

# Effective leadership: implementing change



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In today's volatile economy landscape, changes are inevitable and necessary. Continuous organisational developments and restructuring are vital for survival and growth. Therefore, it is important to identify growth opportunities in order to ensure the organisation's sustainability and at the same time overcoming their weaknesses (Cranfield University School of Management, 2010).

However, organisational change generates resistance in employees, making it challenging for successful implementation. Moreover as organisation expand, the challenges of implementing change will be greater due to diverse environment. Leaders can lead/motivate employees towards the achievement of goals in time of change. They process the quality traits which create vision and direction to motivate employees to strive harder towards goals. Also, they can facilitate employees in overcoming challenges and resistance induced by change. Leaders also have power to communicate, influence and negotiate employees away from the harmful caches of conflicts (Robbins & Judge, 2008).

The objective of this report is to determine how the modern day organisation in this research can make use of effective leadership to implement and achieve successful change. It will provide more insights on how leaders can identify factors that bring about change. Discussion will be carried out on how to diagnose change factors and identify threats/opportunities.

Next, the report sets to determine the impact of communication styles of the leaders on organisational cultural values. Communication plays an important role in the change process as it helps employees to see the need for change.

It also highlights the importance of the affected parties' role in the whole change process.

The report will also examine suitable leadership style which will help with transformational change. Effective leadership translates to effective communication and overcoming resistance. Furthermore, leadership is crucial to identify, lead and manage change.

Lastly, this report will set to understand how leaders overcome employees' resistance within the organisation. It is of paramount importance for leaders to implement appropriate solutions in order to minimize resistance and maintain sustainability of new change.

## **BACKGROUND OF ORGANISATION**

The organisation in this research is an Indonesian IT firm specialising in the importing/exporting of self-manufactured laptops. The Singapore regional office was established four years ago and has staff strength of twenty five direct employees. It has a local regional manager in-charge of running Singapore's daily routine operations. Since its establishment, the regional office has been experiencing deficits in their income statements.

**The organisation emphasizes on a tall organisational structure, where top-down hierarchical authority is being practised. Decision-making is made by the head office in Indonesia without any effective communication with the regional office. Quarterly review meetings are held with regional manager to only report on business performance that the regional office is currently experiencing.**

**Owing to a lack of demand for IT peripherals due to the worldwide economic meltdown in 2009, the regional office had recently carried out a retrenchment exercise as a cost-cutting measurement. Prior to the recent downsizing exercise, each of the thirteen departments was led by a supervisor. Each employee is expected to keep to his/her individual job scope and is held accountable for all his/her actions. Strict protocols for individuals are laid out and upward interactions are usually not encouraged.**

**The decision for the recent exercise came straight from the head office without any consultation with the regional manager. The retrenchment announcement was made through email and did not state any future plans for the remaining employees. After the downsizing exercise, the remaining employees have low morale, little sense of pride in their work and are alienated from the management team. Employee absenteeism and turnover rate has been increasing. This change has lead to further deterioration of productivity and quality of the products that are offered by the regional office.**

## **RESEARCH METHODOLOGY**

### **3. 1 Sampling Schedule**

In order to define situation concisely and to gather comprehensive information on objectives for the study, the research design methods of interview and personal observation is carried out for this case study. Before primary research is conducted, a group of respondents from regional office is selected for an interview to obtain their opinions. For this selection, 'non-probability sampling' (Quota Sampling) is carried out. The sample audiences (quota) are to be made up of 'potential leaders' of the regional office. They have direct and regular interaction with head office. They are someone of a seniority level, with leadership capabilities and have the power to influence subordinates. The sample audiences are identified to be the regional manager (whom is accountable for the operations of regional office) and the human resource officer (who is responsible for the linking of employees-related policies and organisational strategies). For personal observation, it will be done by researcher of this study in her course of work as a regional sales executive (In charge of generating sales revenue).

### **3. 2 Methods of Gathering Data**

(\*There is limitation of the research design as it all measures information entirely from the regional office's prespective. This might result in possible biasness/prejudices from common method variance. Primary and secondary research time-frame is in Appendix B)

#### **3. 2. 1 Observation**

Observation is done by researcher to obtain informal visual assessment of the regional office. Events associated with the objectives are monitored, accessed and recorded. Structured observations are carried out in her course

of work for the visual assessment of the organisation as a whole so that the behavior is carefully documented to ensure its validity/reliability.

### **3. 2. 2 Interview**

For this study, direct interview is more efficient and accurate due to small staff strength of only twenty-five. An interview study is held in order of the initial development of interview questions, the conducting of interviews, followed by data analysis. Two identified interviewees whom have interactions with the head office would be interviewed. The interviews (Appendix A) are carried out in the research direction to comprehend actual work practices, procedures, structure and embedded problem/issues faced by the organisation.

### **3. 3 Secondary Data**

In order to provide in depth assessment, there is also the collection of secondary data. Besides using the online search engines for obtaining information on objectives and findings; books and journal databases (existing articles on literature review and case studies) are the main sources of references. Frameworks obtained are verified using different sources in order to validate the research findings without subjecting them to any form of prejudices. The results from the interviews and personal observation are analyzed with comparisons to secondary data.

## **4. 0 LEADERSHIP AND CHANGE**

### **4. 1 External Macro Environment**

As head office is unfamiliar with Singapore's working environment, leaders do not have proper business strategic plan and this would bring about

disastrous consequences. Decision making are based on day-to-day responses by the head office. They have no sense of urgency to develop a long term strategic planning as they lack an external consultative opinion on how to operate the business. They also do not have good leadership skills to develop effective strategies as they had only focused on the situations at-present and eventually lost sight of main objectives. Perhaps this could be due to the differences in the cultures, where Singaporeans being highly efficiency is a stark contrast with the more laid-back mindset that most Indonesians possess.

The need for change encompasses within all organisations in order to cope with the rapid environmental influences. The business environment is defined as a concept whereby external forces play a major role in the successes/failures of any organisation. By paying attention to the wider environment, leaders can identify threats/opportunities to ensure effective planning and implementation of change (Brooks & Weatherston, 2000; Griffin & Ebert, 2006).

## **4. 2 PEST Analysis**

Hayes (2007) and Robbins & Judge (2008) agree that PEST analysis will allow leaders to examine the external macro environment in which a business operates and search for evidences of change. Understanding the impact and situation of external forces would help identify factors that could possibly bring about change within the organisation.

## **Political**

Griffin & Ebert (2006) and Hayes (2007) concur that political change will pose threats or create opportunities for any organisation. It has a huge influence upon the regulation of businesses and the possible spending power of consumers. It is important for organisations which are exposed to international risks as the political stability of different countries will affect operations and ultimately, revenues. It consists of elements like regulations set by the government on business practices, acceptable business conducts within an economy, environmental management legislations, labour law, international trade regulations, tariffs and political stability.

## **Economic**

Economic factors refer to the condition of the trading state in which the business operates in. It includes exchange rates, money supply, changing consumption patterns and power and trade cycles. All these factors will impact the operation and decision making of an organisation. For example, in an economy in which the organisation is in is experiencing economic growth. The organisation would expand leading to change and leaders must establish control during the transition period. Leaders must develop a new vision, direction, new plan and to allocate resources properly to deal with the change (Hayes, 2007).

## **Socio-Cultural**

Socio-cultural factor consists of having the elements of customs, moral values and demographics of the society where the organisation operates in. It affects business ethics and operations across countries so leaders must be mindful of the different customer preferences within national boundaries. For <https://assignbuster.com/effective-leadership-implementing-change/>



example, MacDonald's do not sell pork items in its menu in Singapore due to the differences in religious practices in the multi-racial environment; whereas in Thailand this is acceptable. Change in employees' attitude towards education, work and leisure which will impact on labour force and consumption demand. Leaders should produce a working environment that is conducive enough to motivate them and improve efficiency (Hayes, 2007; Griffin & Ebert, 2006).

## **Technological**

Technology is defined as innovations applied into society and organisations to carry out tasks. Some examples are level of investment in Research and Development (R&D), availability of new materials and new production process. Technology is constantly changing and hence staying ahead of competitors has been increasingly difficult. Organisation must have the latest equipment, processes and resources to deal with technology change. Leaders must make sure that organisational structure, vision and resources align with technological aspect. Leaders must ensure that sufficient funds are allocated on R&D for better technology to improve competitiveness and gain competitive advantage (Griffin & Ebert, 2006; Hayes, 2007).

### **4.3 Findings: Implication of PEST and SWOT Analysis**

The interview findings (Appendix C) show that the organisation adopts a top down approach management style by the head office in Indonesia. PEST analysis is recommended so leaders in Indonesia will be able to improve on its decision-making process as it allows them to assess Singapore's market potential, situation and business development. It encourages proactive thinking and allows them to plan ahead.

With the analysis, leaders will know their present position, environment and how they can develop in the future. As they do not understand the impact and situation of external factors; they will need PEST to understand Singapore's regulations, labor market, economy, customers, competition and technology. The analysis at external level helps to identify opportunities and threats of the external environment. With PEST, there will be detailed preparation and formulation of strategic plans, good leadership skills can be deployed to anticipate change and align business's vision. The regional office will have better decision making process, productivity, competitive advantage and sense of belonging in employees. An example of the PEST analysis of the organisation is as follows:

## **Singapore's Regional Office -PEST Analysis**

\* Data adapted from Morrison's website (2009)

### **External Environment Factors**

#### **Potential Impact:**

(+) / (-)

#### **Relative Importance**

##### **Political**

Strict Government Legislation in Singapore

High

Opportunity

Critical

Labour Law (Singapore)

Medium

Opportunity

Critical

Political Instabilities in Indonesia

High

Threat

Critical

## **Economic**

Economic Downturn

High

Threat

Critical

Decrease in Consumer's Demand and Investments

High

Threat

Critical

Stable Money supply

Medium

Opportunity

Critical

## **Social**

Demographic Trends

Low

Opportunity

Unimportant

Consumer's Change in Preference and Attitudes

High

Threat

Critical

Attitudes towards Work and Employment

High

Threat

Critical

## **Technological**

Technology Revolution and Development

High

Opportunity

Critical

R & D

High

Opportunity

Critical

New Production Processes/Ideas/Innovation

High

Opportunity

Critical

## **5. 0 LEADERSHIP AND COMMUNICATION**

### **5. 1 Communication Barriers**

**The lack of communication, especially in terms of feedback from employees whom are familiar with the local demands of customers, coupled with stringent cost cutting measures could said to have contributed to poor sales performance. Many consumers are unaware of products that the regional office is offering due to lack of budget in generating brand awareness. Comparing to the bigger players whom have higher levels of economies of scale, it would definitely lose out in terms of its revenues.**

The regional office does not hold any weekly meeting within departments and there are no consultative approaches. Head office's quarterly meetings are only held with regional manager to obtain report solely on its current business performances. There are no established channels to voice employees' feedback to the head office and it often results in a lack of information for proper accomplishment of tasks. Without proper communication structure, there is no room for improvement and employees will commit the same mistakes repeatedly. This would also mean that the head office would be unfamiliar with Singapore's working environment, which would result in ineffective communications amongst the employees.

Robbins & Judge (2008) stated that communication is the 'life support' for any organisation and it plays a vital role in the change process.

Communication links people who believe in a common cause and unites them with a common vision to achieve goal congruence for the organisation.

## **5. 2 Styles of Communication**

### **5. 2. 1 Downward and Upward Communication**

Leaders would engage in top-down communication to disseminate information/goals, inform job procedures and highlight problems (Robbins & Judge, 2008). Gilley et al. (2009) argued that in times of change, leaders must provide employees with abundant and value-added information with regards to change. Leaders must give justifications for rationale for change and also address employees' concerns. Well-developed rationalizations are more likely to be accepted as employees' acceptance and participation depend on their perception of personal benefits associated with the change. Hence, proper explanation and feedback is important for leaders to work on in areas of change to increase employees' acceptance.

Upward communication is used by employees to provide feedback, inform progress and issues towards goals to leaders. It is important for leaders to know about how employees feel and to allow for opportunities for growth and improvement. Upward communication has its limitation whereby leaders are overwhelmed and distracted. Employees' morale would be affected as it would be time-consuming and demoralizing if it is difficult to get their leader's attention (Robbins & Judge, 2008).

Hayes (2007) exclaims that without proper upward/downward communication, it will lead to 'organisational silence' which is a major barrier to change. One illustration within the cited organisation – Due to Indonesia's culture, leaders like to be respected and will disregard negative feedback from subordinates as a form of attack on their credibility. A culture might be cultivated whereby employees might be afraid to voice out the  
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truth to their leaders. It is a double-edged sword when employees do not highlight issues to leaders and leaders will find it tough to get employees to accept change.

In times of change, leaders must acquire a diverse set of effective communication techniques to convince employees to embrace a new 'breakthrough' (Robbins & Judge, 2008). In contrast, leadership ambivalence reduces acceptance to change and increases resistance. Communications should be regular, motivating and yet achievable. Unfulfilled vision will weaken leadership credibility leading to employees feeling a sense of injustice. Gilley et al. (2009) explain that employees whom experienced unjust treatment would be resentful towards their superiors, thus destroying commitment. Being honest and fair when things go wrong enables employees to accept an undesirable outcome. Therefore, there is a need for realistic and truthful communication that includes communicating negative aspects of change implementations when necessary.

### **5. 2. 2 Communication Strategy**

In every change process, communication plays a big part for leaders to ensure a smooth transition. There are five basic communication strategies (Hayes, 2007):

Spray and Pray - Showing all the information and hope others can understand and share the vision. The effectiveness is low as it depends on employee's perspective of what is important. One major drawback is that the employees would be overloaded, thus increasing resistance.



Tell and Sell - Leaders would only communicate the core issues that relate to the change and pushes the idea for acceptance. This strategy is a one-way-communication process without any channels for meaningful feedbacks to express concern. Employees will tend to feel uncommitted as little input is required from them.

Underscore and explore - Similar to the "Tell and Sell", but the sender listens to the receiver's feedback to prevent misunderstanding. This is a very effective communication method as leaders would listen to employees' concern to clear embedded doubts/queries.

Identify and reply - This is a reactive approach as leaders will listen and respond to the employees' concerns which would guide employees out of complexity. One short-coming is that employees might not be aware of the critical issues currently hence, it might be time-consuming.

Withhold and uphold - Most of the information are withheld and employees are unaware of the real situation. Leaders who adopt this strategy are power-oriented and think that employees are not capable enough to handle core issues. This strategy will lead to dissatisfaction and mistrust amongst employees.

Communication can be an effective tool in shaping organisational cultural value in motivating employees, providing feedback and reinforcement during the change. This would foster an environment with better decision making process to deal with obstacles (Gilley et al., 2009).

### **5.3 Findings: Implication towards Effective Communication**

Base on the interview findings (Appendix C), the organisation adopts the 'Withhold and uphold' strategy to deal with the downsizing exercise. As leaders in head office are power-oriented due to Indonesia's culture, they make decisions without consultation with regional office. Subordinates are expected to carry out requests of the retrenchment in exacting detail. As there are no justifications for the change and unable to express concern, employees are feeling resentful and thus causing the high turnover.

There is also lack of proper downward/upward communication between the two offices. It leads to the improper sharing of information which results in inefficiency. One recent incident that happened that illustrates this effectively. The Head office had instructed the dealers to return an outstanding consignment of laptops and they had made arrangements to ship it back to Indonesia. However, this message was not communicated to the regional sales executive. She was unaware of this agreed communication, continued to send e-mails, reminding the dealers about the outstanding consignment. Such miscommunications inevitably tarnish the organisation's reputation as the dealer was very unhappy and spread this among other dealers. She was made responsible for this miscommunication and feedbacks by her were rebuked. As remaining colleagues felt unjust for the sales executive, the miscommunication drove conflict between head office further and aggravated the misunderstandings and hostilities. In the long run, with only top down communication and no feedback, it will lead to organisational silent with disastrous consequences.

As the main problem lies with the internal communication of the organisation, leaders need to resolve the problem by setting up basic structures to promote effective communications. For the head office to improve relationships with employees, internal communications must consist of the 'personal touch'. Electronic communications cannot be a substitute for personal interactions. Going forward after the retrenchment, leaders should convey messages personally to their employees as this allows opportunities to clarify complex or sensitive issues.

Leaders must foster an open environment, using "underscore and explore" strategy which allows feedback as communication is a two-way street in any change process. Leaders must have an open mind to be more receptive to new ideas from employees. Regional managers should hold weekly meetings within departments to gather information and feedbacks. It would help employees to understand and follow up with the outstanding issues and for the managers to establish their authority. Constructive feedback from employees would help to identify problems which help the organisation to improve. By keeping employees informed and involved with the implementation of change programs; it would help increase the commitment levels and increase productivity.

## **6.0 STYLES OF LEADERSHIP**

### **6.1 Leadership Role in Change Process**

The organisational structure emphasizes on top-down hierarchy authority and major decisions are made by the head office. The top-down leadership approach and strictly-defined job scopes reduces the employees into becoming merely "cogs of the machines", where they would merely perform

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the bare minimum within their stated job scopes, with minimal dedication to what they do. As such, everyone will only specialize in what they are doing, without a clear picture of the main business objectives, which impedes innovation and quality improvements. Weak leadership is also shown by the surprise retrenchment exercise, which caught many employees in the regional office off-guard. Without proper leadership to establish/lead new direction after the retrenchment, it eventually might be a possible factor that would lead to the downfall to the organisation.

Kotter (Senior & Fleming, 2006) emphasise that in all change process, effective leadership is needed to establish direction (develop vision/strategy), align members (communication to gain cooperation/acceptance), motivate and inspire (leading members to overcome various barriers) and overcoming change.

## **6. 2 Transactional Leadership**

Robbins & Judge (2008) indicated that transactional leadership would ultimately influence employees into the direction of achieving pre-established organisational goals by being task-oriented. Transactional leaders aim to maintain the status quos by making use of contingent and monetary rewards for effort and good performances. They would state their expectations; establish rules and procedures, and emphasize a fair deal with their employees. When work is allocated to employees, the leaders would expect them to take full responsibility. If the tasks are not performed to expectations, employees would be held liable. Hence, it is important for leaders to engage in open forms of communication to bring about mutual trust between employees and themselves. Contributions should be

acknowledged and rewarded by the leaders towards their employees according to the industry standards, so as to bring about job satisfaction.

However, Hoogh et al. (2005) argued that stringent goals, rules and procedures due to transactional leadership would only promote stable work environment with high degrees of structures. It results in employees having little ambiguity in pursuing the goals. The lack of ambiguity would help ensure fairness and set straightforward guidelines. Moreover, with stability, it would not promote inducements or opportunities for change. Employees would not be motivated to perform beyond expectations. They would not be flexible and innovative enough to respond quickly and effectively to environmental change; it would be difficult for the transactional leaders to bring about change.

### **6.3 Transformational Leadership**

Kotter (Senior & Fleming, 2006) & Robbins & Judge (2008) agree that transformation leaders goes beyond transactional leadership by inspiring members to achieve goals, paying attention to their needs and encouraging new breakthrough in goal attainments. They will make use of charisma (providing vision, direction and gaining trust), inspiration (using communication/symbols to get things done), intellectual stimulation (promoting participation and problem solving) and individualized consideration (treating individual members equally/individually) to handle change. Transformation leaders will encourage followers to be more innovative and creative to increase efficiency. Hence, Followers would push beyond boundaries to pursue ambitious goals/vision of organisation, be more committed and will pursue it with due importance. Transformation leadership

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is able to induce higher levels of motivation and satisfaction leading to higher performance. There will also be lower turnover, higher productivity and lower stress levels.

Transformational leadership is critical in helping managers to identify change, which would in turn aid them with leading and managing change by ensuring effective communications and encouraging acceptance. Transformational leadership will ensure vital planning and design assumptions to allow leaders to recognise change by paying attention to the external environment, financial resources, and company staffing. In addition, it ensures proper management of formal and informal relationships between members to increase change momentum and improve managerial change interventions. Finally, it helps to overcome employee's resistances when the organisation is disturbed by initiatives to change (Karp & Helgo, 2009).

## **6. 4 Leaders' Checklist for Leading Change**

Every leader can adopt a process perspective on change management on top of the above-mentioned leadership approaches by adopting a ' checklist' to control the change process and ensure smooth transitions (Kotter, 1999).

**Establishing Sense of Urgency** - Leaders must alert employees to need for change by creating a sense of urgency. They should begin examining the organisation's external environment and communicate these findings to induce aggressive cooperation of employees and motivate them to change.

**Forming Powerful Coalition** - Leaders should form a competent strong team with expertise and have sense of urgency to kick start the change process.

Leaders must lead the team to assess the problems, identify opportunities and change the mind of oppositions.

Creating Vision - The coalition team would need to create a shared vision to clarify the possible attainable directions, thus providing a guideline about organisation's future to the employees. It must be flexible to encourage involvement and develop strategies to deal with the change. Leaders must allocate ample time to develop the shared vision so that it would be ingrained as a strong set of shared values.

Communicating the Vision - Leaders should communicate the vision as it would establish the direction, commitment and learning within the organisation towards the structural changes. They must use every method to communicate the new vision and strategies to ensure that employees understand and make short-term personal sacrifices in order to help the organisation achieve its goals.

Empowering Others to Act on Vision through Leadership - Good leadership skills are needed to lead transformational change and raise demands that are consistent with overall change effort. Leaders must remove obstacles and encourage risk taking to generate more creative actions to support the vision. Leaders must make use of compensation to encourage employees' acceptances of new vision.

Planning and Creating Short Term Wins - Leaders should plan, and create visible performance improvements and reward employees involved in the change improvements. As changes cannot take place overnight, it should be

implemented in phases, allowing time for maturity. The short-term goals in phases would act as a source of motivation in continual efforts for change.

Consolidating Improvements and Producing More Changes - Leaders should capitalize on early wins but should not declare victory too early should there be any possible amendments to the winning efforts; and use that as further motivation for continued and subsequent changes. Next, leaders should use increased credibility due to short term improvements to overcome the current structures that are not in alignment with the vision.

Institutionalizing New Approaches - Leaders need to ensure that change is consolidated by showing employees how change has produced optimal performance. Every opportunity should be taken to demonstrate the benefit