priya is relying on **deception**. This is likely to **backfire when the redundancies occur**: staff will realise they were **misled**, and their **trust in management will collapse**. The loss of trust means remaining employees are likely to become **resentful and disengaged**, resistance to this and future changes will **harden**, and the co-opted team leader's credibility with her colleagues will be destroyed — so the manipulation creates a **larger, longer-lasting problem** than the resistance it was meant to remove. (c) *(Propose + justify.)* Priya should instead use **low-risk strategies**, principally **honest communication** and **support**. She should **openly explain** why the self-checkout system is being introduced, be **truthful about the effect on jobs**, and use **two-way meetings** so staff can raise concerns; where roles are affected she should provide **support** such as **retraining, redeployment to other stores or genuine consultation** about redundancies. This is justified because honest communication and support **address the real source of the resistance** (fear of job loss) **without deceiving staff**, so they **preserve trust and morale** and produce more genuine cooperation — protecting Marlowe & Finch's reputation and its relationship with the staff it retains, which manipulation would have destroyed.

Q16. *(Analyse — the causal relationship, not pros and cons.)* Using **threat** has a **direct causal effect** on long-term motivation. A threat forces employees to comply out of **fear** of a penalty, so in the short term they do what is required. However, because the compliance is driven by fear rather than genuine agreement, it **breeds resentment and anxiety** and signals that management does not value or trust its staff. Over time this **erodes morale and job satisfaction**, which are key drivers of motivation, so employees increasingly give only the **minimum effort needed to avoid the penalty** and withdraw their **discretionary effort**. As motivation falls, **absenteeism and turnover tend to rise**, and the most capable employees — who have the most options — are often the first to leave. Thus the more a manager relies on threat, the **lower employees' long-term motivation** is likely to become, even if short-term compliance is achieved.

Q17. *(Evaluate — weigh strengths against weaknesses and reach a judgement.)* Manipulation has a **narrow strength but serious weaknesses**. Its **strength** is that it can overcome resistance **quickly and cheaply**: by controlling the information employees receive or co-opting an influential colleague, a manager can win apparent acceptance **without the time or cost** of communication, support or incentives, which may be attractive when a change is urgent. Its **weaknesses**, however, are substantial. The compliance rests entirely on **deception**, so it is **fragile** — once employees discover they have been misled, their **trust in management collapses**, they feel **betrayed**, and **future change becomes far harder** because managers are no longer believed. Manipulation is also **unethical**, damaging the corporate culture and the business's **reputation** if it becomes public, and it does nothing to address the **real causes** of resistance, so resentment festers. **On balance**, the small benefit of speed is **outweighed** by the lasting damage to trust, culture and reputation; manipulation is therefore **rarely appropriate** and should be considered only as a **last resort** when genuine, low-risk approaches are impossible — and even then its risks usually make an honest strategy the wiser choice. *(A full-mark answer weighs at least one genuine strength against several weaknesses and reaches a clear, evidence-based judgement rather than a generic "disadvantages outweigh advantages".)*

Q18. The **threat of redundancy** forced the restructure through by making employees comply out of **fear**, but it is likely to have **caused the later turnover and disengagement**. Being coerced left employees feeling **threatened, undervalued and resentful**, which **destroyed trust and lowered morale**; once the immediate pressure passed, the most capable staff **chose to leave** for employers who treat them better (raising turnover), while those who stayed **withdrew their effort and commitment** (disengagement). The manager **could have approached the change differently** by using **low-risk strategies**: **communicating** honestly why the restructure was necessary and how roles would change, **supporting** affected staff with retraining or redeployment, and **empowering** employees by involving them in shaping the new structure. These approaches would have addressed the employees' fears and **built genuine acceptance while preserving trust and morale**, making it far more likely that skilled staff would stay and remain engaged.

Q19. *Model response (10 marks).* Bellbrook Grocers is automating its distribution centre, a change that will alter how warehouse employees work and **reduce the number of roles**, so significant **resistance to change** is expected — driven by **fear of job loss**, disruption to familiar routines and distrust of management. High-risk strategies to overcome that resistance are **manipulation** — covertly influencing employees using selective or distorted information, or co-opting influential staff — and **threat** — coercing employees with a negative consequence such as demotion or redundancy to force acceptance. Under pressure to move quickly, management may find these strategies **attractive**: their **strength** is that they can overcome resistance **fast and cheaply**, forcing **immediate compliance** without the time and expense of low-risk approaches. If, for example, Bellbrook threatened to fast-track redundancies for anyone obstructing the rollout, or told staff the automation was "only about safety" while hiding the scale of job cuts, it might push the change through on schedule.

However, the **weaknesses** of these strategies are severe and, for a change that already threatens jobs, especially dangerous. Both work by **fear or deception** rather than genuine agreement, so the compliance is **superficial and temporary**: employees do the minimum and disengage once the pressure lifts. **Threat** would deepen the workforce's **fear and resentment**, lowering morale and driving up **absenteeism and turnover** — costly in a distribution centre that still needs experienced staff to run the new system — and could **breach employment law** (coercion or unfair-dismissal protections), exposing Bellbrook to legal action. **Manipulation** would be exposed as soon as the redundancies occurred, **destroying trust** in management, poisoning the corporate culture and making the *next* change even harder; it could also damage Bellbrook's **reputation** as an employer. By contrast, **low-risk strategies** — honestly **communicating** the reasons for automating, **supporting** affected staff through retraining and redeployment, and **empowering** remaining employees to help shape the new processes — would address the real source of the resistance while **protecting trust and morale**, though they take more time.

On balance, high-risk strategies are **not appropriate** as Bellbrook's main response. The genuine benefit — speed — does not outweigh the lasting damage to trust, morale, retention, reputation and legal standing, which is particularly harmful when the business needs its remaining warehouse staff to operate the automated centre well. At most, a high-risk strategy might be a **narrow last resort** for a small number of employees actively sabotaging an urgent, necessary change; but the **wiser course** is to rely on low-risk strategies and allow enough time for them to work. *(Full marks require: accurate definitions of manipulation and threat; a genuine two-sided evaluation — the appeal of speed* *weighed against relationship, ethical and legal damage; sustained application to Bellbrook's job-cutting automation; and a clear, justified conclusion.)*

Q20. *(Analyse — trace the mechanism and its consequences, not a list of advantages and disadvantages.)* Peabody's lockout of 19 Wambo washery workers, begun in mid-June 2026 and followed by a further 14-day lockout in July 2026, illustrates the **mechanism** this subtopic classifies as **high-risk**. Rather than working **with** employees — informing, involving and supporting them so that they give **genuine, willing support** — the action works **on** them: withholding work and wages raises the **cost of continuing to resist**, so that acceptance would be obtained through **pressure** rather than agreement. That is the same logic as the **threat** strategy, in which compliance is secured by the prospect of a negative consequence rather than by persuasion. The **consequences** follow the pattern the theory predicts. Compliance won this way is **not genuine commitment** and does not address the underlying disagreement, so the dispute **escalated rather than resolved** — a second lockout followed the first, and the ACTU president met the locked-out workers on 22 June 2026. The **employer–employee relationship** is therefore exposed to lasting damage through resentment and lost trust, which typically shows up afterwards as reduced **discretionary effort**, higher absenteeism and higher turnover; and the sustained public reporting places the business's **reputation as an employer** at risk. Two qualifications matter: a lockout during bargaining is a **lawful industrial action**, not misconduct, and classifying it against this model is **this workbook's analysis**, not Peabody's description of its own conduct.