What is the future leadership needed to guide Organisations to ongoing success?

Terry Shevels

Celia Lopezmozo

Follow this and additional works at: https://scholars.fhsu.edu/alj

Part of the Educational Leadership Commons, Higher Education Commons, and the Teacher Education and Professional Development Commons

Recommended Citation

Shevels, Terry and Lopezmozo, Celia (2011) "What is the future leadership needed to guide Organisations to ongoing success?,” Academic Leadership: The Online Journal: Vol. 9 : Iss. 1 , Article 56.
Available at: https://scholars.fhsu.edu/alj/vol9/iss1/56

This Article is brought to you for free and open access by FHSU Scholars Repository. It has been accepted for inclusion in Academic Leadership: The Online Journal by an authorized editor of FHSU Scholars Repository.
The importance of effective leaders has always been a key aspect to humankind development for betterment and to make progress. As ever and as always, companies look for success and the ‘bottom line’ is always uppermost in the minds of managers and leaders; however the current times and challenges are somewhat different and on a different scale to previous times, which requires significant changes from management and leaders in order to maintain ongoing success in organisations. Such newly introduced significant changes might result in painful and traumatic changes in the jobs and lives of the employees in the company; however such changes will always be perceived by management as positive changes for the company. Such changes are traditionally about the ongoing search for markets and in addition expanding markets both locally and regionally with the inclusion of new technologies; in summary the move to attempt the ultimate – expansion and the move to globalization. Employees are ‘somewhere’ in these processes, however they are can easily and are often somewhat overlooked.

Prior to exploring what in fact leadership entails, it is essential to differentiate between management and leadership, although remembering that good management is a form of leadership, it is in fact ‘Transactional Leadership’, with the leader as manager. Warren and Benn (2007:101) suggest two important factors of differentiation: “Management is doing things right. Whilst Leadership is doing the right things”, while “Management is the efficiency (doing things right) in climbing the ladder of success; leadership determines if the ladder is leaning against the right wall”. It could therefore be inferred that Leadership is all about effectiveness (doing the right thing), rather than efficiency. The differences highlighted focus on the point that leadership whilst it is concerned with achieving objectives and goals, it is primarily concerned with taking the right decisions and leading the organisation in the right direction. However, it is hard to find differentiation in the literature between being a leader and being an effective (good) leader, and what this means.

The idea of a leader is someone who motivates the organisation’s employees to accomplish the proposed goals (good management) whereas new leaders are orientated to develop new abilities in their group by acting as facilitators of change, and thus act as change agents (Barnet and Tichy, 2000). There may be found in the literature several definitions and different views about leadership. For example Jacobs and James (1990: 281) describe leadership as “giving purpose to a collective effort and causing effort to be expended to achieve that purpose”. Or Avolio (2005: 25) who considers the role of leadership as “being tough, being purposeful, being meticulous, being innovative, and being willing to occasionally use power”. In this regard, Robert (1991) suggests that leadership needs three fundamental skills, and adds that very often such skills are developed in the higher education system, business school or university. However there is evidence that these skills can be acquired in conscious and deliberate ways: firstly, through strategic thinking: to create and communicate a rational strategy and vision for the company; secondly, through innovative thinking: organizations need to constantly find new opportunities in others places or markets. Also, leaders must be able to initiate, promote and develop others special abilities such as modesty, common sense and optimism. While thirdly is the importance of decision making: the ability to deal with operational problems and take successful
(timely) decisions.

In terms of leadership and strategy, Daft (2008: 388) defines it as “the ability to anticipate and envision the future (prevoyance), maintain flexibility, think strategically, and initiative changes that will create a competitive advantage for the organization in the future”. Thus leaders are responsible to provide a meaningful atmosphere within the organization, considering what it might be like in 5 or 10 years, and set a direction for the future so that everyone knows how and what to think about (Kouzes and Posner, 2007). Strategic development of leadership is at the centre of subtler and ultimately more important work according to Robert, 1991.

Kotter (1990) argues that leadership as strategic development requires much more than intelligence, drive, integrity, and emotional well being. The effective direction setting for an organisation demands extensive knowledge of the business, a positive reception of the elements of business strategy, and a confident comfort with taking risks. This requires a number of different communication skills, understanding the various groups of people to whom one is communicating, and credibility based in good work relationships. Also, it is axiomatic that motivating people demands a basic understanding of human nature and psychology, and an appreciation of the core values of the specific individuals along with an appreciation of the value of people and respect for such value.

Robert (1991:15) concludes that good leadership is “a conscious management process that can then be institutionalized as a repeatable business practice”. In other words, over time the process can become reproduced and replicated and even routinized. It could be argued that this is conjecture.

The Research Problem and the Research Questions in the Case Study

Nussbaun (2005) thinks the problem of today’s organizations is the failure to adapt to the changes of the environment. He suggests that leaders of the future need to provide focal representation with the role to transform and change; also they need to assist employee motivation and good communication to all. In these terms, the research reported on in this paper is about effective and thereby good leadership as a capable tool to guide companies through today’s constantly changing world of business and commerce. It is also related to strategy as a way for companies to reach their objectives. The new reality for all of today’s organizations is the ultimate – regionalisation leading to globalization. Thus with changes in geopolitical forces, with new strategic alliances and technologies the need is for new leaders; it needs perhaps a new type of leader and perhaps new and suitable strategies of leadership. Organizations are beginning to become aware of the changes that are required to adjust to new ways of doing their job. In addition, with the recent economic uncertainty, widespread ethical scandals, and the uncertainty related with conflict and intimidation, the need now is for leaders to be able to anchor people, who may feel stranded, and to take effective decisions, and, stimulate all towards achieving optimistic goals (Kraft 2008). Leadership and strategy can be suitable approaches to guide organizations through the changing businesses environment.

Considering the above ideas, and having Colombia as the country for the research for a case study, this paper aims to reflect on the following questions: What is the specific and perhaps unique role of leadership in Colombian companies? What is the role of strategy? And, furthermore, can leadership and strategy go together? Following this line of enquiry, the question to be considered is, ‘can leadership contribute to increase productivity and companies’ overall performance’? – The ultimate and pragmatic bottom line prerogative. In theory every manager should have the ability to anticipate
and envision the future, maintain flexibility, think strategically, and initiate changes that will create a competitive advantage for the organization in the future. In this regard, the question remains, “what kind of leadership, within a strategic development framework, might be suitable for Colombian companies”?

**Methodology**

A mixed method (hybrid) approach was used for this research, combining quantitative and qualitative data collection techniques and data analyses. The quantitative procedures facilitated and developed some complementarity with the more qualitative approaches. A case study approach was used, and within the study a survey (quantitative data) and several interviews (qualitative data) were conducted.

Case study: A small to medium sized enterprise (SME) from Colombia was selected for the study. This was a company which made cement and concrete prefabricated modules for roads and infrastructure, the company was called TITAN “Concrete Manufactured Product” with 62 years in the market place. It is organized into five areas: Production, Sales, Finance, Development of New Products and Logistics. TITAN is leader in the Colombian market place and it is currently trying to develop new markets in other countries of South America.

The survey: Data was collected from a sample of 60 employees from all work areas of the company. A questionnaire was developed with questions based around the research question about leadership and management and in line with the relevant literature. The primary interest was to analyse the perception of employees in each work area about leadership in relation with his/her job. General attitudes and perceptions of employees within the different work areas were to be compared as well as the impact of relevant independent variables where data was collected on factors such as age, gender and experience.

Interviews: Five in-depth interviews were carried out with selected managers of the company. The structure and content of the interviews was aligned to the research question about issues of leadership in Colombia for the future and the information already gathered from the questionnaires facilitated some of the content of the interviews. In essence the idea was to compare, contrast and confront arguments between employees and managers on leadership, communication, strategies, organizational changes and the suggested or perceived future direction for the company.

**Results and Findings**

**The Role of Leadership and Leaders**

This was mentioned as important by managers and employees alike, however they all appeared to recognise and at times identify that ‘real leadership’ (as they perceived it!) was not found in the company. The data seems to argue that employee motivation, more and more efficient communication channels, and a better working environment should all be part of a true leadership approach in order to achieve the company’s objectives and goals. Some leadership aspects were found positive when associated to some of the previously mentioned concepts, but were negative when investigated and related to managers’ leadership experience or knowledge of sound transactional management practices. Almost 80% of employees believe the management style was however transformational in nature and cite ‘chemistry’ (inter-personal quality relationships) and ‘communication’ as the most important leadership issues for the future. Approximately 20% identified that management style was
perceived as “situational” because the changes and decisions are taken only according to and contingent upon ‘immediate circumstances’ regarding customers and market requirements. The data also showed that consulting and delegating styles of leadership were positively perceived when evident but were perceived only as related to the management of knowledge of the organization. However, only the delegation mode of leadership was found to be perceived as evident and statistically significant with 75% of employees answering in a positive way that such a style was needed for the future for the company to grow. The management of knowledge for competitive advantage was also found important with four out of five managers with more than 10 years of experience in this type of company viewing this as a crucial issue.

The Role of strategy

A good leader by definition needs to understand that he or she is responsible for the competitive development of the company. The managers interviewed who worked in the Finance and Sales work areas showed up among all the employees in that they have clear objectives and understanding in this area, as well as the desire to keep ‘ahead of the game’. The company’s managers are seen as having responsibilities on strategy and development; however the same clarity does not extend to employees. The analysis showed 45% of employees think they have clear objectives and goals in their jobs, although the other 55% said the objectives and duties can change on a weekly or even daily basis. Strategy was found significant in an Analysis of Variance (ANOVA) between work groups (independent variable) at $p = 0.012$; however it was only associated with organizational issues, production, sales and profits. The data seemed to indicate that 80% of the perceived strategies in this company were short time with a time frame at maximum of 6 months, and the majority were focussed in: the development of new products; the rise of company’s position in the industry; the growth of sales of products with low rotation; and the increase in the customer base. The other 20% of perceived strategies were viewed as medium term strategies, within an average time of two years, and are mainly oriented towards buying new machinery, and opening new factories in the country. Other perceived strategies were related to increased production and decreasing costs, as in the case of the Finance, Production and Logistic managers. Of course the Sales Managers’ thought that the most important strategy should be to place the company’s products in the market well above other companies. In summary, strategies were seen as important to develop the company; however, the perception was strong that employees were not always included in any strategic development process and there is an observable risk that several managers’ strategies might not be oriented to the same overall strategic objectives, indicating that internal communication between work areas left much to be desired.

Leadership and strategy

A good combination of leadership and management was perceived by all as leading to successful operational strategies. What appeared axiomatic is that vision and strategy in support of planning, budgeting, and operations can help strongly to achieve the company’s objectives. In TITAN 99% of employees say they know the vision and the mission (as stated!) of the company! However, the results show that employees do not have enough encouragement with options and possibilities to put supportive activities into practice; with just 43% of work area employees thinking that the management and their managers encourage their creativity and their initiative to do their duties. Concerning empowerment and trust to reach their potential and to be able to contribute to the overall success of the organization, the figures are very similar, only around 43% of employees believing they can achieve this
within the company at the present time. The overall employee perception was that the company’s managers focus on structure and how the business operates, overlooking to some extent the employees’ contributions. In this regard a more inclusive and perhaps value centred leadership which supports psychological diversity and respects people’s ideas and initiatives could be appropriate for the company, and in the long term would contribute to company’s success and overall performance. These ideas fit well with those presented in an earlier section, where leadership was found important for both managers and employees. A conclusion is that the company should explore options for promoting VCL (Value Centred Leadership).

Leadership, productivity and company’s overall performance

Each organizational strategy supposes certain assumptions about the task of leadership especially in terms of the emphasis given to controlling, guiding, and shaping the organizational environment. From the evidence in this company, productivity seems to be the explicit and implicit objective, and all other activities and tasks are associated and peripheral to it, including ‘true’ leadership. The interviews held with Managers showed in all cases that they believed their main role was to increase productivity by seemingly direct means and action. This is also seen from the employees’ perspective, where their comments were in unison, when they say managers seem to forget the skills and talents of the employees, overlooking that the human resource is an indispensable factor to improve the company’s performance in all areas. This may be seen as contradictory because effective leader should focus first on relationships; if information is the lifeblood of companies, then the arteries and veins through which the information flows are relationships.

What kind of leadership?

The kind of leadership which seems suitable for this company as identified from the work of this researcher should be one which understands at all levels – explicitly and implicitly that people and their intrinsic value are a fundamental part of the organization and, in fact ‘are’ the organization, and that relationships are the essential building blocks for a flexible, successful and sustainable organization. The Questionnaire data and interview data showed that the kind of leader needed for TITAN at this moment in time is a person who can demonstrate experience, can show and learn to be effective and can exhibit value centred leadership initiatives. All the company’s managers interviewed believe experience and knowledge are the only requirements for this type of organisation. There is a clear need within TITAN to understand that communication and encouragement are also essential, as through these two processes people feel valued. In the same regard more feedback and feedback loops are also needed between the internal organisational environment and the external environment with appropriate time for such interaction to take place in some stable way. The future leaders need to work as strategic thinkers to foresee changes (develop prevoyance) in the business environment, and also changes in people’s needs and expectations – they need to realise that in fact prevoyance is part of their raison d’etre. Leaders should learn to understand how people cope with change, because this allows leaders to remain confident and comfortable amid the various possible individual and organizational reactions. It can be argued that the kind of leadership for this company is one which takes people ideas, expectations and initiatives into account; and can convert them into successful strategies of company’s growth and performance. More people-centred leaders and managers as transactional leaders are needed in TITAN.

In summary, this company relies heavily on sales and the position on the market to achieve its
In summary, this company relies heavily on sales and the position on the market to achieve its objectives and business goals. However as explained earlier the company’s strategies tend to be short term with managers blaming the highly uncertain business environment so that making sales and market positioning are quite risky strategies. The study showed areas in which the company could work in, with better human resources perhaps being the most important. In this regard, the analysis showed a number of issues regarding leadership and strategy. For example 55% of employees believe loyalty and satisfaction have a direct relationship with achieving goals and fulfilling job responsibilities. The key factors in the perception of managers and employees are: good communication, clear objectives, and the motivation to increase the creativity of the employees, and therefore their productivity. This last point is absolutely clear especially in the large work area of Production in TITAN. The working environment is another relevant factor found in this research. The employees believe that the psychological environment is sometimes tense especially in some work areas of the company such as Sales and Product Development. In others areas as Production and Finances, the employees believe the working environment is affected because of the difficult relationships among different levels of managers. In general communication is perceived as relatively (quite) good, but the specific and detailed information feedback given to employees on company’s strategy and future direction was perceived as low with only 25% in agreement with a statement that the above function was good or very good for the whole company. The employees complained about the sparse feedback they receive, and feel disappointed with some decisions such as extra duties or changes in work time tables without previous consultations or communication; mostly such complaints were in Finance and Product Development work areas. The employees and managers believe that leaders require the development of specific competences defined within the area of personal skills development, so as to be able to more effectively lead change and promote honesty, creativity and innovation in employees; such development would also assist managers to become better motivators, encouraging team work, and above all being more humane, with a more ‘value’ approach to people.

Conclusions

It is clear that globalization (through expanding regionalisation) has brought important benefits and big challenges to all type of companies; these challenges include the issue of new technology, the need of constant improvement, and the need to look for new strategies to survive in the current environment. However, some of these lessons seem to be unlearnt and unknown to some companies, where there is little change in the structure of organizations. Bureaucracy continues to exist, and this could be dangerous for future success and permanence in the market. Leadership in Colombia is mainly associated with strikes, revolution or trade unions. However, it must be much more than that; modern world successful companies require new generations of leaders and leadership. Having in mind that leaders and leadership are different and both are needed; leadership is observed as a process of sense-making and direction within a group, while leaders can only be identified on the basis of his/her relationship with others in the social group who are behaving as followers. In the future, practices through which success had been achieved in the past, are not necessary the same to be used in the future. It is possible that for Colombia and for several companies, if they do not move forward, they may find themselves marginalised in the business world.

The significance of leadership at planning and overseeing the application of strategies has consequences in all organizations and each one of the subsystems that comprise them; the importance of leadership in this type of organizations is vital. Good leadership can create good internal development, with new strategies where every member of the organizations is involved to achieve the
goals and objectives of the company. Great leaders, according to employees and managers, require a lot of technical knowledge, knowledge of quality, experience; and especially the desire to offer a guide for the company and the employees. Or in the words of one respondent: “a good leader is not someone who tells you what to do because he/she is higher in the hierarchy; it is someone who knows how to do things and has the ability to communicate this to others”. Another employee echoed: “Everyone in this company must be a leader in his/her own area”.

References


Nussbaum, B and others (2005)“Get Creative” Business Week August 1 pp 60-68 Mc Gregor


VN:R_U [1.9.11_1134]