How companies sustain effective leadership while implementing organizational change?

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Leadership & Management in International Context

Subject: Business Administration

Level and semester: Master's thesis, Spring 2010
Acknowledgments

I would like hereby take this opportunity to thank all the people, who have rendered great help and support me in writing this thesis research. Being part of this Masters Programme has been valuable both in my personal life experience and my way to look towards my future career.

I would therefore like to take this opportunity to thank all the people who have contributed to this memorable learning period.

Many thanks go to Professor Philippe DAUDI, head of the Programme, for his precious advices and innovativeness through the whole process of my research.

I would also like to thank my family and friends for supporting me in times of doubts. I will not have make it without you, so thank you very much for your help, advices, support and love while this period of hard work.

Finally, I would like to address a special thank to my former co-partner in this research who brought me into this adventure, but who was unfortunately not able to finish it with me. Thanks for your unconditional trust and your awesome friendship.
Abstract

Today’s business environment is becoming increasingly dynamic, complex and socially aware. One sustainable competitive advantage in contemporary, rapidly changing organizations is competent management (Waldman, Ramirez, House, & Puranam, 2001). The behaviors of organizational leaders directly influence actions in the work environment that enable change (Drucker, 1999).

Leaders in complex organizations are now responsible for creating and nurturing conditions which will enable fast, innovative adaptations to change. Indeed, leaders and managers are responsible for change strategy, implementation, and monitoring, thus they function as change agents (Kanter, Stein, & Jick, 1992). However, they must take into consideration that there is a part of unknown, which they will never control.

As a result, the challenge of managing change is one of the most essential and enduring roles of leaders (Ahn, Adamson, & Dornbusch, 2004) while current rapid organizational changes has made effective leadership more imperative. Resistance to change is a dead-end street. In today's business world, organizations that support and implement continuous and transformational change remain competitive (Cohen, 1999).

Many researchers have attempted to explain why change is so difficult to achieve, and develop models to manage the change process. Despite the numerous theories, models, and multi-step approaches, leaders continue to lack a clear understanding of change, its antecedents, effective processes or the ability to successfully implement organizational change and how to engage members in change initiatives (Armenakis & Harris, 2002).

The purpose of this study is to explore leaders’ effectiveness in implementing organizational change and the processes, skills, abilities required for such effectiveness. My reference to leaders implies all leaders and managers within an organization. The literature review that follows explores change implementation processes, current complex environment and the leadership behaviors associated with successful change.
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1. Introduction
My focus on the importance of transformational leadership during the different stages of the change process relies on my study of Carter, Ulrich and Goldsmith’s book “Best practices in leadership development and organization change” (2005). Indeed, today’s business climate calls for a new definition of what it takes to make an organization run. With hastily changing technology, a downsized work force and an emphasis on acquiring a broad range of skills, leaders of today have to be more flexible than ever in their roles (Bennis and Townsend, 2005).

In a first part, I will explain the thinking process I went through to define my thesis’ research question.

1.1 Background of the research issue

Researchers have been explaining over the years how hard the environment was playing on companies worldwide, and I arrived to the same statement through my observation of the world economic crisis, the analysis of this phenomenon by media and business researchers but also, through my personal professional experiences. As environment, I mean everything external to organizations which affect them in some ways, including customers, suppliers and community (Lawimore, 2004).

Since the world economic crisis, leaders are “captives” of the demand and in order to survive they try to adjust the company’s strategy according to the market. Through my studies, I came to understand that an organisation success in the current competitive environment depends on its ability to undertake transformational change, whilst at the same time ensuring continuity in core organisational processes (Applebaum, St-Pierre and Glavas, 1998).

Being apprentice in a French naval building company, I am astonished to see how difficult it is for leaders to implement change in a company that use to be under state control. In order to help managers to implement change at the different layers of the company, the administrative board brought in new measures mainly consisting in an employee championship. Uncertainty and rumours are some issues that leaders of my companies have to deal with.
In the previous company I was working in, there was that change agent manager who used to quote Winston Churchill often repeating that “There is nothing wrong with change, if it is in the right direction”. He was a manager more of the accommodation type: always taking time to explain new strategies in order to give the same message to everyone, organizing work according to people competencies, trusting his co-workers and making them feel like a unique element of the company. Using his good management skills, he made people within the company understand the need for change and it made them more willing to accept it.

Nevertheless, having a good transformational leader in an organization is not enough for the success of change implement, since it should be combined with processes models which will ensure real guidance for future transformation rather than being temporary solutions.

In summary, looking back at my experiences and in the light of the of Carter, Ulrich and Goldsmith’s book (2005), I have realized the ways in which transformational leaders behave towards the need of employing the required competencies within this fast changing environment. Organizational change requires competent transformational leaders and change processes business model to be successful and sustained over time.

These ideas were the basis of my research question formulation and they will be more elaborated further on.

**1.2 Research issue**

The reflection of my research issue finds its roots in my observation of what have been explained above and in one of the most interesting leadership definition. According to Bennis (2003), leadership is a function of knowing yourself, to well communicate a vision, to build trust among colleagues and taking effective actions to do the right thing. Such a definition outlines exactly what good leaders have to be, within this modern area.

However, Burner and Spekman (1998) argue that the rise of problem during the change implementation process may be attributed to leaders as they are the decision makers, when a
business needs to survive and succeed in a very competitive business world. Since change always happen in different ways, transformational leadership is in the spot light for the success of the whole process of change.

Leaders must understand the need for change, its implication and initiate a transformation process that attends to all the drivers of change. Change starts with the perception of its need, so wrong initial perception is the first barrier to change. Rumelt (1995) reinforce that idea in stating that sources of resistance to organization change include perception, as a source of resistance in the change process formulation stage.

Galpin (1996) developed the “Nine-stage Change Management Process Model” which is reliable because it takes into consideration the current assumptions of the non-linearity and complexity of change (Higgs & Rowland, 2005). This framework bridges the gap between theory and practice in order to guide leaders through the pitfalls of change. The first five stages focus on the strategies needed by leaders to establish change actions. These include showing the need to change, developing and spreading a vision, analyzing the current state, and creating both general and specific change recommendations.

Such change efforts often require champions who continue to build and sustain strong leadership during the process of change. Collins (2000) defines those individuals as Level 5 leaders. When a Level 5 Leader recognizes adversity or when the company struggles, they blame themselves and maintain their faith that they will prevail with commitment and perseverance. Despite feelings of inadequacy, these great leaders focus on the company, take responsibility for change and can deal with complexity, ambiguity and uncertainty.

1.2.1 Purpose and Research questions

Based on the above reasoning, the purpose of my thesis is to describe, understand and analyse leaders’ effectiveness in implementing organizational change and the processes, skills, abilities required for such effectiveness.

This research will mainly focus on transformational leadership, business models within the change implementation process and the complex environment. I will conduct a review of several
studies addressing different aspects of the change process in terms of: business models, complexity and transformational leadership. Consequently, my strategic research question is:

“How companies sustain effective leadership while implementing organizational change?”

I will now label the four strategic sub-parts which will structure my study and which will help me acquire sufficient knowledge to achieve the above stated purpose of this research.

- The importance of effective change processes for the successful implementation of any change
- A complex environment has important implication on leadership
- Transformational leaders as change agents
- The impact of leadership on employees’ satisfaction and performance

1.3 Limitation

The change management area of study is very wide to be fully investigated. Due to the time limitation, my thesis will mostly focus on the organizational perspective of change. Moreover, I will limit my researches to the scope of change within the above research sub-questions.

1.4 The importance of the study

During my studies, I have realized the required leadership skills and techniques to achieve the objectives of a group or a company. The focus on leadership during the change process in my thesis creates a lot of interest for the fact that transformational leadership is a current subject in the management research area and because we are all going to be faced to it during our professional career.

This study would be interesting for broad audience because as the world is becoming more and more complex, leadership must be adapted to be effective in such a business environment. Leadership styles have evolved throughout the time and today, leaders cannot implement change
in the current business context exclusively through imposing their decisions without considering the importance of the environment and the impact on people within organizations.

The world economic crisis has been a breakthrough and has changed many ways of considering doing business responsibly. Thus, the new environment is constantly evolving on a non-linear basis due to many different factors such as technology, versatile consumers, world markets... For that matter, I am optimistic in thinking that highlighting how leaders proceed in the implementation of change, would be of great use for future research.

In addition to all the above, I would be glad if this thesis research would contribute as an added value to the business world fellow researchers, practitioners, future managers, etc…

1.5 Personal research intent

I consider this thesis as a good way of enhancing my own learning about this specific area of strategic leadership. Moreover, it is a first step in the specialization process in preparation for my future career. Transformational leadership and complexity are current issues in today’s business research area so I found it interesting to put those two concepts in relation and confront it to a real business example. The MBA thesis seems an excellent opportunity to assess in depth of this issue on leadership in complexity.
2. Research methodology approach
In this section, I will explain how I will create business knowledge, defining a research design that will shape my study. I will then discuss the type of research I will conduct and the methods to be used.

2.1 Basis of research

Dissertation research methodology is no doubt an important part of a dissertation project. It means being aware of the way in which you do something and being able to justify why you did it that way. Each academic discipline has a number of different sets of methods for conducting research. For instance, qualitative research is characterized by emphasizing on describing, understanding, and explaining complex phenomenon on studying. According to Creswell (1998), the five major qualitative research traditions loomed large: biography, case study, ethnography, grounded theory, and phenomenology.

In this MBA thesis, we will essentially use the grounded theory and case studies as qualitative research tools, in order to limit the scope of our study.

2.2 A qualitative approach

Qualitative research help in getting a deeper understanding of a phenomenon, consequently it is believed that the adequate source of information is basic data gathering techniques are observations, interviews, and document analysis (Walcott, 1999). In other words, qualitative research consists in collecting, analyzing, and interpreting data by observing what people do and say. It refers to research about people’s lives, stories, behaviour, but also about organizational functioning, social movements, or interaction relationships (Strauss and Corbin, 1990). In choosing the qualitative method, the nature of information and literature to be used, I decided to use the grounded theory in order to dig up empirical findings.

This research aims at understanding how companies implement change successfully and the role of transformational leaders during the change process, by getting to know whether there are specific businesses models leaders can rely on and the competencies needed to sustain efficient
leadership through the process of change. In such a context, the use of experiments, archival analysis or history would be an inappropriate method. Nevertheless, the most appropriate method in regard of the research issue would therefore be the use case studies. This being said, I would like to clarify that I will use secondary sources of data collection referring to data that have already been collected by previous researchers.

2.3 Case Studies

Case study can be seen to satisfy the three tenets of the qualitative method: describing, understanding, and explaining. Zonabend (1992) declared that case study is done by giving attention to completeness in observation, reconstruction, and analysis of the cases under study. Case studies are done in ways that include the views of the reader in the case under study. A frequent criticism of case study methodology is that it is incapable of providing a generalizing conclusion. The case study approach is useful when dealing with one or small numbers of cases (Yin, 2003). Yin (1994) further states that a researcher should use multiple sources of evidence when conducting a case study, in order to improve the validity and the reliability of the study.

As I want to answer how companies sustain effective leadership through the process of change implementation, I will conduct a case study as this approach gives me the opportunity to obtain deeper knowledge in the research area and more robust results.

2.4 Data collection methods

The following will clarify how the sample for the data collection of my thesis was collected. In order to select a sample for my case study, I have used judgemental sampling since it means that the researcher select cases best suited to answer the research questions. This form is often used when working with small samples such as in a case study research when you want to select cases that are particularly informative (Saunders, Lewis & Thornhil, 2000).
2.4.1 Data Analysis

Data analysis implies examining, categorizing, tabulating or simply recombining the collected data (Yin, 1994). So when analyzing the data in this thesis, I have decided to divide my analysis into three parts (Miles and Huberman, 1994):

1) **Data reduction**: Selecting, focusing, simplifying, abstracting, and transforming the data to organize the data so the final conclusions can be easily drawn and verified.

2) **Data Display**: Reducing data and displaying it in an organized way for conclusions to be easily drawn.

3) **Conclusion drawing/verification**: Deciding what things mean-noting, explanations, possible configurations, and propositions.

I found it appropriate to start with theories to get the foundation for research based on the knowledge and empirical findings.

2.4.2 Validity and Reliability

Patton (2001) states that validity and reliability are two important factors, that any qualitative researcher should feel concerned about while designing a study. This corresponds to the question that “How can an inquirer persuade his or her audiences that the research findings of an inquiry are worth paying attention to?” (Lincoln & Guba, 1985, p. 290). Healy and Perry (2000) declare that the quality of a study in each paradigm should be judged by its own paradigm's terms. Seale (1999) states that the “trustworthiness of a research report lies at the heart of issues conventionally discussed as validity and reliability” (p. 266).
2.5 Methods to be used

In order to respond to my research question, I will develop my analysis using the grounded theory and some aspects of hermeneutic. I will firstly explain the concept of grounded theory and then justify my choice.

2.6 Grounded theory

According to Glaser and Strauss (1967), the Grounded theory is a strategy for handling data in research, providing modes of conceptualisation for describing, understanding and explaining complex events. From this theory, concepts emerge from data and this should give practical guidance and indicates empirical conditions. Strauss and Corbin (1990) relate grounded theory to qualitative research in defining it as a qualitative research method that uses a systematised set of procedures to develop and inductively derive grounded theory about a phenomenon.

In relating my thesis research to the grounded theory, I understand that the managerial perspective of my study engages my research process in moving toward a more inductive perspective. Based on my understanding of Strauss and Corbin’s work (1990), I will use the grounded theory to extract meanings from the data as information that will be linked with the concepts. Indeed, it will help me detaching from the empirical level to approach the theoretical level.

2.7 Literature Map

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3. Literature Review

This chapter will present the theoretical review of the relevant literature in regard to the research questions. Firstly, there will be a section presenting different change processes and frameworks. Secondly, there will be a section explaining the foundations of chaos, complexity and how to manage in such a changing environment. Thirdly, there will be a section highlighting what does it takes to be a good transformational leader. Finally, the last section of this chapter will describe the impact of leadership on employees’ satisfaction and performance.
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**The importance of effective change processes for the successful implementation of any change**

**Introduction**

Although it has become a cliché, it is nevertheless important to repeat that the volatile environment in which modern organisations are in today mean that the ability to manage change successfully has become a key success factor for companies (Burnes 1996; Kanter 1989; Peters and Waterman 1982). There is no accepted definition of what constitutes this environment, however, a popular and practical definition is that the environmental variables which influence organisations can be political, economical, sociological and technological (Jury, 1997). Change has been classified in many different ways. Bate (1994) proposes a broad definition for the amount of change which he argues may be either *incremental* or *transformational*. Bate explains that incremental change occurs when an organisation makes minor changes to its technology, processes or structure whereas transformational change occurs when radical changes processes are implemented. Bate also argues that modern organisations are subject to continual environmental change and consequently they must constantly change to realign themselves.

**Recognising the need for change**

Some companies are good at anticipating the need for change, these organisations benefit because they have the time to investigate the reemerging problem or opportunity and decide how best to respond. Other organisations lack this ability; they fail to recognise the need for change until they have little choice but to react quickly to an unanticipated set of circumstances. Yet others may never recognise the problem or opportunity. In some circumstances such a failure to recognise and respond can threaten the organization’s long term survival. The traditional approach to change is that leaders recognise and desire a particular change but where organisations fail to recognise the need for change may be because leaders pay insufficient attention to what is happening in the wider environment. Even where organisational members are aware of what is going on outside they may fail to recognise its implications for the organisation. Nadler and Shaw (1995) illustrate this with their argument that one of the paradoxes of organizational life is that success often sets the stage for failure. This is because when organizations are successful, managers become locked
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into the patterns of behaviour that produced the original success. These patterns become codified or institutionalised and are rarely questioned. Nadler and Shaw (1995) elaborate their argument with the proposition that success often leads to growth and growth leads to complexity and greater differentiation. As a result, it is taken for granted that the relation between the company and its environment will automatically be successful. Nadler and Shaw (1995) refer to the organisation becoming “learning disabled”. It becomes incapable of looking outside, reflecting on success and failure, accepting new ideas and developing new insights. If unchecked, the ultimate outcome of this trap of success can be what they refer to as the “death spiral”.

The change implementation process

The organizational change implementation process is a phenomenon that has for long been difficult and problematic. Over time two approaches have been developed:

- **The participative approach**: assuming that employees support is a pre-requisite of change.

- **The unilateral approach**: arguing that if there is a need for change, the first element to be transformed is behaviour and then the employees’ attitude will follow.

Kruger (1996), De Wit and Meyer (2004) explain that the core problem of change is the existence of various factual and personal barriers that should be identified and handled at the implementation stage (De Wit and Meyer, 2004: 208). These barriers can be roughly classified into 3 categories:

- **Company-wide barriers**: an imaginary sum of values shared by all company members, their mind-sets, as well as behavioral patterns which form a backbone of the corporate culture (Kruger, 1996). Typically, these barriers arise because corporate culture gains more strength and effectiveness, so creating changes becomes one of the most difficult things to effect (De Wit and Meyer, 2004).

- **Management barriers**: Part of the field of problem awareness and problem solutions. One complicated situation is when a problem arises. The expert tries to implement the previous successful solutions without realizing the current changed situations (De Wit and Meyer, 2004).

- **Employee barriers**: Occur when the middle and lower management have to be systematically convinced about the need for change (Kruger, 1996). Even when top
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management Okayed the need for change, many other employees may be a barrier, which may result in opposition.

*Figure 1: Kruger's Iceberg of Change Management*

The Iceberg model is a strong visualization of what transformational leaders dealing with barriers within an organization.

In the light of the above figure, we can understand that most leaders are issue managers. This indicates that in order to repair any dysfunctions within the organization, managers only consider achievements through three variables: reducing costs, focus upon good management of time, and production of quality products for the final consumer (Kruger, 1996). However, beneath the water surface lays management of perceptions and beliefs as well as the power and politics management.

As envisaged in the above figure, all the three dimensions are assigned to the four target groups:

- **Opponents**: negative in both their attitudes and behaviour. In order to change their attitudes towards accepting change, they have to be controlled by the management of
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perceptions and beliefs that may be in form of inducements, incentives, etc. (De Wit and Meyer, 2004).

- **Promoters**: positive generic attitude and behaviour towards change. For promoters, a bit of persuasion may be needed since they take full advantage of change and hence fully support it (De Wit and Meyer, 2004).

- **Hidden opponents**: negative generic attitudes towards change although their behaviours have a positive indication and support for change. When faced with such opportunists the management of perceptions and beliefs, supported by issue management is usually needed to change their attitudes (Kruger, 1996).

- **Potential promoters**: generic positive attitude towards change. However, for certain reasons, they are not fully convinced about this particular change. It is therefore noted that the power and politics management seems to be appropriate in dealing with potential promoters.

De Wit and Meyer (2004) explain that dealing with change is a everlasting task and challenge for general management. Superficial issue management can only achieve acceptable results at a level that is consistent with the acceptance that lies below the surface (De Wit and Meyer, 2004).

A scan of the literature in change management reveals many models designed to help organizations improve how they change and grow. Change process methodologies are the methods, rules or guidelines for facilitating any change progress. Any effective transformational change methodology must accomplish the outcomes of transformation while building essentials and lasting change competencies in the people and organization. These models seem to fall into two categories: frameworks and process models. In order to figure out which one is more effective, let’s explore the difference of those two concepts.

**Change Frameworks vs. Change Process Models**

Change frameworks and change process models are often considered as overlapping concepts whereas there are differences between the two. Regarding the issue/ problem within this research, it is worthy to define the difference between the two concepts.

**Change frameworks**
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Change frameworks present the types or categories of topics requiring leadership attention to effect change. In general, frameworks offer an organizing construct for what to pay attention to when undergoing change. They can be useful as planning tools and checklists. To get a better understanding of their function, two change frameworks will be studied.

*Figure 2: 7-S McKinsey Framework*

To redesign an organization, the McKinsey’s 7-S Framework (Peters & Waterman, 1982) seems more adequate to help identify what key areas require attention. The model gives an accurate, albeit static representation of seven core elements of an organization and portrays that they are all interconnected. As useful as the framework might be for pointing to the most critical areas requiring redesign, it does not tell you what to do to accomplish the redesign. By itself, the 7-S Framework is insufficient for guiding the process of redesigning the organization because it applies a still camera’s view to a continuous process.

*Figure 3: Weisbord Six box Framework*
Weisbord six-box framework is particularly useful when leaders do not have as much time as needed for a diagnosis, when a relatively uncomplicated organizational map is needed for quick explanation. This framework is really useful to help clients visualize his/her organisation as a systemic whole (Weisbord, 1978). However, by itself the Six-box framework is insufficient for guiding the process of change within an organization, because it applies a still camera’s view to a continuous process.

**Change process models**

Generally, process models are viewed as roadmaps for action that provide a potential path to follow for designing and implementing a future state. Each of current available process models gives unique process guidance and to get a better understanding of their function, three change processes models will be studied.

*Figure 4: Kotter Eight Steps Process Model*
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1. **Increase urgency** - inspire people to move, make objectives real and relevant.
2. **Build the guiding team** - get the right people in place with the right emotional commitment, and the right mix of skills and levels.
3. **Get the vision right** - get the team to establish a simple vision and strategy focus on emotional and creative aspects necessary to drive service and efficiency.
4. **Communicate for buy-in** - Involve as many people as possible, communicate the essentials, simply, and to appeal and respond to people's needs. De-clutter communications - make technology work for you rather than against.
5. **Empower actions** - Remove obstacles, enable constructive feedback and lots of support from leaders - reward and recognize progress and achievements.
7. **Don't let up** - Foster and encourage determination and persistence - ongoing change - encourage ongoing progress reporting - highlight achieved and future milestones.
8. **Make change stick** - Reinforce the value of successful change via recruitment, promotion, and new change leaders.


The model guided the principles of transformational leadership through eight-phase process of creating major change. It addresses some of the power issues around making change happen and emphasizes on the need to communicate the vision and keep communication levels extremely high throughout the process to minimize resistance to change in organizations. Each phase acknowledges a key principle identified by Kotter, relating to people's response and approach to change, in which people see, feel and then change.

*Figure 5: Anderson Conscious & Facilitative Change Process Model*
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The transformation model offers a conceptual general overview of the process of change. It introduces the leader to an expanded view of all of the phases of the process of change. The key is that the model will guide and help the leader to discipline his thinking. This is done through leaders’ understanding of planning, communicating that takes place and the implications for how the change will occur and how employees will receive it.

*Figure 6: The Satir Change Model*

Source: Anderson (2001)

The transformation model offers a conceptual general overview of the process of change. It introduces the leader to an expanded view of all of the phases of the process of change. The key is that the model will guide and help the leader to discipline his thinking. This is done through leaders’ understanding of planning, communicating that takes place and the implications for how the change will occur and how employees will receive it.

*Figure 6: The Satir Change Model*

Source: Satir et al. (1991)
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The Satir System is a five-stage change model which describes the effects each stage has on people’s feelings, thinking and performance. Using the principles embodied in this model, leaders can improve their process to help others on how to change. The five stages of the Satir Change represent the impact on group performance experimenting change. Table 1 summarized how to help during each stage of change:

*Table 1: Actions which will help a group change more quickly and effectively*

<table>
<thead>
<tr>
<th>Stage</th>
<th>Description</th>
<th>How to Help</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Late Status Quo</td>
<td>Encourage people to seek improvement information and concepts from outside the group.</td>
</tr>
<tr>
<td>2</td>
<td>Resistance</td>
<td>Help people to open up, become aware, and overcome the reaction to deny, avoid or blame.</td>
</tr>
<tr>
<td>3</td>
<td>Chaos</td>
<td>Help build a safe environment that enables people to focus on their feelings, acknowledge their fear, and use their support systems. Help management avoid any attempt to short circuit this stage with magical solutions.</td>
</tr>
<tr>
<td>4</td>
<td>Integration</td>
<td>Offer reassurance and help finding new methods for coping with difficulties.</td>
</tr>
<tr>
<td>5</td>
<td>New Status Quo</td>
<td>Help people feel safe so they can practice.</td>
</tr>
</tbody>
</table>

**Conclusion**

My observation deduces that frameworks can be great educational tools, but have little application in the field. In general, frameworks offer an organizing construct for what to pay attention to when undergoing change. For a deeper analysis, leaders need a more dynamic model, a change process model. Although change frameworks are generally static, change process models demonstrate action, movement and flow. They offer guidance on what to do to accomplish change and generally in what order.

The majority of current change process models are either too general or reflect only a partial picture of what is required to lead transformational change. Some focus exclusively on human transformation and neglect any attention to business content. Some are too conceptual and
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neglect guidance at the operational level of getting things done. More pragmatic guidance is necessary (Mintzberg & Westley, 1992).

CONCEPTUAL FRAMEWORK

The conceptual framework is an area that will outline the concepts that are going to be used in relation to the findings of this research. In this section about Change Processes, I am going to withhold two concepts:

- Kruger’s Iceberg of Change Management
- Anderson Conscious and Facilitative Change Process Model
A complex environment has important implication on leadership

**Introduction**

Complexity is an omnipresent phenomenon in natural, social, business, artificial, engineered or hybrid systems. Cells, organisms, the ecosystem, companies, supply networks, markets, societies, governments, cities, regions, countries, large scale software and hardware systems, the Internet, all are examples of complex systems. One difficulty in this research area is that there is no commonly accepted definition of what the term “complexity” means (With et al., 1997). Several definitions have been offered, but the one of Coveney and Highfield (1995:7) seems more acceptable. According to them, complexity is a watchword for a new way of thinking about the collective behavior of many basic but interacting units. It is also the study of the behavior of macroscopic collections of such units that are endowed with the potential to evolve in time. Complexity research tries to identify general principles of emerging organizations common to such systems across diverse areas, to understand the organizational structure of these systems in a coherent, possibly compact and rigorous way, and ultimately to simulate and optimize their behaviors. Complexity and chaos theory have already generated an impressive literature, and a specialised vocabulary to match.

**Complexity and chaos**

Complexity and chaos are often considered as overlapping concepts whereas there are differences between the two. So, regarding the issue within this research, it is worthy to define the difference between the two concepts.

**Definitions**

- **Chaos**: As commonly connoted, Chaos is a condition of disarray, discord, confusion; upheaval, bedlam, and utter mess arising from the complete absence of order (Fitzgerald and van Eijnatten, 2002b, p. 414).

- **Chaos theory**: A mathematical equation based on the 20th century discovery that chaos and order are not opposites. Rather, they are complementary aspects of a singular reality. The chaos theory was formulated in 1970s by scientists in describing
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and explaining the behavior of the complex, dynamical, non-linear, co-creative, far-from-equilibrium systems (Fitzgerald and van Eijnatten, 2002b, pp. 414-15).

- **Classical chaos**: Recurrent, random-like, and a-periodic behaviour generated from deterministic non-linear equations with sensitive dependence on initial conditions of the system (Liu, 1999, p. 9).

- **Complexity**: It is a field of research that explores systems in which: “a great many independent agents are interacting with each other in a great many ways; systemic interactions can lead to spontaneous self-organization” (Waldrop, 1992, p. 11).

Heylighen (1996) suggests there is some communality in the different concepts of complexity: Both “distinction” (variety, heterogeneity; leading to chaos) and “connection” (redundancy, dependency; leading to order) go hand in hand. He is positioning complexity: “in between order and disorder, or, using a recently fashionable expression, on the edge of chaos” (Heylighen, 1996, pp. 1-2). This is consistent with a definition of complexity as a basic characteristic of a chaordic system (Fitzgerald and van Eijnatten, 2002b).

One of the main focuses of this research is based on sustaining leadership in complexity. As regards to the research issue, the theoretical frame of reference regarding management in complexity will definitively help me get to a stepping stone towards the empirical findings within this research.

**Complexity theory**

Complexity and chaos theory have already generated an impressive literature. From a complexity theory perspective, organisations are considered as complex adaptive systems and under certain conditions, exhibit normal and predictable behaviours. However, under other circumstances, they also behave strangely, where predictability is lost and chaos reigns. In some ways complexity theory starts with chaos. In order to understand this aspect of complexity theory, it is necessary to reconsider the nature of what are called dynamic systems. Typically systems can be observed in two states, stable and unstable (Rosenhead, 1989).
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In the former, when the system is disrupted (for instance, a sizable number of employees are made redundant) in an organisation, the system returns to equilibrium. In the latter, a change can cascade into a range of unpredictable and divergent organisational behaviours (for instance, the same redundancies lead to strikes and industrial upheaval). The cause of these behaviours is extremely difficult if not impossible to track down because the system is fundamentally complex. However, the most interesting behaviour occurs on what Pascale (1999) calls the “edge of chaos”. Here, causal expectations about organisational behaviour fall over, and new, unpredictable explanations may occur as well.

According to Dent (1999), complexity is a perspective that embraces acausal, non-linear interpretations of systems. Marion and Bacon (2000) stipulate three elements to complexity. Firstly, non-additive behaviour emerges from interactive networks. Secondly, the emergent behaviour exhibited in a complex system is unpredictably related to underpinning causes. Thirdly, complex behaviour occurs in the nebulous region between predictability and unpredictability: the edge of chaos. As a consequence, creating the conditions under which emergence might appear is related to surfing edge of chaos (Pascale, 1999). For the futurist, the ability to identify the “edge of chaos” would appear to be an advantage.

My motivation to put a little more focus on those concepts is based upon the need to know their background and the effect that are portrayed on leadership.

**Strategy in dynamic environments**

Traditional strategy making is not innovative, creative or original, leading to strategic rigidity (Nilson, 1995; Edgar and Nisbet, 1995; Brown and Eisenhardt, 1998, and Roos, 1999). Traditional strategies become rapidly obsolete in turbulent environments (Conner, 1998). This ineffectiveness of traditional strategic planning is partly due to the inability to predict in environments that are near the edge-of-chaos (Kurtyka, 2000). Any plan is therefore outdated before it has been fully implemented. Strategy is being done differently, such as involving more people in the process, delegating to those closest to the customers and using cross-functional teams. As a result planning cycles are shorter, and because quick responses are required, tactics often dictate strategy. Wheatley (1993) encourages autonomy at a local level, as individuals will be directed by the self-reference system, rather than by orders or strategic plans. Brown and Eisenhardt (1998) maintain that this is achieved by “improvisation”, a
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balance between the too much structure and too much chaos. Improvisation requires lots of experimentation and competitive moves to destabilise the market and push it to the edge-of-chaos, but with sufficient structure that change can be efficient, but not so rigid that change is discouraged. One strategic framework for coping with turbulence suggests that a firm must produce chaos through repeat innovation (Chakravarthy, 1997).

The above shows that strategy making in a complex, turbulent environment is different when approached from a complexity and chaos viewpoint. A firm’s strategy should involve a vision balancing between structure and rapid change through flexibility and rapid adaptability, and initiating change rather than reacting to environmental change.

Managing in Complexity

Thousand of recent articles published in scientific and popular journals argue that the emerging global economy of the 21st century is forcing most organizations to operate in turbulent environments. Most managers have been trained for an environment of certainty, whereas they now have to cope with increasing uncertainty and turbulence. The traditional authoritarian, control-oriented management style does not work in an uncertain environment and might even lead to destabilisation of relationships and behaviours (McElwee, 1998).

Figure 7: Complexity Map

Source: Richard Steel (http://www.new-paradigm.co.uk/complex-od.htm)
In the light of the above figure, we can conclude that in such turbulent environment what is needed is a complex style of leadership: a transformational, facilitative or influencing leader (Slater and Narver, 1995; Fitzgerald and van Eijnatten, 1998). Indeed, managers have to create conditions in which individuals, teams and the system are encouraged to respond spontaneously to the changing environment (Fitzgerald and van Eijnatten, 1998), thereby enabling people to “self-organise” and so cope with the rapid changes (Baskin, 1998).

In other words, control should be local, through self-management, rather than global, by management. In complex and turbulent environments this style of management is the best to be practiced as it can maintain global stability but absorb a high degree of uncertainty and still adapt at the detail level (Peters, 1999; Prendergast and Berthon, 2000). Nevertheless, in such an environment planning is still important, but it should have a short time horizon. Information should be distributed without restraint and used effectively, it should be about “how to do things” rather than “what to do” and it should include the possibility of alternative outcomes (Skæ, 1989; Nilson, 1995; Jones, 2000). In other words, the less prediction, control and stability there is; the more self or group control to enable quick adaptation to the changes there will be (Jaworski, 1988; Briggs and Peat, 1999).

**Leading chaotic change**

Many organisations have a need to undergo changes over the next couple of years. It is then alarming to learn that change management has a poor track record. According to Karp and Tvetereas Helgo (2007), change initiatives do not fail because of lack of grand visions or designs: they fail because leaders do not understand the complexities they are facing.

When leaders attempt to implement changes in organisations evolving in complex environments, they discover that:

- The vital planning and design assumptions that leaders make change continually.
- It is not possibly for them as leaders to understand cause-and-effects loops in the market and in their organisation.
- Formal and informal relationships webs between people in their organisation continually change and determine the dynamics of power play, making managerial change interventions complicated.
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Therefore, what is important is that leading people in change under such conditions requires alternative ways of leading.

**Leading chaotic change by paying attention to identity formation**

With respect to identity formation, a leader might find that role modelling influences the development and direction of change, as well as communication of the core purpose of the organisation. Role modelling is a leader’s own modelling of behaviour, character, and values, and presents a powerful way of sending signals about a leader’s identity in the organisation (Badaracco, 2006). To be credible as a role model, the leader must, either be an example of the embodiment of the new through his or her communication and actions, or show both the will and the ability to change and transform his or her own identity. The same applies to the core purpose of the organisation. The way a leader communicates the core purpose, ideology, values, mission, or equivalent, to people in the organisation sends signals about the “old” and “new” collective identity of an organisation.

**Leading chaotic change by paying attention to relationships**

The shifting relationships between people in the organisation are governed by dynamic, social, cognitive and coordination-related psychological processes. In accepting that they should lead chaotic change by loosening controls and micro-management, leaders may find that he/she can influence the development and direction of change by paying attention to issues that shape relationships in organisations. Relationships in an organisation are a complex mixture of motivation, trust, feelings, emotions, group norms, knowledge acquisition, learning, sense making, as well as hard and soft power play (Kaufmann and Kaufmann, 1996). Moreover, another issue can be the leader’s ability to involve peoples in different stages of the change initiative, not necessarily all people but the “right” people. Involvement governs relationships in organisations; and dynamic and social psychological processes in particular dominate relationships when changing an organisation.

**Conclusion**
Management in a complex and turbulent environment should be practiced by managers concentrating on creating an internal environment conducive to co-evolution. Decision-making should be decentralised, learning and experimentation facilitated and change encouraged. Management must provide the information to support this approach and control must be exercised through self or group control. What traditional management approaches fail to achieve is a confident reliance on human adaptation to turbulent environments. Both giving orders (Management by Instruction= MBI) and defining objectives (Management by Objectives=MBO) do not incorporate dealing with changes into their principal philosophy and consequently fail to help organisations operating in turbulent environments.

**CONCEPTUAL FRAMEWORK**

*The conceptual frame work is an area that will outline the concepts that are going to be used in relation to the findings of this research. In this section about managing in complex environment, I am going to withhold on concept:*

- Leading chaotic change by paying attention to relationships
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**Transformational Leaders as change agents**

**Introduction**

Nadler and Shaw (1995) and Tichy and Devanna (1986) argue that what has worked in the past can become the cause of failure in the present. Leaders need to be able to recognise when change is required and need to be aware how they can act to facilitate the change process. Tichy and Devanna also draw attention to a theme that was later developed by Kotter (1990), the struggle between leadership and management. They argue that management is concerned with the maintenance of existing organisation. Leadership, on the other hand, is more concerned with change. This creates a tension between “doing things right” and “doing the right things”.

Leadership is a key factor in a succession of development in which establishing vision, implementing change and guiding staff members are linked in a continuous process. Leaders are keys to casting the vision for change, directing it and reinforcing it at all levels. Without the vision and guidance of leadership, productive change is not possible. Another reason leadership is so important to the process of transformation is related to the external environment. Leaders must be in tune with the external environment in which their organisation functions as well as the organisation's own internal environment.

**Leadership versus Management**

Leadership and management are often considered as overlapping concepts. However, there are differences between the two concepts even if leadership is a facet of management and therefore they cannot be separated. Regarding the issue/problem within this research, it is worthy to define the difference between the two concepts, since much of the focus is based on leadership during the process of change.

**Leadership**

Stogdill said "there are almost as many definitions of leadership as there are persons who have attempted to define the concept”. Peter Drucker declared that "The only definition of a leader is someone who has followers. To gain followers requires influence but doesn't exclude the lack of integrity in achieving this” (Yukl, 1989). Some theorists believe that leadership is
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no different from the social influence processes occurring among all members of a group and others believe that leadership is everything someone is doing in order to lead effective. Leaders set a direction, align people, motivate and inspire (Kotter, 2001). Other researchers consider that a leader has soul, the passion and the creativity while a manager has the mind, the rational and the persistence. A leader is flexible, innovative, inspiring, courageous and independent and at the same time a manager is consulting, analytical, deliberate, and authoritative (Capowski, 1994).

**Management**

Management is a process that is used to accomplish organizational goals. Indeed, it is a process that is used to achieve what an organization wants to achieve. A well balanced organization should have a mix of leaders and managers to succeed, and in fact what they really need is a few great leaders and many first-class managers (Kotterman, 2006). Managers are the people to whom this management task is assigned and it is generally thought that they achieve the desired goals through the key functions of planning and budgeting, organizing and staffing, problem solving and controlling.

My observation deduces that there is a clear contrast between leadership and management. Although these two should work together with the company, they are definitively not the same. Adair’s point of view (1996) is that leadership is about giving direction, developing teams and inspiring others by one’s words and deeds. Adair (1996) also suggests that leadership should involve consistency of character and flexibility of method/style. In contrast to such a view, as of when one is appointed a manager of certain organization/company, leadership is earned in the eyes of one’s followers.

**Leadership Competencies**

According to Bennis (1987; cited in Thach et al., 2007), there are a few leadership competencies that have been proven time and again as mandatory for effective leadership. These include the competency clusters of vision and goal-setting, interpersonal skills, self-knowledge and technical competence regarding the specifics of the business in which the leader works. In addition, commonly referenced competencies include: integrity/honesty, communication, technical competence, diversity consciousness, developing others, results-orientation, change management, interpersonal skills, problem-solving, decision making,
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political savvy, strategic/visionary thinking, customer focus, business skills, team leadership, influence skills, conflict management, more recently emotional intelligence, social and environmental responsibility, depending on the culture of the organization even humor and innovation (Trinka, 2004; cited in Thach et al., 2007; Spencer and Spencer, 1993; Employer’s Organization, 2004; Guggenheimer and Szule, 1998; Breckenridge Consulting Group, 2004; OPM, 1992; Laszlo, 2003; Goleman, McKee and Boyatzis, 2002; Thompson, 1985).

Competency Model

Pagon, Bunatai, Bizjak (2008) developed a competency model which starts with the antecedents of competency development.

Figure 8: Competency model

![Competency Model Diagram](image)

Source: Pagon, Bunatai, Bizjak (2008)

In the light of this figure, we can see that despite diverse definitions and different understanding, competencies can be understood as cognitive, functional, social abilities and
skills, including all individual resources one can use for performing diverse tasks in various areas. Every competency is based on a combination of mutually linked cognitive and practical skills, knowledge, motivation, orientation values, beliefs, emotions, other social and behavioral components (OECD, 2002; cited in Svetlik, 2005).

**Transformational Leadership**

One of the main focuses of this research is based on transformational leadership when the process of change is taking within an organization. Regards to the research issue of weather leaders employ the required competencies to maintain leadership during the change process, Bennis and Nanus (1985) argue that the need for transformational leaders to make things happen get a spotlight in the sense that whenever change takes place, the success or failure to achieve the set targets, goals or vision is an obligation for leaders to do or not to do what is required. Therefore, the theoretical frame of references regarding transformational leadership will definitively help me get a stepping stone towards the empirical findings within this research.

**From Trait theory to transformational leadership**

My motivation to put a little more focus on the theories in this research is based upon the need to know their background and the effects that are portrayed on transformational leadership and also to have a good base from which to discuss afterwards.

**The trait approach to leadership**

The scientific study of leadership began at the turn of the 20th century with the “great man” perspective, which saw history as being shaped by exceptional individuals (Bass, 1990). The “great man” school of thought suggested that certain dispositional characteristics differentiated leaders from non leaders. Thus, leadership researchers focused on identifying individual differences (i.e., traits) associated with leadership. In two influential reviews, certain traits associated with leadership were identified. In 1974, Stogdill identified a list of the main leadership traits and skills:

*Table 2: Leadership Skills and Traits*
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<table>
<thead>
<tr>
<th>Traits</th>
<th>Skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Adaptable to situations</td>
<td>- Clever (intelligent)</td>
</tr>
<tr>
<td>- Alert to social environment</td>
<td>- Conceptually skilled</td>
</tr>
<tr>
<td>- Ambitious and achievement-orientated</td>
<td>- Creative</td>
</tr>
<tr>
<td>- Assertive</td>
<td>- Diplomatic and tactful</td>
</tr>
<tr>
<td>- Cooperative</td>
<td>- Fluent in speaking</td>
</tr>
<tr>
<td>- Decisive</td>
<td>- Knowledgeable about group task</td>
</tr>
<tr>
<td>- Dependable</td>
<td>- Organised (administrative ability)</td>
</tr>
<tr>
<td>- Dominant (desire to influence others)</td>
<td>- Persuasive</td>
</tr>
<tr>
<td>- Energetic (high activity level)</td>
<td>- Socially skilled</td>
</tr>
<tr>
<td>- Persistent</td>
<td></td>
</tr>
<tr>
<td>- Self-confident</td>
<td></td>
</tr>
<tr>
<td>- Tolerant of stress</td>
<td></td>
</tr>
<tr>
<td>- Willing to assume responsibility</td>
<td></td>
</tr>
</tbody>
</table>

Source: (Stogdill, 1974)

Currently, the trait perspective appears to be enjoying a resurgence of interest (Lowe & Gardner, 2000).

**The Behavioural School**

Given pessimistic reviews of the trait literature, the trait movement gave way to the behavioral styles of leadership. The well-known University of Michigan (Katz, Maccoby, Gurin, & Floor, 1951) and Ohio State (Stogdill & Coons, 1957) studies identified two dimensions of leadership generally referred to as consideration (i.e., employee-oriented leadership) and initiating structure (i.e., production-oriented leadership). Others extended this research (Blake & Mouton, 1964). It then became apparent that success of the style of leader behavior enacted was contingent on the situation. As a result, leadership theory in the 1960s began to focus on leadership contingencies. Interest in behavioral theories per se is currently very low (Lowe & Gardner, 2000); however, many of the ideas of the behavioral movement have been incorporated into other perspectives of leadership.

**Contingency school**

The contingency theory movement of leadership is credited to Fiedler (1967, 1971a), who stated that leader-member relations would determine the effectiveness of the type of leadership exercised. Another well-known contingency approach was that of House (1971), who focused on the leader’s role in clarifying the paths that would lead to followers’ goals. Kerr and Jermier (1978) extended this line of research into the “substitutes for-leadership”
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theory by focusing on the conditions under which leadership is unnecessary as a result of follower capabilities, clear organizational systems and procedures, and other factors.

**The New Leadership School**

Bass (1985) built on the work of House (1977), Burns (1978), and others to argue that previous paradigms of leadership were transactionally oriented. Indeed, he believed that a different form of leadership was required to account for follower outcomes centered on a sense of purpose and an idealized mission. He referred to this type of leadership as transformational leadership, in which idealized, visionary and inspiring leader behaviors induced followers to transcend their interests for that of the greater good. Interest in this school of leadership has been intense. Indeed, over the last decade more than one third of articles published in the *Leadership Quarterly* emanated from the new school of leadership (Lowe & Gardner, 2000).

**The definition of transformational leadership**

Burns wrote that leaders are those individuals who raise the motivation of followers in order to better reach the goals of leaders and followers (Burns, 1978). Burns distinguished between two types of leadership: transactional and transformational. Transactional leadership refers to the leadership models which focus to the exchange that occurs between leaders and their followers (Burns, 1978). Taking modern day examples: within a class room, teachers can be transactional when they give students a grade for work completed or managers who offer promotions to employees that surpass their goals also exhibit transactional leadership. In contrast, transformational leadership refers to the process in which an individual engages with others and creates a connection that raises the level of motivation and morality in both the leader and the follower. One example of such of such a leader is Martin Luther King, who raised the hopes and demands of millions of people for a just cause (Gardner, 1995).

According to Covey (1992), the goal of transformational leadership is to transform people and organizations in a literal sense to change them in mind and heart; enlarge vision, insight, and understanding; clarify purposes; make behavior congruent with beliefs, principles, or values; and bring about changes that are permanent, self-perpetuating, and momentum building.
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**Traits and competencies development**

According to Zaccaro and Deanna (2004), leaders are coming to recognize that they need to develop adaptability to be effective. The process of developing adaptability begins with learning and practicing the three following types of flexibility:

- **Cognitive** is the ability to use a variety of thinking strategies and mental frameworks.
- **Emotional** is the ability to vary one’s approach to dealing with one’s own emotions and those of others.
- **Dispositional** is the ability to remain optimistic and at the same time realistic.

Leaders must exhibit two of the three characteristics to be perceived as adaptable. Scoring high on all three components indicate that a leader is highly adaptable.

**Emotional Intelligence**

Goleman (1998) stated that emotional intelligence is a learning ability and refers to the capacity for recognizing our own feelings and those of others, for motivating ourselves, and for managing emotions well in ourselves and in our relationships. Adaptability can be developed. Truly effective leaders are also distinguished by a high degree of emotional intelligence, which includes self-awareness, social Awareness, relationship management, and self-Control (Gosling & Burg, 1998). Emotional intelligence consists from the following notions:

- **Self-awareness**: Accurate self-assessment and knowing one’s strengths and limits. Provides a strong sense of one’s self-worth and capabilities
- **Social Awareness**: Reading the currents, decision networks, and politics at the organizational level.
- **Relationship management**: Guiding and motivating using a compelling vision, developing others and initiating, managing and leading in a new direction, teamwork and collaboration
- **Self-Control**: Controlling disruptive impulses and emotions, a flexibility in adapting to changing situations.
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Goleman (2000) stated that self awareness knows one’s internal states, preferences, resources and intuitions. Transformational leaders should increase self-awareness and develop their own self-awareness so that they can build on their strengths, and develop a style that suits them.

**Authentic Leaders**

Bennis, (1994), stated leaders are originals and not copies. To be an original, a leader must know and understand what and who he is. To become a leader, then, you must become yourself; become the maker of your own life. According to (Bill George, 2006), Authentic leaders usually demonstrate these five traits:

1. **Pursuing their purpose with passion.**
2. **Practicing solid values.**
3. **Leading with their hearts as well as their heads.**
4. **Establishing connected relationships.**
5. **Demonstrating self-discipline.**

Many leaders, however, believe they face major obstacles to remaining authentic because of the need to maintain an “executive image.” The pressure to show self-confidence even during times of insecurity is a major impediment to remaining authentic. According to Criswell & Campbell (2008) often, successful people have defined their image more narrowly than they need to. They unnecessarily put tight limits on themselves, trying to maintain a powerful facade. Revealing one’s personality and humanness is a better sign of effective leadership. The effective leader enhance his image by taking care of his image perceived by the employee then decide to present his image to the way he see it fit and do his best to develop the skills to close the gaps.

**Transformational Leadership Model during Organization Change**

*Burke and Litwin Model*

The roots of the Burke-Litwin model come from the organizational studies conducted by Litwin and colleagues during the latter period of the 1960´s. For his part with Litwin, Burke began collaborative work in the arena of organizational change consulting, to develop the model further in the 1970´s and 1980´s.

*Figure 9: The burke-Litwin Model of transformational leadership*
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According to Burke and Litwin (Burke, 2002), the key to understanding change is the top half section of this model, which consists of external environment, leadership, organizational culture, mission and strategy, as well as individual and organizational performance. The top half of Burke and Litwin model is drawn out of the ideas and concepts of James McGregor Burns and his distinctive description of transformational leadership. For Burns, transformational leaders are the ones that bring change into organizations (Burns, 1978). The direct interaction with the external environment is the root of change and a transformational factor which requires new behaviour from organizational members.

Related to the thesis research issue, we can say that a change in any organizational dimensions result in affecting the deep structure of the system. Such a scenario usually requires visionary leadership. Burke (2002) argues that at the bottom half of the Burke and Litwin model are the organizational dimensions that include management practices, structure,
work unit climate, systems, motivation, individual needs and values, task requirements and individual skills/abilities, as well as individual and organizational performance.

_ Avolio and Bass "Four I's" framework of transformation leadership_

**1) Individualized consideration**
Transformational leaders demonstrate how to identify the best possible ways to develop followers. They paid special attention to an individual’s need for achievement and growth by acting as a coach and mentor. New learning opportunities were created in a supportive climate, and individual differences in needs and desires were recognized, two-way communication was encouraged, and “management by walking around” was practiced and interactions with followers were personalized.

**2) Intellectual stimulation**
Leaders with this trait provided reasons and methods for people to change the way they thought about problems and a good leader stimulated the thinking of followers and was open to and stimulated by their reasoning and ideas. They stimulated and encouraged their follower’s efforts to be innovative and creative by questioning assumptions, re framing problems, approaching old situations in new ways and accept challenges as part of their job.

**3) Inspirational motivation.**
Transformational leaders should behave in such a way, which motivates and inspires followers. Such behavior includes implicitly showing enthusiasm and optimism of followers, stimulating team work, pointing out positive results, advantages, emphasizing aims, stimulating followers. In the conditions when transformational change is being conducted in an organization, the leader has the task of clear and continuous stimulating others to follow a new idea.

**4) Idealized influence.**
Transformational leaders developed referent power and influenced their followers by showing respect for others and by building their confidence and trust in the overall mission. They demonstrated high standards of ethical and moral conduct and avoided using their position and leaders’ abilities to achieve personal interests, but they direct them to use the potentials of their followers and to achieve the aims of organizations.
Conclusion

What have been said here is that, managers, leaders and other change agents share some similar characteristics. At the same time there are some clear differences between these individuals, both in the traits and skills they employ. However, it is the context within which they each work, the expectations others have of them and that they have for themselves, which distinguishes change agents from others. However, skills needed for a particular position may change depending on the specific leadership level in the organization. The majority of organizations define leadership in terms of competencies and these competencies tend to be similar across organizations. It is important that a transformational leader undertake change by encouraging vision, inspiring change and allow people to feel that they want change to happen. A leader inspired followers by encouraging them to develop the change, share the vision and challenge the norm.

CONCEPTUAL FRAMEWORK

The conceptual frame work is an area that will outline the concepts that are going to be used in relation to the findings of this research. In this section about transformational leadership, I am going to withhold two concepts:

- Burke and Litwin model of Transformational Leadership
- Avolio and Bass “4I’s” Framework of Transformational Leadership
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### The impact of leadership on employees’ satisfaction and performance

Regardless of their respective organization’s size or structure, most leaders struggle to maximize the performance of their employees in order to achieve organizational goals. The style of the leader is considered to be particularly important in achieving organizational goals, with research consistently demonstrating the benefits of transformational leadership style over the more traditional forms, such as transactional leadership style, in terms of achieving organizational goals (Yammarino, Spangler, & Bass, 1993). The leader’s style is also considered important in being able to evoke performance among employees (Barling, & Kelloway, 2000). However, the leader’s style alone cannot be responsible for the performance of workers, nor for the attainment of organizational goals. The workers too, play an important role. Specifically, workers’ perceptions of their leader’s style and their feelings about their ability to perform and achieve organizational goals appear to be important factors.

#### Leadership behaviors

Leaders are typically expected to provide supervisory feedback, and accordingly, this behavior has been extensively researched in the management literature (MacKenzie, Podsakoff, & Rich, 2001). Transformational leadership has been described as guidance through individualized consideration, intellectual stimulation, inspirational motivation, and idealized influence (Bass, 1997). Individualized consideration emphasizes personal attention, while intellectual stimulation encourages use of reasoning, rationality, and evidence. Studies have investigated relationships between transformational leadership style and a wide range of consequences, such as leadership trust (Podsakoff, MacKenzie, & Bommer, 1996), self-efficacy beliefs (Kirkpatrick & Locke, 1996), leadership satisfaction (Hater & Bass, 1988; Yammarino & Bass, 1990), worker absenteeism and satisfaction (George & Jones, 1997; Staw, Sutton, & Pelled, 1994; Weiss & Cropanzano, 1996), and performance outcomes (Barling et al., 1996; Howell & Avolio, 1993).

Transformational leadership involves creating changes in values, goals, and aspirations that are consistent with the values of followers. Transformational leaders implement change through articulating a vision, fostering acceptance of group goals, providing individualized support and intellectual stimulation and clarifying performance expectations (MacKenzie et
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Transformational leadership is viewed as directly affecting organizational performance (Barling et al., 1996; Howell & Avolio, 1993) and indirectly affecting organizational performance through its effects on subordinates’ satisfaction with their leader (Hater & Bass, 1988). Further, performance is considered to be affected indirectly through the effects of leadership on employees’ affective commitment (Barling et al., 1996). Indeed, transformational leadership has been consistently claimed to be more effective than the other leadership styles (Dubinsky et al., 1995) by “lifting ordinary people to extraordinary heights” (Boal & Bryson, 1988, p. 11). This transformation takes place through individual interactions between leaders and employees, and particularly through the manner in which transformational leaders communicate with its employees.

**Emotions**

Ashkanasy and Tse (2000) claim that transformational leaders employ emotions to persuade their followers to engage in positive thinking in terms of developing both a positive vision and new ideas. In particular, leaders that support employees tend to elicit feelings of optimism. But without such support employees tend to feel pessimistic. Employees who lose enthusiasm for work do not put forth the same level of effort as in the past, and this impact on their performance (Manion, 2000).

Transformational leaders in particular appear to use emotion to motivate their followers (Bass & Avolio, 1994; Dubinsky et al., 1995). Transformational leaders are recognized as using emotion to communicate a vision and to elicit responses from their employees (Lewis, 2000). They tend to be optimistic (Spreitzer & Quinn, 1996) and more sensitive to employees’ needs, and provide personalized attention or at least give the impression of giving individualized attention (Askhanasy & Tse, 2000). Indeed, Berson et al. (2001, p. 54) assert that transformational leaders use “transformational influence to excite followers to work towards long-term ideals and strategic objectives.”

**Optimism**

The benefits of optimism have been touted for years, and supported by some empirical evidence (Peale, 1956; Strutton & Lumpkin, 1993). Spreitzer and Quinn (1996) have demonstrated that transformational leaders are more optimistic than other types of leaders and
tend to have strong positive feelings about their environmental surroundings. Accordingly, they tend to interpret information, exchanges, and interactions with colleagues from a positive perspective (Ashkanasy & Tse, 2000). In contrast, a pessimistic viewpoint may result in reduced effort (Bandura, 1977).

**Optimism and performance relationship**

There appears to be a direct relationship between the level of optimism and the amount of work employees expend. Indeed, optimism has been used by organizations to distinguish between high and low performers. Schulman (1999) asserts that optimism impacts positively on sales productivity among sales people, and claims a large body of evidence supports the contention that optimistic expectations of success play a significant role in the achievement of success. Workers who look optimistically on the world are likely to “see adversity as a challenge, transform problems into opportunities, put in the hours to refine skills, persevere in finding solutions to difficult problems, maintain confidence, rebound quickly after setbacks and persist” (Schulman, 1999, p. 33). Berson et al. (2001, p. 56) argue that transformational leaders “instill optimism, confidence and faith in their followers by suggesting that although their challenges appear formidable, they can be successful by working together to create a better future.”

**Frustration and performance relationship**

Workers who feel that they have little or no control over a desired objective, will be unlikely to put in the work that is required to achieve that objective (Campbell & Martinko, 1998; Martinko & Gardner, 1982; Seligman, 1975). Moreover, workers who have attempted to succeed in the past but have been unsuccessful or who do not possess an optimistic outlook will become frustrated and come to the view that any extra work is only wasted effort. The above is frustrating to the worker and so the worker feels that there is little point in putting work into performing. Indeed, Abramson, Seligman, and Teasdale (1978) showed that feelings of helplessness and depressed affect come from repeated attributions that are thought to be internal, stable, and global.
Conclusion

This study demonstrates that employee perceptions of a high transformational leadership style, one that evidences personal attention to the employees, emphasizes use of the people’s intelligence, increases the employees’ level of enthusiasm, and transmits a sense of mission, can positively influence the employee in two key areas: directly increasing optimism and indirectly increasing performance. Conversely, perceptions of a low level of transformational leadership can result in high levels of frustration that can have a negative influence on the worker’s performance. Further, frustration and optimism are found to mediate the relationship between transformational leadership style and performance. The results of this study suggest that organizations should seek to attract transformational leaders and encourage transformational leadership style in their current leaders. The study results extend the claim made by Dubinsky et al. (1995) that transformational leadership can influence attitudes and behaviors to include frustration and optimism emotions. Furthermore, the study provides evidence to support Berson et al.’s (2001) claim that transformational leaders are able to positively influence their employees.

CONCEPTUAL FRAMEWORK

The conceptual framework is an area that will outline the concepts that are going to be used in relation to the findings of this research. In this section concerning the relationship between leadership and employees' performance, I am going to withhold one concept:

- Optimism and performance relationship
How companies sustain effective leadership while implementing organizational change?

4. Conceptual Framework
How companies sustain effective leadership while implementing organizational change?

The conceptual framework is an area that will outline the concepts that are going to be used in relation to the findings of this research. Although not all the theories, models and concepts that have been discussed in the theoretical framework will be used in the final analysis, the selected ones will be the backbone that leads to finding answers for the research issue.

In the next chapter, the empirical framework and findings will be presented. A review of the cases will highlight some interesting views, enabling me to make an analysis that is based upon the background of the selected concepts.
5. Empirical study
How companies sustain effective leadership while implementing organizational change?

The empirical study in this thesis research will be drawn against the background of the reviews within the conceptual and theoretical frameworks. This is aimed at coming up with findings and conclusion for this research. As earlier indicated in the methodology section, this thesis will build its empirical reasoning around secondary sources of information and reviewed literature that will thoroughly be discussed later as this research continues to take its course.

Data and information at my disposal comes from a case study that has been studied by other researchers in their own different contexts. By applying a particular research design to every case, the research analysis will lead to the findings which will therefore show a deeper understanding of the issue, hence putting them into a context to show, as well as throw some light upon the research issue.

5.1 The guiding cases to the research

This research will be based upon on particular case study that presents the process of change management used by managers, during the implementation of a new IT medical system at Texas Children’s Hospital.

The above case was carefully chosen due to the fact that it will help to bridge the gap between the selected theoretical frame of references and the findings. Basing upon the models within the conceptual framework, the analysis would end lead to answering the research issue.

Houston Texas Hospital by Ronda Winans, PT, MS, MBA

A newly formed department got off to a rocky start with varying corporate cultures, a faulty organizational structure, and declining morale. Here's how new leadership helped turn the situation around.

In 1999, a joint venture between two health care systems led to the creation of a sports medicine department, part of a large health system in the Midwest. The department is considered an elite center for orthopedic rehabilitation. Its 35 staff includes eight physical therapists (PTs), six physical therapist assistants (PTAs), and 11 athletic trainers (ATCs).

One of the two predecessor programs was orthopedic surgery based; the other was family practice based. The goal of the venture was to bring both approaches under one roof, offering
a broader range of services than either alone could provide, thereby creating a state of the art rehabilitation facility.

Unfortunately, management had underestimated the differences in the two corporate cultures. Matters were made worse by the new organizational structure. Rather than establishing a single leader for the new venture, co-directors (one from each of the two health systems) were selected to manage the clinic.

The divide in clinic operations was not only cultural and psychological. The separation was literally physical. The clinic was set up with approximately six beds on one side and six on the other. The surgery-based group began practicing on one side of the room, and the family practice-based group on the other. The two groups had fundamental differences in their treatment approaches. Neither side was open to the concept that there might be more than one way to achieve set clinical outcomes. Both groups were resistant to the other's treatment approach. Though leaders agreed to engage in change management activities they demonstrated very few support of the activities to the employees. They complied with general requests, such as providing lists of people to participate in activities; however, they fail to show their support and encouragement, or even participated in the various employees’ engagement meetings to demonstrate sponsorship.

Morale fell and, as is often the case with falling morale, staff turnover rose. In 2002, the rehab facility staff turnover rate was 40%. Sixteen staff members left within 11 months. However, some staff turnover is inevitable regardless of the institution or its management. This may stem from such factors as more attractive employment offers, a change in one's life situation, or a shifting of career goals that one's present employer might not be able to accommodate.

During that period, one of the staff, an athletic trainer, was continuing her education, pursuing a master's degree in public health. As part of her coursework, one of her educational assignments was to study employees’ satisfaction. She decided to conduct an employee satisfaction survey of our department. The results of her survey confirmed our impressions (See Appendix). On a scale of 1 to 10, with 1 being the lowest/worst and 10 being the highest/best, morale received a score of 4.76. The effectiveness of management staff was rated at 4.08, and the facility, when compared to the employees’ previous employers, was rated at a 3.96. The "highest" score, a 7.23, was in response to the question "Do you think about looking for another position at another company?"
How companies sustain effective leadership while implementing organizational change?

Unfortunately, the employee survey results provoked no immediate response from management and nothing was resolved.

Within a year of the survey, one co-director left. The other followed about 8 months later. Upper management was aware of the low morale and dissatisfaction. The opportunity now existed to start over.

**What Changed?**

Clearly a sustained effort to change the culture and work environment was necessary to reverse the effects of the previous model on the employees' values and attitudes. The joint venture had been in place for nearly 3 years. The existing culture had become deeply engrained in the staff.

The key to retaining the staff and subsequently inspiring them to perform beyond their expectations was earning their trust (Bates, 2002). It was clear to upper management that two directors, each representing one of the two previous entities with two separate approaches to interventions, was not an ideal situation. A model using a single manager with oversight from a director would help to dissolve the innate conflict of two separate but equal leaders representing each of the prior systems.

There also was the question of whether to select a manager from within, or to make the choice from external candidates. Upper management wanted to make as quick of a leadership transition as possible. Though historically Ronda had been trained under the family practice-based group, she was not working for the venture at its outset. She returned in a clinical leadership position two years into the venture. This role in combination with recent completion of a MBA gave her the opportunity to become the department coordinator. Hiring from within helped to lay the initial groundwork of trust.

**Trust**

Interestingly, there was very little resistance from the group because Ronda had come from "the other side." The major questions focused on the process of change. The entire sports staff was asking, "What are we going to do now?"
How companies sustain effective leadership while implementing organizational change?

Trust is confidence in the integrity, ability, character, and truth of a person or thing (AHD, 1985). The basis of trust is founded on the simple measure that one does what he or she says will be done. There is a direct relationship between what is promised and what is ultimately delivered (O'Connor & Edward, 2002). Trust is eroded by making large, sweeping promises and then faltering on delivery. On the other hand, trust is built by doing what is promised, starting with the smallest details. For example, under prior management, some staff members had requested address changes on their paychecks. In fact, this detail had only minor implications for the employees because paychecks are delivered to the workplace. Nevertheless, employees were requesting address changes that weren't being made. Similarly, employees wanted to change the number of deductions on their W4 forms, but the changes were not made. Ronda worked to gain trust by ensuring the changes would be reflected on their next paycheck. Even if other factors are removed from the mix, doing what you say you will is key to building trust.

If trust is established by keeping promises, it is cemented by fulfilling larger and longer-term commitments. During the management transition, the corporation promised the physical therapy staff that it was committed to excellence through creating a strong sports medicine facility with highly educated and competent staff members. Confirmation of this promise would take time.

As staff was lost to attrition, management kept its promise by hiring only very qualified physical therapy staff. Of course, all of hires always had been properly licensed and were fully competent. But the "culture" was to be on the cutting edge and to remain well, educated through continuing education. The hospital was committed to excellence. Conversely, morale was eroded when there were hired individuals who didn't share these same values. Therefore, management sought to determine whether new hires were committed to educating themselves and growing. At times management literally told the staff, "If we don't bring on this person, we'll be working shorthanded for a while". And there were times when the decision was made to work shorthanded while human resources continued searching for the right candidate.

**Putting People First**

Promises alone are not enough. A variety of investments are necessary for long-term health and success of a facility. Investments in the building and equipment were made. The facility is
How companies sustain effective leadership while implementing organizational change?

the largest and best in the region. However, any competitor could have built a bigger and better facility right next door.

Management felt that they had the most knowledgeable staff in the region. But unless they could find a way to create strong, collaborative relationships among them, we ran the risk of losing their strongest competitive advantage. Investing in our people became the department’s most logical strategic asset. Since economic pressure to reduce expense remained, management began to creatively invest in the workforce.

As a result of the turnover, human resources had hired some new therapists. Sports medicine is a fast paced environment. Past management had believed in "trial by fire," placing the new hires into the environment and having them "learn the ropes" on their own.

Management took a step back and recognized that it had to get the new colleagues up to speed. One of the senior level physical therapists with extensive experience in manual therapy as well as a desire to teach was offered the opportunity to reduce his caseload by one half day per week in order to mentor and instruct other less experienced staff. What the staff observed was management's commitment to investing in the personnel at the cost of a half-day of patient revenue. Ronda also received a great deal of assistance and mentoring by the director. He knew she had the "pulse of the facility." Ronda would present a recommendation to him, and he would either support it or adjust it. He played a key role in the process.

To assist with the “people side” of change, a change management team was created. Throughout the project, the change management team partnered with Ronda help to facilitate activities designed to reduce employee resistance and build commitment for the implementation. A Change Agent Network was created.

Ronda selected individuals to make up a Change Agent Network. The network was comprised of participants from throughout the organization who served as extensions of the change management team as “on-the-ground” peer champions. The change management team provided Network members with ongoing information, reminders, and tips which they shared with their peers. Periodic meetings and conference calls allowed change agents to connect with each other and exchange ideas about how to build commitment, as well as keep the change management team informed about issues and major areas of resistance that required attention.
Ronda’s sponsorship of the Change Agent Network was a real proof of her commitment. She publicly championed the Network to leaders and staff. She appealed to her leadership team to seek volunteers and select individuals to participate in the Network. She joined in conference calls, participating in activities and personally thanking change agents for their time and commitment. This support proved to be critical to the successful operation of the Change Agent Network.

Further investment in staff included development of the continuing education program. Management did so using several methods. First, staff was encouraged to design their own half-day continuing education courses with instructors and speakers from within the staff to highlight their expertise. Where appropriate, resources were provided to assist with formalizing education credits for the state.

Second, Ronda worked directly with the corporate coordinator of staff development to encourage the offering of formal continuing education courses by nationally known companies on the hospital campus. Sponsoring such courses earned the company free seats to attend the course. Finally, management extended the lunch hour one day per month to allow time for internal staff education focusing on manual therapy. No continuing education units were offered, but each therapist was blocked out of patient care for the purpose of education.

Investments also were made in clinical equipment. Staff was asked what small equipment needed to be replaced. The group was used to sharing a limited supply of goniometers, tape measures, and timers. Over subsequent months, orders were placed and supplies and equipment were given to the staff so they could efficiently do their jobs.

A request for pillows for the patient plinths had gone unfulfilled for more than a year by prior management. The staff was literally overwhelmed when 20 new pillows showed up. Prior management often ignored or forgot requests by staff for equipment maintenance. The practice of new management has been to contact the equipment maintenance department and have the equipment immediately repaired. While these are investments in staff and resources, they also contribute to an environment of trust.

Commitment

The previous lack of resources contributed to poor employee commitment and team performance. Commitment has a positive effect on productivity, turnover, and employees'
How companies sustain effective leadership while implementing organizational change?

willingness to assist their co-workers. When organizations fail to provide these resources, even a simple timer or goniometer, they are breaking the relationship that encourages employees to look beyond their own self-interest and become a productive employee, contributing to organizational success (Bishop, James & Scott, 1997).

Special effort also was made to increase team commitment. Since team commitment leads to increased productivity, building the team seemed to have the greatest effect on employee satisfaction and subsequently employee retention (Bishop, James & Scott, 1997). Management focused on building relationships among the team. This included potlucks and noontime cookouts. Staffs also participated in informal team building exercises and were offered personal programming options such as retirement planning over the lunch hour. All of this had a positive effect on the employee's willingness to help their teammates, which also has a direct positive influence on organizational commitment (Bishop, James & Scott, 1997).

Outcome

Approximately 18 months following initiation of new leadership, Management conducted a second survey using the same tool that earlier had quantified the staff's low morale. Twenty-one staff members responded. It achieved greatly improved scores nearly across the board. (See Appendix).

In the 18 months since the facility underwent improvements, the annual turnover has averaged just 11.5%. This is down more than 70% from the prior survey. Other visible changes in the environment include dissolution of the division in physical environment by groups of therapists from each health system. The staff has grown closer and participates in activity together outside of work. Intangibly, there also is greater awareness and concern for one another personally when illness or personal crises occur. This is exemplified by willingness to cover each other's patient load and help each other with personal issues.

Overall, management and the organization have taken significant strides to support and expand this program. Existing and new staff have recognized this and responded with increased commitment and subsequently improved performance and quality, resulting in greater patient reports of satisfaction. In turn, satisfied patients often create positive physician relationships. The effect is then increased referrals from those satisfied physicians.
How companies sustain effective leadership while implementing organizational change?

The organizational challenge is to choose a leader and create an environment that inspires staff to perform beyond their own self-interest for the ultimate purpose of helping patients reach their goals and organizational goal achievement will coincide.

Ronda Winans, PT, MS, MBA is clinical coordinator for a large health system in the Midwest.

References


Bishop, James Wallace and Scott, K Dow, How Commitment Affects Team Performance- Employee Commitment, HR Magazine, Feb 1997; 42(2).


# Appendix

## 2002 and 2004 Employee Satisfaction Surveys

<table>
<thead>
<tr>
<th>Question</th>
<th>2002</th>
<th>2004</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>How happy are you with your job? (1 Not-10 Ecstatic)</td>
<td>5.15</td>
<td>7.24</td>
<td>+40.5%</td>
</tr>
<tr>
<td>How do you feel about your benefits? (1 Terrible-10 Great)</td>
<td>6.76</td>
<td>6.62</td>
<td>-2.1%</td>
</tr>
<tr>
<td>How do you feel about the pay levels here as compared to other employers? (1 Worse than Most-10 Better than Most)</td>
<td>5.25</td>
<td>4.81</td>
<td>-8.4%</td>
</tr>
<tr>
<td>How do you feel about the employee review system here? (1 Hate it-10 Wonderful)</td>
<td>3.17</td>
<td>6.67</td>
<td>+110%</td>
</tr>
<tr>
<td>How is the overall morale here? (1 Awful-10 Wonderful)</td>
<td>4.76</td>
<td>6.76</td>
<td>+42%</td>
</tr>
<tr>
<td>How do you feel about the responsibilities of your job? (1 Too Little-10 Too Much)</td>
<td>5.61</td>
<td>6.57</td>
<td>+17%</td>
</tr>
<tr>
<td>How effective is the management staff? (1 Not Very-10 Very)</td>
<td>4.08</td>
<td>7.38</td>
<td>+81%</td>
</tr>
<tr>
<td>Why do you come to work every day? (1 Have to-10 Want to)</td>
<td>5.50</td>
<td>7.24</td>
<td>+32%</td>
</tr>
<tr>
<td>How does your current place of work compare with your previous employers? (1 Worse-10 Much Better)</td>
<td>3.96</td>
<td>7.26</td>
<td>+83%</td>
</tr>
<tr>
<td>Do you think about looking for another position at another company? (1 Think about-10 Resumes are out)</td>
<td>7.23</td>
<td>4.04</td>
<td>-44%</td>
</tr>
</tbody>
</table>

Twenty staff members completed the 2002 survey. They consisted of 3 PTs, 11 ATCs, 4 "other" (including office staff), and 2 unidentified. Twenty one staff members completed the 2004 survey. They consisted of 4 PTs, 5 PTAs, 9 ATCs, and 3 "other." Note that, due to staff turnover, many of the 2002 respondents did not participate in the 2004 survey.
6. Findings & Analysis
6.1 The importance of effective change processes for the successful implementation of any change

According to Kruger’s (1996) argument, whenever change come out, there will always be resistance towards it. People who are always suspicious towards change have different reasons as to why they choose to take that stand. Bass’(1985) explains that through idealized influence, transformational leaders therefore are the ones who should have the pluck to see that opponents are convinced to have a paradigm shift from their cynical ideologies to having faith and belief. The implementation of organizational change is a phenomenon that always finds huddles and problems along the way. Basically, there have always been two developing approaches towards the implementation process. One of them is the participative approach which assumes that employees’ support is a pre-requisite of change. However, the unilateral approach argues that behavior must be changed first, followed by attitudes of employees. For this matter, Kruger's (1996) study of different change episodes indicates that unilateral implementation approach is more effective than the participative one. According to Kruger (1996), implementation activities content mostly depends on the depth of change, which is obvious where behavioral-social change types generates more support from the employees than technical-structural changes (Kruger, 1996).

Concerning this research study, according to Lohr and Steven (2001), a joint venture was the perfect way for Texas Hospital to differentiate itself. Indeed, even if it was already considered as an elite center for orthopedic rehabilitation, the creation of a sport medicine department was a way to remain competitive. However, initial skepticism met by employees of the two companies after the joint venture implementation, caused bad atmosphere at the work place and significantly slow down the change acceptance process. Critics of the joint venture caused a long list of problems to the management team. Some of the opponents believed that rather than accelerating growth, creating a new venture would simply create a bigger company with bigger problems (Lohr and Steven, 2001).

Kruger’s (1996) model gives a strong visualization of dealing with barriers to change. Change Management Iceberg model illustrates that transformational leaders need to deal with different types of barriers. Clearly, Kruger indicates that transformational leaders/ managers who may play a role in influencing the implementation of change, may have to conduct an assessment upon the attitudes and behaviors of the organization’s employees, before engaging
How companies sustain effective leadership while implementing organizational change?

any kind of actions. Looking closely at Texas Hospital case, there were a lot of opponents and hidden opponents once change had been implemented.

Kruger’s (1996) model as explained conceptually and theoretically illustrates that opponents towards change are negative in both their attitudes and behavior. Moreover, Kruger underlines that such people’s attitudes towards change could be best controlled by the management of perceptions and beliefs. In real life therefore, such perceptions and beliefs may be in form of inducements, incentives, etc. Similarly, hidden opponents as depicted from Kruger’s Iceberg of change model are the ones that have negative generic attitudes towards change, although their behaviors have a positive indication and support for change. Indeed, Kruger once again explains that in case any manager face such a situation, the best approach to deal with these people is again through the management of perceptions and beliefs, supported by information (issue management) in order to change their attitudes (Kruger, 1996).

Added to that, even if theories about transformational leaders show that they are charismatic and influential, it is not always automatic that they convince everyone that is under their control, a belief that this research has found. In this particular case, the two leaders (one from each of the two health systems) in these change phenomena lacked competencies to convince the rest of the group members for the success and benefits of change in the organization. Leaders were involved in the project at a high level, and their degree of sponsorship and support of change management was not really visible to employees. Though the leaders agreed to engage in change management activities, they did not demonstrate an active support of the activities to the employees. The leaders complied with general requests, such as providing lists of people to participate in activities; however, they did not participate in the various employees’ engagement meetings to demonstrate sponsorship. Due to such a lack, morale fell and staff turnover rose. An obvious proof of it is the result of the survey conducted in 2002. Even with such alarming results, it took some time to management to find an alternative solution.

When leaders implement transformational change, the thinking, planning and communicating that takes place all have implications for how employees will receive it. Transformational change leaders need a roadmap to guide their journey as they move beyond the territory of managing developmental and transitional change into leading transformational change. Leaders and managers need an effective and comprehensive change process model that is fit for transformation. Such a model must be both conceptual and pragmatic, providing clear
How companies sustain effective leadership while implementing organizational change?

guidance about how to truly plan and oversee the action required to create desired outcomes. This entire process is called “fullstream transformation” (Anderson, 2001).

Transformation, as a continuous process, has an upstream component, a midstream component and a downstream component, all of which need to be designed and led consciously for the transformation to succeed. The upstream stage of transformation is oriented to planning and setting the foundations for success. According to Anderson (2001), in this stage leaders assess their organization’s capacity to succeed in the change, as well as become clear about the case for change. They decide who is leading the effort, develop their change strategy and identify conditions and infrastructure needed to support the successful achievement of the desired outcome. They develop their communication and participation plans, as well as other keys support functions. Anderson (2001) goes on in explaining that during this stage, the workforce is fully engaged in the transformation. Employees are informed about the rationale for the transformation and in many cases, actually help build the case for change. However, in order to be fully committed, Anderson (2001) highlights that employees must be supported to participate in the planning efforts early in the change process. This builds buy-in, commitment and sets the stage for minimal downstream resistance.

The upstream stage is where the climate, commitment and runway for the entire change are established. It includes critical leadership decisions that are the primary acceleration rockets for the effort. Moreover, it is the leader’s opportunity to get their heads, hearts and hands aligned before engaging the rest of organization in the change. Without such unity and commitment, the change and its leadership are usually seen by employees as disorganized and incompetent, which create a significant hurdle to overcome. In the present case, management had underestimated the differences in two corporate cultures before the creation of the joint venture. Instead of launching it all at once, management of each health systems should have prepared the ground with their employees, letting them know about the new venture, how it will take place and named a manager who would have been responsible for helping others accepting change and who would have been the one that employees could turn to in case of questioning.

Many organizations become stuck in the midstream change, spending untold dollars, resources and hours solely on the design of their desired future state. Anderson (2001) explains that the over-focus on design can create an under-focus on implementation. By the time the design is finalized, the leader may be in such a rush to get the new state in place that
How companies sustain effective leadership while implementing organizational change?

they save little time to plan adequately for its implementation. Sometimes, the organization has run out of budget for downstream change activities as well. In the present case, management took this stage lightly and instead of focusing on the new venture organization, running out of time, it selected a co-direction system. This was a bad idea because both managers were different in organizational culture and psychology which lead to resistance of both groups to each other’s treatment approach.

The downstream stage includes implementation, change integration and learning about course correcting the new state. Anderson (2001) explains that skills training about how to operate in the new state occur at this stage as does building best change practices and dismantling the change infrastructure when it is no longer needed. In the present case, this stage was well managed by Ronda after her arrival. She demonstrated strong executive support and involvement in the project as a whole, and specifically the change management activities. A clear example of her strong executive support was her sponsorship of the Change Agent Network. She publicly championed the Network to leaders and staff. She appealed to her leadership team to seek volunteers and select individuals to participate in the Network. She joined in conference calls, participating in activities and personally thanking change agents for their time and commitment.

6.2 A complex environment has important implication on leadership

Depicted from my point of view, organizational sense making is a very crucial element for change agents since it involves employing smart thoughts that should be spot-on when making decisions, which are meant to be a guide line to the organization’s daily business and future. Transformational leaders are ones that easily excel in being proactive when making decisions such as organizational change. The shifting relationships between people in the organisation are governed by dynamic, social, cognitive and coordination-related psychological processes. In accepting that they should lead chaotic change by loosening controls and micro-management, leaders may find that he/she can influence the development and direction of change by paying attention to issues that shape relationships in organisations. However, various questions that came along the way, showing strength in the leaders’ sense of judgement, decision making, and being flexible. Relationships in an organisation are a complex mixture of motivation, trust, feelings, emotions, group norms, knowledge
acquisition, learning, sense making, as well as hard and soft power play (Kaufmann and Kaufmann, 1996). Moreover, another issue can be the leader’s ability to involve peoples in different stages of the change initiative, not necessarily all people but the “right” people. In the present case, Ronda decision to set up a Change Agent Network goes in that sense. To assist with the “people side” of change associated a change management team was created. Throughout the project, the change management team partnered with the organizational leader facilitate activities designed to reduce employee resistance and build commitment for the implementation. Leader selected individuals to make up a Change Agent Network. The network was comprised of participants from throughout the organization who served as extensions of the change management team as “on-the-ground” peer champions.

My analysis is that from the above proceedings transformational leaders make sense of the ongoing circumstances within the organization when they communicate as well as implement the strategies, which they think are the best for the future survival of the organization.

6.3 Transformational leadership as change agent

Theoretically, much has been written about qualities and types of leadership (Bass and Avolio, 1994; House, 1996; Conger and Kanungo, 1998). According to Bass though, theories of transformational leadership and organizational change emphasize that change is accomplished through the leader’s implementation of a unique vision of the organization (Bass, 1985). Adding to such a theory, Bass and Avolio argued that the achievement of such a milestone would be done through powerful persuasive, personal characteristics, and actions designed to change internal organizational cultural forms and substance (Bass and Avolio, 1994).

According to Burns (1978), the resulting need to communicate the vision of the organization to the anxious followers stems from the motivation that grows within the leader prior to the announcement of the big plans. In addition to Burns (1978) work, I opine that not only does that desire depend upon the leader’s motivation, but also the extent and diversity of the task at hand. It is therefore certain that different situations regarding change such as the political, social, economic, legal, etc have always been tackled using different situational approaches. Before going deep in the topic of change and its implications, there are quite a number of areas/ circumstances that are worthy of note. Basing upon the Burke-Litwin model of change,
How companies sustain effective leadership while implementing organizational change?

these may include the external environment, leadership, organizational culture, mission and strategy, as well as individual and organizational performance (Burke, 2002). As explained in the theoretical part, the top half of The Burke and Litwin model are drawn from the ideas and concepts of James McGregor Burns and his distinctive description of transformational leadership in which he describes transformational leaders (change agents) as ones that bring about change in the organization (Burns, 1978).

The Avolio & Bass (1990) “4 Is” study identifies leaders by the components of individual consideration, inspirational motivation, idealized influence and intellectual stimulation change. It focuses on transformational leadership not only on the behavior of leaders, but also about the perceptions of what employee needed in a leader, such leaders set expectations that were more challenging and typically achieved better performance. The transformational leader is seen to be with the following competencies:

- visionary
- inspiring innovation,
- team-oriented
- learning-oriented

The authors are also mindful of the need for a good team leader. They include the following traits:

- Knowledge of group process.
- Ability to think and react decisively.
- Ability to articulate a position clearly and succinctly
- Competence in the subject area
- Sensitivity to group trends and needs

They are the leaders' qualities contained in appropriate transformational abilities of leaders and in certain attributes which are assumptions for the use of leaders' skills and for successful performance of leader jobs. Burns wrote that leaders are those individuals who raise the motivation of followers in order to better reach the goals of leaders and followers (Burns, 1978). Within this particular thesis research, Ronda has been a very successful transformational leader. Before engaging any organizational change, she analyzed the behaviors and state of mind of employees. The result was alarming that instead of building on new implementation strategies, her priority was to rebuild the trust of employee in their
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companies. The basis of trust is founded on the simple measure that one does what he or she says will be done because if trust is established by keeping promises, it is cemented by fulfilling larger and longer-term commitments. Once, trust was back she put people first in working directly with the corporate coordinator of staff development to encourage the offering of formal continuing education courses in the company. She also extended the lunch hour one day per month to allow time for internal staff education focusing on manual therapy.

By showing competencies, they need to find appropriate followers to implement new ideas, such as the creation of new coalitions of employees who will be compatible with the new vision, hence helping individuals find new roles, as different structures are designed to enhance the new direction for the organization. This was proven in this particular case by Ronda’s Change Agent Network team building. The network was comprised of participants from throughout the organization who served as extensions of the change management team as “on-the-ground” peer champions. The change management team provided Network members with ongoing information, reminders, and tips which they shared with their peers. Periodic meetings and conference calls allowed change agents to connect with each other and exchange ideas about how to build commitment, as well as keep the change management team informed about issues and major areas of resistance that required attention.

Transformational leaders should be in position to convey the message that is full of trust to their followers, which would in the end create a fit between the followers and the created vision, added to the needs of all the key players in the organization that is on the brink of change. Other theorists such as Tichy and DeVanna kept on pumping up the rhetoric that for the change process to go ahead, it requires the transformational leaders to create a vision, which acts as a conceptual road map for where the future of the organization will be headed (Tichy and DeVanna, 1990: 128). A vision according to them is not constructed by a single leader, but as a result of bringing together the differing viewpoints within an organization. However, having these attributes as a transformational leader in play will always be of an added advantage.
6.4 The impact of leadership on employees’ optimism and performance

Festinger (1950) opines that group cohesiveness is described as the resultant forces which are acting on the members to stay in a group (Festinger, 1950). This definition has been widely accepted by researchers who have spent valuable time on a very important issue; group cohesion. This particular topic has also led other researchers to describe cohesiveness as the degree to which group members are attracted to, and motivated to stay with a group (Zaccaro et al., 1995). Zaccaro et al (1995) argue that leaders who show consideration for their followers cause them to become more attached to the group. Such leaders may thus draw the group closer together towards the attainment of group goals. Bass (1985) argues that the collectivistic focus of groups led by transformational leaders where there is a consensual sharing of meaning may be a catalyst in eliciting higher levels of commitment and performance (Bass, 1985).

Indeed, there is a direct relationships are specified from leadership to self-efficacy, cohesiveness, performance and commitment. Zaccaro et al (1995) argue that in the presence of transformational leadership, cohesive groups with members who have high levels of self-efficacy are motivated in turn, to perform at higher levels and be highly committed, which in turn may bring about positive changes in the organization (Zaccaro, et al, 1995). By using the strategies of visioning, coupled with setting high performance expectations for the group, and participation in the group goal setting, transformational leaders may be successful in motivating group members to remain attracted to the group, make personal sacrifices and work towards a common goal. Nevertheless, by internalizing the values of the leader, followers of transformational leaders identify the vision and become committed to collective interests that can bring about the desired organizational change.

In this particular case study, the obvious proof is the result of the survey conducted in 2004. Since the facility underwent improvements, the annual turnover has averaged just 11.5%. This is down more than 70% from the prior survey. Other visible changes in the working environment happened including the dissolution of the division in physical environment by groups of therapists from each health system. Moreover, the staff has grown closer and participates in activity together outside of work. Intangibly, there also is greater awareness and concern for one another personally when illness or personal crises occur. This is exemplified by willingness to cover each other's patient load and help each other with
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personal issues. This case study demonstrates that employee perceptions of a high transformational leadership style, one that evidences personal attention to the employees, emphasizes use of the employees’ intelligence, increases their level of enthusiasm, and transmits a sense of mission. Indeed, it can positively influence the employee in two key areas: directly increasing optimism and indirectly increasing performance.

My comments from such changes are that in any given company or organization, it appears that transformational leaders have the capability and competencies meant to facilitate the formation of a cohesive group that performs at higher levels. This great role that is played by the transformational leaders means that the cohesive group is not only committed to the group, but also to the organization as whole.
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7. Conclusion and vision
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7.1 The research conclusion

This research was based on the available methods that were needed to screen out some results. The use of secondary sources was necessary to find out which transformational leadership skills were required to successfully implement organizational change. Literatures from books, articles, journals, as well as websites were the main sources.

Given the critical nature of change in the global economy, the value placed on leading change is increasing. The review of literature has presented scholarship and perspectives over the past few decades that suggest a lack of results and unrealized potential in successfully managing organizational change. Further, it has been shown that certain managerial skills and behaviors positively influence successful execution of change initiatives.

This study demonstrates the perceived importance of specific leadership skills and abilities necessary for successful organizational change. My results indicate the importance of approaching change from a person-centered perspective and that organizational leaders who address issues of communications and motivation are more likely to successfully implement change.

It is clear that the potential to increase market competitiveness and growth is within the control of an organization’s leadership. It is through the deliberate and disciplined action of management that organizations effectively implement change initiatives that cultivate success. Effective leaders engage their communications and motivation skills and translate these into explicit behaviors to positively influence change initiatives. Organizations and their leaders who fail to recognize the importance of these skills will become another statistic in the failure rates of change.

To sum up all the above, the research carried out on the selected case yielded results which showed that although transformational leaders exercise competence, there is a reasonable number of shortcomings during the process of implementing change that they will never be able to control. However, following a set up change process model may help of avoiding some obvious change implementation pitfalls.

7.2 The vision for future research

My findings with regard to overt leader behavior and effectiveness in implementing change have important implications for organizations. Additional study may enhance my
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understanding of factors that reinforce and sustain change within complex, dynamic environments.

Furthermore, research should be conducted to compare and contrast employees’ perceptions of leadership and change with documented organizational results (e.g., revenues, productivity, customer service levels, and so on). Future study could support or deny the accuracy of employees’ perceptions of their leadership and change.

Additional investigation may be warranted to reveal effective means by which leaders should be held accountable for change; as such, their behaviors should be measured, developed, and rewarded.
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