CHAPTER THREE

CHANGE LEADER

3.1 INTRODUCTION

The word "leader" and "manager" are often used interchangeably. Leader is a term that is mostly used in politics and military. Alan Bryman termed leaders as someone who exercises influence over other people which also means that they can also be managers, but managers do not automatically be leaders[1]. Leaders posses the additional qualities that could lift the organization's performance and standards to a greater height. Bryman further explained that leaders create a new vision on the desired future state of the organisation and enmesh all members in its net[2]. In other words leaders set the direction and vision of the organization where they align and empower people to achieve them. Leaders also shoulder the responsibility to develop full commitment from all the members in the organisation. In order to achieve this, they must depict true loyalty and utmost dedication towards the organisation. Overall leaders should have a mission on what is the organisation is all about and where it is heading in future. Next is a self-inspired behaviour in order to be an example to the members in the organisation. Finally, leaders should also develop a high speed innovative thinking and a customer driven culture. This is because successful organisations such as Microsoft, Asea Brown Boveri, Harley Davision, IBM and local organisations of MEC and Proton emphasized on high technology and excellent customer service to capture their market shares.

Based on these factors a few local successful visionaries are Tan Sri Azman Hashim, the architect behind the success of Arab Malaysian Finance Inductry, Tan Sri Dato The Hong Piow, the CEO of Public Bank Berhad, one of the few successful local bankers in Malaysia (please refer to 2.6.1) and the late Tan Sri Loy Hean Heong, the CEO of MBf, a diversified conglomerate. MBf for example, operates in almost every sector in the economy from finance, construction, education, transport to sports. Tan Sri Loy envisioned the future of MBf to develop it

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[1] Alan Brymon, Leadership and Organisation, Routledge and Kogon, London, 1986, pg 482.
[2] Ibid, pg 479

into a well established conglomerate.

Managers on the other hand implement the "rolling plan" based on the vision to produce results, and in that process they organise staffs, activities and resources in the oganisation. So it appears that leaders steer the organisation while managers merely perform a day-to-day managing activities. However, this should not be the scenario in the management of change. Every level of management should view their task as their responsibility and not just a job. Such a commitment will be a source of inspiration to the employees.

In the days of scientific management or Taylorism era leaders play a dual role of leading and managing the organisation. Management in this period was rather simple and mechanistic where an increase in the wage rate would result in better staff motivation and an increase in their productivity. As the organisation was built on a simple flow of authority, the leaders were able to maintain full control of its operation. However, as time passed, management became more complex and less mechanistic. Specialisation in functions and departmentation of activities to boost the organisation's performance requires someone to manoeuvre each function separately and jointly as a unit. So, the search for managers became more important. Corporate leaders now must place their faith on the managers to steer the organisation.

. Managers integrate the organisation's resources such as people, assests, information and money to achieve its objectives. They also shoulder the responsibility in mobilizing and motivating the workforce. The role of managers are an important link in the management of change. Managers who are able to blend the organisation culture, expectation of the employees and receive full support from the top management will lead the organisation through successful change process. Warren Bennis from his research in several organisation stressed that a manager's task is far more difficult than a leader[3]. According to him, leaders do the right thing while the managers do things right . In simple term leaders envision the organisation's future while the managers will ensure that the new change is firmly on the right track and in that process they play the roles of collaborator, motivator and mentor. They collabrate

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[3] Warren Bennis, " Don't Just Manage, LEAD!", Certified Management Digest, Cedar Publication Kuala Lumpur, January 1994 pg 6.

the organisation's resources, motivate the employees to ensure their commitment to the change programs and finally assisting and guiding them in the change process. Bennis concluded that most firms are generally over managed by 75 percent so managers should now lead not just manage alone.

Among the three roles of their functions as the role models and facilitators in the organisation are comparable to what parents are for their children, captain in a vessel and skipper in a football team. Irrespective of the types of organisations the people need to be guided, motivated and look for a source of inspiration. Managers who meet the employees face to face everday are the right candidate to fulfill them. They can also generate commitment from the employees which is the most significant investment to the organisation. Robert Davies from London Business School argues that most business strategies fail because managers do not spend enough time to generate commitment from the workforce[4]. One of the key factors in building a committed workforce is by practicing an open communication but this is often restricted to informing and telling. Davies further explained that informing and telling will only fulfill compliance to the organisation's objective but in order to ensure commitment the process of involving and empowerment is crucial. Involving people will stimulate better understanding and will also reduce suspicion or lack of trust in the management's objectives. Meanwhile empowerment will further enhance the employees' belief in the change programs. Figure 3.1 explains the process of compliance enroute to commitment. Merely communicating the new changes in the organisation will only serve as information to the employee. However, the success of these changes depend heavily on workforce involvement in the process which stimulates their understanding. Finally, the empowerment process by the managers will enhance the importance of such change hence generating their commitment. So managers who communicate and those who empower will achieve contrasting results in the process of change.

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[4] Robert Davies " Making Strategy Happen," The Asian Managers, Asian Institute of Management, February 1994, Volume VII, No. 1, pgs 35-39.

Figure 3.1 : Compliance To Commitment In The Change Process.
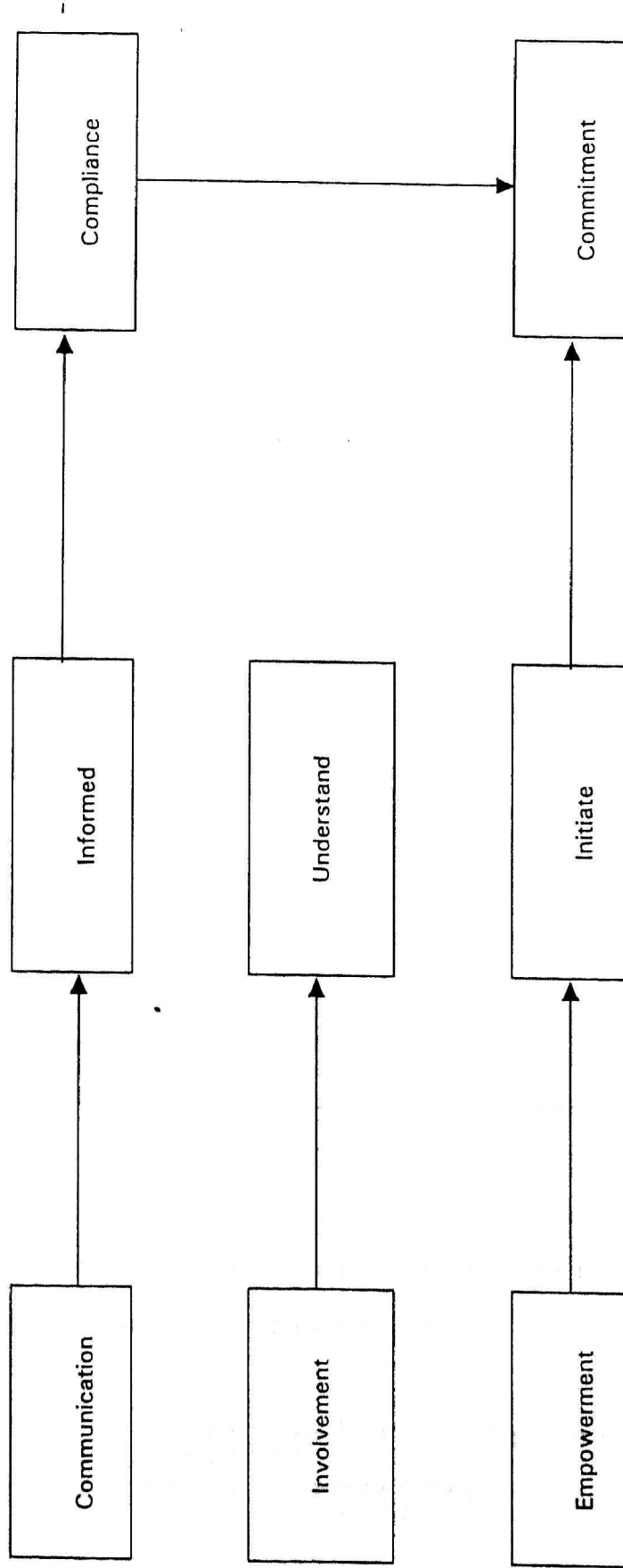
Source : Modified from Robert Davies " Making Strategy Happen ",
The Asian Managers, Asian Institute of Management,
February 1994, Vol. VII, No. 1, pgs 35-39.

Managers function as a role model would be more effective if they possess "power". Ronald W Clement noted that most discussions on leadership and change management excludes the view of positive use of "power"[5]. Power plays a crucial role as in the positive usage it is more subtle and hidden in nature especially the charismatic and information power. For example, in a study by Elizabeth Kaplan and Emory Cowen among American factory foremen where a total number of 97 foremen from 12 companies in New York were surveyed. They foremen spend an average of 7 percent of their time dealing with their subordinates' problem[6]. A "sympathetic ear" in this case is an excellent usage of mild charismatic and informative power. So a manager holds the key for winning support in any change programs via the role model and "power" manipulation.

Managers are also ambassadors and spokesmen who represent the organisation. They are an important link between the public and the organisation and also the top management and the workforce. An effective manager will be able to bridge the gap between the employees and the management. In this process they must be able to garner trust and support from both sides. A summary of managers' role in an organisation is highlighted in figure 3.1 Briefly the perform three crucial function, bridging gap between employees and management, meeting employees face to face and setting example in being a role model and facilitator.

Generally most authors agree that there are three types of leadership, the autocratic, participative and delegative leadership. An autocratic leader maintains full control on all the activities in the organisation. Initiators, technocratic leaders and telling style of leadership are examples of autocratic leadership. There are several advantages of an autocratic leadership. They are most likely to guide the new changes as successfully as they maintain full control on the activities. Furthermore this type of leadership would best suit high risk operation such as in military strategy. A high accurate decision is crucial where a leader with special talents accepts full responsibility of the operations. Infant industries also need this type of leadership. An autcratic leader will be able to guide the new organisation effectively.

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[5] Ronald W Clement " Culture, Leadership and Power", " The Keys to Organisational Change", Business Horizon, January – February, 1994, pg 33-38.
[6] Elizabeth Kaplan and Emory Cowen " Interpersonal Helping Behaviour of Industrial Foremen," Journal of Applied Psychology, Vol. 66, No. 5, 1981, pgs 633-638.

Figure 3.2 : The Role of Manager in an Organization
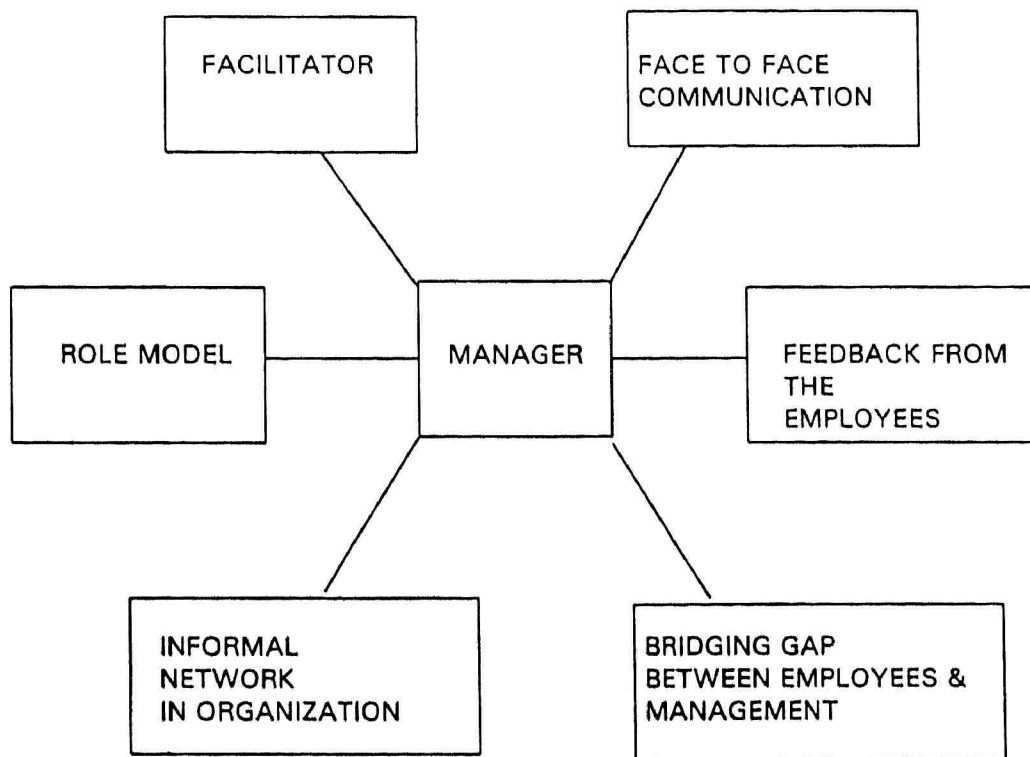
Source : Constructed from Literature Review.

However, autocratic leaders also freeze the momentum of change. Surrent pofile of workforce in most organisation which comprises of young graduates would want to contibute their ideas in the change process. The autocratic leaders might create severe resistance which might result in non-participation or boycotting the new change by the workforce.

Next is the delegating style of leadership which allows total flexibility to the workforce. This is the best type of leadership in organisations with more "Young Lincolns" and "Continuous Achievers". The high self-achievement qualities in these sets of workers will motivate them further by the maximum flexibility given by the leader. The concept of sharing power and information will also nurture high commitment level and ownership in the organisation. So delegating leadership will be a win-win situation in an organisation.

The disadvatage of allowing such flexibility might result in the leader loosing control over the organisation's activities. Management also might have to contend with unreasonable demands by the workforce. Delegating style is also not suitable in organisations with high self-complacency workforce. The flexibility might be misused and nothing gets done in the end.

Finally is the participative leadership who allows freedom to the staffs and yet, maintains control of the organisation's activities. These type of leadership posses both good interpersonal skills as well as an eye in successfully completing their tasks. However, it would be rather difficult to blend two ingredients to create a participative leader.

3.2   TYPES OF LEADERSHIP

Leadership style largely determines the success of change management in an organisation. How leaders perform their functions will determine the acceptance of several key aspects in the process of change for example the support from the workforce, resistance level and sustaining the momentum throughout the change program. Victor S L Tan outlined several characteristic that a leader should have in order to become a potent change leader[7]. The characteristic depends on the family background, organisation culture, interpersonal skills, academic qualification and organisation's surrounding.

The type of leadership and the orientation towards change can be measured by questionnaire method. The author utilized " Carol A 'O Connors" list of 42 questions to determine the type of leadership in the organization. According to 'O Connor, there are 3 important standings in managing change and determining the awareness towards change, they are initiators, planners and resistors[8].

i)   Initiators leaders are basically entrepreneurial, aggressive and individualistic in nature . They who forget the people in favour of completing the change process. They are quite insensitive to people's feeling as they place more importance in executing the task designated to them. Initiators are generally aggressive who push the new tasks to the limit without any concern to the employees.

ii)   Planners are steady performers who build the future based on past performance. They study the trends and anticipate the future, at times they can be too focused with the signs and business cycle.

iii)   Resistors are respectful for traditions and are unwilling to change the status quo settings and wishes to retain the best of the past.

A correct blend of all three leadership style is important in managing change. For example, initiator leadership might be best used in organisations with more people of high degree of self-achievement. This is because both the leader and the workforce are aggressive. On the other hand. This is because planner leadership may be the key in organisations with more people

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[7] Victor S L Tan, " Characteristics of a Change Leader," Appointment, New Straits Times, December 28, 1996.

[8] Carol A 'O Connor, Strategy and Skills for Trainers and Developers, Edited by Roger Bennett, The Mc Graw Hill Training Series, London, 1993, pgs 93-99.

of high degree of self complacency as planners study the trend and anticipate the future so that they can smoothly execute new changes with minimal resistence.

Murry M Dalziel and Stephen C Schoonover shares a similar view when they categorized change leadership into[9] :-

a)   Visionary leaders are similar to planners in the O'Connors study. They envision the future of an organisation and anticipate any new changes that will take place in the future. So they will try to mould the organisation to be ready to face the new challenges.

b)   Technocratic leaders are initiators in O'Connor's survey where they focus on the outcome of a change program without considering the impact on employees. They are very much engrossed to achieve the results and forget the people in the organisation. They view that people will always resist so the best way to diffuse the resistance is to push the change aggressively.

c)   Finally, sympathetic leaders pay too much attention to people which might freeze the momentum of the change programs.

Figure 3.3 summarizes Dalziel and Schoonover's categorization of change leaders. Visionary leaders are positioned on top because of their ability to envision the future state of the organisation and plan ahead for the new changes. Not many organisations boast this type of leadership, among the few notable ones are the CEO of Phileo Allied Bank, Mr Tong Kui Ong, the man who envisioned branchless banking via PalDirect and Pal World. Dato Tan Teong Hean, the CED of Southern Bank Berhad who introduced a wide range of credit cards in 1985/6, among them was Visa, Master, Lady's Select Card and Private Lable Card.

Technocratic and Sympathetic leadership are a contrast where the former is too focused on production and output while the latter is no better by placing too much importance on staff relation and welfare.

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[9] Murray M Dalziel and Stephen C Schoonover, Changing Way, A Practical Tool for Implementing Change Within Organization, American Management Association, New York, 1988, pg 10-11.

Figure 3.3 : Change Leadership
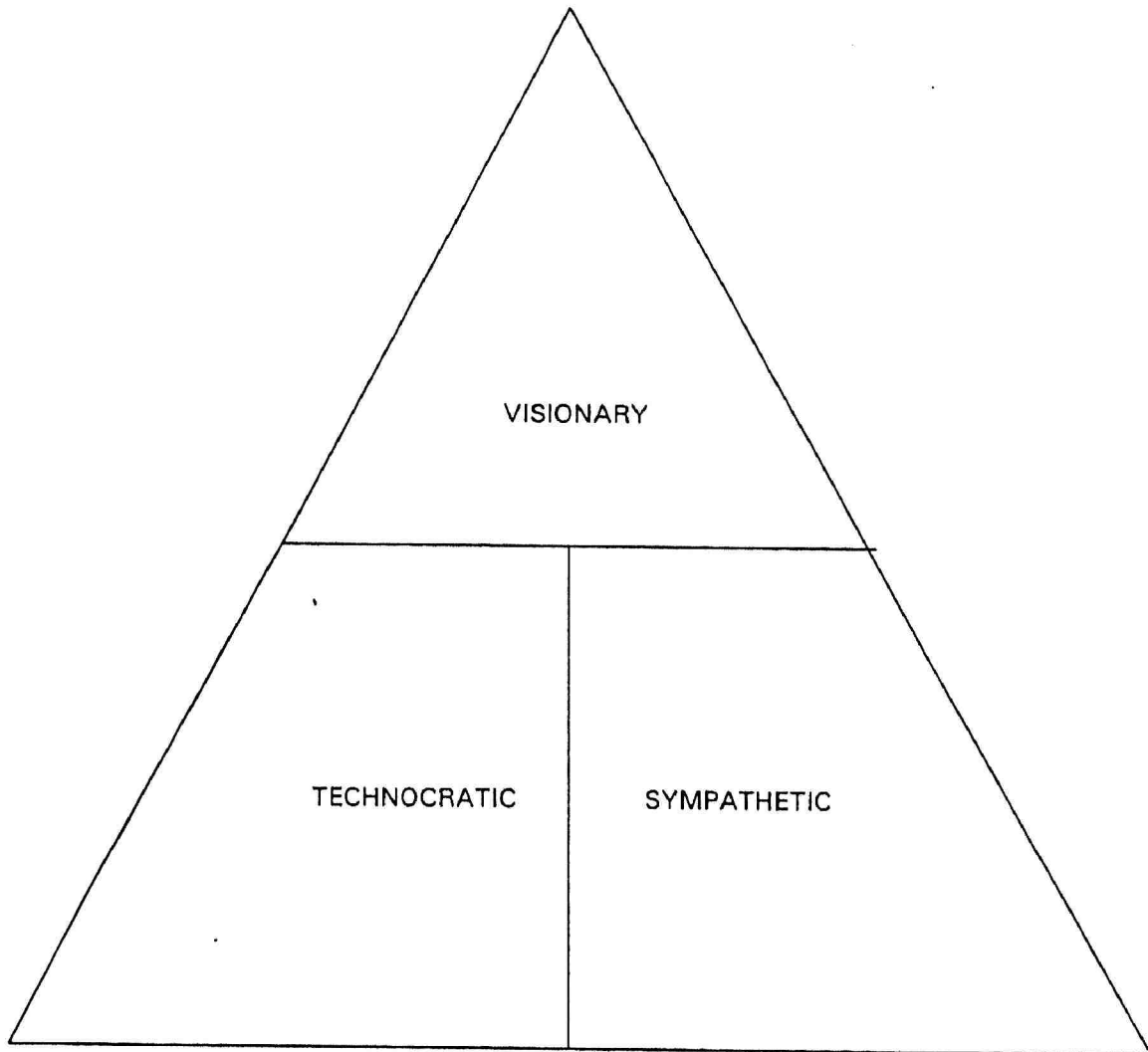
Source : Adopted from Murray M Dalziel
and Step C Schoonover, Changing Way :
A Practical Tool for Implementing Change
Within Organization, American
Management Association, New York,
1998, pgs 10-11.

Anne Rodrigues on the other hand categorized leadership style into 4, the telling, selling, participating and delegating style[10].

The telling style is more of an autocratic style where this is similar to technocratic leadership and initiators. Organisations with a high number of self-complacency people ought to have a telling style of leadership in order to ensure that the task are properly executed. A leader who is in charge of an inexperienced workforce also require an authoritarion type of leadership. Secondly, the selling type leadership is similar to the above except that the leader has additional power over his workforce in the form of charisma or knowledge. This means that whle maintaing full control on his workforce the "selling" type of leadership is also popular among the employees as he posses the subtle charisma and information power.

Next, the participating leadership though maintains control over the workforce also, involves them in promoting the new business plans. Finally, the delegating style which is an opposite of the telling and selling type of leadership. A total freedom is given to the workforce to run the organisation. They are judged based on their performance in the organisation. Figure 3.4 summarizes Rodrigues' leadership style. The bottom part is a more of a democratic style and moving upwards is a more autocratic type.

3.3 CHARACTERISTIC OF AN EFFECTIVE CHANGE LEADER

An appropriate leadership style and characteristic of a change leader is an important ingredient in shaping, guiding and sustaining the pace of change in an organisation. Below are the characteristics of an effective change leader.

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[10] Anne Rodrigues " Leadership in Corporation," Management, March-April 1995, pgs 10-12.

Figure 3.4 : Anne Rodrigues Leadership Style

TELLING STYLE	**AUTOCRATIC**
SELLING STYLE	
PARTICIPATING STYLE	
DELEGATING STYLE	**DEMOCRATIC**
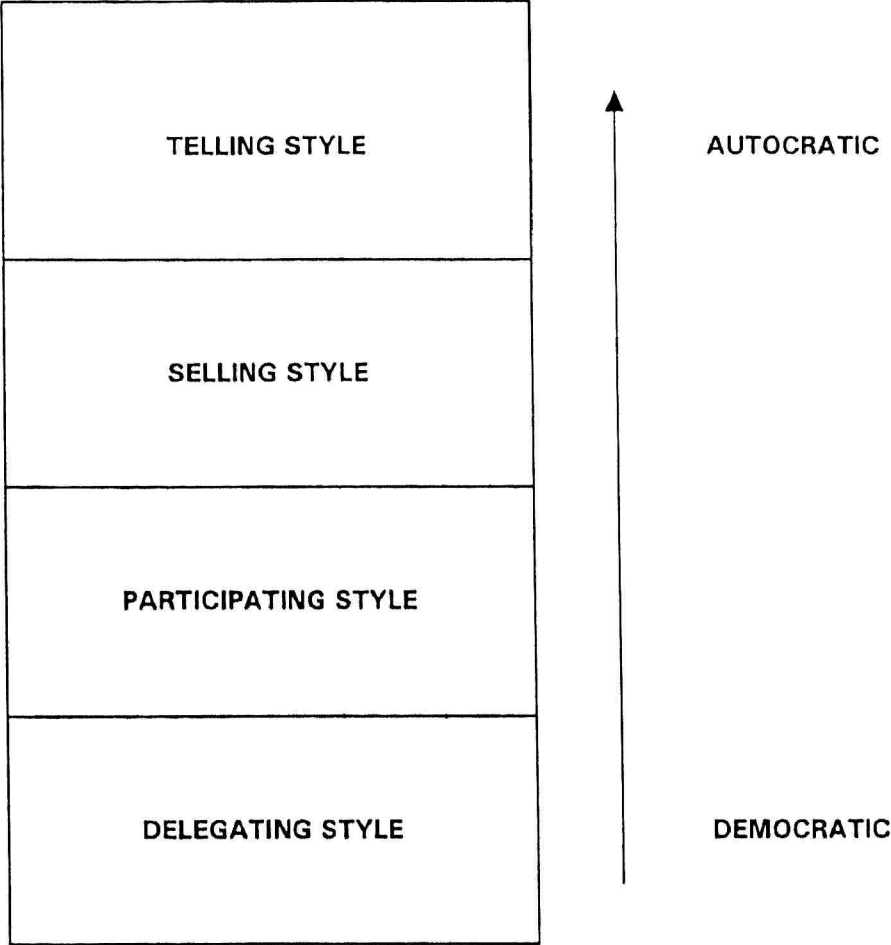
Source : Modified From Anne Rodrigues, " Leadership in Corporation, "Management", March / April 1995, Pgs 10-12.

3.2.1 People Empowerment

People empowerment is crucial in the process of change as without empowerment change would be too mechanistic and bears no significant results. Change should be treated as how adaptive, responsive and creative are people to the new environment, technology and work procedures. However, many managers neglect the employee factor thus placing more importance on other resources such as money, information and machinery. These are merely means to aid in the management of change and without the participation of employees the whole process would fail.

Involving people would mean that managers should balance between employees confidence and realism. They should unfreeze the status quo, build support and establish a comfort zone among the employees. This will reduce resistance and boost their confidence. Change also must be potrayed as a path to stability, in other words, periodical change is necessary towards the betterment of the organisation while continuous change will only reflect the instability in the organisation. Such a scenario will ursher anxiety among the employees in term of job security. So the empowerment function shouldered by the managers is not an easy task. Michael Beer, Russel and Spector outlined a guideline in order to promote better people empowerment among managers[11]. Briefly, the process explains that the business problems must be clearly defined and jointly diagnosis by both managers and employees. This will ensure transparency and reduce suspicions in the part of employees. They must develope a clear shared vision and their effort must also be supported by the top management. The commitment from the top will enhance their confidence in the change process and finally institutionalize the changes via formal policies systems and structure. A summary of the process is shown in figure 3.5.
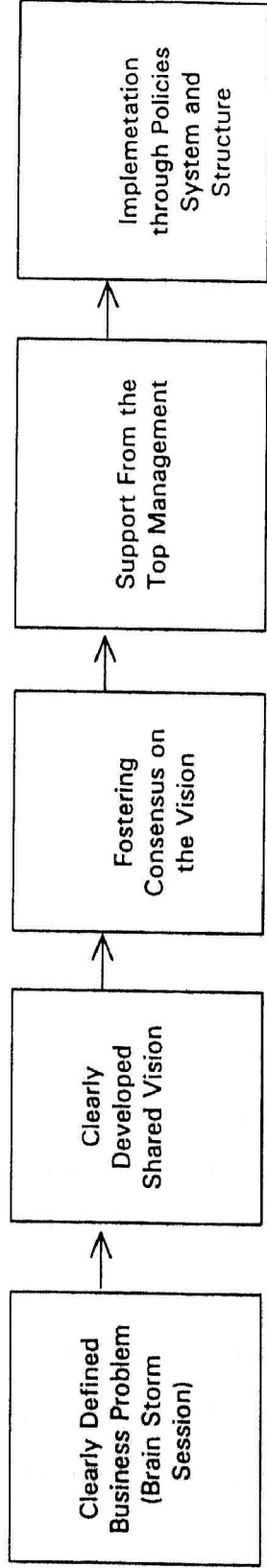
Williem F Mastenbroek also supports the view that in order to foster greater empowerment change must be treated as a duality concept[12]. It should not be left alone for the management to implement. The duality concept is utilised in this study. Carol Kinsey Goman in

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[11] Michael Beer, Russell A Eisenstat and Bert Spector, " Why Change Programs Don't Produce Change," Harvard Business Review, November-December 1990, pgs 158-166.
[12] Williem F Mastenbroek " Organization Innovation In Historical Perspective : Change as Duality Management," Business Horizon, July-August, 1995, pgs 5-14.

Figure 3.5 : People Empowerment Process

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┌─────────────────┐     ┌─────────────────┐     ┌─────────────────┐     ┌─────────────────┐
│ Clearly Defined │     │ Clearly         │     │ Support From the│     │ Implemetation   │
│ Business Problem│ ──> │ Developed       │ ──> │ Top Management  │ ──> │ through Policies│
│ (Brain Storm    │     │ Shared Vision   │     │                 │     │ System and      │
│ Session)        │     │                 │     │                 │     │ Structure       │
└─────────────────┘     └─────────────────┘     └─────────────────┘     └─────────────────┘
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her 15 years of consultancy work stressed that managers should develop a few critical factors in people empowerment, they are building confidence, posing the new changes as a challenge to the employees and promote creativity. Creativity is an important lubricant to keep the organisation moving ahead it also provides a competitive edge.

3.2.2 Power

Power can be divided into two categories, the formal and informal source. The formal source is from appointments by the legal authority while the informal source is how the power is developed by the person's character. There are five types of power, charismatic, expert, coercive, reward and information. The first two can be categorized as informal power which is developed by the individual himself, while the three others are formal power obtained from legal sources.

Past studies in the management of change (please refer to chapter 2 [2.6]) show that informal power is more effective in managing change. However, the combination of both formal and informal power will definitely be an added advantage to the managers in executing their task. Power also has been closely associated with politics, this is because change always threatens the existing balance of power so it is often stabilized by using politics.

3.2.3 Managing Resistance

An effective change leader should be able to diffuse resistance to ensure the success of the new changes. They should implement the changes within the existing culture and not attempting to change them. Culture is a composite of basic assumptions, values and artifacts which reflect the norms and the way things are done in the organization. Any attempts to offset the norms will encounter severe resistance. So managers should study the overall culture and implement changes within the existing norms.

Other sources of resistance are when management try to implement too many changes simultaneously which seems to be unrealistic to the workforce. This will also subject them to enormous stress as they are not prepared for those changes. When employees cannot

adapt to the changes they begin to resist. Apart from that the loss of daily routine, security and risk also contributes to resistance.

Managers therefore must involve people in the change management and support them throughout the change process. According to Carol Kinsey Goman, management should gauge the employees' opinion before a change program is started via questionnaires and group meetings[13]. Changes also should be divided into small steps and the best way to implement them is to carry out a pilot change management, if the initial stage succeed the whole program can be continued. Finally, managers should constantly explain and communicate the importance of change to the organisation.

3.2.4   Positive Character of the Change Leader

Besides empowering people and managing resistance an effective change leader should also possess positive qualities. If they do not have faith in the program it would be difficult to motivate the employees to participate. The managers should be mentally positive to endure the process of change. In order to be positive thinking they should be adequately equiped with professional training and skills development. Some form of proactive insight is also necessary to anticipate the response to the changes. A study by Carnegie Institute of Technology which analyzed 10,000 graduates found that only 15 percent of their success is attributed to intelligence while 85 percent is on interpersonal skills, proactive and positive thinking[14].

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[13] Ibid, pgs 36-38.
[14] Victor S L Tan "Characteristic of A Change Leader," Appointment, New Straits Times, December28, 1996.

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