Leadership Transitions: The Key to Organizational Success

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Introduction

There is a growing recognition in the business world that a good leadership strategy can significantly improve business results. At the same time, good leaders seem to be rare things these days. According to recent study, it has been found that recruiting and retaining qualified leaders has become crucial challenge facing businesses today and in the future.

However, organizations are feeling the pressure of implementing a leadership strategy quickly and effectively. However, they seem to be faced with three interlinked difficulties such as:

1. They lack an understanding of which factors constitute an effective leadership strategy.
2. They remain unclear on the impact of leadership on organizational performance.
3. They are not doing enough to encourage leadership development internally.

Now first let us understand what we mean by Effective Leadership.

Effective Leadership is a self-sustaining organizational practice that transcends the personalities of individual leaders. The key to establishing a sound leadership approach is to identify which factors make up an effective leadership strategy and to understand how each of these factors affects overall results.

Does Effective Leadership influence organizational success?

Yes, Effective Leadership with its top seven factors does assign positive influence on organizational results. These top seven factors are:

1. Initiating and Managing change: Organization must encourage a culture of change leadership internally in order to assert leadership externally. Today’s turbulent organizational environment is characterized by a continuous race between competing businesses. Therefore, organizations must seize existing opportunities and create new ones in order to thrive. To reap the full benefits of change, they must also need to have a systematic change management approach that will enable them to react with agility and speed to changes within and outside the organization.

2. Communicating a Common Vision: In order to lead their organization successfully, leaders needs to have a clear vision (See Exhibit 1: Dynamic pattern of organizational structure) for the firms and must also possess the ability to think strategically. Recent survey reports indicates, “Creating an environment of shared values and goals” has been one of the most important factors in improving employee productivity and financial results. Also a well-developed personal vision and the ability to sell that vision is the key skill needed for effective leadership in today’s evolving economy. In order to create a culture of common goals, regular communication at all levels of the organization is required.
3. Empowering others to lead: Good leaders today understand that in the present economy, creating a culture of leadership and empowering others to make decisions are essential for long-term business success. The study shows that it is more important for an organization to have in place the systems and processes that enable leadership to emerge naturally and that is those systems that often explain why some organization outperform their competitors throughout the terms of many different CEO’s and why some leaders can succeed in one organization and final in the next. The sharing of the leadership role is essential in the fragile and uncertain times that leaders face and will continue to face in the future. Teamwork and “Cooperative leadership” (See Exhibit 2: Leadership attribution) can only increase in importance as a way of staying ahead of the competition. Leadership through teamwork also works to keep people, processes and ideas to check and to prevent a single personality from making foolish or irrational decisions.

4. Global Sensitivity: Effective leadership in the present economy must adopt a global perspective and must integrate global experience and cultural sensitivity. There is no escaping the trend towards globalization, which is presently taking place within organizations. However, organization needs to be ready to face competition locally and form global. In order to be well equipped to deal with the competition, they need to recognize the importance of having qualified leaders who are capable of applying a global perspective in their business dealings and are able to approach issues from different angles.

5. Cultivating Relationships: The ability to cultivate and manage relationships both within and outside the organization is an integral aspect of effective leadership. Forming and maintaining relationship with employees, customers and suppliers is essential to safe guard the interests of the organization. The ability to network effectively with relevant parties is essential because it maximizes an organizations chance of capturing new business opportunities in the future and also enables leaders to learn from others and to gain expertise in new areas. Trying to walk alone in an increasingly competitive business environment is a self-defeating act, particularly since organizations are increasingly being rated on their innovation and knowledge capabilities.

6. Growing Top Talent: Building great leaders are a hot topic in today’s business media. Due to a growing shortage of talent in the world economy, leadership skills needs to be developed internally so that employees can be prepared to assume leadership roles in the future. Retaining the people who had key leadership skills has found to be difficult.

7. Managing Performance: An effective leadership strategy needs to include a performance management system, which is geared towards positively reinforcing employees at all, levels of the organization and which is aligned with the end goals of the organization. A performance management system needs to involve recruitment and selection, training and development, coaching and feedback, performance appraisal and reviews.

Now let us focus on how leadership transitions bring about success in an organization.

Leadership transitions are a fact of our organizational lives. While times of transition can be exciting and energizing, they often prove difficult both for the leaders, who has new role and for the followers. Leaders work from the start to establish their credibility in their new position. In a sense, all eyes are on the new person, with some followers wishing for success and in many cases others pointing out the weaknesses that might prove to be failure.
During organizational changes, the needs of the new leaders and the followers often conflicts. The leader seeks to impact the organization immediately and the followers want a slow pace of change. Successful transitions require understanding both parties need and building communication and trust between them as quickly as possible.

During transitions four areas of interactions between leaders and followers are critical. These four areas are:

1. Partnering in decision-making: The new leader needs to understand the organization. Successful new leaders emphasise listening to followers, drawing out the issues that need to be addressed and the ideas that can potentially improve the organization. Followers can assist the leaders. Throughout this process by bringing to the table not only their own ideas but also facts and data that inform those opinions. Quality analysis of issues fosters significant conversations between the leader and the follower that result in effective decisions.

2. Successful Implementations: Followers play major roles in implementing organizational products and services. Successful leaders trust followers to implement decisions so that they can focus their own time and effort on defining successful outcomes. It is almost impossible for a leader new to the organization to know enough to be helpful in making implementation decisions. A new leader who does not shift to focus on the results the organization is trying to achieve deprives the organization of leadership and singles to followers that they are not trusted to understand defined outcomes and implement them successfully. The level of trust between leaders and followers is a key to success. Focused discussions between leaders and followers about successful outcomes and accountability mechanisms can results in focused and successful implementations.

3. Challenging the leader: The courage to challenge the leader is an important element in organizational success. Leaders benefit greatly from listening to employees and encouraging them to respectfully disagree. Honest interaction between leaders and followers can bring the leader new and important information. Ensuring that the top management includes those who have the courage to challenge the leader is particularly important.

4. Supporting the leader and the followers: It is important for the new leader to develop support networks of peers who can provide advice and counsel on the new role. In addition, the new leader needs followers to understand the basic functional needs of leadership. Given how overwhelming the new role might be, just dealing with the daily stream of ideas, demands, e-mails and so on can challenge the new leader. Followers can assist new leaders by seeking information about their preferred styles of communication, not only how they would like to interact or the preferred means of communication but also what information needs to be shared with them.

Sum Up

Due to the current talent shortage in the economy, organization cannot rely solely on hiring leadership talent externally. Instead, they need to focus on finding ways to retain the best people and develop them into potential leaders for the future.

However, a leadership transition poses dangers and challenges for both leaders and followers. While each party naturally focuses on the organizations success, time needs to be spent on how the new
relationship will develop and mature into effective working relationships.

In light of the strong link between leadership and organizational performance, organization must invest heavily in leadership development programmes and must have a comprehensive performance management system in place to identify and reward their present and potential leaders. Organizations that fail to capitalize on leadership will lose their competitive advantage in the market.

EXHIBIT 1

DYNAMIC PATTERN OF ORGANIZATIONAL STRUCTURE

EXHIBIT 2

LEADERSHIP ATTRIBUTION

Reference


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