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THE ROLE OF LEADERSHIP IN THE MANAGEMENT
OF CHANGE

by
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STUDY LEADER: Prof. H.E.C. de Bruyn

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CHAPTER 1

INTRODUCTION, PROBLEM STATEMENT AND OBJECTIVE OF THE STUDY

1.1 BACKGROUND TO THE STUDY

"In the three short decades between now and the twenty first century, millions of ordinary, psychologically normal people will face an abrupt collision with the future. Citizens of the world's richest and most technically advanced nations, many of them, will find it increasingly painful to keep up with incessant demand for change that characterises our time." (Toffler, 1983:18.) More than a decade and a half has passed since Alvin Toffler wrote his best seller, Future Shock. The year 2000 is less than 10 years away. Future shock is something each of us lives with every day. Things change around us constantly - from there the saying: "the only constant in life is change". As individuals, our lives become more and more complicated. As managers, we face increasing pressure and uncertainty (Manning, 1987:1). One of the most important skills a manager can have in his or her repertoire these days is the skill to manage change (Burke et al., 1991:87). Managers must manage today's business effectively while creating a new and radically different kind of business for tomorrow. It's a daunting task, but it's one that cannot be postponed - the future simply won't wait (Manning, 1987:1).

Within the South African context great challenges face management. South Africa is faced with addressing major political, economic and social imbalances. Traditionally, the business community has often been reluctant to play an upfront role in the political realm. The business of business is business, was a commonly heard adage. In 1988, the formation of the Consultative Business Movement was a small sign that business was starting to take seriously it's role in a changing society (Eloff, 1992:12). However, since the watershed speech of F.W. de Klerk in February 1990 and the events that followed in the transition to democracy, the most significant being the first democratic elections in April 1994 and the formation of the government of national unity, numerous business activities have had an
increasingly important impact on the changing South Africa. All managers have a key role to play in the future of this country. Their skills will become increasingly scarce and the demands on them will grow. They will be called upon to deliver more and more - under more trying conditions - as each year passes (Manning, 1987:3).

Pressures are facing the South African business environment with challenges on a macro level ranging from global competition, deregulation, technical innovations, foreign investment to issues on a micro level including poor economic growth, unemployment, educational crisis, poor productivity, lack of skilled manpower and socio-economic imbalances. It must be clear that if organisations do not take seriously the need to adapt their business practices - both internally and externally - to the values of the new South Africa, business will not survive the transition period (Eloff, 1992:15).

For those within business who insist on clinging to traditional ways of looking at the world, change will continue to come so fast and in such unexpected forms that the future will no longer be a desirable place. For those that are willing to move ahead with conscious awareness of the natural laws of change, the future could hold unparalleled opportunity to reshape our organisations into what we want.

The need to manage change has never been so great and will challenge the leadership of executive as never before. "...organisations have to be more innovative in the future, not only to grow but to survive" (Steinberg, 1992:28). Management must face the challenge that change brings but more importantly be able to manage change effectively to ensure future survival and growth.
1.2 PROBLEM FORMULATION

Change comes these days whether we want it or not, sweeping through our lives like a fast train on a straight track. We believe that change is manageable, but how good are the processes we have for managing it? The radical nature of change today has energised some organisations and paralysed others. The rate of change has accelerated, but our ability to manage it has not accelerated at the same rate. We are still using the old 1950's and 1960's methodologies for organisational change. The old ways are simply not fast enough for today's problems (Steinberg, 1992:24). In the light of this the following issues must be addressed.

- To understand the process of change.

- What must be considered in order to effectively manage change today.

- The difference between managers and leaders especially in the management of change.

- The role of leadership in managing change.

Top management must have a clear understanding of how to manage change effectively. Organisational change is managed effectively when:

* the organisation is moved from it's current state to some planned future state that will exist after the change;

* the functioning of the organisation in the future state meets expectations; that is, the change works as planned;

* the transition is accomplished without excessive cost to the organisation; and
the transition is accomplished without excessive cost to individual and organisational members (Bateman & Zeithaml, 1993:634).

Unless the reality of change is acknowledged, there will be no proactive management of change, only reactive crisis-driven responses to change. What we need therefore are sophisticated practices that help management critically examine the reality of their present circumstances and equip them with tools so that they can move toward change with courage, conviction and clarity.

The concepts and metaphors that describe the management of change are increasingly visual. Some describe it as learning to navigate in perpetual whitewater while others see it as the process of continuous learning and improvement, of dealing with the personal requirements of constantly changing environments, and of viewing success as the process of improving (changing) faster than competitors (Rhinesmith et al., 1989:29). Whichever way one views change, it demands new skills of management as they operate largely in the face of continuous change. One of the primary functions of management, and one of its major responsibilities, is to manage change (Darcy & Kleiner, 1991:12). The management skill that will be tested in the process of managing change is leadership. Executive leadership is the critical factor in the initiation and implementation of change in an organisation. (Nadler & Tushman, 1990:94).

This study investigates critical processes necessary in the change management process. It also investigates the role of leadership as an essential management skill in any change process.

1.3 RESEARCH OBJECTIVES

Managing change and coping with the consequences of change have become a primary managerial function. The objective of this study is to firstly give a theoretical overview of key components essential to manage change effectively and the role of leadership as an essential skill in today's business environment. Secondly the practical implementation of the theory is investigated in practice. Within the context of the overall objective the following
secondary objectives are formulated for this study:

- investigate how organisations should manage change; and

- discuss the role of leadership as an essential skill in the management of change.

1.4 RESEARCH METHODOLOGY

This study comprises exploratory research which includes an investigation of the relevant literature and a survey amongst executives of a leading short term insurance company. This will give insight on how change is viewed and the role leadership plays in the management of change given the theoretical findings.

The following research methodology was used to collect and analyze the necessary data.

Secondary data: This refers to textbooks, articles and publications relevant to the management of change process in organisations and the role of management within this context. A critical study of opinions and facts which are contained in the relevant literature was made. The concepts related to the management of change and the role of leadership in the process was studied in order to determine the impact of leadership in managing the change process effectively in the 1990's.

Primary data: This refers to empiric data which was collected via a questionnaire. The questionnaire design is based on the theoretical study of literature. The objective was to collect relevant information to determine how change and leadership is viewed and the role of leadership in managing the change process.

The questionnaires were distributed to the executive members of Guardian National short term insurance company. The data was collected and analyzed to ensure the systematic and ordered interpretation of results. An in-depth study of the raw data was made to ascertain correlations and patterns.
1.5 COURSE OF THE STUDY

Chapter two deals with the management of change. The management of change process is investigated within the context of the nature of change organisations face today. This is particularly relevant within the transition period we find ourselves in South Africa where the role of top management will be challenged as they grapple with the personal, individual and organisational dynamics involved in a change effort.

Chapter three discusses the difference between management and leadership. Before one can meaningfully discuss the role of leadership in managing change an understanding of the concept of the manager and how it differs to leadership is necessary. Leadership is also defined to enable the meaningful discussion of the role thereof in the change management process.

Chapter four deals with the role of leadership in the management of change. Leadership is an essential management skill that must be present and be applied by management if they wish to ensure their organisations are successful given the increasing changes and competitiveness that faces them. It is the quality of leadership within organisations that will distinguish the successful organisations from the unsuccessful organisations.

Chapter five gives the summary, conclusions and recommendations of the study.
CHAPTER 2

THE PROCESS OF MANAGING CHANGE

2.1 INTRODUCTION

Today's businesses are bombarded by incredibly high rates of change from an overwhelming number of sources. Internal pressures come from top managers and lower-level employees who push for change. Outside pressures come from changes in the organisation's legal, competitive, technological, economic, social, and political environments. We are living on an exponential growth curve that is almost vertical. It is far more difficult to predict the business environment of the year 2000 than it was to envision the world of 1900 in 1893 (Bateman & Zeithaml, 1993:621).

In today's rapidly changing environment, there is only one thing more difficult to take in hand, more perilous to conduct, and more uncertain in its success than taking the lead in the introduction of change - and that is managing how to get there (Burke et al., 1991:90).

Despite the fact that managing change is not always manageable, it is useful to consider certain principals and guidelines. The more a process may seem unmanageable, the more closely one should stick to those activities that have demonstrated usefulness (Burke et al., 1991:90). This chapter concentrates on those activities that contribute to the effective management of any change process. We first need to consider the nature of change within an organisation.

2.2 ORGANISATIONAL CHANGE AND RE-ORGANISATION

Organisations go through change all the time. However, the nature, scope, and intensity of organisational changes vary considerably. Different kinds of organisational changes will require very different kinds of leadership behaviour in initiating, energising, and implementing change. According to Nadler & Tushman (1989:79) organisational changes
vary along the following dimensions.

- Strategic and incremental changes

Some changes in organisations, while significant, only affect selected components of the organisation. The fundamental aim of such change is to enhance the effectiveness of the organisation, but in the general framework of the strategy, mode of the organisation, and values already in place. Such changes are called incremental changes. Incremental changes happen all the time in organisations, and they need not be small. They are changes in organisation structure, introduction of new technology, and significant modifications of personnel practices.

Other changes have an impact on the whole system of the organisation and fundamentally redefine what the organisation is or changes its basic framework, including strategy, structure, people, processes and (in some cases) core values. These changes are called strategic organisational changes.

- Reactive and anticipatory changes

Many organisational changes are made in direct response to some external event. These changes, which are forced upon the organisation, are called reactive. At other times, strategic organisational change is initiated not because of the need to respond to a contemporaneous event, but rather because senior management believes that change in anticipation of events still to come will provide the competitive advantage. These changes are called anticipatory or pro-active.

If these two dimensions are combined, a basic typology of different changes can be described (see figure 2.1 below)
Change which is incremental and anticipatory is called tuning. These changes are not system-wide redefinitions, but rather modifications of specific components, and they are initiated in anticipation of future events. Incremental change which is initiated reactively is called adaptation. Strategic change initiated in anticipation of future events is called re-orientation, and change which is prompted by immediate demands is called re-creation.

Nadler & Tushman (1989:80) further say that research on patterns of organisational life and death across several industries has provided insight into the patterns of strategic organisational change. Some of the key findings are as follows:

- Strategic organisation changes are necessary. These changes appear to be organisationally driven. Various factors - be they competitive, technological, or regulatory - drive the organisation (either reactively or in anticipation) to make system-wide changes. While strategic organisation change does not guarantee success, those organisations that fail to change, generally fail to survive. Discontinuous environmental change seems to require discontinuous organisation change.

- Recreations are riskier. Re-creations are riskier endeavours than reorientations if only because they are initiated under crisis conditions and under sharp time constraints.
Further, recreations almost always involve a change in core values. As core values are the most resistant to change, re-creations always trigger substantial individual resistance to change and heightened political behaviour. Re-creations that do succeed usually involve changes in senior leadership of the firm, frequently involving replacement from outside.

Re-orientations are associated more with success. Re-orientations have the luxury of time to shape the change, build coalitions, and empower individuals to be effective in the new organisation. Further, re-orientations give senior managers time to prune and shape core values in service of the revised strategy, structure and processes. Re-orientations are, however, risky. When sweeping changes are initiated in advance of precipitating external events, success is contingent on making appropriate strategic bets. As re-orientations are initiated ahead of the competition and in advance of environmental shifts, they require visionary executives. Unfortunately, in real time, it is unclear who will be known as visionary executives and who will be known as failures. In turbulent environments, not to make strategic bets is associated with failure. Not all bets will pay off, however. The advantages of re-orientations derive from the extra implementation time and from the opportunity to learn from and adapt to mistakes. As with re-creations, executive leadership is crucial in initiating and implementing strategic re-orientations.

There are, then, quite fundamentally different kinds of organisational changes. The role of executive leadership varies quite considerably for these different types of organisational changes.

2.3 STEPS TO MANAGING EFFECTIVE CHANGE

Adapting to a new future is an ongoing process. Just as a tree changes in response to the seasons, and thus grows through them, so must every organisation respond to its continually changing environment. According to Beer et al. (1990:161-164) general managers can follow
six overlapping but distinctive steps, which they refer to as critical path in managing effective change. This path develops a self reinforcing cycle of commitment, coordination, and competence. The sequence of steps are important because activities appropriate at one time are often counterproductive if started too early. Timing is everything in the management of change.

- Mobilize commitment to change through joint diagnoses of business problems. The starting point of any effective change effort is a clearly defined business problem. By helping people develop a shared diagnosis of what is wrong in an organisation and what can and must be improved, a general manager mobilises the initial commitment that is necessary to begin the change process (Beer et al., 1990:162).

A frank discussion among people from as many levels as possible will gain commitment towards the change process. In the joint diagnoses of business problems the following questions should be addressed: what new conditions are we facing, which elements of our business need incremental or linear change, what are our values, vision and mission for the future, what needs to change for us to be competitive, how can we produce the changes fast enough (Moravec, 1994:13).

- Develop a shared vision of how to organize and manage competitiveness. Once a core group of people is committed to a particular analysis of the problem, the general manager can lead employees toward a vision of the organisation that defines new roles and responsibilities (Beer et al., 1990:162).

- Foster consensus for the new vision, competence to enact it, and cohesion to move it along. Simply letting employees help develop a new vision is not enough to overcome the resistance to change - or to foster the skills needed to make the new organisation work. Not everyone can help in the design, and even those who do participate often do not fully appreciate what the renewal will require until the new organisation is actually in place. This is when strong leadership from general management is crucial. Commitment to change is always uneven. Some managers are enthusiastic; others are neutral or even antagonistic. Some people, of course, just
cannot or will not change, despite all the direction and support in the world. Step three is the appropriate time to replace those managers who cannot function in the new organisation - after they have had a chance to prove themselves. Such decisions are rarely easy, and sometimes those people who have difficulty working in an participatory organisation have extremely valuable specialised skills. Replacing them early in the change process, before they have worked in the new organisation, is not only unfair to individuals; it can be demoralising to the entire organisation and can disrupt the change process. People's understanding of what kind of manager and worker the new organisation demands grows slowly and only from the experience of seeing some individuals succeed and others fail. Once employees have bought into the vision of what is necessary and have some understanding of what the new organisation requires, they can accept the necessity of replacing or moving people who don't make the transition to the new way of working. Sometimes people are transferred to other parts of the company where technical expertise rather than new competencies is the main requirement. When no alternatives exist, sometimes they leave the company through early retirement programs, for example. The act of replacing people can actually reinforce the organisation's commitment to change by visibly demonstrating the general management's commitment to the new way (Beer et al., 1990:163).

Spread revitalisation to all departments without pushing it from the top. The temptation to force newfound insights on the rest of the organisation can be great, particularly when rapid change is needed. It's better to let each department reinvent the wheel - that is to find its own way to the new organisation (Beer et al., 1990:164)

The above four points refer to managing the people side of change. Managing the organisational side of change refers to institutionalizing revitalisation through formal policies, systems, and structures. There comes a time when general management have to consider how to institutionalize change so that the process continues even after they have moved on to new responsibilities. Step five is the time: the new approach has become entrenched, the right people are in place, and the team organisation is up and running. Enacting changes in structures and systems any earlier tends to
Monitor and adjust strategies in response to the problems in the revitalisation process. The purpose of change is to create an asset that did not exist before - a learning organisation capable of adapting to the changing competitive environment. The organisation has to continually monitor its own behaviour - in effect, to learn how to learn (Beer *et al.*, 1990:164).

The six step process provides a way to elicit renewal without imposing it. When stakeholders become committed to a vision, they are willing to accept a new pattern of management that demands changes in their behaviour. And as the employees discover that the new approach is more effective, they have to grapple with personal and organisational changes they might otherwise resist.

### 2.4 THE ROLE OF TOP MANAGEMENT

The best senior manager leaders hold their subordinates responsible for starting a change process without specifying a particular approach. According to Beer *et al.* (1990:165-166) the following should be pursued by top management in their efforts to create an environment that will except and embrace change.

Create a market for change. The most effective approach is to set demanding standards for all operations and then hold managers accountable to them. As long as managers understand that high standards are not arbitrary but are dictated by competitive forces, standards can generate enormous pressure for better performance, a key ingredient in mobilising energy for change. Top management's demand for a change in behaviour will yield an improvement in performance, and this in turn will lead to excitement and belief in change (Duck, 1993:112). But merely increasing demand is not enough. While senior managers increase demands, they should also hold managers accountable for fundamental changes in the way they use human resources. Thus top management have created a demand system for help with a new
way of managing, and the human resource staff could support change without appearing to push a program (Beer et al., 1990:165).

Use successfully revitalised units as organisational models for the entire company. Another important strategy is to focus the companies' attention on divisions that have already begun experimenting with management innovations. Their are two ground rules for identifying such divisions. First, innovative units need support. They need the best managers to lead them, and they need adequate resources. Second, because resources are always limited and the costs of failure high, it is crucial to identify those units with the likeliest chance of success. Successful management innovations can appear to be failures when the bottom line is devastated by environmental factors beyond the unit's control. The best models are in healthy markets.

Obviously, organisational models can serve as catalysts for change only if others are aware of their existence and are encouraged to learn from them. This can be facilitated via visits, conferences, and educational programs (Beer et al., 1990:165).

Develop career paths that encourage leadership development. Without strong leaders, departments cannot make the necessary organisational changes, yet the scarcest resource available for revitalising corporations is leadership. Corporate renewal depends as much on developing effective change leaders as it does developing effective organisations. The only way to develop the kind of leaders a changing organisation needs is to make leadership an important criterion for promotion, and then manage people's careers to develop it. Top management can use leading edge units as hothouses to develop leaders and help them sharpen their leadership skills.

Commitment from the top management. The CEO and his or her management team must ultimately apply themselves to what they have been encouraging their general managers to do. If they don't the whole process can break down. Senior managers must make an effort to adopt the team behaviour, attitudes, and skills that they have demanded of others in earlier phases of change. Their struggle with behaviour change will help sustain corporate renewal in three ways. Firstly it will promote the attitudes
and behaviour needed to coordinate diverse activities in the organisation: secondly it will lend credibility to top management's continued espousal of change; and thirdly it will help the CEO identify and develop a successor who is capable of learning the new behaviours. Only such a manager can lead a corporation that can renew itself continually as the competitive forces change.

One of the challenges that is presented by rapid change is the need to train a lot more people faster than ever before (Mellander, 1992:37). A trained and educated workforce that knows more can do more when we enable them with the right technology and tools. Top management must be committed to the training and development of their people if they expect them to embrace the concept of change (Conner, 1992:36).

Companies need a particular mind-set for managing change: one that emphasises process over specific content, recognises organisation change as a unit-by-unit learning process rather than a series of programs, and acknowledges the pay offs that result from persistence over a long period of time as to quick fixes. This mind-set is difficult to maintain in an environment that presses for quarterly earnings, but we believe it is the only approach that will bring about successful change.

2.5 FUNCTIONAL MANAGEMENT TECHNIQUES FOR TURBULENT TIMES

The one axiom relating to change and uncertain times is that a decision made today could be rendered obsolete by changing conditions tomorrow. Given this, Darcy & Kleiner (1991:14-16) suggests that the manager approach major change with four central objectives in mind, managing:

- practically rather than perfectly;
- actively rather than theoretically;
- flexibly rather than resolutely; and
- sensitively rather than stoically.
Each of these phrases are characterised in the following manner.

2.5.1 Managing practically

Often in a rapidly changing environment, waiting for the perfect solution will mean failure because the solution, although satisfying all the business requirements, was developed far after it was truly needed. Practical management relies on the partial solution - piecemeal approach of solving what can be solved today in an effort to make the larger puzzle that much simpler. In addition to being partial, the practical solution can be inelegant, imperfect, and non-optimal. In a highly volatile environment, a rough, workable solution today is a better alternative to a drawing board solution which may be weeks or months away. This approach is not intended to minimise the value of planning and organisation, for these are two very valuable tools to effect change. Rather, the point is to provide a balance such that progress and planning exist in compatible levels (Darcy & Kleiner, 1991:14).

2.5.2 Managing actively

Active management recognises that the manager be committed to getting things done and making decisions which may ultimately have a risk of failure. Like practical management, active management advocates constant movement forward and the encouragement of limited, rational risk taking and experimentation over inaction and waiting. In the absence of clear direction or answers, experimentation can be the spark which leads to a full or partial answer to the situation or problem. Managers must have an acute sixth sense to know when and how far to go in situations where a response is required quickly (Darcy & Kleiner, 1991:14).

2.5.3 Managing flexibly

Change intimates flexibility and makes the concept of managing flexibly vital to implementing major change successfully. Trying to plan for uncertain changing conditions
is an inexact science at best. Even the best plans can be dashed or rendered obsolete by unexpected circumstances. Thus the flexible management style mandates that the manager be ready and willing to change his/her mind as circumstances warrant. Altering one’s mind can be perceived as a weakness or as a sigh of poor planning. It can be argued however, that the willingness to be flexible and change one’s mind based on a new set of conditions, is far more of a positive characteristic than the stubborn clinging to an outdated original plan. Also a manager should not let pride of authorship taint his/her perspective on the need to alter plans. A misplaced ego has no place in an environment in which change is the rule rather than the exception. Managing flexibly also means that the manager be willing to learn from his or her mistakes. Since management is an art and not a science, it follows that errors in judgement - mistakes - will inevitably occur. A successful manager will not dwell on his/her mistakes or, just as importantly, those of the subordinates. Instead the emphasis will be on learning and gaining knowledge from past mistakes. This approach is essential to fostering an atmosphere of risk taking and experimentation in order to be proactive in changing conditions. A manager should always be on guard against rigidity and flexibility and in fact regard them as potentially deadly foes in implementing change (Darcy & Kleiner, 1991:15).

2.5.4 Managing sensitively

This is an area in which tact, awareness, and of course, sensitivity come to the fore. The manager must be able to demonstrate the willingness and the ability to use these traits to his/her best advantage in order to get his/her employees to respond in a positive way to change. This approach does not advocate lies or false promises. Rather, it suggests making the best effort possible to satisfy the needs and interests of people whenever and wherever possible (Darcy & Kleiner, 1991:15).

2.6 THE FALLACY OF PROGRAMMATIC CHANGE

According to Beer et al. (1990:159) most change programs don’t work because they are guided by a theory of change that is fundamentally flawed. The common belief is that the
place to begin is with the knowledge and attitudes of individuals. Changes in attitudes, the theory goes, lead to changes in individual behaviour. And changes in individual behaviour, repeated by many people, will result in organisational change. The focus is placed on cultural change. Clement (1994:35) says we cannot focus directly and immediately on culture, because culture is broad and resistant. According to this model, change is like a conversion experience. Once people get religion, changes in their behaviour will surely follow.

This theory gets the change process exactly backward. In fact individual behaviour is powerfully shaped by the organisational roles people play. The most effective way to change behaviour, therefore is to put people into a new organisational context which imposes new roles, responsibilities, relationships on them. This creates a situation that, in a sense "forces" new attitudes and behaviours on them.

One way to meet this challenge is in terms of three interrelated factors required for corporate revitalisation:

- coordination or teamwork is especially important if an organisation is to discover and act on cost, quality and product development opportunities;

- high levels of commitment are essential for the effort, initiative, and cooperation that coordinated action demands; and

- new competencies such as knowledge of the business as a whole, analytical skills, and interpersonal skills are necessary if people are to identify and solve problems as a team. (Beer et al., 1990:160.)

If any of these elements are missing, the change process will break down. The problem with most company wide change programs is that they address only one or, at best, two of these factors. Just because a company issues a philosophy statement about teamwork doesn't mean its employees necessarily know what teams to form or how to function within them to improve performance and coordination. A corporate reorganisation may change the boxes
on a formal organisation chart but not provide the necessary attitudes and skills to make the new structure work. Programs cannot provide the cultural context (role models from whom to learn) that people need to develop new competencies, so ultimately they fail to create organisational change (O’Neil, 1990:87). Similarly training programs may target competence but rarely do they change a company’s patterns of coordination. Indeed, the excitement generated in a good corporate training program frequently leads to increased frustration when employees get back on the job only to see their new skills go unused in an organisation in which nothing else has changed (Beer et al., 1990:160).

When one program doesn’t work, senior managers, often try another, instituting a rapid progression of programs. But this only exacerbates the problem. The programs are designed to cover everybody and everything but they end up covering nobody and nothing in particular. They are so general and standardised that they don’t speak to the day-to-day realities of the business units. Buzzwords like "quality", "participation", "excellence", "empowerment", and "leadership" become a substitute for a detailed understanding of the business. All these change programs also undermine the credibility of the change effort (Beer et al., 1990:160).

This is not to state that training, changes in pay systems or organisational structure, or a new corporate philosophy are always inappropriate. All can play valuable roles in supporting an integrated change effort. The problem come when such programs are used in isolation as a kind of "magic bullet" to spread organisational change rapidly through the entire organisation. At their best change programs of this sort are irrelevant. At their worst, they actually inhibit change. By promoting scepticism and cynicism, programmatic change can inoculate companies against real change.

Change programs must thus focus on aligning employee roles, responsibilities and relationships to address the organisations most competitive task - a process called task alignment - focusing energy for change on the work itself, not abstractions such as participation and culture (Beer et al., 1990:159). Once this has been achieved the culture change will follow.
The following section describes the reasons why individuals and organisations resist change and the methods available to obtaining employee co-operation.

2.7.1 Resistance to change

To implement change successfully, a manager must understand the impact of the change on the people who will be affected. Unfortunately, in most organisations change is dictated rather than managed. This leads to precisely what the organisation should be trying to avoid in terms of successful implementation - turmoil and the loss of employee morale. Employees often react to imminent change with varying levels of fear, disbelief and uncertainty. These forces lead to arguably the two greatest personnel problems a manager will face when implementing major change - employee resistance and stress (Darcy & Kleiner, 1991:12). Most managers underestimate the variety of ways they can influence people during a changing period.

Individuals, groups, and organisations must be motivated to change. But if people see no performance gap, or if they consider the gap unimportant, they will not have this motivation. In fact, they might resist changes that management attempts to introduce. It is important to know why people often resist change (Bateman & Zeithaml, 1993:632). Although few organisational changes are complete failures, few also go as smoothly as managers would like. Most changes encounter resistance; as a result, they often take longer than expected and desired, they sometimes hurt morale and they often cost a great deal in terms of management time and emotional upheaval. Some managers do not initiate needed changes because they are afraid that they are incapable of successfully carrying them off (Hellriegel & Slocum, 1986:763).

Hellriegel & Slocum (1986:762) further say that organisational change efforts often run into various forms of resistance, and experienced managers are generally all too aware of them. Yet surprisingly few managers take the time to think through the reasons that might cause
people to resist change. Instead, they often charge right into implementing change, using past experiences as guidelines. The forms of resistance that managers might experience can be separated into two categories: individual and organisational.

* Individual resistance

Some people resist change because they fear they will not be able to develop the new skills and behaviours required of them. Figure 2.2 shows four reasons why people tend to resist change.

**Figure 2.1: Resistance to change by individuals**

![Resistance to change by individuals diagram](image)


* Organisational resistance

Most organisations are designed to restrict innovation. That is, they customarily are designed to do a certain few things and to do them consistently and well. To ensure stability and
consistency, an organisation may create strong defences against change. Three types of organisational resistance are illustrated in the figure below.

Figure 2.2: Resistance to change by organisations


2.7.2 Obtaining employee cooperation

No strategy for change, however brilliantly conceived, will be successful without the full and willing support of those people who must effect the change. The following areas according to Darcy & Kleiner (1991:15-16) offer constructive ways to get employees to be more receptive and adaptable to change.

* Employer integrity

One fundamental and obvious way to gain support of employees is to provide new information as it becomes available and be open and honest about it’s meaning. An honest
approach even to bad news, will treat people as adults and maintain management credibility. One management technique which should be considered very carefully before being used is the rah-rah style to motivate employees. Unfortunately unless other meaningful motivational techniques are used in conjunction with the rah-rah approach, employees are likely to regard it as transparent and lacking sincerity and will probably not respond to it.

* Participative management

Many experts on motivational theory suggest that the use of participative management is one of the prime tools toward changing circumstances. Participative management tends to provide the employee with several positives including:

- opportunity to contribute his/her ideas;
- understanding of all the facts of the problem under decision;
- clearer definition of the objective;
- sense of responsibility for the success of the decision; and
- feeling of satisfaction with the course of action agreed upon.

To the manager there are at least two clear advantages to participative management. First, by eliciting the views of employees it is very probable that at least one of them will devise an excellent solution which may otherwise have gone unnoticed. Second, by involving employees in the decision making process, the employees become, in effect, largely responsible for the outcome. Having such a responsibility will destroy much of the tendency towards resistance and will lower or positively direct stress levels. What type of environment is most conducive to participative management? Three principle characteristics are suggested:

- a free atmosphere;
- a supportive climate; and
- a loose structure.

A free atmosphere invites creativity, curiosity, and enactive generation of ideas on the part of employees. A supportive climate will tolerate honest mistakes resulting from risk taking
and experimentation. A loose structure argues that ideas can come from any level in the organisation with those coming from the bottom getting just as much attention and consideration as those which originate from the top.

Participative management is an attitude by management which clearly and honestly supports employee input and influence in the decision making. This area, perhaps more than any other, can contribute towards the successful implementation of major change by reducing the two most common personnel problems a manager will face - employee resistance and stress.

2.8 MANAGING MANAGERS THROUGH MAJOR ORGANISATIONAL CHANGE

According to Darcy & Kleiner (1991:13) leading an organisation through turbulent, changing times is perhaps the ultimate business challenge for the manager. In order to enable the manager to lead others in the organisation through the change process, he/she must confront his/her emotions about the change. It is quite probable that the manager's fears will be exactly those of the people he/she will be leading through the transition period. Once the emotional barriers are identified, they must be reconciliated, in some instances, rationalised in order to get on with the task of leading the change. It must be remembered that subordinates can sense disharmony and disillusionment in the manager if it exists and may react accordingly. Organisations can also help managers through the critical period by holding seminars or meetings dealing with the subject of managing the manager during periods of major organisational change. Suggestions in managing the process and coming to terms with it are:

- control one's attitude but most importantly one's behaviour;
- expect change and be a change agent;
- be prepared for psychological soreness;
- use the transition as an opportunity for growth;
- keep a sense of humour; and
- see yourself as a positive catalyst (Darcy & Kleiner, 1991:13).
2.9 SUMMARY

Companies need a particular mind-set for managing change; one that emphasises process over specific content, recognises organisation change as a unit by unit learning process rather than a series of programs and acknowledge the pay offs that result from persistence over along period of time as opposed to quick fixes (Beer et al., 1990:166).

Managing change is essentially a synonym for managing people through change. To do so properly requires the manager to be sensitive towards his/her employees fears and apprehensions and provide leadership which will have a positive effect on employee morale.

The concept of people involvement through the use of participative management was also explored and may arguably be the most important factor in the successful implementation of major change.

It is worth noting that organisations which encourage change seem to be the same organisations which ultimately experience the smoothest transitions through potentially turbulent times, perhaps largely due to the fact that change has been built into their corporate structure and thinking.

In a world characterised by global competition, deregulation, sharp technological change, and political turmoil, discontinuous organisation change seems to be a determinant of organisation adaptation. Those firms that can initiate and implement discontinuous organisation change most rapidly and/or prior to the competition have a competitive advantage. While not all change will be successful, inertia or incremental change in the face of altered competitive arenas is a recipe for failure (Nadler & Tushman, 1990:94).
CHAPTER 3

THE ROLES OF LEADERSHIP AND MANAGEMENT

3.1 INTRODUCTION

To properly understand leadership, we must first distinguish it from management. Confusing management with leadership has caused many an enterprise to seize defeat from the jaws of victory. The very qualities that make one a good leader will often make him a poor manager. The very qualities that make one a good manager can hinder him becoming an effective leader (Joyner, 1990:7).

3.2 LEADERSHIP VERSUS MANAGEMENT

The difference between management and leadership will be discussed before defining leadership in more depth.

3.2.1 Management

Management's primary function is to help keep an organisation on time and on budget. Managers must deal with the ongoing, day-to-day complexities of organisations. True leaders manage effectively and devote their attention to orchestrating change (Bateman & Zeithaml, 1993:413).

In the past century, literally thousands of managers, consultants and management educators have developed and refined the processes which make up the core of modern management. These processes summarized briefly by Kotter (1990:4) involve:

* Planning and budgeting - setting targets or goals for the future, typically for the next month or year; establishing detailed steps for achieving those targets, steps that
include timetables and guidelines; and then allocating resources to accomplish those plans.

* Organising and staffing - establishing an organisational structure and set of jobs for accomplishing plan requirements, staffing the job with qualified individuals, communicating the plan to those people, delegating responsibility for carrying out the plan and establishing systems to monitor implementation.

* Controlling and problem solving - monitoring results versus plan in some detail, both formally and informally, by means of reports and meetings, identifying deviations, which are usually called "problems"; and then planning and organising to solve the problems.

These above processes produce a degree of consistency and order. A manager essentially sees goals as occurring due to external circumstances and changing events and consequently reacts to circumstances after they have occurred due to an internal locus of control. Consequently managers focus on the present - administrating and maintaining systems in the focus of getting the task done correctly. The instinct for survival leads to a reliance on proven tools of planning and budgeting and a tendency to conserve affairs (Charlton, 1992:24).

3.2.2 Leadership

In contrast, a leader is someone who operates from an active attitude towards goals. A leader has a clear vision of the future and is active in influencing and guiding people while creating a context which is meaningful to others (Charlton, 1992:24). Leadership does not produce consistency and order, it produces movement. Throughout the ages, individuals who have been regarded as leaders have created change, sometimes for better and sometimes not (Kotter, 1990:4). Leadership will be discussed in more depth in section 3.3 of this chapter.
3.2.3 The difference between management and leadership

The following table summarises the difference between leadership and management (Charlton, 1992:25).

<table>
<thead>
<tr>
<th>Category</th>
<th>Management</th>
<th>Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change</td>
<td>* peacemakers - maintaining, sustaining the present</td>
<td>* pacemakers - fostering change &amp; creating the future</td>
</tr>
<tr>
<td></td>
<td>* repeats and follows what is desirable</td>
<td>* changes the way people think</td>
</tr>
<tr>
<td></td>
<td>* administers</td>
<td>* innovates</td>
</tr>
<tr>
<td></td>
<td>* maintains</td>
<td>* develops</td>
</tr>
<tr>
<td></td>
<td>* first order change</td>
<td>* second order (fundamental change)</td>
</tr>
<tr>
<td>People</td>
<td>* relies on systems</td>
<td>* relies on people</td>
</tr>
<tr>
<td>Attention</td>
<td>* does things right</td>
<td>* does the right things</td>
</tr>
<tr>
<td>Planning</td>
<td>* thinks of today</td>
<td>* strategic thinking - day after tomorrow</td>
</tr>
<tr>
<td>Thinking</td>
<td>* focus on present</td>
<td>* vision of future and strategy to get there</td>
</tr>
<tr>
<td></td>
<td>* focus on getting things done</td>
<td>* systemic structure - patterns underlying behaviour</td>
</tr>
<tr>
<td></td>
<td>* events (reactive)</td>
<td></td>
</tr>
<tr>
<td>Role</td>
<td>* implementing</td>
<td>* influencing, guiding</td>
</tr>
<tr>
<td></td>
<td>* dressmaker</td>
<td>* designer</td>
</tr>
<tr>
<td></td>
<td>* pupil</td>
<td>* teacher</td>
</tr>
<tr>
<td></td>
<td>* Attitude - 'you serve me!'</td>
<td>* attitude - to serve others</td>
</tr>
</tbody>
</table>

28
<table>
<thead>
<tr>
<th>Category</th>
<th>Management</th>
<th>Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitude to goals</td>
<td>* impersonal</td>
<td>* active towards goals</td>
</tr>
<tr>
<td></td>
<td>* goals arise out of necessity</td>
<td>* influencing and changing organisation</td>
</tr>
<tr>
<td></td>
<td>* external locus of control</td>
<td>* internal locus of control</td>
</tr>
<tr>
<td></td>
<td>* responds to change</td>
<td>* exercise personal choice &amp; responsibility for change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meaning</td>
<td>* respond to meaning</td>
<td>* manage and create meaning</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work</td>
<td>* planning, budgeting &amp; other managerial tools</td>
<td>* faith in others, excitement, risk, opportunity</td>
</tr>
<tr>
<td></td>
<td>* instinct for survival</td>
<td>* focus on meaning as foundation of motivation</td>
</tr>
<tr>
<td></td>
<td>* dominates need for risk</td>
<td></td>
</tr>
<tr>
<td>Interpersonal</td>
<td>* low level of emotional involvement, task orientated</td>
<td>* ability to empathise - send &amp; receive feedback</td>
</tr>
<tr>
<td>Sense of self</td>
<td>* conservative, regulator of existing order with which he/she identifies</td>
<td>* does not depend on membership, work roles, social indicators of identity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>* seeks opportunity for change</td>
</tr>
<tr>
<td>Motivation</td>
<td>* threat - big stick</td>
<td>* intrinsic motivation</td>
</tr>
<tr>
<td></td>
<td>* rewards - carrots</td>
<td>* creates purpose/hope</td>
</tr>
</tbody>
</table>
Table 3.1: Leadership versus Management (continued)

<table>
<thead>
<tr>
<th>Category</th>
<th>Management</th>
<th>Leadership</th>
</tr>
</thead>
</table>
| Power    | * win/lose orientation  
|          | * relies on control    |  
|          | * gives power to get power  
|          | * counts on trust       |


3.3 DEFINING LEADERSHIP

There is a widespread agreement that the successful organisation has one major attribute that sets it apart from unsuccessful organisations; dynamic and effective leadership (Charlton, 1992:29). However, there seems to be little agreement concerning what constitutes leadership competence. The following definitions illustrate the various points of view that exist in defining leadership.

"A leader is one who influences others to attain goals. The greater the number of followers, the greater the influence. And the more successful the attainment of worthy goals, the more evident the leadership" (Bateman & Zeithaml, 1993:410).

Charlton (1992:33) defines leadership as: "The competencies and processes required to enable and empower ordinary people to do extraordinary things in the face of adversity, and constantly turn in superior performance to the benefit of themselves and the organisation."

Various definitions try to capture the essence of leadership. However, a single definition fails to capture the excitement that embodies great leadership in action. We therefore need to examine qualities that are present in leadership as identified by Bennis (1989:37).
3.3.1 Management of attention through vision

The leaders' job is to create vision. A vision is a mental image of a possible and desirable future state of the organisation (Bateman and Zeithaml, 1993:411). A vision must be realistic and credible and should represent a future state that is better than the present. The challenge facing any leader is to communicate the vision of the future to all in the organisation so that they may be inspired and committed to take action.

A leadership competence study conducted by Charlton (1992:60) reveal five core competencies that distinguish excellent from average leadership in managing attention through vision:

- develops and communicates a clear vision of the future of the organisation or department in order to provide direction for people (future vision);

- expects uncompromising standards of excellence and concern with improving previous standards in pursuit of objectives (excellence);

- creates focus and transmits clarity concerning what is expected from employees (focus on fundamentals);

- expresses a sense of mission that catches people's attention, inspires commitment and transforms purpose into action (attention); and

- seeks to understand what is preventing an organisation or department from growing and achieving its objectives (current reality).

Visions can fail for a variety of reasons:

* it may reflect a leader's internal needs. The vision may fail due to the unacceptability thereof by those that must implement it or in the marketplace. It can also be unethical;
* an inappropriate vision may ignore stakeholder needs;
* an inappropriate vision may be based on a serious miscalculation of the resources needed and available to achieve it; and
* in creating a vision a leader must stay abreast of environmental changes.

Vision gives direction to individuals in a company. If the CEO can't define the direction of the company in one sentence that actually articulates something meaningful to its people and customers, it's time for a paradigm shift. Sparks & Dorris (1990:17) say that leadership begins with an inspiring vision of what the organisation can be, and becomes operational through management's ability to ensure the vision is shared throughout the organisation and is implemented by everyone.

3.3.2 Management of meaning

This refers to both the ability to communicate a vision and the ability to provide meaning for people in the organisation. It also entails more than verbal expression. The following competencies identified by Charlton (1992:74) distinguish between average and excellent leaders:

- conscious communication of a focus that is meaningful for people, through verbal expression, symbols and graphic expression of ideas (communicating creative values);
- the fostering of strategic change while maintaining a clear purpose for the organisation (meaning in change);
- the communication through understanding and empathy of a sense of meaningfulness in work (communication);
- a raising of aspirations, shaping of values and mobilisation of potential of followers
in a way that improves the quality of their lives (creating meaning); and

- The inducting of followers to act for common goals, thereby creating synergy and alignment in action (synergy through meaning).

3.3.3 Management of trust

The third competency is management through trust. Trust is essential to all organisations. The main determinant of trust according to Bennis (1989:37) is reliability and consistency. People would much rather follow individuals they can count on, even when they disagree with their point of view, than people they agree with but who shift positions frequently.

Five competencies identified by Charlton (1992:84) are associated with trust:

- congruent in word and deed;
- expresses positive regard and belief in others;
- expresses accountability, predictability and reliability of an organisations position;
- articulates and embodies a moral code that cares about people; and
- relies on people and enables them to control and enrich their lives.

According to Duck (1993:114) trust in a time of change is based on two things: predictability and capability. In any organisation people want to know what to expect; they want predictability. That's why, in the middle of change, trust is eroded when the ground rules change. The more leaders clarify the company's intentions and ground rules, the more people will be able to predict and influence what happens to them - even in the middle of a constantly shifting situation.

The second part of the equation is capability. To trust an organisation, both managers and their reports must define the capability that each is providing and each side must believe the other is capable of playing the new role. To make this happen, managers and employees must identify needed capabilities of those involved in the process before each will trust the situation (Duck, 1993:115).

33
3.3.4 Management and deployment of self

The fourth leadership competency is management of self, which implies knowing one's skills and deploying them effectively. Bennis (1989:38) says that management of self is critical; without it leaders and managers can do more harm than good. Like incompetent doctors, incompetent managers can make life worse, make people sicker and less vital. Leaders know themselves; they know their strengths and nurture them. Another characteristic of leaders is that they seem unacquainted with the concept of failure. Rather they learn from and use something that does not go well; they do not view it as failure but simply the next step.

The five competencies relating to self management which distinguish excellent leadership include:

- development of personal strengths and weaknesses by the leader, through self awareness and a realistic view of him/herself (self awareness);

- commitment to self development and continual learning (growth and change);

- perception of change and threatening situations as a challenge and opportunity for growth (cognitive hardiness);

- acceptance of responsibility for creating individual life experience rather than blaming situations or people for misfortune (responsibility and internal locus of control); and

- ability to diagnose and change inappropriate behaviour and independently to take constructive action (personal mastery); (Charlton, 1992:90).

3.3.5 Empowerment

Empowerment as defined by Charlton (1992:33) is: "The act of investing and authorising, where people and organisations are enabled to achieve goals. This involves the sharing of
power and authorising people to think and make decisions. Moreover, empowering emphasises skilling people in competencies needed to discharge their responsibilities and removing organisational obstacles hindering personal and organisational development."

Bennis (1989:38) says that leadership can be felt throughout an organisation. It gives pace and energy to the work and empowers the work force. Empowerment is the collective effect of leadership. In organisations with effective leaders, empowerment is the evident in four themes.

- People feel significant, everyone feels that he or she makes a difference to the success of the organisation. When people are empowered they feel that what they do has meaning and significance.

- Leaders value learning and mastery, and so do people who work for leaders. Leaders make it clear that there is no failure, only mistakes that give us feedback and that teach us what to do next.

- Where there is leadership, there is a team, a family, a unity. Even people who do not like each other feel a sense of community.

- Where there are leaders work is stimulating, challenging, fascinating, and fun. An essential ingredient in organisational leadership is pulling rather than pushing people toward a goal. A pull style of influence attracts and energizes people to enrol in an exiting vision of the future. It motivates through identification, rather than through rewards and punishments. Leaders articulate and embody the ideals toward which the organisation strives.

In addition to the above five qualities necessary to be an effective leader Joyner (1992:29-59) identified the following additional qualities.
3.3.6 The ability to formulate a plan

This can be briefly broken down into three basic parts:

- state the goal(s);
- getting and organising the necessary facts; and
- making the plan.

3.3.7 The will to implement the plan

The ability to plan is essential for success, but it must be united with action. A leader, like the captain of a ship, needs to know where he's going and how to get there before he leaves port. We must also be able to plan while on the journey after the storms, mechanical failures and other surprises require a modification of the plan. It is important to stay on course, but it is just as important to be able to get back on the course, or plan a new one, once a forced change has come (Joyner, 1990:31).

3.3.8 Keeping priorities in order

Leaders must major on majors. This implies that if leaders do not take control of their time, that which represents 10% of their time will demand 90% of their attention - in many cases this is cause of burnout (Joyner, 1990:32).

3.3.9 Steadfastness

This is the ability to stay on course until the goal is accomplished. The ability to do this will depend a great deal upon how well one is prepared for the journey to accomplishment, with its conflicts and storms stay on course until the goal is accomplished (Joyner, 1992:35).
3.3.10 The ability to motivate people

The ability to motivate people lies in the understanding of what motivates them, and of what detracts from their motivation. There are two basic types of motivation: positive and negative. Both work well depending on the circumstance and the people. The effective leader has to be able to determine which type of motivation is appropriate and when to use it (Joyner, 1990:38). A leader also satisfies very basic but often unfulfilled human needs - achievement, belonging, recognition, self-esteem, a sense of control over one's life - thereby creating an unusually high energy level in people (Kotter, 1990:64).

3.3.11 Courage

Courage is the quality of mind and heart that makes one resist the temptation to stop or retreat in the face of opposition, danger, or hardship. Before almost any worthy goal is attained there will be obstacles and roadblocks. How one deals with these problems will determine success or failure. Joyner (1990:56) mentions four basic ways that people deal with problems.

- The first way to respond to an obstacle is to let it turn you back. This course leads to failure and reveals the lack of courage, resolve and leadership required for success in any enterprise.

- The second way is to let the obstacle stop one.

- The third way to deal with an obstacle is to let it change one's course. There are some obstacles which require a change in plans that would make this option the best one. Just changing course may still allow one to go on to ultimate success, but if one is prone to letting obstacles change one's course too easily the chances of success will greatly decrease.
The fourth way to deal with an obstacle is to overcome it, driving it out of the way instead of allowing it to drive one off course. This is usually the best way to deal with an obstacle and should be the first consideration.

It takes real wisdom to know when to change plan. Courage is essential to leadership but it must be tempered with vision and strategy, always keeping the ultimate goal in the forefront.

3.3.12 Loyalty

Loyalty is faithfulness to principals, to the plan and to people. True leaders are not easily changed but instead have the strength of character to change their environments, or the mind-set of the crowd. Great leaders also set their standards by the highest standards, not by what others may or may not be doing (Joyner, 1990:58).

3.3.13 Initiative

Manning (1992:17) says there are five kinds of people:

- those that make things happen;
- those that think they make things happen;
- those that watch things happen;
- those that wonder what is happening; and
- those that don't know anything is happening.

Leaders are those people that make things happen.

3.3.14 Endurance

This is the ability to stay with the task all the way to completion. This is a serious problem with those who have strong leadership ability because leaders find it much more stimulating
to start a task than to finish it (Joyner, 1990:59).

3.4 SUMMARY

While many managers focus on superficial activities and worry about short-term profits and stock prices, too few have emerged as leaders who foster innovation and attainment of long term goals. And whereas many managers are overtly concerned with fitting in and not rocking the boat, those who emerge as leaders are more concerned with making important decisions that may break with tradition but are humane, moral, and right. The leader puts a premium on substance rather than on style (Bateman & Zeithaml, 1993:413).

However, the leadership/management debate is not an either/or. Both activities are necessary within the organisation. Joyner (1990:9) says that the leader's job is to give managers direction, vision and inspiration. Regardless of how good the leader is, he will be ineffective without good managers. Discerning the quality and ability of his people and using them properly is just as important in accomplishing goals as having the vision and other resources required for the enterprise.

Although the view is held that managers and leaders are both necessary within an organisation it is the difference in how change (see table 3.1) is managed that makes the leader's role paramount in the effective management of change in any organisation. Chapter four will give an in-depth discussion of the role of leadership in managing the change process.
CHAPTER 4

THE ROLE OF LEADERSHIP IN THE MANAGEMENT OF CHANGE

4.1 INTRODUCTION

The problem for most executives is that managing change is unlike any other managerial task they have ever confronted. Managing change can be compared to a company undergoing five medical procedures at one time. One person's in charge of the root canal job, someone else is setting the broken foot, another is working on the displaced shoulder, and still another is getting rid of the gallstone. Each operation is a success, but the patient dies of shock. With change the answer is to manage the dynamics, not the pieces. The goal is to teach thousands of people how to think strategically, recognise patterns, and anticipate problems and opportunities before they occur (Duck, 1993:109). One of the most important skills a manager can have in his or her repertoire these days is the skill to manage change: an understanding of the personal and organisational dynamics involved in a change effort, accompanied by the ability to lead people through one successfully (Burke et al., 1991:87).

4.2 THE IMPORTANCE OF LEADERSHIP

If organisations do not have sufficient leaders in addition to managers, they simply will not survive the nineties. Why? Because leadership is the central ingredient to the way progress is created and to the way organisations develop and survive in a changing environment. Management and leadership are interdependent although people at every level of the organisation are increasingly being called on to be leaders in their own right (Charlton, 1992:23).

Complexity and change have accelerated and the environment has become less predictable. This has an impact on the approach managers take to problem solving. As a result of managers inability to adapt or are ill equipped to manage in today's volatile environment many problems turn into messes.
Andrews (1993:6) explains the management of change as follows: "In 1970 managers had to cope with fewer variables. Today a manager has to manage many more variables. Trade Unions, different technology, wider product lines, more competitors and so on. Also these increased number of variables is changing at a faster pace (see figure 4.1). Doing what we did yesterday, or doing it five percent better, is no longer a formula for success, major changes are more and more necessary to survive and compete effectively in this new environment. More change always demands more leadership."

**Figure 4.1 : The pace of change**

![Figure 4.1: The pace of change](image)


Andrews (1993:6) stresses that we need a new approach that produces leaders at levels in our society that will face up to true problems. We should not compartmentalise problems but rather build understanding of the real macro problems. It will require leaders to be intellectually capable of grasping the complexity of the messes they face.

In South Africa today there are two types of companies: those who manage the past and those that are trying to manage the future. The managers of the past, cocooned in a false sense of security or paralysed by the phobia of overhauling themselves, confront the challenge of real, grassroots change with a "What For?"; "We're doing okay", or "What's the point it really won't help" response. These companies are still in the majority in South Africa (Hunt & Lascaris, 1993:9). The managers of the future know that the future begins
with something new. The "What For" response to radical change is replaced by the "What If" paradigm. The extent to which the "What If" permeates your company is the extent to which you are managing the past or managing the future (Hunt & Lascaris, 1993:24). Before one can manage the future, you have to know where you are going. It is the primary purpose of leaders to create the future vision for the company.

4.3 THE NATURE OF LEADERSHIP REQUIRED

Certain behaviours, attitudes and actions are evident in leaders who manage the change process successfully and will be discussed in the following section.

4.3.1 How successful change managers behave

Some specific leadership behaviours are critical in organisational change programs. They are as follows according to Clement (1993:36).

* communicating openly (sharing intentions, listening) and collaborating (making decisions in teams);
* top management needs to demonstrate visible and consistent support for change; and
* tying the change programs to business needs. Management needs to show how the change will improve outcome measures such as profits, productivity, or quality of work life.

The most commonly cited reason for the failure of a change effort is the presence of inaccurate and negative rumours, often caused by management's neglecting to provide timely and accurate information. The second biggest reason for failure is that of employees learning of the change from outsiders - again, because management don't communicate. The final cause for failure is management's reliance on a lean channel of communication, such as a memo instead of a face-to-face meeting (Clement, 1993:36).
4.3.2 How successful change managers think

According to Lawrie (1991:9) if you isolate a group of leaders who are by all accounts good change managers, it turns out that they have some attitudes in common.

First, this group has, itself, been through both good and bad change experiences, and these experiences have left them with core attitudes:

* change and changing can be managed; it does not have to be random, disorganised, and disorientating;
* change must be managed; and
* the process of managing change is very much a part of their jobs; and consequently, they must take responsibility for bringing about change in a controlled way.

In short, they have learned that change is the name of the game, and that there are methods they can use to manage and control its impact.

Second, it has been demonstrated repeatedly that successful change leaders know that their people expect them - even count on them - to be of help as the changes are made.

Thirdly, it has also been shown that effective leaders are well aware that top management looks very carefully at their record of change management when they are being considered for greater responsibilities. You cannot move up if you have not shown the ability to bring about change.

Finally, it has been shown that managers who do comparatively well with change have - at a fairly deep level - a strong personal motivation to avoid all the grief, sweat, and turmoil that poorly executed changes inevitably produce.
4.3.3 How successful change managers act

Clement (1991:9-10) further states that in addition to the above attitudes and thought patterns, leaders who manage change well tend to do some rather special things.

* They have learned that one of the best preparations for smooth change is to have people who have mastered their present jobs. Employees who do their present jobs well have more confidence in themselves, and also probably have more confidence in their leader, and therefore are more willing and less fearful to take on new challenges. To lay a foundation for effective change, a manager creates a foundation of strength and confidence by training before, during and after changes are made. When people feel on top of their present jobs, and the changes it takes to keep current, they are far more willing to make new, unforeseen changes as they come along. Moravec (1994:13) states that leaders are also not limited to the roles they were trained to play. They are flexible and always learning.

* Effective change managers have another skill that they practice more than less effective leaders: they use every opportunity they can to gather information that could yield an advance indication of change that is going to happen. They welcome ideas and solutions from others (Moravec, 1994:13). Whether it is conversations in the cafeteria, formal meetings, or car pooling home from work, effective change managers are open to those subtle remarks that can be indications that change is in the wind in the organisation.

* Managers of groups that tend to make smoother changes encourage their people to make changes on their own. But it doesn't stop there. When the person does come up with smart and workable change, the leader makes sure the individual is rewarded with praise and in his or her formal merit review. Receiving a reward - praise or money - sends a message to other people that creating smart change is a part of their job.
4.4 INSTITUTIONALISING THE LEADERSHIP OF CHANGE

Although the leadership of the CEO is essential during any change process, the limitations of the individual leader pose a significant challenge. The challenge is to broaden the range of individuals who can perform the critical leadership functions during periods of significant organisational change. There are three potential leverage points for the extension of leadership - the senior team, broader senior management, and the development of leadership throughout the organisation (Nadler & Tushman, 1989:88).

4.4.1 Leveraging the senior team

The group of individuals who report directly to the individual leader - the executive team - is the first logical place to look for opportunities to extend and institutionalise leadership. Development of an effective, visible, and dynamic senior team can be a major step in getting around the problems and limitations of the individual leader. According to Nadler & Tushman (1989:89-94) several actions appear to be important in enhancing the effectiveness of the senior team.

Visible empowerment of the team - a first step is the visible empowerment of the team, or anointing the team as extensions of the individual leader. There are two different aspects to this empowerment: objective and symbolic. Objective empowerment involves providing team members with the autonomy and resources to serve effectively. Symbolic empowerment involves communicating messages to show the organisation that these individuals are indeed the extensions of the leader, and ultimately key components of the leadership. Symbolic empowerment can be done through the use of titles, the design of organisational structures, and the visible presence of individuals in ceremonial roles.

Individual development of team members - empowerment will fail if the individuals on the team are not capable of executing their revised leadership roles. A major problem with re-orientations is that the members of the senior team frequently are the
product of the very systems, structures, and values that the re-orientation seeks to change. Re-orientations demand that senior management team members think very differently about the business and about managing. The need for personal change at the most senior level has implications for the selection of senior team members (see below). Each individual need not (and should not) be a "clone" of the individual leader; but each should be able to initiate credible leadership actions in a manner consistent with their own personal styles. Ultimately, it also puts a demand on the leader to deal with those who will not or can not make the personal changes required for helping lead the re-orientation.

Composition of the senior team - the need for the senior team to implement change may mean that the composition of that team may have to be altered. Different skills, capabilities, styles, and value orientations may be needed to both lead the changes as well as to manage in the reconfigured organisation. In fact, most successful re-orientations seem to involve some significant changes in the make-up of the senior team. This may require outplacement of people as well as importing new people, either from outside the organisation, or from outside the coalition who traditionally led the organisation. Any change in the senior management team will require exceptional commitment from the CEO towards the change process.

The inducement of strategic anticipation - a critical issue in executing re-orientations is strategic anticipation. By definition, a re-orientation is a strategic organisational change that is initiated in anticipation of significant external events. Re-orientation occurs because the organisation's leadership perceives competitive advantage from initiating change earlier rather than later. The question is, who is responsible for thinking about and anticipating external events, and ultimately deciding that re-orientation is necessary? In some cases the individual leader does this, but the task is enormous. This is where the senior team can be helpful, because as a group it can scan a larger number of events and potentially be more creative in analyzing the environment and the process of anticipation.
The senior team as learning system - for a senior team to benefit from its involvement in leading change, it must become an effective system for learning about the business, the nature of change, and the task of managing it. There are several ways to enhance a senior team's ability to learn over time. One approach is to work to keep the team an open system, receptive to outside ideas and information. A second approach involves the shaping and management of the internal group process of the team itself. This involves working on effective group leadership, building effective team member skills, creating meeting management discipline, acquiring group problem-solving and information-processing skills, and ultimately creating norms that promote effective learning, innovation, and problem solving.

A team is most successful when there is a perception of common fate. Individuals have to believe that the success of the team will, in the long run, be more salient to them than their individual short-run success. Equally important is the question of power and succession. The individual leader (CEO) must manage the timing and process of succession in relation to the requirements for team leadership, so that conflicting (and mutually exclusive) incentives are not created by the situation.

4.4.2 Broadening senior management

A second step in moving beyond individual leadership of change is the further extension of the leadership beyond the executive to include a broader set of individuals who make up the senior management of the organisation. This would include individuals one or two levels down from the executive team. The task is to make this group feel like senior management, to get them signed up for change, and to motivate and enable them to work as an extension of the senior management team. Many of the implications are similar to those mentioned above in relation to the executive team; however, there are special problems of size and lack of proximity to the individual leader. Part of the answer is to get the senior team to take responsibility for developing their own teams as leaders of change. Other specific actions may include the following.
4.4.3 Developing leadership in the organisation

A third arena for enhancing the leadership of re-organisation is through organisational structures, systems, and process for leadership development consistent with the re-orientation. Frequently leadership development efforts lag behind the re-orientation. There needs to be a strategic and anticipatory thinking about leadership development process, including the following:

* Definition of managerial competence - A first step is determining the skills, capabilities, and capacities needed to manage and lead effectively in the re-orientation and post re-orientation period. Factors that have contributed to managerial success in the past may be the seeds of failure for the future.

* Sourcing managerial talent - Re-orientations may require that the organisation identify significantly different sources for acquiring leaders or potential leaders. Senior managers should be involved in recruiting. Because of the lead time involved,
managerial sourcing has to be approached as a long term (five to ten years) task.

* Socialisation - As individuals move into the organisation and into positions of leadership, deliberate actions must be taken to teach them how the organisation's social system works. During periods of re-orientation, the socialisation process ought to lead rather than lag behind the change.

* Management education - Re-orientation may require managers and leaders to use or develop new skills, competencies, or knowledge. This creates a demand for effective management education. Research indicates that the impact of passive internal management education on the development of effective leaders may be minimal when compared with more action orientated educational experiences. The use of educational events to expose people to external settings or ideas and to socialise individuals through action orientated executive may be more useful than attempts to teach people to be effective leaders and managers.

* Career management - Research indicate that the most potent factor in the development of effective leaders is the nature of their job experiences. The challenge is to ensure that middle and lower level managers get a wide range of experiences over time.

* Seeding talent - Developing leadership for change may also require deliberate leveraging of available talent. This implies thoughtful placement of individual leaders in different situations and parts of the organisation, the use of transfers, and the strategic placement of high potential leaders (Nadler & Tushman, 1989:94).
4.5 THE ROLE OF LEADERSHIP IN THE MANAGEMENT OF CHANGE: A PRACTICAL EVALUATION

A questionnaire was developed to ascertain the role of leadership in the management of change process in practice (see annexure A for the questionnaire). This questionnaire was tested in a company where change is being experienced unlike before.

4.5.1 Objectives of the questionnaire

The objectives of the questionnaire were to determine:

* the views and attitudes towards change;
* the experience of change within the organisation;
* importance of leadership and management development; and
* quality of leadership within the organisation.

4.5.2 Scope of the empiric investigation

The executive of a short term insurance company was involved in the investigation. The executive consists of five members and are: the managing director, director - operations, director - finance, general manager - management services, assistant general manager - operations.

4.5.3 Background to the short term insurance company

The company forms part of the worldwide Guardian Royal Exchange Group and was originally established in South Africa during the late nineteenth century. The company is listed on the Johannesburg Stock Exchange and is an important associated company of the Liberty Life Group.

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The company has a pre-eminence position in the corporate insurance market but also has large commercial and personal lines portfolios. It operates through a comprehensive branch and intermediary network and is structured on a central head office and a regional basis with executive control exercised through a small general management located in Johannesburg.

The short term industry is no exception when it comes to the impact of change and the management thereof. Given the changes in the insurance industry nationally as well as internationally, Guardian National has and is undertaking change programs to adapt to changes in the environment. Change is now part of the short term insurance industry unlike ever before and the companies that will manage the change will be those that will survive. The role of the executive and the quality of their leadership will impact on their success in a constantly changing environment.

4.5.4 Method of information collection

This questionnaire consists of questions aimed at determining to what extent the executive team view change and the quality of their leadership. Open and closed ended questions and ranking in order of priority were included in the questionnaire. Discussions were also held with individual members of the executive after completion of the questionnaire in order to probe and clarify elements of their answers where necessary.

4.5.5 Summary of the findings of the questionnaire

* The origin of change.

One respondent replied that change was internally driven, one said it was externally driven and three said it was both internally and externally driven.
The impact of external factors on the company.

Respondents rated the factors in the following order of priority:

1. consumers
2. intermediaries
3. technology
4. economy
5. social factors
6. political factors
7. legal factors

In general their seemed to be consensus on which factors impacted the most on the company. However, there were also different views regarding certain factors. One respondent rated consumers as less important and another rated technology as less important. Two respondents respectively rated social and political factors as more important.

The necessity to change due to external environmental changes.

All five respondents answered that change was necessary due to external environmental changes.

Change as a function of anticipation, reaction or both.

One respondent answered that the company changes in anticipation to change, one answered that the company changes in reaction to change and three respondents answered that the company changed as result of both reaction and anticipation to change.

The occurrence of change programs in the organisation.

All respondents said that change programs had been undertaken in the past. Respondents
agreed that all change programs had been successful except for one respondent. Reasons for success were given as leadership, good management and alignment with customer needs. The one respondent stated that the change program had been unsuccessful due to the fact that it had not been part of the culture and thus as a "program" it was doomed to failure.

* Factors that have the most impact on the success or failure of a change program.

Respondents ranked them in the following order of priority.

1. leadership  
2. top management commitment  
3. organisational culture  
4. organisational structure  
5. organisational politics

* Importance of leadership qualities in managing change.

All respondents believed leadership to be important in managing change. Respondents said that leaders influenced people and that change was brought about through their commitment, enthusiasm, decisiveness and sense of achievement. Leaders also overcame the resistance to change.

* The difference between leadership and management.

All respondents agreed that there was a difference between leadership and management. Differences were stated as follows:

<table>
<thead>
<tr>
<th>leadership</th>
<th>management</th>
</tr>
</thead>
<tbody>
<tr>
<td>motivates and inspires</td>
<td>organises and controls</td>
</tr>
<tr>
<td>originality of thought and determination</td>
<td>enforcing corporate decisions</td>
</tr>
<tr>
<td>related to corporate issues</td>
<td>related to staff issues</td>
</tr>
<tr>
<td>leadership cannot be learnt</td>
<td>can be learnt and is academic</td>
</tr>
</tbody>
</table>
Development of leadership and managerial skills.

Two of the five respondents said that leadership and managerial skills were developed. However, leadership and managerial skills were not identified and developed separately.

Development of skills to lead and manage change programs.

Two of the five respondents believed that people were equipped to manage change programs effectively.

Leadership skills of the executive team.

All respondents agreed that the executive team possessed leadership qualities. Reasons given were that one could not reach executive level without leadership qualities, executive's decisions were respected and their advice sought out, they were instrumental in creating a culture that was conducive towards change.

Vision of the company.

It was agreed that the company had a vision and that the vision had been developed by the executive team. However, there was not consensus to whom the vision had been communicated too. One respondent said that the vision had been communicated to executive and senior management, three stated it had been communicated to executive, senior and middle managers and one stated that the vision had been communicated to everyone in the organisation.

Leadership competency rating.

Respondents rated leadership competency in the following order of priority:

1. developing a clear vision
2. communicating the vision
3. ability to motivate people
4. empowerment
5. creating trust within the organisation
6. initiative
7. ability to formulate and implement a plan
8. courage
9. endurance
10. knowing one's skills and loyalty
11. steadfastness

4.6 SUMMARY

Leaders are supposed to be role models who thrive on change. Visionary leadership is crucial to creating an environment that is positive towards change. Leaders who manage change show the following attitudes and thought patterns:

* are not defensive about change and changing;
* know their people look to them for help;
* know their superiors are watching their success for smooth transitions; and
* are themselves highly motivated to "run a smooth ship", not one that is flooded with employee turmoil and anxiety.

It is quite important that top management be involved in leading the change effort. However, it is doubtful that just a small group of top executives can lead the effort alone. The leadership responsibility should be institutionalised throughout the management system. The senior management team could share the responsibility of creating and articulating the new vision for the organisation. The senior team could even be broadened to include managers with special expertise or those from positions one or two levels down the hierarchy.
CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

The role of leadership in the management of change process is a critical one. Leadership is the central ingredient to the way progress is created and to the way organisations develop and survive in an changing environment.

Organisations go through change constantly however, the nature, scope and intensity of organisational changes vary considerably. Different kinds of organisational change require different kinds of leadership.

The following questions were investigated in this study.

* What constitutes the process of change?
* What is the difference between managers and leaders?
* How should change be managed effectively?
* What is the role of leadership in the management of change?

These questions led to specific objectives that were pursued in this study. The research objectives were:

* investigate how organisations should manage change;
* analyze the difference between management and leadership; and
* discuss the role of leadership as an essential skill in the management of change.
5.2 MANAGING THE CHANGE PROCESS

Change is not what it used to be. Organisations always had to deal with it, but the quality of change certainly has changed. Executives, managers, supervisors and employees now face simultaneous challenges: borderless competition, new alliances, outsourcing, diversity, total quality demands and head spinning technology evolution. The toughest part is that the trends of the past - or even the present - no longer predict the future.

Given the importance of change that must be measured, labourless preparation for change is necessary to avoid chaos. Six overlapping steps have been identified as critical to managing effective change.

* mobilising commitment to change through diagnoses of business problems;
* development of a shared vision of how to organise and manage competitiveness;
* foster consensus for the new vision, competence to enact it, and cohesion to move it along;
* spread revitalisation to all departments without pushing it from the top;
* institutionalise revitalisation through formal policies, systems and structures; and
* monitor and adjust strategies in response to problems in the revitalisation process.

Furthermore, managers should manage any change process along the following principals.

* manage practically rather than perfectly;
* manage actively rather than theoretically;
* manage flexibly rather than resolutely; and
* manage sensitively rather than stoically.

It is important for managers to understand the impact of change on people. Managing change is essentially a synonym for managing people through change. It requires one to be sensitive towards employee fears and apprehensions and provide leadership which will have a positive effect on employee morale.
5.3 MANAGEMENT VERSUS LEADERSHIP

Management and leadership are both necessary within an organisation. Management focuses mainly on short term goals - their primary function being to help keep an organisation on time and in budget. Management is concerned with order and consistency. Leadership on the other hand is concerned with the longer term - a clear vision of the future and guiding and influencing people towards that vision. Leadership produces movement and creates change.

Within any organisation both management and leadership is necessary - however, it is the role of each in the management of change which makes a leader's role paramount to the effective management of change.

Good leaders unlike good managers are more difficult to define. However, certain critical characteristics have been identified as to what constitutes excellent leaders; and include the following:

* management of attention through vision;
* management of meaning;
* management of trust;
* management and deployment of self;
* empowerment;
* ability to formulate a plan;
* will to implement a plan;
* keeping priorities in order;
* steadfastness;
* ability to motivate people;
* courage;
* loyalty;
* initiative; and
* endurance.
Leadership is a key element within any organisation, particularly to adapting, developing and surviving in a constantly changing environment. Companies that do not have leadership will not survive.

Specific leadership behaviours are critical in any organisational change program. It includes aspects like:

- communicating openly;
- visible and consistent support of change by top management; and
- tying change programs to business needs.

Leaders have certain attitudes towards change. They believe that:

- change and changing can be managed;
- change must be managed; and
- process of managing change is part of their jobs.

The role of the CEO is essential in any change process however, he/she needs to broaden the leadership within the organisation in order for the successful management of change. Three options exist for the extension of leadership, namely:

- leveraging the senior team - an effective, visible and dynamic senior team is crucial in broadening the leadership of the individual leader;
- broadening senior management - this involves extending the leadership beyond executive to include a broader set of individuals who make up senior management; and
- development of leadership in the organisation - enhancing leadership through organisational structures, systems and process for leadership development consistent with re-orientation.
5.5 CONCLUSION

Leadership is critical to managing change; without leadership no company can hope to survive the turbulent times that are created by change. In fact strong leadership is what will distinguish the successful companies from the unsuccessful ones. The role of leadership in managing the change process was clearly illustrated in this study. Leadership is underlying to the management of change and the quality of leadership competencies determine how effectively companies operate in their changing environments.

5.6 RECOMMENDATIONS

Given the conclusion of the study the following recommendations can be made.

* Companies face tremendous change and will do so in the future. The management of change is an ongoing process and any change process can and must be managed to avoid companies to fall into total chaos and ultimately survive. To avoid this companies must follow a critical path of overlapping steps in order to manage change effectively.

* Change impacts on people in the organisation and the management of change requires the management of people. Management must influence people to be motivated towards change by involving people as much as possible in the decision making process of the change taking place. Participative management contributes tremendously towards successful implementation of major change by reducing the two most common problems managers face in the change process - employee resistance and stress; this is a critical element in managers repertoire for managing change.

* Change means managing the future and this requires visionary leadership from executive. Executive must show their commitment and support for change and communicate openly sharing their vision for the future which will give purpose and direction to people in the organisation and create an environment conducive to change.
The leadership of the chief executive is crucial during any change process, however leadership must be institutionalised within the company. Leadership must be broadened to include the executive team, senior management as well as other levels within the company. This will allow for change to permeate throughout the company.

5.7 FINAL COMMENT

The role of leadership is crucial for organisations to survive, grow and be profitable in the changing times we face now and in the future. Change is an emotional process. Inspiring and visionary leadership is necessary to motivate and direct people through turbulent times by giving people meaning in their organisational lives and by doing so creating an environment that is positive towards change.
ANNEXURE A

QUESTIONNAIRE: THE ROLE OF LEADERSHIP IN MANAGING CHANGE

1) Is change in your organisation:-
   - internally driven (by managers and employees)
   - externally driven (technology, economy, socially, politically, legally)
   - both of the above

2) Which of the following do you believe impacts most dramatically on your company? Please number from 1 to 8 in order of priority, 1 being the most important and 8 the least.
   - technology
   - consumers
   - economy
   - social factors
   - political factors
   - legal factors
   - competitors
   - intermediaries

3) Do you believe it is necessary to change within the organisation due to external environmental changes?

4) Does your company change as a result of:
   - anticipation to change; or
   - reaction to change
   - both of the above

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5) Have any change programs ever been undertaken in your organisation?

If yes, please give examples.

6) If yes, to question 5, have the change programs been successful?

7) What do you contribute to the success?

8) If no to question 6, why weren't the programs successful?

9) In your opinion which of the following have the most impact on the success or failure of any change program. Number in order of importance, 1 being the most important.

Organisational culture
Organisational politics
Organisational structure
Top management commitment
Executive leadership

10) Do you believe leadership qualities to be important in managing change in your organisation?

11a) If yes to question 10, state why.
11b) If no to question 10, state why.

12) Do you believe there is a difference between management and leadership?

13a) If yes to question 12, state the difference in your own words.

13b) If no to question 12, state why not in your own words.

14) Does your organisation develop both managerial and leadership skills?

15) If yes to question 14, does your organisation identify managers and leaders separately for developmental purposes.

16) Does your organisation determine and develop skills, capabilities needed to lead and manage any change program effectively?

17) Does your EXECUTIVE TEAM have leadership qualities? Please give reasons.

Reasons:

18) Does your organisation have a vision?

19) If yes to question 18, who was responsible for developing the vision?
20) Who has the vision been communicated to? Please select one of the following.

Executive
Executive and senior management
Executive, senior managers and middle managers
Everyone in the organisation

21) Give the following leadership competencies a rating in order of importance, 1 being the most important and 12 the least important.

developing a clear vision
communicating the vision
creating trust within the organisation
empowerment
ability to formulate and implement a plan
steadfastness
ability to motivate people
courage
loyalty
initiative
endurance
knowing one's skills
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