

How ge teaches teams to lead change management essay



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The purpose of the program was to support CEO Jeffery R. Immelts priority of growing GE by focusing more on expanding businesses and creating new ones than on making acquisitions. This program was effective for the company for many reasons and brought many advantages to it. For example, the business has accelerated its push into emerging markets, launched initiatives to revamp product development, and stepped up efforts to create new businesses.

The reasons for why this program was so effective were because: the managers were given an opportunity to reach consensus on the barriers to change; both the hard and the soft ones. Furthermore, the challenge of balancing the short term and the long term was also addressed. The course also created a common vocabulary of change that became part of daily

communications inside and across GE's businesses. This program was structured so that a team would emerge with the first draft of an action plan for instituting change in its business and would feel obligated to deliver on it.

In September 2001, Jeff Immelt had launched an all-out effort to make GE as renowned for innovation and organic growth as it was for operational excellence. The main force behind GE's successes was its headquarters. Immelt understood that to speed progress, he needed to pass the baton to teams leading GE's businesses-which is where LIG came in. They reorganized functions such as sales and engineering and gave local teams more authority so that the leadership could extract itself from the problems of the present and spend more time on opportunities that would create the future. The purpose of LIG was to make innovation and growth as much of a religion at GE as Six Sigma had been under Jack Welch.

Before a team went to Crotonville, it had done three things: It had updated its three-year strategy, the growth playbook. All its members had undergone a 360 review, and the team's scores on the growth values had been tabulated and analyzed in granular detail. Finally, its success in creating an innovative climate had been assessed. At the end of the course each team had about 20 minutes to deliver a presentation to Immelt. The presentation had to include a simplified vision of growth for the business and the organizational, cultural, and capability changes that the team members had decided should be made in order to optimize growth.

LIG's team-based approach addresses shortcomings inherent in the individual-focused approach used by traditional management education

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programs. The LIG was a radical departure for GE, because it removed intact leadership teams from the exigencies of their business and allowed them to discuss the white space in a candid, introspective fashion for four whole days.

In order to achieve the business goals in the organization, leaders should know in advance which things to do and how to do them. For example, taking a place in new markets or an expansion into different markets. After that they should decide which leadership style they want to use in order to fit in the new markets, all this by designing effective plans to manage themselves, subordinates and organization.

Introduction/Paper discussion

Titles and positions have always been important in our life and especially within organizational environment. People tend to get blinded by the titles that they have, and this influences the people's behavior.

The topic that we have chosen to analyze is about the type of power that leaders possess and how this could influence the effectiveness of being a leader. We have also chosen to talk about how powerful leaders with and without formal titles are. This is also because titles have always been present in our lives and they influence the image that we have of a person. We wanted to relate this to leaders.

Theories have always discussed the importance of leadership and formal power, while based on our own experience, there are less researches done about informal power and its influence on leadership.

Most people take formal positions and titles for granted. They always associate the amount of power a certain person has with the titles that they possess. We decided to take a deeper look at the influence of leaders with informal power on their workers and how this is different from the influence of leaders with formal positions.

The main question of this analysis is: How would leaders with informal power influence their workers?

The purpose of this study is to find out how leaders with informal positions motivate their workers to follow them and what the differences are between leaders with formal and informal power.

Theoretical Perspectives

We will start this analysis by looking at different articles to get an insight on earlier discussions and researches about the topic. We will also research other articles that will support the case and help us answer the main question. In order to support our case, first we wanted to know the difference between formal and informal leaders. This is important because informal leaders don't have any formal authorized positions. This part will give us an insight on how informal leaders would influence others. The traits and skills of the informal leaders will also be mentioned here. After that, the difference between formal and informal power will be discussed. The reason of why we have chosen to discuss this is because it will give us an understanding of power and the link between power and leadership.

Titles and leaders will also be discussed so that we would get clear insight about the link between titles and leaders. Furthermore, the influence of titles <https://assignbuster.com/how-ge-teaches-teams-to-lead-change-management-essay/>

will also be mentioned in order to see how titles influence leaders and then eventually their ability to influence followers.

After doing this analysis based on the earlier discussions and different arguments from varied studies and articles, we will use the book of Leadership in Organizations, written by Gray Yukl. The topic will be analyzed based on the concepts in this book.

Theoretical Discussion

Formal and Informal Leaders

We will start our analysis by talking about formal and informal leaders and the differences between them. The article that is used here is a study done by the Ohio State University.

Informal leaders are related to people who don't have any formal titles in the organization. They are seen as worthy of paying attention to, or following. People think that informal leaders have a certain trait that make the others in the organization pay attention to them and also follow them. While formal leaders hold a certain position and a formal authority in the organization, informal leaders don't.

People choose to follow informal leaders because they want to, but with formal leaders they are obligated to follow them otherwise they would have to face the consequences of not complying. Informal leaders are able to make others follow them through their ability to gain followers' respect, trust and confidence. The personal traits and skills that informal leaders have, can replace the formal power or position that they don't have. Informal leaders

appear to treat everyone with dignity and respect. They exhibit honesty and dignity and emphasise service above self and they are more likely to build trust.

Formal and Informal Power

In order to get an understanding of power and the link between power and leadership we chose to analyze the formal and informal power. The article from University of Valencia, Spain is used to support our analysis.

Formal power is based on the availability or capability to control the exchange of socially valued restricted goods whose distribution is related to the position in the organisation of hierarchy. Formal power is exercised in a top-down manner. The superiors exert formal power on the subordinates while the opposite is not the case. Therefore, it can be expected that a power agent holding a higher hierarchical position than that of the target will hold more formal power over the target than peers or subordinates.

Informal power is based on positive interpersonal relations, involving the exchange of social support, referent relationships, or knowledge, or socially valued unrestricted goods. Informal power, not being necessarily associated with formal structure, can flow in all directions. However, positions in the hierarchies affect the development of personal relationships. Dyadic cohesion develops through an emotional/affective process characteristic of equal-power relations that can be obstructed by the unequal relationships that characterize formal power relationships. Taking this into account, it can be expected that members in a similar hierarchical position to the target will

hold higher informal power over the target person than superiors and subordinates.

Based on what is mentioned above, we can say that formal and informal power is really important in organisational life. They have influence on how leaders exercise their power. For example, leaders with formal positions exercise their power in a top-down manner, while those with informal power can influence others who are on the same level without any formal position. There is no formal structure but the relation between the individuals in the organization could go to any direction.

Looking at this topic from a different perspective, power can be grouped in two categories, the social condition and the personal ability. These categories aim to distinguish positional power and personal power. Position power stems from a person's formal position and implies the legitimate authority to use positive and negative sanctions such as reward and coercion; while on the other hand personal power refers to expertise, referent power and charisma of a person. Summarising this, position power mostly refers to the existing organisational hierarchy that renders management the ability to control the behaviour of others and to change the organisational structure and processes. On the other hand, personal power refers to power sources connected to particular abilities, skills and experience of an actor. As we can see, position power could be related to the formal power that people have. It is the authorised and legitimate power that they possess. They have the title and formal position to exercise their formal power to make others in the organisation follow them. Personal power can be related to the informal power, this is where people don't have authorised

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power, position or title to make people follow them, but they do it through their personal trait and skills.

We can use volunteer work as an example of the distinction between leaders with formal and informal power. When we think about non-profit organizations we think about organizations where people don't have any formal power or positions. The idea of such organizations is to let people work without using any formal authority and to achieve the organizational goals. These people don't have a formal title and their followers are not obligated to follow them. This makes it challenging to these organizations to survive and serve their main goals.

Nowadays, almost all kind of organizations rapidly adapt the formal business culture to face the challenges and survive in the marketplace. The workers in these organizations get formal positions to make sure that the work gets done properly.

A good example of a leader who combined the formal and informal power in his leadership is Nelson Mandela. He conveyed his beliefs about racism and discrimination to the world and he was the formal leader of anti-discrimination organizations. While when Nelson Mandela was in prison, he didn't have any formal power but he still influenced a lot of people in the world.

Position and Personal Power

Power is usually used to describe the absolute capacity of the individual agent to influence the behaviour or attitudes of one or more designated target persons at a given point in time. Power is divided into two major <https://assignbuster.com/how-ge-teaches-teams-to-lead-change-management-essay/>

groups; position power and personal power (Bass, 1960; Etzioni, 1961).

Position power includes potential influence derived from legitimate authority, control over resources and rewards, control over punishments, control over information, and control over the physical work environment. Personal power includes potential influence derived from task expertise, and potential influence based on friendship and loyalty.

Based on this study, the position power is more related to formal leaders because the people in organizations who have legitimate power give direct orders and requests in organizations. They have the authority to reward the followers, punish them if they don't comply with the orders, they have the control over information which is available and they also have control over the situation.

While on the other side, leaders with informal positions have more of the personal power. Informal leaders exercise referent power through role modelling, because a person who is well liked and admired can have considerable influence over others by setting example of proper and desired behaviour for them to imitate. When identification is strong, imitation is likely to accrue even without any conscious intention by the agent.

Informal leaders are charismatic and they are very much admired by the others, this is why others follow them even without having any legitimate power. Informal leaders are also known for being friendly, attractive, charming and trustworthy, they also show concern for the needs and feelings of the others, demonstrating trust and respect, and treating people fairly.

Referent power depends greatly on these characteristics and personal traits

and therefore any person in the organization who possesses these kind of skills can influence the other workers without doing any effort.

Position power is important, not only as a source of influence but also because it can be used to enhance a leader's personal power. Besides that, most of power studies have found that effective leaders rely more on expert and referent power to influence subordinates, this is because they are positively correlated with subordinate satisfaction and performance. On the other hand, the same study has also found that legitimate power is an important reason for behavioural compliance. (Hinkin & Schriesheim, 1989; Rahim, 1989; Schriesheim, Hinkin & Podsakoff, 1991). So in the end, both position and personal power are essential for a leader to be effective in the workplace.

Titles and Leaders

The article "Titles don't make leaders" from the Harvard Business school is used here to support out hypothesis. Stever Robbins argues that "leadership" often ignores the fact that leadership is powerful at any and all levels-and that you do not need to be heading up an organization to be an effective leader. He believes that it doesn't matter what title or position you have, in order to do your job effectively. Some of the most effective business people could influence others without having any superior role or title.

He also argues that a leader's job is to insure the success of the organization no matter who reports to whom in any given group. This means that anyone in the group can be the leader as long as he/she is willing to achieve the goals of the organization.

Furthermore, the true measure of leadership is influence, nothing more nothing less. The capacity to influence others to participate is what defines a leader. As we have said before, people can get confused about titles and their connection to leadership. In most cases they think that just because a person has a certain title then that makes them leaders. But the reality says that leadership is about influence, influencing people to perform and do what they are supposed to do.

This article also argues that the most a title can do is buy some time to increase or decrease the ability to influence the person who holds it. So titles can give individuals only temporary power to influence people and make them follow.

So even if titles can be important in some situations like in the military where they have the power to control their subordinates, this does not make them leaders. It just gives them the power to use their power to give orders and make others follow them.

A person will be perceived as a leader, regardless to his/her titles. Being seen as a leader doesn't have to do with the titles that you possess but it's more about how you contribute to the success of the goals.

This gives us the underlying base of our analysis. As we see here, Stever doesn't see any link between titles and the power to influence people but he believes that the actions of a person has more effect on influencing others and making them follow you or your orders.

Charismatic Leaders

Professor Martin Kilduff from University of Cambridge argues that charisma is considered to be an inherent quality that involves not just strong convictions and the ability to engage followers' emotions, but also vision – the articulation of lofty goals and the determined pursuit of those goals through the encouragement of others' efforts. Also a numerous studies have concluded that charismatic leadership has positive effects on followers' motivation, their satisfaction with leaders, as well as boosting leader effectiveness.

With this being said, we see that charisma helps leaders to achieve the goals of the organization and makes people follow them. Leaders with charisma are seen to be more successful than others. Charismatic leaders are able to make others follow them easily without making much of an effort.

But charisma is different from other personality attributes in that it is attributed to leaders by others – their team mates, subordinates, and other people with whom they come into contact in the workplace and beyond. So informal or formal leaders need to interact with their followers and show their personality in order for them to be seen as charismatic.

A research which was done by Martin Kilduff co-authored with Prasad Balkundi and David Harrison, forthcoming in Journal of Applied Psychology concluded that leaders who were active in their teams in terms of being at the centre of giving advice to subordinates and also soliciting opinions from subordinates tended to emerge as charismatic leaders in the eyes of those subordinates. Thus, in order for leaders to be seen as charismatic, whether

they are formal or informal, they need to be active with followers, listen to their opinions and also provide them with guidelines or advices about work-related matters.

Informal leaders are more likely to be seen more charismatic than formal leaders because they are more available and easier to be reached. They have better relations with their followers and they also solicit their opinions about important problems and issues. So formal leaders need to establish themselves as informal leaders in order to make their subordinates turn to them when they are faced with problems and issues.

Leadership and Followers

Several interrelated factors determine whether workers will follow their leader and how they assess leader's effectiveness. A leader will be seen as competent based on this improving performance, so if his/her performance is declining then followers will not comply. Followers will not only judge a leader's competence or performance but they will also judge leader's intentions. A leader who appears to be more concerned about followers and the missions than about the personal benefit or career advancement will gain more follower approval. Also a leaders who make visible self-sacrifices in the service of the organization will be viewed as more sincere and committed.

Followers also consider the extent to which the leader appears to be similar to them in terms of values, beliefs, and other qualities they consider important. Followers who identify strongly with the group of the

organizations are likely to have more trust in the leader who appears to be “one of them” and will make more favourable attributions about the leader.

Because informal leaders don't have any authorized positions they are more likely to be seen as a member of the group. Therefore they are considered to share the same values and beliefs. They are trusted and seen as if they care more about the others and the organization goals than themselves. This is one of the reasons why the other workers consciously or unconsciously decide to follow the informal leaders.

Informal leaders mostly have two roles, one is following the formal leaders and complying with their legitimate orders and the other one is “informally” leading their groups of colleagues. In order for these informal leaders to be effective they need to balance between these both roles, otherwise they would lose their identity and the trust or respect of the others. The challenge of informal leaders is harder because they are supposed to guide and support their followers plus satisfying their formal leaders.

In order to further support this part of the study, a closer look will be taken on which factors influence the decision of followers to follow a leader. This will be supported by a study done by Thach, Thompson, and Morris 2006.

One of the factors that influence followers to follow is motivation. In order for a leader to motivate his/her followers, he/she needs to show trust and respect and make them realize that their participation and achievements are important and essential for achieving the organizational goals and make it successful. This results to confident followers who believe that they can do the requested task. Mutual trust is the basis of an effective follower-leader

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relationship. This means that in order for followers to follow their leader, followers need to believe that the leader has their best interest.

What also motivates followers is how similar their values and beliefs are with the leaders. Follower values determine their preferences for different types of leaders, they always look for leaders whose values match their own. When followers are comfortable with their leaders then they would follow them easily.

Conclusion

After having used several studies, articles and concepts, we got a clear insight about how leaders function, and influence followers. This study helped us answering the main questions this analysis which is: How would leaders with informal power influence their workers?

Leaders with informal power influence followers by having personal characteristics, traits and skills. Being charismatic, showing trusts and respect to their co-workers, and believing in their ability to achieve the organizational goals and participating in its success are examples of these characteristics.

Followers prefer leaders with whom they share values and beliefs. They are more comfortable in dealing with those leaders and other ones. Informal leaders usually fall in this category rather than formal leaders, this is because informal leaders are in the same hierarchical level and they are also considered as members of the same group.

Informal leaders possess more of the personal power than positional power and from the used studies we came to know that personal power has more positive effect of followers than positional power has. Influencing followers is done by using the referent power and specially being role models to their followers.

Titles and leaders are not directly connected. Leaders don't have to have any formal titles or power to be able to influence their followers and make them achieve the organization's goals. They can be leaders through their achievements, behaviour and the way they do their work. In this case, they can still be a role model for the followers and motivate them to do the work without having to use their titles.

In the end we see that informal leaders influence followers not through titles or positions but through their charismatic personality, traits and skills. They are the people who followers look up to and want to follow.