

**LEADERSHIP AND CHANGE MANAGEMENT**  
**COURSE CODE: MGMT–1064 CREDIT HOUR: 3**  
**(ECTS = 5)**



**DEPARTMENT OF MANAGEMENT COLLEGE**  
**BUSINESS AND ECONOMICS ARBA MINCH**  
**UNIVERSITY DISTANCE MODULE**  
**COLLEGE OF CONTINUING AND DISTANCE EDUCATION**

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**ARBA-MINCH, ETHIOPIA**  
**JANUARY-2020 G.C.**

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**DISTANCE MODULE**

**COLLEGE OF CONTINUING AND DISTANCE EDUCATION**

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## About The Course Module

### Course Module Description

**D**ear distance students!, well come to the course Leadership and Change Management. This course module is about leadership, conflict and management of change, the three subjects which have great impact in organizations. This course module introduces learners with leadership and change management overall concepts and knowledge's which are very necessities for the responsibility of an effective leader. It also presents the concept of conflict and conflict management, and makes the students know to the overall concepts in BPR, TQM, BSc, Kaizen, Lean Management and Six- Sigma business change management system

To properly understand the issues discussed in each chapters and to best achieve the objective of the course, you will be required to devote ample time to study. The course also requires active participation in all leadership and change management tutorial classes and/or activities as well as short deliverables throughout the course. This module will have the following three parts. These are:

**Module Part-I: -** Leadership Overviews, Leadership Styles and Theories

**Module Part-II: -** Conflict and Conflict Management

**Module Part-III: -** Change and Change Management, Types of Change

The first part of the module is designed in such a way that the reader will be exposed to such issues as the overview, meaning, nature, characteristics and significance of leadership as well as difference and similarities of Leadership and Management Also discuss the qualities, factors, power sources of leadership with its contribution for good governance and development. The part one also discusses the different styles & theories of leadership. To achieve its objective the module part one is divided in to two chapters which further divided in to different sections and sub- sections. The second parts of the module, deals with conflict and conflict management. The part is divided in to different sections and sub- sections such as; meaning, nature, outcomes, transitions, source and types of conflict and also includes conflict management aspects and the importance and factors of interpersonal relationship management. The third parts of this module,

## Leadership & Change Management

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focuses with change & change management. These parts are divided into two chapters which have their own sections and subsections.

To support you in your learning efforts, each module parts includes numerous learning activities, in-text questions, self-check exercises glossaries and checklists. If the student is to get the maximum benefit out of the material s/he is strongly advised to make use of these learning aids. For the reader to cross check the answers for self- check questions given in the module, possible answers are provided at the end of module.

It is our belief that the material will be interactive, lucid self- contained and self- explanatory. It will help you easily understand both broad and narrow issues in the field of leadership and change management that is needed to be a good candidate to assume positions leadership and other related posts.

### **Course Module Objectives:**

After completion of this course module, the student

-  Define what leadership is and how it is applied at all levels of management
-  Understand the basics concepts of leadership
-  Develop skills in communicating, influencing and negotiating with peers, subordinates and senior managers.
-  Have increased knowledge and skills to design and change work organization, to contribute to working environments in which everyone is able to contribute to organizational learning and success.
-  Have increased awareness of his/her personal leadership style and learn how to develop their leadership capabilities.
-  Have strengthened his/her leadership skills, e.g. interpersonal skills, team development, conflict management, communication and change skills.
-  Become adept at assessing leadership traits and qualities in ourselves and others
-  Has developed the ability to stay informed about current leadership developments and trends
-  Aware the meaning and nature of conflict and know the source and consequences of conflict.

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- ✍ Analyze and understand the key practical and theoretical concepts of managing and resolving conflicts.
- ✍ Understand, analyze and describe the nature of small and large-scale conflicts, and analytically and theoretically understand the types of conflict management styles.
- ✍ Relate the importance of assessing one's own conflict management style and explain the importance of good communication skills; analyze the influence of gender and cultural differences, persuasion, perception and power in conflict resolution.
- ✍ Assist organizations to in changing their organization to accommodate the changing world.
- ✍ Can explain the relevance of organizational change in the private and public sector, and its central aspects and also understand the importance of effective change management.
- ✍ Understand the major drivers and resistances of organizational change and the role leadership plays in anticipating, planning and navigating organizational change.
- ✍ Realize the concept in BPR, TQM, BSc, Kaizen, Lean Management and Six-Sigma Business Change Management System.

Apply orthodox and critical analyses to the management of people and change and create an environment for life time learning.

### **Competences to be acquired:**

After completing this course module, students will be able to; lead effectively in any organization, manage and resolve conflict effectively and successfully and install change well.

**Pre-requisites:** No Prerequisite course

**Status of the Course:** Core or Major course

### **Course Module Policy:**

- ✘ It is compulsory to come to tutorial class on time and every time.
- ✘ You must do your assignment on time. No late assignment will be accepted.

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You must do your own work and do not copy and get answer form someone else. Please be sure to turn off your cell phones (Mobile) before tutorial class and in exam hall.

### **Mode of instruction**

The course module will be taught through two times tutorials classes, supplemented by home take individual assignment. Teaching methods are presentations, discussions, simulations and a group or individual project involving the analysis of a real life organizational leadership, conflict and change process.

### **Assessment method**

Written exam (70%) and home take individual assignment (30%). Students will be permitted to retake a supplementary examination if they have got **Fx**-grade letter and for other grades as per any decision made and approved by Academic council (AC).

**Keywords:** *Management, Leadership, Governance, Style, Theories, Conflict, Change and Organization*

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## Acronyms/Abbreviations

**AC:** Academic Council

**BATNA:** Best-Alternative

**BPR:** Business-Process-Reengineering

**BSC:** Balanced Score-card

**CAD:** Computer-Aided Design

**CEOs:** Chief-Executive-Officers

**DFSS:** Design-For-Six-Sigma

**DMADV:** Define-Measure-Analyze-Design-Validate

**DMAIC:** Define-Measure-Analyze-Improve-Control

**EIC-Analysis:** Environment-Industry-Company Analysis

**HR:** Human-Resources

**ISO:** International Organization for Standardization

**MBO:** Management-By-Objectives

**MLATNA:** Most-Likely-Alternative

**NGOs:** Non-Governmental Organizations

**PDCA:** Plan-Do-Check-Act

**PESTEL- Analysis:** Political-Economic-Social- Technological-Environmental-Legal Analysis

**ROA:** Return on Asset

**ROI:** Return on Investment

**SWOT - Analysis:** Strength-Weakness-Opportunity and Threats Analysis

**TQM:** Total Quality Management

**US:** United State

**WATNA:** Worst-Alternative

**WTO:** World-Trade Organization

**Icons Used In the Module**



**About The Course Module**



**Chapter Objectives**



**Self Check Exercises**



**Summary**



**Chapter Review Exercises**



**Answer Key for Self Check Chapter Review Exercises**

## CHAPTER ONE

## 1. INTRODUCTION TO LEADERSHIP

**Structure**

Learning Objectives

Chapter Introduction

**1.1** Concepts on Leadership and Governance**1.2** Overview of Leadership**1.2.1** Definition of Leadership**1.3** Leadership versus Management**1.3.1** Differences Between a Boss and a Leader**1.4** What Makes Effective Leader?**1.4.1** Seven Personal Qualities Found In a Good Leader**1.5** Factors of Leadership**1.6** Power as a Source of Leadership Influence**1.6.1** The Consequences of Power**1.7** Leadership for Good Governance &  
Development Chapter Summary  
Self-Check Exercise**Learning Objectives:**

After you have completed chapter one of the course, you will be able:

- Define leadership
- Differentiate leadership and management
- Describes the significance of leadership
- Identify the characteristics of effective leaders
- List and explain the factors of leadership
- Mention the bases of leadership power to influence
- Identify the contribution of leadership for good governance and development

**Chapter Introduction**

**D**ear learners, how do you do? Today you are about to start exploring all fascinating issues of leadership and to get answers for the questions that have been ringing in your mind for long period. You may say a lot about your boss's leadership behavior. Some may exhibit good leadership character and others may be to the rivers as per your perception. But do you know what characteristics exactly good and bad leaders exhibit?

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## 1.1 Concepts on Leadership and Governance

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People are the most important source in an organization. To achieve organizational objectives HR should be directed towards the accomplishment of goals. Hence, the successful achievement of organizational objectives is greatly the manifestation of the managers' ability to lead employees.

Effective leadership and good governance determines the development of organizations and nations at large. Now, a good leader or governor will not disappoint his followers, he must have the interest of his people at heart, he must be passionate, feel the pains of the poor, hear the cry of the helpless and come for help, create job opportunities for jobless people. A good leader must be able to render selfless service and desist from selfishness, he must make provision for training and empowering his people and encourage self-employment, he must be serious with issues that concerns the youths as they are the future leaders and should not look down on the adults.

By the way, what is leadership? What is the difference between leadership and management? What are the characteristics of good leaders? What are the contributions of effective leaders for good governance? Dear students! In this chapter, you will get all the answers for the above questions. This chapter deals with the meaning the nature, definition, the difference between leadership and management, characteristics, significances of good leadership and contribution of effective leaders for good governance and development.

At the end of this unit you will get self-checking exercises. These exercises are set to test your level of understanding of the topics covered in this chapter. We strongly advise you to attempt them before you proceed to read the next chapter.

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## 1.2 Overview of Leadership

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To inspire your workers into higher levels of teamwork, there are certain things you must be, know, and, do. These do not come naturally, but are acquired through continual work and study. Good leaders are continually working and studying to improve their leadership skills; they are NOT resting on their laurels.

Although your position as a manager, supervisor, leader, etc. gives you the authority to accomplish certain tasks and objectives in the organization, this power does not make you a leader, it simply makes you the boss. Leadership differs in that it makes the followers want to achieve high goals, rather than simply bossing people around.

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### 1.2.1 Definition of leadership

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#### ? Self-Check Exercise 1:

Dear learner, using few words, tries to write down your own definition for leadership below.

\_\_\_\_\_

What is leadership?

Very Good! You might have heard the term leadership in you daily life/work place. Even you may have some knowhow from the previous management courses.

There are almost as many definitions of leadership. Dictionaries define leading as "guiding and directing on a course" and as "serving as a channel." A leader is someone with commanding authority or influence. For the longest time, leadership was viewed as the domain of battle and sport fields. Researchers, for their part, have developed many working definitions of leadership. Although these definitions share much in common, they each consider different aspects of leadership.

Some define leadership as an integral part of the group process. Others define it primarily as an influence process. Still others see leadership as the initiation of structure and the instrument of goal achievement. Several even consider leaders to be servants of their followers. Therefore, Leadership can be observed, studied, dissected, and learned from so many sources, angles, and analogies.

**Leadership** is a process by which a person influences others to accomplish an objective and directs the organization in a way that makes it more cohesive and coherent. Leaders carry out this process by applying their leadership attributes, such as beliefs, values, ethics, character, knowledge, and skills.

**Table 1.1: Definitions of Leadership**

|   |
|---|
| <ul style="list-style-type: none"> <li>◆ Leadership is “the behavior of an individual . . . directing the activities of a group toward a shared goal.” (Hemphill &amp; Coons, 1957, pg. 7)</li> <li>◆ Leadership is “the influential increment over and above mechanical compliance with the routine directives of the organization.” (Katz &amp; Kahn, 1978, pg. 528)</li> <li>◆ “Leadership is exercised when persons . . . mobilize . . . institutional, political, psychological, and other resources so as to arouse, engage, and satisfy the motives of followers.” (Burns, 1978, pg. 18)</li> <li>◆ “Leadership is realized in the process whereby one or more individuals succeed in attempting to frame and define the reality of others.” (Smircich &amp; Morgan, 1982, pg. 258)</li> <li>◆ Leadership is “the process of influencing the activities of an organized group toward goal achievement.” (Rauch &amp; Behling, 1984, pg. 46)</li> <li>◆ “Leadership is about articulating visions, embodying values, and creating the environment within which things can be accomplished.” (Richards &amp; Engle, 1986, pg. 206)</li> <li>◆ “Leadership is a process of giving purpose (meaningful direction) to collective effort, and causing willing effort to be expended to achieve purpose.” (Jacobs &amp; Jaques, 1990, pg. 281)</li> <li>◆ Leadership “is the ability to step outside the culture . . . to start evolutionary change processes that are more adaptive.” (Schein, 1992, pg. 2)</li> <li>◆ “Leadership is the process of making sense of what people are doing together so that people will understand and be committed.” (Drath &amp; Palus, 1994, p. 4)</li> <li>◆ Leadership is “the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organization. . . .” (House et al., 1999, pg. 184)</li> </ul> |
|---|

These definitions suggest several components central to the phenomenon of leadership. Some of them are as follows: (a) Leadership is a process, (b) leadership involves influencing others, (c) leadership happens within the context of a group, (d) leadership involves goal attainment, and (e) these goals are shared by leaders and their followers. The very act of defining leadership as a process suggests that leadership is not a characteristic or trait with which only a few, certain people are endowed with at birth. Defining leadership as a process means that leadership is a transactional event that happens between leaders and their followers.

Viewing **leadership as a process** means that leaders affect and are affected by their followers either positively or negatively. It stresses that leadership is a two-way, interactive event between leaders and followers rather than a linear, one-way event in which the leader only affects the followers. Defining leadership as a process makes it available to everyone—not just a select few who *are born with it*. More important, it means that leadership is not restricted to just the one person in a group who has formal position power (i.e., the formally appointed leader).

**Leadership is about influence**—the ability to influence your subordinates, your peers, and your bosses in a work or organizational context. Without influence, it is impossible to be a leader. Of course, having influence means that there is a greater need on the part of leaders to exercise their influence ethically.

**Leadership operates in groups.** This means that leadership is about influencing a group of people who are engaged in a common goal or purpose.

**Leadership includes the achievement of goals.** Therefore, leadership is about directing a group of people toward the accomplishment of a task or the reaching of an endpoint through various, ethically based means. Leaders direct their energies and the energies of their followers to the achievement of something together—for example, hockey coaches working with their players to win a championship, to win their conference, to have a winning (better than 0.500) season, or to have a better won-lost percentage than last season. Thus, leadership occurs, as well as affects, in contexts where people are moving in the direction of a goal.

**Leaders and followers share objectives.** Leadership means that leaders work with their followers to achieve objectives that they all share. Establishing shared objectives that leaders and followers can coalesce around is difficult but worth the effort. Leaders who are willing to expend time and effort in determining appropriate goals will find these goals achieved more effectively and easily if followers and leaders work together. Leader imposed goals are generally harder and less effectively achieved than goals developed together.

Therefore, leadership is about working with people to do new things in a world which is increasingly complex and fast changing. We need organizations that are flexible and sustainable, and organizations are made up of individuals. Leadership is not necessarily linked to authority. It

is about mobilizing people to tackle the toughest problems and to do their best work. Leadership is embedded in every one of us, but the key is to unlock our personal passion which will give us the courage to do things that appear difficult, uncertain or even unpopular.

### 1.3 Leadership versus Management

#### ? Self-Check Exercise 2:

Do you think leadership and management are similar or different? Why?

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Very Good try indeed! Leadership is similar to, and different from, management. They both involve influencing people. They both require working with people. Both are concerned with the achievement of common goals. However, leadership and management are different on more dimensions than they are similar.

Because leadership is used to describe both a process and a position, it is useful to remember that *the distinction is between leadership and management, not leaders and managers*. While some may excel at one more than the other, most persons in positions of responsibility within an organization, whether described as ‘leaders’ or ‘managers’, exercise both leadership and management in their roles.

For a quick review, the definition of leadership is a process whereby an individual influences a group of individuals to achieve a common goal. Breaking this down even more, while there are a variety of leadership definitions out there, there are specific components that are central to the majority of these definitions. Leadership:



Is a process



Involves influence



Occurs in a group context (you need to have at least one constituent)



Involves goal attainment

For most, the definition of management is seen quite differently. This doesn't mean that an individual can't hold both management and leadership responsibilities simultaneously, but management is considered a term separate from leadership. The definition of management is to exercise executive, administrative, and supervisory direction of a group or organization.

Leadership and management share many similarities. Both leadership and management involve influence, working with people, and working with effective goal management. However, the fields of leadership and management can also be considered very different. According to John Kotter (1988), leadership can be considered an age-old concept that has been around for centuries, while management is a concept developed in the last 100 years, in part from the rise of the industrial revolution. Here he distinguishes leadership from management. Effective management carefully plans the goal of an organization, recruits the necessary staff, organizes them, and closely supervises them to make sure that the initial plan is executed properly.

Successful leadership goes beyond management of plans and tasks. It envisions the future and sets a new direction for the organization. Many other scholars share Kotter's viewpoint in differentiating between management and leadership:

Management means setting objectives and focusing on consistently producing key results through planning and budgeting, organizing and staffing, and controlling and problem-solving. Leadership focuses on potential - creating and supporting change to vitalize the organization by establishing direction, aligning people, and motivating and inspiring.

It is important for organizations to realize the distinction and balance between leadership and management because today's and tomorrow's marketplace will demand firms to both thrive on challenges and deliver consistent results, to address both the magnitude of change and the complexity of the environment.

The net result of the many forces increasing the change and complexity in the business environment is that doing what was done yesterday, or doing it 5% better, is no longer a formula for success. Organizational success today requires skills and strategies that most people did not need in the relatively benign 1950s, 60s, and 70s. Firms do not appear to have the requisite

leadership development practices mostly because until recently organizations did not need that many people to handle their leadership challenges. More change always demands more leadership, balanced with effective management.

Successful leaders mobilize all possible means and human resources; they inspire all members of the organization to support the new mission and execute it with enthusiasm. When an organization faces an uncertain environment, it demands strong leadership. On the other hand, when an organization faces internal operational complexity, it demands strong management.

**Table 1.2: Summary of difference between leadership and management**

| <b>Leadership</b>  | <b>Management</b>  |
|--|--|
| Create a vision.   | Concentrate on doing things efficiently.   |
| Working <b>on</b> the system.  | Working <b>in</b> the system.  |
| Create opportunities   | React to opportunities   |
| Leaders have followers.  | Managers have subordinates.  |
| Leaders are inspirational & Charismatic.   | Managers are productive and effective.   |
| Change organizational rules.   | Enforce organizational rules.  |
| Manage the changes, external or internal.  | Manage the complexity of tasks & the organization structure.   |
| Leaders empower followers.   | Manager's control subordinates.  |
| People are lead  | Projects are managed.  |
| Align the organization to the vision   | Organize teams, allocate resources, build & execute plans to achieve the objectives.                       |
| Synthesis, put together all then issues and solve them holistically (bottom-up approach) | Analyzes the issues by breaking them into smaller problems and then solve each of them (top-down approach) |
| Coach followers, create self-leaders and empower them                                    | Control people by pushing them in the right direction, provide instructions and coordinate effort          |

### 1.3.1 Differences Between a Boss and a Leader

#### ? Self-Check Exercise 3:

Do you think a leader and a boss are similar or different? Why?

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Some people might use the terms —boss| and —leader| interchangeably, but that’s not entirely accurate. There’s a huge difference between what makes a boss and what makes a leader. They act very differently in a whole number of ways — they adopt different management styles, build different relationships, and make different decisions. The key factor behind the success of any organization is the quality of leadership exhibited to the employees, which motivates them to do better. A boss is always a manager who has his subordinates, whereas a leader is the essence of the group who inspires it and motivates each colleague individually. In other word, a boss manages their employees, while a leader inspires them to innovate, think creatively, and strive for perfection. Every team has a boss, but what people need is a leader who will help them achieve greatness. None of that makes them a leader, however.

The good news is that bosses can become leaders, and doing so should become a priority for those who want to effectively lead in the workplace. By learning the key differences and applying them to the job, bosses can become the type of leaders who recruit and retain top talent while also cultivating employee growth and increasing a company’s bottom line.

So what characteristics differentiate a boss from a leader? The following represents some key distinctions between the two.

**Table 1.3: Summary of differences between a boss and a leader**

| <b>A Boss</b>               | <b>A Leader</b>                     |
|-----------------------------|-------------------------------------|
| Tells what to do.           | Tells why to do and how to do.      |
| Relies on authority.        | Depends on goodwill.                |
| Drives his men.             | Inspires his men.                   |
| Delegates responsibility.   | Delegates authority only.           |
| Shows who is wrong.         | Shows what is wrong.                |
| Demands respect.            | Commands respect.                   |
| Production oriented.        | People oriented.                    |
| Blames others for failures. | Gives all credit for all successes. |
| Believes in —I.             | Believes in —WE.                    |

In general, a leader is a person who leads his followers, inspires, motivates and guides them in different matters. On the other hand, a boss is someone who is the owner of the business or is appointed by the owners as an in charge of the workplace. The difference between these two is a matter of psychology, i.e. it's about the vision through which we see the world.

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## **1.4 What Makes Effective Leader?**

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How often have you heard the comment, —He or she is a born leader? There are certain characteristics found in some people that seem to naturally put them in a position where they're looked up to as a leader.

Whether in fact a person is born a leader or develops skills and abilities to become a leader is open for debate. There are some clear characteristics that are found in good leaders. These qualities can be developed or may be naturally part of their personality. Let us explore them further.

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### **1.4.1 Seven Personal Qualities Found In A Good Leader**

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1. A good leader has an exemplary character. It is of utmost importance that a leader is trustworthy to lead others. A leader needs to be trusted and be known to live their life with honesty and integrity. A good leader —walks the talk and in doing so earns the right to have responsibility for others. True authority is born from respect for the good character and trustworthiness of the person who leads.

2. A good leader is enthusiastic about their work or cause and also about their role as leader. People will respond more openly to a person of passion and dedication. Leaders need to be able to be a source of inspiration, and be a motivator towards the required action or cause. Although the responsibilities and roles of a leader may be different, the leader needs to be seen to be part of the team working towards the goal. This kind of leader will not be afraid to roll up their sleeves and get dirty.
3. A good leader is confident. In order to lead and set direction a leader needs to appear confident as a person and in the leadership role. Such a person inspires confidence in others and draws out the trust and best efforts of the team to complete the task well. A leader who conveys confidence towards the proposed objective inspires the best effort from team members.
4. A leader also needs to function in an orderly and purposeful manner in situations of uncertainty. People look to the leader during times of uncertainty and unfamiliarity and find reassurance and security when the leader portrays confidence and a positive demeanor.
5. Good leaders are tolerant of ambiguity and remain calm, composed and steadfast to the main purpose. Storms, emotions, and crises come and go and a good leader takes these as part of the journey and keeps a cool head.
6. A good leader as well as keeping the main goal in focus is able to think analytically. Not only does a good leader view a situation as a whole, but is able to break it down into sub parts for closer inspection. Not only is the goal in view but a good leader can break it down into manageable steps and make progress towards it.
7. A good leader is committed to excellence. Second best does not lead to success. The good leader not only maintains high standards, but also is proactive in raising the bar in order to achieve excellence in all areas.

These seven personal characteristics are foundational to good leadership. Some characteristics may be more naturally present in the personality of a leader. However, each of these characteristics can also be developed and strengthened. A good leader whether they naturally

possess these qualities or not, will be diligent to consistently develop and strengthen them in their leadership role.

## 1.5 Factors of Leadership

Leadership is often defined as a process of influencing others to accomplish a task by providing purpose, direction, and motivation. A good leader sets the plan in place, organizes resources and makes sure everyone understands what's going on, orients the team members and then lets them go. Leadership is about relationship building. It's not always about a product, technological advance or delivering results; it is more of a human endeavor.

All leaders should be in tune with four key factors of leadership: the leader, the follower, the communication and the situation. All four factors must always be considerations when exercising leadership, but at different moments, they affect each other differently. The key factor in one circumstance may have little importance in another. All four factors of leadership must be used when deciding a course, a direction of action. Mistakes happen when leaders fail to consider all four leadership factors and to see how they affect each other in a particular mission or task.



Figure -1.1: Factors of Leadership

 **Leader:**

You must have an honest understanding of who you are, what you know, and what you can do. Also, note that it is the followers, not the leader who determines if a leader is successful. If they do not trust or lack confidence in their leader, then they will be uninspired. To be successful you have to convince your followers, not yourself or your superiors, that you are worthy of being followed.

 **Follower:**

Different people require different styles of leadership. For example, a new hire requires more supervision than an experienced employee. A person who lacks motivation requires a different approach than one with a high degree of motivation. You must know your people! The fundamental starting point is having a good understanding of human nature, such as needs, emotions, and motivation. You must come to know your employees' be, know, and do attributes.

 **Communication:**

You lead through two-way communication. Much of it is nonverbal. For instance, when you "set the example," that communicates to your people that you would not ask them to perform anything that you would not be willing to do. What and how you communicate either builds or harms the relationship between you and your employees.

 **Situation:**

All situations are different. What you do in one situation will not always work in another. You must use your judgment to decide the best course of action and the leadership style needed for each situation. For example, you may need to confront an employee for inappropriate behavior, but if the confrontation is too late or too early, too harsh or too weak, then the results may prove ineffective.

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## 1.6 Power as a Source of Leadership Influence

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All leadership relies on the use of power to influence others and get things done. Power is often defined as the potential ability of one person to influence others to carry out orders or to do something they otherwise would not have done. Other definitions stress that power is the ability to achieve goals or outcomes that power holder's desire. The achievement of desired outcomes is the basis of the definition used here. Power is the potential ability of one person in an organization to influence other people to bring about desired outcomes. It is the potential to influence others within the organization with the goal of attaining desired outcomes for power holders. Potential power is realized through the processes of politics and influence.

Influence refers to the effect a person's actions have on the attitudes, values, beliefs, or actions of others. Whereas power is the capacity to cause a change in a person, influence may be thought of as the degree of actual change. For example, as a child you may have had the experience of playing a game you didn't really want to play because one person in the group influenced others to do what he or she wanted. Or you may have changed your college major because of the influence of someone important in your life, or shifted your beliefs about some social issue based on the influence of political or religious leaders.

Your capacity to influence others is dependent on the power you have. Without some form of power will not be able to have any influence over others.

There are five potential sources of power:

1. Positional Authority
2. Reward Power (the carrot)
3. Coercive Power (the stick)
4. Expert Power
5. Interpersonal Power

### 1) Positional Authority

It is important for you as a leader to be clear about your positional authority. This includes a solid working knowledge of relevant laws, awards and industrial agreements. This knowledge provides the parameters within which you can exercise command and control. There is no doubt that positional authority is a legitimate and prevalent form of influence within organizations. This is compounded in those countries whose national culture places high emphasis on participatory workplaces. Effective leaders therefore expand their power-base beyond the limits of positional authority.

### 2) Reward Power

Leaders also use rewards to shape the attitudes and behaviors of staff. The use of financial rewards to shape behavior is largely the province of an organizations HR staff. However, all leaders can make use of non-financial reward systems to shape the behavior of their staff. The use of positive rewards to recognize and encourage further repeats of desired behaviors is one of the simplest yet most powerful forms of power a leader can exert.

### 3) Coercive Power

The use of coercive power – that is negative consequences following undesirable or unacceptable behavior has been shown to be effective in reducing the instances of such behavior. It has a place in manager's repertoire, yet it should be used with care and judgment as it has also been shown to have a significant negative impact on subsequent relationships.

### 4) Expert Power

Expertise is also a source of power. People will put more weight on a leader's words when they believe the leader knows what you they talking about. Early levels of leadership typically involve leading staff who have the same professional function as their leader – accountants leading accountants, teachers leading teachers or engineers leading engineers etc. Therefore first level leaders typically have significant expertise power. As leaders move to higher levels of leadership they find themselves leading people whose functional expertise is different and

superior to theirs. Expertise will not be sufficient on its own, however leaders can continue build their expertise power base by:



Keeping up to date with and sharing information on strategic initiatives.



Take part in all relevant development opportunities within your organization.



Read relevant leadership and professional magazines for your industry.



Progressively building your reputation as a competent leader.

## 5) Interpersonal Power

Interpersonal power refers to your ability to influence others' behavior simply because of the relationship they have with you. A thank-you from someone who counts is more powerful than a thank-you from someone who doesn't. Expressed disappointment by someone a staff member holds a leader in high regard is more effective than the same statement made by someone the staff member does not care about.

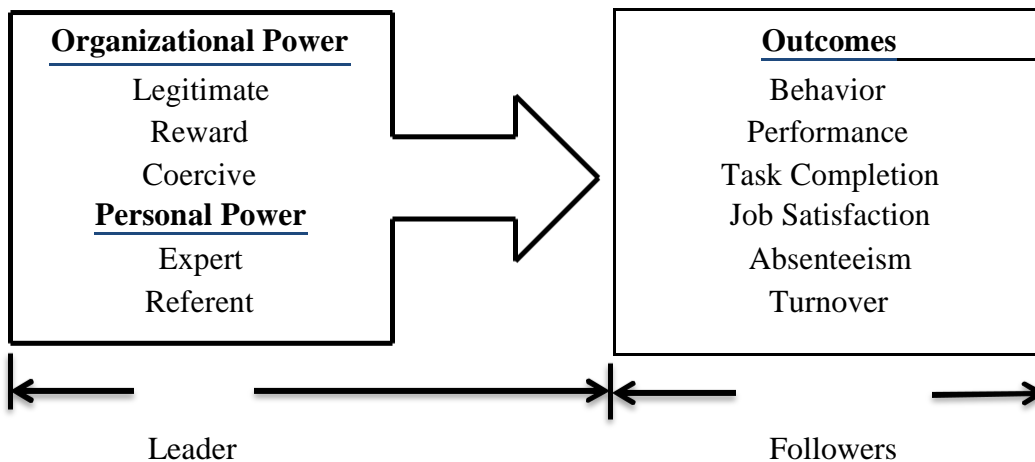


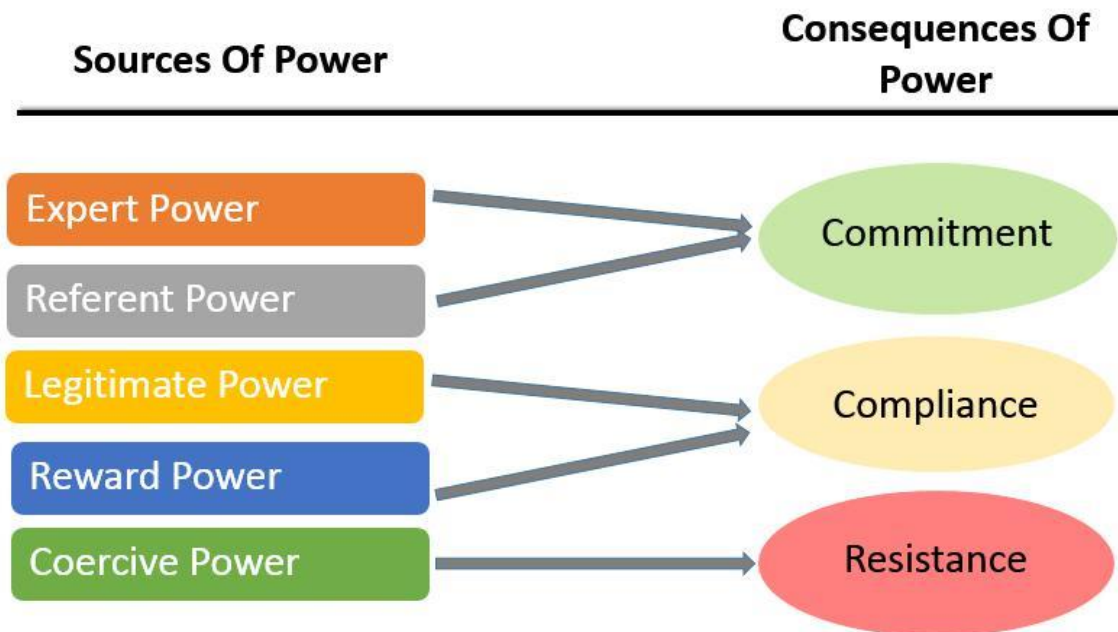
Figure-1.2: Sources of a leader's power and its outcomes

### 1.6.1 The Consequences of Power

Generally, power is the ability to cause or prevent an action, make things happen; the discretion to act or not act. Ability conferred on a person by law to determine and alter (by his or her own will) the rights, duties, liabilities, and other legal relations, of himself or others. Power is the ability to do something or act in a particular way, especially as a faculty or quality. In other

word, power is the capacity or ability to direct or influence the behavior of others or the course of events. —Power refers to a capacity that A has to influence the behavior of B so that B acts following A's wishes.

Power and consequence are often closely related. The basic principle is that a person with power has the ability to create consequences for the target person, who takes these consequences into account when they are deciding whether to comply with a request or refuse it.



**Figure-1.3:** Power and consequence

Commitment is the likely outcome when the follower identifies with the leader and accepts the leader's power attempt. Compliance is probably the outcome when the subordinate is willing to accept the leader's desires, provided acceptance does not require extra effort on the subordinate's part. Resistance is the usual outcome when the subordinate is unwilling to comply and may even deliberately neglect to ensure that the leader's wishes are not realized.

**Table 1.4: Three potential outcomes of a person's attempted use of power**

| Sources of Leader Influence | Types of outcome   |   |  |
|-----------------------------|--|---|--|
|                             | Commitment   | Compliance  | Resistance   |
| Referent Power              | Likely, if the request is believed to be important to the leader                     | Possible, if the request is perceived to be unimportant to the leader                       | Possible, if the request is for something that will bring harm to the leader             |
| Expert Power                | Likely, if the request is persuasive and subordinates share the leader's task goals. | Possible, if the request is persuasive but the subordinates are apathetic about task goals. | Possible, if the leader is arrogant and insulting, or the subordinates oppose task goals |
| Legitimate Power            | Possible, if the request is polite and very appropriate.                             | Likely, if request or order is seen as legitimate   | Possible, if arrogant demands are made or request does not appear proper.                |
| Reward Power                | Possible, if used in a subtle, very personal way.                                    | Likely If used in a mechanical, impersonal way.   | Possible If used in a manipulative, arrogant way.  |
| Coercive Power              | Very unlikely  | Possible, if used in a helpful, non-punitive way  | Likely, if used in a hostile or manipulative way.  |

## 1.7 Leadership for Good Governance and Development

### ? Self-Check Exercise 4:

What do you think about the importance of leadership for good governance and development? Discuss their relationships?

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## Good Governance

The concept of "governance" is not new. It is as old as human civilization. Simply put "governance" means: the process of decision-making and the process by which decisions are implemented (or not implemented). Governance can be used in several contexts such as corporate governance, international governance, national governance and local governance.

Since governance is the process of decision-making and the process by which decisions are implemented, an analysis of governance focuses on the formal and informal actors involved in decision-making and implementing the decisions made and the formal and informal structures that have been set in place to arrive at and implement the decision

Government is one of the actors in governance. Other actors involved in governance vary depending on the level of government that is under discussion. In rural areas, for example, other actors may include influential land lords, associations of peasant farmers, cooperatives, NGOs, research institutes, religious leaders, finance institutions political parties, the military etc. At the national level, in addition to the above actors, media, lobbyists, international donors, multi-national corporations, etc. may play a role in decision-making or in influencing the decision-making process.

All actors other than government and the military are grouped together as part of the "civil society." In some countries in addition to the civil society, organized crime syndicates also influence decision-making, particularly in urban areas and at the national level. The important role that leaders play in supporting effective governance, by promoting interagency collaboration and focusing on local issues and outcomes, is identified in both the literature and case studies.

A key element in good governance is the quality of leadership as measured by the degree of commitment, vision, transparency, efficiency and accountability in discharging the responsibilities of an organization. Effective leadership contributes to effective governance by encouraging cooperation. Good governance needs leadership. Leadership is about having a clear sense of the right direction for an organization and being able to guide others towards it. Therefore, Leadership is not about power or control.

Good leaders are enablers and consensus builders who serve the interests of others, whether it's the members of a business or the citizens of a country. Leaders need to earn confidence and trust if they are to win support for the direction they want to set. We call this leadership by consent. In this manner, leadership and good governance are inseparable in all respects of human life.

Effective leadership and good governance determines the development of organizations and nations at large. Now, a good leader or governor will not disappoint his followers, he must have the interest of his people at heart, he must be passionate, feel the pains of the poor, hear the cry of the helpless and come for help, create job opportunities for jobless people. A good leader must be able to render selfless service and desist from selfishness, he must make provision for training and empowering his people and encourage self-employment, he must be serious with issues that concerns the youths as they are the future leaders and should not look down on the adults.

At all costs, good governance and leadership promotes education, agriculture, ensure stability of power, construct good roads for safe and easy transportation and make the cost of transportation affordable especially for people in rural areas, provide good water, good security system, and make the cost of living affordable for the masses. Ensure peace, unity and maintain transparency. In business organizations also, good leadership plays a pivotal role in that it makes sustainable and socially responsible business.



## SUMMARY



Leadership is a process by which a person influences others to accomplish an objective and directs the organization in a way that makes it more cohesive and coherent.



Leadership and management share many similarities. Both leadership and management involve influence, working with people, and working with effective goal management.

The difference between what makes a boss and what makes a leader is a matter of psychology, i.e. it's about the vision through which we see the world. If you are playing the role of a boss, you need to be strict with the employees to get the things done from them or else they will start fooling you. On the contrary, being a leader you have to be a good listener and influencer first, you have to play a supporting role to boost the morale of the followers time to time.



Seven Personal Qualities Found In A Good Leader:

1. A good leader has an exemplary character.
2. A good leader is enthusiastic about their work or cause and also about their role as leader.
3. A good leader is confident.
4. A leader also needs to function in an orderly and purposeful manner in situations of uncertainty.
5. Good leaders are tolerant of ambiguity and remain calm, composed and steadfast to the main purpose.
6. A good leader as well as keeping the main goal in focus is able to think analytically.
7. A good leader is committed to excellence. Second best does not lead to success.



All leaders should be in tune with four key factors of leadership: the leader, the follower, the communication and the situation. All four factors must always be considerations when exercising leadership, but at different moments, they affect each other differently.



All leadership relies on the use of power to influence others and get things done. Power is the potential ability of one person in an organization to influence other people to bring about desired outcomes. There are five potential sources of power:

1. Positional Authority
2. Reward Power

3. Coercive Power
4. Expertise
5. Interpersonal Power



Power and consequence are often closely related. The basic principle is that a person with power has the ability to create consequences for the target person, who takes these consequences into account when they are deciding whether to comply with a request or refuse it. The three distinct outcomes that may result from the use of power are: compliance, resistance, and commitment.



A key element in good governance is the quality of leadership as measured by the degree of commitment, vision, transparency, efficiency and accountability in discharging the responsibilities of an organization.



## CHAPTER REVIEW QUESTIONS

### Part –I: True or False Questions

**Say “True”** if the Statement is correct and **“False”** if the statement is incorrect.

1. Leadership is discovering the company's destiny and having the courage to follow it.
2. When an organization faces an uncertain environment, it demands strong leadership.
3. Legitimate power is a person's ability to influence others' behavior by punishing them or by creating a perceived threat to do so.
4. A good leader is committed to excellence and its current best does lead to final success.
5. Effective leadership with good governance determines the development of organizations.

### Part –II: Multiple Choice Questions

**Choose the correct answer** from the given alternative.

1. Which one of the following is not true about leadership?
  - A. Leadership is about influence
  - B. Leadership operates in individually
  - C. Leadership includes the achievement of goals.
  - D. Leaders and followers share objectives.
  - E. None
2. In comparing management and leadership, one of the following best reflects management:
  - A. Controlling subordinates
  - B. Empowering people
  - C. Having followers
  - D. Inspiration and charisma
  - E. All
3. Which qualities of good leader imply a good leader conveys assurance towards the proposed objective inspires the best effort from team members.
 

|  |                            |
|--|----------------------------|
| A. Exemplary character                   | D. Committed to excellence |
| B. Confident                             | E. None                    |
| C. Tolerant of ambiguity and remain calm |                            |
4. \_\_\_\_\_ refers to your ability to influence others' behavior simply because of the relationship they have with you.
 

|                         |                        |
|-------------------------|------------------------|
| A. Positional Authority | D. Expertise           |
| B. Reward Power         | E. Interpersonal Power |
| C. Coercive Power       |                        |
5. Which one related with stick (negative consequences)?
 

|                         |                  |
|-------------------------|------------------|
| A. Positional Authority | D. Expertise     |
| B. Reward Power         | E. Interpersonal |
| C. Coercive Power       |                  |



## CHAPTER TWO

## 2. LEADERSHIP STYLES AND THEORIES

**Structure**

Learning Objectives

Chapter Introduction

2.1 Types of Leadership Styles

2.2 Leadership Theories

2.2.1 Great Man Theory

2.2.2 Trait Theory

2.2.3 Behavioral Theory

2.2.4 Contingency Theory

2.3 Transformational, Transactional &amp; Servant Leadership

2.3.1 Transformational Leadership

2.3.2 Transactional Leadership

2.3.3 Servant Leadership

2.4 Leadership Skills &amp; Competencies

2.5 Good Leadership Vs. Bad Leadership

Chapter Summary

Self-Check Exercise

**Learning objectives:**

At the end of this chapter, you will be able:

- ✍ Define the meaning of leadership style
- ✍ Identify the different types of leadership styles
- ✍ Differentiate the characteristics each leadership styles
- ✍ Understand the different leadership theories
- ✍ Identify leadership skills and competencies
- ✍ Differentiate Good Vs. Bad leaders

**Chapter Introduction**

**D**ear students, well come to the second chapter of the course leadership and change management. Before directly moving in to the detail part of this chapter I have a question.

Which president/prime minister you appreciate among the world countries either from the past or the present? Why? Yes, some of you may say Obama, some of you may say P/m Meles Zenawi,

some others may say Mengistu H/Mariam, and others may say Mandela and so on. In whatever cases you are appreciating these peoples leadership quality/way of influencing others to accomplish an objective.

By the way, what is leadership style? What is the difference between good and bad leaders? What are the characteristics of good leaders? What are the different types of leadership skills and competencies? What are the different types of leadership styles and theories? Dear students! In this chapter, you will get all the answers for the above questions. This chapter deals with the types of leadership skills and competencies, different types of leadership styles and theories, characteristics of good leaders and difference between good and bad leaders..

At the end of this chapter you will get self-checking exercises. These exercises are set to test your level of understanding of the topics covered in this chapter. We strongly advise you to attempt them before you proceed to read the next chapter.

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## 2.1 Types of Leadership Styles

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**? Self - Check Exercise 1:**

**Dear Learners;** what does leadership style mean?

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*Leadership style*, more than leadership traits, determines leader effectiveness. Style is related to one's model of organizational behavior. It is considered as pattern of behavior a leader uses to influence employees to achieve organizational goals.

- ✓ *Leadership style* is the behavior exhibited by a leader during influencing subordinates to accomplish organizational objectives.
- ✓ *Leadership style* also implies the ways in which the leaders exercise leadership.
- ✓ *Leadership style* is the ways in which the functions of leadership are carried out.



**Leadership style** is the ways how the leaders behave towards their subordinated in the accomplishment of the work.

No matter what their traits or skills, leaders carry out their roles in a wide variety of styles. Therefore, there are many leadership **styles** from which to choose from a very classical autocratic approach to a very creative, participative approach. Not everything old was bad and not everything new was good. Different styles were needed for different situations and each leader needed to know when to exhibit a particular approach.

The leader's *style* or manner of dealing with the organization's members and communicating with them contributes to or detracts from the group's overall functioning. Leadership styles are also broadly classified based on three points of view: Motivation, Authority and supervision. On the basis of motivation leadership style can be positive or negative style. In positive style a leader motivates his followers to work hard by offering them rewards, for example, higher bonus. In negative styles, a leader forces his followers to work hard and punishes them for lower productivity.

On the basis of **Authority**, leadership styles are divided as follows

### 1) THE BUREAUCRATIC LEADERSHIP STYLE

(Weber, 1905) is very structured and follows the procedures as they have been established. This type of leadership has no space to explore new ways to solve problems and is usually slow paced to ensure adherence to the ladders stated by the company. Leaders ensure that all the steps have been followed prior to sending it to the next level of authority. It is also known as manages “**by the book**”. Everything done according to procedure or policy if not covered by the book, referred to the next level above.

**Most effective** when:



Staff performing routine tasks over and over



Staff needs to understand certain standards or procedures.



Safety or security training conducted



Staff performing tasks that require handling cash

**Ineffective** when:



Work habits form those are hard to break, especially if they are no longer useful



Staff loses their interest in their jobs and in their co-workers



Staff do only what is expected of them and no more

Universities, hospitals, banks and government usually require this type of leader in their organizations to ensure quality, increase security and decrease corruption. Leaders that try to speed up the process will experience frustration and anxiety.

## **2) THE CHARISMATIC LEADERSHIP STYLE**

(Weber, 1905) leads by infusing energy and eagerness into their team members. This type of leader has to be committed to the organization for the long run. If the success of the division or project is attributed to the leader and not the team, charismatic leaders may become a risk for the company by deciding to resign for advanced opportunities. It takes the company time and hard work to gain the employees' confidence back with other type of leadership after they have committed themselves to the magnetism of a charismatic leader.

### **Assumptions**



Charm and grace are all that is needed to create followers.



Self-belief is a fundamental need of leaders.



People follow others that they personally admire.

## **3) AUTOCRATIC (AUTHORITARIAN) LEADERSHIP**

**“Look, I’m the boss around here. I’ll make the decisions and I’ll tell you what I want you to do. You’d better do your job because I’ll be watching your every move.”**

Autocratic leadership is the classical approach to leadership style. Autocratic leadership Style is also known as ‘I’ approach. This type of leadership is practiced by the managers concentrating on power and authority within themselves. Leader expects high degree of compliance by subordinates. A Leader having this style does not consult staff, nor allowed to give any input. He is dogmatic and positive in his approach. Manager exhibiting this type of style has the ability and enforces decision by use of rewards and fear of punishment. As a result, staffs are expected to obey orders without receiving any explanations.

Communication tends to be primarily in one direction from manager to follower. Some autocratic leaders are seen as —benevolent autocrat. Though they listen considerably to their followers’

opinion before making any decision, the decision remains to be their own. They seemingly consider their subordinate's ideas but when it comes to decision making they are more autocratic than benevolent. An advantage of autocratic leadership is the speed of decision-making, as the leader does not have to obtain group members approval. However there appears to be a low morale syndrome on the group members because their views are not given due consideration and may resent the decision and support the same as little as possible.

An autocratic leader is one who dominates and drives his subordinates through coercion, command and the instilling of fear in his followers. An autocratic leader alone determines policies, plans and makes decisions. He demands strict obedience. Such leaders love power and love to use it for promoting their own ends.

They never like to delegate their power for they fear that they may lose their authority. The merits of this type of leadership is that, it can increase efficiency, save time, and get quick results under emergency conditions, chain of command and division of work are clear. The demerits are people are treated machine-like cogs without human dignity, one way communication without feedback and the leader receives little or no input from his sub-ordinates for his decision-making which is dangerous in the current dynamic environment. Generally, this approach is not a good way to get the best performance from a team.

**Characteristics:**

- ✚ Telling others what to do; dominating team members.
- ✚ Using unilateralism to achieve a singular objective.
- ✚ Limiting discussion on ideas and new ways of doing things.
- ✚ Group does not experience teamwork and workers are not involved in decision making.
- ✚ Most people are familiar with this style and easily adopt it.
- ✚ Studies show that productivity is highest under this leadership style while the manager is present, but productivity slumps in the absence of the manager.

**Effective when . . .**

- Time is limited and a call arises for urgent leadership.
- Individuals/group lack skill and knowledge.
- The group does not know each other.

- A new employee is just learning the job and is in a new environment; the leader is competent and a good coach; the employee is motivated to learn a new skill.

**Merits**

Such a leadership style is suitable when subordinates are basically lazy and avoiding duties.



It helps to make quick decisions as decision-making is the prerogative of the leader alone.



As subordinates are under constant threat of disciplinary action, they are always cautious.



Inefficient and insincere workers can easily be identified and removed from service.

**Demerits**

Subordinates normally show resistance to this type of leadership style as it curtails their freedom to act.



It kills initiative to work and results in frustration among workers.



It often gives scope for conflicts between the leader and his followers which is bad for the organization.



At some stage, the subordinates may stop obeying the orders of the leader and start showing their protest. If such a stage is reached, the leader will become helpless.

**Ineffective when:**

Developing a strong sense of team is the goal.



The group members have some degree of skill/knowledge.



The group wants an element of spontaneity in its work.

**4) DEMOCRATIC LEADERSHIP STYLE (“WE APPROACH”)**

This style of leadership is also known as participative leadership. As the name itself indicates, in this style, the entire group is involved in goal setting and achieving it. A democratic leader follows the majority opinion as expressed by his group. Subordinates have considerable freedom of action. The leader shows greater concern for his people’s interest, is friendly and helpful to them. He is always ready to defend their subordinates individually and collectively. This type of leadership encourages people to develop and grow, receives information and ideas from his subordinates to make decisions, and boosts the morale of employees. The demerits of this type of leadership are (1) Some leaders may use this style as a way of avoiding responsibility, (2) Can take enormous amount of time for making decisions.

**Characteristics:**

- Involving group members in planning and carrying out activities.
- Asking before telling, valuing group discussion and input, empowering.
- Promoting a sense of teamwork, encouraging participation and wise delegation, but never losing sight of responsibilities as a leader.
- A sign of strength employees will respect.
- Studies show that productivity is high under democratic leadership—not as high as in an autocratic situation, but the productivity does not drop when the leader is absent.

**Effective when . . .**

- The situation allows sufficient time.
- The group members have some degree of skill or knowledge.
- The leader knows the problem well, but wants to create a team where the employees take ownership of the project; the group is motivated and/or a sense of team exists to gain more commitment.
- The employees know their jobs and want to become part of the team.

**Ineffective when:**

- The group is unmotivated.
- Group members lack skill and knowledge.
- A high degree of conflict is present.

**Merits:**

As the followers are able to participate in the decision-making process, they feel motivated.



The decision finally made is mutually acceptable. The followers, therefore, work for its implementation wholeheartedly.



There is no resistance from the subordinates.



It improves the job attitudes of the subordinate staff.



As the subordinates do not have ill-feelings of any kind, the labour-management relationship is bound to improve.

**Demerits:**

There may be delay in arriving at a decision, as consensus among the individuals is necessary.



Democratic leadership is suitable only if the subordinates are all capable of making worthwhile suggestions. If they are less efficient and prefer to work as per the leader's directions, participative leadership will not serve the purpose.



It may, sometimes, be very difficult to evolve a solution that is acceptable to everyone.

**5) LAISSEZ-FAIRE/FREE-REIN LEADERSHIP STYLE ("LET DO") LEADER**

In this type of leadership, the leaders exercise absolutely no control. He only provides information, materials and facilities to his subordinates. This type of leadership is employee centered and the subordinates are free to establish their own goals and chart out the course of action. This type of leadership can be disaster if the leader does not know well the competence and integrity of his people and their ability to handle this kind of freedom. The Figure below shows the spectrum of leadership styles where at one end there is no freedom for people and full freedom at the other.

**Characteristics:**

- Noninterference in the affairs of others.
- Giving little or no direction to group/individuals and exercising little control over the group.
- Offering opinion only when requested.
- A person does not seem to be in charge.
- Allowing the employees to make the decision.
- This has the lowest level of productivity of all styles of leadership.

**Effective when . . .**

- A high degree of skill and motivation is shown in your group or when an employee is able to analyze the situation and determine what needs to be done, as well as how to do it.
- A sense of team exists.
- The routine is familiar to participants; by handing over ownership, a leader can empower his group to achieve their goals.
- The situation might call for the leader to be at other places doing other things.

**Ineffective when:**

- A low sense of team/interdependence exists.
- Group members have a low degree of skill and knowledge.
- The group expects to be told what to do.

**Merits**

Obviously, as the subordinates have full freedom to act, their level of motivation is bound to be very high.



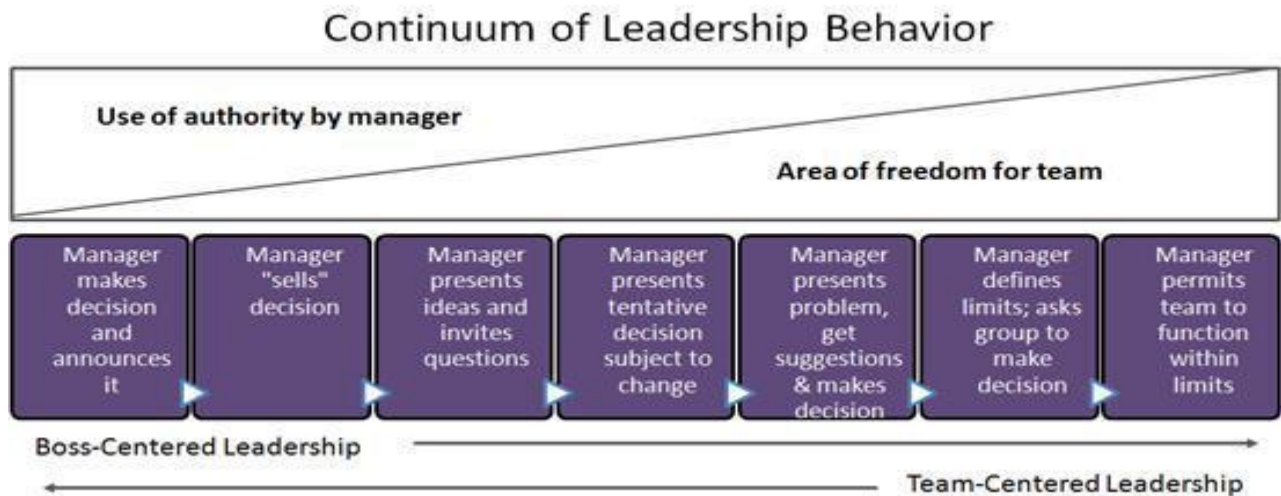
Those subordinates, who are highly efficient, can make use of the freedom given to them to excel.



The superior-subordinate relationship is bound to be very good.

**Demerits:**

- ☞ The laissez faire leadership style will produce good results only if the subordinates are all highly efficient and capable of doing their work independently.
- ☞ As the leader does not involve himself at all in the activities of his subordinates, control may become difficult.
- ☞ The leader does not exercise his formal authority. As a result, the work place may lose its official character.
- ☞ The subordinates are deprived of the expert advice and moral support of their leader.



**Figure -2.1:** Use of Authority & Freedom of Subordinates

Therefore, different leadership styles can be effective given the particular challenges being faced and particular needs of the people involved. Instead of selecting one leadership style, effective leaders are able to move among styles, selecting the one that is required in the moment. A good leader uses all types styles, depending on what forces are involved between the followers, the leader, and the situation.

**? Self-Check Exercise 2:**

**Dear learner,** up on your study how would you describe your leadership style? And what can you do to motivate a team?

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**6) The people-oriented leader**

A people-oriented leader focuses on creating overall success by building lasting relationships with employees. This type of leader does care about tasks and schedules, but he/she believes that work culture is more important. A people-oriented leader uses relationship building techniques, such as employee recognition and team-building exercises, to create an environment where employees feel appreciated and motivated enough to invest personally in the success of the business and work at their highest possible levels. This style requires a high level of participation from leadership. A people-orientated leader considers how their decisions will affect others and weights their decisions heavily against any final action.

Democratic leadership is characterized by the leader's willingness to allow team members to provide input on decision making. This form of leadership requires a high level of communication with staff members. Everyone feels ownership of the decision that is taken, which equates too much greater buy in. On the downside, it can take an incredibly long time for a decision to be made and there may be conflict as people with competing viewpoints try to have their opinions heard.

**7) The task-oriented leader**

A task-oriented leader is someone who focuses on overall success through the completion of tasks. This type of leader doesn't care as much about relationship building as he/she cares about workers meeting particular goals within a preset time frame. A task-oriented leader sees a goal, creates a step-by-step plan to reach that goal, creates a work schedule and then expects workers to follow that schedule and finish the task by a specific deadline. This leadership style suffers the same motivation issues as autocratic leadership, showing no involvement in the team's needs. It requires close supervision and control to achieve expected results. Since autocratic leaders don't typically consult their team before making a decision, the task-oriented style can be beneficial since it allows decisions to be made very quickly. This is helpful in crisis situations, but it may lead to employees feeling disenfranchised.

**? Self-Check Exercise 3:**

**Hi learner's;** please tried to differentiate between task oriented and relationship oriented styles of leadership?

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## 2.2 Leadership Theories

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### ? Self-Check Exercise 4:

Dear Learner's; is there any theory which can works for all leaders? Why?

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For decades, leadership theories have been the source of numerous studies. In reality as well as in practice, many have tried to define what allows authentic leaders to stand apart from the mass! Hence, there are many theories on leadership as there are philosophers, researchers and professors that have studied and ultimately published their leadership theory. Every leader is different, and no single theory works for all leaders. Therefore, theories are commonly categorized by which aspect is believed to define the leader the most. The most widespread one's are:

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### 2.2.1 Great man theory

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One of the early notions of leadership, which is still popular in certain circle, is that leadership is an inborn quality. This theory is often linked to 19th century philosopher and historian Thomas Carlyle, who commented that "The history of the world is but the biography of great men."

This theory is usually contrasted with a theory that talks about events occurring in the fullness of time, or when an overwhelming wave of smaller events cause certain developments to occur.

The great man theory of leadership asserts that leaders in general and great leaders in particular are born and not made. According to the theory, leadership calls for certain qualities like charm, persuasiveness, commanding personality, high degree of intuition, judgment, courage, intelligence, aggressiveness and action orientation are of such nature that they cannot be taught or learnt in a formal sense. In other words, they are inborn or sometimes **inherited** in family from generation to generation.

The further implications of the theory that leaders are born and not made are;

1. Leaders are gift of god to mankind. A measure of divinity is attributed to leaders and their actions
2. Everyone cannot inspire to become a leader and attain greatness
3. The inborn leadership qualities alone are necessary and sufficient for a leader to exercise influence over his followers and to become successful.
4. Leadership qualities and effectiveness are independent variables. Situational factors like the nature and needs of followers, the demands of task and the general socio-economic environment have little or no influence on leader's emergence or effectiveness.
5. The theory discount the belief that individual can be trained for assuming leadership position and roles. Leadership qualities can't be transmitted through education and exposure.

Great Man theory of leadership is similar to the notion of divine right of kings to ring and rule over their subjects on a perpetual hereditary basis. King was supposed to acquire their elegancy from God himself.

The theory carries some credibility to the extent that leaders in general and great leaders in particular have certain mystique about them and are viewed with awe by their followers. The quality and actions of such leaders inspire implicit respect, at least in some respects. The incidence and effectiveness of some great individuals who become leaders just like that without any tutelage and training were inexplicable in any way other than by genetic theory.

Critiques of the theory say that the theory has no scientific basis and empirical validity. It is mere a speculative piece of notion.

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### **2.2.2 Trait Theory**

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In the 1920's and 1930's, leadership research focused on trying to identify the traits that differentiated leaders from non-leaders. These early leadership theories were content theories, focusing on "what" an effective leader is, not on 'how' to effectively lead.

The trait approach to understanding leadership assumes that **certain physical, social, and personal characteristics are inherent in leaders**. Sets of traits and characteristics were identified to assist in selecting the right people to become leaders. Physical traits include being young to middle-aged, energetic, tall, and handsome. Social background traits include being educated at the "rightl schools and being socially prominent or upwardly mobile. Social characteristics include

being charismatic, charming, tactful, popular, cooperative, and diplomatic. Personality traits include being self-confident, adaptable, assertive, and emotionally stable. Task-related characteristics include being driven to excel, accepting of responsibility, having initiative, and being results-oriented.

Trait theories intended to identify traits to assist in selecting leaders since traits are related to leadership effectiveness in many situations. The trait approach to understanding leadership supports the use of tests and interviews in the selection of managers. The interviewer is typically attempting to match the traits and characteristics of the applicant to the position. For example, most interviewers attempt to evaluate how well the applicant can work with people.

**Assumptions**

- Assumes that people inherit certain qualities and traits that make them better suited to leadership.
- Often identifies particular personality or behavioral characteristics shared by leaders.
- People who make good leaders have the right (or sufficient) combination of traits.

**Table - 2.1: Stogdill (1974) identified the following traits and skills as critical to leaders.**

| Traits                                | Skills                             |
|---------------------------------------|------------------------------------|
| Adaptable to situations               | Persistent                         |
| Alert to social environment           | Self-confident                     |
| Ambitious and achievement orientated  | Clever (intelligent)               |
| Assertive                             | Conceptually skilled               |
| Cooperative                           | Creative                           |
| Decisive                              | Diplomatic and tactful             |
| Dependable                            | Fluent in speaking                 |
| Dominant (desire to influence others) | Knowledgeable about group task     |
| Energetic (high activity level)       | Organized (administrative ability) |
|                                       | Persuasive                         |
|                                       | Socially skilled                   |

### ? Self-Check Exercise 5:

Dear Learner's; can you mark the difference between the great- man theory and trait theory?

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### 2.2.3 Behavioral Leadership Theory

Behavioral theory contains some very different assumptions from trait theory. Trait theory assumes that a leader is *born* with specific traits that make him or her good leader. Behavioral theory, on the other hand, assumes that you can *learn* to become a good leader because you are not drawing on personality traits. Your actions—what you *do*—define your leadership ability.

#### Assumptions



Leaders can be made, rather than are born.



Successful leadership is based in definable, learnable behavior.

Behavioral theories of leadership do not seek inborn traits or capabilities. Rather, they look at what leaders actually *do*. If success can be defined in terms of describable actions, then it should be relatively easy for other people to act in the same way. This is easier to teach and learn than to adopt the more ephemeral 'traits' or 'capabilities'. The behavioral theorists identified determinants of leadership so that people could be trained to be leaders. They developed training programs to change managers' leadership behaviors and assumed that the best styles of leadership could be learned. McGregor's theory of X and Y is an example from behavioral theories.

#### Theory X and Theory Y

Douglas McGregor described Theory X and Theory Y in his book, *The Human Side of Enterprise*. Theory X and Theory Y each represent different ways in which leaders view employees. Theory X managers believe that employees are motivated mainly by money, are lazy, uncooperative, and

have poor work habits. Theory Y managers believe that subordinates work hard, are cooperative, and have positive attitudes.

**Theory X** is the traditional view of direction and control by managers.

- The average human being has an inherent dislike of work and will avoid it if he or she can.
- Because of this human characteristic of dislike of work, most people must be controlled, directed, and threatened with punishment to get them to put forth adequate effort toward the achievement of organizational objectives.
- The average human being prefers to be directed, wishes to avoid responsibility, and has relatively little ambition, wants security above all.

Theory X leads naturally to an emphasis on the tactics of control – to procedures and techniques for telling people what to do, for determining whether they are doing it, and for administering rewards and punishment. Theory X explains the consequences of a particular managerial strategy. Because its assumptions are so unnecessarily limiting, it prevents managers from seeing the possibilities inherent in other managerial strategies. As long as the assumptions of Theory X influence managerial strategy, organizations will fail to discover, let alone utilize, the potentialities of the average human being.

**Theory Y** is the view that individual and organizational goals can be integrated.

- The expenditures of physical and mental effort in work are as natural as play or rest.
- External control and the threat of punishment are not the only means for bringing out effort toward organizational objectives.
- Commitment to objectives is a function of the rewards associated with their achievement.
- The average human being learns, under proper conditions, not only to accept but also to seek responsibility.
- The capacity to exercise a relatively high degree of imagination, ingenuity, and creativity in the solution of organizational problems is widely, not narrowly, distributed in the population.
- Under the condition of modern industrial life, the intellectual potentialities of the average human being are only partially utilized.

Theory Y's purpose is to encourage integration, to create a situation in which an employee can achieve his or her own goals best by directing his or her efforts toward the objectives of the organization.

It is a deliberate attempt to link improvement in managerial competence with the satisfaction of higher-level ego and self-actualization needs. Theory Y leads to a preoccupation with the nature of relationships, with the creation of an environment which will encourage commitment to organizational objectives and which will provide opportunities for the maximum exercise of initiative, ingenuity, and self-direction in achieving them.

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### **2.2.4 Contingency Theory**

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The leader's ability to lead is contingent upon various situational factors, including the leader's preferred style, the capabilities and behaviors of followers and also various other situational factors.

Contingency theories are a class of behavioral theory that contends there is no one best way of leading and that a leadership style that is effective in some situations may not be successful in others. An effect of this is that leaders who are very effective at one place and time may become unsuccessful either when transplanted to another situation or when the factors around them change. This helps to explain how some leaders who seem for a while to have the 'Midas touch' suddenly appear to go off the boil and make very unsuccessful decisions.

It was firstly proposed by the Austrian psychologist Fred Edward Fiedler (1922- ). Fiedler's theory posits two classifications of leaders: (1) those motivated by the need to accomplish assigned tasks (task-orientated); (2) those motivated by close and supportive relations with members of the group (people-orientated). The effectiveness of the leader is contingent upon both the leader's personality and the characteristics of the leadership situation.

Fiedler (1964) felt that those leaders who managed to match the requirements of the task with a dominant personality trait tended to be more successful. Dominant personality traits largely determine the approach chosen by leaders i.e. either people oriented or task oriented approach.

In case leaders score highly, then they normally consider interpersonal relationships as a crucial part of implementing tasks. However, those who score low marks in the scale value task completion more than anything else does. Consequently, most of them may not bother creating close relationships with their employees.

Fiedler (1964) was also concerned with the organizational environment or what is also called the situational variable. According to him, the situational variable can be defined as that aspect within the organization that can allow leaders to exert influence within their team.

He divided the situational variables as follows;

- Task structure
- Position power
- Leader to member relationships

The leader-member structure is defined as the level of acceptance team players have towards their leader. Task structures may be defined as the level of job specificity among subordinates. Lastly, position power is described as the level of authority attributed to a leader as result of his position within the organization. (Fiedler, 1964)

In the Leader-member situation, a leader would be more successful if he establishes strong links between himself and the other people within the organization; this is through trusting and respecting members of his organization. Additionally, successful leaders in the task structure situation are those ones that specify job detail well. Powerful leaders in the position power situation are those ones that exercise their right to fire and hire or to reward individuals within the organization.

All the latter three situations create eight leadership styles. These are then divided into two important groups known as the relationship or task oriented leaders. Five of the leadership styles fall under the latter category.

Fiedler (1964) felt that task oriented approach were more appropriate in disasters or extreme situations. In cases where a fire strikes an organization, then leaders would be more efficient if they applied the task oriented approach. At this time, the issue of position power is not very relevant and neither are the relationships of the co-workers. In extreme cases or in disasters, the

individuals who direct tasks most efficiently become the leaders. The opposite is true for leaders who try applying a people oriented approach. This would mean considering what people think and this would eventually delay outcomes. Such cases require only the fastest responses for survival.

Task oriented relationships are also important in blue collar jobs. This is because such workers normally require direction and job specificity. Therefore, this leadership approach would be most appropriate. On the other hand, such scenarios may still be characterized by strong leader member relationships. The latter situation can be effected when leaders reward worker well for their efforts.

Relationship oriented leadership styles may be more favorable in situations where the organizational environment is highly predictable. Some of the most appropriate environments include research institutes. In such circumstances, subordinates would not like it if their leaders interfered with the nature of their task. Here, it would be more appropriate to work on building relationships with subordinates. It should be noted that Fielder's theory does not cover all the possible factors affecting leadership. Some leaders may be more effective if they undergo training or gain experience on the job. Such factors have not been accounted for by the contingency theory.

**? Self-Check Exercise 6:**

**Dear Learner's;** can you briefly describe the difference between the behavioral theory and contingency theory?

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### **2.3 Transformational, Transactional and Servant Leadership**

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Leadership is attitude it seems, is increasingly becoming the universal remedy of the 21<sup>st</sup> Century and its emphasis is turning towards the moral, social and ethical responsibilities of leaders. Transformational leadership is suitable for dynamic organization and servant leadership suitable for static organization such as church, non-profit organization, non-government organization. Most of leader using transactional leadership theory while they using transformational leadership. There

is nothing as practical as a good theory. So Today's leaders need to be skilled in several management concepts to adopt in any situation.

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### **2.3.1 Transformational Leadership**

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#### **Assumptions**

- ✓ Association with a higher moral position is motivating and will result in people following a leader who promotes this.
- ✓ Working collaboratively is better than working individually.
- ✓ People will follow a person who inspires them.
- ✓ A person with vision and passion can achieve great things.
- ✓ The way to get things done is by injecting enthusiasm and energy.

**Transformational leadership** enhances the motivation, morale and performance of followers through a variety of mechanisms. These include connecting the follower's sense of identity and self to the mission and the collective identity of the organization; being a role model for followers that inspires them; challenging followers to take greater ownership for their work, and understanding the strengths and weaknesses of followers, so the leader can align followers with tasks that optimize their performance.

A transformational leader instills feelings of confidence, admiration and commitment in the followers. He or she is charismatic, creating a special bond with followers, articulating a vision with which the followers identify and for which they are willing to work.

Each follower is coached, advised, and delegated some authority. The transformational leader stimulates followers intellectually, arousing them to develop new ways to think about problems. The leader uses contingent rewards to positively reinforce performances that are consistent with the leader's wishes. Management is by exception. The leader takes initiative only when there are problems and is not actively involved when things are going well. The transformational leader commits people to action and converts followers into leaders.

**Four elements of Transformational Leadership:**

1. **Individualized Consideration** – the degree to which the leader attends to each follower's needs, acts as a mentor or coach to the follower and listens to the follower's concerns and needs. The leader gives empathy and support, keeps communication open and places challenges before the followers. This also encompasses the need for respect and celebrates the individual contribution that each follower can make to the team. The followers have a will and aspirations for self-development and have intrinsic motivation for their tasks.
2. **Intellectual Stimulation** – The degree, to which the leader challenges assumptions, takes risks and solicits followers' ideas. Leaders with this style stimulate and encourage creativity in their followers. They nurture and develop people who think independently. For such a leader, learning is a value and unexpected situations are seen as opportunities to learn. The followers ask questions, think deeply about things and figure out better ways to execute their tasks.
3. **Inspirational Motivation** – the degree to which the leader articulates a vision that is appealing and inspiring to followers. Leaders with inspirational motivation challenge followers with high standards, communicate optimism about future goals, and provide meaning for the task at hand. Followers need to have a strong sense of purpose if they are to be motivated to act. Purpose and meaning provide the energy that drives a group forward. The visionary aspects of leadership are supported by communication skills that make the vision understandable, precise, powerful and engaging. The followers are willing to invest more effort in their tasks; they are encouraged and optimistic about the future and believe in their abilities.
4. **Idealized Influence** – Provides a role model for high ethical behavior, instills pride, gains respect and trust.

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**2.3.2 Transactional Leadership**

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Transactional leadership is defined as the influence of a leader toward his subordinates using reward and punishment as a form of motivational medium. The style is based on the concept that a leader has to give something to his followers in exchange for performing certain tasks. In this style, a leader may offer something valuable like increased salary, incentives, and promotion to his subordinate, who in turn is expected to fulfill his or her duties well. Otherwise, the leader provides his subordinate less future opportunity and incentive or may use a demotion as a form of punishment for not projecting a good performance. Unlike the rewards, punishment is not often

mentioned ahead, but subordinates already have the general idea as it is usually stated and agreed in the terms and conditions of the organization to successfully achieve its goals.

**Assumptions**

- ✓ People are motivated by reward and punishment.
- ✓ Social systems work best with a clear chain of command.
- ✓ When people have agreed to do a job, a part of the deal is that they cede all authority to their manager.
- ✓ The prime purpose of a subordinate is to do what their manager tells them to do.

The transactional leader works through creating clear structures whereby it is clear what is required of their subordinates, and the rewards that they get for following orders. Punishments are not always mentioned, but they are also well-understood and formal systems of discipline are usually in place.

The early stage of Transactional Leadership is in negotiating the contract whereby the subordinate is given a salary and other benefits, and the company (and by implication the subordinate's manager) gets authority over the subordinate. The transactional leaders overemphasize detailed and short-term goals, and standard rules and procedures. They do not make an effort to enhance followers' creativity and generation of new ideas. This kind of a leadership style may work well where the organizational problems are simple and clearly defined. Such leaders tend to not reward or ignore ideas that do not fit with existing plans and goals.

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

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

**Table – 2.2: Difference between Transactional and Transformational Leaders**

| <b>Transactional leadership</b>   | <b>Transformational Leadership</b>   |
|---|--|
| Leadership is responsive  | • Leadership is proactive  |
| ◆ Works within the organizational culture   | • Work to change the organizational culture by implementing new ideas  |
| Transactional leaders make employees achieve organizational objectives through rewards and punishment | • Transformational leaders motivate and empower employees to achieve company’s objectives by appealing to higher ideals and moral values |
| ◆ Motivates followers by appealing to their own self-interest   | • Motivates followers by encouraging them to transcend their own interests for those of the group or unit                                |

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**2.3.3 Servant Leadership**

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Servant-leadership incorporates the ideals of empowerment, total quality, team building, participatory management, and the service ethic into a leadership philosophy. In the words of the Greenleaf Center for Servant-Leadership (1997, p. 4), this model of leadership emphasizes "increased service to others; a holistic approach to work; promoting a sense of community; and the sharing of power in decision making." Servant-leaders must be value and character-driven people who are performance and process oriented.

A servant-leader may be defined as a leader whose primary purpose for leading is to serve others by investing in their development and wellbeing for the benefit of accomplishing tasks and goals for the common good. Being just a service-oriented person, in the traditional notion of servanthood, does not qualify one as a servant leader. Arlene Hall (1991, p. 14) has observed that "Doing menial chores do not necessarily indicate a servant leader. Instead a servant leader is one who invests himself or herself in enabling others, in helping them be and do their best." In addition, servant-leadership should not be equated with self-serving motives to please people or to satisfy one's need for acceptance and approval.

At the very heart of servant-leadership is the genuine desire to serve others for the common good. In servant-leadership, self-interest gives way to collective human development. Several authorities on servant leadership have suggested that to learn servant leadership, individuals need to undergo a journey of self-discovery and personal transformation. The secrets of servant leadership are gradually revealed to them through listening to their inner voices as well as the voices of those who have discovered the truth. In spite of these caveats about understanding the true nature of servant-leadership, we must nevertheless provide a clear and comprehensive, definition of servant-leadership in order to measure it.

### **Assumptions**

- ❖ The leader has responsibility for the followers.
- ❖ Leaders have a responsibility towards society and those who are disadvantaged.

### **There are two criteria of servant leadership:**

- ↪ The people served grow as individuals, becoming 'healthier, wiser, more autonomous and more likely themselves to become servants' (Greenleaf, 1977).
- ↪ The extent to which the leadership benefits those who are least advantaged in society (or at least does not disadvantage them).

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## **2.4 Leadership Skills and Competencies**

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Competency is a skill that an individual has, which equips them to perform a specific task. Just as a mechanic requires a precise set of skills to mend cars, leaders require a certain array of competencies to enact effective leadership.

These are the skills needed to drive the organization onto the cutting edge of new technologies. Leadership Competencies form the basic structure that separates leaders from bosses. These skills create the walls and interiors of the pyramid. Without them, a leader is just a hollow windbag, or as Scott Adams of Dilbert fame best characterizes it, "a pointy-head boss."

### **Leadership Abilities**

- Displays attributes that make people glad to follow.
- Provides a feeling of trust.
- Rallies the troops and builds morale when the going gets tough.

**Visioning Process**

- Applies effort to increase productiveness in areas needing the most improvement.
- Creates and set goals (visions).
- Senses the environment by using personal sway to influence subordinates and peers.
- Gain commitment by influencing team to set objectives and buy in on the process.
- Reinforces change by embracing it (prevents relapse into prior state).

**Create and Lead Teams**

- Develops high-performance teams by establishing a spirit of cooperation and cohesion for achieving goals.
- Quickly takes teams out of the storming and norming phases and into the performing phase.

**Assess Situations Quickly and Accurately**

- Takes charge when the situation demands it.
- Makes the right things happen on time.

**Foster Conflict Resolutions (win-win)**

- Effectively handles disagreements and conflicts.
- Settles disputes by focusing on solving the problems, without offending egos.
- Provides support and expertise to other leaders with respect to managing people.
- Evaluates the feasibility of alternative dispute resolution mechanisms.

**Project Management**

- Tracks critical steps in projects to ensure they are completed on time.
- Identifies and reacts to the outside forces that might influence or alter the organization's goals.
- Establishes a course-of-action to accomplish a specific goal.
- Identifies, evaluates, and implements measurement systems for current and future projects.

**Implement Employee Involvement Strategies**

- Develops ownership by bringing employees in on the decision making and planning process.
- Provides the means to enable employee success, while maintaining the well-being of the organization.
- Develops processes to engage employees in achieving the objectives of the organization.

- Empower employees by giving them the authority to get things accomplished in the most efficient and timely manner.

**Coach and Train Peers and Subordinates**

- Recognizes that learning happens at every opportunity (treats mistakes as a learning event).
- Develops future leaders by being involved in the company mentoring program.
- Provides performance feedback, coaching, and career development to teams and individuals to maximize their probability of success.
- Ensure leadership at every level by coaching employees to ensure the right things happen.
- Ensures performance feedback is an integral part of the day-to-day activities.

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**2.5 Good Leadership vs. Bad Leadership**

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Leadership applies to people, not things, and denotes the sending of value standard messages that most people then use to conduct their work. This is how industriously, cooperatively, openly, respectfully, caringly, honestly, neatly, cleanly, and the like to perform their work. Thus we say that employees have been *led* in the direction of those standards. Now, if value standards were a coin, one side would be stamped leadership and the other side would be stamped *followership*.

An employee experiences leadership through the support provided by management. The quality of this support dictates the quality of their work. The support they use comes in two forms; tangible and intangible. Tangible support consists of training, tools, material, parts, discipline, direction, procedures, rules, technical advice, documentation, information, planning, etc. Intangible support consists of feelings like confidence, morale, trust, respect, relatedness, autonomy, ownership, engagement and empowerment.

Leadership happens inexorably every minute of every day because the vast majority of people are followers, some more, some less. Followers follow the leadership of the boss. This is a Natural Law. The only choice available to a boss is to set the standard employees will follow—will they be good, bad, mediocre or somewhere in between?

## Good Leadership

In order to produce the finest products and services, all employees must treat their work and their customers with great respect, with tender love and care as they say. It follows then that good leadership requires treating employees with great respect and tender love and care; the better the respect and caring, the better the outcome. Because of the Natural Law, treating employees as if they are very important and valuable causes them to feel and become this way. What then characterizes good leadership?



Listening to your employees including subordinate managers/bosses — addressing their complaints, suggestions, concerns, personal issues.



Coaching people when necessary to raise them to a higher standard.



Allowing everyone to put in their two cents — you treat everyone with respect.



Trusting them to do the work.



Not giving orders or setting visions, goals and objectives, but instead soliciting this from them so that everyone is fully involved in how the company will be successful.



Providing direction when needed to ensure that everyone is on the same page (the one they devised). A good leader communicates the vision that was set by all. If it is a vision of little interest, then another one must be found.

Treating employees with great respect leads them to treat their work, their customers, each other and their bosses with great respect. Every person wants to be heard and respected. Everyone has something to contribute. Listening and responding respectfully makes it worthwhile for employees to apply 100% of their brainpower on their work thus unleashing their full potential of creativity, innovation and productivity and making them highly motivated, committed and productive. All of this gives them very high morale, enables them to take great pride in their work and then they will literally love to come to work. Good leadership multiplies whatever creativity, innovation and productivity top management has by however many employees they have.

## Bad Leadership

Bad leadership is characterized by attempting to control employees through orders, policies, rules, goals, targets, reports, visions, bureaucracy, and changes all designed to almost force employees to work and to create what management considers to be satisfactory products. In this mode, management on its own decides what to do, when to do it and how to do it and listens only perfunctorily, if they listen at all, to what employees have to say.

What is bad leadership?



Attempting to control employees through orders, policies, rules, goals, targets, reports, visions and changes designed to force employees to work and create what management believes to be satisfactory products.



Not listening or only perfunctorily listening to complaints and suggestions.



Trying to motivate employees.



Exhibiting the *Do as I say, not as I do* mentality



Providing inadequate support



Withholding information



Treating employees as if they don't want to do a better job, don't care about their work, don't want to accept responsibility, or don't really want to work.



Treating them as if they are lucky to have a job



Being afraid to discipline and never disciplining



Staying in your office



Us versus them mentality—Why aren't they performing better?—What's wrong with that person? Why don't they know their job? They should know their job.

These actions or inactions are bad because they lead employees to believe that management disrespects them and does not care a whit for them. It also puts employees in the state of having to guess what management wants and management must be right about everything because no one else is allowed to make decisions. Bad leadership shuts off the natural creativity, innovation,

and productivity of each employee and slowly but surely demotivates and demoralizes them. With the —I know better than you|| and the —be quiet and listen to me|| mentality being projected from management, the majority will act like robots waiting for instructions, even if that is not what bosses intended.

Most bad leadership is the result of a top-down, command and control style of management, where the employee is rarely if ever listened to. This style ignores every employee's basic need to be heard and to be respected. It results in a knowledge barrier and top management becoming ignorant of what is really going on in the workplace, which in turn makes their directives misguided at best and irrelevant at worst.

For example: An employee makes a mistake, or at least the boss, thinks they made a mistake, and instead of finding out if it really was a mistake the boss orders a change or grills the employee as to why they made the mistake. —What went wrong here?|| Or —So and so said you were doing this instead of that, why are you doing that?|| This is pure disrespect. You would not want to be likewise grilled, would you? But have you ever experienced such an exchange? Firstly, the employee does not think they did anything wrong and secondly, due to such passive aggressive behavior, can't be certain what was really wrong. —Well, don't do it this way, do it that way,|| you might hear the boss say after the grilling. The boss basically sets the employee up for failure again, making them guess what the issue is or was. This is bad leadership and it is top-down in style.

In the top-down model, nobody is really listening to employee ideas, valuing the opinions of subordinates, or giving employees any recognition. The only way that the workforce can deal with managers who treat them in this way is to disengage and ignore the behavior of managers, bosses, and executives. In the workplace this is seen as being sullen, uncommunicative, having a poor attitude, low morale or apathy. Have you seen this? Have you used those words as a manager?

Bad leadership causes a huge amount of stress for employees and managers too, and this turns into poor performance, sick days, mistakes, lack of adherence to rules, turnover and a whole host of other issues you may have seen in the workplace. With management attempting to manage the work instead of the people, much damage is done as managing the work requires a huge amount of time and effort and leaves management little or no time to actually manage people.

Now, let's look at the above example with good leadership. You think you have heard that something is being done incorrectly. You trot down to observe, ask some questions and listen. You say hello to the person involved, then —Hey, so tell me, how are you going about this job?‖ You get an answer. —Okay, so why like this and not like this?‖ If they are doing something that you really think is wrong, then you point it out by saying, —What if you did it like this? What do you think about that?‖ —Well, that doesn't really work, because XYZ group doesn't get us what we need on time...‖ Ah, there you go, a support deficiency. That's your job, dear boss. Or maybe you find the way the person does something works better or that they get their work done faster that way or that they were lacking some knowledge or training, which again is support that you, as the boss, are responsible for providing. Who knows what you will find out, but most assuredly, if you go in combatively or passive aggressively, the person will shut down, because you are the boss, they are taught to listen to you and wait for your decision when you treat them like a robot.

So, leaders lead in a good direction or a bad direction with a full spectrum existing from exceptionally bad to exceptionally good. Every manager will by his or her actions lead in some direction within this spectrum, though this direction may not be understood or consciously chosen by the manager. Quite fortunately, we are all human and we are all good. We can, therefore, consciously choose to adjust our actions to always lead in the good direction to raise our performance and success in managing people.

**SUMMARY**

Leadership style is the behavior exhibited by a leader during influencing subordinates to accomplish organizational objectives. It is considered as pattern of behavior a leader uses to influence employees to achieve organizational goals.



Leadership styles are divided in to bureaucratic, charismatic, democratic, and autocratic, lazier fair, people centered and task centered.



Great man theory, trait theory, behavioral theory and situational theory are among the most widespread theories that have been the source of numerous studies.



Transformational leadership enhances the motivation, morale and performance of followers through a variety of mechanisms. Four elements of transformational leadership: Individualized Consideration, Inspirational Motivation, Idealized Influence Intellectual Stimulation



Transactional leadership is defined as the influence of a leader toward his subordinates using reward and punishment as a form of motivational medium.



Servant-leadership incorporates the ideals of empowerment, total quality, team building, participatory management, and the service ethic into a leadership philosophy.



Competency is a skill that an individual has, which equips them to perform a specific task.



Good leadership requires treating employees with great respect and tender love and care; the better the respect and caring, the better the outcome.



Bad leadership is characterized by attempting to control employees through orders, policies, rules, goals, targets, reports, visions, bureaucracy, and changes all designed to almost force employees to work and to create what management considers being satisfactory products.



## CHAPTER REVIEW EXERCISE

**Part –I: True or False Questions**

Say “True” if the Statement is correct and “False” if the statement is incorrect.

1. Leadership is not a —one size fits all phenomenon.
2. Participative leadership involves staff and others in the decision making process.
3. Theory-Y assumes that people dislike work and seek to avoid it at all costs.
4. A charismatic leader is likely seen as being self-confident and influential.
5. Great man theories assume that the capacity for leadership is not inherent, that great leaders are made, not born.

**Part –II: Multiple Choice Questions**

Choose the correct answer from the given alternative.

1. An autocratic style of leadership is characterized by all of the following except:
  - A. Dominating team members
  - B. Unilateral approach to achieve objectives
  - C. None interference in the affairs of others
  - D. Fluctuation of productivity on the absence and presence of the leader
  - E. Limited discussion on innovative ideas
2. Which one of the following is not the assertion of theory X in behavioral theories?
  - A. Humans wish to avoid responsibility
  - B. People must be controlled and directed
  - C. Humans are lazy and have poor working habit
  - D. Integrity and self-direction brings improvements
  - E. All
3. Bureaucratic leadership style is ineffective when:
  - A. Staff performing routine tasks over and over
  - B. Staff needs to understand certain standards or procedures.
  - C. Safety or security training conducted
  - D. Staff loses their interest in their jobs and in their co-workers
  - E. None

4. Which theory of leadership assumes leaders are made?
- A. Behavioral theory
  - B. Trait theory
  - C. Great man theory
  - D. Situational theory
5. Servant leaders:
- A. People will follow a person who inspires them.
  - B. People are motivated by reward and punishment.
  - C. Social systems work best with a clear chain of command.
  - D. Leaders have a responsibility towards society and those who are disadvantaged.
  - E. All

## CHAPTER THREE

## 3. CONFLICTS &amp; CONFLICT MANAGEMENT

**Structure**

Learning Objectives

Chapter Introduction

**3.1** Meaning & Nature of Conflict

**3.2** Conflict Outcomes

**3.2.1** Functional & Dysfunctional Conflict

**3.2.2** Conflict and Unit Performance

**3.3** Stages in Conflict Process

**3.4** Transitions of Conflict

**3.5** Source of Conflict

**3.6** Types of Conflict

**3.7** Conflict Management

**3.7.1** Conflict Analysis

3.7.1.1 Parts of A Conflict Analysis

**3.7.2** Conflict Stimulation

3.7.2.1 Conflict Stimulation Techniques

**3.7.3** Conflict Resolution Model

**3.8** Interpersonal Relationship Management

**3.8.1** Factors Affecting Interpersonal Relationships

Chapter Summary

Self-Check Exercise

**Learning Objectives:**

At the end of this chapter you will be able to:

- ✍ Define conflict and conflict behavior in organizations and describe the nature of conflict
- ✍ Distinguish between functional and dysfunctional conflict outcome and also differentiate between transitional views of conflict.
- ✍ Understand different levels or types of conflict in organizations and the each process of conflict.
- ✍ Identify the sources or causes of conflicts in an organization.
- ✍ Describe a conflict management model and use various techniques to reduce and increase conflict.
- ✍ Determine how to deal with interpersonal relationship management in workplace.

## Chapter Introduction

**D**ear learners to study the dynamics of the behavior of an organization, study of conflict management deserve attentions. In present corporate environment conflict has become very common phenomenon. Conflict is an inevitable and all-pervasive element in our society and in the world. Although conflicts may end up in destruction and even death, conflicts may also result in increased effectiveness, enhanced relationships, and further goal attainment. Indeed, in human terms conflict is one of the —engines of evolution that allows us to learn, progress, and grow. Our goal is not to attempt to do away with conflict but rather to skillfully manage conflict to further its constructive potential. Conflict is bad as it has adverse effects on the individual performance if conflict is beyond control it takes a destructive dimension. When employees do not come up with the conflict situation, there is an increased absenteeism and exit of employees. It can be so disastrous that can lead to demise of an organization. American Firm Shea and Gould perished due to high degree of conflict. On the other hand it has been opinioned that conflict is good for the organization as it produces new ideas, increases competitive spirit, cohesiveness in the team and instills an atmosphere of brotherhood in the organization. This is only possible if ideas are properly channelized and there is proper delegation of authority, empowerment and autonomy in functioning.

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### 3.1 Meaning and Nature of Conflict

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**? Self Check Exercise 1:**

Dear learner"s; how do you define the word conflict?

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Conflict is difficult to define, because it occurs in many different settings. The essence of conflict seems to be disagreement, contradiction, or incompatibility. Thus, CONFLICT refers to any

situation in which there are incompatible Goals, Cognitions, or Emotions within or between individuals or groups that lead to opposition or antagonistic interaction.

Conflict can be defined (Thomas K.A.) as the **“process that begins when one party perceives that another party has negatively affected something that the first party cares about1.”** Conflict must be perceived by either of the parties. Stiff opposition due to incompatibility of organizational goals characterizes it. Conflict can also be caused due to difference about interpretation of facts or issues involved. Conflict takes an ugly turn and takes a form of violence due to disagreement based on behavioral expectations. It could be covert or overt and can be seen when one observes violent acts of individual in organizations.

Austin et al defines conflict **“as a disagreement between two or more individuals or groups, with each individual or group trying to gain acceptance of its views or objective over others.”**

Every organization has its objective. It is further broken down as departmental objectives, group goals and lastly individual goals. When individual interacts with another individual there is perceptual and communication problems that causes misunderstanding and leads to individual conflict situation. It is also true of groups. Group conflicts indicate the way of inter-group behavior in an organization.

Inter-group conflict occurs due to group competition and group cohesiveness. This leads to a feeling of „we“ and „they“. —We are always right and they are always wrong|. Hence a beginning of conflict. Aims and objectives of various organizations differ drastically that give rise to greater competition hence a high level of conflict. Conflict can arise between employer and employees, management and workers, one department and another, stakeholders, shareholders, producer and customers and between various trade unions that are often politically motivated.

The overall problem, then, is how to establish high productive, collaborative intergroup relations. Conflict can lead to breakdown in standard mechanism of decision making so that an individual or group experiences difficulty in selecting an action alternative. The breakdown may be because of competing demands on an individual or group rivalry and competition. There can be vertical and horizontal conflicts; or individual conflict, group conflict and organizational conflict.

Conflict can be considered as expression of hostility, negative attitude, aggression and gross misunderstanding. It is caused due to varying interest of individual or groups. has described that the term ‘\_conflict’ is used in four ways to indicate

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## 3.2 Conflict Outcomes

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### 3.2.1 Functional and Dysfunctional Conflict

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Conflict that supports the individual and group goals, which leads to higher performance is called **functional conflict** while the conflicts that hinders individual or group performance is called **dysfunctional conflict**. The latter generally takes destructive form. There is thin margin between the two types of conflicts mentioned above. While evaluating the impact of conflict on goal achievement, individual perception and effect of group performance should be evaluated. If the conflict contributes towards higher performance then the conflict should be called functional or otherwise dysfunctional.

#### A. Functional Outcomes

- ✚ Conflict may stimulate innovation, creativity, and growth.
- ✚ Organizational decision making may be improved.
- ✚ Alternative solutions to a problem may be found.
- ✚ Conflict may lead to synergistic solutions to common problems.
- ✚ Individual and group performance may be enhanced.
- ✚ Individuals and groups may be forced to search for new approaches.
- ✚ Individuals and groups may be required to articulate and clarify their positions.

#### B. Dysfunctional Outcomes

- Conflict may cause job stress, burnout, and dissatisfaction.
- Communication between individuals and groups may be reduced.
- A climate of distrust and suspicion can be developed.
- Relationships may be damaged.
- Job performance may be reduced.
- Resistance to change can increase.
- Organizational commitment and loyalty may be affected.

### 3.2.2 Conflict and Unit Performance

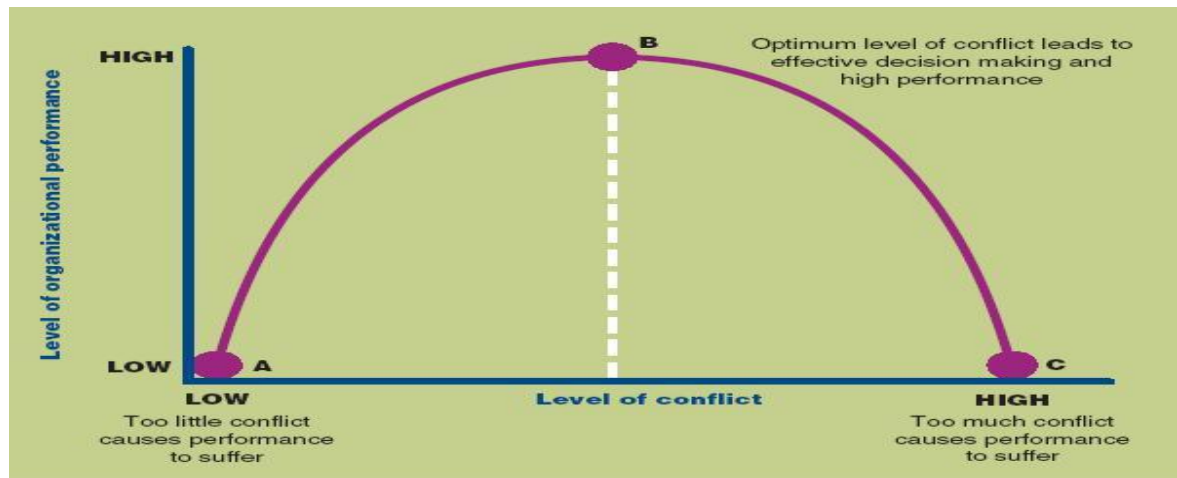


Figure - 3.1: Level of conflict and performance

#### ? Self-Check Exercise 2:

Dear learner"s; how do you differentiate between the functional & dysfunctional conflict?

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### 3.3 Stages in Conflict Process

- 1. Latent Conflict (Stage - 1):** When two or more parties need each other to achieve desired objectives, there is potential for conflict. Latent Conflict often arises when change occurs. Conflict is likely to be caused by a budget cutback, a change in organizational direction, a change in personal goals or the assignment of a new project to an already overloaded team.
- 2. Perceived Conflict (Stage - 2):** This is the stage at which members become aware of a problem. Incompatibility of needs is perceived and tension begins as the parties begin to worry about what will happen. But no party feels that it is being overly threatened.

3. **Felt Conflict (Stage - 3):** At this stage parties become emotionally involved and begin to focus on differences of opinion and opposing interests. Internal tensions and frustration begin to crystallize, and people begin to build an emotional commitment to their position.
4. **Manifest Conflict (Stage - 4):** At this stage parties engage in actions that help to achieve their own objectives and ruin those of others. Conflict behaviors vary from the subtle, indirect and highly controlled forms of interaction to direct, aggressive, violent and uncontrolled struggle. At the organisational level strikes or lock-outs are the result.
5. **Conflict Outcome (Stage - 5):** The conflict finally results in an outcome which may be functional or dysfunctional. If handled well, the result is functional conflict. If mishandled, the consequences are dysfunctional conflict.

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### 3.4 Transition of Conflict

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#### 1. Traditional view

During 1930-40s, conflict was considered to be bad and viewed negatively. It was considered harmful, unnecessary and considered synonymous to violence, destruction and irrational. The view held that the conflict arose due to poor communication, lack of openness, lack of trust and failure of managers to be responsive to the needs and aspirations of their employees. The view further held that the conflict must be avoided at all costs. During the same period, the scientific management and administrative school of management that were in the state of evolution, developed such organizational structure where responsibilities had been properly laid down, rules, regulations and policies had been inbuilt in the system.

Thus a proper mechanism was introduced in the management systems and an adequate attention was paid by the managerial staff to ensure that there was no misunderstanding among the employees and that the conflict was avoided.

#### 2. Human Relations View

Human relations view, which prevailed between 1940-70 states that conflict, is a natural occurrence of individual behavior and that the conflict cannot be avoided. The theory propagated that we must accept conflict since we cannot eliminate the same. It further states that organizations must lay down

proper policy and procedure, set achievable goals. Have proper communication and thereby avoid stress and strain. Resources should be properly allocated and steps taken to avoid occurrence of conflict. An environment of trust, cooperation, friendship and sharing is built amongst the employees so that increased productivity for the organization is achieved. Avoidance of conflict and trust building is the key for the prosperity of the organization.

### 3. Behavioral View

Behavioral scientists **encourage conflict on various grounds**. They feel that a group having intergroup harmonious relations, peace and cooperation among group members is likely to be non-vibrant, static in nature and can display apathetic attitude towards group members. In this situation the groups are non-responsive. What is required today is innovation, creativity and an ability of the group to meet the social obligations. Hence there is a need for maintaining minimal level of conflict within the group. This would lead to group being viable. Group members should be self-critical and develop creativity. Minimum level of conflict between the groups would increase competitiveness that will lead itself to higher productivity and increased job satisfaction. It must be borne in mind that only minimum level of conflict is necessary for it to be beneficial. Behavioral view proposes that because people differ in their attitudes, values and goals, conflict is but a natural outcome in any group of people and that it can be helpful and constructive. The neo-classicists emphasized the understanding of individual psychology, development of informal groups, informal leadership, and a democratic-participative leadership style so as to avoid conflicts and establish harmony in the organization.

### 4. Modern View

The modern view holds that conflict may be necessary for organizational effectiveness. It is believed that harmonious, peaceful and cooperative groups can become static and un-innovative. Minimum level of conflict that keeps the group alive, self-critical and creative is desirable. Modernists believe that **conflict is structural in nature, is inevitable and endemic to the organizational milieu**. It is a product of systems and determined by structural factors and integral to the nature of change. When groups interact there is bound to be difference of opinion and disagreements, which is a cause for conflict. It exists even when there is single individual who is faced with organizational problems like decision making. Conflict should be welcomed and managed effectively.

Table -3.1: Summaries of Conflict Views

| Views on conflict   |   |
|---|---|
| <i>Traditional View</i>   | <i>Current View</i>   |
| Conflict is avoidable.  | Conflict is inevitable.   |
| Conflict is caused by management error in designing organizations or by trouble makers. | Conflict arises from many causes, including organizational structure, unavoidable differences in goals, differences in perceptions and values of specialized personnel and so on. |
| Conflict disrupts the organization and prevents optimal performance.                    | Conflict contributes and detracts from organizational performance in varying degrees.   |
| The task of the management is to eliminate conflict.                                    | The task of the management is to manage the level of conflict and its resolution for optimal organizational performance.  |
| Optimal organizational performance the removal of conflict.                             | Optimal organizational performance requires a moderate level of conflict.   |

Some of the positive points of minimum level of conflict are as under:

- 1. Conflict should be expressed.** By doing so, communication between two groups is restored that promotes growth.
- 2. Minimum level of conflict** serves as pre-requisite for organizational development. Conflict brings changes.
- 3. Conflict helps achieve cohesion within the group** that develops group identity and members of the group follow group norms setting aside personal problems. This tendency leads higher level of productivity, sense of identity with the organization and increases group ability to compete with groups and departments.
- 4. Poor decisions are detrimental to organizational growth.** Minimum level systems prevailing in the organization. It will lead to reviews hence new policies may be introduced in the organization.

5. **Conflict can serve as power equalizer between two parties.** This is clearly observed during management union meetings. While management is powerful at the beginning of the discussion it however tends to equalize itself as the discussion proceeds.

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### 3.5 Sources of Conflict

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People will be in conflict because of the following reasons.

- ✚ Scarcity of resources (finance, equipment, facilities etc.)
- ✚ Different attitudes, values and perceptions
- ✚ Disagreements on needs, goals, priorities and interests.
- ✚ Poor communication.
- ✚ Poor organizational structure and status inconsistencies.
- ✚ Lack of team work.
- ✚ Role ambiguity, lack of clarity in roles and responsibilities.

#### ? Self-Check Exercise 3:

Dear learner"s; review the phases, transition and causes of conflict in short?

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### 3.6 Types of Conflict

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#### ? Self-Check Exercise 4:

Dear learner"s; Does a conflict has a type? How are they different?

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## I. Intra-personal Conflict

Intra personal conflict is also called the conflict within the individual. This type of conflict can be of two types

- (a) **Value conflict:** Every individual has to play certain roles, which conforms to his value system. However, there are certain situations when an individual may have to compromise on value system and beliefs. For example, finance manager of an organization, while submitting tax returns to the government may conceal some facts, which may go against his belief and value system. This situation may cause tension and conflict within the individual.
- (b) **Decision-making:** Problem solving is one of the important jobs every individual has to undertake in work environment. Every problem has various courses open. At times it is difficult for a person to select an appropriate course of action. This situation causes conflict within the individual. He therefore will have to take decisions based on the past experience and the knowledge. It may be noted that decision-making has become simpler these days due to firstly; information technology where required data is available and secondly, group decision is the norm in most of the organizations.

## II. Inter-personal Conflict

Inter-personal conflict relates to conflict between two or more individuals and is probably the most common and recognized form of conflict. Interpersonal conflict is caused due to disagreement over goals and objectives of the organization. These are heightened due to difference of opinion of individuals and when issues are not based on facts.

Every organization is full of unresolved issues, problems and differing situations that lead to conflict. Conflict can also take place between one person of a group with another person of the same group or another group on issues relating to decision-making. Individuals may have a difference of opinion on selection of a particular course of action that will lead to disagreement and often result in the conflict. It is the merit of the issue, and willingness of members of the organization to accept the others point of view that will avoid the conflict situation.

**III. Intra-Group Conflict**

Intra-group conflict relates to values, status and roles played by an individual in the group and the group norms. Individual may want to remain in the group for social needs but may disagree with the methods and procedures followed by the group. The conflict may arise when social changes are incorporated in the group. When group faces new problems and when values are changed due to change in social environment. Intra-group conflict is like Inter-personal conflict except that the people involved in the conflict episode belong to a common group.

**IV. Inter-Group Conflict**

Conflicts between different groups, sections and departments are called inter-group conflict. For example, conflict between production and sales departments over the quality being produced and the customer requirements. Inter-group conflict causes due to factors inherent to the organizational structure like independence, inconsistency in various policy matter, variance on promotion criteria, reward system and different standards being adopted for different sub-units and departments. Organizational objectives can only be achieved when all departments work towards attainment of organizational goals. This is possible when interactions between departments are smooth and cordial. Conflict can be avoided by better communication between departments, joint decision making, removing disparity in group goals and paying due respect and displaying concern for other group's views.

**V. Inter-Organizational Conflict**

Inter-organizational conflict takes place between two dependent organizations. Conflict can take place between government organization, unions and the operating industry. Government organizations function to ensure that minimum standards are followed by the organizations. Managers must try and reduce inter-organizational conflicts by adopting positive approach and by following strictly, the rules and regulations laid down by the government agencies. Conflict can also take place between seller and buyer organizations.

## VI. Intra-Organizational Conflicts

Intra organizational conflict encompasses horizontal, vertical, line–staff and role based conflicts. Let us briefly study these situations.

**Horizontal Conflict:** Horizontal Conflict is caused due to incompatibility of goals, sharing limited resources and difference in time orientation. It leads to tension, misunderstanding and frustration on the part of both the parties. Horizontal conflict relates to employees or group at the same level. Organizational goal at implementation level vary from department to department. Finance department may not be able to spare additional amount as may be required by research and development department for new product development that may cause tension, misunderstanding between two individuals or departments. Individuals may not be able to meet the targets of production in given time due to variety of reason that may cause conflict with sales department as the latter would like to flood the market with their product to make the presence felt. It has been seen that due to increased interdependence of individuals or groups to carry out various functions, situations do arise where there is difference of opinion on issues that cause conflict between individuals or groups.

### **Vertical Conflict**

Vertical conflict refers to conflicts that might take place between different levels of hierarchy. Conflicts between subordinates and superior occur due to incompatibility. It is generally caused because of differences in perception, value system, goals that may be assigned, cognition and difference in individual behavior. Conflict is also caused due to inappropriate communication between individuals at two different levels.

### **Role Conflict**

A person in an organization has to perform various roles. Conflict arises when roles assigned to him have different expectation. ‘Time’ management may cause conflict. A person may be asked to take care of an additional section in the absence of section head. Value system in an organization is also a cause for conflict. Supervisor is asked to be honest while he is dealing with sale of the product while the same person may be asked to pay commission to an official from whom a sanction is required to be obtained, thereby causing a conflict situation in the ethical value system of an individual. When

an individual is line or a staff employee and also a union representative, has to perform duties of conflicting nature hence a role conflict.

**? Self-Check Exercise 5:**

**Dear Learner’s;** what type of conflict is most common in the world today? What would you advise to the leaders on reducing that dysfunctional conflict?

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### 3.7 Conflict Management

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Conflict may be defined as a struggle or contest between people with opposing needs, ideas, beliefs, values, or goals. Conflict on teams is inevitable; however, the results of conflict are not predetermined. Conflict might escalate and lead to nonproductive results, or conflict can be beneficially resolved and lead to quality final products. Therefore, learning to manage conflict is integral to a high-performance team. Although very few people go looking for conflict, more often than not, conflict results because of miscommunication between people with regard to their needs, ideas, beliefs, goals, or values. Conflict management is the principle that all conflicts cannot necessarily be resolved, but learning how to manage conflicts can decrease the odds of nonproductive escalation. Conflict management involves acquiring skills related to conflict resolution, self-awareness about conflict modes, conflict communication skills, and establishing a structure for management of conflict in your environment.

**A) Why learn more about conflict and conflict management?**

Listening, oral communication, interpersonal communication, and teamwork rank near the top of skills that employers seek in their new hires. When you learn to effectively manage and resolve conflicts with others, then more opportunities for successful team memberships are available to you.

If we can learn to manage this highly probable event called conflict (we average five conflicts per day), then we are less apt to practice destructive behaviors that will negatively impact our team. Although conflict may be misunderstood and unappreciated, research shows that unresolved conflict can lead to aggression. Most of us use conflict skills that we observed growing up, unless we have made a conscious effort to change our conflict management style. Some of us observed good conflict management, while others observed faulty conflict management. Most of us have several reasons to improve our conflict-management skills.

Management members should help employees develop their conflict management skills. Most people do not resolve conflicts because they either have a faulty skill set and/or because they do not know the organization's policy on conflict management. All team members need to know their conflict styles, conflict intervention methods, and strategies for conflict skill improvement.

### **B) How do people respond to conflict? Fight or flight?**

Physiologically we respond to conflict in one of two ways—we want to —get away from the conflict or we are ready to —take on anyone who comes our way. Think for a moment about when you are in conflict. Do you want to leave or do you want to fight when a conflict presents itself? Neither physiological response is good or bad—it's personal response. What is important to learn, regardless of our initial physiological response to conflict, is that we should intentionally choose our response to conflict.

Whether we feel like we want to fight or flee when a conflict arises, we can deliberately choose a conflict mode. By consciously choosing a conflict mode instead of to conflict, we are more likely to productively contribute to solving the problem at hand.

#### **? Self-Check Exercise 6:**

**Dear Learner's;** if there is a conflict what is your preferred method of conflict resolution?

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### 3.7.1 Conflict Analysis

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Conflict analysis is a comprehensive look at all aspects of a particular conflict. The purpose of doing a conflict analysis is for the mediator to get the "big picture" and to understand the dynamics of the conflict. A mediator then uses the information gathered in the conflict analysis to assist the parties in moving toward settlement.

To do a conflict analysis, a mediator must gather much information from both parties. This is usually done in the interview stage, before the parties come to the table. By the time the parties reach the table, the mediator should have pretty good idea of the different components to the conflict.

Data collection is usually done through the use of *open-ended questions* that are questions which do not have a yes or no answer. By asking open-ended questions, a mediator allows the party to relate everything he or she thinks is important, rather than simply answering yes or no.

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#### 3.7.1.1 Parts of a Conflict Analysis

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##### The Parties

- ▶ Who are the parties to the conflict?
- ▶ Are there any other people who are not parties but should be (i.e. have a stake in the outcome, or have power to affect the outcome)?
  
- ▶ Do the parties have settlement authority? If not, who does?
- ▶ Do the parties have constituencies? If so, who? What is the relationship between the parties and their constituencies?

##### Issues

- ▶ What are the issues as stated by each party?
- ▶ Are there hidden issues which are not stated by the parties?
- ▶ How have the issues been framed by the parties? Are they mutually exclusive, do they appear to be medial, can they be phrased a different way?

**Positions**

- ▶ What are the parties stated positions?
- ▶ Why do they hold those positions?
- ▶ How strongly are they committed to their positions?
- ▶ Is there room for movement in their positions? What will it take to move the parties off their positions?
- ▶ If the parties are strongly committed to their positions, why? What is important to the parties about their positions?

**Interests**

- What are the interests behind each parties' positions?
- How are the parties' interests different? How are they similar?
- What common interests can be identified as the basis for settlement or agreement?

**Power**

- ▶ What power does each party have over the other?
- ▶ What is the source of each party's power? (relationship, economic, physical, psychological, legal)
- ▶ What does the less powerful party need to have more leverage?
- ▶ Is each party's perception of their own power realistic?
- ▶ Have the parties used their power against each other? If so, how and with what results?

**Psychological Aspects**

- What emotions is each party expressing? What is the intensity of those emotions?
- Are there hidden emotions that need to be expressed?
- What is the impact of the parties' emotions on their ability to negotiate?
- Are there values involved in the conflict? If so, what are they? How are they affecting the conflict?
- Can the values be reframed into interests?
- Are there cultural, religious or ideological differences between the parties? If so, what are they?
- What perceptions do the parties have of each other?

- Are these perceptions realistic?
- Do the parties perceive the conflict in the same way? Are their perceptions of the conflict realistic?
- Do the parties understand the limitations of each other's settlement authority?
- Do the parties trust each other? If not, why not?
- What is the level of trust between the parties?
- How do the parties communicate?
- What is their history of conflict? Of communication?
- What is each party's motivation to mediate?

**Alternatives to Settlement**

- What is each party's: BATNA, WATNA and MLATNA?
- Are the parties informed about their alternatives?
- Are the parties misinformed about their alternatives?
- What steps have the parties taken toward these alternatives?
- Are the parties aware of each other's alternatives?
- How realistic are the parties about their alternatives?

**Options for Settlement**

- What options have been explored in the past? What was the result?
- What are possible outcomes to the conflict?
- How realistic is each outcome?
- Do the available options meet the party's needs?
- How realistic are the parties about settlement options?
- Are there options that one party will not consider? If so, why?
- Does any party feel there are no options that will satisfy their interests? If so, why?

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### 3.7.2 Conflict Stimulation

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#### ? **Self-Check Exercise 7:**

Dear Learner“s; what is conflict stimulation? Write its roles and techniques?

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Conflict improves group and organizational effectiveness. The stimulation of conflict initiates the search for new means and goals and provides the stimulus for innovation. The successful solution of a conflict leads to greater effectiveness, to more trust and openness, to greater attraction of members for each other, and to depersonalization of future conflicts. In this write up we are discussing how the stimulating conflict can provide benefits to the organization.

Conflict facilitates group cohesiveness. Whereas conflict increases hostility between groups, external threats tend to cause a group to pull together as a unit. Inter group conflicts raise the extent to which members identify with their own group and increase feelings of solidarity. Conflict brings about a slightly higher, more constructive level of tension. When the level of tension is very low, the parties are not sufficiently motivated to do something about a conflict.

Groups or organizations devoid of conflict are likely to suffer from apathy, stagnation, groupthink, and other debilitating diseases. In fact, more organizations probably fail because they have too little conflict, not because they have too much. Take a look at a list of large organizations that have failed or suffered serious financial setbacks over the past decade or two.

The common thread through these companies is that they are stagnated. Their management became complacent and unable or unwilling to facilitate change. These organizations could have benefited from functional conflict.

Conflict stimulation is also a measure to solve conflict. In traditional concept, conflict was taken as dangerous factor. But in modern concept, conflict is not taken as dangerous all time. Nowadays, some institutes create conflict to find new way and for innovation. If there is not created conflict in institute, manager should think that there is some mistake. That's why conflict is index of development. So that while solving the conflict, it is necessary to create the conflict.

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### 3.7.2.1 Conflict Stimulation Techniques

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1. **Use of Communication:** Communication encourages and discourages the conflict. So that, while creating conflict in required level unclear message should be sent. Threatened and challenge to the workers also a measure to create conflict.
2. **Bringing in Outsider:** Conflict also can be created by entering members with different background, value, view and managerial skill. The discussion with the person with different background helps to find new way. In this way, orientation with different members from outsides provides creative way at last.
3. **Restructuring the Organization:** By changing current design of organization, functional conflict can be created. With the help of restructure, the size of organization is changed. In this way with the help of restructure different difficulties and problems are solved in current situation.
4. **Appointing a Devil's Advocate:** Appointing a Devil's Advocate, the organization also can create the conflict. These types of person solve the problems differently of the members of organization. He works as conflict motivator. If he has good skill, knowledge and mind, can be good advocator of organization.
5. **Creating Competition:** Creating competitions between players on team. Who sells the most in retail? Usually everyone gains.

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### 3.7.3 Conflict Resolution Model

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Employees do not come to organization with all the social skills they need to collaborate effectively with others. Therefore, managers or leaders need to teach and train the appropriate communication, leadership, trust, decision making, and conflict management skills to employees and provide the motivation to use these skills in order for groups to function effectively. Organization must take responsibility to help employees develop their skills to participate on and lead teams.

Employees bring different ideas, goals, values, beliefs and needs to their teams and these differences are a primary strength of teams. These same differences inevitably lead to conflict, even if the level of conflict is low. Since conflict is inevitable, one of the ways in which managing members can help employees improve their abilities to function on multidisciplinary teams is to work with them to develop their understanding of conflict and their capabilities to manage and resolve conflict. All people can benefit, both personally and professionally, from learning conflict management skills. Conflict between parties/groups can be resolved by five different modes. Parties involved may adopt any of the following solutions.

### 1. Avoidance

One or both parties could **avoid** facing the conflict. The situation pertains to un-cooperative and unassertive behavior on the part of parties involved. A Party may avoid facing B Party. When situation reaches a point of negligence by A Party, B Party may take advantage of the situation. By avoiding, the individual might side step, postpone or even withdraw from the conflicting situation. This strategy is useful when issues involved in conflict are of a very minor nature or when more important issues deserve attention. This strategy suits a manager whose power base is very low and there is no chance of satisfying one's own concerns.

Avoidance strategy should be applied when one feels that people in the organization should cool down so that the issue can be handled at a later date in a better psychological environment.

### 2. Competing

This strategy may be adopted when other strategies of conflict resolution are not workable. Competing is also useful in emergencies where quick decisions are required. In this strategy power must be used unilaterally as a weapon when unpopular decisions like termination, pay cuts, layoffs, cost cutting and enforcing discipline are required to be taken. This strategy is based on win-lose principle of managing conflicts. The managers who are high on power base have an added advantage in using competing strategy because people from opposite side would not dare confront a person who is so powerful. There is a tendency that managers using this strategy should be careful about yes men around them. They should identify conflicting situations and take bold decisions based on win-lose strategy.

On the other hand there are managers who are low on competing mode, are likely to feel powerless in many situations. Not realizing that though they have power but they are not comfortable using it.

By trying to use power, one could enhance one's achievement. Another drawback in scoring low is that such individuals find it difficult to take bold stand on various issues concerning organizations. In situations when a manager is very low on 'concern for the people' may postpone vital decisions on matters pertaining to subordinates that may be detrimental to organizational effectiveness.

### **3. Collaborating**

Strategy of collaboration involves attempt of one party to work with the other party in cooperative manner and find solutions to the problem for mutual benefits. The strategy involves identification of areas of disagreement, examining the issue in greater detail and a workable solution arrived at, which is for mutual benefit. This strategy signifies when two sets of solutions are important for both parties to be compromised. Hence, finding integrated solution becomes imperative. This strategy signifies joint efforts, gain for both parties and integrated solutions arrived at by consensual decisions.

Studies concluded that when people are high on collaborating, they have to be concerned about how they spend their time and other organizational resources. Collaboration is time and energy consuming. Not all situations need collaborative solutions. Over use of collaboration and consensual decision-making may reflect risk aversion tendencies or an inclination to defuse responsibility.

### **4. Accommodating**

In accommodating mode a person sacrifices his own interest for accommodating other person's interest. It is form of selfless generosity, obeying other person's point of view. This mode is usually adopted when other person's view is stronger, you want to achieve goodwill and indicate that you are reasonable. This strategy of conflict resolution is important when you want other person to give at a later date when it favors you. Studies concluded that when people are high on accommodating score they might be differing too much to the wishes of others and pay very little attention to their own ideas and concern even though they may realize that they are not getting the attention they deserve. This might even lower one's self esteem in addition to depriving on the influence, respect and recognition from others, since it negates the potential contribution that individuals are capable of making to the organization.

### **5. Compromising**

In conflict situation, compromising is a mode when both parties try to find out some expedient, mutually acceptable solution that sacrifices both the parties partially. In compromising, there is no

clear winner or loser. None of the party is fully satisfied as they ration the object of conflict and accept the solution which is not complete to either of the parties. In compromising, there is a possibility of an atmosphere of ‘gamesmanship’ in the work environment. There is also a possibility of compromising on certain principles of behavior which is not desirable. Values, ethics, principles and long term objectives of the organization must be protected while adopting compromising. When people are tough to compromise, they find it hard to make concessions and land up in power struggle that must be avoided. Compromising policies can easily be adopted when competing or collaboration strategy fails.

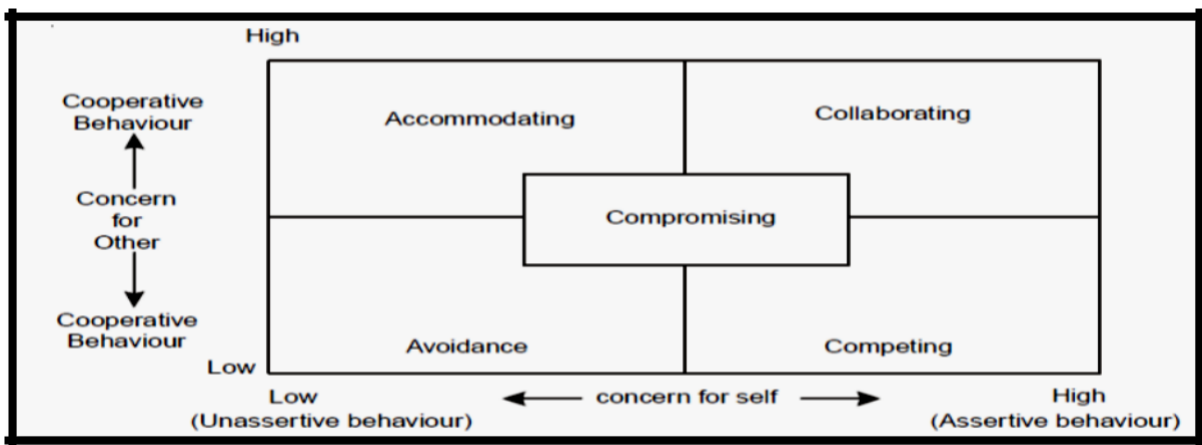


Fig. 3.2: Five modes of conflict management

### 3.8 Interpersonal Relationship Management

#### ? Self-Check Exercise 8:

Dear Learner"s; why are interpersonal relationships important in conflict management?  
Write the factors affecting IRP?

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Performance of members of any organization depends on their ability to effectively interact with their superiors, subordinates and co-workers within the organization and consumers, suppliers and general public outside. Interpersonal relation therefore is a very important issue involving any organization.

Most organizations have people problems rather than business problems. People problems are due to faulty interpersonal relations, which hinder the attainment of organizational goal. Efforts are therefore made to enhance the interpersonal skills of the people at work. IPR is the association of individual working in one organization. It indicates the degree to which members of an organization are associated each other.

**IPR is important because of the following reasons:**

- ➔ **An individual spends around eight to nine hours in his organization and it is practically not possible for him to work all alone.** Human beings are not machines who can work at a stretch. We need people to talk to and share our feelings. Imagine yourself working in an organization with no friends around!!!!!!We are social animals and we need friends around. An individual working in isolation is more prone to stress and anxiety. They hardly enjoy their work and attend office just for the sake of it. Individuals working alone find their job monotonous. It is essential to have trustworthy fellow workers around with whom one can share all his secrets without the fear of them getting leaked. We must have friends at the workplace who can give us honest feedback.
- ➔ **A single brain alone can't take all decisions alone.** We need people to discuss various issues, evaluate pros and cons and reach to solutions benefiting not only the employees but also the organization on the whole. Employees can brainstorm together and reach to better ideas and strategies. Strategies must be discussed on an open platform where every individual has the liberty to express his/her views. Employees must be called for meetings at least once in a week to promote open communication. Interaction on a regular basis is important for healthy relationship.
- ➔ **Interpersonal relationship has a direct effect on the organization culture.** Misunderstandings and confusions lead to negativity at the workplace. Conflicts lead you nowhere and in turn spoil the work environment.

➔ We need people around who can appreciate our hard work and motivate us from **time to time**. It is essential to have some trustworthy coworkers at the workplace who not only appreciate us when we do some good work but also tell us our mistakes. A pat on the back goes a long way in extracting the best out of individuals. One needs to have people at the workplace who are more like mentors than mere colleagues.

➔ **An individual needs to get along with fellow workers to complete assignments within the stipulated time frame.** An Individual working all alone is overburdened and never finishes tasks within deadlines. Support of fellow workers is important. You just can't do everything on your own. Roles and responsibilities must be delegated as per specialization, educational qualification and interests of employees. An individual needs help of his fellow workers to complete assignments on time and for better results.



**Let us go through some tips to improve interpersonal relationship at workplace.**

- **Do not treat office as your home.** There is a certain way of behaving at the workplace. It is essential to be professional at work. Never misbehave with any of your colleagues.
- **An individual should not interfere in his colleague's work.** Superiors must formulate specific KRAs for all the employees and make sure job responsibilities do not overlap. Overlapping of job responsibility leads to employees interfering in each other's tasks and eventually fighting over small issues. One should be concerned only with his work rather than trying to find out what the other employee is up to.
- **Give space to your fellow workers.** Giving space in fact is essential in all relationships. Overhearing anyone else's personal conversation is strictly unprofessional. An employee must not open envelopes, couriers or letters not meant for him. Such practices lead to severe displeasure among employees and eventually spoil relationships.
- **Do not spread baseless rumors at workplace.** Even if you know something about someone, learn to keep things to yourself. Discuss it with the individual concerned in private rather than publicizing the whole thing. Organization has nothing to do with anyone's private matters.

- **Pass on correct information to others.** If your superior has asked you to share some information with any of your colleagues, make sure it is shared in its desired form. Data tampering and playing with information spoil relationships among colleagues and lead to confusions at the workplace.
- **Do not share all your secrets with your co workers.** You never know when they might misuse them. Even if you do, make sure you are doing it with someone you trust blindly.
- **Leave your ego behind.** Do not bring your personal tensions to work. Think before you speak. Making fun of colleagues is something which is not at all expected out of a professional.
- **A team leader should not scold any of his team members in front of others.** It might insult him/her. Call the individual concerned either to your cabin or conference room. Avoid comparisons among team members. The employees must be strictly judged according to their work and nothing else. Employees doing well should be suitably rewarded.
- **Stay away from nasty politics at workplace.** Do not try to harm anyone. It is absolutely okay to appreciate someone who has done something exceptionally well. Avoid being jealous. It will harm you in the long run. There should be healthy competition among the employees for a healthy environment at the workplace.

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### 3.8.1 Factors affecting interpersonal relationships

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#### A. Personality Factors:

When trying to understand your feelings and behavior, it helps to be aware that how you think and feel about yourself and others may be very unlike how they think and feel about themselves and you. These different evaluation and reactions depend on each individual's self-concepts, value system; frame of reference, defensiveness, interpersonal relationship needs and feelings.

**Self-Concept:** Self-concept is a reflection of all the past experiences one has with others and includes characteristics which differentiates from others. Once self-concept is established and certain specific patterns of behavior are adopted, it tends to resist change. In order to maintain interpersonal environment and to maximize congruence of harmony, certain mechanisms are used.

**Personal Frame of Reference:** Self Concept and perception of other people and things develop into a personal frame of reference for perceiving and interpreting experiences. Two people with different frames of reference may do very different things in the same situation to try and satisfy the same need. Different needs, past experience and cultural backgrounds are a frequent source of different frames of reference.

**Defensiveness:** Defense is a cognitive distortion that projects the self-concept against being diminished. It occurs when one protects him or her by denying, excusing or rationalizing one's action to protect self-concept against the threat of being damaged by failure, guilt shame or fear.

**Feelings:** How one expresses ones feelings is a frequent source of difficulty in interpersonal relationships. Rather than express them constructively, people often deny or ignore their own and others' feelings in an attempt to avoid rejection or struggle for control. It is the negative reaction that can cause the most problems especially if they are directed at a person one is interacting with far a long time like ones boss or a coworker. Maintaining a productive relationship requires that first you look at yourself to understand what it is about you that is carrying the negative feelings.

## **B. Interaction Setting**

Often, what appears to be personality changes may just be two peoples' varying responses to difference and incompatible job requirements. This frequently happens when people work in different parts of the organization, under different organizational cultures, for different bosses and in different jobs that make different demands.

**Job Requirements:** Job requirements determine how psychologically close or distant two people need to be to perform their work. The depth of interpersonal relationships required by a job depends on how complex the task is, whether the people involved possess different kinds of expertise, the frequency of interaction in the job, and the degree of certainty with which job outcomes can be predicted.

Work situations that are simple and familiar to both workers, don't require strong feelings, demand little interaction, and have a high certainty of outcomes call for minimal task relationships. Complex situations that require different knowledge from each person, high trust, much interaction, and have an uncertain outcome call for more intense interpersonal relationships.

**Organizational Culture:** The organization's culture influences the general nature of employee relationships. People take cues from the culture they work in and usually respond to what they perceive as general expectations. Some cultures discourage intimacy and only allow distant, impersonal relationships.

**Trust Level:** Relationships do not grow and develop until individuals trust each other. Trust is learned from past interactions with another. Trust is developed as the parties self-disclose personal information and learn that they will not be hurt by making themselves vulnerable to each other.



## SUMMARY



Conflict can be defined “as a **disagreement between two or more individuals or groups, with each individual or group trying to gain acceptance of its views or objective over others.**”



Conflict that supports the individual and group goals, which leads to higher performance is called **functional conflict** while the conflicts that hinders individual or group performance is called **dysfunctional conflict**.



People will be in conflict because of the following reasons.



Intra-personal Conflict, Inter-personal Conflict, Intra-Group Conflict, Inter-Group Conflict, Inter-Organizational Conflict and Intra-Organizational Conflicts are the types of conflicts.



Conflict analysis is a comprehensive look at all aspects of a particular conflict. The purpose of doing a conflict analysis is for the mediator to get the "big picture" and to understand the dynamics of the conflict.



The stimulation of conflict initiates the search for new means and goals and provides the stimulus for innovation. The successful solution of a conflict leads to greater effectiveness, to more trust and openness, to greater attraction of members for each other, and to depersonalization of future conflicts.



Conflict between parties can be resolved by five different modes: **Avoidance, Competing, Collaborating, Accommodating and Compromising.**



Performance of members of any organization depends on their ability to effectively interact with their superiors, subordinates and co-workers within the organization and consumers, suppliers and general public outside. **Personality Factors and Interaction Setting are the two main factors affecting interpersonal relationships.**



## CHAPTER REVIEW CHAPTER

**Part –I: True or False Questions**

Say “True” if the Statement is correct and “False” if the statement is incorrect.

1. Conflict is an evitable and all-pervasive element in our society and in the world.
2. Group conflicts indicate the way of inter-group behavior in an organization.
3. At perceived conflict stage parties become emotionally involved and begin to focus on differences of opinion and opposing interests.
4. The modern view holds that conflict may be necessary for organizational effectiveness.
5. In the conflict analysis a mediator gathers information from one side part is sufficient.

**Part –II: Multiple Choice Questions**

Choose the correct answer from the given alternative.

1. All of the following statements reflect the modern view of conflict except:
  - A. Conflict is structural in nature
  - B. Conflict must be eliminated at all
  - C. Conflict is inevitable and endemic organizational milieu
  - D. Conflict can serve as a power equalizer between parties
2. Conflict analysis in the work place includes the following elements except:
  - A. Parties involved in conflict
  - B. Interest of each conflicting parties
  - C. Emotions
  - D. Alternative for dispute settlement
  - E. None
3. In modern organization, stimulation of the conflict is an important element of management because:
  - A. It facilitates group cohesiveness
  - B. It improves group and organizations effectiveness
  - C. It brings about constructive level of tension
  - D. All
4. The most common and recognized form of conflict is:

|   |   |
|---|---|
| <ol style="list-style-type: none"><li>A. Intergroup conflict</li><li>B. Intragroup conflict</li><li>E. None</li></ol> | <ol style="list-style-type: none"><li>C. Interpersonal conflict</li><li>D. Intrapersonal conflict</li></ol> |
|---|---|



**CHAPTER FOUR****4. CHANGE & CHANGE MANAGEMENT****Structure**

Learning Objectives

Chapter Introduction

4.1 The Meaning of Change & Change Management

4.2 Origins of Change Management

4.3 Forces for Organizational Change

4.4 Benefits & Significance of Change Management

4.5 Types of Change

4.6 The Change Process

4.6.1 Implications of Kurt Lewin's Model

4.7 Levels of Change

4.8 Steps in Managing Change

4.9 Change Agents

4.10 Resistance to Change

4.10.1 Implications of Resistance

4.10.2 Managing Resistance to Change

4.10.3 Proactive & Reactive Resistance Management

4.11 Change Management Process

4.12 Communication in Change Management

4.12.1 The Purpose of Change Communication

4.12.2 The Importance of Stakeholder Analysis in Change Process

4.12.3 Fundamentals involved in Change Communication

Chapter Summary

Self-Check Exercise

**Learning Objectives:**

After completing this unit, you will be able to:

- ✎ Give the meaning of Change and Change management;
- ✎ Briefly discuss the origin of change management;
- ✎ Describe the reasons for change;
- ✎ List down and explain various internal and external forces for change;
- ✎ Outline the process of organizational change;



List down reasons for resistance to change and how to manage it; and



Explain what planned change mean and strategies for planned organizational change.

## **Chapter Introduction**

Dear students, welcome to the second unit of the module. In this unit you will learn about the meaning of change and change management, forces for organizational change, process of organizational change, resistance to change and its management, planned change and strategies for planned organizational change.

Change is inevitable. Nothing is permanent except the change. It is the duty of the management to manage change properly. Organizations must keep a close watch on the environment and incorporate suitable changes if the situation so demands. Change is a continuous phenomenon. Organizations must be proactive in affecting change. Even in most stable organizations change is necessary just to keep the level of stability. The major environmental forces, which make the change necessary, are technology, market forces and socio-economic factors. Resistance to change is not desirable. It is counterproductive for growth and destructive in nature. Managers must evolve policies to affect change. According to Barney and Griffin, —the primary reason cited for organizational problems is the failure by managers to properly anticipate or respond to forces for change.

As you can remember, Barak Obama started his election campaign with a plan to renew America’s promise with the words —Change we can believe in. His presidential campaign was marked by changes. He wanted to change a nation and its way of acting. Throughout the campaign, Obama’s change was aimed towards bringing a rapid end to the war in Iraq, decreasing energy dependence, and providing universal health care. In his victory speech Obama said, —Change has come to America.

Up to now, not all of his plans and ideas have proven successful and only the future will reveal their full potential. The U.S election was a change of the government position which was decided by the nation. In an admittedly smaller world, every person in his or her life as well as every manager of an organization is faced with change or the requirement to make changes

every day. Dear learners, in the section, we will concentrate on the business world and have a look at what changes mean?

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#### **4.1 The Meaning of Change and Change Management**

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**? Self - Check Exercise 1:**

**Dear learners,** using few words, try to write down your own definition for change and change management.

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Change refers to an alteration of a company's strategy, organization or culture as a result of changes in its environment, structure, technology, or people. A manager's job would be very straight forward. Good managers have a competence to manage change in the company's environment. These changes can be alterations in *structure* (design of change, span of control, authority relationships or coordinating mechanisms), in *technology* (equipments, work processes or work methods), as well as in *people* (behaviors, perceptions, expectations or attitudes).

Introduction of change in one part in an organization forces change in other part. If the change is beneficial people accept it willingly. If it is not desirable, there is great resistance. If it is of no consequence to the people, they may adopt an attitude of indifference. If they consider the change detrimental to their growth and prosperity, they may resist through counter pressure. This reaction is based not necessarily on the reality or facts but on their perception. The change therefore should be sufficiently strong enough to overcome the counter pressure.

Due to advancement of technology and social environment change has become a necessity. If the change takes place, a balance or equilibrium is achieved by the organization. Thus people learn to expect various environment relationships within the organization.

They learn adaptation. The essence is that when people feel that there is need to change, and when they change, they actually are adjusting to changed situation thus equilibrium is achieved with the changed environment. This process carries on and is never ending because change takes place continuously. Formally, change management is the approach to plan, design, implement, manage, measure, and sustain changes in business processes and work.

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## **4.2 Origins of Change Management**

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Change management has its origin in the 1950's. In those days modern forms of management were introduced (e.g. teamwork, autonomous groups) and the 'war' between followers of top-down (change) approaches and bottom-up (change) approaches began.

Top-down organizations are characterized by the relatively low influence of subsystems with the exception of the top management, employees are placed in a given process pattern. The organization's units are coordinated within a system of regulations and the organization's development is steered from top down.

Bottom-up organizations are characterized by the relatively high influence of subsystems. The organization's development is carried by involved employees. A structural partial autonomy is conceded to the single subsystems. The organization's units are relatively independent in their execution of problems and could be basically capable of surviving on their own. Regulations are found primarily in the form of general behavioral instructions and the basis of —common sense. The organizations development is therefore developing itself bottom-up.

The best known concepts of top-down management are business process re-engineering and business re-engineering. The concept of Business Process Re-engineering (BPR) is aimed at changes concerning quality, service, cost, and processing time. The core idea is process orientation. The Business Process Re-engineering (BPR) takes into consideration strategy creation as well as process creation without describing, however, methods and instruments in detail. The documentation of the actual and the planned process remain at a relatively coarse level and the main weight lies with few identified core processes.

Business re-engineering is aimed at the radical redesign of enterprise strategies or essential enterprise processes. Its purpose is the improvement around scales in insignificant and measurable achievement dimensions in the areas of costs, quality, service and time. The implementation of this concept requires a —strong manager— who not only initiates the changes but also encourages the employees to make the necessary changes. Business re-engineering, therefore, is based on order and control, while the comprehensive knowledge of the organization's development and the participative system's creation is maintained. The best known concepts of bottom-up management are kaizen and lean management.

Kaizen (Japanese for "improvement" or "change for the better") focuses upon continuous improvement of processes in manufacturing, engineering, development, marketing etc. (main business processes), supporting business processes and management.

Kaizen as a management approach is based on the idea that no actual status (of a process or an organization) is good enough to be kept. Kaizen refers to a continuous improvement of all functions and involves all employees from the executive board to the assembly line workers. It also applies to processes, such as purchasing and logistics and always involves the entire organization. Kaizen was first implemented in several Japanese businesses after the Second World War, influenced in part by American business and quality management teachers who visited the country. It has since spread throughout the world. Lean Management explains how to link the advantages of batch-producing organizations (speed, low unit cost) with the benefits of a customer-oriented organization (high flexibility, customizing, quality).

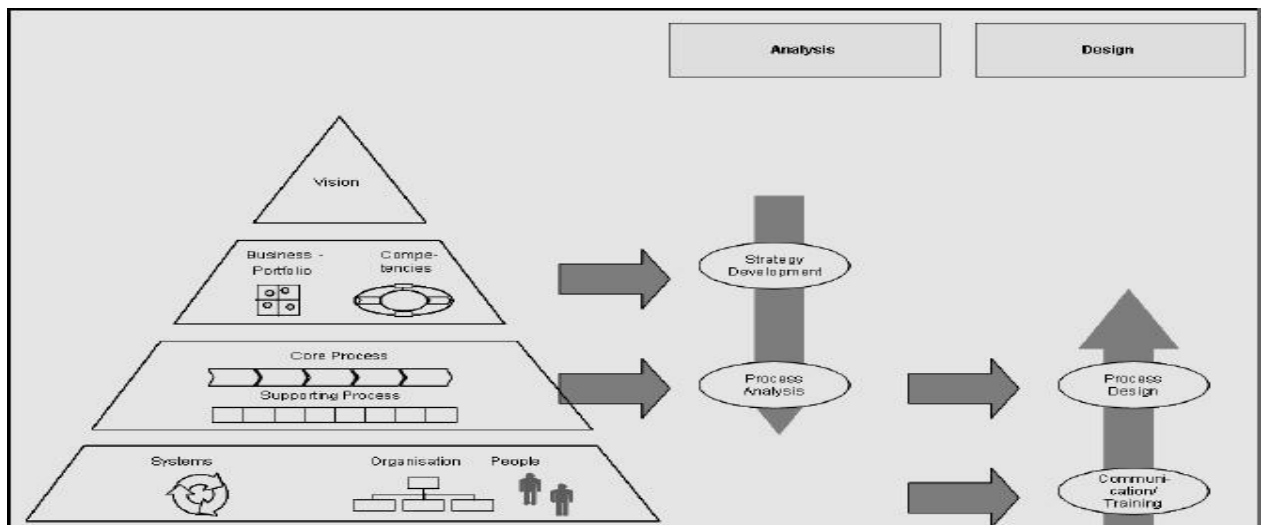
—Lean" must be understood as "Lean Enterprise—, an enterprise with customer-oriented organization which values customers, suppliers and employees. Principles of lean management are a gradual approach, group orientation, own responsibility, constant feedback in lower management levels and a long-term orientation. Other ideas of lean management are an enterprise-wide improvement of the quality, acceleration of the development, harmonious integration of the enterprise into the society as well as outsourcing and concentration on specific strengths of the organization. The focus lies on the soft factors. Also in relation to a process-oriented thinking and strategy creation, lean management uses the Kaizen approach. Nevertheless, the concentration on a few, significant core processes is strongly stressed here.

Comparing the bottom-up and top-down approaches, the advantage of a bottom-up orientation lies with the possibility of adapting the rhythm of the development and the capacity of the organization for development. Small changes can be achieved at short notice or immediately, while lasting changes run smoothly and could guarantee a constant improvement of the problem solution capacity of the enterprise. On the other hand, permanent change processes and the constant restlessness linked with such change processes can also affect negatively the organization, as possibly no clear direction is recognizable any longer.

Few enterprises are ready for a radical change in their orientation as demanded in a top-down approach. No organization is able to reorganize itself and the whole value-added chain ad hoc. Frequently the longevity of the soft factor "enterprise culture" is underestimated. Changes in the enterprise culture need time and, hence, are an object of evolutionary and participative approach and not a revolutionary and authoritarian process.

The advantages of the top-down approach are the straight-forward attempt of comprehensive, department-covering thinking and action and the focus on the central processes.

Nowadays, within modern change management approaches, top-down and bottom-up approaches are mixed. As shown in Fig. 1, analysis and the strategy development is mainly done top-down whereas continuous process improvement is driven from the bottom-up. Constant dialogue between the involved parties guarantees a constant improvement and focusing on the core requirements.



**Figure - 4.1:** Modern Change Management - Bottom-Up meets Top-Down

So change management is the:

- ☆ correct understanding of the organizations that want or need to be changed
- ☆ correct understanding of the people who are willing or forced to change
- ☆ the effective realization of change
- ☆ understanding the dynamics of change

Changes should be facilitated by the organizational structure because this enhances adaptation and flexibility. A simple organizational structure will reach a simple dynamic environment or, on the other hand, a simple dynamic environment needs a simple structure only. For a complex dynamic environment an adhocracy will be needed. Adhocracy means more democracy and less bureaucracy. One of the most important points is the people, because they form the organization. The culture of organization includes their way of working, attitudes and norms. These facts are at the core of every change and they are difficult to handle. Personal modifications regarding attitudes or skills in leadership or communication are hard to identify but ineffectiveness can be indicated by problems and conflicts in the management of human resources.

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### 4.3 Forces for Organizational Change

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**? Self-Check Exercise 2:**

**Dear learners,** what are the factors of organizational change? And distinguish the internal and external forces of change?

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Changes are triggered based on;

- 1) The understanding of the macro-economic environments (E) and developments,
- 2) The analysis of the industry (I) practices and prospects and
- 3) The assessment of company's (C) performance, strength and weaknesses.

This can be coined as ***EIC*** (Environment-Industry-Company) drivers of Changes.



### Environmental Change Drivers (External Factors)

The PESTEL framework facilitates identification of macro-environmental factors that may affect business performance now and in the future.

**Political factors:** - Stability of government - Social policies: (e.g. social welfare) - Trade regulations: (e.g. the Asian) - Tax policies China became the —Factory of the World thanks to its stable government, consistent industry-friendly policies and diligent workforce. **Economic factors:** - Credit accessibility - Unemployment rates - Interest rates - Inflation

**Social Factors:** - Population demographics: (e.g. aging population) - Distribution of Wealth - Changes in lifestyles and trends - Educational levels. Lifestyle products thrive when consumers are more educated, socially connected and brand-aware and wealth is widely distributed.

**Technological factors:** - New innovations and discoveries (e.g.: Walkman, convergence devices like I-phone) - Pace of technological innovations and advances - Pace of technological obsolescence - New technological platforms (e.g. internet)

**Environmental factors:-** Environmental protection (Carbon Emission etc) laws - Waste disposal laws - Energy consumption regulation - Popular attitude towards the environment Green initiatives are forcing consumers to revise their choices of automobiles, packaging stuff and appliances; and companies to revisit their plant/building design and operational practices.

**Legal factors:** - Employment regulations - Competitive regulations - Health and safety regulations - Product regulations the key for business managers is to discover the degree of influence of main environmental drivers and keep the strategic planning process sensitive to current and future environment.



### Industry-level Change Drivers (External Factors)

Competitor's objective, assumption, strategies and capabilities are the elements of competitor analysis. Similarly customer's preferences, spending strategies and pattern will form basis of market analysis. Both are dynamic and both influence company-level changes through following competitive forces.

**Threat of New Entrants:** It depends on economies of scale, capital investment requirements, customer switching costs, access to industry distribution channels, access to technology, brand loyalty, the likelihood of retaliation from existing industry players, regulations. Threat of new

entrants may compel the company to invest in a change initiative so as to increase the entry barrier.

**Threat of Substitutes:** It depends on quality of the substitute, buyers' willingness to substitute, relative price and performance of substitutes, the costs of switching to substitutes. Threat of Substitutes may lead to change initiatives that drive up the performance/price feature of the product and services dealt by the company.

**Bargaining Power of Suppliers:** It depends on concentration of suppliers, branding of the supplier, profitability of suppliers, forward integration by suppliers, role of quality and service, relative positioning of customer, switching costs. Higher bargaining power of suppliers may force the company to consider changes that reduces its business risk due to relative weak position as a buyer.

**Bargaining Power of Buyers:** It depends on concentration of buyers, differentiation, role of quality and service, threat of backward integration into the industry and switching costs. Higher bargaining power of buyers may motivate the company to diversify the customer base, improve the differentiating features of the product and cut cost to reduce prices.

**Intensity of Rivalry:** It depends on the structure of competition (fragmented/concentrated), the structure of industry costs, degree of product differentiation, switching costs, strategic objectives, and exit barriers. It is quite common for a company to change its delivery process, promotional and distribution practices, pricing and product so as to respond to rival position of the competitor.



#### **Company-level Change Drivers (Internal Factors)**

All external change drivers will affect one or more perspectives of the company. Even when there is no change in the environment or industry, the company may still consider changes to improve one or more aspects of four perspectives mentioned below.

**Customer Perspective:** It deals with areas that affect customer satisfaction, number of repeat customers, customer referrals, value propositions, demographic, access to market, market share, .

**Financial Perspective:** It handles the concerns of the shareholders and includes management of Return on Investment (ROI), Return on Asset (ROA), profitability, stock price etc.

**Process Perspective:** It deals with areas that affect process downtime, work in process, backlog, defect rates, cycle times, operation & maintenance expense, risks and corresponding mitigation measures.

**Learning Perspective:** It deals with new products, number of patents, number of employee suggestions, revenue per employee, development plan, and qualification/certification in promotion etc.

**Characteristics of change drivers are as follows:**



Change drivers are myriad/numerous and dynamic.



Certain change drivers are ubiquitous and common to all organizations irrespective of scale, sophistication and industry. E.g.: Widespread use of internet and globalization.



Certain change drivers are industry specific like regulation related to Banking.



Perceived intensity of change drivers varies from one company to another.



Both external and internal change drivers may be related. External change drivers are expected to impact at least one internal change driver perspective and are initiated and implemented as Company-level Change drivers.



Presence of change driver is not a sufficient reason for a change. It also depends on the mission, vision, SWOT (Strength, Weakness, Opportunity and Threats) and priorities of an organization.

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## **4.4 Benefits and Significance of Change Management**

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**? Self - check exercise 3:**

**Dear learner,** what do you think are the significance of change in both individual and organizational perspective?

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The subject matter holds a tremendous importance for both individual and organization. Let us discuss some of the benefits from organization perspective.

**1. Understanding environment (society, government, customers)**

It is important for organization to understand, assess and gauge the dynamics in its external environment in order to envisage and establish an appropriate relationship with various actors like government, customers and society. Therefore managers by knowing the subject of change management can better be prepared to understand whatever is going on in the environment.

**2. Objectives, strategy formulation & implementation (to develop competitive advantage)**

Second is consequent upon knowing the impact of change at extraneous level on its own internal dynamics, and the foremost is objective setting and seeking competitive advantage.

**3. Employees (trained, high performing work practices, reliable organization)**

The employees are the recipient of change plan. One such perpetual concern of senior managers is to make organization highly reliable, therefore employees ought to be trained and high performing one in today's hyper competitive world.

**4. Technology Issues**

Technology is considered the engine of growth in today's world. Perhaps the greatest challenge for contemporary organizations is the acquisition and integration of technology in its strategy, structure and process. As such the concern of top managers is how to avoid organization being obsolete and how to cope and absorb the impact of changing information and communication technologies which have decisively influencing production and consumption behavior?

**5. Globalization**

The management of international economic and political forces what is today known as internationalization and globalization is yet another important factor influencing decision making of organization. No organization or nation can stay independent and indifferent to whatever is happening at international (political) level.

For instance the impact of September 11 events have been tremendous on the economies and organizations of developing countries like Pakistan. Similarly supra – national institutions are becoming more assertive over nation states not only in political terms but also on social issues

like child labor and gender issues. So government and states are considered somewhat less sovereign in imposing their will over their subjects (individual and organizations) against the ever increasing and complex interdependencies amongst states.

For example the compulsions and legal provisions of international treaties like WTO and ISO certification regimes have decisively influenced the organizations and economies of the developing world. Hence, imperative for managers, CEOs and entrepreneurs from smaller or larger organizations alike, of different sectors of economy are to understand the complexities of globalization and its impact on organization's business.

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## 4.5 Types of Change

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### ? Self-check exercise 4:

**Dear learner,** can you mention the different types of change that took place in your organization or anywhere else?

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Organizations typically respond to the challenges of new technologies, new competitors, new markets, and demands for greater performance with various programs, each designed to overcome obstacles and enhance business performance. Generally, these programs fall into one of the following categories:

1. **Structural change.** These programs treat the organization as a set of functional parts—the —machinel model. During structural change, top management, aided by consultants, attempts to reconfigure these parts to achieve greater overall performance. Mergers, acquisitions, consolidations, and divestiture of operating units are all examples of attempts at structural change.
2. **Cost cutting.** Programs such as these focus on the elimination of nonessential activities or on other methods for squeezing costs out of operations. Activities and operations that get

- little scrutiny during profitable years draw the attention of cost cutters when times are tough.
3. **Process change.**—These programs focus on altering how things get done. You’ve probably been involved with one or more of these. Examples include reengineering a loan approval process, the company’s approach to handling customer warranty claims, or even how decisions are made. Process change typically aims to make processes faster, more effective, more reliable, and/or less costly. This however needs heavy investment and entails various operational changes but cuts down time and energy. This would bring about change in work environment, organizational culture and modify behavior pattern of employees.
  4. **Cultural change.**—These programs focus on the —human side of the organization, such as a company’s general approach to doing business or the relationship between its management and employees. A shift from command-and-control management to participative management is an example of cultural change, as is any effort to reorient a company from an inwardly focused —product push mentality to an outward-looking customer focus.

None of these change programs are easy, nor is success ever assured. A structural change—such as the acquisition of a complementary business—might appear easy, since the entire deal can be handled by a small platoon of senior managers and consultants, with input from the board of directors. But such an operation results in a need for more amorphous changes, such as eliminating redundancies and getting the acquired units to work together smoothly, which can be enormously difficult and time-consuming. And the record shows that few of these initiatives come close to meeting the expectations of their supporters.

On the other hand, a change that focuses on a discrete operation, such as improving the customer service function, may be both easier to handle and more likely to succeed, since it involves a small activity set. The employees involved in that function may be able to handle the job by themselves, perhaps with a bit of coaching from a knowledgeable consultant.

If your organization is contemplating a change program, it will be helpful to determine which of the categories described above the initiative falls into, and to predict how it is likely to affect the overall company. Envisioning potential stumbling blocks in advance could prevent difficult issues from arising during the change process, and help ensure the success of the operation.

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## 4.6 The Change Process

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**? Self-check exercise 5:**

**Dear learner,** can you mention the main steps in the change process?

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Accelerated by global competition, the pressure to change business strategy is a worldwide phenomenon. Industrial activities are shifting from manufacturing to service, globalization of markets, political realignments, technical advances in management information systems, corporate alliances and downsizing of organizations are changing the structures of corporations and projects. In parallel, organizations are faced with global competition. This competition is becoming more and more obvious in automobile manufacturing, consumer electronics, computers and communications and household manufacturing. Increasingly, the global heavyweight players of the world economy are large corporations involved in international or multinational projects.

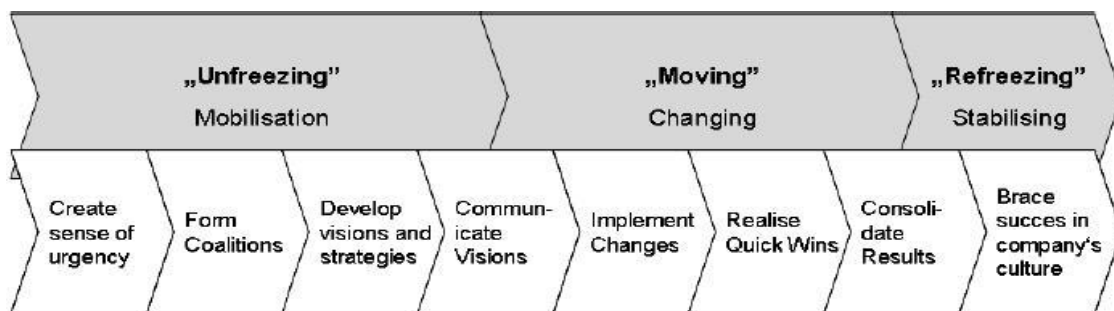
There is a global market and competition for most products and services. In order to effectively compete in it, organizations must use creativity and transform their cultures, structures and operations. The emergence of these global organizations creates pressure on domestic organizations and projects to restructure and internationalize their outlook and operations. Because of these powerful forces for globalization, organizations must explore project opportunities all over the world.

Technology is changing at a rate greater than at any time in history. One of the most dramatic technological changes affecting the work environment is the rapid expansion of information system technology. This technological revolution is having a profound impact on project structures, power relationships and the management of complex project interfaces. Artificial intelligence, computer-integrated manufacturing and virtual reality are creating new project

opportunities in terms of their development and applications. Technology eliminates the problems of physical distance. Audio/Videoconferences create the personal and direct interaction that is needed to work as a team. Engineering and manufacturing industries are assisted by robotics and computer-based design and manufacturing techniques like CAD. Fast-changing consumer preferences caused by rapid and frequent technological changes and innovation have shortened the life cycle of several goods and services.

The effects of rapid product obsolescence can be dramatic for organizations which cannot adapt and quickly handle this situation. In the pharmaceutical and electronics industries, some products become obsolete in as little six months. Projects aimed at developing products and services in such industries must adapt to this rate of change in a cost-effective manner to be successful.

Kurt Lewin, a prominent researcher, proposed the unfreeze/change/refreeze model. According to his approach, firstly, staff must be convinced that change is actually necessary. Managers need to highlight the areas of concern, or perhaps point out where things are better in rival businesses. Next, the change itself requires a range of solutions to be acted upon as soon as possible (before resistance builds up). Finally, refreezing involves reinforcing and formalizing the change (written down, repeated, and disseminated).



**Figure - 4.2:** Unfreezing - Moving – Refreezing

### 1. Unfreezing

The process of unfreezing makes individuals ready for change. Kurt Lewin believes that employees must be informed in advance of impending change and that they should not be surprised. Unfreezing entails unfreezing the old behavior or situation. Edgar Schein took this excellent idea propagated by Lewin and improved by specifying psychological mechanism

involved in each stage of the model. Unfreezing involves creating motivation and readiness to change by creating an environment of disconfirmation of existing psychological safety in the changed pattern of behavior. This can be achieved by making announcements, meetings and promoting the idea throughout the organization through bulletin, boards, personal contacts and group conferences. The unfreezing process basically cleans the slate so that fresh behavioral patterns, customs, traditions can be imprinted which can then become a new way of doing things.

## 2. Moving

Once unfreezing process is completed, moving takes place. Moving is incorporating change. Persons undergo cognitive restructuring. The process is carried out by the following three methods as proposed by Kelman.

- ➔ **Compliance:** Compliance is achieved by introducing rewards and punishments. It has been established that individual accepts change if he is rewarded or punished. This is a behavior modification tool.
- ➔ **Identification:** Members are psychologically impressed upon to select their role model and modify behavior. If a leader can act as a role model the change is easier.
- ➔ **Internalization:** Internalization involves internal changing of individual's thought processes in order to adjust to a new environment. Members are advised to carry out soul searching and adopt a new behavior.

The term 'change ready' is often used to describe people who are unfrozen and ready to take the next step. Some people come ready for change whilst others take a long time to let go of their comfortable current realities.

**Here are some ways to make it happen:**



**Burning platform:** Expose or create a crisis.



**Challenge:** Inspire them to achieve remarkable things.



**Command:** Just tell them to move!



**Evidence:** Cold, hard data is difficult to ignore.



**Destabilizing:** Shaking people out of their comfort zone.



**Education:** Teach them to change.



**Management by Objectives (MBO):** Tell people what to do, but not how.



**Restructuring:** Redesign the organization to force behavior change.



**Rites of passage:** Hold a wake to help let go of the past.



**Setting goals:** Give them a formal objective.



**Envisioning:** Done well, visions work to create change.

## **Transition**

A key part of Lewin's model is the notion that change, even at the psychological level, is a journey rather than a simple step. This journey may not be that simple and the person may need to go through several stages of misunderstanding before they get to the other side.

A classic trap in achieving change is for leaders to spend months on their own personal journeys and then expect everyone else to cross the chasm in a single bound. Transitioning thus requires time. Leadership is often important and when whole organizations change, the one-eyed person may consider he a —king|. In such a case, some form of coaching, counseling or other psychological support will often be very helpful.

Although transition may be hard for the individual, often the hardest part is to make a start. Even when a person is unfrozen and ready for change, that first step can be very scary. Transition can also be a pleasant trap and, as Robert Louis Stephenson said, 'It is better to travel hopefully than to arrive.' People become comfortable in temporary situations where they are not accountable for the hazards of normal work and where talking about change may be substituted for real action.

### **3. Refreeze**

It is related to integrate the new behaviors into the person's personality and attitude. It is referred to stabilization. The change behavior must necessarily fit into the social surroundings. Refreezing takes place when the new behavior is adopted in a normal way of life. New behavior must replace the old on a permanent basis. New behaviors must be re-enforced

continuously so that it does not diminish. Change process is not a onetime process but it is continuous hence unfreezing, change and refreezing must also be continuous.

Once the new objective or desired state of affairs has been achieved the problem with this phase is to institutionalize the new system so that people might not revert back to the older ways of doing things. The purpose in this phase is to stabilize new learning. This can be done through behavioral reinforcement. In this stage again the effectiveness of performance –reward linkage is considered to be the part of enabling environment. New behavior is to be internalized. Important note here is that effects of many training programmes and lectures are short lived when a person returns to the environment that does not reinforce. Hence continuous and intermittent reinforcement is needed.

Another example from real life is that Pakistanis are known as highly productive abroad but back in their own society they are known as work strugglers, the difference is on account of enabling environment. Therefore in order to refreeze the new behavior, system or equilibrium we have to provide enabling environment.

### **Application**

The model can be applied to all three levels to explain change management phenomenon; societal, organizational and individual. For instance our society in over all analysis is in transition phase. Older things, system and traditions have been unfrozen, but we have yet to learn the dynamics of new systems as the productivity of newly learned behavior is at lower level than the traditional system.

The society is in transition from agrarian to industrial, rural to urban and traditional to modern. Members of such a society face a situation of role overload and role conflict bears attributes of both systems. We have unlearned our traditions but yet to learn modern productive traits. This transition reflects what is identified by one author as ‘crazy period’.

At organizational level we can take the example of organization undergoing automation programme. Therefore first thing is to unfreeze the mindset of managers by creating dissatisfaction about the existing system file work or manual work. So creating discomfort amongst members of organization about lower level of productivity, creating sense of urgency and instilling fear of lagging behind in competition, enlisting perceived benefits for motivating

managers are various techniques for unfreezing. During the second phase of change movement once the decision is taken for automation leads to multiple problems of learning, training, jobs and position displacements, hiring of computer technologist, budgetary allocations etc will create unease and tensions in the two types of system; manual and automated one. At this stage it seems that previous system was better

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### **4.6.1 Implications of Kurt Lewin's Model**

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#### **1. Change can be directed, managed and controlled (Learning is a choice behavior)**

Everything is not pre-ordained and predetermined. Modern thinking is scientific or formulaic. There is a general formula for everything within the domain of natural sciences or social sciences. Therefore what is known as social sciences is that tools and methods used for creating scientific knowledge can also be applied to create knowledge in social domain. Therefore learning such type of abstract social disciplines such as entrepreneurship, leadership, management and organization culture from scientific approach means these very subjects can be taught and learned. So in this respect modern approach is different from the traditional one as now learning is considered not a function of gene or inheritance but a matter of aptitude and interest. Hence social behavior can be managed like a thermostat or control valve to get the desired end. For instance, these control valves may reside in financial and non-financial techniques to motivate individual manager and groups.

#### **2. Explicit recognition that change will be resisted**

There are a lot more benefits of categorical acceptance, admission or recognition of some variable under research. In fact research has more to do with the identification of critical variable which play influential role in the causation of any phenomenon, and earlier was less focused upon. Therefore once we know and recognize that resistance to change is distinct phenomenon for study, we will also study and target imperatively how to overcome this resistance. This is a typical technique of Western academics to bifurcate and focus in a specialized (in depth study) manner to create new subjects and disciplines. In other words division of labor exists in academics.

**3. The resistance can be overcome through management and good leadership**

As pointed out above once we know resistance is a critical variable to study simultaneously make imperative for us to know what type of leadership and management style will overcome what type of resistance. Hence we see that change management literature most of the focuses on the participative decision making, employee involvement, delegation, decentralization and team building etc. for organization to manage organizational transformation and strategic management programme.

**4. Sequence of event also matters**

The model also depicts that change management process has a sequence to it. In order to manage planned change we ought to know what should come first, which stage is follow another and how to identify which change management stage we are in like a life cycle approach

**5. Change attitude - behavior will follow**

First we have to seek differentiation between the two terms, attitude and behavior. The concept ‘attitude’ is more comprehensive than the term behavior which included cognitive as well action orientation while behavior is defined only in action perspective. Therefore going by this approach in order to have meaningful change we have to change first attitude. Hence change in cognition will lead to behavioral change. Alternate approach could be to change action which will eventually lead to attitudinal change. Here focal point for change is actions since actions are visible and measurable.

The former change method is democratic in spirit while later is autocratic in nature. There is a flaw from methodological point of view, to measure change; the dominant paradigm of western social sciences is to target action. For instance scientific school of theory building (by and large rely on quantitative approach or survey method) it is the action which is the source of data and evidence, intent cannot be measured. From Islamic perspective of human behavior it is the intent which matters most not the action as the famous hadith goes - action depend upon intents. This is somewhat closer to the recently researched concept of equip-finality which means different actions can be taken or multiple practices can exist to reach the same intent effectively.

**6. Change the context – behavior will follow [B = f (P \* E)]**

Environmental forces play decisive role in shaping behavior, is the key theme of the equation cited. Change in behavior is owing to a particular context or situation. This relies on contingency school of management which means organizational efficiency and effectiveness is contingent upon environmental factors – will be different for different organizations. These factors could be size, type of industry, technology, etc. If environmental or contextual factors are so powerful and decisive to explain change or stability then does that mean individual (individual organization) has leased or no role, priority, discretion or strategy in deciding for change. This leads us to the debates between fatalism vs. determinism, the role of individual vs. institution and the universal vs. cultural perspectives of management. Context again comprises of multiple facets Historical –social-political –geographical – cultural context.

Another ‘change model’ was proposed by Ronald Lippitt, Jeanne Watson and Bruce Westley. They expanded the original Lewin (3 stage) model into seven stage model.

**Phase 1:** The development of need for change.

**Phase 2:** The establishment of change relationship (establishment of ‘\_Client’ and ‘\_Change agent’ relationship).

**Phase 3:** Diagnosis of client of client system’s problems.

**Phase 4:** The examination of alternative routes and goals; Establishing goals and intentions of action.

**Phase 5:** The Transformation of moving intentions into actual change efforts.

**Phase 6:** The generalization and refreezing stabilization of change.

**Phase 7:** Achieving a Terminal relationship with client – change agent.

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**4.7 Levels of Change**

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Hersey and Blanchard identified four levels of change. These are;

1. Knowledge change,
2. Attitudinal change,
3. Individual behavior change and
4. Group or organizational performance change.

The objective is to bring about change in the organization. It is possible through knowledge change which in turn changes attitude of the individual. Knowledge change is simple as one can improve the level of knowledge by reading or listening. Bringing attitudinal change is difficult, because it is difficult to change the individual and his perception. Change in individual is related to personality traits. A manager may believe that empowering subordinates is essential for organizational growth yet he may not empower them because of his upbringing. Changes in group and organization is even more complicated than implementing individual level change as it involves change in group norms, customs, and traditions. Change in group level involves change in organizational culture. This is a long term process, which must be continuous with active involvement of top management.

**1. Knowledge Change:** Change in knowledge can bring change in individual and group behavior. It is related to the leadership style, Hersey and Blanchard refer to as participative or democratic change cycle and autocratic or directive change cycle.

(a) Participative leadership style in bringing change in group or organization is largely based on the style of leadership. Change in knowledge of workforce coupled with participative leadership style can transform an individual in his outlook. It can bring change in his attitude and an individual can be more committed towards the organization. He can be more responsible towards his duties and obligations.

New methods and techniques can be implemented to bring change in the group in desired direction. Assistance from like minded leaders having democratic outlook can help managers to implement desired change.

Once this is achieved, organizational change may be effected by getting other people to begin to pattern their behavior on the lines of successful leaders. Thus the change cycle works through change in knowledge, attitude, individual behavior, group behavior and organizational change.

(b) There are autocratic leaders in the organization. This type of leadership announces the desired change all of a sudden. This type of process of change may result in whole hearted acceptance of change or the group may resist the change totally. What is expected in the autocratic change cycle is organizational change, group level change, knowledge change and through this cycle, to implement individual behavior change. Since this approach is

opposite of participative cycle change, it is difficult to implement and individuals are not ready to accept change in first place. Secondly, the change may not be of a permanent nature. Participative change is ideal when the employees are achievement oriented having task relevance and willing to accept responsibilities. It has deeper and longer lasting impact. Autocratic change cycle has fast speed and revolutionary in nature. It is sustainable where people are not willing and certain amount of force is required. This change cycles are complimentary to each other and therefore may be used according to the situations.

- 2. Attitudinal Level Change:** It is difficult to bring attitudinal change. Attitudes are formed and conditioned by feelings. The way one feels about change will determine how one is likely to behave. Attitude is formed in early childhood based on social surroundings. When you are part of a group, an attitude is greatly influenced by group norms, expectations of the group members and behavioral code a group adopts. Further the work environment influences the attitudes. Due to complex nature of situations, there is positive or negative impact on individual behavior.

Often actions or reactions of individual are effects of group-think. It often happens that workers join the strike to show togetherness of the group or organization. Individual may not be able to justify a particular behavior but he does it merely because all others are engaged in a particular behavior. We are not able to explain our emotions largely, that make us behave in a particular manner. These feelings as Davis explains are not a matter of logic.

They are neither logical nor illogical; rather they are non-logical hence, logic alone is not enough to modify feelings in modern times, it is however necessary to effect change in individual attitude. It is possible by way of delegation of authority, empowering employees in their work. Making work more pleasant and interesting by way of providing the workers wherewithal necessary for its accomplishment, creating autonomy in work and introducing management by objective concept in the organization. Cultural change is important. Organizational culture must conform to majority of workers culture and they must feel at home while working. Attitude of leaders also play a vital role in attitude change of subordinates. Participative leadership culture go a long way in obtaining willing obedience of employees. It must be borne in mind that it is a continuous process and all members

must sub-conscientiously attempt to improve work culture in the organization for attitudinal change.

**3. The Group Level Change:** Group plays variety of roles in bringing about change in the organization: The group as medium of change, the group as the target of change and the group as an agent of change. Cartwright<sup>7</sup> has developed the following principles in this regard.

**A. The group as a medium of change:**

- i.** If group is to be used effectively as a medium of change, those people who are to be changed and those who are to exert influence for change must have a strong sense of belonging to the same group.
- ii.** The more attractive the group is to its members, the greater is the influence that the group can exert on its members.
- iii.** In attempts to change attitudes, values, or behavior the more relevant they are to the basis of attraction to the group, the greater will be the influence that the group can exert upon them.
- iv.** The greater the prestige of a group member in the eyes of the other members, the greater the influence he can exert.
- v.** Efforts to change individuals or sub-parts of a group which, if successful, would have the result of making them deviate from the norms of the group that will encounter strong resistance.

**B. The group as a Target of change**

- i.** Strong pressure for change in the group can be established by creating a shared perception by members of the need for change, thus making the source of pressure for change laid within the group.
- ii.** Information relating to the need for change plans for change, and consequences of change must be shared by all relevant people in the group.
- iii.** Changes in one part of a group produce strain in other related parts which can be reduced only by eliminating the change or by bringing about readjustments in the related parts.

**4. Organizational – wide Change:** Organizational change is of a mega nature. It starts at the bottom level and acquires a very huge dimension. In defense services, if a person is promoted at the top level, there is a chain reaction upward for promotion and resultant placement, transfers etc. If an organization is attempting to change the job of an individual, his role-set is also likely to change which may distrusts the self – concept of the individual. Thus any action for change may also have chain reaction. It is therefore necessary to plan for change carefully. Allen has suggested following steps:

1. Development of clean objectives
2. Analysis of existing organizations
3. Preparation of an ideal plan
4. Trying out the plan
5. Establishment of uniform nomenclature
6. Overcoming resistance to change

In the fast developing world today, there are pressures on the human resources. Due care must be taken to ensure that employees are not disturbed physiologically and psychologically. Careful review of the situation to identify the gaps must be carried out. Change costs money and therefore it is advisable to undertake a pilot project before a universal change is implemented. Status system, titles and appellations attached to it must be protected by introducing uniform nomenclature, designation etc. People must be educated about the impending change so that they are not taken by surprise. Benefits of change must be highlighted. Automation of systems in organization have proved fruitful and cost effective for which it had initial resistance.

‘Change Management’ has already emerged as a discipline. It requires proper planning, programming, evolving appropriate procedures and systems. An organization must modify policies, procedures, rules and regulations based on changed objectives. Behavioral science plays an important role by way of ensuring that revised system is in tune with the time.

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## 4.8 Steps in Managing Change

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**? Self-check exercise 6:**

**Dear learner,** can you mention and discuss the basic steps in managing organizational change?

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Organizations must plan to implement change in a systematic manner. It must identify the field in which the change is required whether it is strategic, structural, process – oriented or cultural change. Changes can also be affected in all the areas concurrently, but it must be managed appropriately so that there is no bottleneck effect. Once the need for change is identified and the area in which it is to be implemented, the following steps have been suggested by Greiner.

- (a) **Develop new goals and objectives:** Objectives and goals are derived out of mission statements, objects may need revision due to change in external or internal forces.
- (b) **Select an agent for change:** It is the responsibility of the management to entrust execution of change to appropriate authority. A manager may be given this responsibility. Outside change agent can also be employed for the purpose. A specialist or a consultant can be brought in to suggest change and monitor implementation. He is also called a facilitator.
- (c) **Diagnose the problem:** Diagnosis is the first step to implement change. If an organization has a large number of employee turnovers then the data must be collected and made available to the consultant so that the reasons for turnover can be identified and appropriate corrective measures taken. The process of identification of problem is not simple as it appears. This it may need a research.
- (d) **Select Methodology:** It is comparatively easy to implement material change as a part of change of a system. What is important is to protect the emotions they must be made party to select methods so that it is easier to implement at a later stage.
- (e) **Develop Plan:** If the organization wants to reduce employee turnover, it may like to carry out comparative study of other organizations in respect of job content, reward system,

employee performance, appraisal system, promotion criteria, training & development and the strategy adopted by the organization for its growth. Based on examination of these factors, consultant would be able to develop a plan for change. It may require to introduce a new training and development policy that may reduce employee turnover. While developing a plan, various other factors must also be reviewed. Plan should not be finalized in isolation. All departmental heads must be co-opted in the exercise.

- (f) **Strategy for implementation:** Timings of implementation of change is very crucial. A deliberate decision must be taken in this regard like hike in price of a product, the decision to implement change is critical. If the change is related to internal employees, it must be communicated at an appropriate time so that there is no resistance to planned change.
- (g) **Implementation of Plan:** Once the decision to implement the plan and communication through which the plan is to be implemented is decided, it is the responsibility of the various departments to implement the same. This may need notification, briefing sessions or in-house seminars so as to ensure acceptance of all the members of the organizations specially those who are likely to get affected. Implementation may be for a short duration as one time change of system or process but its aftermath is of great value. Employee reactions in attitudes, aspirations, emotions and behavior must be canalized in positive directions due to change.
- (h) **Evaluation & Feedback:** The result of the change must be evaluated and suitable feedback obtained. If modification to training & development causes decrease in employee turnover, the objective of change would deemed to have been achieved. If the results are contrary to the expectation, then a new change may be required to diagnose cause.

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## 4.9 Change Agents

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? **Self-check exercise 7:**

**Dear learner,** who are the change agents within the organization? And what are different types of change agents and list there qualities?

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Change agents are factors that are responsible for the change in individual behavior. Other changes like change in organization structure, organizational strategy, process, policy and the like can always be introduced in the organization with proper consultations of the employees so that they are accepted by them. Change in human behavior is a complex phenomenon that may require a number of strategies to make desirable change. These are called change agents. They may either be initiator of change or serve as catalysts for such change. The four change agents identified by **Tichy .N** are as follows. These are:

- (a) **Outside Pressures:** External environment like fiscal policy, government policy, technology and social change bring change into the organization. Change is generally executed by the organizations itself. Government may also indulge and help organizations to adapt to new policy like controlling strike in the organizations.
- (b) **Changes from Top Management:** The organizational change may come from the top management. It may be in the form of structural, strategic or institutions changes that may be beneficial to the organization with particular reference to employees.
- (c) **Internal Organizational Development:** Organizational objectives must be reviewed from time to time. This is necessitated because of the environmental changes. Areas where organizational development can be carried out are work design, delegation of authority, team building, empowerment, autonomy, job enrichment, job rotation etc.
- (d) **Individual level Change:** Individual level change refers to change in attitude, skills and behavior. Management by objective (MBO) encompasses self decision making, setting objective for self, evaluating whether those have been met and resultant modification to work. If such development processes are introduced, individuals are likely to be more responsible and accountable for the work they are assigned. It is therefore necessary to introduce development processes / models in the organization.

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## 4.10 Resistance to Change

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**? Self-check exercise 8:**

**Dear learner**, why people resist change? How do you solve if resistance to change is exists?

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Change is a constant phenomenon. Dynamic forces are always at play and therefore individuals must adjust to it and carryout change. If the change in not implemented, the society will be stagnant and become hopeless. Individuals accept change in the technical field but resist the other as it has far reaching consequences for the social change. Change no matter how beneficial, is generally resisted and is always difficult to implement. It must be emphasized that change brings with it new challenges, new experiences, spirit and associated rewards and therefore it should be welcomed and implemented with positive-ness and full support. However, there are certain factors that resist change;

**i. Job Security**

One of the major reasons for change is job security. In recent times there has been the trend for downsizing the organization as a measure of cost cutting. Introduction of modern technology and systems should lead to the growth in productivity of the organization and should not lead to employee turnover.

**ii. Lack of Communication**

Different people will see different meanings in the proposed change. Management must communicate in advance the need for change, process to adopt for implementation of change. Employees should be co-opted right from the beginning in the process of change so that they are party to change and resistance is reduced to a great extent.

**iii. Rapidity and Extent of Change**

Autocratic leader has a tendency to introduce change abruptly with speed. Resistance therefore may be expected to the degree that the persons influenced by the change have pressure put

upon them to make it happen. If the change is of a minor nature and involves routine operations, the resistance would be minimal. If on the contrary the change is major and involves large number of employees there could be tremendous resistance to it. For example when Balco was privatized all employees resisted it.

**iv. Group Phenomenon**

Individual on occasions resist change because group wants it that way. Importance of group cohesion, group norms, code of conduct and the security group provides to individuals play a dominant role in individual behavior that makes them to resist change.

**v. Emotions**

Resistance can be expected when those influenced are caught in a jam between forces of change and forces of resistance. Resistance may be expected if the change is made on personal ground and past history of change of identical emotions. If the experience has been pleasant, then the resistance would be negligible. Workers willingly accept technical change if it does not have adverse effect on social fiber of the group. Resistance can be expected if the nature of the people who are going to be influenced by the change. Resistance may also be expected if the change ignores already established institutions in the group with particular reference to customs and group norms. It is therefore necessary that due care must be taken to protect the emotions of people.

**vi. Loss of Power**

Downsizing of department or posting of an executive to different department, where there is a reduction of power base will be resisted by the affected individuals though it may be of overall interest to the organization. For example superintendent of police of a district will resist positing as an instructor to the police-training academy.

**vii. Technology**

Technology changes are required for the growth of organization. People have now realized to be competitive. Latest technology, which improves the human skills must be introduced in the organization. It is important to consider that no human resources should be replaced by these changes. Certain amount of displacement should be taken in stride. Introduction of technology that causes economic loss and disturb social relationship are generally resisted.

### viii. New Practices

Due to advent of technology and education, more and more female employees are joining organizations. Some of them are serving in the position of top decision-making. Women domination is not liked by the people and is therefore resisted. For survival, organizations have to adopt the strategy of acquisitions and mergers, which is also resisted by the employees.

Generally, Resistance is expression of reservation which normally arises as a response or reaction to change in an organization. Resistance can emanate from individuals or organization itself. Here below are individual and organization factors.

**Table – 4.1: Summary of individual and organizational sources of resistance**

| Individual Sources of Resistance | Organizational Sources of Resistance                                 |
|----------------------------------|--|
| ▪ Fear of the Unknown            | ❖ Structural Inertia (mechanisms and regulations established before) |
| ▪ Self-Interest                  | ❖ Group Norms  |
| ▪ Habit                          | ❖ A Resistant Organizational Culture                                 |
| ▪ Personality Conflicts          | ❖ Threatened Power   |
| ▪ Differing Perceptions          | ❖ Threatened Expertise   |
| ▪ General Mistrust               | ❖ Threatened Resource allocation                                     |
| ▪ Social Disruptions             |  |

#### 4.10.1 Implications of Resistance

Resistance to change does not necessarily surface in standard ways. Resistance can be overt, implicit, immediate, or deferred. It is easiest for management to deal with resistance when it is overt and immediate. For instance, a change is proposed, and employees respond immediately by voicing complaints, engaging in work slowdowns, threatening to go on strike, or the like.

The greater challenge is managing resistance that is implicit or deferred. Implicit resistance efforts are more subtle—loss of loyalty to the organization, loss of motivation to work, increased errors or mistakes, increased absenteeism due to —sickness— and hence more difficult to recognize.

For any change to be accepted by the employees cooperatively, it is important for a manager to anticipate and handle the employees. Only looking at the technical and logical dimensions of

change will not help as change is finally to be accepted and implemented by the employees themselves.

Recognizing the effect on social factors is extremely important for the success of any change effort. It has to be borne in mind that as people are different; their response to change would also be different which may range from moderate support to weak support or even opposition to change. The managers responsible for change need to develop a climate of trust with positive feelings towards most changes. It is observed that when management is not able to win support of employees they use authority but if it is over used it will defeat the purpose. Therefore, authority needs to be used only sparingly and the other methods handling resistance to change can be tried out.

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### **4.10.2 Managing Resistance to Change**

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Change ultimately affects people in the organization. It is always better to explain to them why change is necessary, what benefits are likely to accrue as a result of change and how these benefits are to be shared by employees and the organization. Free flow of information and two-way communication is necessary. If proper communication is not maintained negative attitudes are likely to be formed while change is being implemented. There is a general impression that benefits from change accrue to the organization and management at the cost of workers.

This is a false impression and must be corrected by appropriate authority. It must be remembered that without full cooperation of workers, no change can be planned, implemented and the benefits, enjoyed. No growth of the organization can take place unless workers bring it about.

Management must understand that workers are the key element of any organization and that they must be involved from planning stage of change. This will result in increased productivity of the organization. Participation should not be simply a mechanical act of calling upon employees to —Participate. It should be clearly understood that there is no one simple panacea to be used in all situations. Participation is not being universally followed. The different combinations of different methods, techniques and procedures may have to be tried. There may be need for the counseling and training of people. Even if the situation is so warrants, the plan

even may have to be dropped. Conscious efforts must be made by the leader to remove the fears of employees.

**Generally, resistance to change can be handled using the following strategies**

- A) Communicate Effectively:** One of the most effective ways to reduce resistance is to communicate with the employees and help them see the logic behind introducing a change. It is often observed that lack of knowledge and ignorance is cause of individual resistance and this can be taken care of through communication on one-on-one basis or through group presentations, circulars or reports. This strategy would work where source of resistances is lack of knowledge and inadequate management employee relations and communications.
- B) Participative Decision-making:** Since security and self-esteem are the underlying fears for resistance to change, Involvement of employees in decision-making will bring down resistance and they will get an opportunity to express their opinion and views. Such an approach will work when the employee sees that the management has employee interest in mind. However, the flip side of this strategy is it is time-consuming and may sometime lead to a poor quality decision.
- C) Negotiation:** Another method used by change agent to deal with potential resistance to change is to offer of something of value to reduce the resistance. Negotiation is usually adopted when some powerful source is behind resistance. Though negotiation helps overcome resistance in many situations, one cannot ignore high cost involved in it and the risk of exposure of the negotiator to the members of his group or other powerful position holders.
- D) Providing Support:** Resistance to change can be minimized by providing support to employees to alleviate their anxiety and fear. Organizations use employee counseling or mentoring and therapy to take care of negative effects of change. The shortcomings of this tactic are that it is expensive and there is no guarantee of success in adopting this tactic.
- E) Co-optation and Manipulation:** Co-optation involves manipulation or participation. Essentially it offers key role to the 'leaders of a group resisting change in the decision-making process. In this method leader's opinion is invited largely for endorsement of the change agent's views. Cooptation is influencing resistant parties to endorse the change effort by providing them with benefits they desire and non-influential role in the process.

Manipulation involves distorting facts or withholding unacceptable information and malting facts in a way to look attractive and acceptable. In such situation the change agent will lose its faith before the group. Manipulation is framing and selectively using information and implied incentives to maximize the likelihood of acceptance. An example would be if the management tells employees that accepting a pay cut is necessary to avoid a plant shut down, when plant closure would not really have to occur. Both cooptation and manipulation are inexpensive method to win over resistance. These two work so long as the affected party is not aware that they are being exploited or cheated.

**F) Coercion:** Coercion is applying threat or pressurizing the employees implicitly or explicitly to accept (change under duress. Situations of closure of a plant or downsizing or bankruptcy could be examples of implicit coercion. Other examples of this found in organizations are adverse performance evaluation, transfer or threat of transfer and depriving promotion etc. Coercion should be used as the last resort.

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### **4.10.3 Proactive & Reactive Resistance Management**

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Managing resistance during any business change should include both proactive planning and reactive interventions. All too often, teams rely exclusively on reactive measures when resistance has already resulted in productivity loss and wasted time and resources.

Proactive resistance management involves systematically identifying where resistance might come from and what it might look like. The team identifies critical gaps and possible points of resistance, and addresses them before they even emerge. Proactive resistance management requires planning by the team and intervention from sponsors, managers and supervisors.

Reactive resistance management is in response to specific points of resistance. In the reactive situation, the team must listen to employees and identify the source of the resistance. Specific action steps should be developed, communicated and implemented.

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## **4.11 Change Management Process**

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The change management process is the sequence of steps or activities that a change management team or project leader would follow to apply change management to

a project or change. Based on Prosci's research of the most effective and commonly applied change, most change management processes contain the following three phases (see fig. 4.3):

**Phase 1** - Preparing for change (Preparation, assessment and strategy development)

**Phase 2** - Managing change (Detailed planning and change management implementation)

**Phase 3** - Reinforcing change (Data gathering, corrective action and recognition)

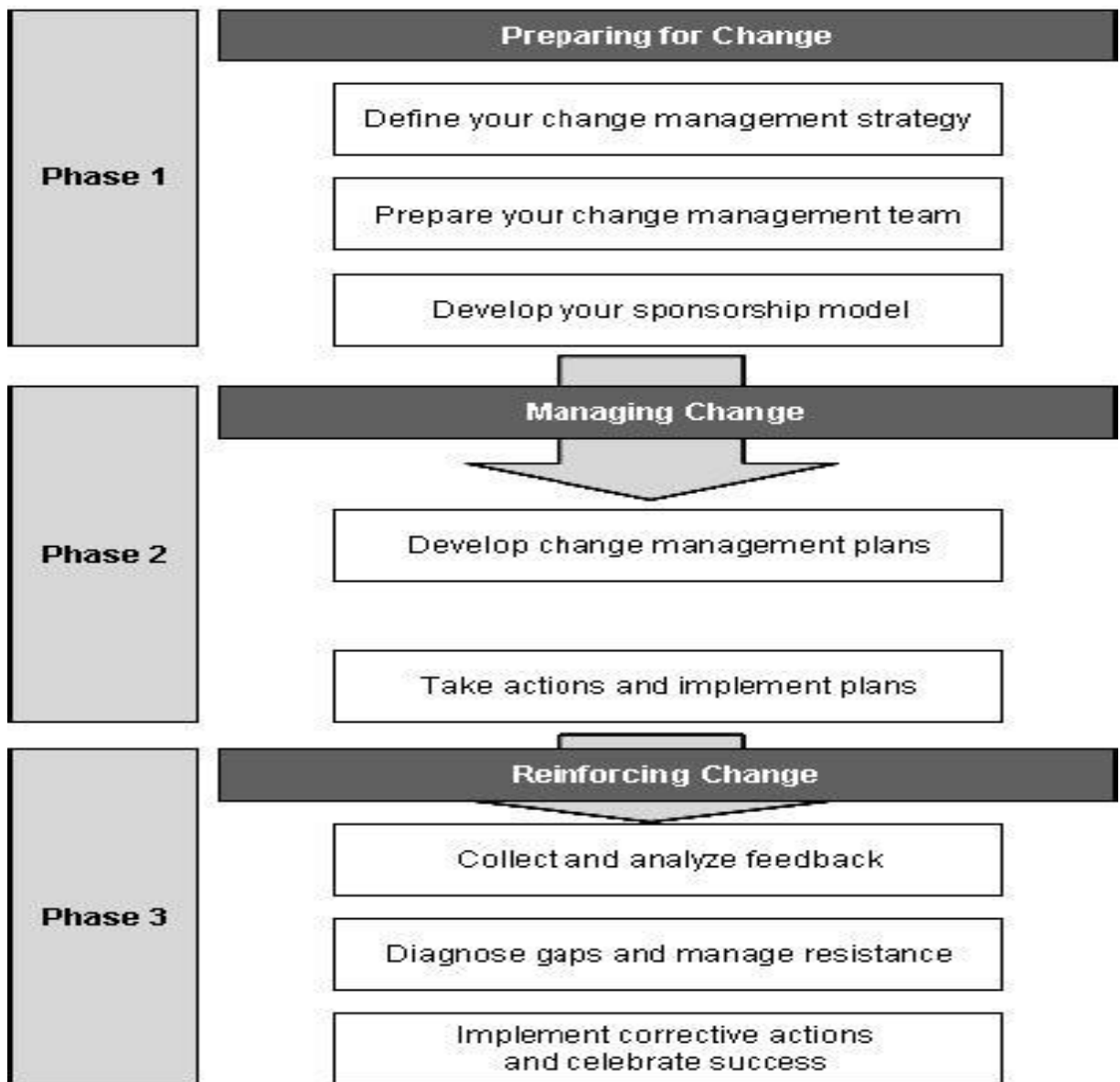


Figure - 4.3: Change Management Process

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## 4.12 Communication in Change Management

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**? Self-check exercise 9:**

**Dear learner,** Discuss about the role of communication in change management and in overall organizational change effectiveness?

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For implementing a change program successfully, communication is the key and one of the most complex parameters as it involves an exchange of ideas and feelings with people in an organization through various mediums. It is one of the toughest issues which an organization is faced with during the entire process of implementation of change. Effective communication must involve the following components:

- ✓ The message which is being sent by the individual must be clear and vividly presented. The message must radiate authenticity and genuinely.
- ✓ The recipient of the message must listen attentively, ask questions for clarifications and share feedback on the interpretation of the message.
- ✓ The method of delivery of the message must be compatible with the circumstances of both the sender of the message as well as the recipient.
- ✓ The message content must be able to connect well with the beliefs and thoughts of the recipient for being able to be acceptable.

In any change management program, it is the people who are fundamentally being affected by the change initiatives and it is the people who extend their cooperation and support to make the change happen. Without the involvement and motivation of the key stakeholders, it is impossible to expect success from any change program, as it is them whose interests are either positively or negatively affected due to the change initiatives.

The stakeholders' involvement, commitment, and acceptance in the entire change process are very important for achieving successful results from the change management program. For this,

the stakeholders must be made well informed about the purpose or the objectives of change, and they should be provided an opportunity to share their own ideas in the process of implementation of a change program. Research has proven that if a change is implemented in a consultative and an open manner it results in much effective outcomes in the overall process.

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### **4.12.1 The Purpose of Change Communication**

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Research has proven that in the absence of a proper communication plan, the entire change process may turn into a fiasco. Over communication or no communication are both undesirable as due to this the whole effort of change can be derailed. In the absence of sufficient two-way conversation or effective communication across all the levels, the change effort may fail to meet its objectives. If a communication plan is designed efficiently and clearly, it helps in building awareness and in getting the subsequent support in the entire program.

The communication continuum presented below shows how effective communication influences the stakeholders in building commitment towards the change.



**Figure -4.4:** How effective communication influences the stakeholders

The communication plan must be an integral part of the change plan addressing the questions of how, what, when and why of change from the people's perspective. Like the other documents of planning, the communication plan should also be documented and be subjected to periodic reviews.

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### **4.12.2 The Importance of Stakeholder Analysis in Change Process**

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Stakeholder Analysis can be considered as the foundation tasks before preparing and implementing a communication plan during a change process. The more complex the nature of change is, stakeholder analysis becomes all the more an imperative task as any implementation of change might be subjected to resistance due to one or several reasons from the stakeholders. Stakeholder analysis helps in minimizing the possible resistance from the participants in the

change process by understanding the requirements and expectations of the key stakeholders who are directly or indirectly being affected by the change. Stakeholder analysis can be useful in the following ways:

- ✎ Identifying the key stakeholders or the stakeholder groups as well and their influence on the change.
- ✎ Understanding the prevalent attitudes towards their change and how this may influence the overall process.
- ✎ Identifying the needs of communication and the possible risks involved if the needs are not met.
- ✎ Determining the various methods for communicating the messages as well as the timing of delivery of these messages.

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### 4.12.3 Fundamentals involved in Change Communication

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The following factors participate in communicating change approaches successfully:

- **Communicating the change vision clearly and doing it early:** This is the most important stage as it involves communicating the vision of change and what the organization will achieve at the end of the change effort. The vision should be described in simple form, must be clear and must be able to influence people strongly in implementing decisions. The earlier the vision for the change is communicated, the easier it will be for the people to be able to adapt and understand the nuances of change.
- **Highlighting the benefits and the impacts of change:** Effective communication plan during a change process helps in controlling the inertia or fears due to a change by explaining how the change will affect the people associated with it and why it is being implemented.
- **Ensuring that the leaders of the organization actively communicate in the entire process of change:** The leaders of the organization must convey how important the change is and must reflect their personal and visible commitment towards the entire process of change, as this will be sending a powerful message to the key stakeholders

about how seriously an organization is committed towards the implementation of change.

- **Using various channels or mediums for communicating the message of change:** Care should be taken in understanding how people learn about change from different mediums of communication. For visual learners, documented materials may best appeal and help them in understanding the change vision and for effective listeners; importance should be given to the presentation style and selection of words for impressing such category of stakeholders.
- **Providing opportunities for exchange of dialogue or conversation:** Providing opportunities for discussion and facilitating a two-way communication with the stakeholders creates a sense of ownership and fosters a sense of responsibility among the stakeholders.
- **Repeating the messages of change periodically:** Regular communication of the change message facilitates a greater understanding of the objective of the change and there will be a much greater probability that people will act in accordance with the requirements of the changing situation and extend their cooperation accordingly.



## SUMMARY



Change refers to an alteration of a company's strategy, organization or culture as a result of changes in its environment, structure, technology, or people.



Change management is the approach to plan, design, implement, manage, measure, and sustain changes in business processes and work.



Change management has its origin in the 1950's. In those days modern forms of management were introduced (e.g. teamwork, autonomous groups) and the 'war' between followers of top-down (change) approaches and bottom-up (change) approaches began.



Top-down organizations are characterized by the relatively low influence of subsystems with the exception of the top management, employees are placed in a given process pattern.



Bottom-up organizations are characterized by the relatively high influence of subsystems.

The organization's development is carried by involved employees.



The best known concepts of top-down management are business process re-engineering and business re-engineering.



The best known concepts of bottom-up management are kaizen and lean management.



Change management has a tremendous importance for both individual and organization. some of the benefits from organization perspective are as follows:



Understanding environment (society, government, customers)



Objectives, strategy formulation & implementation (to develop competitive advantage)



Employees (trained, high performing work practices, reliable organization)



Technology Issues



Globalization



Generally, there are four types of change programs.

1. Structural change
2. Cost cutting
3. Process change
4. Cultural change



If your organization is contemplating a change program, it will be helpful to determine which of the categories described above the initiative falls into, and to predict how it is likely to affect the overall company.



According to Kurt Lewin's model, change is a three stage process.

- 1) Unfreezing: makes individuals ready for change
- 2) Moving: incorporating change
- 3) Refreezing: integrate the new behaviors into the person's personality and attitude. It is referred to stabilization.



The four levels of change as proposed by Hersey and Blanchard are;

1. Knowledge change:
2. Attitudinal change,
3. Individual behavior change and
4. Group or organizational performance change.



The steps in managing change as suggested by Greiner are;

- 1) Develop new goals and objectives
- 2) Select an agent for change
- 3) Diagnose the problem
- 4) Select Methodology
- 5) Develop Plan
- 6) Strategy for implementation
- 7) Implementation of Plan
- 8) Evaluation & Feed back



Change agents are factors that are responsible for the change in individual behavior.



Four types of change agents identified by **Tichy, N** are as follows.

- 1) Outside Pressures
- 2) Changes from Top Management
- 3) Internal Organizational Development
- 4) Individual level Change



Individuals accept change in the technical field but resist the other as it has far reaching consequences for the social change.



Factors that lead resistance to change are given below.

- a) Job security
- b) Lack of communication
- c) Rapidity and Extent of Change
- d) Group Phenomenon
- e) Emotions
- f) Loss of Power
- g) Technology
- h) New Practice



Strategies to handle resistance to change

- are: Effective communication
- Participative Decision-making
- Negotiation
- Providing Support
- Co-optation and Manipulation



The change management process is the sequence of steps or activities that a change management team or project leader would follow to apply change management to a project or change.



Based on Prosci's research of the most effective and commonly applied change, most change management processes contain the following three phases.

- **Phase 1: Preparing for change** (Preparation, assessment and strategy development)
- **Phase 2: Managing change** (Detailed planning & change management implementation)
- **Phase 3: Reinforcing change** (Data gathering, corrective action and recognition)



Communication is one of the toughest issues in organizations. It is an area that is most frequently complained about by employees during organizational change and daily operations.



Stakeholder Analysis can be considered as the foundation tasks before preparing and implementing a communication plan during a change process.



The success of organizational change lies in the reactions of those people. So communicating the change, the goals and benefits of that change, and the roles employees are expected to play in that change becomes critical.



## CHAPTER REVIEW QUESTIONS

**Part –I: True or False Questions**

Say “True” if the Statement is correct and “False” if the statement is incorrect.

1. Altering people’s behavior and attitude is part of change.
2. Bottom-up organizations are characterized by the relatively high influence of subsystems.
3. Mergers, acquisitions, consolidations, and divestiture of operating units are examples of structural change.
4. The first step in managing change is to diagnose the problem.
5. Kurt Lewin’s model of change management process can be applied to all three levels to explain change management phenomenon; societal, organizational and individual.

**Part –II: Multiple Choice Questions**

Choose the correct answer from the given alternative.

1. Which one of the following is wrong about business reengineering?
  - A. It is a top-bottom change approach
  - B. is aimed at changes concerning quality, service, cost, and processing time
  - C. It is based on order and control
  - D. Is aimed at the radical redesign of enterprise strategies or processes.
  - E. None of the above
2. One of the following is not the benefit of change management
  - A. Internationalization & globalization
  - B. Trained work force & reliable organization
  - C. Acquisition and integration of technology
  - D. Understanding the environment
  - E. Chaos
  - F. None of the above
3. A type of change which programs focus on altering how things get done is called
  - A. Structural
  - B. Cultural
  - C. Cost cutting
  - D. Process change

4. According to Kurt Lewin's change management process, \_\_\_\_\_ entails unfreezing the old behavior or situation
- B. Refreezing**
5. One of the following is not a reason for resistance to change
- |  |   |
|--|---|
| <p><b>A. Technology</b></p> <p><b>B. Emotional turmoil</b></p> <p><b>C. Job security</b></p> | <p><b>D. New practices</b></p> <p><b>E. None of the above</b></p> |
|--|---|

## CHAPTER FIVE

### 5. TYPES OF CHANGE

#### Structure

Learning Objectives

Chapter Introduction

5.1 Planned Vs. Unplanned Change

5.2 Evolutionary or Revolutionary Change

5.3 Individual and Total Change

5.4 Organization-Wide Versus Subsystem Change

5.5 Strategic, Structural, People or Process Centered Change

5.6 Transformational Versus Incremental Change

5.7 Remedial Versus Developmental Change

5.8 Overall Concepts in BPR,TQM, BSC, Kaizen, Lean Management and Six- Sigma

Business Change Management System

Chapter Summary

Self-Check Exercise

#### Chapter Objectives:

At the end of this chapter, you will be able:



Differentiate between planned & unplanned change type



Understand the different between evolutionary & revolutionary types of change



Know the difference about individual and total organizational change types.



Distinguish the whole dissimilarity of strategic, structural, people or process centered change



Recognize the difference between transformational and incremental change



Realize the difference of remedial and developmental change



Comprehend the concept in BPR,TQM, BSc, Kaizen, Lean Management and Six-Sigma Business Change Management System

**Chapter Introduction**

Change is a universal condition of every human. Change is a fact of life. Think about the seasons. Every year around this time, summer fades into autumn. The temperature drops and the leaves change colors, and they eventually fall from the trees. But not all types of organizational change are so routine or graceful. Change might be as inevitable as the shifting weather — but that doesn't make it easy.

With organizational change strategies, companies can avoid stagnation while minimizing disruption as much as possible. Preparation is integral for success, especially during a change effort. However, one can't prepare without knowing what type of change is occurring. Here the chapter list and discusses the major types of organizational change companies may undergo. These units also comprehend the concept in BPR, TQM, BSc, Kaizen, Lean Management and Six- Sigma Business Change Management System

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**5.1 Planned Vs. Unplanned Change**

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Sometimes change is deliberate, a product of conscious reasoning and actions – planned change. In contrast, change sometimes unfolds in an apparently spontaneous and unplanned way. This type of change is known as emergent change.

**? Self-Check Exercise 1:**

**Dear learner;** how do you differentiate between a planned change and an unplanned change in an organization?

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### 5.1.1 Planned Change

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Planned change occurs when leaders in the organization recognize the need for a major change and proactively organize a plan to accomplish the change. Planned change occurs with successful implementation of a Strategic Plan, plan for reorganization, or other implementation of a change of this magnitude. Planned change is also regarded as the developmental change which is implemented with the objective of improving the present ways of operation and to achieve the pre-defined goals. Planned change is calculated and is not threatening as in this the future state is being chosen consciously. The introduction of employee welfare measures, changes in the incentive system, introduction of new products and technologies, organizational restructuring, team building, enhancing employee communication as well as technical expertise fall under the category of planned change.

Planned organizational change is normally targeted at improving effectiveness at one or more of four different levels: human resources, functional resources, technological capabilities, and organizational capabilities.

**Human Resources:** Human resources are an organization's most important asset. Ultimately, an organization's distinctive competencies lie in the skills and abilities of its employees. Because these skills and abilities give an organization competitive advantage, organizations must continually monitor their structures to find the most effective way of motivating and organizing human resources to acquire and use their skills. Typical kinds of change efforts directed at human resources include : (i) new investment in training and development activities so that employees acquire new skills and abilities; (ii) socializing employees into the organizational culture so that they learn the new routines on which organizational performance depends; (iii) changing organizational norms and values to motivate a multi-cultural and diverse work force; (iv) ongoing examination of the way in which promotion and reward systems operate in a diverse work force; and (v) changing the composition of the top-management team to improve organizational learning and decision making.

**Functional Resources:** Each organizational function needs to develop procedures that allow it to manage the particular environment it faces. As the environment changes, organizations

often transfer resources to the functions where the most value can be created. Critical functions grow in importance, while those whose usefulness is declining shrink. Organizations can improve the value that its functions create by changing its structure, culture, and technology. The change from a functional to a product team structure, for example, may speed the new product development process. Alterations in functional structure can help provide a setting in which people are motivated to perform. The change from traditional mass production to a manufacturing operation based on self-managed work teams often allows companies to increase product quality and productivity if employees can share in the gains from the new work system.

**Technological Capabilities:** Technological capabilities give an organization an enormous capacity to change itself in order to exploit market opportunities. The ability to develop a constant stream of new products or to modify existing products so that they continue to attract customers is one of an organization's core competencies. Similarly, the ability to improve the way goods and services are produced in order to increase their quality and reliability is a crucial organizational capability.

**Organizational Capabilities:** Through the design of organizational structure and culture an organization can harness its human and functional resources to take advantage of technological opportunities. Organizational change often involves changing the relationship between people and functions to increase their ability to create value. Changes in structure and culture take place at all levels of the organization and include changing the routines an individual uses to greet customers, changing work group relationships, improving integration between divisions, and changing corporate culture by changing the top-management team. These four levels at which change can take place are obviously interdependent, it is often impossible to change one without changing another. Suppose an organization invests resources and recruits a team of scientists who are experts in a new technology – for example, biotechnology. If successful, this human resource change will lead to the emergence of a new functional resource and a new technological capability.

Top management will be forced to re-evaluate its organizational structure and the way it integrates and coordinates its other functions, to ensure that they support its new functional resources.

Note that planned change, even though based on a proactive and well-done plan, often does not occur in a highly organized fashion. Instead, planned change tends to occur in more of a chaotic and disruptive fashion than expected by participants.

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### **5.1.2 Unplanned Change**

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Not all forces for change are the result of strategic planning. Indeed, organizations also must be responsive to changes that are unplanned. Such forces include changes in the demographic composition of the work force, performance gaps, government regulation, and international competition. Unplanned change is occurred with sudden changes in both internal and external factors. It is not a change through strategic plan, rather it is a change either to tackle possible risks due to environmental changes or exploit opportunities without prior plan. Unplanned change might occur when the Chief Executive Officer suddenly leaves the organization, significant public relations problems occur, poor product performance quickly results in loss of customers, or other disruptive situations arise.

Unplanned change is typically defined as necessary action following unexpected events. While unplanned change cannot be predicted — it can be dealt with in an organized manner. For example, the hurricanes that battered the U.S. early in the fall of 2017 caused thousands of residents to evacuate and seek temporary shelter far away from home. Following the emergency, they began the long process of restoring normalcy to their lives.

Companies also experienced unplanned change in the aftermath of the storms. New government regulations, over which individual companies have no control, can also spur unplanned change. Although the circumstances that lead to unplanned change may be chaotic, it's important for organizations to be resilient and adaptable. Companies can also benefit from setting basic organizational change strategies in place to minimize chaos and disruption.

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**5.2 Evolutionary or Revolutionary Change**

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**? Self-Check Exercise 2:**

**Dear learner;** can you differentiate between evolutionary and revolutionary change?

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Organizations face two types of changes, evolutionary and revolutionary. Evolutionary change is change that happens over time to ensure the survival of the organization. Evolutionary change is typically change brought about by either outside pressure or incentives. For example, many hospital and healthcare providers have evolved by transforming their paper medical record keeping to electronic medical record keeping due to external financial incentives. Retail and food chains typically evolve by outside pressure from competition. A new salad offering at one chain of fast food restaurants and invariably a salad offering is picked up by all the others. Whether healthcare, fast food, retail, or a service industry, evolutionary change keeps everyone in the game.

In contrast, revolutionary change occurs when organizations make radical transformations to their product or service in an effort to be on their game rather than simply in the game. These organizations engage in revolutionary transformations at key points of their evolution. Revolutionary change is when the organization anticipates a market change before it happens and views these potential market changes as a business challenge. Example: Amazon is an organization that engages in revolutionary change. The advent of the Kindle was revolutionary to the book publishing and reading world. What was the result? The result was a new market share and increased profit margin. Amazon's competition quickly engaged in evolutionary change, copying the Kindle with their own version of an electronic reader in order to survive and remain competitive. Amazon is just one example of an organization on their game. There are many other outstanding organizations that engage regularly in revolutionary change. It is revolutionary not evolutionary change that separates the winners

from merely the survivors. Sadly, many organizations are on the precipice of revolutionary change but have resisted initiating the necessary actions to facilitate the revolutionary change.

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### **5.3 Individual Versus Total Organizational Change**

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#### **5.3.1 Individual change**

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Personnel change is when a company implements mass hiring or layoffs. Each of these types of organizational change can cause a significant shift in employee morale and engagement, for better or worse.

The threat of layoffs evokes fear and anxiety among staff members. Although certain circumstances necessitate such a decision, leaders should expect that employee morale will suffer. Nevertheless, the company must move forward. It is important to display genuine compassion and motivate employees to continue to work hard through the difficult time.

While mass hiring has better implications for a company, it is not without difficulty. Mass hiring is a sign of major growth, during which a company is susceptible to cultural changes and disorganization.

Hiring new staff means training them, and providing ongoing support. Welcoming an influx of employees is great, but the work is cut out for those in management. If the transition is not handled correctly, it can cause chaos, inefficiency, and ultimately deter further growth.

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#### **5.3.2 Total Change**

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A Total change involves change in the organizational vision and striking a harmonious alignment with the organizational strategy, employee morale and commitment as well as with the business performance. Total change becomes a requirement during those circumstances when an organization is faced with many criticalities such as long-term business failure, incongruence between the employee and organizational values, failure of leaders/management in anticipating the realities of business environment or the growing competitive pressures and concentration of power in the hands of few. A new organizational

vision along with major strategic changes as well as complete organizational surgery can be the only solution at this point of time.

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#### 5.4 Organization-wide Versus Subsystem Change (Based on scope of change)

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**? Self-Check Exercise 3:**

**Dear learner;** what is organization wide change? And list out examples

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##### 5.4.1 Organizational – wide Change

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Organization-wide change is a large-scale transformation that affects the whole company. This could include restructuring the leadership, adding a new policy, or introducing enterprise technology, for example.

Such a large-scale change will be felt by every single employee. However, as the dust settles, you can begin to see improvements. Sometimes change is required to see how a long-held policy has become outdated or that the company outgrew its shell.

Like a hermit crab, leaders might identify the need to find a bigger shell for a better fit. However, poorly planned change can be highly disruptive and result in broad consequences across the company.

Enterprise-wide change is quite extensive and needs to be planned with precision to protect all of those affected. Whether the results of the change are negative or positive depends on your organizational change strategies and their execution.

Examples of organization-wide change might be a major restructuring, collaboration or —rightsizing. Usually, organizations must undertake organization-wide change to evolve to a different level in their life cycle, for example, going from a highly reactive, entrepreneurial organization to one that has a more stable and planned development. Experts assert that

successful organizational change requires a change in culture – cultural change is another example of organization-wide change.

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### 5.4.2 Subsystem Change

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An organization is made up of a system and several subsystems which are interconnected, just like the way in which a human system functions. The subsystems of an organization are in direct interaction and influence the organizational behavior as well. A change in any subsystem, result in a change in the existing organizational processes and the complete alignment as well as the relationship.

Examples of a change in a subsystem might include addition or removal of a product or service, reorganization of a certain department, or implementation of a new process to deliver products or services.

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### 5.5 Strategic, Structural, People or Process Centered (Based on focus of change)

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1. **Strategic:** Sometimes in the course of normal business operation it is necessary for management to adjust the firm's strategy to achieve the goals of the company, or even to change the mission statement of the organization in response to demands of the external environments. Adjusting a company's strategy may involve changing its fundamental approach to doing business: the markets it will target, the kinds of products it will sell, how they will be sold, its overall strategic orientation, the level of global activity, and its various partnerships and other joint-business arrangements.
2. **Structural:** Organizations often find it necessary to redesign the structure of the company due to influences from the external environment. Structural changes involve the hierarchy of authority, goals, structural characteristics, administrative procedures, and management systems. Almost all change in how an organization is managed falls under the category of structural change. A structural change may be as simple as implementing a no-smoking policy, or as involved as restructuring the company to meet the customer needs more effectively.

3. **Process-oriented:** Organizations may need to reengineer processes to achieve optimum workflow and productivity. Process-oriented change is often related to an organization's *production process* or how the organization assembles products or delivers services. The adoption of robotics in a manufacturing plant and laser-scanning checkout systems at supermarkets are examples of process-oriented changes.
4. **People-centered:** This type of change alters the attitudes, behaviors, skills, or performance of employees in the company. Changing people-centered processes involves communicating, motivating, leading, and interacting within groups. This focus may entail changing how problems are solved, the way employees learn new skills, and even the very nature of how employees perceive themselves, their jobs, and the organization.

? **Self-Check Exercise 4:**

**Dear Learners;** what are the four types of organizational change with respect of it concentration? Does structure follow strategy?

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## 5.6 Transformational Versus Incremental Change

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### 5.6.1 Transformational Change

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Transformational change specifically targets a company's organizational strategy. Companies that are best suited to withstand rapid change in their industry are nimble, adaptable, and prepared to transform their strategies when the need arises.

Strategies to guide transformational change must account for the current situation and the direction a company plans on taking. Cultural trends, social climate, and technological progress are some of many factors leaders must consider when devising organizational change strategies to support a transformation.

According to a study from *MIT Sloan Management Review* and Deloitte, maturing digital businesses are focused on integrating digital technologies, such as social, mobile, analytics and cloud, into their transformation strategies. Meanwhile, less-mature digital businesses are focused on solving discrete business problems with individual technologies. However, given the rapid pace at which digital technology evolves, companies will be better positioned to succeed if they incorporate scalable and adaptable technology into their transformation strategies.

An example of transformational (or radical, fundamental) change might be changing an organization's structure and culture from the traditional top-down, hierarchical structure to a large amount of self-directing teams. Another example might be Business Process Re-engineering, which tries to take apart (at least on paper, at first) the major parts and processes of the organization and then put them back together in a more optimal fashion. Transformational change is sometimes referred to as quantum change.

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### **5.6.2 Incremental Change**

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Change which is implemented at the micro level, units or subunits can be regarded as incremental change. Incremental changes are introduced or implemented gradually and are adaptive in nature. It is based on the assumption that these small changes will ultimately result in a large change and establish the basis for forming a much healthier and a robust system. It even offers an opportunity to an organization to learn from its very own experiences and create the adaptive mechanisms for meeting the ultimate organizational vision. The extent of damage due to a failed incremental change effort is expected to be much lesser than the change which is implemented on a large scale or introduced universally.

Examples of incremental change might include continuous improvement as a quality management process or implementation of new computer system to increase efficiencies. Many times, organizations experience incremental change and its leaders do not recognize the change as such.

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**5.7 Remedial Versus Developmental Change**

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**5.7.1 Remedial Change**

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Remedial change is to improve the poor performance of a product or the entire organization, reduce burnout in the workplace, and help the organization to become much more proactive and less reactive, or address large budget deficits. Remedial projects often seem more focused and urgent because they are addressing a current, major problem. Leaders implement remedial changes when they identify a need to address deficiencies or poor company performance. For example, financial distress, usually due to poor performance, requires remedial change. The most common examples of such change could be introducing a new employee training program, rolling out new software, or creating a new role to remedy a pain point.

Other types of corrective action could include reviewing strategies that may have been in place for years but are no longer profitable. Issues stemming from leadership, such as a newly appointed CEO who turns out to be a poor fit for the company, might also call for remedial change. Although remedial change efforts must be tailored to the specific problem on hand, they still require effective organizational change strategies to be successful.

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**5.7.2 Developmental Change**

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Change can also be developmental – to make a successful situation even more successful, for example, expand the amount of customers served, or duplicate successful products or services.

Developmental projects can seem more general and vague than remedial, depending on how specific goals are and how important it is for members of the organization to achieve those goals. Some people might have different perceptions of what is a remedial change versus a developmental change. They might see that if developmental changes are not made soon, there will be need for remedial changes. Also, organizations may recognize current remedial issues and then establish a developmental vision to address the issues. In those situations, projects are still remedial because they were conducted primarily to address current issues.

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**5.8 Overall Concepts in BPR, TQM, BSC, Kaizen, Lean Management and Six Sigma**

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**? Self-Check Exercise 5:**

**Dear Learners;** how do you differentiate between BPR, TQM, and BSC?

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**5.8.1 The Concept of BPR**

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Business Process Reengineering (BPR) is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed (Hammer & Champy, 1993).

**Fundamental rethinking:** Two questions are considered as being fundamental and are addressing the company's justification of existence: *What are we doing?* And *why are doing so?* As Hammer points out, forcing people to question the way they do business leads to rules turning out to be obsolete, erroneous and inappropriate. Reengineering means starting from scratch, no assumptions given and no current fact accepted and determines firstly **what** a company has to do, and secondly **how** to do it.

**Radical redesign:** BPR calls for getting to the root of issues and making far reaching changes rather than superficial ones in order to effectively solve problems. The power of modern information technology enables radical redesign of business processes.

**Dramatic Improvements:** The purpose of conducting BPR is to achieve quantum leaps in performance. BPR is not for organizations that need slight performance improvements.

**Business Processes:** BPR focuses on business processes and not tasks. Reengineered processes should be value adding, transcending departmental boundaries. **Process** is a structured, measured set of activities designed to produce a specified output for a particular customer or market. It implies a strong emphasis on how work is done within an organization.

Each process is composed of related steps or activities that use people, information, and other resources to create value for customers. Business processes are characterized by three elements: *the inputs*, (data such customer inquiries or materials), *the processing* of the data or materials (which usually go through several stages and may necessary steps that turn out to be time and money consuming), and *the outcome* (the delivery of the expected result). The problematic part of the process is *processing*. Business process reengineering mainly intervenes in the *processing* part, which is reengineered in order to become less time and money consuming.

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### 5.8.2 The Concept of TQM

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To understand the meaning of —Total Quality Management, let us first know what does Quality mean? **Quality** refers to a parameter which decides the superiority or inferiority of a product or service. Quality can be defined as an attribute which differentiates a product or service from its competitors. Quality plays an essential role in every business. Business marketers need to emphasize on quality of their brands over quantity to survive the cut throat competition.

Why would a customer come to you if your competitor is also offering the same product? The difference has to be there in quality. Your brand needs to be superior for it to stand apart from the rest.

**Total Quality Management** is defined as a continuous effort by the management as well as employees of a particular organization to ensure long term customer loyalty and customer satisfaction. Remember, one happy and satisfied customer brings ten new customers along with him whereas one disappointed individual will spread bad word of mouth and spoil several of your existing as well as potential customers.

You need to give something extra to your customers to expect loyalty in return. Quality can be measured in terms of durability, reliability, usage and so on. Total quality management is a structured effort by employees to continuously improve the quality of their products and

services through proper feedbacks and research. Ensuring superior quality of a product or service is not the responsibility of a single member.

Every individual who receives his/her paycheck from the organization has to contribute equally to design foolproof processes and systems which would eventually ensure superior quality of products and services. Total Quality Management is indeed a joint effort of management, staff members, workforce, and suppliers in order to meet and exceed customer satisfaction level. You can't just blame one person for not adhering to quality measures. The responsibility lies on the shoulder of everyone who is even remotely associated with the organization.

W. Edwards Deming, Joseph M. Juran, and Armand V. Feigenbaum jointly developed the concept of total quality management. Total Quality Management originated in the manufacturing sector, but can be applied to almost all organizations. Total quality management ensures that every single employee is working towards the improvement of work culture, processes, services, systems and so on to ensure long term success.

The basic concept of TQM are: customers-orientation (both internal and external), never-ending improvement, statistical control of business processes, upstream preventive maintenance, participative management, ongoing preventive action, cross-functional management and committed leadership and commitment.

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### **5.8.3 The Concept of BSC**

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Balanced Scorecard is a strategy management system that helps managers to translate organization strategy into operational objectives and implement it. BSC framework looks at the strategy from four different perspectives i.e. financial, customer, internal business processes and learning and growth. Thus, it brings in the necessary clarity to strategy. Further, implementation of BSC ensures that strategy gets communicated to all the employees suitably to facilitate implementation by them. Measuring organizational performance through BSC reviews remain integral to BSC concept. Based on the learning from these reviews, strategy gets updated. Thus, the four important steps in BSC designing

and implementation include 1) translating vision into operational objectives, 2) communicating the vision and linking it to the individual performance, 3) planning and adjusting the strategy based on feedback and 4) learning.

The concept of Balanced Scorecard was explained by Kaplan and Norton (1996) as:

*Balanced Scorecard complements financial measures of past performance with measures of the drivers of future performance. The objectives and measures of the scorecard are derived from an organization's vision and strategy. The objectives and measures view organizational performance from four perspectives: financial, customer, internal business processes, and learning and growth. These four perspectives provide the framework for the balanced scorecard.*

Kaplan and Norton further added that,

*Corporate executives can now measure how their business units create value for current and future customers and how they must enhance internal capabilities and the investment in people, systems, and procedures necessary to improve future performance.*

BSC, thus, strikes a balance between long term and short term objectives, financial outcomes and performance drivers for the same, and introduces a continuous process of learning and adaption to modified strategies. The strategy is broken down into critical operational strategic objectives considering the customer value proposition and the desired financial results. The performance drivers or the lead objectives to these outcome objectives in the financial and customer perspectives are then identified and placed in the internal business processes and learning and growth perspectives forming a causal relationship. The drawing that shows these objectives placed in different perspectives, linked with arrows depicting causal relationship is known as strategy map.

A balance is maintained between the financial and non-financial, short term and long term, and the lead and lag objectives. Each of these objectives are well defined to ensure common understanding of the terms, Appropriate measures, targets and initiatives are identified with respect to each objective.

The measures on the balanced scorecard ensure a balance between external measures for shareholders and customers, and internal measures of critical business processes, innovation and learning and growth. It strikes a balance between the outcome measures of past performance (lag indicators); the measures that drive future performance (lead indicators), and also between clearly quantifiable and somewhat subjective measures. BSC introduced the idea of measuring the drivers of performance, i.e. the lead indicators while retaining the measures of financial performance, i.e. the lag indicators of performance (Brown, 2000). Measures in each of these perspectives are interlinked such that a change in the leading measure results in a change in the lagging measure.

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#### **5.8.4 The Concept of Kaizen**

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The word "Kaizen" is extract from the Japanese word where "kai" means "change" and "zen" means "better". In other words, it is a system of continuous improvement in some aspects such as technology, quality, processes, safety, company culture and leadership. After World War-II, most of the industries in Japan were ruin so they need a plan to reconstruct their country. The plan that successfully achieves the goal is known as Kaizen.

The origin of Kaizen can be traced to the quality Guru Dr. W Edwards Deming but Masaki Imai is the one who popularized the concept of Kaizen and make the revolution around the world. Imai once said that, 90% of all corporate problems can be solved using the concept of continuous improvement and common sense.

Kaizen is a Japanese term meaning "change for the better" or "continuous improvement." It is a Japanese business philosophy regarding the processes that continuously improve operations and involve all employees. Kaizen sees improvement in productivity as a gradual and methodical process.

The concept of kaizen encompasses a wide range of ideas. It involves making the work environment more efficient and effective by creating a team atmosphere, improving everyday

procedures, ensuring employee satisfaction, and making a job more fulfilling, less tiring, and safer.

Some of the key objectives of the kaizen philosophy include quality control, just-in-time delivery, standardized work, the use of efficient equipment, and the elimination of waste. The overall goal of kaizen is to make small changes over a period of time to create improvements within a company. That doesn't mean alterations happen slowly; it simply recognizes that small changes now can have huge impacts in the future. Improvements can come from any employee at any time. The idea is that everyone has a stake in the company's success and everyone should strive, at all times, to help make the business model better.

Many companies have adopted the kaizen concept. Most notably, Toyota employs the kaizen philosophy within its organization and has esteemed it as one of its core values. Within its production system, Toyota encourages and empowers all employees to identify areas of potential improvement and create viable solutions.

The kaizen concept posits that there is no perfect end and that everything can be improved upon. People must strive to evolve and innovate constantly. The basic principle of kaizen is that people who perform certain tasks and activities are the most knowledgeable about that task/activity; including them to effect change is the best strategy for improvement. Teamwork is core to kaizen, where regular team meetings are held involving discussions about improvements, changes, and projects.

Improvements generally follow the PDCA cycle format, which stands for "plan-do-check-act." The "plan" portion includes mapping out the changes so that everyone knows what to expect when teams try to solve a problem. The "do" means implementing the best solution to the problem. The "check" step involves evaluating the solution to the problem to see if it worked. When a company performs the "act" stage, it determines whether or not the solution should become a company standard or if it needs further changes. If managers decide to implement more changes, kaizen goes back to the plan step and the process starts over.

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**5.8.5 The Concept of Lean Management**

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Lean management refers to a technique developed with the aim of minimizing the process waste and maximizing the value of the product or service to the customer, without compromising the quality. It is coined by Toyota Production System, which is a part of lean thinking.

Lean management is an approach to running an organization that supports the concept of continuous improvement. It is an ongoing effort to improve products, services, or processes, which require —incrementall improvement over time in order to increase efficiency and quality. Lean management uses methods for eliminating factors that waste time, effort or money. This is accomplished by analyzing a business process and then revising it or cutting out any steps that do not create value for customers.

Lean management principles are derived from the Japanese manufacturing industry and include:

1. Defining value from the standpoint of the end customer.
2. Identifying each step in a business process and eliminating those steps that do not create value.
3. Making the value-creating steps occur in tight sequence.
4. Repeating the first three steps on a continuous basis until all waste has been eliminated.

These lean principles ensure that the processes involved with bringing a product to market remain cost effective from beginning to end.

Lean production or lean manufacturing is a systematic method for the elimination of wastes within a manufacturing process. This may include wastes created through unevenness in workloads, overburden and any work that does not add value. From the point of view of the customer who consumes a service or product, —valueℓ is any process or action that a client would be willing to pay for. In essence, lean is focus on making obvious what appends value by decreasing everything else.

### Stakeholders of Lean Management

- **Customers:** For a firm, nothing can give more satisfaction than seeing your customers delighted, which can be due to the satisfaction they derive from the product or the customer service. To achieve this issues and concerns of the customers are addressed first.
- **Employees:** Employees are the rank and file of the organization, who are the most valuable asset of the organization. When the employee is happy, he/she will also work for the organization with great enthusiasm and efficiency that will help in making the organization the best of its kind.
- **Organization:** Organization includes board members, the Chief Executive Officer, and the business owners. Add to that; it covers the policies, programmes and procedures and other implementation. A well-managed and balanced organization is capable of fulfilling customers' requirements.

Lean management is philosophy, which intends to continuously eliminate the waste, in all the processes, through small and incremental improvement. It improves quality and reduces defects, as well as enhances the overall manufacturing flexibility. However, at times, it encounters certain limitations such as low productivity, prolonged cycle time, costly organization, etc.

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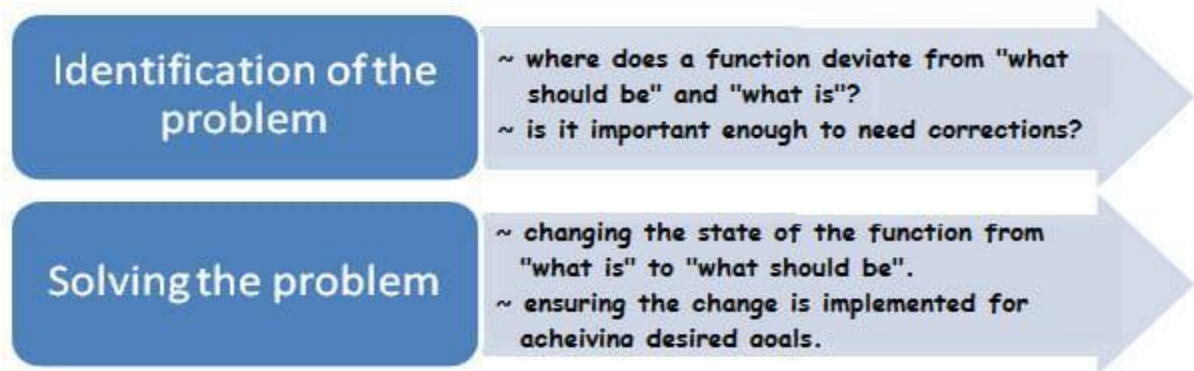
### 5.8.6 The Concept of Six Sigma

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Six-Sigma is a set of management tools and techniques designed to improve business by reducing the likelihood of error. It is a data-driven approach which uses statistical methodology for eliminating defects.

The etymology is based on the Greek symbol —sigma or " $\sigma$ ", a statistical term for measuring process deviation from the process mean or target. —Six-Sigma comes from the bell curve used in statistics, where one Sigma symbolizes a single standard deviation from the mean. If the process has Six-Sigma's, three above and three below the mean, the defect rate is classified as —extremely low.

The concept of Six Sigma has a simple goal – delivering near-perfect goods and services for business transformation for optimal customer satisfaction (CX). Goals are achieved through a two-pronged approach:



**Figure - 5.1:** A two-pronged approach Six Sigma to achieve its goal

Six-Sigma has its foundations in five key principles:

**1. Focus on the customer**

This is based on the popular belief that the —customer is the king. The primary goal is to bring maximum benefit to the customer. For this, a business needs to understand its customers, their needs, and what drives sales or loyalty. This requires establishing the standard of quality as defined by what the customer or market demands.

**2. Measure the value stream and find your problem**

Map the steps in a given process to determine areas of waste. Gather data to discover the specific problem area that is to be addressed or transformed. Having clearly defined goals for data collection, including defining the data to be collected, the reason for the data gathering, insights expected, ensuring the accuracy of measurements, and establishing a standardized data collection system. Ascertain if the data is helping to achieve the goals, whether or not the data needs to be refined, or additional information collected. Identify the problem. Ask questions and find the root cause.

**3. Get rid of the junk**

Once the problem is identified, make changes to the process to eliminate variation, thus removing defects. Remove the activities in the process that do not add to the customer value. If the value stream doesn't reveal where the problem lies, tools are used to help discover the outliers and problem areas. Streamline functions to achieve quality control and efficiency. In the end, by taking out the above mentioned junk, bottlenecks in the process are removed.

**4. Keep the ball rolling**

Involve all stakeholders. Adopt a structured process where your team contributes and collaborate their varied expertise for the purposes of problem-solving. Six Sigma processes can have a great impact on an organization, so the team has to be proficient in the principles and methodologies used. Hence, specialized training and knowledge are required to reduce the risk of project or re-design failures, and ensure that the process performs optimally.

**5. Ensure a flexible and responsive ecosystem**

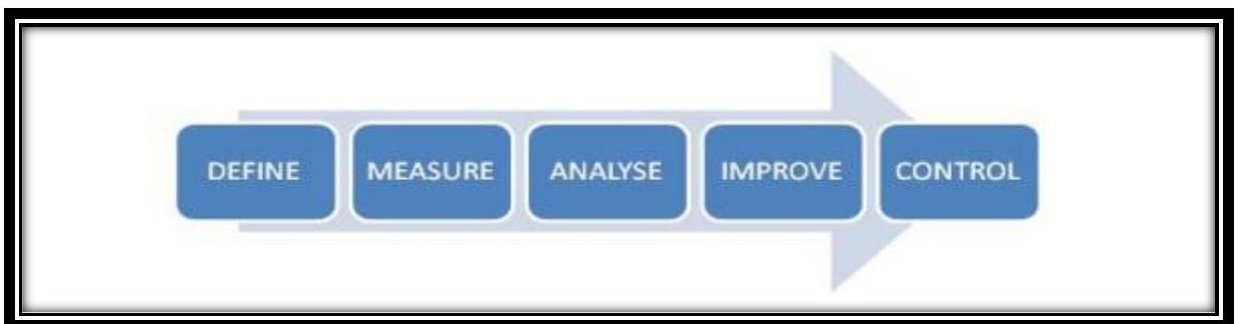
The essence of Six Sigma is business transformation and change. When a faulty or inefficient process is removed, it calls for a change in the work practice and employee approach. A robust culture of flexibility and responsiveness to changes in procedures can ensure a streamlined project implementation. The people and departments involved should be able to adapt to change with ease, so in order to facilitate this, processes should be designed for quick and seamless adoption. Ultimately, the company that has an eye fixed on the data, examines the bottom line periodically, and adjusts its processes where necessary, can gain a competitive edge.

The two main Six Sigma methodologies are DMAIC and DMADV. Each has its own set of recommended procedures to be implemented for business transformation. DMAIC is a data-driven method, used to improve existing products or services for better customer satisfaction. It is the acronym for the five phases: D – Define, M – Measure, A -Analyze, I – Improve, C – Control. DMAIC is applied in the manufacturing of a product or delivery of a service.

DMADV is a part of the Design for Six Sigma (DFSS) process, used to design or redesign different processes of product manufacturing or service delivery. The five phases of DMADV are: D – Define, M – Measure, A – Analyze, D – Design, V – Validate. DMADV is employed when existing processes do not meet customer conditions, even after optimization, or when it is required to develop new processes. It is executed by Six Sigma Green Belts and Six Sigma Black Belts and under the supervision of Six Sigma Master Black Belts. We'll get to the belts later.

The two methodologies are used in different business settings, and professionals seeking to master these methods and application scenarios would do well to take an online certificate program taught by industry experts.

Although Six Sigma uses various methods to discover deviations and solve problems, the DMAIC is the standard methodology used by Six Sigma practitioners. Six-Sigma uses a data-driven management process used for optimizing and improving business processes. The underlying framework is a strong customer focus and robust use of data and statistics to draw conclusions. The Six Sigma Process of the DMAIC method has five phases:



**Figure - 5.2:** The five phases of DMAIC Six-Sigma process

**? Self-Check Exercise 6:**

**Dear Learners;** how do you differentiate between Kaizen, Lean Management and Six Sigma?

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**SUMMARY**

There are various areas within the organizational domain where changes can be brought about for operational enhancement of the organization as well as desirable behavior of members.



Planned change occurs when leaders in the organization recognize the need for a major change and proactively organize a plan to accomplish the change.



Unplanned change is occurred with sudden changes in both internal and external factors.



Organizations face two types of changes, evolutionary and revolutionary.



Evolutionary change is change that happens over time to ensure the survival of the organization.



Revolutionary change occurs when organizations make radical transformations to their product or service in an effort to be on their game rather than simply in the game.



Personnel change is when a company implements mass hiring or layoffs. Each of these types of organizational change can cause a significant shift in employee morale and engagement, for better or worse.



A total organizational change involves change in the organizational vision and striking a harmonious alignment with the organizational strategy, employee morale and commitment as well as with the business performance.



Organization-wide change is a large-scale transformation that affects the whole company. This could include restructuring the leadership, adding a new policy, or introducing enterprise technology, for example.



A change in any subsystem, result in a change in the existing organizational processes and the complete alignment as well as the relationship.



Strategic change involves making changes to the overall goals, purpose, strategy or mission of an organization. It is a major upheaval to how the organization conducts business.



Structural changes are those changes made to the organization's structure that might stem from internal or external factors and typically affect how the company is run.

Structural changes include things such as the organization's hierarchy, chain of command, management systems, job structure and administrative procedures.



Process-oriented change is often related to an organization's production process or how the organization assembles products or delivers services.



People-centered: This type of change alters the attitudes, behaviors, skills, or performance of employees in the company. Changing people-centered processes involves communicating, motivating, leading, and interacting within groups.



Transformational change is sometimes referred to as quantum change.

Transformational change specifically targets a company's organizational strategy.



Change which is implemented at the micro level, units or subunits can be regarded as incremental change. Incremental changes are introduced or implemented gradually and are adaptive in nature.



Leaders implement remedial changes when they identify a need to address deficiencies or poor company performance.



Change can also be developmental – to make a successful situation even more successful.



Business Process Reengineering (BPR) is the **fundamental rethinking** and **radical redesign** of **business processes** to achieve **dramatic improvements** in critical, contemporary measures of performance, such as cost, quality, service and speed.



The basic concept of TQM are: customers-orientation (both internal and external), never-ending improvement, statistical control of business processes, upstream preventive maintenance, participative management, ongoing preventive action, cross-functional management and committed leadership and commitment.



Balanced Scorecard is a strategy management system that helps managers to translate organization strategy into operational objectives and implement it. BSC framework looks at the strategy from four different perspectives i.e. financial, customer, internal business processes and learning and growth.



Kaizen sees improvement in productivity as a gradual and methodical process. The concept of kaizen encompasses a wide range of ideas. It involves making the work environment more efficient and effective by creating a team atmosphere, improving

everyday procedures, ensuring employee satisfaction, and making a job more fulfilling, less tiring, and safer.



Lean management is an approach to running an organization that supports the concept of continuous improvement. It is an ongoing effort to improve products, services, or processes, which require —incrementall improvement over time in order to increase efficiency and quality.



Six-Sigma is a disciplined, statistical-based, data-driven approach and continuous improvement methodology for eliminating defects in a product, process or service. ... Six Sigma can also be thought of as a measure of process performance, with Six Sigma being the goal, based on the defects per million.

**CHAPTER REVIEW QUESTIONS****Part –I: True or False Questions**

**Say “True”** if the Statement is correct and **“False”** if the statement is incorrect.

1. Change might be as inevitable as the shifting weather, but that doesn't make it difficult.
2. Planned change is calculated and is not threatening as in this the future state is being chosen consciously.
3. Six-Sigma is a methodology that primarily focuses on eliminating defects in the business process.
4. Remedial changes are introduced or implemented gradually and are adaptive in nature.
5. Strategic change is usually implemented at the organizational level, which may affect the various components of an organization.

**Part –II: Multiple Choice Questions**

**Choose the correct answer** from the given alternative.

1. From the various types of change which one is occurred with sudden changes in both internal and external factors?  
A. Developmental change  
B. Unplanned change  
C. Planned change  
D. Evolutionary change
2. \_\_\_\_\_ is core to kaizen, where regular team meetings are held involving discussions about improvements, changes, and projects?  
A. Individual work  
B. Standardized work  
C. Team work  
D. Just - in - time delivery
3. Among the following one is considered as a parameter which decides the superiority or inferiority of a product or service?  
A. Quality  
B. Satisfaction  
C. Price  
D. Quantity
4. All the types of change which are focuses on the changing an organization's structure and culture from the traditional top-down, hierarchical structure to a large amount of self-directing teams, **Excepts**?  
A. Transformational change  
B. Radical change  
C. Fundamental change  
D. Incremental change

# Leadership & Change Management

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Other relevant textbook and lecture notes on Organizational Behavior, Management, Psychology, etc.

# APPENDICES

**ANSWER KEY FOR CHAPTER REVIEW QUESTIONS****Chapter One****Part-I: True/False**

1. True
2. True
3. False
4. False
5. True

**Part-II: Multiple Choices**

1. E
2. A
3. B
4. E
5. C

**Chapter Two****Part-I: True/False**

1. True
2. True
3. False
4. True
5. False

**Part-II: Multiple Choices**

1. C
2. D
3. D
4. A
5. D

**Chapter Three****Part-I: True/False**

1. True
2. True
3. False
4. True
5. False

**Part-II: Multiple Choices**

1. B
2. D
3. D
4. C

**Chapter Four****Part-I: True/False**

1. True
2. True
3. False
4. False
5. True

**Part-II: Multiple Choices**

1. E
2. E
3. D
4. C
5. E

**Chapter Five****Part-I: True/False**

1. False
2. True
3. True
4. False
5. True

**Part-II: Multiple Choices**

1. B
2. C
3. A
4. D



**ARBA MINCH UNIVERSITY**  
**COLLEGE OF BUSINESS AND ECONOMICS**  
**DEPARTMENT OF MANAGEMENT**  
**Individual Assignment (30%)**  
**Course: Leadership and Change Management**  
**Target group: - Distance students**

Name: \_\_\_\_\_ ID/ No: \_\_\_\_\_ Section: \_\_\_\_\_

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**Part I: Write “True” If the Statement Is Correct and “False” If the Statement Is Incorrect (1pt each)**

1. Leadership and management are seen quite differently this mean that an individual can't hold both management and leadership responsibilities simultaneously.
2. Planned change occurs with successful implementation of a strategic plan.
3. Leadership style is the same as leadership traits and it's considered as pattern of behavior a leader uses to influence employees to achieve organizational goals.
4. Effective leaders are continually working and studying to improve their leadership skills and they are not resting on their laurels.
5. The democratic leadership serves it purpose when all followers are less efficient and prefer to work as per the leader's directions.
6. The best known concepts of top-down management are business process re-engineering and business re-engineering.
7. Intragroup conflict occurs due to group competition and group cohesiveness.
8. The great man theory of leadership asserts that everyone cannot inspire to become a leader and attain greatness.
9. Dysfunctional conflict tips individuals and groups to articulate and clarify their positions.
10. Changes should be facilitated by the organizational structure because this enhances adaptation and flexibility.

**Part II: Choose the “Correct answer” from the given alternatives (1pt each)**

11. Which one of the following is **not true** about the leadership?
  - A. Leadership is a process
  - B. Leadership involves influencing others
  - C. Leadership involves in the attainment of unshared goals
  - D. Leadership accomplished by group of people
  - E. All
  - F. None

12. Which type of power is obtained from your ability to influence others' behavior simply because of the relationship they have with you?

- A. Coercive power D. Referent power B. Reward power E. Positional power C. Expert power F. None

13. A leadership style which characterized by the no space to explore new ways to solve problems and is usually ensure that all the steps have been followed prior to sending it to the next level of authority?

- A. Bureaucratic leadership style C. Autocratic leadership style  
B. Participative leadership style D. Free-Rein Leadership Style

14. Which quality of good leader implies emotions and crises come and go and take these as part of the journey and keep a cool head?

- A. Exemplary character C. Confident person  
B. Tolerant of ambiguity D. Committed to excellence

15. \_\_\_\_\_ change occurs when organizations make radical transformations to their product or service in an effort to be on their game rather than simply in the game.

- A. Planned change D. Evolutionary change B. Revolutionary change E. None of the above  
C. Unplanned change

16. Which one of the following is not true about the behavioral leadership theory?

- A. Leaders can be made rather than are born  
B. Look at what leaders actually do  
C. Leadership success origins on definable and learnable behavior  
D. Leadership do not seek inborn traits or capabilities  
E. All  
F. None

17. In which stage of conflict process that the parties become emotionally involved and begin to focus on differences of opinion and opposing interests?

- A. Felt stage D. Manifest stage  
B. Perceived stage E. Outcome stage  
C. Latent stage F. All

18. Among the transition of conflicts which one is propagated that we must accept conflict since we cannot eliminate the same?

- A. Behavioral View C. Human relationship views  
B. Traditional view D. Modern View

19. A \_\_\_\_\_ leader instills feelings of confidence, admiration and commits people to action and converts followers into leaders?

- A. Transformational - leader C. Transactional - leader  
B. Task - oriented leader D. Servant - leader
-

*“Leadership is an action, not a position!!”*

*Page 2*

20. A type of conflict which is the same as inter-personal conflict except that the people involved in the conflict episode belong to a common group?

- A. Intrapersonal conflict
- B. Inter-organizational conflict
- C. Interpersonal conflict
- D. Intergroup conflict
- E. Intragroup conflict

**Part III: Discuss the Questions (2pts each)**

21. Briefly explain merits of leadership for good governance and development?(2pts)

22. How do you identify a leader and why it is important to know the types of leadership style?(2pts)

23. List and discuss the characteristics of a good and bad leader?(2pts)

24. What is conflict and development and discuss about the overall nature or characteristics of conflict (2pts)

25. How do people respond to change and why resistance to change occurs with its implications? Explain —Proactive & Reactive in managing resistance to change context? (2pts)