



INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

Dundigal, Hyderabad -500 043

MASTER OF BUSINESS ADMINISTRATION

COURSE LECTURE NOTES

Course Name	Leadership and Change Management
Course Code	CMBB62
Programme	MBA
Semester	IV
Course Coordinator	Dr. T Srinivasa Rao. Professor
Lecture Numbers	1-63
Topic Covered	All

COURSE OBJECTIVES:

The course should enable the students to:	
I	Demonstrate knowledge in strengthening the organization, empowering individuals and promoting accountability and ownership principles.
II	Recognize the people for new challenges make change happen, seek and act on opportunities and improve and enhance the way things are done.
III	Provide leaders and managers with clear insights on how to effectively motivate people through corporate culture or organizational change.
IV	Understand the intricate relationship between the strategic business plan of the organization and the role of organization development.

COURSE OUTCOMES (COs):

Students, who complete the course, will have demonstrated the ability to do the following:

CMBB62.01	Identify the emotions, responses, and needs experienced during the exploration phase, and the strategies to manage the exploration phase.
CMBB62.02	Develop the planning skills needed to introduce and implement positive change
CMBB62.03	Recognize the behaviors and traits of a change leader, and the role of resilienceduring change.
CMBB62.04	Understand the misconceptions about change and the importance and benefits ofchange.
CMBB62.05	Understand the fundamentals of managing change by identifying the levels of change
CMBB62.06	Recognize the truths and misconceptions about change, differentiate between change and transition
CMBB62.07	Monitor the outcomes of change that effects the organisation structure.change and transition
CMBB62.08	Identify the information required during and the common responses to the new beginnings phase, as well as strategies to manage the new beginnings phase.
CMBB62.09	Analyze and evaluate problems associated with change in organizations.
CMBB62.10	Begin managing change by encouraging creativity and commitment to change in employees, using effective communication and listening skills, and controlling the grapevine.

UNIT- I

INTRODUCTION AND SKILLS APPROACH TO LEADERSHIP

Leadership

Leadership is a process by which an executive can direct, guide and influence the behavior and work of others towards accomplishment of specific goals in a given situation. Leadership is the ability of a manager to induce the subordinates to work with confidence and zeal.

Leadership is the potential to influence behaviour of others. It is also defined as the capacity to influence a group towards the realization of a goal. Leaders are required to develop future visions, and to motivate the organizational members to want to achieve the visions.

According to Keith Davis, "Leadership is the ability to persuade others to seek defined objectives enthusiastically. It is the human factor which binds a group together and motivates it towards goals."

Characteristics of Leadership

1. It is a inter-personal process in which a manager is into influencing and guiding workers towards attainment of goals.
2. It denotes a few qualities to be present in a person which includes intelligence, maturity and personality.
3. It is a group process. It involves two or more people interacting with each other.
4. A leader is involved in shaping and moulding the behaviour of the group towards accomplishment of organizational goals.
5. Leadership is situation bound. There is no best style of leadership. It all depends upon tackling with the situations.

Importance of Leadership

Leadership is an important function of management which helps to maximize efficiency and to achieve organizational goals. The following points justify the importance of leadership in a concern.

1. **Initiates action-** Leader is a person who starts the work by communicating the policies and plans to the subordinates from where the work actually starts.
2. **Motivation-** A leader proves to be playing an incentive role in the concern's working. He motivates the employees with economic and non-economic rewards and thereby gets the work from the subordinates.
3. **Providing guidance-** A leader has to not only supervise but also play a guiding role for the subordinates. Guidance here means instructing the subordinates the way they have to perform their work effectively and efficiently.
4. **Creating confidence-** Confidence is an important factor which can be achieved through expressing the work efforts to the subordinates, explaining them clearly their role and giving them guidelines to achieve the goals effectively. It is also important to hear the employees with regards to their complaints and problems.
5. **Building morale-** Morale denotes willing co-operation of the employees towards their work and getting them into confidence and winning their trust. A leader can be a morale booster by achieving full co-operation so that they perform with best of their abilities as they work to achieve goals.

6. **Builds work environment-** Management is getting things done from people. An efficient work environment helps in sound and stable growth. Therefore, human relations should be kept into mind by a leader. He should have personal contacts with employees and should listen to their problems and solve them. He should treat employees on humanitarian terms.
7. **Co-ordination-** Co-ordination can be achieved through reconciling personal interests with organizational goals. This synchronization can be achieved through proper and effective co-ordination which should be primary motive of a leader.

Components of Leadership

- **Honesty and Integrity**

Great leaders create an organizational culture built on these two core values and hold all employees accountable to them. Without honesty and integrity as fundamental cornerstones of an organization, they will rarely succeed long term. And creating such a culture starts at the top of the organization. Everyone watches the leader and takes their cues as to what is acceptable behavior.

Effective leaders must also be trustworthy. They are recognized for always telling the truth and for practicing the highest standards of ethical conduct. Subordinates believe them and do not feel that their leader has hidden agendas. Good leaders readily admit their mistakes. Although difficult to do, this shows they are honest and can be trusted.

Great leaders show they have the best interests of the company in mind rather than their own personal gain, by making good on their commitments. They hold themselves accountable for their actions and decisions, and encourage their employees to do likewise.

Transparency is also important, even when there is bad news to share. Employees know when things are not going well. Trying to put a positive spin without acknowledging the organization's difficulties will cost the leader his or her credibility. Sharing both the bad and the good creates deeper trust and respect.

- ***Outstanding Self Awareness***

A leader must understand their own strengths and weaknesses. All of us have faults and instinctive behaviors that produce unintended results and/or consequences. **It is critical for a leader to really know themselves, admit their shortcomings and ask for their help in addressing them.** This demonstrates humility and humanizes the leader. No one is perfect and if a leader acts like they are, they will lose credibility and trust. In the worst case they will be seen as arrogant and intimidating.

Great leaders seek and welcome feedback and dissenting opinions. They encourage different perspectives and challenge conventional thinking. They create healthy discussions and debates, but also know when to move the conversations forward. And they are able to maintain their composure in difficult/stressful situations.

Effective leaders practice servant style leadership, trusting subordinates to do their jobs and providing them the necessary resources and guidance that allows them to do their jobs successfully and efficiently. Obviously different situations may require different management styles. An authoritative style may be necessary in some situations, especially during a crisis. But more often, a servant leadership style that demonstrates that leaders are there to help rather than simply telling others what to do, produces far better results.

Great leaders demonstrate empathy, show humility and genuinely care about others. Taking time to listen to associates and their ideas, learning something personal about subordinates and their families and asking for their opinions are wonderful examples of how to do this well.

Finally, getting 360 degree feedback from your team about your leadership strengths and weaknesses is essential to creating good self awareness.

- *Vision*

Outstanding leaders see the whole picture and do not get too focused on specific tasks or initiatives. They have deep knowledge of related industries/organizations and are seen as strategic thinkers. They often have strong networks and consistently identify important trends early in their life cycle. They are very good at communicating a vision of the future and getting organizational buy-in.

Strong leaders know their target customers, understand the organization's value proposition and also, its competitive weaknesses. They focus on enhancing core competencies of the organization and developing the skills and capabilities that will enhance their value proposition.

They are excellent at establishing clear goals and objectives for the organization, and for their direct subordinates. Importantly, they are also able to provide clear and convincing rationale that supports their vision of the future.

- *Courage*

To have courage requires confidence. The best leaders are very confident in themselves and their ideas, which allows them to be decisive. But, they must be able to exude that confidence without conveying arrogance or intimidation!

Great leaders have the ability to make tough decisions and are willing to take risks, even when conventional wisdom would dictate otherwise. They must be willing to stand alone if they believe in their convictions. This is directly related to their visionary skills, strategic thinking and their self confidence.

They are also able to recognize when they need the expertise or knowledge of others and are not afraid to admit it.

- *Communication Skills*

Great leaders do not have to be great orators or exceptional writers. What is required is that **they are inspirational and persuasive**. They can speak and write to the audience's level, focusing on the WIFM ("What's in it for me"). They communicate in a way that generates buy-in and willing followers. Because if you can't succeed in doing those two things, you cannot effectively lead.

Good leaders must always be truthful, even delivering the bad news when appropriate. But, they generally exude a positive attitude and are seen as optimistic, even in the most troubling of times.

Even if they do not have a professional background or training in sales, leaders often exhibit elements of effective selling skills. They have the ability to advance their ideas in a logical and understandable way to all levels of the organization.

- *Team Builder*

Great leaders must have outstanding team building skills. This requires first and foremost the ability to attract and retain top talent.

Every great leader knows they cannot do it alone and that having the best talent enhances the opportunity for success. They know they need to build a team with complementary skill sets and experiences and constantly look to bring in people that know more than they do (this is because they are confident).

Importantly, they also understand that a team performs best when its members have differing personalities and styles, to expand perspectives when problem solving and avoid getting caught up in “group think.”

A good leader is often more of a facilitator of the team, able to generate healthy discussions and generate consensus. Great leaders know that if the team believes in, and is committed to a strategy or plan, the chance of success goes up immensely. The team becomes passionate about doing what they said they would do. Conversely, when a team feels that the leader will force them to do what he or she thinks is best, innovation is lost and there is little passion.

The best leaders are highly organized and trust the team members to do their respective jobs. The leader becomes a delegator, setting clear expectations and providing on-going feedback.

Finally, effective leaders regularly and publicly recognize others. They are quick to accept blame for failures, even when they may have not been directly responsible. And are just as quick to give others credit for successes rather than themselves.

Trait Approach to Leadership

The trait model of leadership is based on the characteristics of many leaders - both successful and unsuccessful - and is used to predict leadership effectiveness. The resulting lists of traits are then compared to those of potential leaders to assess their likelihood of success or failure.

Scholars taking the trait approach attempted to identify physiological (appearance, height, and weight), demographic (age, education and socioeconomic background), personality, self-confidence, and aggressiveness), intellective (intelligence, decisiveness, judgment, and knowledge), task-related (achievement drive, initiative, and persistence), and social characteristics (sociability and cooperativeness) with leader emergence and leader effectiveness.

Successful leaders definitely have interests, abilities, and personality traits that are different from those of the less effective leaders. Through many researches conducted in the last three decades of the 20th century, a set of core traits of successful leaders have been identified. These traits are not responsible solely to identify whether a person will be a successful leader or not, but they are essentially seen as preconditions that endow people with leadership potential.

Among the core traits identified are:

- Achievement drive: High level of effort, high levels of ambition, energy and initiative
- Leadership motivation: an intense desire to lead others to reach shared goals
- Honesty and integrity: trustworthy, reliable, and open
- Self-confidence: Belief in one’s self, ideas, and ability
- Cognitive ability: Capable of exercising good judgment, strong analytical abilities, and conceptually skilled
- Knowledge of business: Knowledge of industry and other technical matters
- Emotional Maturity: well adjusted, does not suffer from severe psychological disorders.
- Others: charisma, creativity and flexibility.

Big 5 personality traits

Most studies and overviews of leadership traits have been qualitative. **Five-Factor Personality Model** on Leadership provides a quantitative assessment of leadership traits. It is conceptually framed around the five-factor model of personality. It describes how five major personality traits are related to leadership

In psychology, the **Five Factor Model** of personality have been scientifically discovered and accepted by researchers. This model describes five broad dimensions of personality that define human personality at the highest level of organization.

These Big five factors are

- Openness
- Conscientiousness
- Extraversion
- Agreeableness
- Neuroticism

Each factor consists of a cluster of more specific traits that correlate together. For example, extraversion includes such related qualities as sociability, excitement seeking, impulsiveness, and positive emotions.

- **Openness** means the tendency to be informed, creative, insightful, curious and having a variety of experience.
- **Conscientiousness** means the tendency to show self-discipline, act dutifully, and aim for achievement. It means planned rather than spontaneous behavior.
- **Extraversion** means to have energy, positive emotions, and the tendency to be sociable.
- **Agreeableness** means the tendency to be compassionate, trusting and cooperative rather than suspicious and antagonistic towards others.
- **Neuroticism** means a tendency to experience unpleasant emotions easily, such as anger, anxiety, depression, or vulnerability.

They found a strong relationship between the Big Five traits and leadership. **Extraversion** was in their study the factor which was most strongly associated with leadership and therefore the most important trait for effective leaders. The second factor was **conscientiousness** and **openness** followed. **Neuroticism** was actually the third factor closely related to leadership, but it was negatively related to leadership. **Agreeableness** was only weakly associated with leadership.

Strengths/Advantages of Trait Theory

- It is naturally pleasing theory.
- It is valid as lot of research has validated the foundation and basis of the theory.
- It serves as a yardstick against which the leadership traits of an individual can be assessed.
- It gives a detailed knowledge and understanding of the leader element in the leadership process.

Limitations of The Trait Theory

- There is bound to be some subjective judgment in determining who is regarded as a 'good' or 'successful' leader
- The list of possible traits tends to be very long. More than 100 different traits of successful leaders in various leadership positions have been identified. These descriptions are simply generalities.
- There is also a disagreement over which traits are the most important for an effective leader
- The model attempts to relate physical traits such as, height and weight, to effective leadership. Most of these factors relate to situational factors. For example, a minimum weight and height might be necessary to perform the tasks efficiently in a military leadership position. In business organizations, these are not the requirements to be an effective leader.
- The theory is very complex

Applications of Trait Approach

- Use assessment to identify and compare the traits that an individual possess and use trait measures to assess your own characteristics.
- Compare the traits leaders' exhibit and use assessments to see who has these traits.
- Organizations can use personality assessment instruments to identify how individuals will fit within their organizations. This helps them select the right candidate and in turn helps increasing organizational effectiveness.
- Trait information can suggest areas in which employees personal characteristics are beneficial to the organization.
- The trait approach can be used for personal awareness and development by analyzing strengths and weaknesses to gain a better understanding of their traits.
- Use personality tests and other similar questionnaires to gain insight into your current capabilities with regard to certain traits that are deemed important for leadership.
- Use assessment tests to understand your strengths and weaknesses with regard to leadership.
- Use assessment to determine careers or development needs that fit your personality and therefore offers you a greater chance of success.
- Use the assessment results to understand the traits that are good to have if one aspires for a leadership position.
- Use the results to develop a deeper understanding of how your personality based on traits affect others in the organization.
- Identify the areas in which you may want to get more training to enhance your levels.

Skills Approach

In the skills approach we shift our thinking from a focus on personality characteristics, which usually are viewed as innate and largely fixed, to an emphasis on skills and abilities that can be learned and developed. Although personality certainly plays an integral role in leadership, the skills approach suggests that knowledge and abilities are needed for effective leadership.

Researchers have studied leadership skills directly or indirectly for a number of years (see Bass, 1990, pp. 97–109). However, the impetus for research on skills was a classic article published by Robert Katz in the Harvard Business Review in 1955,

titled "Skills of an Effective Administrator". Katz's article appeared at a time when researchers were trying to identify a definitive set of leadership traits. Katz's approach was an attempt to transcend the trait problem by addressing leadership as a set of developable skills. More recently, renewed interest in the skills approach has emerged. Beginning in the early 1990s, a multitude of studies have been published that contend that a leader's effectiveness depends on the leader's ability to solve complex organizational problems. This research has resulted in a comprehensive skill-based model of leadership that was advanced by Mumford and his colleagues. In this chapter, our discussion of the skills approach is divided into two parts. First, we discuss the general ideas set forth by Katz regarding three basic administrative skills: technical, human and conceptual. Second, we discuss the recent work of Mumford and colleagues that has resulted in a new skills-based model of organizational leadership.

Katz's Three-Skill Approach

The skills theory of leadership emerged as a prominent theory in 1955 when Robert Katz published his paper "Skills of an Effective Administrator" in the "Harvard Business Review." The research was based on Katz's own first-hand observations of executives in the workplace and on field research in administration. He suggested in the paper that effective administration or leadership depends on three basic personal skills: technical, human, and conceptual. He identified these three skill areas as the most important skills that the executives had in common and used on a regular basis.

What are the three Skill Areas?

Katz identified three skills; technical, human, and conceptual as the basic personal skills essential for leadership. Technical skills related to the field, human skills related to communicating with people and conceptual skills related to setting vision.

Skill 1: Technical Skills:

As defined by Katz in 1955, 'Technical skill is knowledge about and proficiency in a specific type of work or activity. It includes competencies in a specialized area, analytical ability, and the ability to use appropriate tools and techniques'. Technical skills play an essential role in producing the actual products a company is designed to produce. Having appropriate technical skills signify that the person is competent and knowledgeable with respect to the activities specific to an organization, the organization's rules and standard operating procedures, and the organization's products and services.

Examples of Technical Skills:

For a Software Company the following skills or knowledge areas can be considered as technical skills; Knowledge of Unix/Linux Operating System, Java/C++/Perl Programming Language, MySQL/Oracle Database Management, XML - Extensible Markup Language, HTML Skills etc.

In an accounting firm, technical skill might include understanding of generally accepted accounting principles, accounting principles, knowledge of commercial laws, knowledge of tax laws etc.

Attributes of Technical Skills:

- Technical Skills refer to being knowledgeable proficient in a specific type of work or activity
- It is the ability to work with things
- Technical skill is proficiency, based on specific knowledge, in a particular area of work
- Technical skills are most important at lower and middle levels of management
- Technical skills are less important at upper/senior management levels

Skill 2: Human Skills:

As technical skills relates to the ability to working with things, similarly human skills relates to the ability to work with people. Human skills are people skills which enable the leader to work effectively with subordinates, peers, and superiors. It is the leader's expertise in interacting with others in a way that will enhance the successful completion of the task at hand. Consequently, leaders with higher levels of interpersonal skills are better able to adapt their own ideas to other people's ideas, especially when this will aid in achieving organizational goals more quickly and efficiently. These leaders are more sensitive and empathetic to what motivates others, create an atmosphere of trust for their followers, and take others' needs and motivations into account when deciding what to do to achieve organizational goals.

- Human skills refer to the ability to work with people
- It is being aware of one's own perspective on issues as well as the openness to hear and appreciate inputs of others on their perspectives
- Leaders adapt their own ideas incorporating good themes from those of others
- Create an atmosphere of trust where employees/followers can feel comfortable and empowered to contribute their best
- Human skills are important at all the three levels of management – Lower, Middle and Senior

Examples of Human Skills:

Some human skills that are generally considered important are effective communication (both verbal and written), motivating others and creation of a positive attitude, development of cooperation and team spirit etc.

Skill3: Conceptual Skills:

As a leader grows higher in organizational ladder, the expectations from him are to provide strategic direction, create the vision and motivate the folks to dedicatedly pursue the organizational goals. These are Conceptual skills that allow the leader to think through and work with ideas. Leaders with higher levels of conceptual skills are good at thinking through the ideas that form an organization and its vision for the future.

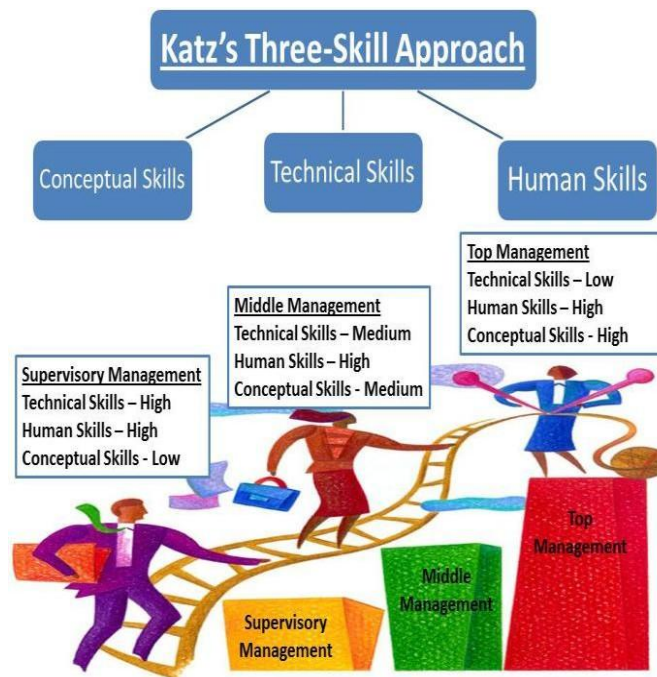
- It is the ability to work with ideas and concepts
- Creating visions, strategic plans and setting direction
- These are cognitive, business, and strategic skills
- Ability to work easily with abstractions and hypothetical situations
- As leaders climb the career ladder, higher levels of conceptual leadership skills became necessary

- This skill is most important for top managers
- This skill is comparatively less important for middle managers
- This skill is least important for supervisory managers
- Necessary skill to climb the career ladder

Examples of Conceptual Skills:

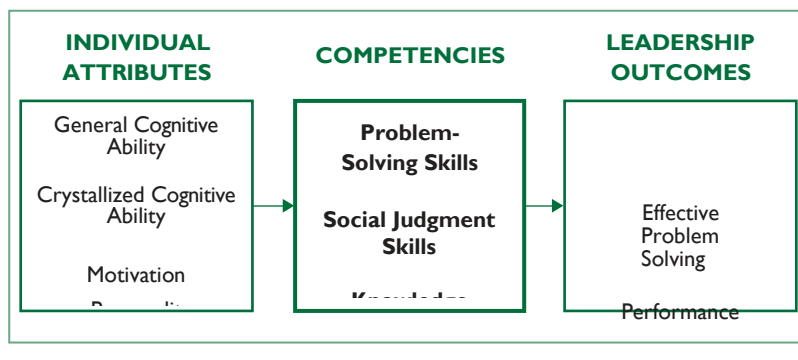
Some conceptual skills that are generally considered important are creativity, decision making, wing to wing interconnectedness, thinking as a whole, strategic thinking, problem solving etc.

Katz's Three-Skill Approach



Skill model

The skill-based model of Mumford's group has five components: competencies, individual attributes, leadership outcomes, career experiences, and environmental influences. A portion of the model, illustrating three of these components, appears in Figure 3.2. This portion of the model is essential to understanding the overall skill-based leadership model.



Competencies

As can be observed in the middle box in Figure 3.2, problem-solving skills, social judgment skills, and knowledge are at the heart of the skills model. These three competencies are the key factors that account for effective performance.

Problem-Solving Skills.

According to Mumford, Zaccaro, Harding, et al. (2000), problem-solving skills are a leader's creative ability to solve new and unusual, ill-defined organizational problems. The skills include being able to define significant problems, gather problem information, formulate new understandings about the problem, and generate prototype plans for problem solutions. These skills do not function in a vacuum, but are carried out in an organizational context. Problem-solving skills demand that leaders understand their own leadership capacities as they apply possible solutions to the unique problems in their organization.

Being able to construct solutions plays a special role in problem solving. In considering solutions to organizational problems, skilled leaders need to attend to the time frame for constructing and implementing a solution, short-term and long-term goals, career goals and organizational goals, and external issues, all of which could influence the solution.

To clarify what is meant by problem-solving skills, consider the following hypothetical situation. Imagine that you are the director of human resources for a medium-sized company and you have been informed by the president that you have to develop a plan to reduce the company's health care costs. In deciding what you will do, you could demonstrate problem-solving skills in the following ways. First, you identify the full ramifications for employees of changing their health insurance coverage. What is the impact going to be? Second, you gather information about how benefits can be scaled back. What other companies have attempted a similar change, and what were their results? Third, you find a way to teach and inform the employees about the needed change. How can you frame the change in such a way that it is clearly understood? Fourth, you create possible scenarios for how the changes will be instituted. How will the plan be described? Fifth, you look closely at the solution itself. How will implementing this change affect the company's mission and your own career? Last, are there issues in the organization (e.g., union rules) that may affect the implementation of these changes?

As illustrated by this example, the process of dealing with novel, ill-defined organizational problems is complex and demanding for leaders. In many ways, it is like a puzzle to be solved. For leaders to solve such puzzles, the skill-based model suggests that problem-solving skills are essential.

Social Judgment Skills. In addition to problem-solving skills, effective leadership performance also requires social judgment skills (see Figure 3.2). In general, social judgment skills are the capacity to understand people and social systems. They enable leaders to work with others to solve problems and to marshal support to implement change within an organization. Social judgment skills are the people skills that are necessary to solve unique organizational problems.

Conceptually, social judgment skills are similar to Katz's (1955) early work on the role of human skills in management. In contrast to Katz's work, Mumford and colleagues have delineated social judgment skills into the following: perspective taking, social perceptiveness, behavioral flexibility, and social performance.

Perspective taking means understanding the attitudes that others have toward a particular problem or solution. It is empathy applied to problem solving. Perspective taking means being sensitive to other people's perspectives and goals—being able to understand their point of view on different issues. Included in perspective taking is knowing how different constituencies in an organization view a problem and possible solutions. According to Zaccaro, Gilbert, Thor, and Mumford (1991), perspective-taking skills can be likened to social intelligence. These skills are concerned with knowledge about people, the social fabric of organizations, and the inter-relatedness of each of them.

Social perceptiveness is insight and awareness into how others in the organization function. What is important to others? What motivates them? What problems do they face, and how do they react to change? Social perceptiveness means understanding the unique needs, goals, and demands of different organizational constituencies (Zaccaro et al., 1991). A leader with social perceptiveness has a keen sense of how employees will respond to any proposed change in the organization. In a sense, you could say it allows the leader to know the pulse of employees on any issue at anytime.

In addition to understanding others accurately, social judgment skills also involve reacting to others with flexibility. Behavioral flexibility is the capacity to change and adapt one's behavior in light of an understanding of others' perspectives in the organization. Being flexible means one is not locked into a singular approach to a problem. One is not dogmatic but rather maintains an openness and willingness to change. As the circumstances of a situation change, a flexible leader changes to meet the new demands.

Social performance includes a wide range of leadership competencies. Based on an understanding of employees' perspectives, leaders need to be able to communicate their own vision to others. Skill in persuasion and communicating change is essential to do this. When there is resistance to change or interpersonal conflict about change, leaders need to function as mediators. To this end, skill in conflict resolution is an important aspect of social performance competency. In addition, social performance sometimes requires that leaders coach subordinates, giving them direction and support as they move towards elected organizational goals. In all, social performance includes many related skills that may come under the umbrella of communication.

To review, social judgment skills are about being sensitive to how your ideas fit in with others. Can you understand others' perspectives and their unique needs and motivations? Are you flexible, and can you adapt your own ideas to others? Can you work with others even when there is resistance and conflict? Social judgment skills are the people skills needed to advance change in an organization.

Knowledge is the third aspect of competencies is knowledge. Knowledge is inextricably related to the application and implementation of problem-solving skills in organizations. It directly influences a leader's capacity to define complex organizational problems and to attempt to solve them (Mumford, Zaccaro, Harding, et al., 2000). Knowledge is the accumulation of information and the mental structures used to organize that information. Such a mental structure is called a schema (a summary, a diagrammatic representation, or an outline). Knowledge results from having developed an assortment of complex schemata for learning and organizing data.

For example, all of us take various kind so facts and information into our minds. As we organize that information into categories or schemata, the information becomes more meaningful. Knowledge emerges from the facts and the organizational structures we apply to

them. People with a lot of knowledge have more complex organizing structures than those with less knowledge. These knowledgeable people are called experts.

Consider the following base ball example. A baseball expert knows a lot off acts about the game; the expert knows the rules, strategies, equipment, players, and much, much more. The expert's knowledge about baseball includes the facts, but it also includes the complex mental structures used in organizing and structuring those facts. That person knows not only the season and life time statistics for each player, but also that player's quirks and injuries, the personality of the manager, the strengths and weaknesses of available substitutes, and soon. The expert knows base ball because she or he comprehends the complexities and nuances of the game. The same is true for leadership in organizations. Leaders with knowledge know much about the products, the tasks, the people, the organization, and all the different ways these elements are related to each other. A knowledge- able leader has many mental structures with which to organize the facts of organizational life.

Knowledge has a positive impact on how leaders engage in problem solving. It is knowledge and expertise that make it possible for people to think about complex system issues and identify possible strategies for appropriate change. Further more, this capacity allows people to use prior cases and incidents in order to plan for needed change. It is knowledge that allows people to use the past to constructively confront the future.

To summarize, the skills model consists of three competencies: problem-solving skills, social judgment skills, and knowledge. Collectively, these three components are positively related to effective leadership performance (see Figure3.2).

Individual Attributes

The box on the left identifies four individual attributes that have an impact on leadership skills and knowledge: general cognitive ability, crystallized cognitive ability, motivation, and personality. These attributes play important roles in the skills model. Complex problem solving is a very difficult process and becomes more difficult as people move up in the organization. These attributes support people as they apply their leadership competencies.

General Cognitive Ability. General cognitive ability can be though to fasa person's intelligence. It includes perceptual processing, information processing, general reasoning skills ,creative and divergent thinking capacities, and memory skills. General cognitive ability is linked to biology, not to experience.

General cognitive ability is sometimes described as fluid intelligence, a type of intelligence that usually grows and expands up through early adulthood and then declines with age. In the skills model, intelligences described as having a positive impact on the leader's acquisition of complex problem-solving skills and the leader's knowledge.

Crystallized Cognitive Ability. Crystallized cognitive ability is intellectual ability that is learned or acquired overtime. It is the store of knowledge we acquire through experience. We learn and increase our capacities over a lifetime, increasing our leadership potential (e.g., problem-solving skills, conceptual ability, and social judgment skills). In normally functioning adults, this type of cognitive ability grows continuously and typically does not fall off in adulthood. It includes being able to comprehend complex information and learn new skills and information, as well as being able to communicate to others in or a land written forms. Stated another way, crystallized cognitive ability is acquired intelligence :the ideas and mental abilities people learn through experience. Because it stays fairly stable overtime, this type of intelligence is not diminished as people get older.

Motivation. Motivation is listed as the third attribute in the model. Although it does not purport to explain the many ways in which motivation may affect leadership, it does suggest three aspects of motivation that are essential to developing leadership skills (Mumford, Zaccaro, Harding, et al., 2000, p. 22): First, leaders must be willing to tackle complex organizational problems. This first step is critical. For leadership to occur, a person wants to lead. Second, leaders must be willing to express dominance—to exert their influence, as we discussed in Chapter 2. In influencing others, the leader must take on the responsibility of dominance because the influence component of leadership is inextricably bound to dominance. Third, leaders must be committed to the social good of the organization. The social good is a broad term that can refer to a host of outcomes. However, in the skills model it refers to the leader's willingness to take on the responsibility of trying to advance the overall human good and value of the organization. Taken together, these three aspects of motivation (willingness, dominance, and social good) prepare people to become leaders.

Personality. Personality is the fourth individual attribute in the skills model. Placed where it is in the model, this attribute reminds us that our personality has an impact on the development of our leadership skills. For example, openness, tolerance for ambiguity, and curiosity may affect a leader's motivation to try to solve some organizational problem. Or, in conflict situations, traits such as confidence and adaptability may be beneficial to a leader's performance. The skills model hypothesizes that any personality characteristic that helps people to cope with complex organizational situations probably is related to leader performance.

Leadership Outcomes

Effective problem solving and performance are the outcomes of leadership. These outcomes are strongly influenced by the leader's competencies (i.e., problem-solving skills, social judgment skills, and knowledge). When leaders exhibit these competencies, they increase their chance of problem solving and overall performance.

Effective Problem Solving. The skills model is a capability model, designed to explain why some leaders are good problem solvers and others are not. Problem solving is the keystone in the skills approach. In the model (see Figure 3.2), problem-solving skills, as competencies, lead to effective problem solving as a leadership outcome. The criteria for good problem solving are determined by the originality and the quality of expressed solutions to problems. Good problem solving involves creating solutions that are logical, effective, and unique, and that go beyond given information (Zaccaro et al., 2000).

Performance In the model, performance outcomes reflect how well the leader has done her or his job. To measure performance, standard external criteria are used. If the leader has done well and been successful, the leader's evaluations will be positive. Leaders who are effective receive good annual performance reviews, get merit raises, and are recognized by superiors and subordinates as competent leaders. In the end, performance is the degree to which a leader has successfully performed the assigned duties.

Taken together, effective problem solving and performance are the two ways to assess leadership effectiveness using the skills model. Furthermore, good problem solving and good performance go hand in hand. A full depiction of the comprehensive skills model appears in Figure 3.2. It contains two other components, not depicted that contribute to overall leadership performance: career experiences and environmental influences.

Career Experiences

Career experiences have an impact on the characteristics and competencies of leaders. The skills model suggests that the experiences acquired in the course of leaders' careers influence their knowledge and skills to solve complex problems. Mumford, Zaccaro, Harding, et al. (2000, p. 24) pointed out that leaders can be helped through challenging job assignments, mentoring, appropriate training, and hands-on experience in solving new and unusual problems. In addition, the authors think that career experiences can positively affect the individual characteristics of leaders. For example, certain on-the-job assignments could enhance a leader's motivation or intellectual ability.

In the first section of this chapter, we discussed Katz's (1955) work, which notes that conceptual skills are consistent with Mumford, Zaccaro, Harding, et al.'s (2000) skills model, which contends that leaders develop competencies over time. Career experience helps leaders to improve their skills and knowledge over time. Leaders learn and develop higher levels of conceptual capacity if the kinds of problems they confront are progressively more complex and more long term as they ascend the organizational hierarchy. Similarly, upper-level leaders, as opposed to first-line supervisors, develop new competencies because they are required to address problems that are more novel, that are more poorly defined, and that demand more human interaction. As these people move through their careers, higher levels of problem-solving and social judgment skills become increasingly important (Mumford & Connelly, 1991).

So the skills and knowledge of leaders are shaped by their career experiences as they address increasingly complex problems in the organization. This notion of developing leadership skills is unique and quite different from other leadership perspectives. If we say, "Leaders are shaped by their experiences," then it means leaders are not born to be leaders (Mumford, Zaccaro, Harding, et al., 2000). Leaders can develop their abilities through experience, according to the skills model.

Environmental Influences

The final component of the skills model is environmental influences, which is illustrated at the bottom of Figure 3.3. Environmental influences represent factors that lie outside the leader's competencies, characteristics, and experiences. These environmental influences can be internal and external.

Internal environmental influences affecting leadership performance can include such factors as technology, facilities, expertise of subordinates, and communication. For example, an aging factory or one lacking in high-speed technology could have a major impact on the nature of problem-solving activities. Another example might be the skill levels of subordinates: If a leader's subordinates are highly competent, they will definitely improve the group's problem solving and performance. Similarly, if a task is particularly complex or a group's communication poor, the leader's performance will be affected.

External environmental influences, including economic, political, and social issues, as well as natural disasters, can provide unique challenges to leaders. In March 2011, a massive earthquake and tsunami devastated large parts of Japan, crippling that nation's automobile manufacturing industry. Toyota Motor Corp. alone had more than 650 of its suppliers and component manufacturers wiped out, halting worldwide production of Toyota vehicles and devastating the company's sales. At the same time, this disaster was a boon to American carmakers who increased shipments and began outselling Toyota, which had dominated the market. Leaders of these automobile companies, both Japanese and American, had to respond to unique challenges posed by external forces completely beyond their control.

The skills model does not provide an inventory of specific environmental influences. Instead, it acknowledges the existence of these factors and recognizes that they are indeed influences that can affect a leader's performance. In other words, environmental influences are apart of the skills model but not usually under the control of the leader.

Strengths

In several ways, the skills approach contributes positively to our understanding about leadership. First, it is a leader-centered model that stresses the importance of developing particular leadership skills. It is the first approach to conceptualize and create a structure of the process of leadership around skills. Whereas the early research on skills highlighted the importance of skills and the value of skills across different management levels, the later work placed learned skills at the center of effective leadership performance at all management levels.

Second, the skills approach is intuitively appealing. To describe leadership in terms of skills makes leadership available to everyone. Unlike personality traits, skills are competencies that people can learn or develop. It is like playing a sport such as tennis or golf. Even without natural ability in these sports, people can improve their games with practice and instruction. The same is true with leadership. When leadership is framed as a set of skills, it becomes a process that people can study and practice to become better at performing their jobs.

Third, the skills approach provides an expansive view of leadership that incorporates a wide variety of components, including problem-solving skills, social judgment skills, knowledge, individual attributes, career experiences, and environmental influences. Each of these components can further be subdivided into several sub components. This multipicture of leadership that encompasses a multitude of factors. Because it includes so many variables, the skills approach can capture many of the intricacies and complexities of leadership not found in other models.

Last, the skills approach provides a structure that is very consistent with the curricula of most leadership education programs. Leadership education programs throughout the country have traditionally taught classes in creative problem solving, conflict resolution, listening, and teamwork, to name a few. The content of these classes closely mirrors many of the components in the skills model. Clearly, the skills approach provides a structure that helps to frame the curricula of leadership education and development programs.

Criticisms

Like all other approaches to leadership, the skills approach also has certain weaknesses. First, the breadth of the skills approach seems to extend beyond the boundaries of leadership. For example, by including motivation, critical thinking, personality, and conflict resolution, the skills approach addresses more than just leadership. Another example of the model's breadth is its inclusion of two types of intelligence (i.e., general cognitive ability and crystallized cognitive ability). Although both are as studied widely in the field of cognitive psychology, they are seldom addressed in leadership research. By including so many components, the skills model of Mumford and others becomes more general and less precise in explaining leadership performance.

Second, related to the first criticism, the skills model is weak in predictive value. It does not explain specifically how variations in social judgment skills and problem-solving skills affect performance. The model suggests that these components are related, but it does not describe with any precision just how that works. In short, the model can be faulted because it does not explain how skills lead to effective leadership performance.

In addition, the skills approach can be criticized for claiming not to be a trait model. When, in fact, a major component in the model includes individual attributes, which are trait-like. Although Mumford and colleagues describe cognitive abilities, motivation, and personality variables as factors contributing to competencies, these are also factors that are typically considered to be trait variables. The point is that the individual attributes component of the skills model is trait driven, and that shifts the model away from being strictly a skills approach to leadership.

The final criticism of the skills approach is that it may not be suitably or appropriately applied to other contexts of leadership. The skills model was constructed by using a large sample of military personnel and observing their performance in the armed services. This raises an obvious question: Can these results be generalized to other populations or organizational settings? Although some research suggests that these Army findings can be generalized to other groups (Mumford, Zaccaro, Connelly, et al., 2000), more research is needed to address this criticism.

Applications

Despite its appeal to the orists and academics, the skills approach has not been widely used in applied leadership settings. For example, there are not raining packages designed specifically to teach people leadership skills from this approach. Although many programs have been designed to teach leadership skills from a general self-help orientation, few of these programs are based on the conceptual frameworks set forth in this chapter.

Despite the lack of formal training programs, the skills approach offers valuable information about leadership. The approach provides away to delineate the skills of the leader, and leaders at all levels in an organization can use it. In addition, this approach helps us to identify our strengths and weaknesses in regard to these technical, human, and conceptual skills. By taking a skills inventory such as the one provided at the end of this chapter, people can gain further insight into their own leadership competencies. Their scores allow them to learn about are as in which they may want to seek further training to enhance their overall contributions to their organization.

From a wider perspective, the skills approach may be used in the future as a template for the design of extensive leadership development programs. This approach provides the evidence for teaching leaders the important aspects of listening, creative problem solving, conflict resolution skills, and much more.

Leadership Theories - Important Theories of Leadership

Just as management knowledge is supported by various theories, the leadership function of management too is authenticated by various theories. While the behavioural theories of leadership focused on discovering the constant relationship between leadership behaviours and the group performance, the contemporary theories emphasized the significance of situational factors (such as stress level, job structure, leader's intelligence, followers' traits, etc.) as well.

Some of the **important leadership theories** are as follows:

- Blake and Mouton's Managerial Grid
- House's Path Goal Theory
- Great Man Theory
- Trait Theory
- Leadership-Member Exchange (LMX) Theory
- Transformational Leadership
- Transactional Leadership
- Continuum of Leadership Behaviour
- Likert's Management System
- Hersey Blanchard Model
- Fiedler's Contingency Model

Ohio State Leadership Studies Explained with Examples

Ohio State Leadership Studies is Behavioural Leadership Theory. Series of studies on leadership was done by the Ohio State University in 1945 to identify observable behaviours of leaders instead of focusing on their individual traits.

They found two critical characteristics of leadership either of which could be high or low or independent of one another.

The research was based on questionnaires to leaders and subordinates of the organizations. These are known as the Leader Behavior Description Questionnaire (LDBQ) and the Supervisor Behavior Description Questionnaire (SBDQ).

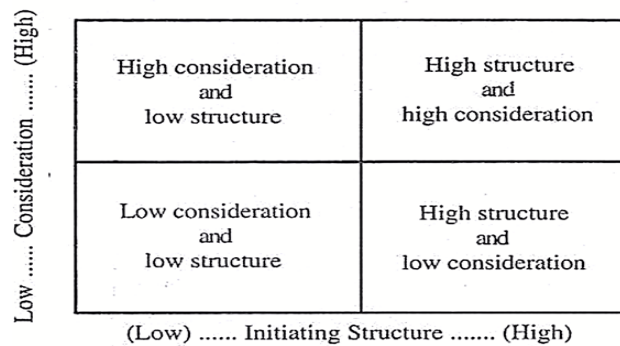
Ultimately, these studies narrowed the description of leader behavior into two dimensions:

Initiating Structure Behavior: The behavior of leaders who define the leader-subordinate role so that everyone knows what is expected, establish formal lines of communication, and determine how tasks will be performed.

Consideration Behavior: The behavior of leaders who are concerned for subordinates and attempt to establish a warm, friendly, and supportive climate.

The Ohio State Leadership Studies also showed that initiating structure and consideration are two distinct dimensions and not mutually exclusive. A low score on one does not require a high score on the other.

Hence, leadership behavior can be plotted on two separate axes rather than on a single continuum, as shown in the following diagram;



DIMENSIONS OF LEADER BEHAVIOR

The four quadrants in the above figure show various considerations of initiating structure and consideration. In each quadrant, there is a relative mixture of initiating structure and consideration and a manager can adopt any one style. Although an early study, this is still often referenced. It is notable that the two factors correlate with the people task division that appears in other studies and as preferences.

The findings of Ohio State Leadership Studies suggest that effective leaders possess a strong ability to work with others and build a cohesive team which is balanced with the capability to create structure within which activities can be accomplished.

Michigan Leadership Studies: Behavioural Leadership Theories

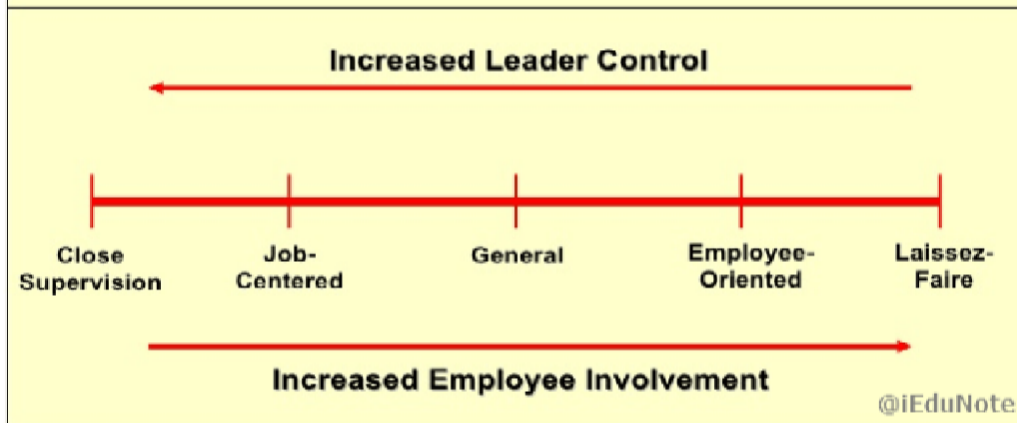
Michigan Leadership Studies is a behavioural Leadership Theory that indicates the Institute for Social Research at the University of Michigan conducted empirical studies to identify styles of leader behavior that results in higher performance and satisfaction of a group. The studies identified two distinct styles of leadership;

1. **Job-centered Leadership:** Managers using job-centered leader behavior pay close attention to subordinates' work, explain work procedures and are keenly interested in performance.
2. **Employee-centered Leadership:** Managers using employee-centered leader behavior are interested in developing a cohesive work group and ensuring that employees are satisfied with their jobs.

The Michigan Leadership Studies found that both the styles of leadership led to increase in production, but it was slightly more in case of production of job-centered style.

Michigan Studies

Leadership Behavior Continuum



However, the use of direct pressure and close supervision led to decreased satisfaction and increased turnover and absenteeism.

The employee-centered approach led to the improved work-flow procedure and more cohesion in interactions resulting in increased satisfaction and decreased turnover and absenteeism.

This suggested the superiority of the employee-centered leadership style.

The Michigan Leadership Studies were-conducted around the same time as the **Ohio State Leadership Studies**, which also identified the focus on task and people.

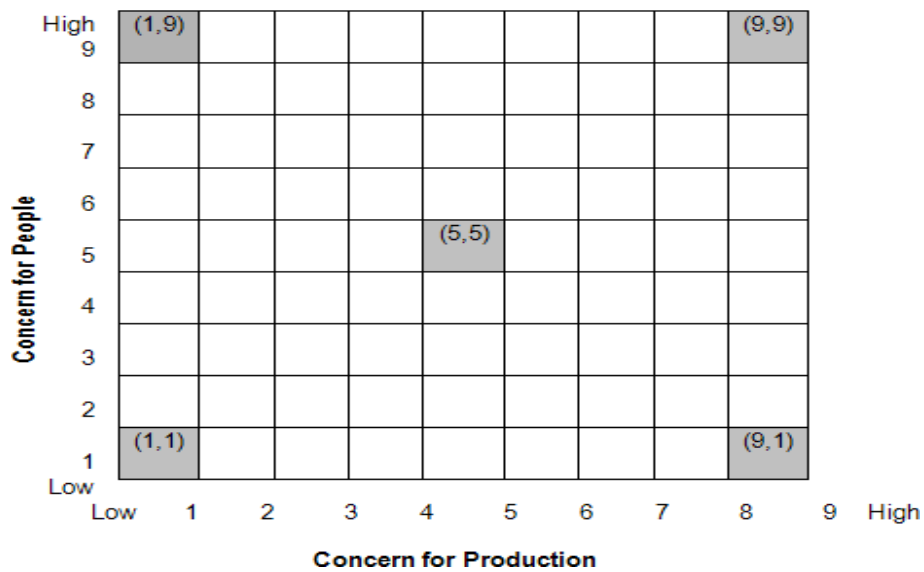
The Michigan Leadership Studies added “Participative leadership” to the Ohio findings, moving the debate further into the question of leading teams rather than just individuals.

Blake and Mouton's Managerial Grid

The treatment of task orientation and people orientation as two independent dimensions was a major step in leadership studies. Many of the leadership studies conducted in the 1950s at the University of Michigan and the Ohio State University focused on these two dimensions.

Building on the work of the researchers at these Universities, Robert Blake and Jane Mouton (1960s) proposed a graphic portrayal of leadership styles through a **managerial grid** (sometimes called *leadership grid*). The grid depicted two dimensions of leader behavior, **concern for people** (accommodating people's needs and giving them priority) on y-axis and **concern for production** (keeping tight schedules) on x-axis, with each dimension ranging from low (1) to high (9), thus creating 81 different positions in which the leader's style may fall. (See figure 1).

Figure 1: Managerial Grid



The five resulting leadership styles are as follows:

1. **Impoverished Management (1, 1):** Managers with this approach are low on both the dimensions and exercise minimum effort to get the work done from subordinates. The leader has low concern for employee satisfaction and work deadlines and as a result disharmony and disorganization prevail within the organization. The leaders are termed ineffective wherein their action is merely aimed at preserving job and seniority.
2. **Task management (9, 1):** Also called dictatorial or perish style. Here leaders are more concerned about production and have less concern for people. The style is based on theory X of McGregor. The employees' needs are not taken care of and they are simply a means to an end. The leader believes that efficiency can result only through proper organization of work systems and through elimination of people wherever possible. Such a style can definitely increase the output of organization in short run but due to the strict policies and procedures, high labour turnover is inevitable.
3. **Middle-of-the-Road (5, 5):** This is basically a compromising style wherein the leader tries to maintain a balance between goals of company and the needs of people. The leader does not push the boundaries of achievement resulting in average performance for organization. Here neither employee nor production needs are fully met.
4. **Country Club (1, 9):** This is a collegial style characterized by low task and high people orientation where the leader gives thoughtful attention to the needs of people thus providing them with a friendly and comfortable environment. The leader feels that such a treatment with employees will lead to self-motivation and will find people working hard on their own. However, a low focus on tasks can hamper production and lead to questionable results.
5. **Team Management (9, 9):** Characterized by high people and task focus, the style is based on the theory Y of McGregor and has been termed as most effective style according to Blake and Mouton. The leader feels that empowerment, commitment, trust, and respect are the key elements in creating a team atmosphere which will automatically result in high employee satisfaction and production.

Advantages of Blake and Mouton's Managerial Grid

The Managerial or Leadership Grid is used to help managers analyze their own leadership styles through a technique known as grid training. This is done by administering a questionnaire that helps managers identify how they stand with respect to their concern for production and people. The training is aimed at basically helping leaders reach to the ideal state of 9, 9.

Limitations of Blake and Mouton's Managerial Grid

The model ignores the importance of internal and external limits, matter and scenario. Also, there are some more aspects of leadership that can be covered but are not.

UNIT-II

CONTINGENCY LEADERSHIP

What is it exactly that makes a leader effective? According to one theory of leadership that became prominent during the 1970s and 80s, effective leadership is dependent upon the interaction between a leader's behaviors and the situation itself. This approach is known as the **contingency theory of leadership**.

Gill (2011) explains, "Contingency theories suggest that there is no one best style of leadership. Successful and enduring leaders will use various styles according to the nature of the situation and the followers."

How Do Contingency Theories Work?

Those who support contingency theory suggest that the best leaders are those who know how to adopt different styles of leadership in different situations. These leaders know that just because one approach to leadership worked well in the past, it does not mean that it will work again when the situation or task is not the same.

So what are some of the variables that might influence which leadership style is most effective?

Gill (2011) suggests that these might include:

- The maturity levels of the subordinates or followers
- Whether the relationship between the leader and the followers is a positive one
- The clarity of the task at hand
- The amount of personal power held by the leader
- The level of power given by the leader's position
- The culture of the organization
- The amount of time available to complete the task
- The speed at which the task must be completed

A number of different approaches to contingency theory have emerged over the years. The following are just a few of the most prominent theories:

Fiedler's Contingency Theory

Fred E. Fiedler's contingency theory of leadership effectiveness was based on studies of a wide range of group effectiveness, and concentrated on the relationship between leadership and organizational performance. This is one of the earliest situation-contingent leadership theories given by Fiedler. According to him, if an organization attempts to achieve group effectiveness through leadership, then there is a need to assess the leader according to an underlying trait, assess the situation faced by the leader, and construct a proper match between the two.

Leader's trait

In order to assess the attitudes of the leader, Fiedler developed the 'least preferred co-worker' (LPC) scale in which the leaders are asked about the person with whom they least like to work. The scale is a questionnaire consisting of 16 items used to reflect a leader's underlying disposition toward others. The items in the LPC scale are pleasant / unpleasant, friendly / unfriendly, rejecting / accepting, unenthusiastic / enthusiastic, tense / relaxed, cold / warm, helpful / frustrating, cooperative / uncooperative, supportive / hostile, quarrelsome / harmonious, efficient / inefficient, gloomy / cheerful, distant / close, boring / interesting, self-assured / hesitant, open / guarded. Each item in the scale is given a single ranking of between one and eight points, with eight points indicating the most favorable rating.

Friendly									Unfriendly
	8	7	6	5	4	3	2	1	

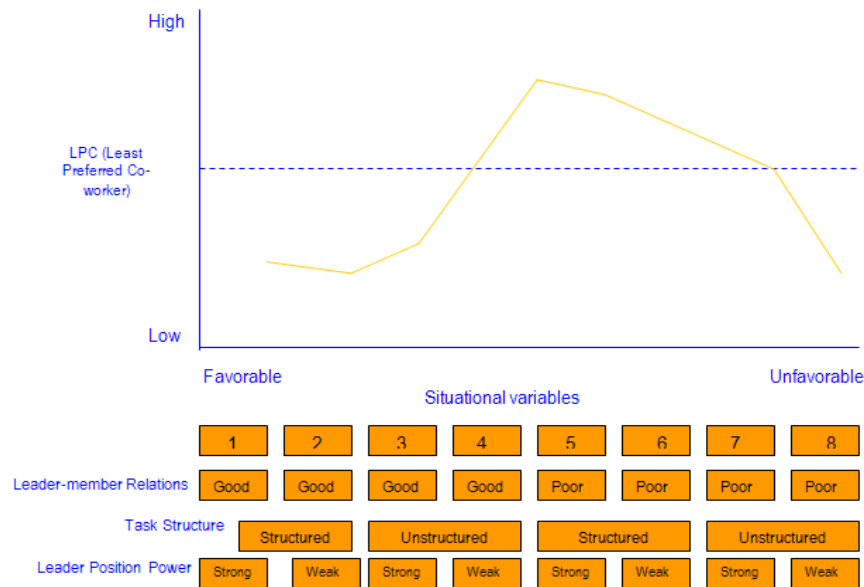
Fiedler states that leaders with high LPC scores are relationship-oriented and the ones with low scores are task-oriented. The high LPC score leaders derived most satisfaction from interpersonal relationships and therefore evaluate their least preferred co-workers in fairly favorable terms. These leaders think about the task accomplishment only after the relationship need is well satisfied. On the other hand, the low LPC score leaders derived satisfaction from performance of the task and attainment of objectives and only after tasks have been accomplished, these leaders work on establishing good social and interpersonal relationships.

Situational variables

According to Fiedler, a leader's behavior is dependent upon the favourability of the leadership situation. Three factors work together to determine how favorable a situation is to a leader. These are:

- **Leader-member relations** - The degree to which the leaders is trusted and liked by the group members, and the willingness of the group members to follow the leader's guidance
- **Task structure** - The degree to which the group's task has been described as structured or unstructured, has been clearly defined and the extent to which it can be carried out by detailed instructions
- **Position power** - The power of the leader by virtue of the organizational position and the degree to which the leader can exercise authority on group members in order to comply with and accept his direction and leadership

With the help of these three variables, eight combinations of group-task situations were constructed by Fiedler. These combinations were used to identify the style of the leader.



Correlation between leader's LPC scores and group effectiveness *Leadership Effectiveness*

The leader's effectiveness is determined by the interaction of the leader's style of behavior and the favorableness of the situational characteristics. The most favorable situation is when leader-member relations are good, the task is highly structured, and the leader has a strong position power.

Research on the contingency model has shown that task-oriented leaders are more effective in highly favorable (1, 2, 3) and highly unfavorable situation (7, 8), whereas relationship-oriented leaders are more effective in situations of intermediate favorableness (4, 5, 6).

Fiedler also suggested that leaders may act differently in different situations. Relationship-oriented leaders generally display task-oriented behaviors under highly favorable situations and display relationship-oriented behaviors under unfavorable intermediate favorable situations. Similarly, task-oriented leaders frequently display task-oriented in unfavorable or intermediate favorable situations but display relationship-oriented behaviors in favorable situations.

Strengths of Contingency approach

Fiedler's contingency model measures the effectiveness of a group's performance based on the leadership style and the situation of the group. It is used to help management choose suitable leaders for each work group type. According to the model, there are two types of leadership styles: task-motivated and relationship-motivated. The group's situation is a technical term determined by three factors: the relationship between the group members and the leader; the task structure, or how clearly goals and procedures are defined; and the position of power, or capability of the leader to use reward and punishment to control group members

Prescriptive

This model provides managers with a tool to create effective groups by modifying several variables. According to Fiedler's contingency model, there is not only one type of successful leadership style, but each leader type can thrive in the right group setting. The model provides a number of factors management can modify to improve the efficiency of the

group. For instance, according to Fiedler's theory, an impersonal but task-oriented leader can be effective in a group as long as the group is highly structured and has clearly defined tasks.

Expertise and Research

Fiedler's contingency model was created by Fred Edward Fiedler, professor emeritus of management and organization at the University of Washington in Seattle. Since Fiedler published his model in 1976 as part of his work "A Theory of Leadership Effectiveness," the model has been thoroughly tested by many researchers, such as Strube and Garcia in 1981 and Ahmed Sakr Ahour in 1972. The abundance of published papers on this model provide a wealth of material to use when applying the model to a specific context.

Leader Identification

Fiedler's model gives organizations a quick method to identify the best potential leaders for a particular group. The theory includes a least preferred coworker scale, which helps management identify the human relations orientation and the task orientation of possible leaders. Leaders with a task orientation are best suited for groups in which they have a high level of control and supervise clearly defined tasks. On the other hand, leaders with a relationship orientation can use their interpersonal skills to get the job done and can deal with complex issues when making decisions.

Flexibility

This theory is designed as a contingency model and does not claim to describe all possible situations. It is precisely because the model only purports to provide ballpark results that it is flexible enough to adapt to a wide variety of groups, leaders and group-leader relationships. For instance, if a group has a leader with low human relations skills, Fiedler's model still gives management the option of creating an effective group by providing clearly defined tasks and increasing the ability of the leader to provide rewards or punishment to subordinates.

These limitations are of following nature:

1. Inadequate Literature:

Contingency approach suffers from inadequately of literature. Therefore, it has not adequately spelled out various types of actions which can be taken under different situations. It is not sufficient to say that 'a managerial action depends on the situation.'

The approach should provide 'if this is the situation, this action can be taken.' Unless, this is done, the approach cannot offer much assistance to the practice of management. No doubt, researches have been conducted in this direction but, by and large, they have not satisfied the needs of managers.

2. Complex:

The suggestion of the approach is very simple, that is, managers should do according to the needs of the situation. However, when put into practice, this becomes very complex. Determination of situation in which managerial action is to be taken involves analysis of a large number of variables with multifarious dimensions. Therefore, there is a possibility that managers, who are always short of time, may ignore the thorough analysis of all these variables and may resort to short-cut and easier way.

3. Difficult Empirical Testing:

Contingency approach being complex, presents problems in testing the percepts of the theory. For empirical testing of the theory, it is necessary that some methodology is available. No doubt, methodology is available but because of the involvement of too many factors, testing becomes difficult.

4. Reactive not Proactive:

Contingency approach is basically reactive in nature. It nearly suggests what managers can do in a given situation. For a given organisation, super system constitutes environment and management can be applied to supra-system also. Therefore, managers are responsible to manage the environment in such a way that they avoid the undesirable aspects of environment.

Applications of Contingency Approach

Contingency theory has many applications in the organizational world. It can be used to answer a host of questions about the leadership of individuals in various type of organizations. For example, it can be used to explain why a person is ineffective in a particular position even though the person is a conscientious, loyal and hardworking manager.

In addition, the theory can be used to predict whether a person who has worked well in one position in the same company. Further-more, contingency theory can point to changes that upper management might like to make in a lower-level position in order to guarantee a good fit between an existing manager and a particular work context. These are just a few of the ways in which this theory could be applied in organizational settings.

Path- Goal theory of leadership

In brief, path-goal theory is designed to explain how leaders can help followers along the path to their goals by selecting specific behaviors that are best suited to followers' needs and to the situation in which followers are working. By choosing the appropriate style, leaders increase followers' expectations for success and satisfaction.

Within path-goal theory, motivation is conceptualized from the perspective of the expectancy theory of motivation (Vroom, 1964). The underlying assumption of expectancy theory is that followers will be motivated if they think they are capable of performing their work, if they believe their efforts will result in a certain outcome, and if they believe that the payoffs for doing their work are worthwhile. The challenge for a leader using ideas from expectancy theory is to understand fully the goals of each follower and the rewards associated with the goals. Followers want to feel efficacious, like they can accomplish what they set out to do. But, they also want to know that they will be rewarded if they can accomplish their work. A leader needs to find out what is rewarding to followers about their work and then make those rewards available to them when they accomplish the requirements of their work. Expectancy theory is about the goals that followers choose and how leaders help them and reward them for meeting those goals.

Conceptually, path-goal theory is complex. It is useful to break it down into smaller units so we can better understand the complexities of this approach.

Figure 6.2 illustrates the different components of path-goal theory, including leader behaviors, follower characteristics, task characteristics, and motivation. Path-goal theory suggests that each type of leader behavior has a different kind of impact on followers' motivation. Whether a particular leader behavior is motivating to followers is contingent on the followers' characteristics and the characteristics of the task.

Path- Goal theory of leadership

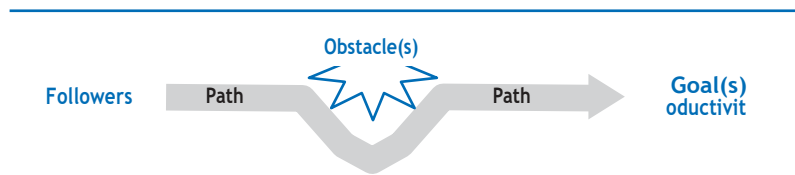


Figure 6.1 The Basic Idea Behind Path–Goal Theory

Path–Goal Leadership

- Defines goals
- Clarifies path
- Removes obstacles

- Provides support

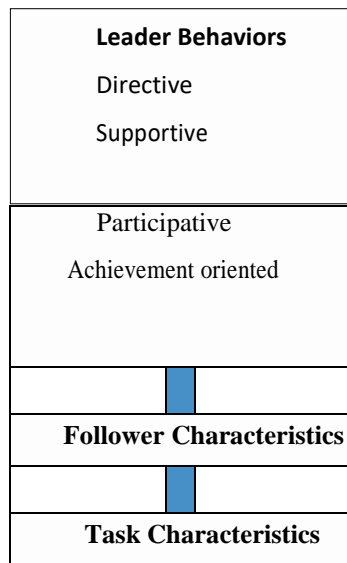
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Major Components of Path–Goal Theory



Leader Behaviors

Although many different leadership behaviors could have been selected to be a part of path–goal theory, this approach has so far examined *directive*, *supportive*, *participative*, and *achievement-oriented* leadership behaviors (House & Mitchell, 1974, p. 83). Path–goal theory is explicitly left open to the inclusion of other variables.

Directive Leadership

Directive leadership is similar to the “initiating structure” concept described in the Ohio State studies (Halpin & Winer, 1957) and the “telling” style described in Situational Leadership[□]. It characterizes a leader who gives followers instructions about their task, including what is expected of them, how it is to be done, and the timeline for when it should be completed. A directive leader sets clear standards of performance and makes the rules and regulations clear to followers.

Supportive Leadership

Supportive leadership resembles the consideration behavior construct that was identified by the Ohio State studies discussed in Chapter 4. Supportive leadership consists of being friendly and approachable as a leader and includes attending to the well-being and human needs of followers. Leaders using supportive behaviors go out of their way to make work pleasant for followers. In addition, supportive leaders treat followers as equals and give them respect for their status.

Participative Leadership

Participative leadership consists of inviting followers to share in the decision making. A participative leader consults with followers, obtains their ideas and opinions, and integrates their suggestions into the decisions about how the group or organization will proceed.

Achievement-Oriented Leadership

Achievement-oriented leadership is characterized by a leader who challenges followers to perform work at the highest level possible. This leader establishes a high standard of excellence for followers and seeks continuous improvement. In addition to expecting a lot from followers, achievement-oriented leaders show a high degree of confidence that followers are capable of establishing and accomplishing challenging goals.

Follower Characteristics

Follower characteristics determine how a leader's behavior is interpreted by followers in a given work context. Researchers have focused on followers' needs for affiliation, preferences for structure, desires for control, and self-perceived level of task ability. These characteristics and many others determine the degree to which followers find the behavior of a leader an immediate source of satisfaction or instrumental to some future satisfaction.

Path-goal theory predicts that followers who have strong needs for affiliation prefer supportive leadership because friendly and concerned leadership is a source of satisfaction. For followers who are dogmatic and authoritarian and have to work in uncertain situations, path-goal theory suggests directive leadership because that provides psychological structure and task clarity. Directive leadership helps these followers by clarifying the path to the goal, making it less ambiguous. The authoritarian type of follower feels more comfortable when the leader provides a greater sense of certainty in the work setting.

Followers' *desires for control* have received special attention in path-goal research through studies of a personality construct locus of control that can be subdivided into internal and external dimensions. Followers with an *internal locus of control* believe that they are in charge of the events that occur in their life, whereas those with an *external locus of control* believe that chance, fate, or outside forces determine life events. Path-goal theory suggests that for followers with an internal locus of control participative leadership is most satisfying because it allows them to feel in charge of their work and to be an integral part of decision making. For followers with an external locus of control, path-goal theory suggests that directive leadership is best because it parallels followers' feelings that outside forces control their circumstances.

Another way in which leadership affects follower motivation is the followers' *perceptions of their own abilities* to perform a specific task. As followers' perceptions of their abilities and competence goes up, the need for directive leadership goes down. In effect, directive leadership becomes redundant and perhaps excessively controlling when followers feel competent to complete their own work.

Task Characteristics

In addition to follower characteristics, task characteristics also have a major impact on the way a leader's behavior influences followers' motivation (see Figure 6.2). Task characteristics include the design of the *follower's task*, the *formal authority system* of the organization, and the *primary work group* of followers. Collectively, these characteristics in themselves can provide motivation for followers. When a situation provides a clearly structured task, strong group norms, and an established authority system, followers will find the paths to desired goals apparent and will not need a

leader to clarify goals or coach them in how to reach these goals. Followers will feel as if they can accomplish their work and that their work is of value. Leadership in these types of contexts could be seen as unnecessary, unempathic, and excessively controlling.

In some situations, however, the *task characteristics* may call for leadership involvement. Tasks that are unclear and ambiguous call for leadership input that provides structure. In addition, highly repetitive tasks call for leadership that gives support in order to maintain followers' motivation. In work settings where the *formal authority* system is weak, leadership becomes a tool that helps followers by making the rules and work requirements clear. In contexts where the *group norms* are weak or non-supportive, leadership assists in building cohesiveness and role responsibility.

A special focus of path-goal theory is helping followers overcome obstacles. Obstacles could be just about anything in the work setting that gets in the way of followers. Specifically, obstacles create excessive uncertainties, frustrations, or threats for followers. In these settings, path-goal theory suggests that it is the leader's responsibility to help followers by removing these obstacles or helping them around them. Helping followers around these obstacles will increase followers' expectations that they can complete the task and increase their sense of job satisfaction.

In 1996, House published a reformulated path-goal theory that extends his original work to include eight classes of leadership behaviors. Besides the four leadership behaviors discussed previously in this chapter—(a) directive, (b) supportive, (c) participative, and (d) achievement-oriented behavior—the new theory adds (e) work facilitation, (f) group-oriented decision process, (g) work-group representation and networking, and (h) value-based leadership behavior. The essence of the new theory is the same as the original: To be effective, leaders need to help followers by giving them what is missing in their environment and by helping them compensate for deficiencies in their abilities.

HOW DOES PATH-GOAL THEORY WORK?

Path-goal theory is an approach to leadership that is not only theoretically complex, but also pragmatic. In theory, it provides a set of assumptions about how various leadership styles interact with characteristics of followers and the work setting to affect the motivation of followers. In practice, the theory provides direction about how leaders can help followers to accomplish their work in a satisfactory manner. Table 6.1 illustrates how leadership behaviors are related to follower and task characteristics in path-goal theory.

Leadership Behavior	Follower Characteristics	Task Characteristics
Directive Provides guidance and psychological structure	Dogmatic Authoritarian	Ambiguous Unclear rules Complex
Supportive Provides nurturance	Unsatisfied Need affiliation Need human touch	Repetitive Unchallenging Mundane
Participative Provides involvement	Autonomous Need for control Need for clarity	Ambiguous Unclear Unstructured

Achievement Oriented Provides challenges	High expectations Need to excel	Ambiguous Challenging Complex
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Theoretically, the path-goal approach suggests that leaders need to choose a leadership style that best fits the needs of followers and the work they are doing. The theory predicts that a directive style of leadership is best in situations in which followers are dogmatic and authoritarian, the task demands are ambiguous, the organizational rules are unclear, and the task is complex. In these situations, directive leadership complements the work by providing guidance and psychological structure for followers (House & Mitchell, 1974, p.90).

For tasks that are structured, unsatisfying, or frustrating, path-goal theory suggests that leaders should use a supportive style. The supportive style provides what is missing by nurturing followers when they are engaged in tasks that are repetitive and unchallenging. Supportive leadership offers a sense of human touch for followers engaged in mundane, mechanized activity.

Participative leadership is considered best when a task is ambiguous: Participation gives greater clarity to how certain paths lead to certain goals, and helps followers learn what leads to what (House & Mitchell, 1974, p.92).

In addition, participative leadership has a positive impact when followers are autonomous and have a strong need for control because this kind of follower responds favorably to being involved in decision making and in the structuring of work.

Furthermore, path-goal theory predicts that achievement-oriented leadership is most effective in settings in which followers are required to perform ambiguous tasks. In settings such as these, leaders who challenge and set high standards for followers raise followers' confidence that they have the ability to reach their goals. In effect, achievement-oriented leadership helps followers feel that their efforts will result in effective performance. In settings where the task is more structured and less ambiguous, however, achievement-oriented leadership appears to be unrelated to followers' expectations about their work efforts.

Pragmatically, path-goal theory is straightforward. An effective leader has to attend to the needs of followers. The leader should help followers to define their goals and the paths they want to take in reaching those goals. When obstacles arise, the leader needs to help followers confront them. This may mean helping the follower around the obstacle, or it may mean removing the obstacle. The leader's job is to help followers reach their goals by directing, guiding, and coaching them along the way.

STRENGTHS

Path-goal theory has several positive features. First, path-goal theory provides a useful theoretical framework for understanding how various leadership behaviors affect followers' satisfaction and work performance. It was one of the first theories to specify four conceptually distinct varieties of leadership (e.g., directive, supportive, participative, and achievement oriented), expanding the focus of prior research, which dealt exclusively with task- and relationship-oriented behaviors (Jermier, 1996). The path-goal approach was also one of the first situational contingency theories of leadership to explain how task and follower characteristics affect the impact of leadership on follower performance.

The framework provided in path-goal theory informs leaders about how to choose an appropriate leadership style based

on the various demands of the task and the type of followers being asked to do the task.

A second positive feature of path-goal theory is that it attempts to integrate the motivation principles of expectancy theory into a theory of leadership. This makes path-goal theory unique because no other leadership approach deals directly with motivation in this way. Path-goal theory forces us continually to ask questions such as these about follower motivation: How can I motivate followers to feel that they have the ability to do the work? How can I help them feel that if they successfully do their work, they will be rewarded? What can I do to improve the payoffs that followers expect from their work? Path-goal theory is designed to keep these kinds of questions, which address issues of motivation, at the forefront of the leader's mind.

A third strength, and perhaps its greatest, is that path-goal theory provides a model that in certain ways is very practical. The representation of the model (see Figure 6.1) underscores and highlights the important ways leaders help followers. It shouts out for leaders to clarify the paths to the goals and remove or help followers around the obstacles to the goals. In its simplest form, the theory reminds leaders that the overarching purpose of leadership is to guide and coach followers as they move along the path to achieve a goal.

CRITICISMS

Although path-goal theory has various strengths, it also has several identifiable weaknesses. First, path-goal theory is so complex and incorporates so many different aspects of leadership that interpreting the theory can be confusing. For example, path-goal theory makes predictions about which of four different leadership styles is appropriate for tasks with different degrees of structure, for goals with different levels of clarity, for followers at different levels of ability, and for organizations with different degrees of formal authority. To say the least, it is a daunting task to incorporate all of these factors simultaneously into one's selection of a preferred leadership style. Because the scope of path-goal theory is so broad and encompasses so many different interrelated sets of assumptions, it is difficult to use this theory fully in trying to improve the leadership process in a given organizational context.

A second limitation of path-goal theory is that it has received only partial support from the many empirical research studies that have been conducted to test its validity (House & Mitchell, 1974; Indvik, 1986; Schriesheim, Castro, Zhou, & DeChurch, 2006; Schriesheim & Kerr, 1977; Schriesheim & Schriesheim, 1980; Stinson & Johnson, 1975; Wofford & Liska, 1993). For example, some research supports the prediction that leader directiveness is positively related to follower satisfaction when tasks are ambiguous, but other research has failed to confirm this relationship. Furthermore, not all aspects of the theory have been given equal attention. A great deal of research has been designed to study directive and supportive leadership, but fewer studies address participative and achievement-oriented leadership. The claims of path-goal theory remain tentative because the research findings to date do not provide a full and consistent picture of the basic assumptions and corollaries of path-goal theory (Evans, 1996; Jermier, 1996; Schriesheim & Neider, 1996).

Another criticism of path-goal theory is that it fails to explain adequately the relationship between leadership behavior and follower motivation. Path-goal theory is unique in that it incorporates the tenets of expectancy theory; however, it does not go far enough in explicating how leadership is related to these tenets. The principles of expectancy theory suggest that followers will be motivated if they feel competent and trust that their efforts will get results, but path-goal theory does not describe how a leader could use various styles directly to help followers feel competent or assured of success. For example, path-goal theory does not explain how directive leadership during ambiguous tasks increases follower motivation. Similarly, it does not explain how supportive leadership during tedious work relates to follower motivation. The result is that the practitioner is left with an inadequate understanding of how her or his leadership will

affect followers' expectations about their work.

A final criticism that can be made of path-goal theory concerns a practical outcome of the theory. Path-goal theory suggests that it is important for leaders to provide coaching, guidance, and direction for followers, to help followers define and clarify goals, and to help followers around obstacles as they attempt to reach their goals. In effect, this approach treats leadership as a one-way event: The leader affects the follower. The potential difficulty in this type of "helping" leadership is that followers may easily become dependent on the leader to accomplish their work. Path-goal theory places a great deal of responsibility on leaders and much less on followers. Over time, this kind of leadership could be counterproductive because it promotes dependency and fails to recognize the full abilities of followers.

APPLICATIONS

Path-goal theory is not an approach to leadership for which many management training programs have been developed. You will not find many seminars with titles such as "Improving Your Path-Goal Leadership" or "Assessing Your Skills in Path-Goal Leadership," either. Nevertheless, path-goal theory does offer significant insights that can be applied in ongoing settings to improve one's leadership.

Path-goal theory provides a set of general recommendations based on the characteristics of followers and tasks for how leaders should act in various situations if they want to be effective. It informs us about when to be directive, supportive, participative, or achievement oriented. For instance, the theory suggests that leaders should be directive when tasks are complex, and the leader should give support when tasks are dull. Similarly, it suggests that leaders should be participative when followers need control and that leaders should be achievement oriented when followers need to excel. In a general way, path-goal theory offers leaders a road map that gives directions about ways to improve follower satisfaction and performance.

The principles of path-goal theory can be used by leaders at all levels in the organization and for all types of tasks. To apply path-goal theory, a leader must carefully assess the followers and their tasks, and then choose an appropriate leadership style to match those characteristics. If followers are feeling insecure about doing a task, the leader needs to adopt a style that builds follower confidence. For example, in a university setting where a junior faculty member feels apprehensive about his or her teaching and research, a department chair should give supportive leadership. By giving care and support, the chair helps the junior faculty member gain a sense of confidence about his or her ability to perform the work (Bess & Goldman, 2001). If followers are uncertain whether their efforts will result in reaching their goals, the leader needs to prove to them that their efforts will be rewarded. As discussed earlier in the chapter, path-goal theory is useful because it continually reminds leaders that their central purpose is to help followers define their goals and then to help followers reach their goals in the most efficient manner.

Leadership Styles

We have covered 12 different types of ways people tend to lead organizations or other people. Not all of these styles would deem fit for all kind of situations, you can read them through to see which one fits right to your company or situation.

Autocratic Leadership

Autocratic leadership style is centered on the boss. In this leadership the leader holds all authority and responsibility. In this leadership, leaders make decisions on their own without consulting subordinates. They reach decisions, communicate them to subordinates and expect prompt implementation. Autocratic work environment does normally have

little or no flexibility.

In this kind of leadership, guidelines, procedures and policies are all natural additions of an autocratic leader. Statistically, there are very few situations that can actually support autocratic leadership.

Democratic Leadership

In this leadership style, subordinates are involved in making decisions. Unlike autocratic, this leadership is centered on subordinates' contributions. The democratic leader holds final responsibility, but he or she is known to delegate authority to other people, who determine work projects.

The most unique feature of this leadership is that communication is active upward and downward. With respect to statistics, democratic leadership is one of the most preferred leadership, and it entails the following: fairness, competence, creativity, courage, intelligence and honesty.

Strategic Leadership Style

Strategic leadership is one that involves a leader who is essentially the head of an organization. The strategic leader is not limited to those at the top of the organization. It is geared to a wider audience at all levels who want to create a high performance life, team or organization.

The strategic leader fills the gap between the need for new possibility and the need for practicality by providing a prescriptive set of habits. An effective strategic leadership delivers the goods in terms of what an organization naturally expects from its leadership in times of change. 55% of this leadership normally involves strategic thinking.

Transformational Leadership

Unlike other leadership styles, transformational leadership is all about initiating change in organizations, groups, oneself and others.

Transformational leaders motivate others to do more than they originally intended and often even more than they thought possible. They set more challenging expectations and typically achieve higher performance.

Statistically, transformational leadership tends to have more committed and satisfied followers. This is mainly so because transformational leaders empower followers.

Team Leadership

Team leadership involves the creation of a vivid picture of its future, where it is heading and what it will stand for. The vision inspires and provides a strong sense of purpose and direction.

Team leadership is about working with the hearts and minds of all those involved. It also recognizes that teamwork may not always involve trusting cooperative relationships. The most challenging aspect of this leadership is whether or not it will succeed.

Cross-Cultural Leadership

This form of leadership normally exists where there are various cultures in the society. This leadership has also

industrialized as a way to recognize front runners who work in the contemporary globalized market.

Organizations, particularly international ones require leaders who can effectively adjust their leadership to work in different environs. Most of the leaderships observed in the United States are cross-cultural because of the different cultures that live and work there.

Facilitative Leadership

Facilitative leadership is too dependent on measurements and outcomes – not a skill, although it takes much skill to master. The effectiveness of a group is directly related to the efficacy of its process. If the group is high functioning, the facilitative leader uses a light hand on the process. On the other hand, if the group is low functioning, the facilitative leader will be more directives in helping the group run its process. An effective facilitative leadership involves monitoring of group dynamics, offering process suggestions and interventions to help the group stay on track.

Laissez-faire Leadership

Laissez-faire leadership gives authority to employees. According to azcentral, departments or subordinates are allowed to work as they choose with minimal or no interference. According to research, this kind of leadership has been consistently found to be the least satisfying and least effective management style.

Transactional Leadership

This is a leadership that maintains or continues the status quo. It is also the leadership that involves an exchange process, whereby followers get immediate, tangible rewards for carrying out the leader's orders. Transactional leadership can sound rather basic, with its focus on exchange.

Coaching Leadership

Coaching leadership involves teaching and supervising followers. A coaching leader is highly operational in setting where results/ performance require improvement. Basically, in this kind of leadership, followers are helped to improve their skills. Coaching leadership does the following: motivates followers, inspires followers and encourages followers.

Charismatic Leadership

In this leadership, the charismatic leader manifests his or her revolutionary power. Charisma does not mean sheer behavioral change. It actually involves a transformation of followers' values and beliefs.

Therefore, this distinguishes a charismatic leader from a simply populist leader who may affect attitudes towards specific objects, but who is not prepared as the charismatic leader is, to transform the underlying normative orientation that structures specific attitudes.

Visionary Leadership

This form of leadership involves leaders who recognize that the methods, steps and processes of leadership are all obtained with and through people. Most great and successful leaders have the aspects of vision in them.

However, those who are highly visionary are the ones considered to be exhibiting visionary leadership. Outstanding leaders will always transform their visions into realities.

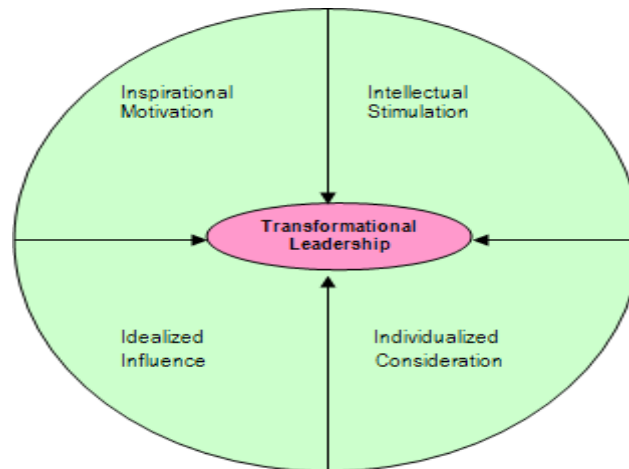
UNIT – III TRANSFORMATIONAL LEADERSHIP

A model of transformational Leadership

Creating high-performance workforce has become increasingly important and to do so business leaders must be able to inspire organizational members to go beyond their task requirements. As a result, new concepts of leadership have emerged - transformational leadership being one of them.

Transformational leadership may be found at all levels of the organization: teams, departments, divisions, and organization as a whole. Such leaders are visionary, inspiring, daring, risk-takers, and thoughtful thinkers. They have a charismatic appeal. But charisma alone is insufficient for changing the way an organization operates. For bringing major changes, transformational leaders must exhibit the following four factors:

Model of Transformational Leadership



Inspirational Motivation: The foundation of transformational leadership is the promotion of consistent vision, mission, and a set of values to the members. Their vision is so compelling that they know what they want from every interaction. Transformational leaders guide followers by providing them with a sense of meaning and challenge. They work enthusiastically and optimistically to foster the spirit of teamwork and commitment.

Intellectual Stimulation: Such leaders encourage their followers to be innovative and creative. They encourage new ideas from their followers and never criticize them publicly for the mistakes committed by them. The leaders focus on the “what” in problems and do not focus on the blaming part of it. They have no hesitation in discarding an old practice set by them if it is found ineffective.

Idealized Influence: They believe in the philosophy that a leader can influence followers only when he practices what he preaches. The leaders act as role models that followers seek to emulate. Such leaders always win the trust and respect of their followers through their action. They typically place their followers needs over their own, sacrifice their personal gains for them, and demonstrate high standards of ethical conduct. The use of power by such leaders is aimed at influencing them to strive for the common goals of the organization.

Individualized Consideration: Leaders act as mentors to their followers and reward them for creativity and innovation. The followers are treated differently according to their talents and knowledge. They are empowered to make decisions and are always provided with the needed support to implement their decisions. The common examples of transformational leaders are Mahatma Gandhi and Obama.

How does Transformational leader work?

Transformational leadership inspires people to achieve unexpected or remarkable results. It gives workers autonomy over specific jobs, as well as the authority to make decisions once they have been trained.

Some of the basic characteristics of transformational leadership are inspirational, in that the leader can inspire workers to find better ways of achieving a goal; mobilization, because leadership can mobilize people into groups that can get work done, and morale, in that transformational leaders raise the well-being and motivation level of a group through excellent rapport. They are also good at conflict resolution.

All of these traits make transformational leadership a good fit for many types of business.

Transformational leadership defined

Transformational leaders are sometimes call quiet leaders. They are the ones that lead by example. Their style tends to use rapport, inspiration, or empathy to engage followers. They are known to possess courage, confidence, and the willingness to make sacrifices for the greater good.

They possess a single-minded need to streamline or change things that no longer work. The transformational leader motivates workers and understands how to form them into integral units that work well with others.

Differences between transformational leadership and other leadership styles

There are marked differences between transactional leadership and transformational leadership.

Transformational leaders specialize in:

- Working to change the system
- Solving challenges by finding experiences that show that old patterns do not fit or work
- Wanting to know what has to change
- Maximizing their teams' capability and capacity

Transactional leaders do the following:

- Work within the system
- Start solving challenges by fitting experiences to a known pattern
- Want to know the step-by-step approach
- Minimize variation of the organization

Another way to put it: Transactional is a "telling" style, while transformational is a "selling" style.

Strengths of Transformational Leadership

The transformational leadership style draws on assorted capabilities and approaches to leadership, creating distinct strengths for the organization. A leader using this approach possesses integrity, sets a good example and clearly communicates his goals to his followers. He expects the best from them. He inspires people to look beyond their own interests and focus on the interests and needs of the team. He provides stimulating work and takes the time to recognize good work and good people.

Exceptional People Skills

Sir Macgregor Burns studied the transformational leadership style in 1978 and wrote a book titled "Leadership." He states that the transformational leader, "... recognizes and exploits an existing need or demand of a potential follower... (and) looks for potential motives in followers, seeks to satisfy higher needs, and engages the full person of the follower." Burns described transformational leaders as heroic, vigorous, decisive -- even charismatic -- because the transformational leader so skilfully motivates employees. A leader with these exceptional people skills brings an strength to any endeavour she undertakes.

Lower Employee and Customer Turnover Costs

One strength of the transformational leadership style is the manager's ability to retain employees and customers. The transformational leader fully engages with people and seeks to satisfy their needs right along with the organization's needs. The employees are more likely to feel a corporate fit and stay with the company when they report to a transformational leader, says Richard Cox in an article on Transformational Leadership. Less turnover means less hiring and less training -- a big savings for the business. When a transformational leader interacts with customers in the same, effective manner, he retains your customers, potentially limiting the cost of constantly marketing for and selling new customers.

New Initiatives

Placing managers with transformational leadership skills in roles where you need to manage change and improvement will bring some of your best returns, according to the website Transformational Leadership. Ask a transformational leader to oversee special projects in the form of new initiatives. As she responds to the ever-changing needs of both the organization and the team, the transformational leader empowers employees to makes changes in themselves and realize their full potential. This obviously provides the business the strength of superior employee performance.

Corporate Learning

Every business must train employees if it expects effective outcomes. Put transformational leaders in charge of corporate learning, and they tend to improve the outcomes of existing employees and equip new employees for productive work. A transformational leader brings increased effectiveness to your staff when he engages in corporate learning -- a definite strength for any business. According to the Transformational Leadership website, transformational leaders are particularly good at culture building, providing intellectual stimulation and individual support, modeling positive behaviors, vision-building and holding high performance expectations for your employees.

Criticisms of Transformational Leadership

Assumes Follower Motivation

Transformational leadership does not incorporate situational dynamics and assumes that followers want to work together toward a larger goal. Transformational approaches are not as effective in situations where followers do not have the skills or experience necessary to complete a task or are not motivated to perform without an immediate and tangible reward.

Time-Consuming

The results of transformational leadership take time. Transformational leaders must invest time and energy building trust and convincing followers to believe in a shared vision. Organizations hoping to achieve instant results by installing a transformational leader are likely to be frustrated and disappointed.

Depends on the Individual

Much of the power of the transformational style rests with the values and personality of the leader. Other theories, such as contingency or situational, explain that leaders can align their style to the needs of the group to improve effectiveness. Transformational leadership might be out of reach for those who lack inspirational communication skills and charisma even if they possess the skills and experience necessary to be in charge. Similarly, the transformational leadership theory assumes one leader, which ignores the fact that many organizations and campaigns employ a framework of leaders to motivate a group to reach a goal.

Lacks Application Details

Transformational leadership theory explains the "what" but lacks details about the "how." Little information is given about how a leader should articulate and communicate her vision and empower followers. In addition, explanations of strategy and mission are left out of the theory, according to Gill.

Potential for Abuse

Transformational leadership is powerful but not always used morally. Although examples such as Nelson Mandela and Martin Luther King Jr. are often associated with the term transformational leadership, not all who inspire or empower fit the definition. Adolf Hitler and Osama bin Laden are examples of pseudo-transformational leaders. True transformational leadership includes ethics, character, values and a commitment to the common good.

Application of Transformational Leadership

Rather than being a model that tells leaders what to do, transformational leadership provides a broad set of generalizations of what is typical of leaders who are transforming or who work in transforming contexts. Unlike other leadership approaches, such as contingency theory and situational leadership, transformational leadership does not provide a clearly defined set of assumptions about how leaders should act in a particular situation to be successful. Rather, it provides a general way of thinking about leadership that emphasis ideas, inspiration, innovations and individual concerns. Transformational leadership requires that leaders be aware of how their own behavior relates to the needs of their subordinates and the changing dynamics within their organizations.

The transactional leaders overemphasize detailed and short-term goals, and standard rules and procedures. They do not make an effort to enhance followers' creativity and generation of new ideas. This kind of a leadership style may work well where the organizational problems are simple and clearly defined. Such leaders tend to not reward or ignore ideas that do not fit with existing plans and goals.

The transactional leaders are found to be quite effective in guiding efficiency decisions which are aimed at cutting costs and improving productivity. The transactional leaders tend to be highly directive and action oriented and their relationship with the followers tends to be transitory and not based on emotional bonds.

The theory assumes that subordinates can be motivated by simple rewards. The only 'transaction' between the leader and the followers is the money which the followers receive for their compliance and effort.

Servant Leadership

Servant leadership is a very social leadership style. It places the needs of others in high regard. Servant leaders address the responsibilities and relationships in society, organizations, and companies.

Servant leaders are constructive, persistent, and motivating. They are also the leaders who see complex, big pictures. They permeate all areas of our culture.

Servant leadership defined

Servant leaders are focused on service to others. Servant leadership begins with a vision for providing a resource such as employment, public service or education and requires leaders to be optimists with empathy for people in many types of situations. Servant leaders identify complex problems and are able to implement workable solutions in a timely fashion by planning ahead. To invoke the words of American author Garrison Keillor, they "do good works."

From initial project-planning stages to final implementation, servant leaders think about how they can best serve their community. The objective of serving others encapsulates every facet of their activities, from establishing healthy communities to building prosperous businesses and worthwhile public entities.

Servant leadership addresses the responsibilities and relationships between parents and children, educators and students, employees and customers, and investors and shareholders. It entails placing the needs of others at the forefront of every organization, institution, business, agency, department, and group.

History of servant leadership

This leadership style has a rich history in many cultures. Fifth-century Chinese philosopher and poet Lao-Tzu included passages relating to servant leadership in "Tao Te Ching," one of the founding texts of Taoism. Ancient Indian teacher and philosopher Chanakya was one of the authors of the "Arthashastra," which talks about servant traits. The Bible discusses servant leadership in the book of Mark. The Quran also emphasizes the value of servant leadership.

Robert Greenleaf is credited with coining the phrase “the servant as leader” and explaining it in detail through his written essay, “The Servant as Leader,” initially published in 1970. As he described the process, “It begins with the natural feeling that one wants to serve, to serve first. Then conscious choice brings one to aspire to lead.”

Greenleaf spent nearly four decades as director of management development at AT&T, where he played a central role in launching the company’s groundbreaking vocational situational judgment testing program for executives. When he retired in 1964, Greenleaf was considered one of the nation’s leading experts on corporate leadership development. “I concluded that we in this country were in a leadership crisis and that I should do what I could about it,” he wrote in the preface to a 1970 essay.

Ten Characteristics of a Servant Leader

1. **Listening.** Leaders have traditionally been valued for their communication and decision-making skills. While these are also important skills for the servant-leader, they need to be reinforced by a deep commitment to listening intently to others. The servant-leader seeks to identify the will of a group and helps clarify that will. He or she seeks to listen receptively to what is being said. Listening, coupled with regular periods of reflection, is essential to the growth of the servant-leader.
2. **Empathy.** The servant-leader strives to understand and empathize with others. People need to be accepted and recognized for their special and unique spirits. One assumes the good intentions of coworkers and does not reject them as people, even if one finds it necessary to refuse to accept their behavior or performance.
3. **Healing.** One of the great strengths of servant-leadership is the potential for healing one’s self and others. Many people have broken spirits and have suffered from a variety of emotional hurts. Although this is part of being human, servant-leaders recognize that they also have an opportunity to “help make whole” those with whom they come in contact. In “The Servant as Leader” Greenleaf writes: “There is something subtle communicated to one who is being served and led if implicit in the compact between servant-leader and led is the understanding that the search for wholeness is something they share.”
4. **Awareness.** General awareness, and especially self-awareness, strengthens the servant-leader. Awareness also aids one in understanding issues involving ethics and values. It lends itself to being able to view most situations from a more integrated, holistic position. As Greenleaf observed: “Awareness is not a giver of solace—it is just the opposite. It is a disturber and an awakener. Able leaders are usually sharply awake and reasonably disturbed. They are not seekers after solace. They have their own inner serenity.”
5. **Persuasion.** Another characteristic of servant-leaders is a primary reliance on persuasion rather than positional authority in making decisions within an organization. The servant-leader seeks to convince others rather than coerce compliance. This particular element offers one of the clearest distinctions between the traditional authoritarian model and that of servant-leadership. The servant-leader is effective at building consensus within groups.
6. **Conceptualization.** Servant-leaders seek to nurture their abilities to “dream great dreams.” The ability to look at a problem (or an organization) from a conceptualizing perspective means that one must think beyond day-to-day realities. For many managers this is a characteristic that requires discipline and practice. Servant-leaders are called to seek a delicate balance between conceptual thinking and a day-to-day focused approach.

7. **Foresight.** Foresight is a characteristic that enables the servant-leader to understand the lessons from the past, the realities of the present, and the likely consequence of a decision for the future. It is also deeply rooted within the intuitive mind. Foresight remains a largely unexplored area in leadership studies, but one most deserving of careful attention.
8. **Stewardship.** Peter Block has defined stewardship as “holding something in trust for another.” Robert Greenleaf ‘s view of all institutions was one in which CEOs, staffs, and trustees all played significant roles in holding their institutions in trust for the greater good of society. Servant-leadership, like stewardship, assumes first and foremost a commitment to serving the needs of others. It also emphasizes the use of openness and persuasion rather than control.
9. **Commitment to the growth of people.** Servant-leaders believe that people have an intrinsic value beyond their tangible contributions as workers. As a result, the servant-leader is deeply committed to the growth of each and every individual within the institution. The servant-leader recognizes the tremendous responsibility to do everything possible to nurture the growth of employees.
10. **Building community.** The servant-leader senses that much has been lost in recent human history as a result of the shift from local communities to large institutions as the primary shaper of human lives. This awareness causes the servant-leader to seek to identify some means for building community among those who work within a given institution. Servant-leadership suggests that true community can be created among those who work in businesses and other institutions. Greenleaf said: “All that is needed to rebuild community as a viable life form for large numbers of people is for enough servant-leaders to show the way, not by mass movements, but by each servant-leader demonstrating his own unlimited liability for a quite specific community-related group.”

Strengths of Servant Leadership

- The first strength of servant leadership we will discuss here is implied in the description. Service is at the centre of servant leadership. This requires the leader to set aside their own wishes and desires in order to listen to those under their leadership. Servant leadership has the added benefit of removing the ego from those in leadership positions. Often ego can be a driving force for those who wish to lead, here instead ego gives way to providing a service. Covey states that we have an ability to lead because we have a natural or moral authority. This is as a result of our ability to choose. He says that because of our natural authority resulting from our ability to choose, we must choose to use our authority in a ‘principled way.’ This is an strength of servant leadership in that it inspires the leader to lead in a way that it is just and caring towards those being led.
- Servant leadership requires the leader to become the one who enables others to lead themselves. Therefore, the second strength is the removal of a disciplinarian atmosphere. They do not make policies by themselves to be imposed on others but administer the policies through listening. A servant leader becomes a facilitator through a collaborative approach. In this way each person feels responsibility for the outcomes of their project. Spears (1998) also advocates servant leadership as a way of improving ‘the relationships of persons collaborating together’. This is in contrast to a model where the leader displays disciplinarian traits in order to achieve set goals.

- The third strength is linked with the second. Servant leadership gives a sense of ownership to work. It enables those being led to share responsibility and feel a sense of ownership for their work which in turn increases dedication and a sense of pride in one's own work. Productivity should therefore increase and the benefits of this approach will then be felt by all of the members of the group. Trust and respect between the workers and the leader should also increase as a result of this approach to leadership. Flint states that the servant leader is one who understands that 'they need to motivate, encourage, inspire and support their people in ways that bring them together to accomplish company goals and objectives.' It is in this way that they will hopefully be given a sense of ownership in the outcomes of their work. He goes on to state that servant leadership creates 'an environment where each individual sees their role and responsibility for helping make the group...stronger.'
- The fourth strength is that of diversity. Within every group there are a variety of personalities, talents, traits and modes of operation. Again, Flint extols servant leadership as a way of recognising diversity among a group. He states that 'servant leaders understand that it's the diversity of the workforce that is vital to the success of the organisation.'^[5] Servant leadership allows for a diversity of approaches to leadership for which more authoritarian models would not allow. This has the effect of flexibility in responding to different or changing circumstances. Servant leadership encourages stronger bonds within a group as a sense of fulfilment increases.
- The fifth strength is involvement. Servant leadership has a sense of involvement to its decision making processes. It is not an entirely democratic process which sees the majority rule to the detriment of the minority. Rather, servant leadership values and extols all input and seeks to serve the individual rather than a collective mentality. This involves the employees in the decision making process as well as giving them a sense of ownership and responsibility. Also, if the employees feel involved they will also likely increase their productivity. They will also obtain a sense of satisfaction when a project is completed knowing that they have contributed to its success. Wheeler, when speaking of the humility required for servant leadership, states 'servant leaders believe that success is within the community and determined by the commitment, responsibility, and effort of all those involved.'

Criticisms of Servant Leadership

- The first criticism is the timescale for such a venture. Servant leadership requires a change in attitudes and mentality in order to work successfully. Greenleaf (1998) admits as much when he states 'it takes time'. It is not the type of project which can be given a starting date but rather must start from a change in mind-set. This can be difficult in large or long established groups. It also can be difficult for people who are used to being led in a more authoritarian manner to adapt to the responsibility entrusted to them with this style of leadership. This style of leadership may prove to be a long project as result of trying to get everyone on board with the idea.
- The second criticism would be a lack of willingness to adapt to this style of leadership. Servant leadership would require a whole institution approach rather than individuals engaging in it on their own. Only by all parts of the institution getting involved would the style of leadership change and willingness to engage increase. Greenleaf (1998) recognizes that many faculties and organisations will resist any attempt to undermine their authority by engaging in an exercise such as servant leadership. He states that servant leadership may be difficult where 'administrators are too much caught up in the common mores of our institutional life.'

- The third criticism is the lack of authority which may result from this style of leadership. By divesting a share of responsibility to all members of a group, the leader may in fact diminish their own sense of authority. This would make difficult to then take a different approach to leadership should the situation change. Employees too would view the leader differently, perhaps as a person with little or no actual authority. McCrimmon makes the critique that no servant can fire their master. This is essentially what happens when servant leadership inverts the relationship, it becomes a hypocrisy when the leader must fire the led whom they are meant to be serving.
- The fourth criticism is confusion regarding the goals of leadership. It must be asked if the manager is there to serve the needs of the employees or to meet the goals of the institution to which they are employed. Again, McCrimmon makes this critique when he states ‘it is not the manager’s job to serve the needs of employees...’ he goes on to state that servant leadership may have the impact of creating a parent-child relationship, which could lead to further demotivation on the part of the employee.
- This links in with the point made previously of disengagement from the process. The fifth criticism is a limited vision. Leaders must in some way be distinct, and even somewhat detached, from those being led. If the leader is focused on serving the needs of those being led, they will fail to have the capacity to serve the needs of the institution which they are ultimately there to serve. Denning takes issue with the idea of humility which is intrinsic to servant leadership. He states ‘The 21st Century leader is neither humble nor arrogant.’ Humility, he says, risks getting nothing done while arrogance would be counterproductive.

Applications of Servant Leadership

Servant-Leadership as an Institutional Model

As an institutional model, servant leadership advocates a group-oriented approach to decision-making and seeks consensus over the old top-down form of leadership. Many organizations today use the servant leadership model as a guiding philosophy. Southwest Airlines, Starbucks, and the Men’s Wear house, just to name a few.

Education and Training of Non profit Trustees

Greenleaf wrote extensively on the role of boards of directors within institutions and the theoretical and ethical basis for their service. His essay, “Trustees as Servants” asked two pivotal questions of Boards and Trustees, “Whom do you serve?” and “For what purpose?” Greenleaf argued that boards must a make a radical shift in how they approach their roles so as to create institutions of great depth and quality.

Community Leadership Programs

The third application of servant leadership is it role in community leadership organizations and the importance of building true community. M. Scott Peck wrote about this in his book, *A World Waiting to be Born*, in which he says, “The world will be saved if we can create three well-managed, large institutions- one in the private section, one in the public sector, and one in the nonprofit sector. I know that such excellence in management will be achieved through an organizational culture of civility routinely utilizing the mode of community.”

Service-Learning Programs

A fourth application of servant leadership is the use of service-learning in the various colleges and universities across the country. During the last twenty-five years, experiential learning education programs are developed in virtually every college, university, and secondary schools. Service-Learning has become a major focus combining service and learning. The National Society for Experiential Education has published a massive three-volume work on the topic.

Leadership Education

A fifth application of servant leadership is the use of the philosophy in formal and informal, as well as corporate education and training programs. And dozens of management, organizational consultants, and leadership consultants employ servant leadership materials as a part of their work with organizations. As a part of total quality management approaches, Servant Leadership is making headway for corporations in understanding how business is developed and conducted, while still positively affecting the bottom line.

Personal Transformation

Programs relating to personal growth and transformation are using the servant leadership approach as a way for people to grow and evolve -spiritually, professionally, emotionally, and intellectually. Servant Leadership has ties to emotional intelligence and human potential. The key to servant leadership is that it offers and encourages everyone to seek out opportunities to both serve and lead.

In the end, Servant Leadership is full of curious and meaningful paradoxes, just like life. The seeds of servant leadership have been planted in the minds and hearts of people who seek to better the human condition. Indeed, Servant Leadership provides the vehicle and framework for known and unknown individuals to continue to hope and guide the way to the creation of a better, more conscious and caring world community.

UNIT-IV ORGANIZATIONAL DESIGN AND CHANGE

Levels of Strategic Changes

Strategic change can be viewed as a continuum running from no variation in strategy to a complete change in an organization's mission. For analytic purposes, it is useful to divide strategic change into the five discrete stages:

- *Continuation Strategy*

This strategy is one in which the same strategy that was used in the previous planning period is repeated. Successful implementation is largely a matter of monitoring activities to ensure that they are performed on schedule.

- *Routine Strategy Change*

It involves normal changes in the appeals to attract customers. An important type of routine strategy change involves positioning or repositioning a product in the minds of consumers.

- *Limited Strategy Change*

A limited strategy change involves offering new products to new markets within the same general product class. There are many variations at this level of strategic change, because products can be new in a variety of ways.

- *Radical Strategy Change*

A radical strategy change involves a major reorganization within the firm. This type of change is common when mergers and acquisitions occur between firms in the same basic industry. Radical changes can also involve numerous changes in the organizational structure and multiple acquisitions and sales of subsidiaries.

- *Organizational Redirection*

One form of organizational redirection involves mergers and acquisitions of firms in different industries. The degree of strategic change depends on how different the industries are and on how centralized management of the new firm is to be. Another form of organizational redirection occurs when a firm leaves one industry and enters a new one.

Managing Strategic Change

Changes in strategy are typically marked by uncertainty about causes, priorities, appropriate action, even about the existence of a problem.

- *Urgency Of Change*

One of the most significant influences in which the implementation of the change process is managed is the degree of urgency required. When the impact of urgency on change is considered, we are left with three principal types of change: crisis change, reactive change, and anticipatory change.

- *Crisis Change*

In these situations, the problems have reached an acute state: an opportunity may be disappearing, sales may be in collapse, a cash crunch may be imminent, banks may be on the brink of calling in their loans and so forth. In crisis situations decisive action is required.

- *Reactive Change*

This situation prompting the change may be positive (e.g., an opportunity to exploit a new technology), or problematic (e.g., the need to address a persistent decline in performance standards). In reactive situations there are clear and tangible indications of the need for change, but the pace of change must be carefully considered. The steps must be taken sufficiently rapidly to meet external pressures. However, they can not create the disproportionate risks of failure.

- *Anticipatory Change*

This type of change tends to have the longest perspective. The characteristics of anticipatory change are a forecast need for change but with the required actions and the timing both uncertain. Anticipatory change is perused in careful, purposeful, incremental steps. This approach is now referred to as logical incrementalism (Quinn's incremental model).

The Phases Of Strategic Change

The process of strategic change can be thought of as having two phases: readiness for change and implanting change. The main characteristics of these phases and the common obstacles to passing through them.

Phase One Of Strategic Change

- **Readiness for change**

Being ready for change is a simple, logical, early requirement in a change cycle. Readiness for change can be subdivided into three key stages:

- *Awareness and understanding*

The first stage in the strategic change process is to assess the levels of awareness and understanding and identify the obstacles to improving them. Without widespread awareness of the need for change, most managers will resist the change.

- *Capability*

Assuming that widespread awareness of the need for change does exist management can proceed with examining whether it has the necessary capabilities to permit the change to take place. It takes time, often years, to train and develop to handle significantly new tasks and to design and implement new management processes. Nonetheless, it is absolutely essential.

- *Commitment*

As awareness and capabilities improve, the task of building commitment to making, supporting, and sustaining changes becomes more important. As the change program proceeds, managers need to monitor the situation carefully and identify any emerging resistance as early as possible.

Phase Two of Strategic Change

- **Implanting change**

Implanting a change is the process of putting into place so that chances of reversals are minimized. This process can be subdivided into three stages:

- *Adoption*

What characterizes the adoption stage is an escalating sense of irrevocability. As readiness increases, the adoption of the required changes will proceed, provided that various lastminute obstacles do not interfere.

- *Reinforcement*

Reinforcement is essential in speeding the process along and minimizing the chances of relapse. A major problem at this stage is that changes that have been tentatively adopted may fail because they are not properly supported and rewarded.

- *Recycling*

Strategic change in a business is an ongoing process. This ongoing attention is necessary both to reinforce change and to ensure that the organization keeps pace with changes in the environment. Therefore, senior management must continuously and sensibly raise the sights of the organization and build in the values, competence, and mechanisms that will support flexibility over time.

Tactics For Change

Managers have a variety of tactics available for implementing change. These will depend in part on the level and preference for the use of power, and whether this power can or should be exerted directly or indirectly.

The Figure 59 describes some basic tactics for a achieving strategic change. These tactics are classified in terms of two major categories: facetoface (direct) action and indirect (contextual) action which stand as complementary paths to change.

The choice and timing of particular tactics were related to the notion of stages of change for a target group.

GROUP, TEAM, INDIVIDUAL LEVEL CHANGE

Changes can happen and/or impact, within an organization, on four different levels (see graphic below.) There can be one or several levels affected by a Change. It is important to understand the levels a change impacts, as they are the base for appropriate measures and interventions.

Individual or team changes (levels 1 and 2) are changes **within** the system (organization), changes on level 3 (organization) are changing the system **itself**, while changes on level 4 (relevant context and environment) impact the wider system an organization is operating in. (for example the segment, market or industry)

Today the necessity and therefore ability to respond to changes on level 4 (context, environment) has reached a new quality. Modern communication increases, as the uncertainty of future questions (market, environment and society) are rising and likewise the need for organizations to find the appropriate answers on all these levels.

Organizational changes usually have their origin from level 2 to 4. The appropriate Change Interventions can take place on all 4 levels.



- Changes at a higher level always affect the lower levels.
- Changes at a lower level can but do not have to affect the higher levels.
- Interventions at all effected levels can but must not be appropriate (it needs to be decided)



Individual Level



At the end, every changes no mater on which level always impact the individuals. [EG. global warming; a bankruptcy of a company; a new IT system, a new team set-up, a new job etc.] Change usually is seen as a threat and therefore leads to fear and resistance. The Resistance of an individual towards a change depends on two factors:

1. Does someone feel affected by the change? No | Yes go to 2nd
2. If yes, is it perceived positive or as negative [a threat/a loss] ==> Fear / Resistance? Often there is a big discrepancy between the felt impact and the real impact on a person. Unfortunately as long as we deal with human beings, we have to deal with what is felt, the emotions not with what is "real". [e.g. in a Carve Out the individual feels: life derails, lose control of life, company betrayals, fear for one's existence, paralysis etc.] Therefore people need time to digest, get used to and see / reflect what the impact will be. Processing time and the possibility to actively process is the key in times of rigorous change. On the individual level we look at who is/feels affected in which way by changes and how can the individual be supported to manage / handle it appropriately? [Skill building? Processing of challenging situation? Coaching? ...]

Group / Team Level



Changes often affect groups or teams, this can happen from the outside or from the inside. They have to adapt to new situations, processes, systems and tasks. They are set up, composed newly or ceased; they are transferred to somewhere else ... Severe changes inevitably create dynamics in the team/ group which are likely to affect it's communication, interaction and cooperation in the in & outside. [e.g. Impact of Carve Out on Group/ Team: of no worth to organization, structures are breaking, team focus declining, stress level rising, conflict level rising, co operation level declining...]

How to support groups and teams appropriately before during and after the changes is the matter here. If groups / teams need to change, then individuals need to change too (see Individual Level).

Organizational Level



Sometimes entire parts of or even the entire organizations need to change. These are normally the severest changes that can happen. [E.G. impact of Carve out on Organization: massive organizational insecurity, Alienation although still part of the old organization, insider/ outsider question, cut interfaces / processes, new systems and procedures...]. If the organization changes, teams / groups need to change and therefore individuals. How to support the organization and the relevant groups / teams appropriately during the changes is the matter here. As numerous interventions on different levels need to be orchestrated the use of Change Architectures becomes a necessity. This kind of organizational change usually goes along with changes in attitude or culture and is both, complex and long term.

Organizational Structures

The formal organisation is usually delineated by an organisational chart and job descriptions. The official reporting relationships are clearly known to every manager.

Alongside the formal organisation exists an informal organisation which is a set of evolving relationships and patterns of human interaction within an organisation that are not officially prescribed.

Formal organisational structures are categorised as:

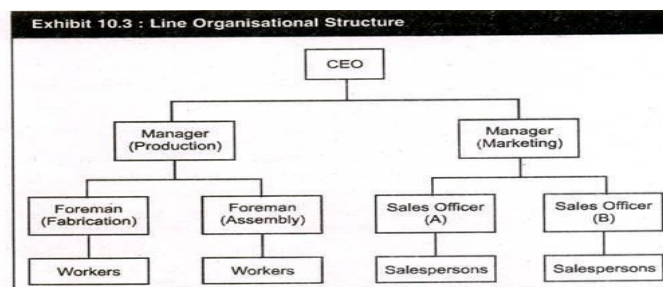
- (i) Line organisational structure.
- (ii) Staff or functional authority organisational structure.
- (iii) Line and staff organisational structure.
- (iv) Committee organisational structure.
- (v) Divisional organisational structure.
- (vi) Project organisational structure.
- (vii) Matrix organisational structure and
- (viii) Hybrid organisational structure.

These organisational structures are briefly described in the following paragraphs:

1. Line Organisational Structure:

A line organisation has only direct, vertical relationships between different levels in the firm. There are only line departments-departments directly involved in accomplishing the primary goal of the organisation. For example, in a typical firm, line departments include production and marketing. In a line organisation authority follows the chain of command.

Exhibit 10.3 illustrates a single line organisational structure.



Features:

Has only direct vertical relationships between different levels in the firm.

Advantages:

1. Tends to simplify and clarify authority, responsibility and accountability relationships
2. Promotes fast decision making
3. Simple to understand.

Disadvantages:

1. Neglects specialists in planning
2. Overloads key persons.

Some of the advantages of a pure line organisation are:

- (i) A line structure tends to simplify and clarify responsibility, authority and accountability relationships. The levels of responsibility and authority are likely to be precise and understandable.
- (ii) A line structure promotes fast decision making and flexibility.
- (iii) Because line organisations are usually small, managements and employees have greater closeness.

However, there are some disadvantages also. They are:

- (i) As the firm grows larger, line organisation becomes more ineffective.
- (ii) Improved speed and flexibility may not offset the lack of specialized knowledge.
- (iii) Managers may have to become experts in too many fields.
- (iv) There is a tendency to become overly dependent on the few key people who can perform numerous jobs.

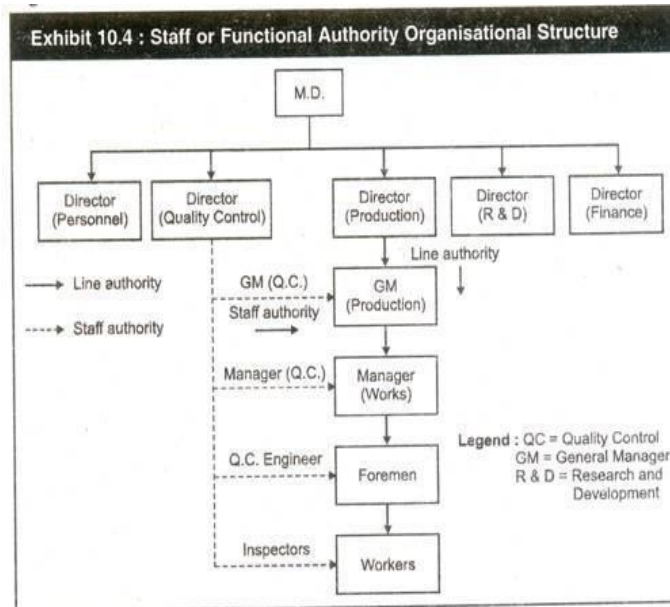
2. Staff or Functional Authority Organisational Structure

The jobs or positions in an organisation can be categorized as:

- (i) **Line position:** A position in the direct chain of command that is responsible for the achievement of an organisation's goals and
- (ii) **Staff position:** A position intended to provide expertise, advice and support for the line positions.

The line officers or managers have the direct authority (known as line authority) to be exercised by them to achieve the organisational goals. The staff officers or managers have staff authority (i.e., authority to advise the line) over the line. This is also known as functional authority.

An organisation where staff departments have authority over line personnel in narrow areas of specialization is known as functional authority organisation. Exhibit 10.4 illustrates a staff or functional authority organisational structure.



In the line organisation, the line managers cannot be experts in all the functions they are required to perform. But in the functional authority organisation, staff personnel who are specialists in some fields are given functional authority (The right of staff specialists to issue orders in their own names in designated areas).

The principle of unity of command is violated when functional authority exists i.e., a worker or a group of workers may have to receive instructions or orders from the line supervisor as well as the staff specialist which may result in confusion and the conflicting orders from multiple sources may lead to increased ineffectiveness. Some staff specialists may exert direct authority over the line personnel, rather than exert advice authority (for example, quality control inspector may direct the worker as well as advise in matters related to quality).

While this type of organisational structure overcomes the disadvantages of a pure line organisational structure, it has some major disadvantages:

They are: (i) the potential conflicts resulting from violation of principle of unity of command and (ii) the tendency to keep authority centralized at higher levels in the organisation.

3. Line and Staff Organisational Structure:

Most large organisations belong to this type of organisational structure. These organisations have direct, vertical relationships between different levels and also specialists responsible for advising and assisting line managers. Such organisations have both line and staff departments. Staff departments provide line people with advice and assistance in specialized areas (for example, quality control advising production department).

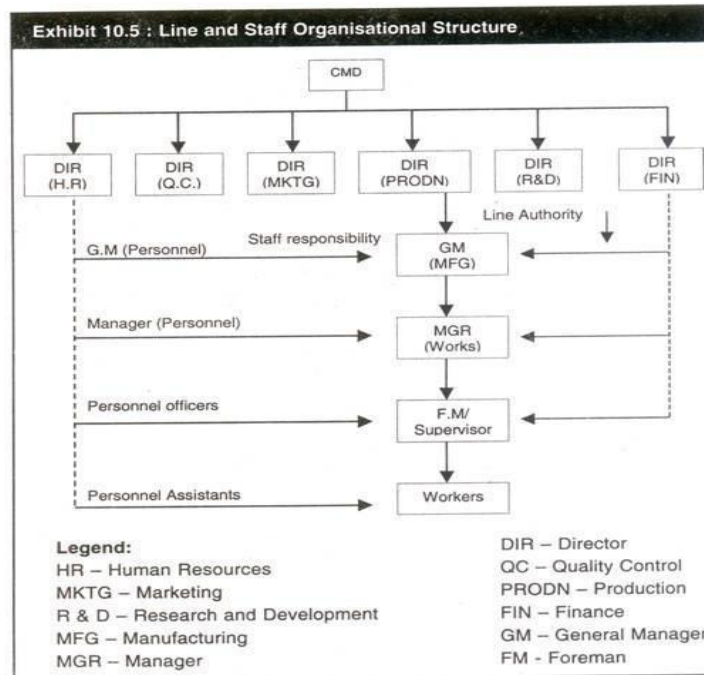


Exhibit 10.5 illustrates the line and staff organisational chart. The line functions are production and marketing whereas the staff functions include personnel, quality control, research and development, finance, accounting etc. The staff authority of functional authority organisational structure is replaced by staff responsibility so that the principle of unity of command is not violated.

Three types of specialized staffs can be identified:

- (i) Advising,
- (ii) Service and
- (iii) Control.

Some staffs perform only one of these functions but some may perform two or all the three functions. The primary advantage is the use of expertise of staff specialists by the line personnel. The span of control of line managers can be increased because they are relieved of many functions which the staff people perform to assist the line.

Some advantages are:

- (i) Even through a line and staff structure allows higher flexibility and specialization it may create conflict between line and staff personnel.
- (ii) Line managers may not like staff personnel telling them what to do and how to do it even though they recognize the specialists' knowledge and expertise.
- (iii) Some staff people have difficulty adjusting to the role, especially when line managers are reluctant to accept advice.
- (iv) Staff people may resent their lack of authority and this may cause line and staff conflict.

Features:

1. Line and staff have direct vertical relationship between different levels.
2. Staff specialists are responsible for advising and assisting line managers/officers in specialized areas.
3. These types of specialized staff are (a) Advisory, (b) Service, (c) Control e.g.,

(a) Advisory:

Management information system, Operation Research and Quantitative Techniques, Industrial Engineering, Planning etc

(b) Service:

Maintenance, Purchase, Stores, Finance, Marketing.

(c) Control:

Quality control, Cost control, Auditing etc. Advantages'

- (i) Use of expertise of staff specialists.
- (ii) Span of control can be increased
- (iii) Relieves line authorities of routine and specialized decisions.
- (iv) No need for all round executives.

Disadvantages:

- (i) Conflict between line and staff may still arise.
- (ii) Staff officers may resent their lack of authority.
- (iii) Co-ordination between line and staff may become difficult.

Committee Organisational Structure Features:

- (a) Formed for managing certain problems/situations
- (b) Are temporary decisions.

Advantages:

1. Committee decisions are better than individual decisions
2. Better interaction between committee members leads to better co-ordination of activities

3. Committee members can be motivated to participate in group decision making.
4. Group discussion may lead to creative thinking.

Disadvantages:

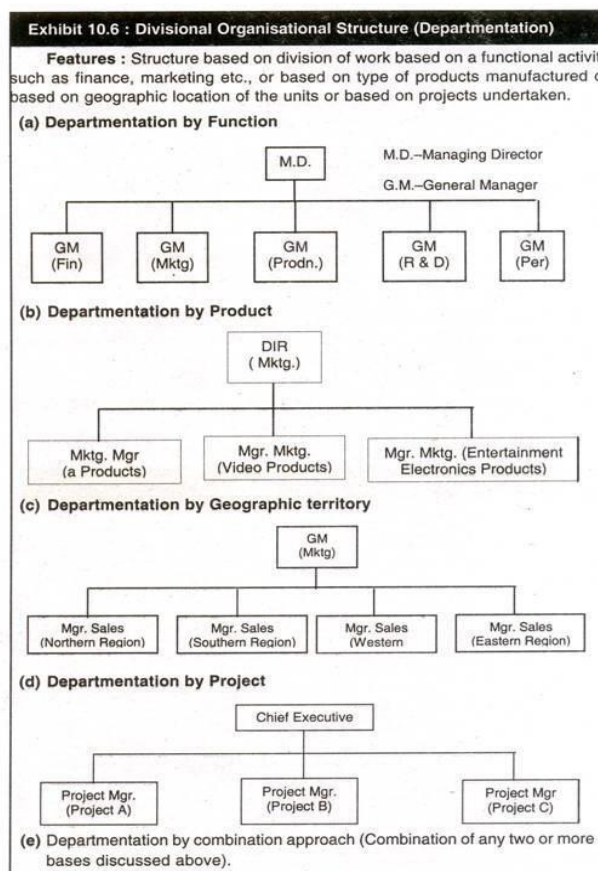
1. Committees may delay decisions, consume more time and hence more expensive.
2. Group action may lead to compromise and indecision.
3. 'Buck passing' may result.

4. Divisional Organisational Structure:

In this type of structure, the organisation can have different basis on which departments are formed. They are:

- (i) Function,
- (ii) Product,
- (iii) Geographic territory,
- (iv) Project and
- (iv) Combination approach.

Exhibit 10.6 illustrates organisational structures formed based on the above basis of departmentation

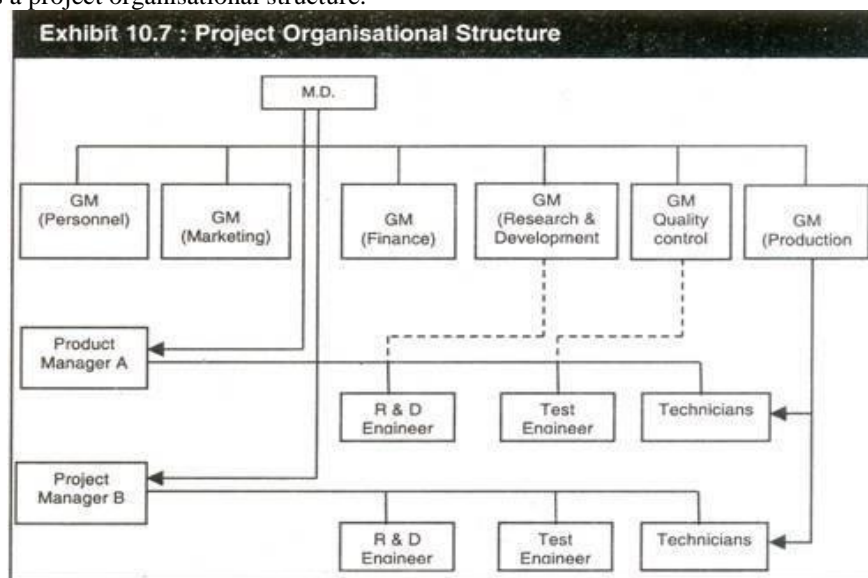


5. Project Organisational Structure:

The line, line and staff and functional authority organisational structures facilitate establishment and distribution of authority for vertical coordination and control rather than horizontal relationships. In some projects (complex activity consisting of a number of interdependent and independent activities) work process may flow horizontally, diagonally, upwards and downwards. The direction of work flow depends on the distribution of talents and abilities in the organisation and the need to apply them to the problem that exists. The cope up with such situations, project organisations and matrix organisations have emerged.

A project organisation is a temporary organisation designed to achieve specific results by using teams of specialists from different functional areas in the organisation. The project team focuses all its energies, resources and results on the assigned project. Once the project has been completed, the team members from various cross functional departments may go back to their previous positions or may be assigned to a new project. Some of the examples of projects are: research and development projects, product development, construction of a new plant, housing complex, shopping complex, bridge etc.

Exhibit 10.7 illustrates a project organisational structure.



Feature: Temporary organisation designed to achieve specific results by using teams of specialists from different functional areas in the organisation.

Importance of Project Organisational Structure:

- Project organisational structure is most valuable when:
- Work is defined by a specific goal and target date for completion.
- Work is unique and unfamiliar to the organisation.
- Work is complex having independent activities and specialized skills are necessary for accomplishment.
- Work is critical in terms of possible gains or losses.
- Work is not repetitive in nature.

Characteristics of project organisation:

- Personnel are assigned to a project from the existing permanent organisation and are under the direction and control of the project manager.
- The project manager specifies what effort is needed and when work will be performed whereas the concerned department manager executes the work using his resources.
- The project manager gets the needed support from production, quality control, engineering etc. for completion of the project.
- The authority over the project team members is shared by project manager and the respective functional managers in the permanent organisation.
- The services of the specialists (project team members) are temporarily loaned to the project manager till the completion of the project.
- There may be conflict between the project manager and the departmental manager on the issue of exercising authority over team members.
- Since authority relationships are overlapping with possibilities of conflicts, informal relationships between project manager and departmental managers (functional managers) become more important than formal prescription of authority.
- Full and free communication is essential among those working on the project.

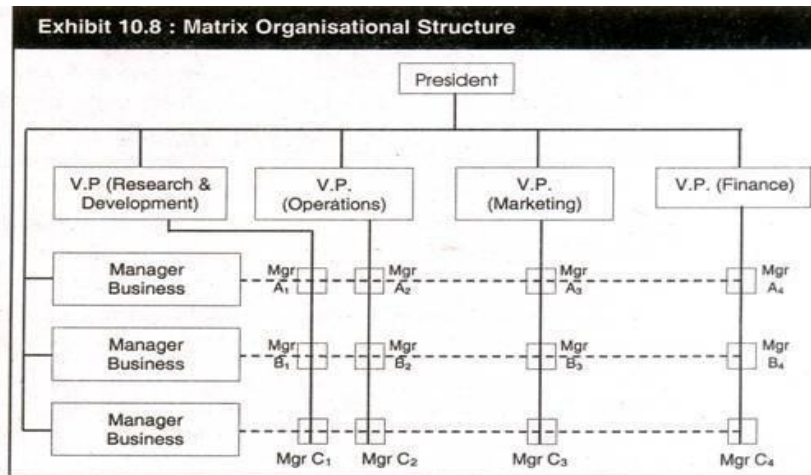
6. Matrix Organisational Structure:

It is a permanent organisation designed to achieve specific results by using teams of specialists from different functional areas in the organisation. The matrix organisation is illustrated in Exhibit 10.8.

Feature: Superimposes a horizontal set of divisions and reporting relationships onto a hierarchical functional structure

Advantages:

1. Decentralised decision making.
2. Strong product/project co-ordination.
3. Improved environmental monitoring.
4. Fast response to change.
5. Flexible use of resources.
6. Efficient use of support systems.



Disadvantages:

1. High administration cost.
2. Potential confusion over authority and responsibility.
3. High prospects of conflict.
4. Overemphasis on group decision making.
5. Excessive focus on internal relations.

This type of organisation is often used when the firm has to be highly responsive to a rapidly changing external environment.

In matrix structures, there are functional managers and product (or project or business group) managers. Functional manager are in charge of specialized resources such as production, quality control, inventories, scheduling and marketing. Product or business group managers are incharge of one or more products and are authorized to prepare product strategies or business group strategies and call on the various functional managers for the necessary resources.

The problem with this structure is the negative effects of dual authority similar to that of project organisation. The functional managers may lose some of their authority because product managers are given the budgets to purchase internal resources. In a matrix organisation, the product or business group managers and functional managers have somewhat equal power. There is possibility of conflict and frustration but the opportunity for prompt and efficient accomplishment is quite high.

7. Hybrid Organisational Structure:

Exhibit 10.9 (a) illustrates the hybrid organisational structure.

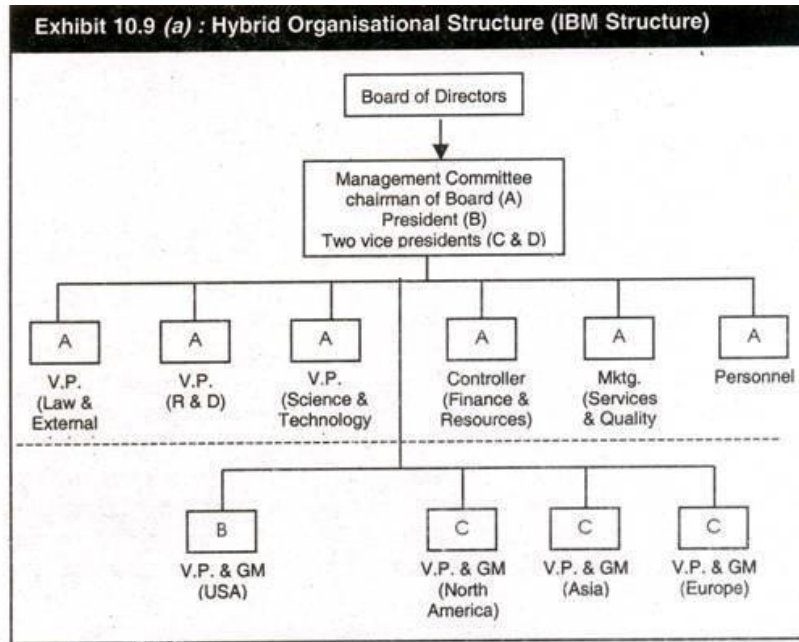
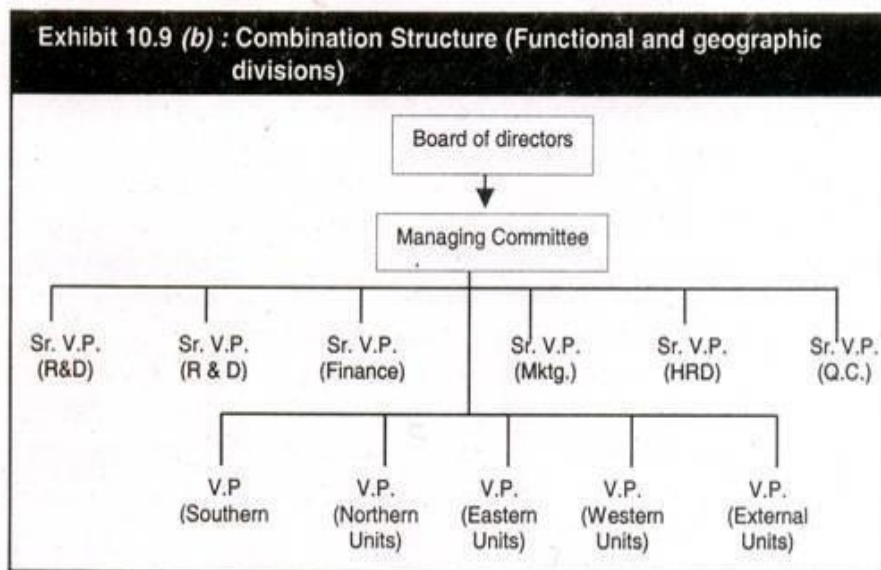


Exhibit 10.9 (b) illustrates a combination structure



Advantages:

1. Alignment of corporate and divisional goals.
2. Functional expertise and efficiency.
3. Adaptability and flexibility in divisions.

Disadvantages:

1. Conflicts between corporate departments and units.
2. Excessive administration overhead.
3. Slow response to exceptional situations.

Uses:

Used in organisations that face considerable environmental uncertainty that can be met through a divisional structure and that also required functional expertise or efficiency

This type of structure is used by multinational companies operating in the global environment, for example, International Business Machines USA. This kind of structure depends on factors such as degree of international orientation and commitment. Multinational corporations may have their corporate offices in the country of origin and their international divisions established in various countries reporting to the CEO or president at the headquarters. The international divisions or foreign subsidiaries may be grouped into regions such as North America, Asia, Europe etc. and again each region may be subdivided into countries within each region.

While the focus is on international geographic structures, companies may also choose functional or process or product departmentation in addition to geographic pattern while at the head quarter's the departmentation may be based on function.

The Informal Organisation:

An informal organisation is the set of evolving relationships and patterns of human interaction within an organisation which are not officially presented. Alongside the formal organisation, an informal organisation structure exists which consists of informal relationships created not by officially designated managers but by organisational members at every level. Since managers cannot avoid these informal relationships, they must be trained to cope with it

The informal organisation has the following characteristics

- (i) Its members are joined together to satisfy their personal needs (needs for affiliation, friendship etc.)
- (ii) It is continuously changing:

The informal organisation is dynamic.

- It involves members from various organisational levels.
- It is affected by relationship outside the firm.
- It has a pecking order: certain people are assigned greater importance than others by the informal group.

Even though an informal organisational structure does not have its own formal organisational chart, it has its own chain of command:

Benefits of Informal Organisation:

- (i) Assists in accomplishing the work faster.
- (ii) Helps to remove weakness in the formal structure.
- (iii) Lengthens the effective span of control.
- (iv) Compensation for violations of formal organisational principles.
- (v) Provides an additional channel of communication.
- (vi) Provides emotional support for employees.
- (vii) Encourages better management.

Disadvantages of informal organisation:

- (i) May work against the purpose of formal organisation.
- (ii) Reduces the degree of predictability and control.
- (iii) Reduces the number of practical alternatives.
- (iv) Increases the time required to complete activities.

Organization Culture

A common platform where individuals work in unison to earn profits as well as a livelihood for themselves is called an organization. A place where individuals realize the dream of making it big is called an organization. Every organization has its unique style of working which often contributes to its culture. The beliefs, ideologies, principles and values of an organization form its culture. The culture of the workplace controls the way employees behave amongst themselves as well as with people outside the organization.

- **The culture decides the way employees interact at their workplace.** A healthy culture encourages the employees to stay motivated and loyal towards the management.
- **The culture of the workplace also goes a long way in promoting healthy competition at the workplace.** Employees try their level best to perform better than their fellow workers and earn recognition and appreciation of the superiors. It is the culture of the workplace which actually motivates the employees to perform.
- Every organization must have set guidelines for the employees to work accordingly. **The culture of an organization represents certain predefined policies which guide the employees and give them a sense of direction at the workplace.** Every individual is clear about his roles and responsibilities in the organization and know how to accomplish the tasks ahead of the deadlines.
- No two organizations can have the same work culture. It is the culture of an organization which makes it distinct from others. **The work culture goes a long way in creating the brand image of the organization.** The work culture gives an identity to the organization. In other words, an organization is known by its culture.
- **The organization culture brings all the employees on a common platform.** The employees must be treated equally and no one should feel neglected or left out at the workplace. It is essential for the employees to adjust well in the organization culture for them to deliver their level best.
- **The work culture unites the employees who are otherwise from different back grounds,** families and have varied attitudes and mentalities. The culture gives the employees a sense of unity at the workplace.

CHANGE MANAGEMENT

Certain organizations follow a culture where all the employees irrespective of their designations have to step into the office on time. Such a culture encourages the employees to be punctual which eventually benefits them in the long run. It is the culture of the organization which makes the individuals a successful professional.

- Every employee is clear with his roles and responsibilities and strives hard to accomplish the tasks within the desired time frame as per the set guidelines. Implementation of policies is never a problem in organizations where people follow a set culture. The new employees also try their level best to understand the work culture and make the organization a better place to work.
- **The work culture promotes healthy relationship amongst the employees.** No one treats work as a burden and moulds himself according to the culture.
- **It is the culture of the organization which extracts the best out of each team member.** In a culture where management is very particular about the reporting system, the employees however busy they are would send their reports by end of the day. No one has to force anyone to work. The culture develops a habit in the individuals which makes them successful at the workplace.
- Change management is the discipline that guides how we prepare, equip and support individuals to successfully adopt change in order to drive organizational success and outcomes.
- While all changes are unique and all individuals are unique, decades of research shows there are actions we can take to influence people in their individual transitions. Change management provides a structured approach for supporting the individuals in your organization to move from their own current states to their own future states.

Three Levels of Change Management

INDIVIDUAL CHANGE MANAGEMENT

- While it is the natural psychological and physiological reaction of humans to resist change, we are actually quite resilient creatures. When supported through times of change, we can be wonderfully adaptive and successful.
- Individual change management requires understanding how people experience change and what they need to change successfully. It also requires knowing what will help people make a successful transition: what messages do people need to hear when and from whom, when the optimal time to teach someone a new skill is, how to coach people to demonstrate new behaviors, and what makes changes “stick” in someone’s work. Individual change management draws on disciplines like psychology and neuroscience to apply actionable frameworks to individual change.
- After years of studying how individuals experience and are influenced in times of change, Prosci developed the adkar® model for individual change. Today, it is one of the most widely used change models in the world.

ORGANIZATIONAL/INITIATIVE CHANGE MANAGEMENT

- While change happens at the individual level, it is often impossible for a project team to manage change on a person-by-person basis. Organizational or initiative change management provides us with the steps and actions to take at the project level to support the hundreds or thousands of individuals who are impacted by a project.
- Organizational change management involves first identifying the groups and people who will need to change as the result of the project, and in what ways they will need to change. Organizational change management then involves creating a customized plan for ensuring impacted employees receive the awareness, leadership, coaching, and training they need in order to change successfully. Driving successful individual transitions should be the central focus of the activities in organizational change management.
- Organizational change management is complementary to your project management. Project management ensures your project's solution is designed, developed and delivered, while change management ensures your project's solution is effectively embraced, adopted and used.

ENTERPRISE CHANGE MANAGEMENT CAPABILITY

- Enterprise change management is an organizational core competency that provides competitive differentiation and the ability to effectively adapt to the ever-changing world. An enterprise change management capability means effective change management is embedded into your organization's roles, structures, processes, projects and leadership competencies. Change management processes are consistently and effectively applied to initiatives, leaders have the skills to guide their teams through change, and employees know what to ask for in order to be successful.
- The end result of an enterprise change management capability is that individuals embrace change more quickly and effectively, and organizations are able to respond quickly to market changes, embrace strategic initiatives, and adopt new technology more quickly and with less productivity impact. This capability does not happen by chance, however, and requires a strategic approach to embed change management across an organization.

COMMUNICATION IN CHANGE MANAGEMENT

You cannot over-communicate when you are asking your organization to change. Every successful executive, who has led a successful change management effort, expresses the need for over communicating during a change experience and makes this statement in retrospect.

No organization exists in which employees are completely happy with communication. Communication is one of the toughest issues in organizations.

It is an area that is most frequently complained about by employees during organizational change and during daily operations. The reason?

Effective communication requires four components that are interworking perfectly to create shared meaning, a favourite definition of communication.

- The individual sending the message must present the message clearly and in detail, and radiate integrity and authenticity.
- The person receiving the message must decide to listen, ask questions for clarity, and trust the sender of the message.
- The delivery method chosen must suit the circumstances and the needs of both the sender and the receiver.
- The content of the message has to resonate and connect, on some level, with the already-held beliefs of the receiver. It must contain the information that the employee wants to hear. It must answer the employee's most cherished and cared about questions.
- With all of this going on in a communication, it's a wonder that organizations ever do it well.

Change management practitioners have provided a broad range of suggestions about how to communicate well during any organizational changes.

Recommendations about Communication for Effective Change Management

Develop a written communication plan to ensure that all of the following occur within your change management process.

- Communicate consistently, frequently, and through multiple channels, including speaking, writing, video, training, focus groups, bulletin boards, Intranets, and more about the change.
- Communicate all that is known about the changes, as quickly as the information is available. (Make clear that your bias is toward instant communication, so some of the details may change at a later date.) Tell people that your other choice is to hold all communication until you are positive about the decisions, goals, and progress. This is disastrous in effective change management.
- Provide significant amounts of time for people to ask questions, request clarification, and provide input. If you have been part of a scenario in which a leader presented changes, on overhead transparencies, to a large group, and then fled, you know what bad news this is for change integration. People must feel involved in the change. Involvement creates commitment—nothing else is as significant during a change process.
- Clearly communicate the vision, the mission, and the objectives of the change management effort. Help people to understand how these changes will affect them personally. (If you don't help with this process, people will make up their own stories, usually more negative than the truth.)
- Recognize that true communication is a conversation. It is two-way and real discussion must result. It cannot be just a presentation.
- The change leaders or sponsors need to spend time conversing one-on-one or in small groups with the people who are expected to make the changes.
- Communicate the reasons for the changes in such a way that people understand the context, the purpose, and the need. Practitioners have called this: "building a memorable, conceptual framework," and "creating a theoretical framework to underpin the change."

- Provide answers to questions only if you know the answer. Leaders destroy their credibility when they provide incorrect information or appear to stumble or back-peddle when providing an answer. It is much better to say you don't know, and that you will try to find out.
- Leaders need to listen. Avoid defensiveness, excuse-making, and answers that are given too quickly. Act with thoughtfulness.
- Make leaders and change sponsors available, daily when possible, to mingle with others in the workplace.
- Hold interactive workshops and forums in which all employees can explore the changes together, while learning more. Use training as a form of interactive communication and as an opportunity for people to safely explore new behaviors and ideas about change and change management. All levels of the organization must participate in the same sessions.
- Communication should be proactive. If the rumor mill is already in action, the organization has waited too long to communicate.
- Provide opportunities for people to network with each other, both formally and informally, to share ideas about change and change management.
- Publicly review the measurements that are in place to chart progress in the change management and change efforts.
- Publicize rewards and recognition for positive approaches and accomplishments in the changes and change management. Celebrate each small win publicly.

RESISTANCE TO CHANGE

Resistance is a natural response to change and recognising and managing resistance is a key skill for the effective change manager. Resistance is a healthy part of any change process. Manage it effectively and it can strengthen your change initiative. Ignore it and it can quietly undermine all your great intentions.

Managing resistance to change

Recognise resistance. Don't pretend it's not happening - it will not go away, but will quietly fester and grow to be much bigger than it really is. It is most important first of all to recognise and acknowledge the resistance.

Don't shoot the messenger. Just because someone has spoken out, don't assume they are the only one resisting - there may be many more quietly agreeing with them.

Open it up for discussion. Often easier said than done but if you recognise resistance, then ask questions and find out about it. Listen to what people say and don't think about whether you agree or disagree with them.

Understand their concerns. Try to understand what might be really worrying them. Does your plan have some real weaknesses? Could their concerns have some basis? Are they worried about their own capacity or skills? Whilst they might not want to admit it, is it possible that they feel they don't have the ability or knowledge necessary? Or are they going to lose status? Or control?

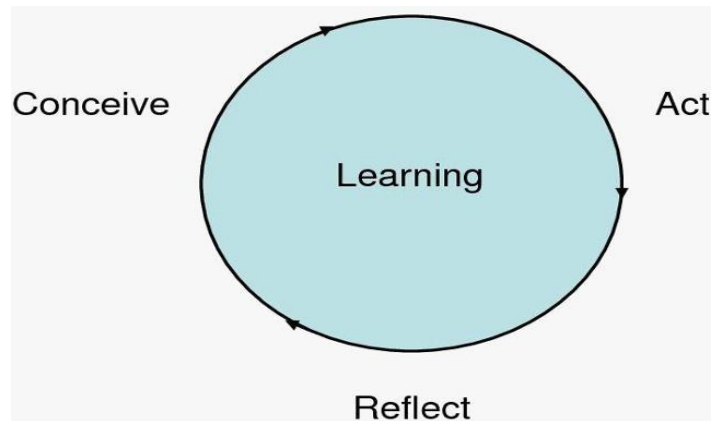
Give it some time. Allow time for the concerns to be raised and then work with your team to find shared solutions.

Motivation and resistance to change

Key to managing resistance is understanding motivation. For each member of your team think about what their motivation might be, how this will be affected by the change and how you might revise your change plans accordingly.

Organizational Learning

Learning is the way we create new knowledge and improve ourselves. Although there is ample debate regarding the mechanisms and scope of learning, in its simplest form this is no different for organizations. Botha et al. describe the organizational learning process as follows:



As one can see organizational learning is based on applying knowledge for a purpose and learning from the process and from the outcome. Brown and Duguid (1991) describe organisational learning as "the bridge between working and innovating." This once again links learning to action, but it also implies useful improvement.

The implications to knowledge management are three-fold:

- One must understand how to create the ideal organizational learning environment
- One must be aware of how and why something has been learned.
- One must try to ensure that the learning that takes place is useful to the organization

Organizational Learning Pitfalls

Senge (1990) argues that often it is failure that provides the richest learning experience, which is something that organizations need to understand and use more effectively. He criticizes the way we reward success and look down upon failure as something that can be detrimental to the long term health of the organization. Levitt and March (1996) further argue that success is ambiguous and depends on how it is interpreted. This interpretation may not only vary significantly between different groups within the organization, but may change over time as success indicators and levels of aspiration change.

Levitt and March (1996) also discuss superstitious learning. This occurs when positive or negative results are associated with the wrong actions. Success and failure can both generate superstitious learning. If a firm does well, the routines that they followed are linked to this success and are subsequently reinforced. The opposite is true for failure. In such cases, the organization thinks that it has learned when in fact it has not. Real organizational learning would have resulted from the examination of the information generated from their actions rather than from relatively arbitrary success or failure criteria.

Different Approaches to Organizational Learning

Generally speaking, there are two approaches to organisational learning. The first view looks at the firm as a whole and s learning from a cognitive perspective. In a way, the firm is treated like a large brain composed of the individual members of the organization. The second view looks at learning as community based, where the firm's practitioners create knowledge in their own networks called communities of practice (Lave & Wenger 1991).

ORGANIZATIONAL POWER AND POLITICS ORGANIZATIONAL

POWER

Power refers to the possession of authority and influence over others. Power is a tool that, depending on how it's used, can lead to either positive or negative outcomes in an organization. In 1959, American sociologists John French and Bertram Raven published an article, "The Bases of Power," that's regarded as the basis for classifying power in organizations. They identified five sources of power, namely: coercive, referent, legitimate, expert and reward power.

Legitimate Power

Legitimate power is also known as positional power. It's derived from the position a person holds in an organization's hierarchy. Job descriptions, for example, require junior workers to report to managers and give managers the power to assign duties to their juniors. For positional power to be exercised effectively, the person wielding it must be deemed to have earned it legitimately. An example of legitimate power is that held by a company's CEO.

Expert power

Knowledge is power. Expert power is derived from possessing knowledge or expertise in a particular area. Such people are highly valued by organizations for their problem solving skills. People who have expert power perform critical tasks and are therefore deemed indispensable. The opinions, ideas and decisions of people with expert power are held in high regard by other employees and hence greatly influence their actions. Possession of expert power is normally a stepping stone to other sources of power such as legitimate power. For example, a person who holds expert power can be promoted to senior management, thereby giving him legitimate power.

Referent Power

Referent power is derived from the interpersonal relationships that a person cultivates with other people in the organization. People possess reference power when others respect and like them. Referent power arises from charisma, as the charismatic person influences others via the admiration, respect and trust others have for her. Referent power is also derived from personal connections that a person has with key people in the organization's hierarchy, such as the CEO. It's the perception of the personal relationships that she has that generates her power over others.

Coercive Power

Coercive power is derived from a person's ability to influence others via threats, punishments or sanctions. A junior staff member may work late to meet a deadline to avoid disciplinary action from his boss. Coercive power is, therefore, a person's ability to punish, fire or reprimand another employee. Coercive power helps control the behavior of employees by ensuring that they adhere to the organization's policies and norms.

Reward Power

Reward power arises from the ability of a person to influence the allocation of incentives in an organization. These incentives include salary increments, positive appraisals and promotions. In an organization, people who wield reward power tend to influence the actions of other employees. Reward power, if used well, greatly motivates employees. But if it's applied through favouritism, reward power can greatly demoralize employees and diminish their output.

POLITICS IN ORGANIZATION

Modern organizations are the fertile land for the politics to thrive, this term is very often heard from those who are working in organizations, be it large or small, public or private. When people in the organizations transform their power into action, then they are said to be engaged in politics. At times, it becomes one of the most disturbing elements for employees, and they might even decide to quit the organization if the political waters get above their heads. An employee who has a great deal of knowledge, skill & expertise, but does not have the ability to counter the political environment, will get easily disappointed and this will in turn affect his/her level of output.

Organization politics can be defined as the accomplishment of the individual motives and upholding of individual interest over the organizational interest, without regard to the impact on the organization. Although politics is generally regarded as negative and undesirable, but politics may be both sometimes good for the organization. Politics is inevitable in any organization.

The power play and the use of politics in the organization is demonstrated in the figure below, where people unduly create problems in the growth of an employee. As he/she rise up the success ladder in the career path, imposed problems comes in his or her way. Such problems are not genuine ones but are deliberately created to pull one down and hinder one's growth.

Dimensions of Politics in Organizations

There are primarily two distinct dimensions of politics. These are:

1. **Legitimate Political Behaviour:** It refers to the normal everyday politics, for example, complaining to your supervisor, bypassing the chain of command, forming coalition, obstructing organizational policies or decision through inaction or excessive adherence to rules and developing contacts outside the organization through one's professional activities.
2. **Illegitimate Political Behaviour:** It can be defined as the behaviour that violates the stated rules of game. This kind of behaviour shows the extreme political behaviour that violates the stated rules and regulations of the organization that are pre-decided by the people at the strategic positions. Activities like sabotage, whistle blowing, symbolic protests, etc. are the examples of illegitimate political behaviour.

The majority of all organizational political behaviors are legitimate in nature. Illegitimate behavior poses a real level of risk of loss to the organizational setting.

Factors Contributing To Political Behaviour

Certain factors contribute to political behavior in the organizations. Some of them can be described as follows:

1. Lust for power - People want to acquire and enhance power so that they can influence other people around them.
2. Discretionary power – Certain positions in the organization have discretionary powers that can be used in case of emergency. Such power rests in the hands of the position holder. That is why people indulge themselves in politics to grab such kinds of position.
3. Scarce resources – Some resources in the organizations are scarce. Any person who has the control over the allocation of such limited resources enjoys more power.
4. Organizational changes – Changes in organization keep taking place. Whenever there is a rearrangement of organizational policies, people in powerful position try to take advantage and avail the opportunity to play political games to suit their interest.
5. Moving up in organization hierarchy - To rise in one's career, one has to acquire the level of competence and learning from experience. But people generally prefer to have a short cut and make rapid progress in moving to higher positions in the organization. At times, they lack specific skills or abilities and try to rise through political influence. This gives rise to political behaviour in the organization.
6. Organization culture – If the organization culture is characterised by low trust, role ambiguity, poor or biased performance evaluation system; high pressure for performance will create a fertile ground for politicking.
7. Safeguarding oneself during downsizing - When organization downsizes to improve its efficiency, people may engage in some sort of political actions to safeguard their existing status quo.

Ethics and Organizational Change Management

Change is inevitable at any organization and can arise from the need to improve resource allocation, reengineer business processes, tighten the budget, or other factors that require a restructuring of an organization. In order for organizational change to occur, a change agent must challenge the status quo by bringing a different perspective into the organizational environment. Change agents can be external, internal, or a hybrid of the two. External change agents can be consultants or other individuals who come from a third party organization, who utilize behavioral sciences techniques to initiate organizational change that is desired by executive management. Internal change agents are individuals, or occasionally departments, that are within the organization who know about the issues plaguing the organization, hence initiating the change from inside the organization. For complex issues, a combination of both external and internal change agents is required since a large knowledge base is needed to initiate change.

Regardless of the type of change agent initiating the change, there are many ethical issues that can arise during a change process. External change agents are hired by executive management to gather data and provide data analysis on an organizational issue. If the data analysis and proposed solution are not in alignment with the executive management agenda or show that poor performance was a result of executive management, the data could be manipulated. Manipulation of this data would be done to force the external agent's analysis to align with the executive management agenda or place blame for poor performance on low level employees. Since the change process is fundamentally initiated by executive management, there is a perception that change is based off power relationships within an organization. This can lead to purposefully misconstrued statements regarding the scope of change. Management can state that a change process is initiated with the purpose of increasing employee engagement, when in fact the true rationale behind the change process may be result based performance metrics that suffocate and scrutinize employee activities. Often times, change is not voluntary, and employee conformity to the change is required. This raises unethical concerns since employees will often be faced with the dilemma of forced conformity or being terminated.

Although there will always be change resistance, organizational management can promote ethical change initiatives by developing appropriate organizational culture. Organizational culture is shared set of principles, values, and beliefs that dictate how employees act. Managers who want to promote ethical change processes need to establish a culture of ethical behavior. It is best to lead by example, so managers need to act ethically themselves to promote ethical behavior as the norm throughout the organization. Ethical behavior includes department openness, constructive criticism, clear communication, conformity to policies, and workplace respect. Along with leading by example, management needs to create a code of ethics. An organizational code of ethics is a policy statement that binds employees to a set of organization wide value and ethical standards. This code will make employees hold themselves and other accountable for acting in an ethical manner and promoting ethics throughout the organization. Through this ethical culture, change will be initiated ethically and resistance will be minimized.

Change Agent

Definition: In business parlance, a **change agent** is an individual or group, who carry out the task of instigating and managing change in the organization. He/She is someone, who directly or indirectly influences change, i.e. the change agents are appointed by the organizations to transform the ways, the organization is managed, or the business is conducted.

Types of Change Agent

The change agent can be **internal or external to the organization** who plays the role of a catalyst to implement change in the organization.

1. **Internal Change Agent:** When the change agent, is internal to the organization then he/she is usually the employee such as a manager, senior executive, leader, HR professional or any other person from the staff who has mastered in behavioral sciences and intervention technology of organization development. They are appointed by the organization to look after the change process.

2. **External Change Agent:** The external change agent is the one who is brought to the organization from outside such as consultants. The company's rules regulations and policies are not imposed on them, and so they can deeply analyze and bring different viewpoints to a situation and challenge the existing state of affairs. However, this can also be seen as a disadvantage, as the external change agent is not aware of the company's history, work processes, and personnel.

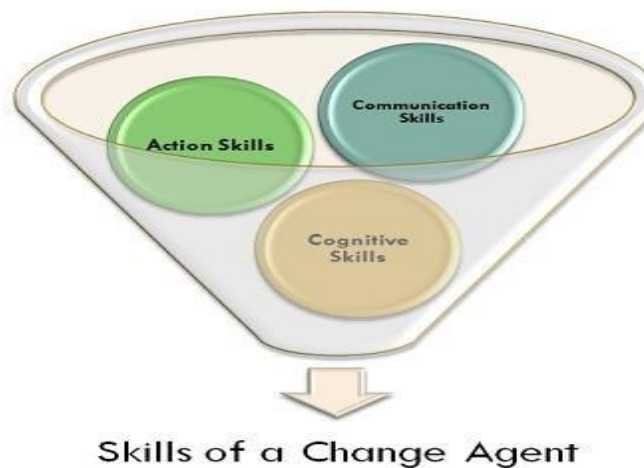
Roles of a Change Agent

Change agents aim at making changes in the existing processes or culture of the organization that sticks. And to do so, they focus on the matters relating to organizational effectiveness, innovation, and advancement.

He/ She is someone who always seeks an opportunity for change, determines the best approach and bring about change. They are the one who possesses skills and competencies to initiate, facilitate and coordinate organizational change.

Change Agents help the organization in understanding the requirement and relevance for change and takes all necessary steps required to manage change and also anticipates the problem; that might take place during or after the change is implemented in the organization. He is responsible to transform vision into a realistic plan and execute it.

Skills of a Change Agent



- **Cognitive Skills:** The skills which require some level of pro-action from the side of the change agent for the purpose of self-understanding, conceptualization, and evaluation.
- **Action Skills:** Change Agent works as a consultant, researcher, trainer, counselor, etc. in an organization, so, he/she should possess required skills and competencies.
- **Communication Skills:** He/ She is responsible for spreading change information, and making the organization realize the need for change, for which he/she must possess excellent communication and pervasive skills.

Many multinational corporations have their own in-house **change specialist**, who works with the management team of the organization to recognize the need for change and facilitate change efforts.

The Change Agency is an independent social movement education initiative. We work with community organisers and activists in the Australia Pacific region to help people win social and environmental change.

We develop, collect and share tools to help activists and community organisers define and achieve their goals. We research social change to learn what works, and draw on action research to inform our facilitation and educational work. Our major projects currently are the [Campaigners Toolkit](#), the Community Organising Fellowship and the *People Power Manual*.

Our website provides access to our growing collection of training resources, activist research including case studies and articles, outlines of our workshops, a calendar of training opportunities, and links to other activist education websites. We regularly update our catalogue of favourite books and circulate a free monthly social change enews with updates on activist education and research resources, projects and opportunities. [Subscribe here](#). We also provide a mentoring and advisory service for campaigners and community organisers.

We lead workshops with people working for a just, sustainable and peaceful world. If you are interested in being more effective in your work or inspired and informed by others who are working for change, let's start a conversation.

UNIT -V

EMPLOYEE RELATIONS AND MANAGING CHANGE

Management of change in Technology

Effective technology change management ensures that changes to a system or product are introduced in a properly controlled and coordinated manner. It ensures that the negative effects of changes to IT systems are minimized by making available, a standardized process to govern the Information Technology system in the company. Obviously, some changes in the Information Technology department are not optional, they are mandatory. For instance, the changes in bar code standards mean that a business must adapt to these changes. If the standard tax withholding structure changes, there must be a change too in your business.

Advancement in technology has obviously had a significant impact on every aspect of modern life. Almost every industry has been affected by these changes. To be precise, the modern technology plays a big role in keeping things on track. Technology that powers all industries is constantly evolving.

Hundreds of software, system, gadgets, technological equipment and programs are released in the market each year. Some systems and software are completely changing the way people do business today. Technology has gone a long way to make business activities easy in different industries and firms. Order Management, Customer Relationship Management and Customer Support Systems, for instance, have made it possible for businesses to serve customer with ease and operate efficiently on a regular basis.

It is more likely that in the days to come, your business is going to face a challenge that can strike fear into the hearts of those in the business including the management department. The challenge is implementing a new technology in the workplace. Whether you are in shipping and delivery business, hospitality industry, running a reservation system that provide bed and breakfast, running an import and export business or are establishing a new technology firm, technology change management can be quite a daunting task. Obviously, if you make changes to a system or part of or an entire procedure without an oversight, chances are high that your change implementations will fail.

Now, the idea for change has to originate from the senior management. The idea must then be passed down to all other members in the company without any exception. The change management must involve everyone, or it will be a useless waste of precious time and valuable money. Allowing every person to be part of the change process makes it easy to backup the change at its highest level. Proper backing from every person in the team will definitely save your company from very costly errors. Here are strategies that can help your team to survive and thrive during the change process.

Technology Change Management Process Guide

Developing a request for change The first step for a successful technology change management is to develop a request for change in the business. A request for change can originate from a series of issues within the management. Once these issues are identified, mitigating change will be necessary to prevent any negative effects in the future. A Request for Change can also arise from a business decision that required modification to support technology in the business. Government regulations or changes made by external business partners may also lead to developing Request for Change.

Obtaining change acceptance Now, you need to remember that the decision to implement or make technical change is not the job of the Information Technology Department. It is an overall business decision where cost versus benefits must be weighed properly. Even if the change is infrastructure oriented, the decision to spend money on the change strictly resides with the business. Even in situations where procedures are developed in advance to pre-authorize change, the

decision to implement the change resides within the business management so consultation must be made from the business, not the IT department, before implementing the change.

Initiating the development project A technology change is an IT-guided function. A collaborative effort must be made between the business users and the IT team in the event of an emergency. A collaborative effort also has to be made when a new system is to be developed. Here is the thing; the system is designed by the Information Technology department. This design must be approved by the business partners before the IT department can develop it. Once the system is developed, the IT department and the users combine efforts to test and approve the final product. After approval of the new system, the users and the IT department give a careful attention to the effect the new changes will have on the existing system.

Passing the change to the management gate All changes must be reviewed before they can be put into production. The review process is done by the Change Advisory Board, a group of people with different areas of expertise, backgrounds and perspectives. Their main function is to review the change and ensure that all the risks have been identified and mitigated. The board will also check to ensure that compensatory techniques are in place for anything that could go wrong in the process. This team is not responsible for determining if the changes to be made are appropriate. It is not also responsible for determining whether the change is cost effective. Their focus is to evaluate risks and assess change implementation strategies.

Implementing the change Implementation should be scheduled once the Change Advisory Board has approved the change. The checklist and steps and how the change is to be implemented are predefined and approved by the Change Advisory Board. The Change Advisory Board cannot take part in the change implementation stage. If they have to be present, they will not be regarded as CAB experts but as Subject Matter Experts. The whole of the implementation process must be properly documented and the CAB approved processes be followed for implementing the change.

Report the results The results of the change have to be reported as soon as possible. These results should be documented and returned to the Change Advisory Board who then distributes the information to the stakeholders and storing and maintaining the results of the change as clearly documented.

Conclusion Your technology change management process will need to involve all employees in order to successfully evolve your business and bring about a smooth transition.

Impact of Technology on Employee Relations

How Technology impacts organization structure?

Employee relations involve multiple layers of communication, from employer-employee relations to interactions among the workforce itself. To understand the effect of technology on employee relations we have to understand how the structure of an organization changes with the type of technology being used in the organization. We have various theories to study this phenomena, these are:

- Joan Woodward's(1965) technology contribution which characterized the major technologies used in manufacturing organizations into unit, process and mass technologies. What we could derive from this theory was that routine technology (i.e. technology leading to more routiness in work) like mass meant a more formalized structure and vice versa.

- Another one was Perrow's(1967) knowledge technology contribution which divided technology into 4 types routine, non routine, craft and engineering types based on task variability and problem analyzability factors used in the technology.

- The third major contribution was Thompson's Technology structure that divided technology into Long linked, mediating and Intensive technologies, with long linked corresponding to standardization of operations, tools, parts and machines.

Focusing on the Knowledge Technology contribution of Perrow, since the world has moved on to become a knowledge based economy. Its two main dimensions are:

- a. Task variability that describes the number of exceptions individuals encounter in their work.
- b. Problem analyzability which describes the type of search procedure employees follow in responding to exceptions.

The four technology categories in his theory are:

1. **ROUTINE:** characterised by the lack of exceptions and its depth of comprehension. Traditional manufacturing technologies such as assembly lines belong to this category.
2. **CRAFT:** characterised by its lack of exceptions and unpredictable outcomes that are difficult to analyse. Construction work that demands the drafting of new designs to resolve building problems is an example of applied craft technology.
3. **ENGINEERING:** characterised by many exceptions and its depth of comprehension. Standard and accepted methods are available to provide solutions to problems. Accountants, most engineers and laboratory technicians use engineering technologies.
4. **NON-ROUTINE:** characterised by many exceptions and poor comprehension. Problems appear frequently with no existing solutions. Commercial space engineering is an example of a non-routine technology.

2. How Organization structure affects Employee relations?

Perrow's classification can be divided into 2 main divisions one being Routine Technology made up of Routine and Engineering classification that is standard/same technology and the other being Non-Routine technology which is Constantly updating/New technology.

Routine technology leading to mechanization:

Due to standardized work and repetitive tasks employees:

- Are less able to talk with each other during work – thus employee are not able to make any new friends at work. The standardized technology means that each employee has fixed set of duties and doesn't need to talk to anyone regarding issues faced with the handling of their technology; he/she has a manual etc. to solve their difficulties.

- Tend to confine their communications to work-related matters – Since socialisation is very less, topics other than work related matters are not discussed much.

- Generally tend to make fewer friends at work and feel socially isolated – all the above factors increase stress level of the employees as they feel socially isolated and they do not have any outlet for the tensions accumulated at work time.

Non Routine/New Technology promoting Creativity:

Due to autonomy, the employees involved with using non-standardized technology:

- Likely to become involved in conflict with other departments – there is stress on efficiency since not using a routine technology leads to a loss in efficiency.

- The employee-employer relationship is not that congenial as there are bound to be creative differences amongst the two.

Employee Relations	Routine Technology	Non Routine/New technology
Social Isolation	High as infrequent interaction amongst employees	Low as constantly need guidance to understand latest technology
No. of Friends among Peers	Very few due to social isolation	More in number than in Routine technology cases
Equation with their Boss	On very good terms as efficiency is high and Work related issues are few and far between	Is not that congenial as efficiency suffers due to constant new technology related issues
Conflict within departments	Only when one department’s work interferes with the other	Frequent conflict due to new technology increasing dependency among departments

3. How technology strategy combination can affect Employee relations?

A combination of strategy and technology can impact Employee relations in an organization.

Strategy of Transparency in communication using Technology:

Exchanging information through emails, social networking software for the office employees can be a way of disseminating information amongst them. These are also an important way to improve the relation among the employees as everyone knows what is being communicated.

Leadership strategy using technology:

Division of work should be according to what technology the person is comfortable using. Technology can also be used to encourage healthy competition at work as employees can be encouraged to learn latest technology or achieve mastery in the technology already in use.

Promoting 'Knowledge Worker' strategy in the organization:

As Peter Drucker believed that dissemination of information would be most important for the organizations working today to survive, it is imperative that technology plays an important part in making all the employees knowledge oriented workers. This would boost employee morale and help them perform better in the organization. It would also help them to improve relations amongst themselves due to increased motivation and knowing what is going around them.

Employee involvement Strategies

A wise person once told me that I could never expect one hundred percent support from any individual who was not personally involved in devising a change which had an impact on his work. The wise person was right, and I'm really happy to have known him early in my career.

People don't mind change once they get used to the idea and have had the opportunity to have an impact on the direction of the change.

Even asking an employee's opinion and then later choosing another direction is significantly better than never giving the employee a voice in the change at all.

Creating a work environment in which employees feel as if they have the power to initiate change is also positive and a tribute to your work culture. But, more frequently, employees find themselves caught up in changes that others are initiating.

In these instances, what employees do mind is being changed. Having no voice in a change that will affect their job or workflow is treating your adult employees like children. They resent it and you have created something for them to push back against—never a good situation when you need your employees to change.

In any change, especially ones that affect a complete organization, it is impossible to involve every employee in each decision. Respondents to my change management questions over the years suggest, however, that when change works, the organization has gone out of its way to use employee involvement.

Employee involvement is the difference between sad and unhappy foot draggers and engaged, excited employees who were trusted to give their input. You really don't want to create the first when you need change to occur in your workplace.

Employee Involvement for Effective Change Management

These are the steps you'll want to follow as you involve your employees in helping make a change.

- Create a plan for involving as many people as possible, as early as possible, in the change process. You need to make this plan with your change team, your senior managers, whoever will be leading the charge with the change. This senior or management team plays a critical role in building and developing support for change.
- Involve all stakeholders, process owners, and employees who will feel the impact of the changes, as much as possible, in the learning, planning, decisions, and implementation of the change. Often, in change management, a small group of employees learns important information about change and change management.

- If they fail to share the information with the rest of the employees, the remaining employees will have trouble catching up with the learning curve. This is a significant point in change management. You cannot leave any employees behind.
- If a small group makes the change management plans, employees affected by the decisions will not have had needed time to analyze, think about, and adjust to the new ideas. If you leave employees behind, at any stage of the process, you open the door in your change management process, for misunderstanding, resistance, and hurt.
- Even if employees cannot affect the overall decision about change, involve each employee in meaningful decisions about their work unit and their work. One effective way to do this is at the departmental level.
- When the changes are in process, talk to your team and then, to each employee individually. Your purpose in having these conversations is to let each employee participate in identifying the impact of the decisions on their job.
- Build measurement systems into the change process that tell people when they are succeeding or failing. Provide consequences in either case. Employees who are positively working with the change need rewards and recognition.
- After allowing some time for employees to pass through the predictable stages of change, negative consequences for failure to adopt the changes, are needed. You cannot allow the nay-sayers to continue on their negative path forever; they sap your organization of time, energy, and focus, and eventually, affect the morale of the positive many.
- The key is to know, during your change management process, when to say, enough is enough. Most organizations wait too long and employees have a powerful opportunity to inflict damage on all of your hopes and dreams.

Help employees feel as if they are involved in a change management process that is larger than themselves by taking these actions to effectively involve employees in making the needed changes.

Managing Downsizing in Organizations

Downsizing or layoffs is the term used to refer to the practice of firing employees for various reasons in organizations. These reasons can range from poor performance by the employees, the poor performance of the organizations in economic downturns that necessitates laying off employees to save costs, and for disciplinary reasons. There are other reasons as well which include the shuttering or the closing of the organization.

Whatever be the reason, **downsizing is a painful process for both the employees and the organization and more for the former**. Therefore, the Human Resources Function must handle downsizing with utmost care and caution and with sensitivity.

Payment of Compensation

For instance, when laying off employees, it is usually the case that the organization pays severance packages and some additional pay to compensate the employee for the sudden event or occurrence of losing his or her job. Of course, when employees are laid off for disciplinary reasons, there is usually no severance pay since the employee has violated the code of conduct and hence, is not liable for any compensation. Having said that, it must also be noted that the law mandates payment of compensation in the other forms of downsizing. However, the reality is that very few companies follow the law because in gloomy economic conditions, even the government which is eager to please the businesses does not really enforce the laws.

Policies and Procedures to Handle Downsizing

In addition, when the employee is informed that he or she is going to be laid off, most organizations have set policies and procedures to handle such occurrences. It is usually the case that the employee is called to a meeting with his or her immediate manager and the HR manager along with additional people depending on the rank and the role of the employee. This meeting is usually tricky for both the employee and the other attendees since breaking bad news is painful as well as traumatic for the employee.

Downsizings must be Handled with Care

Therefore, it is indeed the case that downsizings have to be handled with utmost sensitivity wherein the reasons for the layoffs are explained clearly and the employee is given a sympathetic hearing. Moreover, the organization must also take into account the fact that the employee can sue the company if the reasons are not convincing enough.

The history of Corporate America is littered with examples of how the HR botched up the downsizing process which led to the employee(s) taking the organizations to court and in some cases, if the evidence is strong, winning Multi-Million Dollar lawsuits against the organizations for wrongful termination.

Lack of Communication might Lead to Good Employees Leaving as Well

Now, let us see how downsizing can also lead to exceptional employees leaving the company in case the organization does not handle the process well. It is the fact that if layoffs are being announced or there are rumours circulating about them, many employees start to feel jittery and begin looking out for other jobs.

If the organization does not handle layoffs properly, it is at the risk of losing even those who are not likely to be downsized. This is because these employees who are good performers would decide that they would anyway get jobs elsewhere and instead of sticking around in an organization that is on the verge of economic debilitation, they might as well move jobs. Therefore, any organization that is planning to downsize must approach the same in a calculated and careful manner.

Downsizing due to Poor Performance of the Employee(s)

Turning to the downsizing related to poor performance of the employees, it must be mentioned that unless they are given sufficient notice that they have to pull up their socks and ramp up their performance, the organization might not have sufficient grounds for laying them off.

All organizations have something called a performance improvement plan wherein the employees whose performance is suspect are told about the same and their performance put on watch. During this period, they are monitored by their immediate managers along with the HR manager and if they do not improve even after the mandatory watch period is over, they are then let go with the reasons for the same being stated clearly and in writing.

Organizations have to be Humane but Firm

As mentioned in the introduction, downsizing is very painful to the employees since their source of livelihood is being taken away from them. Especially in these gloomy economic times when everyone wants job security and assured income, downsizing can be extremely traumatic to the employees. Therefore, it is indeed the case that a humane

approach must be adopted so that the employees do not feel that they have been treated unfairly. Having said that, no organization exists for charity and hence, they too need to be firm on when to downsize and whom to downsize. These are complex challenges that need creative and humane approaches and this is where the personality of the HR manager comes into question since he or she must be responsible and balance the competing needs of the employee and the organization.