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Leadership and Change Management



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Chapter 1

Leadership in Business Organization



Abstract This chapter covers the concepts and definitions of key terms aiming at introducing the foundations of leadership and change management in business organization. Before exploring the basic concepts of leadership in business organization, an understanding of definitions and the interrelationships between leader, leadership, and change management are deemed necessary. Firstly, the importance of leadership that affects the business outcomes and the change process of business organization will be highlighted. This is followed by the linkage between leader and leadership. Finally, a total of 10 leadership skills are recommended to be possessed by business leaders, namely communication skill, motivation, delegating, positivity, trustworthiness, creativity, feedback, responsibility, commitment, and flexibility.

Keywords Business organization · Change · Leader · Leadership · Leadership skills

Introduction

Leadership evokes highly romanticized, emotional, and courageous images to us as we think of specific leaders, names such as Gandhi, Churchill, Kennedy, King, Mandela, Meir, Napoleon, Reagan, Roosevelt, and Thatcher. According to Yukl (2002), the term itself projects images of powerful, dynamics individuals who command victorious armies, build wealth, and influences empires, or alter the course of nations. Leadership is an ability meaning a leader has a capacity to do something through his talent and skill. In other words, we consider leadership to be the ability to motivate and inspire subordinates. Stated concisely, we commonly believe that leaders make a difference and want to understand why. Bass (2008) stated that leadership is often regarded as the single most important factor in the success or failure of organizations.

A business organization is an individual or group of people that collaborate to achieve certain commercial goals. Generally, business organizations can be categorized into two types, namely profit and nonprofit organizations. Profit business organizations are formed to earn income for owners while nonprofit business organizations are formed for public purposes. These businesses often raise money and

utilize other resources to provide or support public programs. Business organizations have a specific structure and hierarchy. People and systems create a culture within the organization and guide its operation. Different business organizations have different policies (Bolman & Deal, 2003).

Leadership occupies a really sensitive position in almost any effective-driven business organization. This is because all businesses have commercial objectives to achieve which needs an effective leadership practice. For the profit businesses sell their products or services to generate revenue and earnings. The success of profit businesses depends on the ability to gain more in revenue than is spent on fixed and variable expenses. However, nonprofit businesses have to bring in sufficient revenue to pay employees and cover the costs to administer or support the programs. Any money they have left over after expenses is put back into the organization (Rihal, December 14, 2017).

Defining Leadership

Definitions of the leadership concept are almost numerous because leadership has been incorporated into the technical vocabulary of organizational studies (Yukl, 2010). Leadership is a subject that has long excited by scholars and lay people alike. The focus of much of the research has been on the determinants of leadership effectiveness. Behavioral scientists have attempted to discover what traits, abilities, behaviors, sources of power, or aspects of the situation determine how well a leader is able to influence subordinates and accomplish group objectives. The reasons why some people emerge as leaders and the determinants of the way a leader acts are other important questions that have been investigated but the predominant concern has been leadership effectiveness (Tang, 2015a, b).

Chemers (1997) defined leadership as a process of social influence in which one person is able to enlist the aid and support of others in the accomplishment of a common task. Northouse (2010) defined leadership is a process of influence, occurs in groups, and involves common goals. Hoy and Miskel (2013) defined leadership broadly as a social process in which an individual or a group influences behavior toward a shared goal. The only assumption shared by most definitions is that leadership involves a social influence process in which one individual exerts intentional influence over others to structure activities and relationships in a group or organization. Disputes about definitions remain, however, over whether leadership is a specialized role or social influence process; over the kind, basis and purpose of influence attempts; and over leadership versus management (Yukl, 2010). In conclusion, leadership is distributed widely in business organizations both profit and nonprofit and has rational, social, and emotional bases.

Change and Leadership

Change and leadership have been closely associated by leadership scholars based on the concept leadership is deemed to create useful change. The literature appears to suggest three differing aspects to leadership:

- i. Leading the strategy of an organization (Bolden, 2011).
- ii. Developing and initiating leadership strategically in organizations (Yukl, 2010).
- iii. Shorthand for describing the leadership at the top of an organization (Denis, Kisfalvi, Langley, & Rouleau, 2011).

These three themes appear to be blended together in theory. Hambrick (1989: 5–15) suggested four factors:

- i. Leadership involves a focus on internal and external factors in organizations and is concerned with positioning the organization within its context.
- ii. Leadership involves greater degrees of complexity and ambiguity than leadership at other levels.
- iii. Leadership is multifunctional and integrative in comparison to other, more specialized roles in organizations.
- iv. Leadership means leading through others.

Kotter and Schlesinger in Schedlitzki and Edwards (2014: 141) suggested the following techniques for change management, which can be linked to leadership:

- i. Education and commitment—Educating people above the change and hence gaining commitment to the change.
- ii. Participation and involvement—Involving people in the change.
- iii. Facilitation and support—Enabling people through change.
- iv. Negotiation and agreement—Negotiating with resisters to change.
- v. Manipulation and co-optation—Using power and politics to control those involved in the change process.
- vi. Implicit and explicit coercion—Using threats and punishments to control change processes.

Leader

The Oxford English Dictionary defines a leader (in human terms) as

- i. The person who leads or commands a group, organization, or country that is the leader of a protest group and so-called natural leader.
- ii. Leader of the House British, a member of the government officially responsible for initiating business in Parliament.

In either case, there is a degree of formality about leader:

- i. A whole organization accepts one person as its “leader”

- ii. By virtue of that badge of rank, the leader has formal authority and power.

However, there are three likely dangers in this view:

- i. Organizations come in many shapes and sizes; political parties; governments, charities, businesses, or families.

By inference, if an organization has one leader, that person alone is the source of all ideas. That person alone is the maker of all decisions. The rest of the organization must, therefore, be subordinates, who take no initiative and make no decisions. These people are also free of responsibility for outcomes of their actions. This presents a big problem for the organization as a whole and subordinates as individuals. There is no synergy, little initiative, little incentive for anyone to do anything “good” save follow orders, and little reason to not do “bad” things so long as they are within the letter of the law (Anderson, January 14, 2013).

- ii. Since the concept of a leader is a “job title”, the leader must be the one leading every minute of every day.

The leader may not be less than perfect at any time. This presents a big problem for the leader because he must be right every time and must also be seen to be right every time. The leader must be morally and technically infallible. Leader is always on a pedestal. Each and every act and word (business and personal) is subject to scrutiny and being judged by all. Sadly this kind of infallibility is not a constant for any human being.

- iii. The longer a formal leader is in post, the greater the gap between the leader and the led becomes.

The leader becomes less tolerant of independent thought, and the led become less capable of it. At this point, if it is to survive “After the leader”, an organization has to look seriously at succession planning. Sadly that succession planning is still the responsibility of the leader. Otherwise, it is likely to be interpreted as mutiny.

The past has shown time and again that:

- i. Families with a commanding father or mother can tend to be dysfunctional.
- ii. Nations with a cult of personality around a single “great helmsman” tend to suffer in the long run.
- iii. Companies which are ruled by the iron hand of their founder dies or is shown to have had feet of clay.

Fredrik Arnander, in his 2013 book titled as “We are all leaders” suggests a different approach. His stated vision is “We are all leaders, leadership is not a position. It is a mindset.” This is to build organizations with the agility and focus to succeed in the modern business world. Clearly, it is vital for any business organization that initiative ideas, authority, decision making, liability, respect, and kudos should be shared out to each according to his needs and from each according to his ability.

It is not the aim of this piece to address “leadership” as a series of traits or behaviors; however it is not possible to divide leaders from leadership. This is in

contrast to a “ruler”, rulers rule by using their power and authority, backing this up if necessary with heavy-handedness. This piece refers to leaders and rulers in a national sense. However, the same can be said for individual at the top of any organization, be it political, commercial, or even religious. Therefore for anyone to claim to actually be a leader, as opposed to being “the leader”, he must have real subordinates.

There are subordinates who follow out of choice, rather than compulsion. A leader may rise where subordinates follow him for many years and through various incarnations. A fine example is the late, Nelson Mandela, who moves from personal commitment to small scale political activism to national presidency to world statesmanship. Mandela embodied a vision and commitment for many years. In contrast to the previous quote, Mandela preferred to think of a leader, leading from behind.

It is better to lead from behind and to put others in front, especially when leader celebrate victory when nice things occur. Leader takes the front line when there is danger. Then subordinates will appreciate his leadership

Leadership

Leadership is both a research area and a political skill encompassing the ability of an individual or organization to “lead” or guide other individuals, teams, or entire organizations. The literature debates various viewpoints, contrasting Eastern and Western approaches to leadership, and also (within the West) United States versus European approaches (Zenger & Folkman, 2012).

The United States academic environments define leadership as a process of social influence in which a person can enlist the aid and support of others in the accomplishment of a common task. On the other hand, leadership seen from a European and nonacademic perspective encompasses a view of a leader who can be moved not only by communitarian goals but also by the search for personal power (Zenger & Folkman, 2012).

The European researcher Daniele Trevisani highlights leadership is a holistic spectrum that can arise from:

- i. Higher level of physical power, need to display power and control others, force superiority, ability to generate fear, or group members’ need for a powerful group protector (Primal Leadership).
- ii. Superior mental energies, superior motivational forces, perceivable in communication and behaviors, lack of fear, courage, determination (Psychoenergetic Leadership).
- iii. Higher abilities in managing the overall picture (Macro-leadership)
- iv. Higher abilities in specialized tasks (Micro-leadership).
- v. Higher abilities in managing the execution of a task (Project Leadership), and
- vi. Higher level of values, wisdom, and spiritual (Spiritual Leadership),

where any leader derives his leadership from a unique mix of one or more of the former factors.

Leadership Skills

A good leader whether one is an office manager or a project leader, requires a number of soft skills to help him to interact positively with his subordinates or team members. Employers seek these skills in the candidates who they hire for leadership roles. The following skills are needed by an effective leader in the workplace (Zenger & Folkman, 2012).

Communication skill

As a leader, he needs to be able to communicate clearly and succinctly to his subordinates everything from organizational goals to specific tasks. Therefore, leader must master all forms of communication, including one-on-one, departmental, and full-staff conversations, as well as communication via the phone, e-mail, and social media. A large part of communication involves himself and his subordinates or team members, either through an open-door policy or regular conversations with subordinates. Leader should make himself regularly available to discuss issues and concerns with subordinates.

Motivation

Leader needs to inspire his subordinates to go for the extra miles for his organization. Although it is important to pay a fair salary to subordinates but it is typically not enough inspiration for that. There are a number of ways to motivate subordinates:

- Leader builds subordinates' self-esteem through recognition and rewards.
- Leader gives subordinates new responsibilities to increase their investment in the organization.
- Leader must learn what motivations work best for his subordinates or team members to encourage productivity and passion.

Delegating

Leader who tries to take on too many tasks by himself will struggle to get everything done. This leader often fears that delegating tasks is a sign of weaknesses, when in fact it is a sign of a strong leader. Therefore, leader needs to identify the skills of his subordinates, and assign duties to each subordinate based on his skill set. By delegating tasks to subordinates, leader can focus on other important tasks.

Positivity

A positivity attitude can go a long way in an organization. Leader should be able to laugh at himself when something does not go quite well as it is planned. This helps to create a happy and healthy work environment, even during a busy and stressful period. Simple acts like asking subordinates about their vacation plans will develop a positive atmosphere in the organization and raise morale among the subordinates. If subordinates feel that they work in a positive environment, they will be more likely want to be at work, and will therefore be more willing to put in the long working hours when needed.

Trustworthiness

Subordinates need to be able to feel comfortable coming to their leader with questions and concerns. It is important for a leader to demonstrate his integrity. Followers will only trust their leader they respect. By being open and honest, leader will encourage the same sort of honesty in his subordinates.

Creativity

A leader has to make a number of decisions that do not have clear answers. Leader therefore needs to be able to think outside the box. Learning to try nontraditional solutions or approaching problems in nontraditional ways, will help leader to solve an otherwise unsolvable problem. Most subordinates will be impressed and inspired by a leader who does not always choose the safe, conventional path.

Feedback

Leader should constantly look for opportunities to deliver useful information to subordinates about their performance. However, there is a fine line between offering subordinates advice and assistance, and micromanaging. By teaching subordinates how to improve their work and make their own decisions, leader will feel more confident delegating tasks to his subordinates.

Responsibility

A leader is responsible for both the successes and failures of his team. Therefore, leader needs to be willing to accept blame when something does not go correctly. If the subordinates see their leader pointing fingers and blaming others, they will lose respect for the leader. Leader should accept mistakes and failures, and then devise clear solutions for improvement.

Commitment

It is important for leader to follow through with what the leader agree to do. Leader should be willing to put in the extra hours to complete an assignment. Subordinates will see this commitment and follow the leader's behavior as example. Similarly, when leader promises his subordinates a reward, such as an office party, leader should always follow through. A leader cannot expect subordinates to commit to their job and tasks if the leader cannot do the same.

Flexibility

Mishaps and last-minute changes always occur at work. Leader needs to be flexible, accepting whether changes come their way. Subordinates will appreciate leader's ability to accept changes in stride and creatively solve problems. Similarly, leader must be open to suggestions and feedback. If subordinates are dissatisfied with an aspect of the organizational environment, listen to their concern and be open to make the necessary changes. Subordinates will appreciate a leader's ability to accept appropriate feedback.

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Chapter 2

Leadership Styles and Organizational Effectiveness



Abstract Leadership styles and approaches are essential to a business organizational effectiveness. Understanding leadership styles and approaches can help a business company to build a foundation that can lead to improve productivity, subordinate retention, and improve subordinate relations. This chapter will highlight 14 leadership styles and four leadership research approaches. The 14 leadership styles consist of: (i) Trait leadership style; (ii) Authoritarian leadership style; (iii) Managerial leadership style; (iv) Paternalistic leadership style; (v) Democratic leadership style; (vi) Laissez-faire leadership style; (vii) Transactional leadership style; (viii) Transformational leadership style; (ix) Participative leadership style; (x) Distributed leadership style; (xi) Moral leadership style; (xii) Emotional leadership style; (xiii) Postmodern leadership style, and (xiv) Contingent leadership style. By the end of this chapter, four leadership research approaches, namely trait approach, behavior approach, power-influence approach, and situational approach are presented.

Keywords Leadership research approaches · Leadership style · Organizational effectiveness

Introduction

Most researchers evaluate leadership effectiveness in terms of the consequence of the leader's actions for subordinates and other organizational stakeholders. However, many different types of outcomes have been used, including the performance and growth of the leader's group or organization, its preparedness to deal with challenges or crises, subordinates' satisfaction with the leader, subordinate commitment to the group objectives, the psychological well-being and development of subordinates, the leader's retention of high status in the group and the leader's advancement to higher positions of authority in the organization (Méndez, Serafin Vera Moñoz, & Monserrat Vera Moñoz, 2013).

A leadership style is a leader's style of providing direction, implementing plans, and motivating subordinates. There are many different leadership styles proposed by various researchers that can be exhibited by leaders in the political, business or other

fields. Literature reviews on leadership style, expressing an approach that stresses a holistic view of leadership, including how a leader's physical presence determines how others perceive that leader. The factors of physical presence are physical fitness, confidence, and resilience. The leader's intellectual capacity helps to conceptualize solutions and acquire knowledge to do the job. Leadership style includes a leader's conceptual abilities agility, judgment, innovation, interpersonal sensitivity, and domain knowledge which encompassing tactical and technical knowledge as well as cultural and geographical awareness (Igbaekemen, 2014).

Overview of Leadership Styles

Leadership has been studied in different ways, depending on the researcher's methodological preferences and conception of leadership. Most researchers deal with only one narrow aspect of leadership, and most of the studies fall into distinct lines of research. A leader brings a personal style to any administrative position that infuses all that he does within the organization and serves as the screen through which he views organizational activity. Style influences and is influenced by the way leaders view people, tasks, and organizations. These three factors have been extensively studied, discussed, written about and taught to help leaders improve their style through behaviorism. The qualities of leadership are similar whether your discipline is business, education, or any other field. Behaviorism is concerned with psychological satisfaction, social interaction, motivation, job satisfaction, climate, ethos, group dynamics, interpersonal relations, empowerment, and organizational culture.

There are many styles of leadership that fit many types of businesses and organizations. Subordinates learn and become motivated in different ways, so effective leaders need to know which styles work best in what situations or organizations. Many leadership styles share common traits, and multiple studies have narrowed down the key styles of leadership. The Centre for Association Leadership identifies nine leadership styles as below.

Trait Leadership Style

One of the earliest approaches to studying leadership was the trait leadership style. The trait leadership style emphasizes the personal attributes of leaders. Underlying this approach was the assumption that some leaders are natural leaders who are endowed with certain traits not possessed by other people. Early leadership theories attributed managerial success to possession of extraordinary abilities such as tireless energy, penetrating intuition, uncanny foresight and irresistible persuasive powers (Zaccaro, 2007).

Traits of a good leader are:

- i. Honest
 - Display sincerity, integrity, and openness in all the leader's actions.
 - Dishonest behavior will not inspire trust.
- ii. Competent
 - Based on leader's actions on reason and moral principles.
 - Do not make decisions based on childlike emotional desires or feelings.
- iii. Forward-looking
 - Set goals and have a vision of the future.
 - The vision must be owned throughout the organization.
 - Effective leader envisions what he or she wants and how to get it.
 - Leader habitually picks priorities stemming from his basic values.
- iv. Inspiring
 - Display confidence in all tasks that the leader does.
 - By showing endurance in mental, physical, and spiritual stamina, leader will inspire others to reach for new heights.
 - Take charge when necessary.
- v. Intelligence
 - Read, study, and seek challenging assignments.
- vi. Fair-minded
 - Show fair treatment to all subordinates.
 - Prejudice is the enemy of justice.
 - Display empathy and being sensitive to the feelings, values, interests, and well-being of others.
- vii. Broad-minded
 - Seek out diversity
- viii. Courageous
 - Have the perseverance to accomplish a goal regardless of the seemingly overwhelming obstacles.
 - Display a confident calmness when under stress.
- ix. Straightforward
 - Use sound judgment to make good decisions at the right time.
- x. Imaginative
 - Make timely and appropriate changes in your thinking, plans, and methods.

- Show creativity by thinking of new and better goals, ideas, and solutions to problems.
- Be innovative.

Authoritarian Leadership Style

The authoritarian leadership style keeps main emphasis on the distinction of the authoritarian leader and his subordinates. This type of leader creates a distinct professional relationship. Direct supervision is what autocratic leader believes to be the key in maintaining a successful environment and followership. Authoritarian leadership style often follows the vision of those that are in control, and may not necessarily be compatible with those that are being led. Autocratic leader has a focus on efficiency, as other styles, such as democratic style, may be seen as a hindrance on progress. Examples of authoritarian leadership are a police officer directs traffic, a teacher orders a student to do his assignment, and a supervisor instructs a subordinate to clean a workstation (Zhang & Xie, 2017).

All of these positions require a distinct set of characteristics that give the leader the position to get things in order or to get a point across. Authoritarian traits including leader set goals individually, engages primarily in one-way and downward communication, controls discussion with subordinates, and dominates interaction. Several studies have confirmed a relationship between bullying, on the one hand, and an autocratic leader and an authoritarian way of setting conflicts or dealing with disagreements, on the other. An authoritarian style of leadership may create a climate of fear, where there is little or no room for dialogue and where complaining may be considered useless (Zhang & Xie, 2017).

Managerial Leadership Style

Managerial leadership is essentially “top-down”, with authority closely aligned to the formal roles of leaders. According to Leithwood, Jantzi, and Steinbach (1999: 14), managerial leadership assumes that the focus of leaders ought to be on functions, tasks and behaviors and that if these functions are carried out competently the work of others in the organization will be facilitated. Authority and influence are allocated to formal positions in proportion to the status of those positions in the organizational hierarchy. Managerial leadership is focused on managing existing activities successfully rather than visioning a better future for the organization. This approach is very suitable for business leader working in centralized systems as it prioritizes the efficient implementation of external imperatives, particularly those prescribed by higher levels in the hierarchy.

Managerial leadership has certain advantages, particularly for bureaucratic systems, but there are difficulties in applying it too enthusiastically to business organiza-

tions because of the professional role of subordinates. If subordinates do not “own” innovations but are simply required to implement externally imposed changes, they are likely to do so without enthusiasm, leading to possible failure (Bush, 2011: 50).

Paternalistic Leadership Style

The way a paternalistic leader works is by acting as a father figure by taking care of their subordinates as a parent world. In this style of leadership, the leader supplies complete concern for his subordinates. In return, leader receives the complete trust and loyalty of his subordinates. Subordinates under this paternalistic leadership style are expected to become totally committed to what the leader believes and will not strive off and work independently. The relationship between these subordinates and leader is extremely solid. The subordinates are expected to stay with a company for a longer time because of the loyalty and trust (Tian & Sanchez, 2017).

Leader and subordinates not only treat each other like family inside the workforce, but outside too. These subordinates are able to go to each other with any problems they have regarding something because they believe in whatever they say is going to truly help them. However, one of the downsides to a paternalistic leader is that the leader could start to play favorites in decisions. For example, the paternalistic leader will include the subordinates more apt to follow and start to exclude the ones who are less loyal. In today’s business market, paternalism is more difficult to come by because there have become more lay-offs and stronger unionization. This affects paternalistic leader because the subordinates may not believe that their jobs are 100 percent ensured (Tian & Sanchez, 2017).

When this happens, subordinates begin to look for bigger and better job opportunities instead of staying at one company for a longer period of time. Because of this, the leader may be thinking that the subordinates could be leaving and not fully believe the subordinates when leader tells them something about a job opportunity. This could put the subordinates and leader at risk for a bad situation. According to Bass (2008), subordinates who follow paternalistic leadership also have better organizational skills. This is because a paternalistic leader encourages and allows subordinates to complete tasks so that leader can stay on top of their work.

On this line of reasoning, those subordinates who have completed their tasks would boost their self-confidence and this makes them work harder to reach a goal and exceed the goal to prove to their leader that they are working hard. Having this paternalistic leadership style can also help to implement a reward system. This reward system will allow those subordinates to work even better because there is something for them at the end of the tunnel. While doing this, subordinates will also be able to accomplish more work in a set time frame (Tian & Sanchez, 2017).

Democratic Leadership Style

The democratic leadership style consists of the leader sharing the decision-making abilities with subordinates by promoting the interests of the subordinates and by practicing social equality. The boundaries of democratic participation tend to be limited by the organization or group needs and the instrumental value of subordinates' attributes, for example their skills and attitudes. The democratic leadership style encompasses the notion that everyone, by virtue of their human status, should play a part in the group's decision. However, the democratic leadership style still requires guidance and control by a specific leader (Allafchi, 2017).

The democratic leadership style demands the leader to make decisions on who should be called upon within the group and who is given the right to participate in, make and vote on decisions. Research has found that the democratic leadership style is one of the most effective and creates higher productivity, better contributions from subordinates and increased group morale. Democratic leadership style can lead to better ideas and more creative solutions to problems because subordinates are encouraged to share their thoughts and ideas (Allafchi, 2017).

While democratic leadership is one of the most effective leadership styles, it does have some potential downsides. In situation where roles are unclear or time is of the essence, democratic leadership can lead to communication failures and uncompleted projects. Democratic leadership works best in situation where subordinates are skilled and eager to share their knowledge. It is also important to have plenty of time to allow subordinates to contribute, develop a plan and then vote on the best course of action (Allafchi, 2017).

Laissez-Faire Leadership Style

The laissez-faire leadership style is where all the rights and power to make decisions is fully given to the subordinates. Lewin, Lippitt, and White (1939) were first described in this laissez-faire leadership style along with the authoritarian leadership and the democratic leadership styles. Laissez-faire leader allows subordinates to have complete freedom to make decisions concerning the completion of their work. It allows subordinates a self-rule, while at the same time offering guidance and support when requested.

According to Yang (2015), laissez-faire leader is using guided freedom to provide the subordinates with all the materials necessary to accomplish their goals, but does not directly participate in decision-making unless the subordinates request his assistance. This style should not be used when the leader cannot or will not provide regular feedback to his subordinates. This is an effective style to use when:

- Subordinates are highly skilled, experienced, and educated.
- Subordinates have pride in their work and the drive to do it successfully on their own.

- Outside experts, such as staff specialists or consultants are being used.
- Subordinates are trustworthy and experienced.

Transactional Leadership Style

Transactional leader focuses his leadership on motivating subordinates through a system of rewards and punishments. There are two factors which form the basis for this system, contingent reward and management-by-exception. Contingent reward provides rewards, materialistic or psychological, for effort, and recognizes good performance. Management-by-exception allows the leader to maintain the status quo. The leader interferes when subordinates do not meet acceptable performance levels and initiates corrective action to improve performance. Management-by-exception helps reduce the workload of leaders being that they are only called-in when subordinates move away from progress (Hussain, Abbas, Lei, Haider, & Akram, 2017).

Transactional leader identifies the needs of their subordinates and gives rewards to satisfy those needs in exchange of certain level of performance. Transactional leader focuses on increasing the efficiency of established routines and procedures. Leader is more concerned with following existing rules than with making changes to the organization. As a result, a transactional leader establishes and standardizes practices that will help the organization to reach maturity, goal-setting, efficiency of operation, and increasing productivity (Husain et al., 2017).

A transactional leader is negatively affected when the emotional level is high while positively affected when the emotional level is low. Transactional leadership presents a form of strategic leadership that is important for the organizational development. Transactional leadership is essential for team innovativeness (Hussain et al., 2017).

Transformational Leadership Style

Leadership expert James McGregor Burns introduced the concept of transformational leadership in his 1978 book titled as “Leadership”. Transformational leadership is defined as a leadership approach that causes change in individual and social systems. In its ideal form, transformational leadership creates valuable and positive change in the subordinates with the end goal of developing subordinates into leaders. In this leadership style, leader works with subordinates to identify needed change, creating a vision to guide the change through inspiration and executing the change in tandem with committed members of a group (Prasertcharoensuk & Tang, 2016).

Transformational leadership serves to enhance the motivation, morale, and job performance of subordinates through a variety of mechanisms. This includes connecting the subordinate’s sense of identity and self to a project and to the collective identity of the organization. Transformational leader is being a role model for subordinates in order to inspire them and to raise their interest in the project, challenging

subordinates to take greater ownership for their work, and understanding the strengths and weaknesses of subordinates, allowing the leader to align subordinates with tasks that enhance their performance (Prasertcharoensuk & Tang, 2016).

The concept of transformational leadership was initially introduced by James V. Downton, further developed by Burns. Burns defined transformational leadership as a process where leaders and their subordinates raise one another to higher levels of morality and motivation. Bernard M. Bass later developed the concept of transformational leadership further.

According to Burns, transformational leadership can be seen when leader and subordinates make each other advance to a higher level of morality and motivation. Transformational leader is able to inspire followers to change their expectations, perceptions, and motivations to work towards common goals through the strength of their vision and personality. Unlike in the transactional leadership style that based on a “give and take” relationships, but on the leader’s personality, traits, and ability to make a change through example, articulation of an energizing vision and challenging goals. Transforming leader is idealized in the sense that he is a moral exemplar of working towards the benefit of the team, organization and/or community.

Burns theorized transformational and transactional leadership were mutually exclusive styles. Later, Bass expanded upon Burns’ original ideas to develop what is today referred to as Bass’ Transformational Leadership Theory. According to Bass, transformational leadership can be defined based on the impact that it has on subordinates. Bass suggested that a transformational leader gather trust, respect, and admiration from their subordinates. Bass (1985) extended the works of Burns (1978) by explaining the psychological mechanisms that underlie transformational and transactional leadership.

Bass also added to the initial concepts of Burns (1978) to help explain how transformational leadership could be measured, as well as how it impacts subordinates’ motivation and performance. The extents to which a leader is transformational, is measured first, in terms of his influence on the subordinates. The subordinates of such a leader feel trust, admiration, loyalty, and respect for the leader is because of the qualities of the leader willingness to work harder than originally expected. These outcomes occur because the transformational leader offers something more than just working for self-gain (Dong, Bartol, Zhang, & Li, 2017).

Transformational leader provides subordinates with an inspiring mission and vision thus give them an identity. The leader transforms and motivates subordinates through his idealized influence referred as charisma, intellectual stimulation, and individual consideration. In addition, leader encourages subordinates to come up with new and unique ways to challenge the status quo and to alter the environment to support being successful.

According to Bass (1985), there are four dimensions of transformational leadership as below:

i. Idealized influenced

- Leader serves as an ideal role model for subordinates.
- Leader “walks the talk”, and is admired for this.

ii. Inspirational motivation

- Leader has the ability to inspire and motivate subordinates.

iii. Individualized considerations

- Leader demonstrates genuine concern for the needs and feelings of subordinates.
- This personal attention to each subordinate is a key element in bringing out their very best efforts.

iv. Intellectual stimulation

- Leader challenges subordinates to be innovative and creative.
- A common misunderstanding is that transformational leader is “soft”, but the truth is that he or she constantly challenges subordinates to higher levels of performance.

Combination idealized influenced and inspirational motivation dimensions constitute the charisma of transformational leader. Transformational leadership is said to have occurred when engagement in a group results in leader and subordinates raising one another to increased levels of motivation and morality (Bass, 1985).

Participative Leadership Style

Participative leadership is primarily concerned with power sharing and empowerment of subordinates, but it is firmly rooted in the tradition of behavior research as well. Many studies have used questionnaires to correlate subordinates’ perceptions of participative leadership with criteria of leadership effectiveness such as subordinate satisfaction, effort and performance. Laboratory and field experiments have been used to compare autocratic and participative leadership in terms of their effects on subordinate satisfaction and performance. Finally, descriptive studies of effective leader have examined how leader uses consultation and delegation to give subordinates a sense of ownership of the decisions made (Sinani, 2016).

Hoyle and Wallace (2005: 124) stated that participation refers to the opportunities that subordinates have for engaging in the process of organizational decision-making. This leadership style is underpinned by three assumptions:

- Participation will increase organizational effectiveness.
- Participation is justified by democratic principles.
- In the context of site-based management, leadership is potentially available to any legitimate stakeholder (Leithwood et al., 1999, 12).

Distributed Leadership Style

Distributed leadership has become the normatively preferred leadership model in the twenty-first century. An important starting point for understanding this phenomenon is to separate it from positional authority. Harris (2004: 13) indicated that distributed leadership concentrates on engaging expertise wherever it exists within the organization rather than looking for this only through formal position or role. Ghamrawi (2011) was drawing on her research in Lebanese secondary schools, refers to the vital role of subject leaders in distributing leadership to teachers.

Hallinger and Heck (2010) also found that distributed leadership was significantly related to growth in student learning. Bennett, Harvey, Wise, and Woods (2003: 3) claimed that distributed leadership is an emergent property of a group or network of individuals in which group members pool their expertise. The existing authority structure in business organization provides a potential barrier to the successful introduction and implementation of distributed leadership. Hartley (2010: 282) concluded that distributed leadership resides uneasily within the formal bureaucracy of organizations because of heads and leaders retain much of the formal authority.

Moral Leadership Style

The moral leadership style assumes that the critical focus of leadership ought to be on the values, beliefs and ethics of leaders themselves. Authority and influence are to be derived defensible conceptions of what is right or good (Leithwood, 1994: 322). West-Burnham (1997) discussed that there are two approaches to moral leadership. The first is “spiritual” and relates to the recognition that many leaders possess what might be called “higher order” perspectives whereas the second category is “moral confidence” which means the capacity to act in a way that is consistent with an ethical system and is consistent over time.

Sergiovanni (1991) argued that both moral and managerial leadership are required to develop a learning community. The challenge of leadership is to make peace with two competing imperatives, the managerial and the moral. The two imperatives are unavoidable and the neglect of either creates problems. Business organizations must be run effectively if they are to survive.

Emotional Leadership Style

Crawford (2009) discussed the emerging model of emotional leadership. Crawford emphasized that emotion is concerned with individual motivation and interpretation of events, rather than emphasizing the fixed and the predictable, and criticizes much of the current literature on leadership for underestimating this dimension. Crawford

added that emotion is socially constructed and stresses the importance of individual interpretation of events and situations: “perception is reality”. Beatty (2005: 124) noted the importance of emotional leadership and contrasts it with bureaucratic approaches. Crawford concluded that leadership cannot, and does not, function without emotion.

Postmodern Leadership Style

The postmodern model offers a few clues to how leaders are expected to operate. The most useful point to emerge from such analysis is that leaders should respect and give attention to, the diverse and individual perspectives of stakeholders. They should avoid reliance on the hierarchy because this concept has little meaning in such a fluid organization (Keough & Tobin, 2001).

Keough and Tobin (2001: 2) mentioned that current postmodern culture celebrates the multiplicity of subjective truths as defined by experience and revels in the loss of absolute authority. Keough and Tobin identified several key features of postmodernism as such:

- Language does not reflect reality.
- Reality does not exist; there are multiple realities.
- Any situation is open to multiple interpretations.
- Situations must be understood at local level with particular attention to diversity.

Contingent Leadership Style

The contingent leadership style provides an alternative approach, recognizing the diverse nature of organizational contexts and the advantages of adapting leadership styles to a particular situation rather than adopting a “one size fits all” stance. Yukl (2010: 234) added that the managerial job is too complex and unpredictable to rely on a set of standardized responses to events. Effective leaders are continuously reading the situation and evaluating how to adapt their behavior to it. Leadership requires effective diagnosis of problems, followed by adopting the most appropriate response to the issue or situation (Morgan, 1997). This reflexive approach is particularly important in periods of turbulence when leaders need to be able to assess the situation carefully and react as appropriate, rather than relying on a standard leadership model.

Overview of Leadership Research Approaches

Most leadership research can be classified into one of the following four approaches:

- Trait approach
- Behavior approach
- Power-influence approach
- Situational approach

There are a few types of research that do not fit neatly into any single approach but instead cut across two or more approaches. These exceptions include participative leadership, charismatic leadership, and leadership in decision groups.

Trait Approach

Hundreds of trait studies were conducted during the 1930s and 40s to discover these elusive qualities but this massive research effort failed to find any traits that would guarantee leadership success. One reason for the failure was a lack of attention to intervening variables in the causal chain that could explain how traits could affect a delayed outcome such as group performance or leader advancement (Zaccaro, 2007).

The predominant research method was to look for a significant correlation between individual leader attributes and a criterion of leader success, without examining any explanatory processes. However, as evidence from better-designed research slowly accumulated over the years, researchers have made progress in discovering how leader attributes are related to leadership behavior and effectiveness (Zaccaro, 2007).

Behavior Approach

In the 1950s when researchers became discouraged with the trait approach, they began to pay closer attention to what leaders actually do on the job. The behavior research falls into two general subcategories. One subcategory is on the nature of managerial work. This research examined how leaders spend their time and it sought to describe the content of managerial activities, using content categories referred to as managerial roles, functions and responsibilities. The research on managerial work relies mostly on descriptive methods such as direct observation, diaries, job description questionnaires and anecdotes obtained from interviews (Waniganayake, Cheeseman, Fenech, Hadley, & Shepherd, 2012).

Another subcategory of research on managerial behavior compares the behavior of effective and ineffective leaders. The preferred research method has been survey research with behavior description questionnaires. Hundreds of studies over the last five decades have examined the correlation between questionnaire measures of leadership behavior and measures of leadership effectiveness. A much smaller number

of studies have used laboratory experiments, field experiments or critical incidents to determine how effective leaders differ in behavior from ineffective leaders (Hoy & Miskel, 2013).

Power-Influence Approach

The power-influence research attempts to understand leadership by examining influence processes between leaders and subordinates. Like most of the research on traits and behavior, some of the power-influence research also has a leader-centered perspective with an implicit assumption that causality is unidirectional (leaders act and followers react). This research seeks to explain leadership effectiveness in terms of the amount and type of power possessed by a leader and how power is exercised. The favorite methodology has been the use of survey questionnaires to relate a leader's power to various measures of leadership effectiveness (Tang, 2015).

Other power-influence research has used questionnaires and descriptive incidents to determine how leaders influence the attitudes and behavior of subordinates. The study of influence tactics can be viewed as a bridge linking the power-influence approach and the behavior approach. Different influence tactics are compared in terms of their relative effectiveness for getting people to do what the leader wants (Tang, 2015).

A different type of power-influence research views influence as a reciprocal process between leaders and subordinates. From this perspective, power resides in subordinates as well as in the leader and leadership effectiveness cannot be understood without examining how leaders and subordinates influence each other over time. One major question addressed by this research is the way power is acquired and lost by various individuals in a group. In addition to research with a micro-level analysis of power acquisition by individuals, there has been research with a macro-level analysis of power acquisition by organizational subunits and coalitions. The latter research seeks to understand why some subunits or coalitions are able to exert more influence over strategy decisions and the allocation of scarce resources (Tang, 2015).

Situational Approach

The situational approach emphasizes the importance of contextual factors such as the nature of the work performed by the leader's unit, the nature of the external environment and the characteristics of subordinates. This research and theory has two major subcategories. One type of research treats managerial behavior as a dependent variable and researchers seek to discover how this behavior is influenced by aspects of the situation such as the type of organization or managerial position. The research investigates how managers cope with demands and constraints from subordinates, peers, superiors, and outsiders (government officials) (Mwai, 2011).

The primary research method is a comparative study of two or more situations in which managerial activities or behaviors are measured using leader behavior description questionnaires, job description questionnaires or direct observation. Researchers seek to discover the extent to which managerial work is the same or unique across different types of organizations and levels of management. Even though this comparative research was not designed to identify what behavior is effective in what situation, it is relevant for understanding managerial effectiveness because effectiveness depends on how well a leader resolves role conflicts, copes with demands, recognizes opportunities and overcomes constraints (Hoy & Miskel, 2013).

The other subcategory of situational research attempts to identify aspects of the situation that “moderate” the relationship between leader behaviors (or traits) and leadership effectiveness. The assumption is that different behavior patterns (or trait patterns) will be effective in different situations, and that the same behavior pattern (or trait pattern) is not optimal in all situations. Theories describing this relationship are sometimes called “contingency theories” of leadership. The contingency theories can be contrasted with “universal theories” of leadership effectiveness which specify an optimal pattern of behavior for all situations (Mwai, 2011).

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Chapter 3

Leadership Development Strategies



Abstract This chapter comprises of six sections presenting issues that relate to leadership development strategies. It begins with individual leader and collective leader development through emphasizing on key concepts such experiential learning, self-efficacy, visioning, and attitude. This is followed by the leadership development procedure. There are two strategies for leadership development, namely self-driven development and mentoring and coaching for leadership. Finally, eight characteristics of a strategic leader is introduced as follow: (i) Self-aware; (ii) Provides purpose and direction; (iii) Thinks and acts strategically; (iv) Leads and manages change effectively; (v) Builds capability and credibility of the department; (vi) Makes a personal impact; (vii) Builds relationships and potential, and (viii) Engages and influences others.

Keywords Characteristics of a strategic leader · Collective leader · Individual leader · Leadership development · Strategies for leadership development

Introduction

Leadership development is defined as leader expands the capacity of subordinates to perform in their leadership roles within business organizations. Leadership roles refer to those that facilitate execution of a company's strategy through building alignment, winning mindshare, and growing the capabilities of others. Leadership development is thought to be the key to business success. Formal roles, with the corresponding authority to make decisions and take responsibility while informal roles, with little official authority, for example, a member of a team who influences team engagement, purpose, and direction. A lateral peer has to listen and negotiate through influence (Waniganayake, Cheeseman, Fenech, Hadley, & Shepherd, 2012).

A study which was carried out by the Center for Creative Leadership indicated that 65% of the companies with mature leadership development programs drove improved business results as compared to a 6% of companies without such a program. Similarly, 86% of companies with leadership development programs

responded rapidly to changing market conditions whereas only 52% of companies with immature programs were able to do so (Martineau, Hoole, & Patterson, 2009).

Developing Individual Leaders

Traditionally, leadership development has focused on developing the leadership abilities and attitudes of individuals. Different personal traits and characteristics can help or hinder a person's leadership effectiveness and require formalized programs for developing leadership competencies. Classroom-style training and associated reading for leadership development may affect the possible divergence between knowing what to do and doing what one knows (Nikravan, April 6, 2011).

Mintzberg (2015), a management expert highlighted that only 15% of learning from traditional classroom-style training results can be sustained in trainees' behavioral change within workplaces. The success of leadership development efforts has been linked to three variables:

- Individual learner characteristics;
- Quality and nature of the leadership development program, and
- Support for behavioral change from the leader's supervisor.

Military officer-training academies go to great lengths to accept only individuals who show the highest potential to lead well.

Personal characteristics that are associated with successful leadership development include:

- Leader motivation to learn;
- A high achievement drive, and
- Personality traits such as openness to experiences, internal control, and self-monitoring.

In order to develop individual leaders, supervisors or superiors must conduct an individual assessment. Development is also more likely to occur when the design of the development program integrates a range of developmental experiences over a set period of time, for example 6–12 months. These developmental experiences include:

- 360° feedback
- Experiential classroom-style programs
- Business school style coursework
- Executive coaching
- Reflective journaling
- Mentoring.

Developing is also more likely to occur when the design of the development program:

- Involve goal-setting;

- Following an assessment of key developmental needs, and
- An evaluation of the achievement of goals after a given time period.

Key Concept in Leadership Development

There are four key concepts in leadership development namely experiential learning, self-efficacy, visioning, and attitude.

Experiential Learning

Experiential learning is positioning the individual in the focus of the learning process and going through the four stages of experiential learning as formulated by Kolb (1984):

- Concrete experience;
- Observation and reflection;
- Forming abstract concepts, and
- Testing in new situations.

Self-efficacy

The right training and coaching should bring about “self-efficacy” in the trainee. Self-efficacy is a person’s belief about his capabilities to produce effects as defined by Bandura (1977).

Visioning

Visioning is the ability development to formulate a clear image of the aspired future of an organization unit.

Attitude

Attitude plays a major role in being a leader.

Developing Leadership at a Collective Level

Leadership can be developed by strengthening the connection between, and alignment of, the efforts of individual leaders and the systems through which they influence the organizational operations. This will lead to a differentiation between leader development and leadership development. Therefore, leadership development can construct on the individuals' (including subordinates) development to become leaders (Tang, 2015a).

In short, leadership development needs to focus on the interpersonal linkages in the team. Following the principle of people as an organization's most valuable resource, human resource development including leadership is important. In contrast, the concept of "employeeeship" recognizes that what it takes to be a good leader is quite similar to what it takes to be a good subordinate. Therefore, bring the leaders together with their team, we have to explore these similarities rather than focusing on the differences in order to bring positive results. This approach has been particularly successful where the power distance between the leader and his team is small (Hoy & Miskel, 2013).

There are three main reasons for leadership development:

- To increase their organization's internal pool of leadership candidates;
- To reduce gaps in their current leadership members' skills, and
- To develop new leaders more quickly.

What Leadership Development Should Be?

Leadership development is not simply a process by which leaders make subordinates to be better leaders. As its core, leadership development begins with on boarding as a component of an organization's culture. On this line of reasoning, organizations must focus on the development aspect in order to be successful as a strategy. This is to ensure that there is a holistic plan in place that recognizes and fosters the individuals' skills, strengths, and talent growth (Oracle, 2012).

Moreover, developing leaders is not something that leaders do to subordinates but it is an ongoing series of meaningful events engaged with the particular subordinate as well. Cultivating leadership becomes the responsibility of both the leader and the individual subordinate. Their collaboration ensures that developing leadership becomes the focus of an individual's career path rather than filling a particular role at a particular time (Oracle, 2012).

Strategies for Leadership Development

Leadership development should be an ongoing future-oriented strategy that focuses on maximizing subordinates' potential. There are two strategies to develop subordinates' leadership skills:

Self-driven Development

A successful leadership development program begins with onboarding capable new subordinates. The organization should already have a development plan and process in place when new capable subordinates are joining a company so that those subordinates can engage with and begin to plan their own career paths (Bolman & Deal, 2003).

Personal assessments and development plans are excellent resources that enable subordinates and leaders to gain mutual insight into the subordinate's best fit at the organization, and to take steps towards developing the skills and experience needed to fulfill advanced leadership roles in the future.

Career development programs are best for facilitating subordinate development plans and assessments, and in combination with mentoring programs, significantly contribute to promote subordinates' engagement and improve their retention.

Mentoring and Coaching for Leadership

Leaders have to keep their subordinates long enough in order to develop them to be leaders who can understand the organization's culture and processes. Therefore, retention is crucial to leadership development efforts. As a result, a well-developed mentoring program is able to improve retention starting from the subordinates joined the organization by providing them with guidance and support they need to develop their capabilities and experience with organization (Reh, November 15, 2017).

Leaders obtain significant insight about the subordinates' leadership potential capabilities development when mentors provide structured feedback and notes on their mentees' progress. Integrated mentoring and coaching programs help leaders to identify, select, and develop high potential employees as suitable candidates for leadership succession (Reh, November 15, 2017).

Career development, mentoring and coaching programs are able to drive subordinates' development by providing them with the resources, guidance, and support in developing their capabilities and expertise. Proper coaching is an important tool to develop the kind of leaders that employers exactly need (Prager, January 20, 2016).

Leadership development efforts have to align with the business strategy and it is critical in today's business environment. In other words, leadership development

efforts have a greater impact on the business. Therefore, leaders need to understand that strategy as a critical first step in aligning the leadership development efforts to the business strategy. Leaders need to describe it in depth in terms of decisions to get a real understanding (Prager, January 20, 2016).

Therefore, leaders have to list at least five decisions of their organization that has made to define the strategy or be able to describe how the business strategy is different from competitors will be a good test of understanding. After the subordinates have firm understandings of the business strategy, the next step is to look at the different parts of the leadership development efforts and adjust them to bring them into better alignment with the business strategy (Prager, January 20, 2016).

There are five strategies which will improve the alignment between the leadership development efforts and the business strategy as follow.

i. Tailor personnel and 360° assessment to business strategy

The first place to start with is the assessments such as 360° assessment which is directed to the strategy in any leadership development program. In other words, we can have the analysis of the 360° highlight strategically related items. Another choice is to select personal style assessment that ties directly to elements of a business strategy. For example, maybe “change” is an important implication of the business strategy, then identify parts of existing assessments that can be emphasized and related to change, or, identify and use a particular assessment that focuses directly on change.

ii. Select development goals related to the business strategy

Another good area for increasing alignment is to have subordinates’ development plans incorporate goals that align with the strategy. When subordinates identify goals, describe their plan how the goal ties back to the business strategy. This activity gets subordinates thinking about how goals relate to the business and why they should tackle a particular development goal. Leader can take this even further by having a common goal specifically related to the business strategy. Every subordinate’s development plan would have this common goal.

iii. Tie training to business strategy

Generally, leader has a choice of training topics and the design of the training. Based on leader’s understanding of the business strategy, choose the training topics specifically related to it. For example, a senior leader can describe exactly how the training relates to the current business strategy by having training with a review of the business strategy and explicitly state how this training ties back to the business strategy. At the end of the training, participants will identify their personal takeaways and how they relate to the business strategy.

iv. Select action learning projects directly related to the business strategy

Action learning has been used by many organizations as part of their leadership development efforts. Action learning enables subordinates to practice their development goals. The key decision is selecting those projects that best fit and push forward

the business strategy. Subordinates should work with their business leader to identify those projects. A senior leader can start an action learning session by describing how the chosen projects tie directly to the strategy. This will be a powerful alignment instance.

v. Create a hybrid leadership development strategy

Although the prior four strategies are independent they can be strung together. Leaders may combine all the four strategies and take action in each are or may tackle two of them together depending on the organizational situation. The key point is the leader has to make decision in the above strategies and choose an overall combination that maximizes alignment to the business strategy and is doable.

Characteristics of a Strategic Leader

A strategic leader should be recognized as someone who has the following characteristics (Rampton, June 10, 2015):

Self-aware

A strategic leader has to understand his strengths and weaknesses. He utilizes feedbacks from stakeholders, colleagues, and customers and uses it to improve his own performance as well as his department. He is aware of personal impact on others and seeks out new or different ideas and opportunities to learn and models a positive personal style. In addition, he shares ideas and opportunities willingly with others for improvements. He acknowledges his own mistakes and uses them as an opportunity to learn.

Provides Purpose and Direction

A strategic leader understands and supports the company's long term vision and goals and communicates this enthusiastically in a clear and compelling way. Furthermore, he creates a complementary vision of the future and communicates this vision effectively. He develops plans with specific and realistic goals and he is a strong positive source of motivation for others.

Thinks and Acts Strategically

A strategic leader is able to work in partnership with others to align work unit activities and strategy to departmental and company strategy. He sets realistic but stretching targets for work unit and ensures that subordinates are accountable for their delivery. On top of that, he is aware of and sensitive to wider internal and external issues that require him to take into account in developing strategies for work unit. He maintains a focus on long-term goals while meeting day-to-day operational pressures. He is able to develop a well-researched understanding of the strengths and weaknesses of the department work unit and opportunities and threats facing it. He communicates the reasons behind the strategic decisions and how the strategic plans will be realized. He identifies risks and opportunities, and implements appropriate strategies to address these.

Leads and Manages Change Effectively

A strategic leader communicates the rationale and implications of change effectively. He is pro-active in driving change to support successful organizational transformation. He informs and involves subordinates in all relevant roles about the reasons for the process of change. He finds ways to overcome obstacles to change. He is able to remain flexible and positive in difficult situations. He implements change initiatives effectively even when this is personally difficult. He attempts to create a climate of trust during change.

Builds Capability and Credibility of the Department

A strategic leader makes effective use of financial and human resources and aligns use of resources with priorities. He organizes team's output timely, within budget and to high quality standards. He monitors and reviews strategic and staff performance rigorously and regularly through using appropriate tools. He challenges performance and/or behavior issues effectively at an early stage and seeks appropriate organizational policy or practice and advice. He delegates in order to provide challenge and development. He seeks to improve quality and performance continuously. He provides opportunities for facilitation, coaching and mentoring support.

Makes a Personal Impact

A strategic leader is visible and appropriately accessible. He builds trust by acting with openness and integrity. He is positive and resilient. He challenges and persuades, and is open to challenge and persuasion. He is decisive, particularly in difficult situations, handles conversations effectively. He takes measured risks and accepts responsibility for the consequences of own and collective decisions. He focuses on putting things right rather than apportioning blame.

Builds Relationships and Potential

A strategic leader works collaboratively both internally and externally. He communicates effectively at all levels within and outside the company. He identifies talent internally and externally and undertakes succession planning through thoughtful use of development and recruitment. He values differences, promotes diversity and confronts real areas or potential conflict. He seeks feedback on the team's progress and performance to ensure that subordinates are supported in undertaking development, which aligns with goals or priorities. He supports subordinates to improve their knowledge, skills and abilities in order to make a significant contribution to their role and to the wider aims of the company.

Engages and Influences Others

A strategic leader supports subordinates' growth by demonstrating trust and involving them in problem-solving and decision-making activities. He builds good rapport with wide range of subordinates and groups. He gives positive and constructive feedback appropriately. He sets clear goals and gives explanations of what is expected and why. He monitors subordinates' workload regularly and takes appropriate action where necessary. He understands, explains and follows workflow processes and procedures. He listens to subordinates and takes issues raised forward in an appropriate and constructive way. He provides and supports opportunities for networking and relationship building.

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Chapter 4

Team Development



Abstract This chapter covers five sections including a basic understanding of team development and team management which guide team structure and top performance. Team development consists of four stages, namely forming, storming, norming, and performing. Therefore, team management procedure covers the following steps: (i) Shape purpose in response to a demand or an opportunity; (ii) Translate common purpose into specific, measurable performance goals; (iii) Manageable size; (iv) The right mix of expertise; (v) A common commitment to working relationships, and (vi) Hold team members collectively. This is then presented the characteristics of a good or effective team. Team model comprises the traditional model, the team spirit model, the cutting edge model, the task force model, and the cyber team model. This chapter is ended with types of team which including permanent team, temporary team, task force, committee, organization/workforce, self-managed team, cross-functional team, and virtual team.

Keywords Team development · Team management · Team model · Types of team

Introduction

Team is an effective tool of subordinates' motivation and becomes a key tool for organizing work in today's corporate world. Enhancement of the effectiveness of team can be improved through goals- and role-clarification and interpersonal processes because teams have the potential to immediately assemble, organize, relocate and disperse. Leaders have to consider the fact that teams are developed and got mature over a period of time. Teams are formed when individuals with a common interest, preference, liking, and attitude will like to work together for a common goal. Team development creates a captivating atmosphere by encouraging co-operation, teamwork, interdependence and by building trust among team members (Heathfield, January 14, 2018). Success of an organization depends on the team performance rather than on the technical skills of the leader alone. Roles are clearly defined but

subordinates have flexibility to cross-role boundaries to do what needs to be done (Bolman & Deal, 2003).

Four Stages of Team Development

Tuckman (1965) proposed the team development model and emphasized that these four stages are all necessary and inevitable in order for the team to grow, face up to challenges, tackle problems, find solutions, plan work and deliver results.

Stage 1: Forming

At the forming stage, team members are anxious and adopt wait-and-see attitude. They may be formed their team formally without having clear idea of goals or expectations. As a result, team needs to write its own mission statement as well as clarify goals. It is essential that goals must have a personal buy-in. By doing this, the team is able to establish boundaries and determine the expectations. Team members start to know each other and build their commitments towards a larger goal. Thus, team members are in the process of knowing each other and getting comfortable among them.

Stage 2: Storming

At the storming stage, team members are eager to get a move on. Conflict may arise as team members tend to bring different ideas on how to accomplish goals. They also notice the differences rather than similarities which lead to some team members may drop out mentally and physically. Communication is important to ease the situation and reduce tensions. Leader has to recognize and acknowledge accomplishment publicly. It becomes vital for team members to participate in meetings and need to value their diversities. Team members begin to show their actual styles and start getting impatient. Control becomes the key concern because team members try to probe into each other's area, leading to irritation and frustration.

Stage 3: Norming

At norming stage, team members begin to recognize ways in which they are alike and tend to get more social and may forget their focus in favor of having a good time. This is the time to help with training if applicable. It is important to encourage

team members to feel comfortable with each other and with the systems as well. Therefore, the team needs to stay focused on goal. There is greater involvement of team members, a greater “we” feeling rather than “I” feeling and there is the conflict resolution.

Stage 4: Performing

At performing stage, team members are trained, competent and able to solve their own problems. Leader needs to find ways to challenge and develop team members so that the team is mature. Team members understand their roles and responsibilities, require more input in processes and would be self-motivated as well as self-trained. Thus, team members’ efforts need to be recognized and their growth has to be encouraged by giving new challenges. Hence, teams are self-controlling, practical, loyal and productive. At this final stage, focus is on both performance and production.

This team development model is just a general approach to form a successful work team. Every team evolves a structure as its members work together but the design may help or hinder effectiveness. Conscious attention to structure and roles can make an enormous difference in team performance. As in any organization, team structure emphasizing hierarchy and top-down control tends to work well for simple, well-understood and stable tasks. As tasks become more complex or the environment gets more turbulent, structure must also grow more complex, and lateral forms of communication and coordination become more important (Bolman & Deal, 2003).

Team Management

Team management refers to various activities which bind the team members together by bringing them closer to achieve the set targets (Lencioni, 2002). Individuals need to meet, discuss and work together towards the realization of a common goal because some tasks cannot be done alone. The team members who are forming a team must think ideally on the same lines with similar interests and objectives. Subordinates with absolutely different interests cannot form a team because their goals must be the same. Therefore, each team is formed to achieve a predefined goal and it is the responsibility of each team member to contribute his best level and accomplish the assigned task within the stipulated time frame (Kazmi, Naarananoja & Wartsila, 2016).

In addition, team members must complement and help each other whenever required. Each team member has to strive hard and work in unity. Most of the team members need time to perform and they may have conflicts with other team mates. Sometimes, team members find it difficult to adjust with each other and as a result the whole team’s performance will be affected. Any team member fails to perform the whole team is at loss. Therefore, team management activities have to ensure that all

the team members work together on a common platform for a common goal (Kazmi et al., 2016).

Team Structure and Top Performance

Katzenbach and Smith (1993) highlighted six characteristics of high-performing teams as follows:

Shape Purpose in Response to a Demand or an Opportunity

Leader clarifies the team's charter, rationale, and challenge while permitting flexibility for the team to work out specific goals and plans of operation. By giving a team clear authority and then staying out of the way, management releases collective energy and creativity.

Translate Common Purpose into Specific, Measurable Performance Goals

Purpose yields an overall mission, but successful teams take the additional step of recasting purpose into specific and measurable performance goals. Specific goals define collective "work products", facilitate clear communication and constructive conflict, keep the team focused on getting results and offer a yardstick for gauging small wins along the way.

Manageable Size

High-performing teams are fixed the optimal size somewhere between two to 25 team members. According to Katzenbach and Smith (1993: 114), 10 team members are far more likely than 50 to work through their individual, functional and hierarchical differences toward a common plan and to hold themselves jointly accountable for the results.

The Right Mix of Expertise

The structural frame stresses the critical link between specialization and expertise. Effective teams seek out the full range of necessary technical fluency. In addition, exemplary teams find and reward expertise in problem-solving, decision-making and interpersonal skills to keep the team focused, on task, and free of debilitating personal argues.

A Common Commitment to Working Relationships

Effective teams take the time to explore who is best suited for a particular task as well as how individual roles come together. Achieving structural clarity varies from team to team, but it takes more than an organization chart to identify roles and pinpoint one's place in the official hierarchy. Most teams require a more detailed understanding of who is giving to do what and how team members relate to each other in carrying out diverse tasks.

Hold Team Members Collectively Accountable

Pinpointing individual responsibility is crucial to a well-coordinated effort, but effective teams find ways to hold the collective accountable.

Characteristics of a Good/Effective Team

Success in any organization depends on the leader's ability to build a team and to interact with others on that particular team. Team members are able to accomplish synergy which cannot be done by an individual alone. A good or effective team must have the following characteristics (Root III, June 27, 2018):

- A clear and elevating goal: This is a goal which has been communicated to all the team members.
- A result-driven structure: The goal has been mutually decided by all the team members and they are fully committed toward achieving it.
- Competent team members: Every team member has the required skill set in order to achieve the team objectives.
- Unified commitment: Organizational goals become easier to achieve if the team members are giving a total commitment.
- A collaborative climate: Commitment from the team members and a good leadership will lead to a collaborative climate with a productive work environment.

- Standards of excellence: Quality orientation is essential to the organizational success.
- External support and recognition: Both appreciation and appraisal are required to keep the high morale of the team.
- Principled leadership: Leadership defines a team. An able-bodied leadership can direct the team's success.
- Active participation: Every team member participates actively and positively either in meetings or projects. This shows that every team member is committed and understood towards the project thoroughly.
- Team goals are clearly understood by all: Communication is important for achieving the completion of any project successfully.
- Creative and problem-solving skills: Team members have to have creative thought to solve the team's problem. Thinking out of the box is one of the essential skills in today's economic scenario.
- Listening skills: Team members have to listen carefully and give a thoughtful feedback. Listening is an important skill for the team because every team member's thoughts and ideas have to be listened to with respect no matter they may sound silly at first.
- Initiative: Every team member takes the initiative to get things done. There is no concept of passing the responsibility. This is an indication of clear communication leading to better understanding of individual responsibilities.
- Every team member trusts the judgment of others: Mutual trust and respect is extremely important for the team because this is the only way to achieve the organizational goals.
- The team is willing to take risks: Risk taking is an attitude that comes with confidence. This is because team member's self-confidence as well as his confidence on the team is coupled with the ability to face all the consequences.
- Cohesive and unity: Every team member has to be supportive of the projects as well as others. A team is one unit unless these cohesive forces are there the team will never be able to work efficiently.
- Communication: It has to have ample communication between team members.
- Team decisions: Team decisions are made by using logical methods.
- Disobedient opinions are never ignored: Opinions are always recorded in order to be revisited in case the future situations dictate so.
- Teams are given realistic deadlines: External support as well as aid is vital to the success of any team.

In conclusion, an efficient team needs support from both internal and external organization's goals. In addition, an efficient team needs to meet not only the individual needs of its members but also to achieve the organization's goals.

Team Model

Teams are the principal building blocks of the strategy of successful organizations. Although there may be different organizational focus such as service, quality, cost, value, speed, efficiency, performance or any other similar goals but teams remain as the central methodology of most organizations in the private, non-profit and governmental sectors. When a team becomes more aligned, a commonality of direction emerges and individual energizes harmonize. There is a shared vision and an understanding of how to complement each other's efforts by team management process. The followings are the five common team models introduced by Juneja (n.d.).

The Traditional Model

This is a team of subordinates with a traditional leader. The leader shares some of his responsibility and authority. The leader depends on the issues under consideration while he decides on how much of sharing. This traditional leader is in charge of certain issues that allows his other team members to take on the leadership role.

The Team Spirit Model

This is a team of subordinates who are working for one leader. The team members are very happy and everything seems to be going well. Although there is team spirit among them but in reality this is not a team because there is no sharing of authority or responsibility.

The Cutting Edge Model

This is a team of subordinates who are managing themselves. There is nobody in this team who has the authority to make any decisions about the events that will impact the whole team. This is so called as a self-directed work team because every member has the authority and responsibility for all the decisions that they make.

The Task Force Model

This refers to a team that comes together for a specific time and works on a special project. Such a team has been called as a task force or a committee which may include quality circles in total quality management efforts.

The Cyber Team Model

Team members rarely or even, not at all see one another and are known as “cyber” or “virtual” teams. Team members may interact through e-mail, telephone or through video conferencing and maybe had meeting only at the beginning of their project. The cyber team members have to work together in order to accomplish goals to make their teams different.

Types of Team

A team is formed when subordinates with a common interest, goal, attitude, need and perception work together for the accomplishment of complicated tasks. In general, all the team members will contribute equally and strive hard to achieve the team’s predefined goal. Therefore, there are a few types of team was proposed by Juneja (n.d.).

Permanent Team

The team performs on a permanent basis and is not dissolved even though the task is accomplished.

Temporary Team

The team is usually formed for a shorter duration and loses its importance once the task is accomplished.

Task Force

This team is formed for a special purpose of working on any specific project or finding a solution to a very critical problem.

Committee

Committee is generally formed to work on a particular assignment either permanently or on a temporary basis.

Organization/Workforce

This team is formed in an organization where team members work together under the expert guidance of their leader.

Self-managed Team

This team consists of subordinates who work together for a common goal without leader's supervision.

Cross-Functional Team

This team consists of subordinates from different departments or areas, interests and likings work together to come out with a unique idea to successfully complete a task for a common goal.

Virtual Team

This team consists of individuals who are separated by distances and connected through e-mail, telephone or video conferencing.

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Chapter 5

Change Management



Abstract This chapter covers the two main topics, namely types of change management programs and change management model. It provides the details of three change management models as references for business leaders. These three change management models are ADKAR (Awareness, Desire, Knowledge, Ability, Reinforce) model, Lewin's three stages change model, Kotter 8-step change model, and Jick's 10-step change model. Effective leadership is essential for successful change in business organization. Therefore, business leaders have to learn how to involve their subordinates together to plan and execute change. Besides, business leaders have to include their subordinates in decision making, strengthening their commitment to gain necessary tools, strategies, and insights to influence organizational practices.

Keywords ADKAR model · Change management program · Change management model · Jick's 10-step change model · Kotter 8-step change model · Lewin's three stages change model

Introduction

A business organization often requires changes when it undertakes projects or initiatives to improve performance, seize opportunities or address key issues. The changes to processes that occurred are including job roles, organizational structures, and types and uses of technology. Ultimately, subordinates have to change on how to do their job by embracing and learning a new way of the working or else the initiative will fail (Sparr, 2018).

Grimolizzi-Jensen (2018) defined change management as a structured approach to ensure the changes are thoroughly and smoothly implemented for achieving lasting benefits of change. The focus of change management is on the wider impacts of change particularly on people as individuals and teams move from the current state to the future state. Therefore, change management emphasizes on the people side of change and targets leadership at all levels of an organization including executives, senior leaders, middle managers, supervisors and staff (Sparr, 2018).

In short, change management is the discipline that guides how leaders prepare, equip and support subordinates to adopt change successfully in order to drive organizational success and outcomes. Decades of research show that leaders are able to take actions to influence subordinates in their individual transitions when all changes are unique and all subordinates are unique too (Sparr, 2018).

Types of Change Management Programs

Change management programs enable organizations to control the installation of new processes to improve the realization of business benefits (Bain & Company, April 2, 2018). There are two types of change management programs namely systematic organization-wide change initiatives and specific internal change management or change control program. Systematic organization-wide change initiative involves an organization-wide transformation effort while specific internal change management or change control program involves providing tools and processes to control daily operational or project-specific change.

Both change management programs use similar tools but have different goals and priorities. They are equally important for the organization's success. These programs involve devising change initiatives, generating organizational buy-in, implementing the initiatives as faultlessly as possible and generating a repeatable model for confirming sustained success in future change efforts. A change management program permits leaders to help their subordinates succeed, showing where and when trouble is likely to happen and positioning out a strategy for alleviating risks and monitoring progress (Bain & Company, April 2, 2018).

Change management programs require leaders to focus on results, overcome barriers to change, repeatedly communicate simple, powerful messages to subordinates and continuously monitor progress. Firstly, leaders have to maintain a goal-oriented mindset by establishing clear, firm goals and designing incentives to confirm these goals are met. Secondly, leaders identify subordinates who are most affected and also work to predict, measure and manage the risk of change in order to overcome barriers to change. In times of change, leaders alter communication frequency and the methods to manage how a shaken workforce perceives and reacts to information such as ensure sponsorship throughout the organization and reorganize around decision making. Finally, leaders follow through and monitor the progress of each change initiative (Bain & Company, April 2, 2018).

Change Management Model

Change management is an important aspect of management that tries to ensure that a business responds to the environment in which it operates. Change is the result of dissatisfaction with the present strategies for example poor performance, failure

to meet organizational goals etc. Leaders have to develop strategies to implement change because change does not happen by itself and it is essential to develop vision for a better alternative (Burke, 2008). Based upon the literature reviewed by Mento, Jones, and Dirndorfer (2002), there exists a number of change models intended to guide and instruct the implementation of major change in organizations.

ADKAR Model

The ADKAR model was developed by Jeff Hiatt in 2003 and it was introduced as a practical tool by Prosci, a renowned change management consultancy and learning center (Hiatt, 2006). The ADKAR model is mainly intended to be a coaching and change management tool to assist subordinates through the change process within organizations (Shah, 2014). ADKAR is an acronym for Awareness, Desire, Knowledge, Ability, and Reinforcement. ADKAR describes successful change at the individual level and outlines the goals of successful change as leaders have to manage organizational change starts with understanding how to manage with a single subordinate (Mulder, 2013). Table 5.1 indicates the action steps of ADKAR model.

ADKAR is a goal-oriented change management model that allows change management teams to focus their activities on specific business results. It was initially used as a tool for determining if change management like communications and training were having the desired results during organizational change. However, the limitations of this model are the missing out on the role of leadership and principles of program management to create clarity and provide direction to change (Shah, 2014).

Table 5.1 Action steps for each ADKAR building block

To build Awareness	<ul style="list-style-type: none"> • Effective and targeted communications • Leaders sharing the why and the vision • Ready access to information
To create Desire	<ul style="list-style-type: none"> • Leaders demonstrating their commitment • Managers and supervisor advocating the change • Subordinates participation and involvement
To develop Knowledge	<ul style="list-style-type: none"> • Effective training with the proper context • Education for during and after the change • Job aides and real-life application
To foster Ability	<ul style="list-style-type: none"> • Coaching by managers, supervisors • Hands-on exercise, practice and time • Elimination of any potential barriers
To Reinforce Change	<ul style="list-style-type: none"> • Celebrate successes, individually and as a team • Rewards and recognition that is meaningful • Feedback on performance and accountability

Source NCCI Workshop July 14, 2016 at Montreal, Canada

On the other hand, ADKAR model captures the business/process dimension of change and the individual dimension of change. It also provides a clear management checklist to manage change. As a result, ADKAR model is an effective tool for planning change activities, diagnosing gaps, developing correction action and supporting managers and supervisors (Mulder, 2013).

Lewin's Three Stages Change Model

Lewin's (1949) three stages change model denoting the step by step phases of unfreezing, changing and refreezing using the analogy of changing the shape of a block of ice. This subsequent process of change elaborates the varying outline sequence upon the essential stages of change (Hussain et al., 2018). In context of process model of change, the culture has been recognized by Lewin as moderator for organizational change (Hussain et al., 2018).

The first stage of change is unfreeze step involves preparing the organization to accept change is necessary, which involves breaking down the existing status quo before leader can build up a new way of operating. The key to unfreeze stage is developing a compelling message showing why the existing way of doing things cannot continue. Leaders have to point out the declining sales figures, poor financial results, worrying customer satisfaction survey and so on to show that things have to change in a way that everyone can understand. Leaders need to challenge the beliefs, values, attitudes, and behaviors that currently define it. By forcing the organization to re-examine its core, leaders have to create a controlled crisis effectively, which in turn can build a strong motivation to seek out a new equilibrium. Without this motivation, leaders will not get the buy-in and participation necessary to affect any meaningful change (Hussain et al., 2018).

After the uncertainty created in the unfreeze stage, the change stage is where subordinates begin to resolve their uncertainty and look for new ways to do things. Subordinates start to believe and act in ways that support the new direction. The transition from unfreeze to change does not happen overnight. Subordinates take time to embrace the new direction and participate in the change proactively. Subordinates need to understand how the change will benefit them in order to accept the change and contribute to make the change successfully. Not everyone will fall in line just because the change is necessary and will benefit the organization. This is a common assumption and pitfall that should be avoided (Hussain et al., 2018).

When the changes are taking shape and subordinates have embraced the new ways of working, the organization is ready to refreeze. The refreeze stage needs to assist subordinates and the organization internalizes or institutionalizes the change. The outward signs of the refreeze stage are a stable organizational chart, consistent job descriptions and so on. This means that they are incorporated into everyday business to make sure that the changes are used all the time. Subordinates feel confident and comfortable with the new ways of working with a new sense of stability. Refreezing stage is important even though change is a constant in many organizations. Without

refreezing stage, subordinates get caught in a transition trap where they are not sure how things should be done, so nothing ever gets done to full capacity (Hussain et al., 2018).

It is difficult to tackle the next change initiative effectively in the absence of a new frozen state. Change will be perceived as change for change’s sake and motivation required to implement new change simply will not be there. Leaders need to celebrate the success of the change as part of the refreezing process. This helps subordinates to find closure, thanks subordinates for enduring a painful time and helps them to believe that future change will be successful. Figure 5.1 shows Lewin’s three stages change model.

Lewin (1949) identified internal and external forces driving change as well as forces restraining it as follows. There will be no change if there is equilibrium between the two sets of forces. Therefore, the driving force must exceed the restraining force in order for change to occur.

Internal forces for change (from within the business or organization):

- A general sense that the business could “do better”.
- Desire to increase profitability and other performance measures.
- The need to recognize to increase efficiency and competitiveness.
- Natural aging and decline in a business (e.g. machinery, products).
- Conflict between departments.
- The need for greater flexibility in organizational structures.
- Concerns about ineffective communication, de-motivation or poor business relationships.

External forces for change:

- Increased demands for higher quality and levels of customer service.
- Uncertain economic conditions.
- Greater competition.
- Higher cost of inputs.

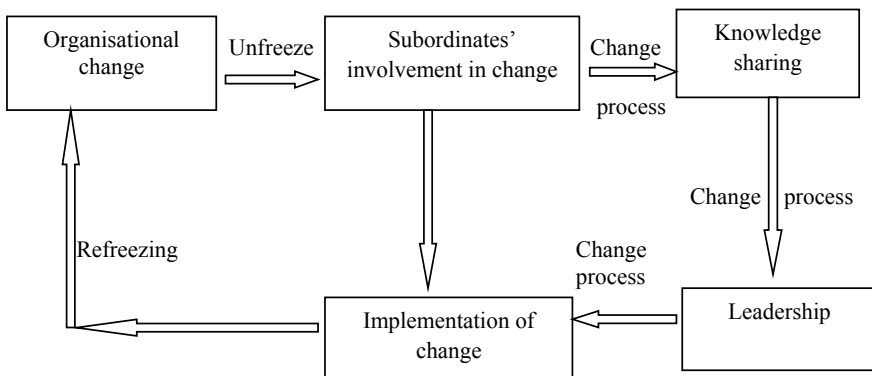


Fig. 5.1 Lewin’s three stages change model (Hussain et al., 2018: 126)

- Legislation and taxes.
- Political interests.
- Ethics and social values.
- Technological change.
- Globalization.
- Scarcity of natural resources.
- Changing nature and composition of the workforce.

It can be concluded that the main pressure for change in a business organization is usually external driving forces. Therefore, a business organization has to be prepared to face the demands of a changing external environment. On the other hand, restraining forces are making the change harder. Despite the positive outcomes, change is nearly always resisted. A degree of resistance is normal since change is disruptive and stressful.

According to Lewin (1949), this simple model is useful to leaders in organizations because of

- i. Tracking where change efforts are in the process;
- ii. Reminding leaders that there are inherent cultural issues in unfreezing and refreezing processes.

In addition there is also the “coping cycle” which helps leaders track the potential emotional impact of change on the subordinates involved (Kubler-Ross, 1969). This model is now being used extensively in leadership development to explain the morale of subordinates as they shift through a change process. These emotions include denial, anger, bargaining, depression and acceptance (see Fig. 5.2).

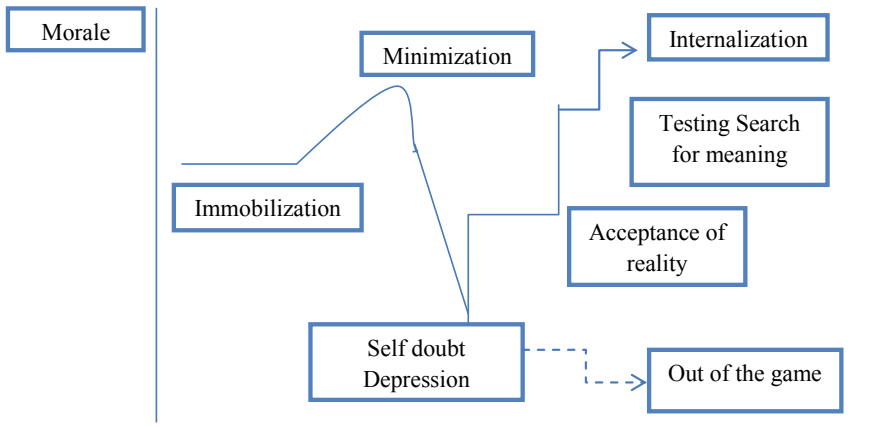


Fig. 5.2 The coping cycle

Kotter 8-Step Change Model

Kotter (1995) defined a model for understanding and managing change based on his experience in consulting with hundreds of organizations. He noticed the numerous difficulties associated with change efforts, distilled the common themes and turned them around into a prescriptive framework. His model (refer to Table 5.2) is aimed at the strategic level of the change management process and is best interpreted as a “vision” for the change process.

Table 5.2 8 Steps to transforming the organisation

Establishing a sense of urgency	Urgency motivates subordinates and generates a sense of realism with respect to change efforts goals. It is also essential to achieve the right chemistry and mix amongst team members, paying close interest to levels of emotional commitment
Forming a powerful guiding coalition	Forming a powerful guiding coalition is the most concerned in the gathering of the powers that be, senior management and key influences within an organization, encouraging teamwork and unity throughout the process
Creating a vision	The creation of this vision serves as a roadmap for the change effort, developing strategies on how one is to undertake each phase of the change
Communicating the vision	Leader should involve key influencers from as many facets of the change process for their individual buy-in, communicating clearly and thoroughly throughout the process
Empowering others to act on the vision	It involves eliminating change obstacles, anticipating and looking ahead, focusing on the change systems and structures declining change. Risk taking is also encouraged in the form of activities and ideas
Planning for and creating short-term wins	Breaking up the over change initiatives into smaller manageable fragments that can be measured for completion and success. Leaders should be rewarded for their efforts leading to the overall change initiatives
Consolidating improvements and producing still more change	Focus is centered on change systems, policies, procedures that hinder the vision, hiring, promoting and developing subordinates who can implement the vision
Institutionalizing new approaches	Clarifying connections between new behaviors and organizational success. Leadership development and succession is also of significance

Jick's 10-Step Change Model

Jick (1991 in Metre, 2009) developed a tactical level model to guide the implementation of major organizational change (refer Table 5.3). Jick's approach to implementing change is from a relatively realistic point of view.

Table 5.3 10 Steps for implementing change

Analyze the organization and the need for change	Assessing the specific organization and its actual need for change
Create a shared vision and common direction	Once an actual need for change is established, Jick's second step, similar to Kotter's third step, involves creating a shared vision and a common direction for driving change
Separate from the past	Indicating the importance of separating current change initiatives that have been undertaken in the past
Create a sense of urgency	Creating urgency around the vision and separation achieved in steps two and three
Support a strong leader role	It is crucial for a change-oriented leader to have a team around him that can support and execute the change vision
Line up political sponsorship	Emphasizes gaining buy-in from senior management and key influencers that could assist move the change initiative forward
Craft and implementation plan	Once the vision is created, the leadership and management buy-in has been secured, one needs to expertise and create an implementation plan
Develop enabling structures	Captures activity around developing enabling structures, removing any foreseen obstacles that may hinder the progress of the change initiative at hand
Communicate, involve people and be honest	Involves disseminating an honest message amongst the change agents and the recipient of change
Reinforce and institutionalize the change	Reinforcing the actual change initiative and then once complete, institutionalizing the change ensuring that the effort is sustainable and can be maintained well after the actual change effort has been executed

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Chapter 6

Restructuring: Mergers and Acquisition



Abstract This chapter aimed to highlight the concept of restructuring as a type of corporate action taken when significantly modifying the debt, operations or structure of a company as a means of potentially eliminating financial harm and improving the business. In addition, two types of restructuring, namely merger and acquisition are explored thoroughly including the distinction between merger and acquisition. Furthermore, synergy is emphasized as it has the magic force because it allows for enhanced cost efficiencies of the new form of restructuring business either merger or acquisition. Finally, a detail discussion relating to restructuring methods such as (i) Sell-offs; (ii) Equity carve-out; (iii) Spin-off; (iv) Tracking stock, and (v) Joint ventures are presented at the end of this chapter.

Keywords Acquisition · Adjusting bond · Merger · Restructuring · Senior debt · Synergy

Introduction

Restructuring is a kind of corporate action taken when significantly modifying the debt, operations or structure of an organization as a means of potentially eliminating financial harm and improving the business (Essays, UK, 2013). In other words, a leader will consolidate and adjust the terms of the debt restructuring to create a way to pay off bond holders when his organization is having trouble making payments on its debt.

A business organization may restructure as a means of preparing for a sale, buyout, merger, change in overall goals or transfer to a relative because the business does not bring sufficient revenue for covering payroll and debts. As a result, the business organization may sell its assets, restructure its financial arrangements, issue equity for reducing debt, or file for bankruptcy as the business maintains operations depending on the agreement by shareholders and creditors (Gaughan, 2011).

Costs of restructuring can tally up for matters such as reducing or eliminating product or service lines, canceling contract, eliminating divisions, writing off assets, closing facilities and relocating employees. Furthermore, restructuring will cause the

organization entering to a new market, training new employees, adding products or services and purchasing property which results in extra costs. No matter a business is going to expand or contract its operation, new characteristics and amounts of debt will often occur in restructuring transaction (Gaughan, 2011).

Organizational Restructuring

The operations, processes, departments or ownership may change when an organizational restructuring is occurred to enable the business to become more integrated and profitable. Financial and legal advisors are often hired for negotiating the restructuring plans. In addition, a new chief executive officer may be hired to implement the changes such as parts of the business organization may be sold to investors (Springs, September 26, 2017).

The results of organizational restructuring include alterations in procedures, computer systems, networks, locations and legal issues because positions may overlap, jobs may be eliminated and employees may laid off. Therefore, restructuring should result in smoother way and be more economically sound business operations. The business organization should be better equipped for achieving its goals through greater efficiency in production after employees have adjusted to the new environment (Springs, September 26, 2017).

Restructuring: Mergers and Acquisition

Mergers and acquisition (M&A) are corporate restructurings as a big part of corporate finance world. There is a number of challenging financial, legal and operational complexities when buying and selling troubled businesses which must be managed under considerable time pressures. The number of investment opportunities for distressed acquisitions remain relatively high despite the general decline in transactional activity (Marks, Mirvis, & Ashkenas, 2017).

M&A transaction is to bring separate companies together to form a larger one. Besides creating big companies from smaller ones, corporate finance deals do the reverse and break up companies through spinoffs, carve-outs or tracking stocks. The key principle behind buying a company is to create shareholder value over and above that of the sum of the two companies because two companies together are more valuable than two separate companies. This rationale is particularly appealing to companies when times are tough (Marks et al., 2017).

Strong companies will buy other companies to create a more competitive, cost-efficiency company. The companies will join together hoping to gain a greater market share or to achieve greater efficiency. Generally, target companies will often agree to be purchased when they know that they cannot survive alone because of the above potential benefits (Marks et al., 2017).

Although M&A transaction is often uttered in the same breath and used as though they were synonymous, the meaning of both terms mergers and acquisition are slightly different things. Acquisition purchase means one company takes over another and clearly established itself as the new owner. From a legal point of view, the target company stops to exist while the buyer company “swallows” the business and its stock continues to be traded. A merger happens when two companies often of about the same size, agree to move forward as a single new company rather than remain separately owned and operated and referred to as a “merger of equals” because both companies’ stocks are surrendered and new company stock is issued in its place (DePamphilis, 2011).

Synergy

Synergy is defined as the driving force that allows the enhancement of cost efficiencies of the new mergers or acquisitions. Regardless of their category or structure, all mergers and acquisitions have one common goal that is to create synergy. Synergy takes the form of revenue enhancement and cost savings. In short, synergy is the concept that the value and performance of two companies combined will be greater than the sum of the separate individual parts (Wang, Pauleen, & Chan, 2013). The mergers or acquisitions will benefit from staff reduction, economies of scale, acquiring new technology, and improved market reach and industry visibility.

Restructuring Methods

There are several restructuring methods (MBA Knowledge Base, n.d.) as follows:

Sell-Offs

A sell-off is known as a divestiture, is the outright sale of a company subsidiary. When the subsidiary does not fit into the parent company’s core strategy the sell-offs have to be done. This may be caused by the market undervaluing the combined businesses due to a lack of synergy between the parent and subsidiary. Besides getting rid of unwanted subsidiary, sell-offs can also raise cash which can be used to pay off debt.

Equity Carve-Out

Equity carve-out is a transaction in which a parent company offers some of a subsidiary's common stock to the general public, to bring in a cash infusion to the parent company without loss of control. A carve-out is a strategy avenue a parent company may take when one of its subsidiaries is growing faster and carrying higher valuations than other businesses owned by the parent company. A carve-out generates cash because shares in the subsidiary are sold to the public but the issue also unlocks the value of the subsidiary unit and enhances the parent company's shareholder value. Equity carve out is also a means of reducing their exposure to a riskier line of business and to boost shareholders value. As a result, a new publicly-listed company is created but the parent company keeps a controlling stake in the newly traded subsidiary.

Spin-Off

A spinoff is a way to get rid of underperforming or non-core business divisions that can drag down profits. It occurs when a subsidiary becomes an independent entity. The parent company distributes shares of the subsidiary to its shareholders through a stock dividend. No cash is generated because the transaction is a dividend distribution. Thus, spinoffs are likely to be used when a company needs to finance growth and deals.

Tracking Stock

A tracking stock is a special type of stock issued by a publicly held company to track the value of one segment of that company. The stock allows the different segments of the company to be valued differently by investors. The company retains control over the subsidiary. Both companies can continue to enjoy synergies and share marketing, administrative support functions and so on. Finally, the parent company can use the tracking stock it owns to make acquisitions if the tracking stock climbs in value.

Joint-Ventures

Joint ventures are typically formed for special purposes for a limited duration. Each of the venture partners continues to exist as a separate company. It is a contract to work together for a period of time each participant expects to gain from the activity but also must make contribution.

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Chapter 7

Communication Skills of Business Leader



Abstract This chapter is divided into four sections. Before exploring the types of communication consisting of verbal, nonverbal, and written communication, a basic understanding of the components of a General Model of the communication process is deemed necessary. Consequently, we begin the chapter by studying the Source-Message-Channel-Receiver (S-M-C-R) communication model, one-way communication and two-way communication, channels of communication as methods of exchanging symbol, sources in the communication process for senders and receivers, and feedback, and finally, discussing the interrelationships among components of communication in context. This is followed by focusing on the Classical Theory Social Network Theory in order to increase efficiency and productivity through effective communication. The final section of this chapter highlights the roles of business communication in management such as communication and decision making, communication and execution of plans, and communication and mutual understanding and co-operation.

Keywords Communication skills · Encoding · Decision making · Receiver · Source · Sender · Verbal communication

Introduction

Communication involves initiating messages using symbols, signs and contextual cues to express meaning, to create similar understanding and to influence actions as a staff relational process in business organization (Tang, 2015). Communication skills, therefore, are vital tools for an effective leader. Manning (1992) defined communication is the process that people use to exchange significant messages and share meaning about their ideas and feelings with one another in daily life. Practically all conceptions of communication contain explicit or implicit notions that involve meaning interactions between leaders and subordinates (Tang, 2015).

Business communication is the sharing of information between individuals within and outside the organization that is performed for the commercial benefits of the organization. It is also defined as conveying of information within a business by the

organizational members (McKay, June 30, 2018). Therefore, a skilled business leader must be able to manage his business organization such as to delegate, spearhead new ideas and access business successes and failures.

Components of a General Model of the Communication Process

Generally, successful business leaders should possess these communication traits include being able to listen to others' idea well and respond to them appropriately and clearly. In addition, business leader should be able to give concise directions and clearly articulate policies, consequences, and expectations. Business leader needs to understand both verbal and non-verbal communication and about the messages that both send and is able to communicate well during emergencies or in less-than-ideal situations. Besides, business leader must also know how to communicate bad news such as firing with sensitivity (Leonard, June 30, 2018).

Leaders and subordinates use symbols such as objects or words that stand for ideas, feelings, and intentions to describe their experiences and develop a common symbol system for sharing their experiences with others. As a result of these interactions and observations, subordinates not only learn to construct meanings that are reasonably similar to those of people around them, but also develop expectations or make predictions about what people will do and think. Leaders and subordinates in business organizations exchange symbols using several different verbal and non-verbal forms. These transactions to gain shared meanings can be conceptualized as a continuum from one-way to two-way communication (Tang, 2015). Figure 7.1 shows the S-M-C-R communication model consisting of the source of the message who encodes it, the message which represents the ideas that are to be transmitted, the channel by which the message travels and the receiver who decodes the message.

Communication is very important to business organizations because it allows organizations to be productive and operate effectively. This is because communication is the tool used to interact and communicate with individuals in an organizational environment. Subordinates can experience an increase in morale, productivity and commitment if they are able to communicate up and down the communication chain in an organization, namely one-way communication and two-way communication (Tang, 2015).

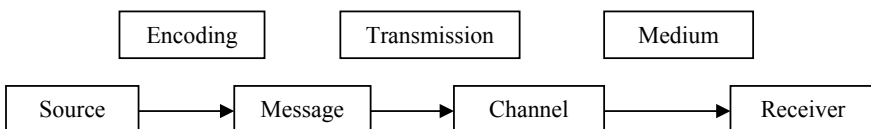


Fig. 7.1 S-M-C-R communication model

Schmuck and Runkel (1985) defined one-way communication as unilateral and initiated by a leader as a speaker and is terminated at a subordinate as a listener. Clappitt (1991) highlighted the two advantages of one-way communication. Firstly, it emphasizes the skills of the message sender and encourages leaders and subordinates to think through their ideas, accurately articulate them, and being specific in their instructions, explanations, and descriptions. Secondly, one-way strategies typically imply strong linkages between communication behavior and action.

Two-way communication refers to a reciprocal and interactive process that either leader or subordinates in the process initiate and receive messages. It requires continuous exchanges and transactions. In addition, it offers the promise of creating mutual understanding and shared meanings. Two-way communication is important for business leaders and can be carried out either top-down or bottom-up communications. Top-down communication is the business leaders communicate policies, procedures, and instructions clearly to their subordinates. Bottom-up communication is the business leaders listen to communication from subordinates and make changes based on issues that the subordinates face. Such interactive exchanges can improve the communication process by reducing the chances of major disparities between the information as well as the idea received and the one intended (Tang, 2015).

Types of Communication

There are three types of communication namely verbal communication, non-verbal communication, and written communication. Verbal communication implies communication through mouth, i.e. face to face communication. Business verbal communication takes place over the phone or in person. The medium of the message is oral and the message is being conveyed from sender to the receiver. Verbal communication has the advantage of offering opportunities for immediate feedback. Feedback can help the business leader to know whether he has communicated the message correctly or not (Business Dictionary, n.d.).

Non-verbal communication is usually understood as the process of sending and receiving wordless messages between people. Written communication involves any type of interaction that makes use of the written word in which can be read its meaning. In contrast to verbal communication, written business communications are printed messages. Examples of written communications include memos, proposals, e-mails, letters, training manuals, and operating policies. They may be printed on paper, handwritten or appear on the screen. The sender can write a message that the receiver can read at any time, unlike verbal or non-verbal communication is carried out in real time (Nordquist, June 17, 2018).

There are seven components of interpersonal communication in business organizations namely verbal communication, non-verbal communication, listening skills, problem-solving skills, negotiation, decision making, and assertiveness. Leaders have to think of how and what words are used to communicate with subordinates in their verbal communication. Non-verbal communication consists of facial expres-

sions, body language and hand gestures will be effectively used. Listening skill is the ability to hear attentively and process information correctly. Problem-solving skill is the ability to find a solution to a problem after considerable thought. Besides, leaders also need to have ability to discuss and reach an agreement in a professional manner while negotiating with subordinates. Leaders have to analyze situations within an organization environment while making decision. Finally, assertiveness is defined as self-assured and confident in their actions taken by leaders.

Classical Theory, Social Network Theory and Communication

The classical theorists such as scientific management taught that communication existed to facilitate the leader's command and control over the organization through vertical and formal channels. Therefore, communication has to be formal, hierarchical and planned and served the purpose to get the work done, to increase productivity and efficiency. Taylorism viewed communication as one-sided and vertical (top-down) and task-related (Rogers & Rogers, 1976). The only concern to a need for feedback was a periodic progress report on the status of projects. Communication is the transmission of information and viewed as a bucket carrying messages from a leader to the subordinates by concerning classical theory orientation.

Social network theory is the study of how social structure of relationships around an individual, team or organization affects beliefs or behaviors (Barnes, 1954). Rogers (1986) characterizes a communication network as consisting of interconnected individuals who are linked by patterned communication flows. Rogers concluded a communication network as the interpersonal linkages created by the sharing of information in the interpersonal communication structure.

Roles of Business Communication in Business Management

Business communication and management are closely associated with each other. Communication is a great weapon of management to carry out the basic management functions such as planning, organizing, directing, controlling, supervising, motivating and coordination through timely and accurate information provided by business management. The followings are roles of communication in business management (Richards, June 30, 2018).

Communication and Decision-Making

Business leader has to make decision in different areas in order to ensure the smooth functioning of the organizational activities. Therefore, communication helps business leader to take proper and timely decision by providing information in relevant ideas.

Communication and Execution of Plans

Business leader has to make plans to perform the business activities efficiently and planning requires gathering necessary information. As a result, communication helps to collect the relevant data from different sources. After the plan has been prepared, it requires implementation and communication plays essential role in the execution of plans by circulating them among the middle managers and subordinates by giving them necessary directions.

Communication and Mutual Understanding and Co-operation

Effective business communication between leader and subordinates helps to bring about an atmosphere of mutual trust and confidence. If the subordinates know exactly what is expected from them and if the leader is aware of the potentialities and limitations of the subordinates, both sides will get better returns. As a result, effective business communication is a must for promoting a spirit of understanding and co-operation.

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Chapter 8

Power and Politics of Business Organisation



Abstract This chapter is mainly focusing on power as a board construct that includes two categories, namely personal and organizational categories of ensuring compliance. In addition, power can be classified as formal or informal; hence, five sources of power exist such as legitimate power, reward power, coercive power, expert power, and referent power. Personal category of expert power and referent power is more likely to promote commitment and compliance whereas organizational category of legitimate power, reward power, and coercive power produces conflict and alienation. Business leader needs to consider power as the capacity to influence unilaterally the attitudes and behavior of subordinates in the desired direction. Scope of authority is dependent on the influence needed to accomplish role requirements. The relationship between power and political process is focused and explored on how the distribution of power in business organization affects its adaptation to changing environment. Last but not least, the importance of social exchange theory and strategic contingencies theory in term of political power is discussed at the end of this chapter.

Keywords Politic · Power · Sources of power · Social exchange theory · Strategic contingencies theory

Introduction

Behavioral scientists discovered what traits, abilities, behaviors, sources of power or aspects of the situation to determine how a leader is able to influence subordinates and accomplish team and organizational goals (Tang, 2015a). On this line of reasoning, power is defined as the ability to influence others and leadership effectiveness is the predominant concern why some people emerge as leaders and the determinants of the way a leader acts. One of the most influential theories of power was proposed by French and Raven (1968) who attempted to determine the sources of power leaders use to influence others.

Leaders who possess the ability to change or direct others' behavior is an invaluable attribute whether the power is formally granted to the leader by an organization or informally earned over time through workplace interactions (Merchant, June 29,

2018). Merchant further emphasized that authority sometimes stems from an individual's title in the organization or from specialized knowledge and expertise. Some leaders may exercise power through interpersonal relationships or the force of their personality while other leaders may gain influence through an ability to grant access to important resources (Merchant, June 29, 2018).

Sources of Power

French and Raven (1968) identified five sources of power that can be grouped into two categories: organizational power (legitimate, reward, coercive) and personal power (expert and referent). The personal sources of power are found to be more significantly associated to subordinates' job satisfaction, organizational commitment and job performance than the organizational power sources. In addition, coercive power as one source of organizational power is negatively related to work outcomes. Leaders use the sources of power together in varying combination depending on the situation (French & Raven, 1968).

Legitimate Power

Legitimate power is related to the position or status of an individual in the organization and so called as positional power. It is derived from the position of authority an individual holds in an organization's hierarchy, often referred as formal authority. The more senior an individual is and/or the more subordinates that he may have in his team the more legitimate power the individual perceives that he has. Owing to the position that the individual holds within the organization, he believes that he has the right to make demands on others and expect them to be compliant. It gives the leader power over their direct reports. Job description, for example, require subordinates to report to their leaders and give leaders the power to assign duties to their subordinates. As a result, the particular individual must be deemed to have earned the positional power legitimately before he can exercise it effectively (Merchant, June 29, 2018). An example of legitimate power is that held by a company's chief executive officer.

Reward Power

Reward power arises from the ability of an individual to influence the allocation of incentives include salary increments, positive appraisals promotions, working on special projects, training and developmental opportunities and compliments. In an organization, an individual who exerts reward power tend to influence the actions of subordinates by providing them with the rewards they want to receive. A leader

can use reward power to influence and control subordinates' behavior, as long as subordinates value the rewards. Reward power, if utilized well, can lead to better performance and greatly motivates subordinates because subordinates see a clear link between performance and rewards. However, if it is applied through favoritism, reward power can greatly demoralize subordinates and diminish their output. Reward power is the result of positional power and is limited to the position in the organization (French & Raven, 1968).

Coercive Power

Coercive power is derived from an individual's ability to influence others' behavior via threats, punishments or sanctions. Coercive power has negative effects and should be used with caution because it tends to result in negative feelings toward those who use it. Typical organizational punishments include warnings, undesirable work assignments, withholding key information, demotion, suspension or dismissal. Most organizations have defined their policies clearly on governing coercive power in order to prevent leaders from using their coercive power arbitrarily and unethically. On the other hand, coercive power helps to control the subordinates' behavior by ensuring that they adhere to the organization's policies and norms. The presence of unions seemed to weaken coercive power considerably (Tang, 2015a).

Expert Power

Expert power is derived from possessing recognized knowledge, skills or abilities in a particular area to influence others' behavior. Such individual is highly valued by organization for his problem-solving skills. Those leaders who have expert power perform critical tasks and are therefore deemed indispensable. Their opinions, ideas and decisions with expert power are held in high regard by subordinates and hence greatly influence their actions. Expert power is based on the extent to which subordinates attribute knowledge and expertise to the power holder. Leader should be aware of expert power if it exists in his teams because expert power is not positional power. Subordinates must perceive the power holder to be credible, trustworthy and relevant before their leaders to be granted expert power. Possession of expert power is normally a stepping stone to other sources of power such as legitimate power. For example, an individual who possesses expert power can be promoted to senior manager, thereby giving him legitimate power. Likewise, these specialists may not be granted expert power in other functional areas.

Referent Power

Referent power is derived from the interpersonal relationships that an individual cultivates with others to influence their behavior because they like, admire and respect the individual. Referent power is the ability of others to identify with those who have desirable resources or personal traits. It arises from charismatic individual via the admiration, respect and trust others have for him. Referent power is also derived from personal connections that an individual has with key people in the organization's hierarchy, such as the chief executive officer, leaders in business organizations who have a good reputation, attractive personal characteristics or a certain level of charisma have the referent power. It is the perception of the personal relationships that he has that generates his power over others.

Political Power

Power and politics are realities of organizational life and they often undermine rationality. Leaders use political power processes to protect and increase their power in an organization. The amount of position power necessary for leader effectiveness depends on the nature of the organization, tasks and subordinates. Besides, power is not a static condition which can be acquired and lost. Power changes over time due to changing conditions and the actions of individuals and coalitions. There are two major theories namely social exchange theory and strategic contingencies theory have been introduced to explain how power is acquired, maintained or lost in organizations (Tang, 2015a).

Social Exchange Theory

Social exchange theory explains how power is gained and lost in reciprocal influence processes occur over time between leaders and subordinates in small teams. The most essential form of social interaction is an exchange of benefits namely material benefits and psychological benefits such as expressions of approval, respect, esteem and affection. An individual who demonstrates competence and loyalty to the team will influence others' expectations about his leadership role in the particular team. The amount of status and influence over the team decisions is proportionate to that particular individual's potential contribution relative to other team members based on the team's evaluation. The contributions may consist of control over scarce resources, access to important information or dealing skill with critical task problems. A leader who is able to increase power and influence if he has demonstrated good judgment accumulates 'characteristic credits' and is allowed more latitude than other team members to deviate from non-essential team norms. When a leader makes an inno-

vative proposal for attaining team goals that proves to be successful, the team's trust in the leader's expertise is confirmed and even more influence may be permitted to this particular leader (Tang, 2015a).

On the other hand, if a leader who fails to show initiative and deal decisively with serious problems will lose esteem and influence as indicated in social exchange theory. Innovation is not only accepted but expected of leaders when it is necessary to deal with serious problems. However, the authority and position power of leader makes formal leader less dependent on subordinates' evaluation of their competence. Nevertheless, an incompetent leader still loses his expert power with subordinates if he demonstrated incompetence which may eventually undermine the leader's legitimate authority as well (Evans & Zelditch, 1961).

Social exchange theory is descriptive rather than prescriptive. It describes how relationships develop and power is gained or lost but the theory does not provide specific guidelines for leaders on how to gain power or how to exercise the power effectively. The focus of the social exchange theory is mainly on expert power and authority and does not explain how reciprocal influence processes affect a leader's reward and referent power (Hoy & Miskel, 2013).

Strategic Contingencies Theory

Hickson, Hinnings, Lee, Schneck and Pennings (1971) developed strategic contingencies theory to explain the distribution of power over strategic decisions among subunits of an organization and the implications of this power distribution for the effectiveness of the organization in a changing environment. It also explains how some organizational subunits gain or lose the power to influence strategic decisions for the organization. This theory postulates that the power of a subunit depends on three factors namely the leader's expertise in coping with important problems, the centrality of the subunit within the work flow and the extent to which the subunit's expertise is unique rather than substitutable.

According to Hoy and Miskel (2013), all organizations have to cope with critical contingencies particularly problems in the technological processes used to carry out operations and problems in adapting to unpredictable events in the environment. Any subunits which can solve the important problems successfully will be the source of expert power and increased authority for the particular subunit or for the individuals from the particular subunit. A subunit that has responsibility for dealing with critical problems will have much greater opportunity to demonstrate expertise and gain power. In other words, a problem is critical if it is clearly vital for the survival and prosperity of the organization. The importance of a particular type of problem is greater when there is a high degree of interdependence among subunits and other subunits cannot perform their own functions unless this type of problem is controlled effectively. As a result, a subunit will gain more power if the critical function it performs cannot be done by other subunits or be made easier by standard procedures

development. It can be concluded that the more unique and irreplaceable the expertise required to solve critical problems, the more power will be gained from possessing this expertise.

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