THE ROLE OF LEADERSHIP IN THE PROCESS OF FOSTERING ORGANIZATIONAL CHANGES

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Abstrakt

This paper examines the one of the most important set of skills required in a changing world which is the skill of leadership. This has become increasingly evident as the organization has attempted to adapt to the escalating changes in at workplaces which became very frequent recently. The leadership has to deal with the continuous changes, diversity of the human resources, frequently changing the business conditions and with the pressure on the permanent improving of all organizational processes. Leaders take actions that have consequences for the future because the followers perform activities as a result of these actions. Leadership is a complexed social process in which it reflects of what is happening between individuals within the organization. The paper defines the role of leadership within the organizational environment where the changes occur on a permanent base.

Key words: leadership, organizational change and process of leading the change

JEL Kód: M21, O15

Introduction

As the business environment becomes more complex and is changing continuously, organizations need to be more flexible and alert. The dynamic external environment is a major drive of change. Organizations can thrive in this environment if leaders and followers identify emerging patterns and seize opportunities presented by external changes.

The focus of this paper is on leading the process of change when dealing with various types of changes in organizations. This paper highlights several approaches related to organizational change and links them to the new concept of leadership as the process which cope with the change dynamics in organization.

1   The need for Organizational Change

The significance of organizational change is self-evident in times when a large percentage of projects of change have failed to deliver the desired outcomes and the business environment has become more and more adapted to continuous change and unpredictability. Organizations can expect to face the need for even more changes in the future, at an ever-increasing pace. This emerging reality shows that leading and changing organizations appears to be more difficult and more important. Bate (1995) defined the organizational change as highly complex topic, difficult to understand and almost impossible to deal systematically.

Another definition of organizational change is presented by Jones (2010) who defined it as the process by which organizations move from their present state to some desired future state with the aim to increase their effectiveness.

Despite this broadly accepted 'truth' about change, organizations today encounter significant difficulties in both the timely recognition of the need for change and successfully leading and managing the change process, when it is introduced. The severity of these dilemmas becomes intensified, as the pace of change in the external environment accelerates and as organizations are affected by developments in the outside environment (like the current economic recession).

As several authors (Kinicki and Fugate, 2102; Moorhead and Griffin, 2012; Eriksson - Zetterquits et all., 2011) still see the external and internal forces to change, Beerel (2009) states that all change is and should be driven by environmental change where stimulus for change is external to the system changing. This point of view is supported by the facts and evidence what are the warning signals which significantly pressure the organization. These new realities are examined in strategic planning process which is the main work of the strategic leadership which has been already discussed in previous chapters.

According to Dess, Lumpkin and Eisner (2008) leaders with their teams use environmental scanning to gather information about trends in the external environment, which is mostly related to:

- stakeholder analysis: an assessment of the expectations, wants, and needs of all parties that have an interest or stake in the organization,
- competitors' activities: knowledge of their products and services, methodologies through benchmarking and other information – gathering approaches,
- demographic changes: changes in age, ethnic composition, growth, or decline of the population;

- social and life style changes: woman in the workforce, health and fitness awareness, erosion of educational standards, concern for the environment,
- technological changes: advances in and use of all forms of technology,
- economic changes: stock market indices, budget deficits, consumer – spending patterns, inflation and interest rates, trade deficits, unemployment rates,
- legislative/regulatory and political changes: changes in crime laws, environmental protection laws, deregulation, antitrust enforcement, laws protecting human rights and employment, and
- global changes: economic alliances, economic development, changes in consumer tastes and preferences, international markets and poverty and disease rates.

Hickman (2016) adds that executive leadership team uses information from the environmental scan to determine the organization's opportunities and threats along with its strengths and weakness. On the basis of this analysis, the team identified the core competencies in organization and evaluates whether there is a need for any change in internal process.

Internal processes also require the introduction of change, which is painful to their own people and challenging to design and implement effectively. All members of the organization are caught up in change initiatives and they are considered to be as agents of change.

1.1 Types of changes

The change can take different forms in organizations. There are two basic perspectives of change: the first perspectives views change as continuous improvement efforts and second perspective describes change as radical, system – wide efforts, as it is presented in table 1.

Table 1 Types of change

Continuous improvement	Radical change, system-wide
Organizational development	Organizational change (French et al,2005)
Incremental change	Revolutionary change (Hamel, 2000)
Incremental change	Discontinuous change (Handy, 1989)
Segmentalism	Integrated action (Moss Kanter, 1983
Transactional leadership	Transformational leadership (Burns, 1978)

Source: Eriksson-Zetterquist, Mullern, Styhre, 2011

It is clear from the table that there are some interrelations on the existence of two fundamentally different types of change effort. In practice, there is often the case when small, incremental change is just the begging of the revolutionary and transformational change in the near future.

Jarvenpaa and Stoddard (1998) describe radical changes as those which rapidly unfold and alter the basic assumptions, business practices, culture and organizational structure. High level of identity crisis, disorder, and ambiguity are associated with radical change.

As Moorhead and Griffin (2012) point out organization change is self-perpetuating. With the advances in information technology, organizations generate more information, and it circulates faster. Consequently, employees can respond more quickly to problems, so the organization can be more flexible to demands from other organizations, customers and competitors.

Many such demands from external environment foster the major changes in the internal organizational operations which are considered to be a radical, usually referred to as structural changes or system – wide rearrangement of task division and authority and reporting relationships. The most structural changes are divided into two main types such as *technological and adaptive* change. The adaptive change is related to change of the values, culture and behavior therefore it requires the leadership actions in order to minimize the resistance to change and increase the general understanding and involvement among the employees

The importance of understanding the social impacts and relational aspects is growing when implementing the radical changes e.g. any adaptation or organizational change is happening.

In the process part, the role of senior leaders in changing the vision has been pointed out very clearly. Kotter states that leadership alignment is critical for a strategy to be successful. They need to be clearly and consistently aligned before engaging the rest of the organization. Also, leaders may believe the need for a new strategic direction is obvious, but without a clear articulation of those reasons, gaps in peoples' understanding of the new strategy that will arise and create barriers to implementation (Kotter, 2014).

As organizational design becomes less hierarchical and due to the digital influence is moving towards more democratic and flat structures, the process of leading the change involves groups of employees from all levels of organization. The employees under the guidance of effective leadership are able to participate in planning and implementing of large scale organizational change and thus create an organization characterized by flexibility and

continuous learning. Given the rapidly changing environment in which organizations operate, there is little doubt that the leadership's ability to guide and manage change successfully needs to be a core competence for organizations.

Organizations today are forced to adapt and change to an unprecedented degree: leaders need to make decisions more quickly and employees are required to be more flexible and able to accept new opportunities.

1.3 Process of leading the change

The changing phase is modified by some scholars who edit several additional stages, specifically Kotter (1996) delineated six stages such as: creating the guiding coalition, developing a vision and strategy, communicating the change vision, empowering broad – based action, generating short – term wins, and consolidating gains and producing more change, which are described in figure .

Many authors focus on the role of the dialogue and communication within this changing stage (Ford and Ford, 1995; Jabri, 2004; Kellet, 1999; McDaniel, 1997) with summarizing key guidelines and characteristics:

- build relationships within and across organization and create trans organizational relationships to develop networks and achieve creativity, innovation and shared meaning,
- dialogue provides a database for collective thinking and create thoughtful exchange, generate mutual understanding, and take action with regard to the issues people care about and need to discuss,
- process of reflective questioning relies on our ability to listen, value others, and address deep issues, and
- dialogue is a meaningful approach for developing jointly vision and mission statement, understanding what needs to change and how the change aligns with other factors in organization.
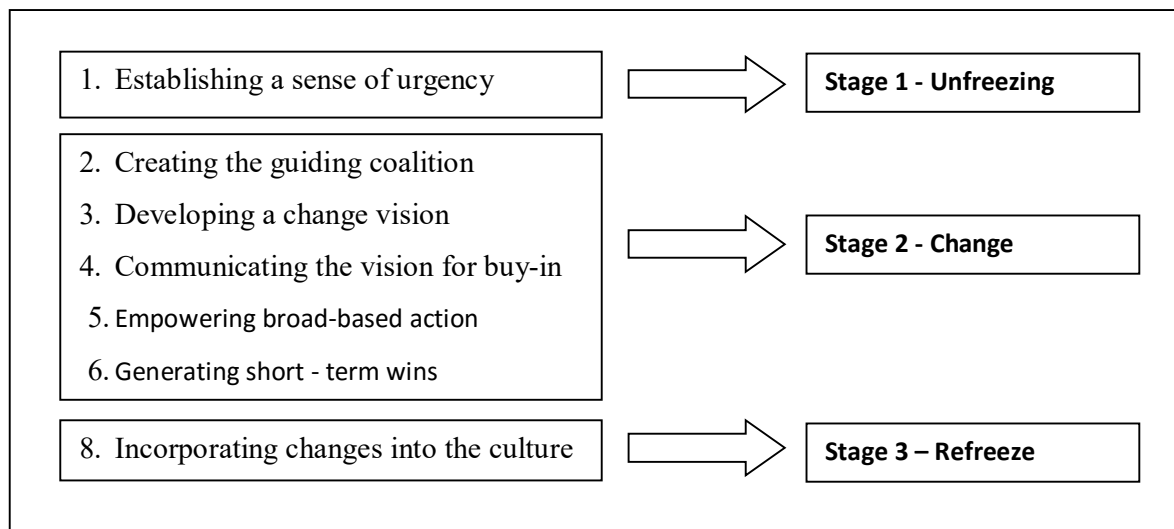
According Kellett (1999) dialogue on one side encourages the diversity of ideas what is critical action for continuous change in organizations. Yet diversity brings both conflict and multiple voices to be heard.

Communication in continuous changing environments is highly important. Organizations needs to facilitate dialogue within and across groups in order to sustain free flow of information, diversity of ideas, high levels of cooperation and substantive involvement in decision making.

Then third stage of Lewin's model is called refreezing or assurance of permanent change. It is focuses on the establishing new approaches or behaviours in the organizational culture what often represents also the culture change. A final factor in refreezing is developing means to ensure ongoing leadership development. Lack of adequate leadership development has been downfall of many promising attempts to generate organizational culture.

The summary and comparison of the two main change models The Eight Stages of Change by Kotter and the fundamental Lewin's Force – Filed Model is described in Fig. 1.

Fig. 1 Kotter's and Lewin's models of change

1. Establishing a sense of urgency	→	**Stage 1 - Unfreezing**
2. Creating the guiding coalition 3. Developing a change vision 4. Communicating the vision for buy-in 5. Empowering broad-based action 6. Generating short - term wins	→	**Stage 2 - Change**
8. Incorporating changes into the culture	→	**Stage 3 – Refreeze**

Source: Hickman, 2016

Kotter's Eight Steps for Leading the Change (1996) provides suggestions how to communicate the change progress effectively and what are the expected benefits of such a process. The process of leading a change may be converted into the project structure since every change minor or major is a project event for the organization. He focuses on the detailed description of the leading process towards the change and the role of leader within it.

Even though the Lewin's model is very simple and straightforward, and many models of organizational change got inspired by it, it has some limitations. As it has been already discussed the change becomes continuous in organization. The approach which implements more dynamics and change continuum has been presented by Moorhead and Griffin (2012) as 'The Continuous change process model of organization change'. This model incorporates the forces of change, a problem – solving process, a change agent, and transition management. The new role of the change agent is suggested within this model. It is a person responsible for

managing a change effort, and he or she may also recognize and define the problem or the need for the change. Another dynamic element within the Continuous change process of organization change is represented by transition management. This is a process of systematically planning, organizing and implementing change.

The authors Bass and Avolio (1993), Hammel and Breen (2007), Beerel (2009) and Kotter (1996) underline the leadership function as facilitating, guiding and managing change. In this sense, exercising leadership concerns mobilizing one-self and others (followers, subordinates or the entire organization) to participate on process of change planning, contribute with ideas, adapt to the new realities of change and perpetually seek new possibilities.

The contemporary view on leadership sees the concept of leadership as the needs of organizations change. That is, the environmental context in which leadership is practiced influences which approach might be most effective, as well as what kinds of leaders are most admired by society. The technology, economic conditions, labour conditions, and social and cultural diversity make significant influences on leadership in recent times where most organizations function under high turbulence and uncertainty of their environment (Draft, Kendrick, Vershinina, 2010).

Although there is no one approach or model to choose to successfully lead the change, our process – relations view of leadership (see figure 3) is trying to cover both; what is the context of leading the change and how to communicate with people to successfully cope with the process of change. It is based upon the premise that leadership should focus on people's strengths and aspirations, rather than on problems and what people are doing wrong. It recognizes that people are most often their own best experts of the circumstances of their own lives, that their strengths and capacities are the most powerful catalysts for change. It is they who will be affected by change and who need to be the shared co-owners of that change.
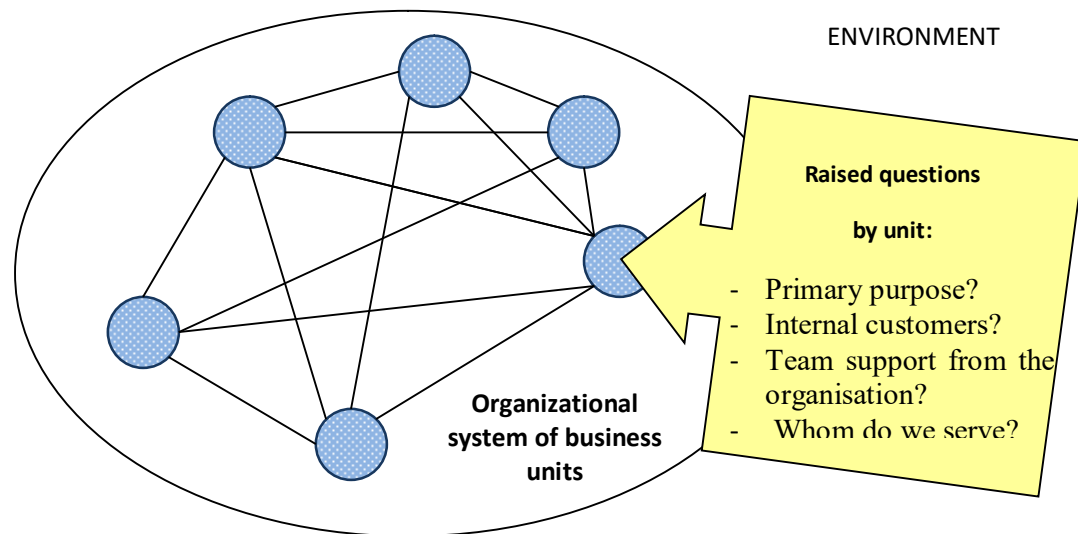
When thinking about leading the change as one of the main expectations of what leaders should deliver to the organization. It explicitly counters the prevailing traditional image of strong leadership with an alternative set of propositions:

- leadership is a function that is realized within the complexity of organizational context and reflects all processes conducted in organizational systems,
- the purpose of the leading process is the creation and maintenance of effective, respectful and sustainable change,
- everyone in every team is, should be, and can be an agent of change, that is, involved in leadership, and

- the success of any change depends on the ability of individuals to understand the purpose and meaning of the change and willingness to adopt new behaviours.

In order to provide clear understanding of what can be expected from leadership as far as the processes are concerned, we suggest the "Big Picture Model".

Fig. 2 The Big Picture Model

ENVIRONMENT

Raised questions by unit:

- Primary purpose?
- Internal customers?
- Team support from the organisation?
- Whom do we serve?

**Organizational system of business units**

Source: author

It results in collective actions and changes when heterogeneous agents interact in networks in ways that produce new patterns of behaviour or new modes of operating.

Another side of leadership is represented by relations. Relationships appear to be a key to new view of leadership compering to the traditional authority, superiority or dominance sides of leadership. Even though the relationships are core topics in the number of leadership literature (e.g. Uhl-Bien, 2003; Brown and Goia, 2002; Conger, 1987), there is a little study and research to find out how to form, develop and lead those relationships. Moreover, the investigation into relational dynamics of leading process has not yet got the detailed study.

The relational perspective has developed a conceptual framework for understanding the role of relationships in process of leadership. The broad content of the relations consists of several features of relations, for example: needs, incentives, resources and capabilities, behaviour and activities, value, framing, cognition, rolls and status, affection and trust.

Relationships are driven by the basic need to communicate, to learn, to integrate with the society or the organizational system and to express oneself.

Fig. 3 Process – relations view on leadership
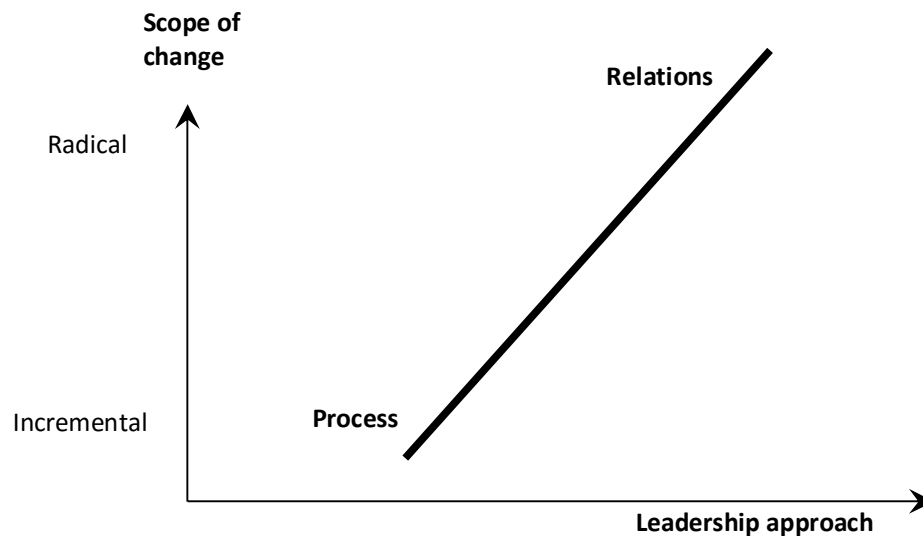
Source: author

These relationships are generally driven by the need of actors to access certain resources, information or knowledge, to engage in the process of decision – making and problem solving, contribute to joint performance and project or just to do work together with another actor.

The behaviour and choices of actors within a relationship is triggered by specific individual incentives, motives or social preferences that are framed within the established relationships and/or those which are needed to realize by leaders and to develop them.

Mutual understanding and orientation between leaders and actors is framed by continuous communication and exchange of information. Mutual understanding of the situations, processes and other organizational issues establishes a platform where motives, drivers and incentives are modified under interactions between leaders and actors. To be change – capable, the organization needs leaders who can develop the change – focus and capable people, and who can lead the process from the realization for the need for change, activate the new ideas and transform them into new and innovative ways. The success of every change initiate depends on individuals willing to adopt new behaviour and new proposed vision.

Conclusion

It is acknowledge by theorists, researchers and other professionals that today's organizational environment is characterized by the change continuum and by the fast implementation of strategies which are based on continuous improvement. One of the fundamental assumptions in leadership theory is that it is a task for leaders to cope with change dynamics, lead the people to enhance these changes and perform in acceptance of the new conditions. The new proposed view of leadership is based on the reflecting the linkages between the type of change and the leadership approach. The process – relations view on leadership is presented where the implementation of radical changes requires the more focus on relations among all actors in organization.

Although the implementation of this new concept is rather difficult to conduct and tested in specific segments, the in–depth analysis of interactions, linkages and relationships between members in organization is very insightful and provides a fruitful base for future research.

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