

LEADING STRATEGIC TRANSFORMATION

A large flock of birds flying in a V-formation against a sunset sky, enclosed in a white circle.

THE H-FACTOR

DANA MINBAEVA

LEADING STRATEGIC TRANSFORMATION

Dana Minbaeva has provided an excellent framing of the complexities – and dynamics – involved in Leading Strategic Transformation. Based on research and grounded in practical examples, Dana gives perspective to the strategies, capabilities, and human capital architectures required for success. The H-factor is especially critical.

Scott Snell,
Eleanor F. and Phillip G. Rust, Professor of Business Administration,
Darden School of Business,
University of Virginia

This book is a must-read for any HR or business leader navigating transformation in today’s fast-changing world. The cases are deeply researched and thoughtfully presented, prompting immediate reflection on how the insights could be applied within my own organisation.

Michael Bang,
Group HR Director,
Micro Matic

This book offers actionable guidance for leaders to create value from today’s growing uncertainty and complexity without falling into the trap of providing simplistic solutions.

Niels Ostmeier,
MD, Chief Medical Office,
Physikit

“Leading Strategic Transformation: The H-factor” by Dana Minbaeva is a rare blend of insight and practicality — a thinking partner for doers and a call to action for thinkers. Instead of offering quick fixes, it equips leaders with thought-provoking questions and fresh perspectives to lead with clarity and confidence. A must-read for anyone looking to make transformation meaningful and lasting.

Gillian Davies,
Organization Development Director – AI Transformation Office,
Microsoft

LEADING STRATEGIC TRANSFORMATION: THE H-FACTOR

BY

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INVESTOR IN PEOPLE

*To those who challenged my thinking, sharpened my ideas,
and reminded me that teaching is, at its best,
a two-way transformation.*

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INTRODUCTION

WHY ANOTHER BOOK ON STRATEGIC TRANSFORMATION?

Simple: because the last 10 did not help you swim – only float.

This book explores how to lead when the world around you is too complex for certainty, too dynamic for fixed plans, and too human for one-size-fits-all solutions. At its core lies the H-factor: human capital not as a collection of individuals, but as a system of synergies – shaped by context, activated by learning, and enabled through leadership. It is about navigating through paradoxes, building capabilities, and unlocking the potential of people by understanding not just what to do, but why it matters. This is your guide to thinking differently so that you can lead differently.

WHAT MAKES THIS BOOK DIFFERENT?

For one, it is research-based and practice-focussed. Neither TED talk gloss nor ivory tower detachment – rather, both-and. Expect the rigour of evidence-based insight and the rawness of real-world messiness, coexisting in productive tension. This is a book for doers who like to think, and thinkers who want to act – because transformation thrives in paradox, not simplicity.

You will not find step-by-step blueprints here – no ‘ten things to do before breakfast’ to become a transformational leader. In fact, the last thing you want is to be guided by ‘best practices’. Bright and shiny objects? Leave them for someone else. Your H-factor is your differentiation, not your imitation.

And while some in academia suggest we should explain things as if speaking to our grandmothers (I adore mine, and yes, I do talk to her – just not about transformation strategy), I resist the idea of dumbing things down. This book refuses to simplify what should not be simplified. It invites you to understand the logic of *why* before rushing to the *what* and insists that before you fix something, you question why you did it in a way that needs fixing in the first place. Because the ability to make evidence-based decisions begins not

with action, but with understanding, and continues with questioning. It is not about rushing to solve, but about learning to take a pause and be with the tension long enough to see it clearly.

WHY SHOULD YOU READ IT?

There are two types of people in the world: those who hear the phrase ‘strategic transformation’ and reach for a whiteboard and those who quietly start looking for the exit door. This book is for both. Because whether you are a CEO, an HR leader, or a quietly-panicking middle manager – you are already in it. The transformation is happening, with or without your permission.

If you are an executive, chances are you have seen it all. That is precisely why this book matters. It will challenge you to recombine what you know into something new – not by simplifying, but by engaging deeply with the complexity around you. If you are a student – of leadership, of strategy, or just of the world – it will nudge you beyond the safe contours of your current knowledge. And if you are an educator, this book offers a wealth of inspiration for your executive education sessions, providing practical frameworks, reflection prompts, and tools to engage participants in deeper learning and discussion.

This book is your thinking partner. Its ambition is not to tell you what to think, but to equip you with the tools and questions to *think differently*.

It invites you to learn at multiple levels: the surface (‘what’), the structural (‘how’), and the systemic (‘why’). You will build your associative thinking muscles, develop a sharper sense for qualitative signals around you, and hopefully get more comfortable with discomfort. Because transformation means letting go of the familiar – even when that familiar made you successful.

WHAT TO EXPECT?

In this book, I am aiming to give you *a compass rather than a detailed map* – something that helps you navigate uncertainty, orient in complexity, and adapt your path as the terrain shifts beneath your feet. A map implies a fixed route, but transformation rarely follows one. A compass offers direction, not prescription, and encourages you to stay alert, question assumptions, and make context-sensitive decisions along the way.

Each chapter will offer a few inputs for your leadership toolbox. There are prompts for reflection and questions for team discussion throughout the chapters, and at the end of each chapter, appendices with self-assessments and practical actions to experiment with:

- *Leadership Huddles*: Questions to guide team conversations that matter.
- *Reflect and Rethink*: Your pause points for personal reflection.
- *Strategy Labs*: DIY formats to reframe problems and spark insight at strategy retreat or leadership development sessions.
- *Mirror Moments*: Self-assessment tools to explore how your leadership shows up – individually and as a team.

Each chapter finishes with a list of evidence behind the claims (aka references) and curated reading suggestions for those who wish to explore further (*For Curious Minds: Further Readings Adventures*).

The book is designed to be read iteratively. The printed page is linear; real transformation is not. Start where your major pain point is. Grab a piece of paper: sketch out some visuals, draw abstract concepts, create logical models... Return to the beginning when needed. Pick a chapter that resonates with your current challenge. Invite your team to use the reflections as a springboard for deeper exploration and dialogue. And then go back to the beginning again with fresh eyes and deeper questions.

ONE MORE THING...

After the book is published, you are invited to join the online book club – a space for shared reflections, strategy labs, and leadership journeys. A companion web-based tool at www.nhca.dk will offer coaching-style prompts, a place to track your leadership evolution, and opportunities for live sessions with me. Because *learning is not something we finish – it is something we nurture, together*. The book gets published, but the thinking does not end – it begins anew with you.

So. Welcome aboard. Pack light. Bring curiosity. And remember: this is not a guidebook for how the world *was*. It is a thinking framework for how you might lead in the world *to become*.

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Part I

STRATEGIC TRANSFORMATION: WHY NOW?

‘Strategic transformation’ is everywhere these days. At first glance, it might sound like just another buzzword – management jargon repackaged for the moment. But do not dismiss it too quickly. The growing popularity of this term signals something more profound: a widespread recognition that the rules of the game are shifting beneath our feet.

Language in management often evolves in response to lived uncertainty. New terms emerge when familiar ways of working no longer fit the terrain – when organisations are not just optimising for efficiency, but wrestling with existential questions about direction, value, and purpose. Strategic transformation is not about tweaking around the edges. It speaks to the need to rethink not only what organisations do, but how they do it – and, more importantly, *why*.

More sceptical voices might also argue that strategic transformation is merely ‘old wine in new bottles’ – just a fresh label for the familiar concept of strategic change. There is some truth in that. Strategic change, defined as the process by which an organisation alters its alignment with its external environment, has been widely studied in organisational science (Stoutten et al., 2018). However, despite an abundance of research on what works and what doesn’t in strategic change, many organisations continue to struggle to achieve lasting success. Studies show that a significant percentage of strategic change initiatives fail: between 30% and 70%, depending on which study you look at. Even when organisations make the right strategic choices, up to half of those decisions falter due to problems in execution rather than in formulation. The old assumption that strategic change can be planned, directed, and managed through a fixed set of implementation methods has been increasingly challenged. Hence, there is a growing recognition that change should not be framed a single event but *a continuous, dynamic process of transforming organisation*.

So, what makes strategic transformation more than just a passing trend today? In Part I, I argue that there are (at least) three ‘tectonic shifts’ responsible for this. First, organisations are facing a far greater set of challenges than ever before. Digitalisation is accelerating at an unprecedented pace; geopolitical,

economic, and social forces are shifting dramatically; and business processes are becoming increasingly interconnected on a global scale. These dynamics have created an organisational landscape marked by *greater complexity*.

Traditionally, organisations sought to align their internal business strategy with the external complexity of their environment, drawing on various prescriptive frameworks and models, advocated among others by the design school, the planning school, and the positioning school of strategy. However, the cascades of changes in the environment have been continually unfolding and overlapping, creating an even more rapid pace and greater complexity, as shifts in one part of the environment triggered chain reactions that impacted other areas. This made it clear that the pure pursuit of prescribed alignment was pointless and that adaptation and learning must evolve organically rather than be planned. Hence, the role of those responsible for an organisation's strategic direction shifted from trying to 'predict the future' through various linear 'if-then' scenario planning to continuously setting and adjusting both the direction and boundaries that allow flexible and self-organised solutions to evolve. It means pursuing *ambidexterity*: capturing value through operational excellence while creating value through innovation. To succeed, leaders must move beyond linear thinking and instead learn to live with paradoxes – holding competing demands, acting amid uncertainty, and resisting the urge to resolve tensions prematurely.

Finally, and perhaps most importantly, strategic transformation is not simply about implementing new systems. In the past, transformation frameworks provided by consultants focussed heavily on structural changes and process-based recommendations. Academic research often attributed the success of transformation to factors like industry dynamics, market conditions, or specific technologies. While these elements can influence outcomes, they are not the definitive drivers of success. At its core, strategic transformation hinges on your most valuable asset – *human capital*. From my experience working with companies, a clear pattern emerges: organisations that see strategic transformation as fundamentally tied to how they manage and develop their organisational human capital consistently achieve better results than those that view it as merely an operational challenge, such as digitalising business processes or meeting sustainability targets.

In sum, strategic transformation is far from a fleeting trend; it is an urgent necessity driven by three shifts: (1) the need to rethink how the value is created in the context of unprecedented complexity that organisations now face, (2) the need to manage tensions by holding seemingly opposing goals in creative coexistence, and (3) the imperative to place human capital at the heart of sustainable change. These shifts are 'tectonic' – not immediately visible to the casual observer, yet they fundamentally reshape how we should approach strategic transformation.

In the next three chapters, I will delve into the research that underpins these 'tectonic shifts' and *explain why* they are far more than just temporary changes in direction. This overview will provide a high-level synthesis of existing research and may seem dense at times. If you are eager to move forward or already convinced of the significance of these shifts, feel free to skip ahead to Part II and return to this section if deeper understanding of underlying mechanisms are needed.

UNDERSTANDING COMPLEXITY

We often hear that today's organisations operate in a complex world. But what do we really mean by complexity? The word is used so frequently that it risks becoming a catch-all for anything messy, fast-moving, or unpredictable. Yet complexity has a more precise meaning, rooted in a field of study known as complexity science, which explores systems marked by non-linear dynamics, feedback loops, and emergent patterns of behaviour. These are systems in which small changes can produce outsized effects, and outcomes are often shaped more by interactions than by individual parts.

To make sense of this, it is helpful to distinguish between what is '*complicated*' and what is truly '*complex*'. A complicated system may have many moving parts, but it can be broken down, analysed, and understood. It follows predictable rules. A complex system, by contrast, cannot be fully understood by analysing its parts in isolation. These systems are constantly adapting, shaped by interdependencies and shifting conditions that defy simple cause-and-effect logic.

Consider the often-quoted comparison: a Boeing 747 is complicated, but mayonnaise is complex. You can take apart a Boeing and reassemble it, and it will still fly – because it operates according to detailed engineering blueprints and predictable principles. Mayonnaise, on the other hand, is the product of delicate interactions: oil, egg yolk, and acid emulsify under just the right conditions. Once it separates, you can't simply reverse-engineer it – the process is sensitive, adaptive, and not fully controllable. That's the nature of complexity: it is not just about how many parts there are, but how they *interact, adapt, and create new forms*.

Reflect and Rethink: Your Personal Pause Points.

- *How would you apply the logic of complexity (vs. complicated) to a challenge you are currently facing?*

At the heart of complexity science lies the idea of complex adaptive systems (CAS). As defined by John H. Holland (2006), these are ‘systems that have a large number of components, often called agents, that interact and adapt or learn’. The concept is deeply interdisciplinary, drawing from fields such as biology, computer science, and economics – and over time, it has been adapted by organisational scholars seeking practical ways to understand and navigate dynamic environments.

Crucially, CAS are not simply fast-moving or crowded systems. What sets them apart is the unpredictable and nonlinear nature of how they evolve. CAS will have high number of moving parts that matters, but what sets them apart is the high degree of interdependencies between them (see Table 1).

Table 1. Systems and Complexity.

| | Relatively Few Components | Many Components |
|--------------------------------|---|---|
| High degree of interdependence | <p><i>Intricately woven</i></p> <p>High interrelatedness within the system leads to lesser decomposability. We can possibly study such systems as a ‘whole,’ rather than decompose them into functional subcomponents.</p> <p>Example: Mayonnaise</p> | <p>CAS</p> <p>Due to the high interrelatedness between their large numbers of components, such systems are challenging to describe and much more challenging to predict or manage.</p> <p>Example: Ecosystems</p> |
| Low degree of interdependence | <p><i>Simple</i></p> <p>These systems are relatively easy to understand, describe, predict, and manage under various circumstances. They are readily decomposable and exhibit near-linear behaviour under most circumstances.</p> <p>Example: a pen (or any other product created by a Tayloristic assembly line)</p> | <p><i>Complicated</i></p> <p>These systems are costly to manage only because the extent that the large amount of components that must be considered. As such, these systems can be understood, described, and predicted, albeit at a linearly higher computational cost in comparison to simple systems.</p> <p>Example: Airplane</p> |