# MBH1683 | Leading Organisational Change

Prepared by Dr Khairul Anuar

# L6 – The Leadership of Change

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# Learning Objectives

- Discuss whether there is 'one best way' of leading or whether leadership style and behaviour should vary according to the circumstances;

- Evaluate the possible relationship between organizational life cycle theories and different leadership styles and behaviours;

- Assess the compatibility of different leadership approaches with different types of change situations;

- Critically review the issue of resistance to change in terms of its implications for leading the processes of planning and implementing change.

# Content

1. Approaches to leadership

   - Leadership behaviour

   - Leadership Grid®

   - Transformational leadership and transactional leadership

   - Quinn's four organizational models

2. Leadership in times of change

   - Leadership and the organizational life cycle

   - Leadership and the nature of change

   - Obstructing and facilitating processes for change

   - External and internal forces associated with change

   - Responding to resistance to change

# 1. Approaches to leadership
## - Leadership behaviour

- Wright (1996) suggests four main leadership styles of behavior can be identified. These are

**1** *Concern for task*. The extent to which the leader emphasizes high levels of productivity, organizes and defines group activities in relation to the group's task objectives and so on. (Also called concern for production, production-centred, task-oriented and task-centred leadership.)

**2** *Concern for people*. The extent to which the leader is concerned about his or her subordinates as people – their needs, interests, problems, development, etc. – rather than simply treating them as units of production. (Also called person-centred, person-oriented and employee-centred leadership.)

**3** *Directive leadership*. The extent to which the leader makes all the decisions concerning group activities him- or herself and expects subordinates simply to follow instructions. (Also called authoritarian or autocratic leadership.)

**4** *Participative leadership*. The extent to which the leader shares decision making concerning group activities with subordinates. (Also called democratic leadership.)

# 1. Approaches to leadership
## - Leadership Grid®'

- Blake and Mouton (1964) propose that the most effective leadership style is one which is high on both dimensions.

- Figure 6.1 gives the positions of five different leadership styles on a later version of Blake and Mouton's managerial grid – now called the 'Leadership Grid®' (Blake and McCanse, 1991).

- The different combinations of concern for people and concern for production set out in Figure 6.1 result in different combinations of leadership  characteristics.


- ***Refer Figure 6.1, page 259, Senior***

# 1. Approaches to leadership
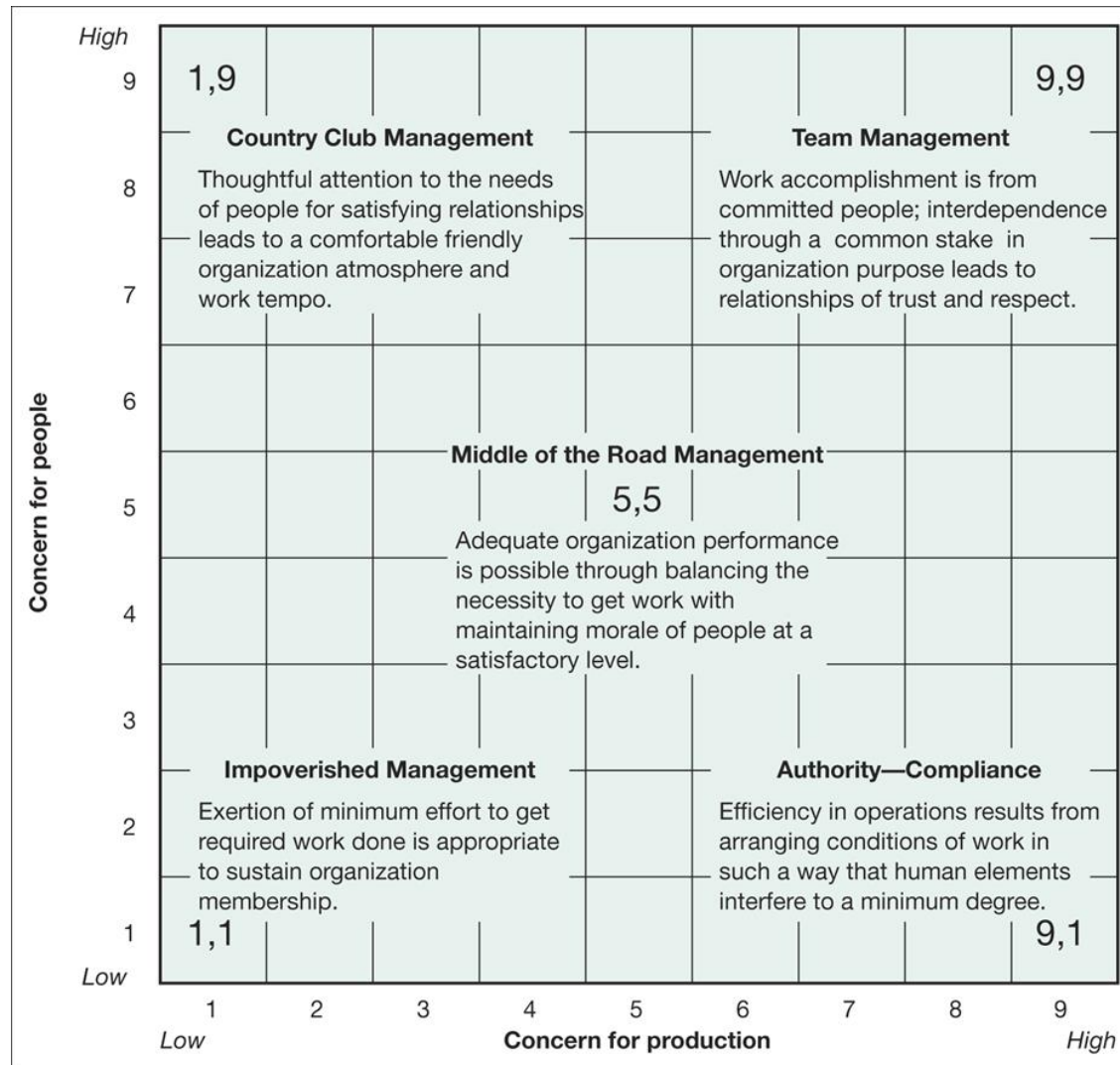## - Leadership Grid®'



Figure 6.1  The leadership grid

# 1. Approaches to leadership
## - Leadership Grid®'

- ***The 9,1 Authority–Compliance leader*** has a high concern for the task and little concern for people, emphasizing efficiency and the organization's needs at the expense of the needs of people.

➢ There is a belief that production can only be achieved if people are closely supervised and controlled.

➢ According to Blake and McCanse (1991, p. 55): 'A Grid style like 9,1 is unlikely to elicit the cooperation, involvement, or commitment of those who are expected to complete the task.'


- ***The 1,9 Country Club leadership style*** is based on the assumption that productivity will follow if the needs of people are satisfied.

➢ According to Blake and McCanse, however, this leadership style, although encouraging friendly and pleasant relationships, produces results where productivity suffers.

➢ Creativity and innovation are undermined because of the possible conflict that might surface as a result of challenges to existing ways of doing things.

# 1. Approaches to leadership
## - Leadership Grid®'

- ***The 1,1 Impoverished Management or laissez-faire leadership style*** is characterized by minimum concern for both production and the needs of people.

  - ➢ The 1,1 leader's desire is to remain as uninvolved as possible with other people, compatible with fulfilling the requirements of the job and sustaining organization membership.

  - ➢ Conflict is deliberately avoided by remaining neutral on most contentious issues.

- ***The 5,5 Middle of the Road leadership style*** is concerned with moderate rather than high performance.

  - ➢ This results from a desire to balance the contradiction between production and people's needs through compromising in the face of conflict.

  - ➢ It includes a willingness to yield on some points in order to gain on others. This is a team-oriented style, but because negativity is not tolerated complacency can set in and the team can lose sight of reality.

# 1. Approaches to leadership
## - Leadership Grid®'

- ***<u>The 9,9 style of Team Management</u>*** incorporates high concern for production with a high concern for people.

- In contrast to the 5,5 leadership style, which assumes an inherent contradiction between production and people, the 9,9 leadership style assumes that concern for both is necessary and that they do not inherently contradict each other.

- There is an emphasis on working as a team that recognizes the interdependence of people with each other, together with the task to be done.

- Relationships between people are based on mutual trust and respect, and work is assumed to be accomplished only if employees are committed to the task, team and organization.

# 1. Approaches to leadership
## - Leadership Grid®'

- The Leadership Grid®

  ➢ assumes that there is one best style of leadership, that of the 9,9 'Team Management' style – regardless of the situation.

  ➢ is a simplified way of categorizing different aspects of leadership behaviour.

# 1. Approaches to leadership
## - Transformational leadership and transactional leadership

- There are study which implies that there are certain desirable leadership qualities whatever the situation.

  ➢ _transformational_ leadership as compared to the less visionary styles of leadership associated with

  ➢ _transactional leadership_ (see Illustration 6.4) and, therefore, more likely to be effective in times of change.

- The following slides compares and contrasts transactional and transformational leadership.

# 1. Approaches to leadership
## - Transformational leadership and transactional leadership

➢ **Transactional leader**

- _Contingent reward_: contracts exchange of rewards for effort, promises rewards for good performance, recognizes accomplishments.

- _Management by exception (active):_ watches and searches for deviations from rules and standards, takes corrective action.

- _Management by exception (passive)_: intervenes only if standards are not met.

- _Laissez-faire_: abdicates responsibilities, avoids making decisions.

# 1. Approaches to leadership
## - Transformational leadership and transactional leadership

➢ **Transformational leader**

- _Charisma_: provides vision and sense of mission, instils pride, gains respect and trust.

- _Inspiration_: communicates high expectations, uses symbols to focus efforts, expresses important purposes in simple ways.

- _Intellectual stimulation_: promotes intelligence, rationality and careful problem solving.

- _Individualized consideration_: gives personal attention, treats each employee individually, coaches, advises.

# 1. Approaches to leadership
## - Transformational leadership and transactional leadership

- The essential differences have been neatly summarized by Tichy and Ulrich (1984, p. 60) as follows:

  ➢ transactional managers make only minor adjustments in the organization's mission, structure, and human resource management,

  ➢  transformational leaders not only make major changes in these three areas but they also evoke fundamental changes in the basic political and cultural systems of the organization.

  ➢ The revamping of the political and cultural systems is what most distinguishes the transformational leader from the transactional one.

# 1. Approaches to leadership
## - Transformational leadership and transactional leadership

- Transactional leaders are those who initiate structure and are considerate to employees – they might, therefore, be considered to be 9,9 leaders.

- However, 'Transformational leadership is built *on top of* transactional leadership – it produces levels of subordinate effort and performance that go beyond what would occur with a transactional approach alone.'

- Tichy and Ulrich (1984) conclude that transformational leaders are those most likely to 'revitalize organizations … transform the organizations and head them down new tracks' (p. 60).

- Robbins (2005) quotes evidence from studies with US, Canadian and German military officers as well as managers at Federal Express to support the superiority of transformational leadership over transactional leadership in terms of being correlated with lower turnover rates, higher productivity and higher employee satisfaction.
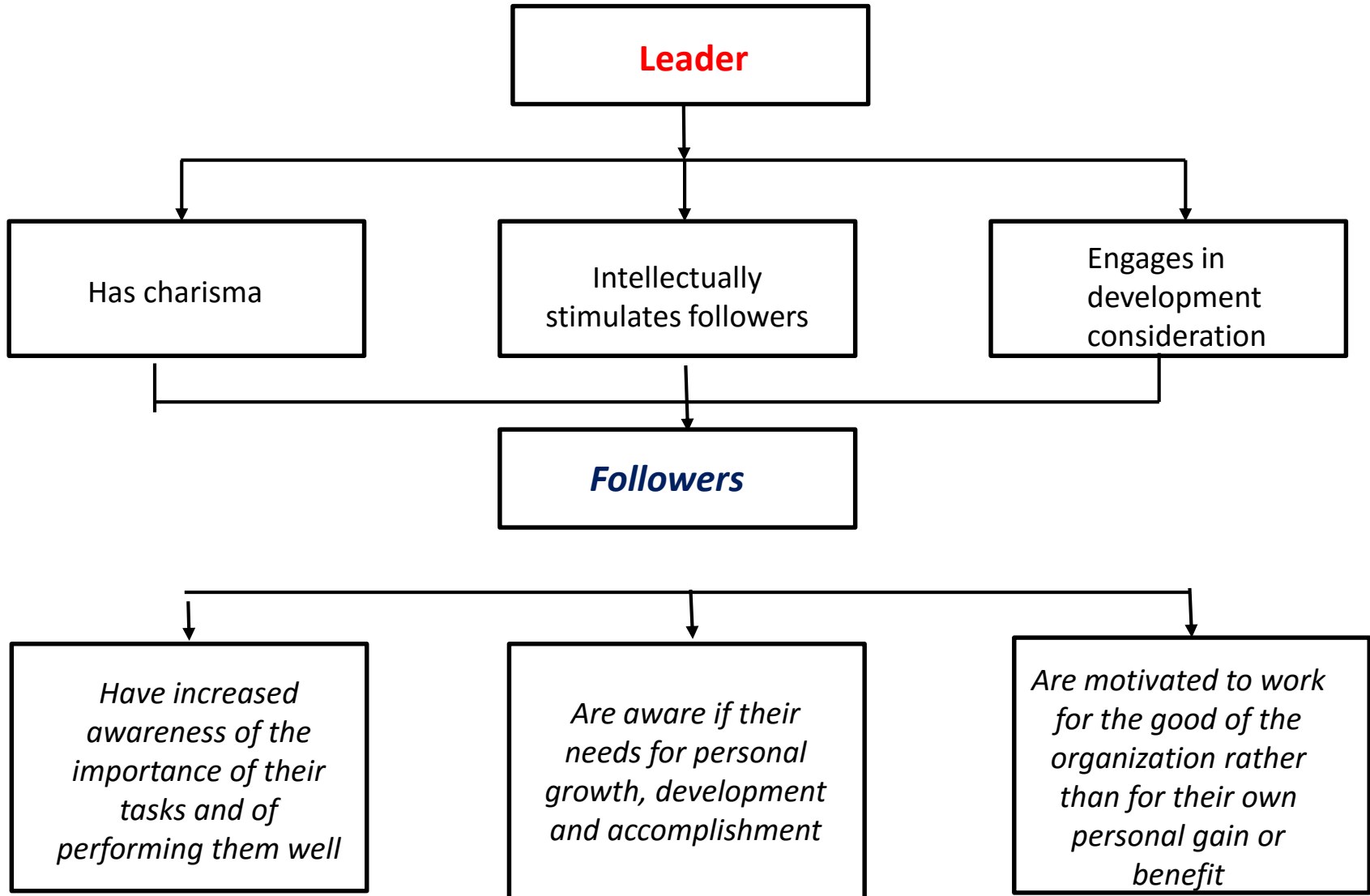
# 1. Approaches to leadership
## - Transformational leadership and transactional leadership

- The essential differences have been neatly summarized by Tichy and Ulrich (1984, p. 60) as follows:

  ➢ Where transactional managers make only minor adjustments in the organization's mission, structure, and human resource management, transformational leaders not only make major changes in these three areas but they also evoke fundamental changes in the basic political and cultural systems of the organization.

  ➢ The revamping of the political and cultural systems is what most distinguishes the transformational leader from the transactional one.

- Figure 6.2 is a model of transformational leadership that includes not only the leader's characteristics, attitudes and behaviour but also the reactions of those who are led.

# 1. Approaches to leadership
## - Transformational leadership and transactional leadership

Fig 6.2 : Transformational Leadership

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                          ┌─────────────────┐
                          │     Leader      │
                          └─────────────────┘
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            ▼                    ▼                    ▼
   ┌─────────────────┐ ┌─────────────────┐ ┌─────────────────┐
   │   Has charisma  │ │  Intellectually │ │   Engages in    │
   │                 │ │ stimulates      │ │  development     │
   │                 │ │ followers       │ │  consideration   │
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                     │    Followers    │
                     └─────────────────┘
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│ Have increased  │  │ Are aware if    │  │ Are motivated   │
│ awareness of the│  │ their needs for │  │ to work for the │
│ importance of   │  │ personal growth,│  │ good of the     │
│ their tasks and │  │ development and │  │ organization    │
│ of performing   │  │ accomplishment  │  │ rather than for │
│ them well       │  │                 │  │ their own       │
│                 │  │                 │  │ personal gain or│
│                 │  │                 │  │ benefit         │
└─────────────────┘  └─────────────────┘  └─────────────────┘
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# 2. Leadership in times of change
## - Leadership and the organizational life cycle

- Greiner (1972) - identified phases in an organization's evolution and the different organizational practices required during each evolutionary phase.

- One of these practices is the style top management should adopt according to an organization's growth phase (see Table 6.3).

# 2. Leadership in times of change
## - Leadership and the organizational life cycle

**Table 6.3** Matching top management style to organizational growth phases

| Organizational growth phases | Phase 1 Growth through CREATIVITY | Phase 2 Growth through DIRECTION | Phase 3 Growth through DELEGATION | Phase 4 Growth through COORDINATION | Phase 5 Growth through ELABORATION |
|---|---|---|---|---|---|
| Top management style | Individualistic and entrepreneurial | Directive | Delegative | Watchdog | Participative |

Source: Reprinted by permission of Harvard Business Review. Derived from Greiner, L. (1972), 'Evolution and revolution as organizations grow', Harvard Business Review, July–August, p. 45. Copyright © (1972) by the Harvard Business School Corporation. All rights reserved.

# 2. Leadership in times of change
## - Leadership and the organizational life cycle

- Clarke (1994, p. 12) elaborated on the phases and styles propounded by Greiner to suggest the following management styles:

  *Phase 1*: individualistic, creative, entrepreneurial, ownership

  *Phase 2*: strong directive

  *Phase 3*: full delegation and autonomy

  *Phase 4*: watchdog

  *Phase 5*: team oriented, interpersonal skills at a premium, innovative, educational bias.

# 2. Leadership in times of change
## - Leadership and the organizational life cycle

- Clarke and Pratt (1985) who identify four different styles of managerial leadership required at different stages in the life of an organization:

**1**  the *champion* to fight for and defend the new business;

**2**  the *tank commander* to take the business into its next stage of growth, someone to develop a robust team and direct the business into exploitable parts of the market;

**3**  the *housekeeper* to keep the business on an even keel as it enters the mature stage to provide efficiency as well as effectiveness;

**4**  the *lemon squeezer* to get the most out of the business as it is in danger of decline.

# 2. Leadership in times of change
## - Leadership and the organizational life cycle

- The idea that organizations at different stages of growth need different leadership approaches has also been taken up by Quinn (1988)

  ➢ see Table 6.2 and Figure 6.6

- An organization will start its life cycle positioned predominantly in the open systems (the 'adhocracy') quadrant of the framework (see Figure 6.6).

- As it grows and develops, it will include the elements of the human relations model (the 'team') and a focus on productivity and accomplishment from the rational goal model (the 'firm').

# 2. Leadership in times of change
### - Leadership and the organizational life cycle

- As it reaches the stage of formalization, it will become less oriented to the open systems and human relations models and will take on more of the characteristics of the internal process model (the 'hierarchy').

- Finally, in its elaboration of structure stage, it will use elements of all the organizational models, but will refocus, in particular, back to the open systems model.

# 2. Leadership in times of change
## - Leadership and the organizational life cycle

**Table 6.2** Summary of Quinn's four organizational models

| Human relations model (adaptable and internally focused) | Open systems model (adaptable and externally focused) | Rational goal model (stable and externally focused) | Internal process model (stable and internally focused) |
|---|---|---|---|
| Towards:<br>• Flexibility<br>• Decentralization<br>• Differentiation<br>• Maintenance of the socio-technical system | Towards:<br>• Flexibility<br>• Decentralization<br>• Differentiation<br>• Expansion<br>• Competitive position of overall system | Towards:<br>• Centralization<br>• Integration<br>• Maximizing output<br>• Competitive position of overall system | Towards:<br>• Centralization<br>• Integration<br>• Consolidation<br>• Continuity<br>• Maintenance of socio-technical systems |
| Values:<br>• Human resources<br>• Training<br>• Cohesion<br>• Morale | Values:<br>• Adaptability<br>• Readiness<br>• Growth/acquisition<br>• External support | Values:<br>• Productivity<br>• Efficiency<br>• Planning<br>• Goal setting | Values:<br>• Information<br>• Management<br>• Communication<br>• Stability<br>• Control |
| THE TEAM | THE ADHOCRACY | THE FIRM | THE HIERARCHY |

*Source*: Based on Quinn, R. E. (1988), *Beyond Rational Management: Mastering the Paradoxes and Competing Demands of High Performance* (San Francisco, Jossey-Bass, p. 48).

# 2. Leadership in times of change
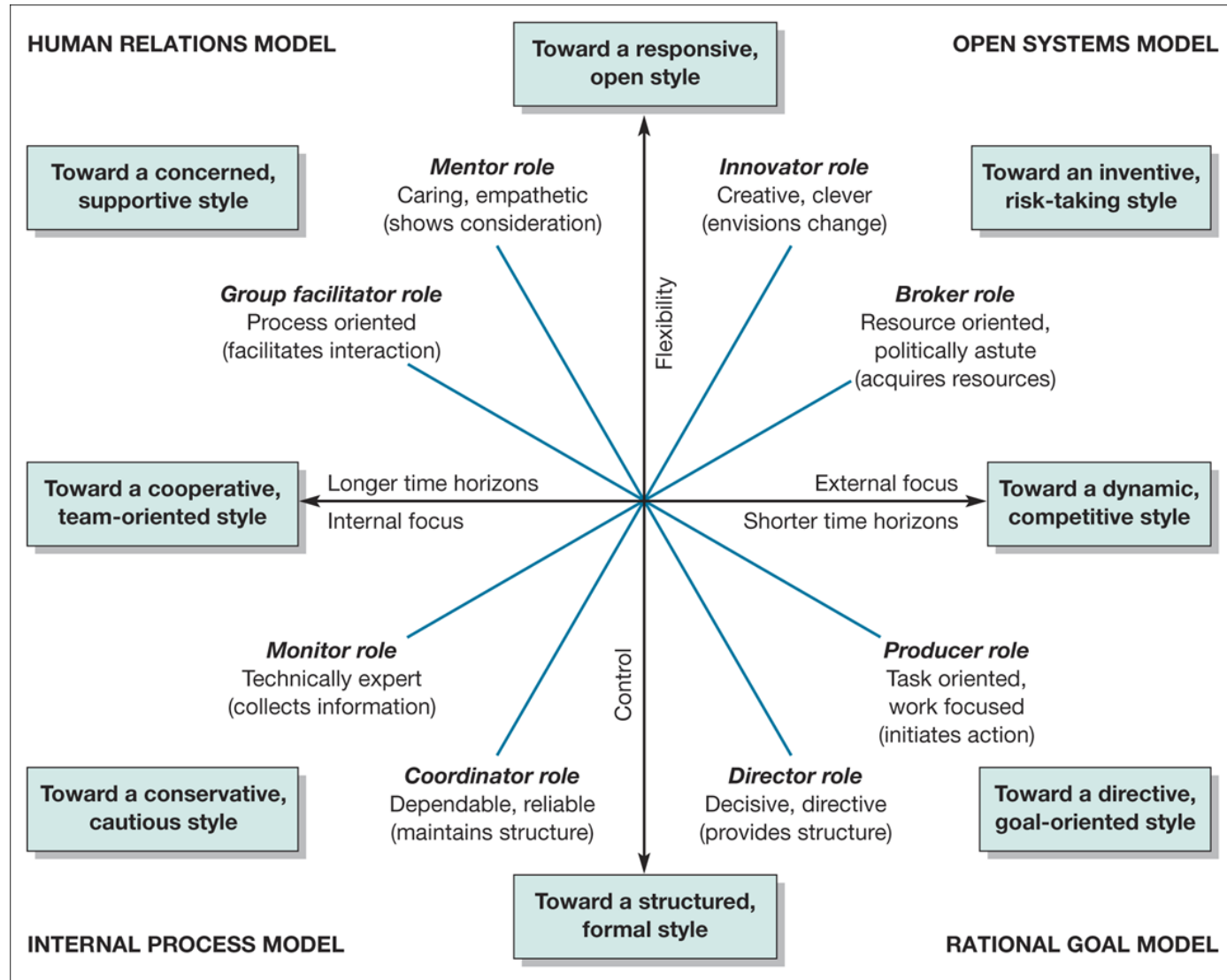## - Leadership and the organizational life cycle



Figure 6.5  The competing values framework of leadership roles

# 2. Leadership in times of change
## - Leadership and the organizational life cycle

- The implications of this life cycle for any organization's management and its leadership approach are shown in Table 6.3.

- In the early stages of an organization's development an inventive risk-taking style – typified by innovative, broker-type behaviour – is most appropriate

- As the organization develops towards an established collectivity, this should be tempered with a style more supportive of employees and more group-oriented – in other words leaders should behave as mentors and group facilitators.

# 2. Leadership in times of change
## - Leadership and the organizational life cycle

- As growth and development continue and the organization enters a more formalized stage, a more conservative, cautious style is suggested and so the roles of monitor and coordinator become most important.

- Finally, in an organization's most elaborated stage, leadership styles are required that are flexible enough to change orientation according to the complex, changing situations within the organization itself, but with an emphasis on resource acquisition and innovation in anticipation of further change.

# 2. Leadership in times of change
## - Leadership and the nature of change

- An examination of Figure 6.7 shows that any style of management can be used with any type of change.

- However, Dunphy and Stace's research with 13 service sector organizations which had gone through large-scale environmental change indicates that,

  ➢ for transformational change at the corporate level, a directive/coercive style of leadership is likely to be most successful.

- What is interesting, however, is Dunphy and Stace's (p. 917) statement that: 'Once this basis for organizational renewal is in place, there is a choice to be made at the corporate level as to the mix of directive and consultative strategies needed to keep the momentum of change.'

- With regard to accompanying change at the business (operational) level, they suggest a more consultative style to win commitment of employees at that level.

# 2. Leadership in times of change
## - Leadership and the nature of change



Figure 6.8  The Dunphy & Stance change matrix

# 2. Leadership in times of change
## - Obstructing and facilitating processes for change

- For the management of any organization that is reacting to, or planning for, change there will be forces acting to facilitate the change and forces acting against it.

- Although these forces are important for any type of change, they become particularly important in the context of frame-breaking or transformational change.

- Newton (1993) discusses a number of processes that, she says, obstruct or facilitate change. Some of these factors and others are given in Illustration 6.9.

# 2. Leadership in times of change
## - Obstructing and facilitating processes for change

**Illustration 6.9: Forces for and against change**

**Driving forces for change:**

**1** *External forces*:
- role of the state
- social pressures
- changing technology
- constraints from suppliers
- stakeholder demands
- competitor behaviour
- customer needs.

**2** *Internal forces*:
- organizational growth
- pressures for increased performance
- managerial aspirations
- political coalitions
- redesign of jobs
- restructuring.

# 2. Leadership in times of change
## - Obstructing and facilitating processes for change

### Illustration 6.9: Forces for and against change

**Driving forces against change**

**1 *Individual resistance*:**
- fear of the unknown
- dislike of the uncertainty and ambiguity surrounding change
- potential loss of power base
- potential loss of rewards
- perceived lack of skills for new situation
- potential loss of current skills

**2 *Internal forces*:**
- inertial forces deriving from the nature of organizations
- interlocking aspects of structure, control systems, rituals and routines, signs and symbols
- inertial forces deriving from group norms potential loss of group power bases
- entrenched interests of stakeholders
- lack of organizational capability
- lack of resources
- threat to resource allocations.

# 2. Leadership in times of change
## - External and internal forces associated with change

- Forces for change originating in the external environment together with internal forces, such as the need for new product development or restructuring to accommodate new technological processes, are likely to facilitate change in that they are the triggers for change.

- However, these forces may be counteracted by other forces that resist change; for instance those listed in Illustration 6.9 which, themselves, may be externally or internally generated.

- However, the role of leading change is more likely to be concerned with resistance from inside the organization (which can be from individuals or be organizationally generated), this being the type of resistance most immediately manageable.

# 2. Leadership in times of change
## - External and internal forces associated with change

- It is clear from an inspection of the factors listed in Illustration 6.9 that, for specific change situations, some forces will be stronger than others.

- One technique for depicting the range and strength of forces for and against change is that of ***force field analysis***.

- Force field analysis is based on the idea that, in any change situation, there are forces supporting change and forces opposing it.

- The theory, upon which the technique is based, implies that when the balance of the two sets of forces is equal, no change will occur.

  - Thus it is argued that, if change is desired, the forces supporting change need to be strengthened and those opposing change weakened.

- Figure 6.8 (next slide) is a generic representation of a force field diagram, while Illustration 6.10 outlines the steps necessary for carrying it out.


- ***Refer to handout, page 288, Senior (Illustration 6.10)***

# 2. Leadership in times of change
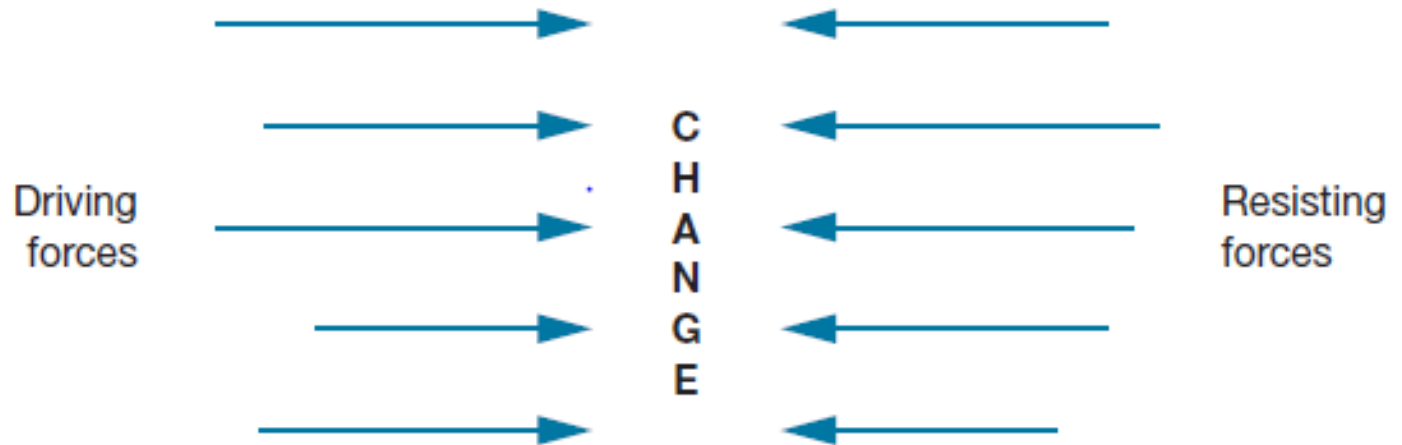## - External and internal forces associated with change



**Figure 6.8** A force field diagram

# 2. Leadership in times of change
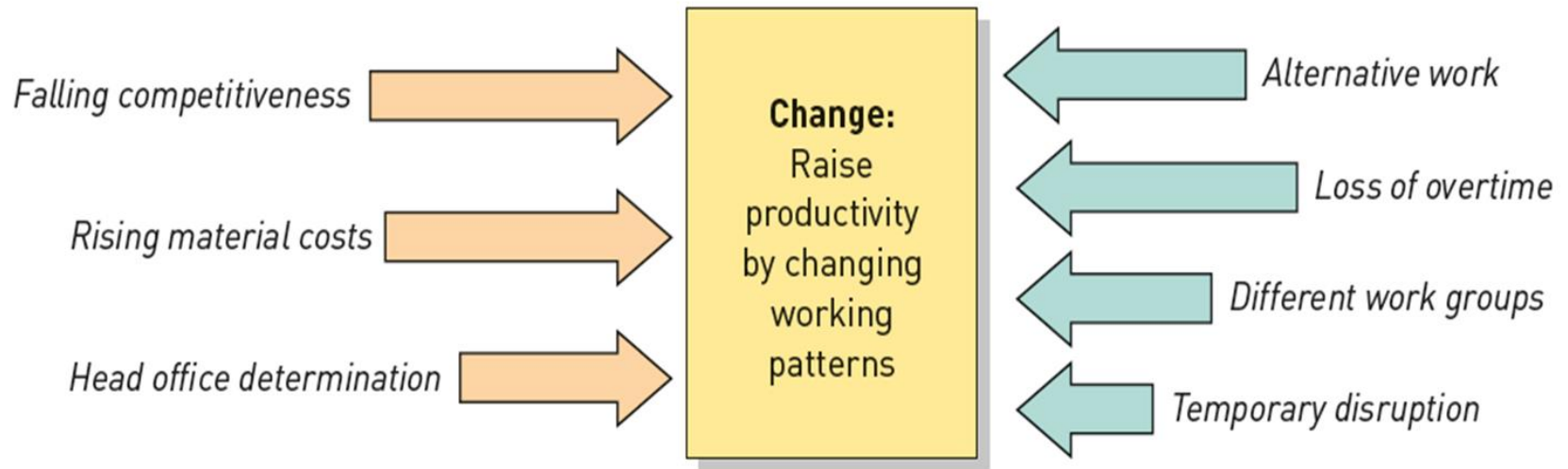## - External and internal forces associated with change



Figure 6.9  A force field diagram

# 2. Leadership in times of change
## - Responding to resistance to change

- Leadership can be conceptualized in terms of its three main functions within a group or organization (Open University, 1996, p. 38):

  **1** the *strategic* function: developing a sense of direction in the group or organization;

  **2** the *tactical* function: defining the tasks necessary to achieve the group's or the organization's goals and making sure that these tasks are carried out effectively;

  **3** the *interpersonal* function: maintaining the morale, cohesion and commitment of the group or organization.

# 2. Leadership in times of change
## - Responding to resistance to change

- The advice on what to do given by Beer *et al.* (1990) and on what *not* to do given by Kotter (1995) clearly overlap in content and intent and each element of advice is offered as relevant for all situations.

- By contrast, an earlier article by Kotter and Schlesinger (1979) is more circumspect in detailing a range of different approaches for dealing with resistance to change:

  ➢ education and communication

  ➢ participation and involvement

  ➢ facilitation and support

  ➢ negotiation and agreement

  ➢ manipulation and cooptation

  ➢ explicit and implicit coercion.

# 2. Leadership in times of change
## - Responding to resistance to change

## Illustration 6.11

### Six steps to effective change

1  Mobilize commitment to change through joint diagnosis of business problems.

2  Develop a shared vision of how to organize and manage for competitiveness.

3  Foster consensus for the new vision, competence to enact it and cohesion to move it along.

4  Spread revitalization to all departments without pushing it from the top.

5  Institutionalize revitalization through formal policies, systems and structures.

6  Monitor and adjust strategies in response to problems in the revitalization process.

*Source*: Beer, M., Eisenstat, R. A. and Spector, B. (1990), 'Why change programmes do not produce change', *Harvard Business Review*, November–December, vol. 68, no. 6, pp. 158–66.

# 2. Leadership in times of change
## - Responding to resistance to change

**Illustration 6.12**

## Why transformation efforts fail

According to Kotter (1995), transforming organizations fail through:

1  not establishing a great enough sense of urgency;

2  not creating a powerful enough coalition;

3  lacking a vision;

4  undercommunicating by a factor of ten;

5  not removing obstacles to the new vision;

6  not systematically planning for and creating short-term wins;

7  declaring victory too soon;

8  not anchoring changes in the corporation's culture.

*Source*: Kotter, J. P. (1995) 'Leading change: why transformation efforts fail', *Harvard Business Review*, March–April, vol. 73, no. 2, pp. 59–67.