Chapter-3

Review of Literature

3.1 Introduction

Leadership is one of the most widely researched themes. Studies on leadership abound. They have been carried out from varied perspectives and contexts. Yet, it continues to be a fascinating topic of enquiry both because of its importance as also challenge involved.

This chapter gives details on review of available literature on this topic. The literature includes both qualitative as well as empirical studies. The review covers themes like leadership, strategic leadership, team building and team effectiveness, organisational learning, and organisational success. The chapter concludes with a summary.

3.2 Leadership

In every society and in organisation there exist Leaders at all levels. However, depending on the situation of the individual or group exercising leadership, challenges vary in scope, scale and effect. Individuals in all walks of life have strategies for achieving even the most ordinary and personal goals. These plans differ from everyday decisions in terms of expanse, time and importance.

There are numerous contributions propounding the benefits of leadership. Also, there are many definitions available for the concept. Studies on leadership predominately focus on leadership traits or styles. As Bryman (1996) concluded, the focus of the former is on what leaders actually do, and is more prevalent than the latter approach, with its focus on personal characteristics or behavioural traits.

Nivala and Hujala, (2002) have noted that traditionally leadership in the early years has been associated with individual skills characteristics and personal qualities in the leader. A more recent view of leadership is that it is not an isolated activity invested
in a single person, in fact a variety of people contribute to effective leadership. Leadership therefore is distributed.

The Great Man theory of leadership is the earliest established view. This view essentially holds that some individuals are born with potential for greatness, endowed with special personalities and abilities that destine them for leadership and success in those roles. They acquire power, wisdom, and courage naturally (Yukl, 2002). Kirkpatrick and Locke (1991) noted that, the Great Man theory was prevalent amongst scholars during the 19th Century and into the 20th, and may have influenced the “inherent view of leadership” that embodied much of early 20th Century thought on leadership. This was largely manifested in the trait theories that gained ground in the early decades of last century.

According to Hollander (1986), influenced by the Great Man theory, trait theorists also assumed that leaders were born; they possessed personal characteristics that were different from those of masses who, generally, were keen or needed to be led. Traits included appearance, intelligence, strength, bearing, and even status or position in society. As per Nye (2008), trait theories dominated leadership research until 1940s, but were eventually overcome by the fact that it was impossible to identify traits that explained and predicted leadership under all conditions. Hollander (1986) noted that, the assumption that Great Men and those with leadership potential are born (not bred) kept attention away from developmental aspects of leadership: what experiences and education contribute to a leader’s development? There was also an aspect of elitism in these views: as leaders are born privileged, only the privileged could become leaders. Then it is doubtful that whether such beliefs actually hindered the less advantaged or just reflected the bias inherent in society. According to Hollenbeck, McCall, and Silzer (2006), trait theories are not entirely dead, as some current competency models suggest that a set of characteristics can describe effective leadership.

Nye (2008) and Yukl (2002) have concluded that, dissatisfied with the traits centred approach, scholars turned to behavioural theories of leadership. Behavioural theories,
emphasising interactions with followers how leaders should behave – were pervasive during the period spanning the 1940s to the 1960s. Early research in this area centred on classification of leadership behaviour: which leadership behaviours were most effective across the broadest range of situations? As per Schiro, (1999), despite much research, it was difficult to identify consistently present and effective behaviour.

Focus began to shift to situational aspects of leadership in the 1960s, leadership behaviour appropriate to context or contingent on the situation (Nye, 2008; Yukl, 2002). Fiedler’s (1967) least preferred co-worker model, Hersey and Blanchard’s (1969) situational leadership theory, and Wofford and Liska’s (1993) path-goal theory of leadership reflect this new approach. It was thought that leadership style in interaction with followers and the situation can determine the effectiveness of group performance. Studies by Ashour (1973), Vecchio (1977), and Fiedler (1983) have proved that different leadership styles are most effective in different types of situations.

In situational leadership theory model (SLT), leaders shift their focus on task and relationship behaviours to deal with different levels of follower readiness (ability and willingness), Hersey and Blanchard (1969). Blanchard, Zigarmi, and Nelson, (1993); Fernandez and Vecchio, (1997) have concluded that successful leadership can be achieved with the right leadership behaviour and it is influenced by the level of the follower’s readiness. The advent of behavioural and situational models and theories advanced leadership theory from something with which we are born to something we can learn, giving rise to the leadership development movement.

Transformational and transactional leadership theory was crystallised and enriched by many scholars, led by Bruce Avolio and Bernard Bass during the 1980s and 1990s.

Definitions of leadership encountered in both scholarly and practitioner oriented writings focus on the knowledge, skills, abilities, and traits of the leader which are presumed to be the most successful in getting followers to do what the leader wants them to do. Du Brin (1990) considered leadership as influencing people to do things through the use of power and authority. Even though Du Brin defined leadership as
the process of influencing the activities of an individual or group to achieve certain objectives in a given situation, it is clear that he was conceptualizing the "process" of leadership as a linear set of goal-oriented actions by the leader. Burns (1978) has added the process of conflict and competition also into this.

According to Hernez-Broome and Hughes (2004), leadership has moved from 'something a man is' (with notable exceptions, only men have been the leaders throughout history) to 'something an individual does'. This means a way of behaving in dynamic interaction with others and within situational contexts. Greater consideration is given to the nature of followers. As per Crevani, Lindgren, and Packendorff (2007); Spillane (2005), leadership is seen as a social process, consisting of mutual influence and increasingly a distributed process. In modern times, the business environment is decentralised and highly networked. These factors demand a new kind of leadership. The leadership in the new era should not be centered on a single individual or elite minority, but on many in the organisation. This segment of followers, for the first time in history, will all have necessary access to information; they must be willing and able to use their intelligence to make time-sensitive decisions in dynamic business situations. This new situation needs Strategic Leadership.

Daily et al. (2002) note that leaders in the context of an organisation occupy a position of unique influence, serving as the locus of control and decision-making. Irrespective of firm size, leaders are responsible for a number of vital tasks. Among these are: the management of human resources (Collis, 2001), the management of the innovation process (Teece, 2000), and the management of and responsibility for attaining and sustaining growth and enhanced performance (Maccoby, 2001; Nicholls-Nixon, 2005). Dr. Muhammad et al (2009) have concluded that, from a practical viewpoint, the main task of leadership is to ensure the effective deployment of the corporate strategy.
The literature on management and leadership identifies three levels which can be broadly categorised as top, middle and lower. The features of each are summarised as follows:

**Team or tactical level:** Leadership at this level is concerned with teams or groups of varying sizes. The team works within fixed timeframe and resources and is concentrated in one or only a few locations. The leaders influence the output of the product and team members in this environment. External relationships are straightforward and simple. The main focus is cooperation with other, similar teams in the environment.

**Organisational or operational level:** This environment typically involves responsibility for a wide range of multi-disciplined groups with set of priorities and resource requirements and may be geographically dispersed. Number of team members may reach into thousands and leaders are removed from the direct control of events where leaders are unlikely to be able to intervene personally to rectify the mistakes of others but still need to work through their colleagues. Leaders at this level are able to gain sufficient information from selected personal visits as well as routine performance reports.

**Top or strategic level:** Signs of leadership challenges in the strategic environment are the larger scale of inputs and effect. Whilst there may be the capability to react to sudden opportunities or threats, many decisions will take time to effect because of the requirement to organize resources and contempozize a regional and global actions.

Leaders are removed from the activities of the organisation by several layers of management and their personal influence. Leaders need to be selective in when they seek information to find out what is going on in the territory beyond head office. External stakeholders other than customers occupy a substantial amount of attention and effort at the expense of employees. This arena is characterised by complexity and ambiguity.
According to Ireland and Hitt (1999), evidence suggests that the formulation and deployment of strategic actions by effective leaders' results in strategic competitiveness. It is in this backdrop that, studies on Strategic Leadership may be pursued. That review is presented in the next section.

3.3 Strategic Leadership

According to Vecchio (1995), Strategic Leadership is a process by which a person influences others to accomplish an objective and directs the organisation in a way that makes it more cohesive and coherent through a process in which influence the attitudes, behaviors, and values of others. Strategic leadership is the leader's ability to anticipate, envision, maintain flexibility, and empower others to create strategic change as necessary. As per Christensen (1997), it is a person's ability to anticipate, envision, maintain flexibility, think strategically, and work with others to initiate changes that will create a viable future for the organisation. Weihrich and Koontz (1993) stated that Strategic Leadership is one in which people are influenced to achieve the organisation's mission. Bryman (1999) observed leadership as the active promotion of values which provide shared meaning about the nature of the organisation. However the human factor has long been ignored in the strategies of organisation. In the recent times organisations began to realize that human factor is critical in creating and sustaining the competitive advantage. Many studies suggest that the human capital should be considered in the formulation level of the organisational strategy. Peck (1994), Scarpello (1994), Schuler et al (1993) have described the need to convert the human resources into a competitive advantage. These authors suggest that human factor should be equal partner in both formulation and implementation of organisation's competitive strategy.

According to Stone (1998), formulating an organisation's strategy requires identification, analysis and balancing of its internal strength and weaknesses and external threats and opportunities. This interpretation is about the overall strategy of organisation but many researchers agree that much attention should be given to human capital while considering internal resources.
Greer (1995) argues that human factor serves as a driving force in strategic formulation, the organisation need to build their strategies on human based capabilities for the competitive advantage. Sharma et.al (2006) describes the vitality of human factor in environmental scanning and providing information about the internal strength and weaknesses. Human capital is an important source of competitive advantage. It can augment organisation’s competitive advantage through cost leadership and differentiation. Porter (1980) believes in focusing on the innovation, quality enhancement and cost reduction in the human capital to gain competitive advantage. Terpstra & Rozell (1993) found that there were higher levels of annual profits, growth and overall performance in organisations with sound human resources practices and performance. Pfieffer (1994) identified 16 human resources practices that, in his opinion, can enhance an organisation’s competitive advantage.

Huey (1994) opined that Strategic Leadership is multifunctional that involves managing through others, and helps organisations cope with change that seems to be increasing exponentially in today’s globalized environment. Hitt and Keats, (1992) elaborate that, it requires the ability to accommodate and integrate both external and internal conditions, and to manage and engage in complex information processing as the firms uses the strategic management process successfully through effective strategic leadership.

Hitt et. al.(2002) observes that, strategic leadership can be practiced at all levels within an organisation where all managers throughout the organisation should be strategic leaders. They assume strategic leadership roles when they effectively formulate and implement business-unit and corporate-level strategies. An important issue in strategic management is the need to find out the performance variance between the organisations. One possible answer to this question could be the depth of strategic leadership practiced in those organisations.

Successful strategic leaders integrate knowledge of mental models and techniques such as reflection, reframing and systems thinking into their strategic decision making, change management and personal development process. Boal and Hooijberg, (2000)
stated that, Strategic leadership makes sense of and gives meaning to environmental turbulence and ambiguity, and provides a vision and road map that allows an organisation to evolve and innovate.

Christensen (1997) Boal and Schultz (2007) considers strategic leaders should play an active role in developing ideas and defining a vision, while traditional management roles focus more on implementing structures and processes. Dess & Picken (2000) have observed that in this competitive environment of the twenty-first century, strategic leaders need to focus on utilizing strategic vision to motivate, inspire and empower the workforce, at all levels. These authors argue that sharing internal knowledge and the collection and integration of external information are key priorities of organisational leaders. Boal and Schultz (2007) have concluded that, strategic leaders need to promote Organisational learning and innovation to fulfill a defined vision.

A recent study titled "A Blueprint for Strategic Leadership," by Booz Allen Hamilton a known consulting firm, identified four critical elements necessary for leaders to excel: commitment to the company's purpose, a top management team with complementary skills, organisational capabilities and employee motivation, and well-chosen strategic initiatives to move the organisation forward.

A study on strategic leadership concepts, styles and process by Stumpf & Mullen(1991), based on personal observations of several thousand managers, in both business and simulated business settings, four elements were identified that are frequently associated with leadership effectiveness. These elements are: (1) consistently and routinely applying a small number of key concepts (2) developing skills, thinking and acting strategically (3) taking advantage of knowing one's personal style and its impact on others, (4) understanding the non-linear and iterative nature of strategic management processes. Research results of Hirschi & Jones demonstrates that strategic leadership is above the operational level of management and that strategic leaders understand their market and their resources with clarity of vision as well as an ability to develop well attuned business goals. The characteristics and skills
of strategic leaders play a dominant role in their ability to see the big picture. Embedding these into daily business is crucial. The research shows that strategic leadership is associated with business success and a lack of strategic leadership may find companies losing focus in the long term.

Hewson R (1997), summarized the thinking and experience of thirteen practitioners and academics as given in their presentations to the 1997 US Strategic Leadership Forum. He described techniques for engendering leadership skills, the importance of definition of organisation mission and vision, and macro-strategy formation by leaders. Importance of leaders focusing on high profit areas and how leaders can stimulate innovation were stressed. Human capital was projected as an organisation's most important raw material. Elenkov et.al investigated the relationship of strategic leadership behaviors with executive innovation influence and the moderating effects of top management team tenure heterogeneity and social culture on that relationship. Using survey data from six countries comprising three social cultures, strategic leadership behaviors were found to have a strong positive relationship with executive influence on both product-market and administrative innovations.

Worden S (2005), using a positivistic approach, described how religion can enrich certain crucial elements of strategic leadership (strategic choice, values, charisma, vision, leadership ethics and leadership credibility) through, inter alia, cognition, identity, reality construction, motivation, authenticity and integrity. Prophet Muhammad (Peace Be Upon Him) could be cited as an unparallel example, on these and more elements of strategic leadership.

Hooijberg R (2000) explored necessity of strategic leadership in organizations. He was curious to know if it matters under what conditions, when, how and on what criteria. Vera & Crossan (2004) examined the ways in which strategic leaders influence elements of the learning system, examining the merits of transactional, as well as transformational leadership. They have presented a conceptual framework linking individual, group and organisational learning. They have suggested that organisational learning requires involvement of strategic leaders. They have shown the links of
strategic leadership with learning process. They argue that the creation of a learning culture depends how well the strategic leader can balance transactional and transformational behaviours, authoritative and participative systems and task and relationship orientations.

Hitt et.al. (1995) developed a strategic leadership model which included six critical components: (1) Determining strategic direction; (2) Exploiting and maintaining core competencies; (3) Developing human capital; (4) Developing and sustaining an effective corporate culture; (5) Emphasizing ethical practices; and (6) Establishing strategic controls.

In a situation where in Strategic Direction or Vision is already set and already is firmly in place in the organisation, two other dimensions of Strategic Leadership namely, Developing Human Capital and Developing and Sustaining an Effective Corporate Culture, are crucial to achieve the set vision. These two dimensions have been considered for assessment in the present study. It was decided to measure Team Effectiveness to represent Human Capital Development where as Organisational Learning for Developing and Sustaining an Effective Organisational Culture.

Next session of the chapter provides review of available literature and studies on Team Building and Team Effectiveness.

3.4 Team Building and Team Effectiveness

According to Cohen et.al. (1996) and Manz (1992) teams are often introduced as a means of both improving organisational performance and enhancing worker outcomes. Niepce & Molleman (1998) and West et.al (1998) have noted that teamwork is assumed to enhance the quality of working life and to entail jobs that are attractive and intrinsically motivating.

As per Jones & George (1988), organisations are increasingly focusing on teams to increase competitive advantage by improving productivity, enhancing creativity, increasing response times, and improving decision making. A growing body of
literature on teams and work groups supports the assumption that team building is necessary for organisational success (e.g., Banker et. Al.(1996) and Cohen & Ledford, (1994). Studies conducted by Lawler et.al (1995) revealed that, team collaboration, self development, continuous learning, and shared access to information are a few of the benefits to a team building. In this study, 68% of Fortune 1000 companies were found to use self-managed work teams.

As team building gained popularity, firms began to look for employees who possess team skills and have the potential for being good team players. In the testing/selection process, firms may attempt to identify traits and skills that have been associated with team skills (e.g., flexibility, communication). There is a belief that participation in team sports contributes to the development of necessary skills to be an effective team member. Kirkman & Rosen (1999) have concluded that when human resources policies focus on team-based incentive, training, selection, and evaluation, team members experience more team empowerment. Boyett (1995) studied the effectiveness of training programmes. He found out training programs focus on development of team skills and behaviors, with those who work in teams expected to train others.

According to Jones & Bearley (2001), most of the globally competitive organisations and businesses are now recognizing the importance of collaborative teams in organisational success. Currently, a vast amount of attention is being paid to how teamwork may contribute in this way to the workplace. As per Armstrong and Piotrowski (2004)'s analysis of the research literature in organisation development, research trends have consistently demonstrated an ongoing emphasis and interest in team building and outcomes in team-related performance. The research focus has shifted from the functional nature of teams to the empirical measurement of team performance. According to Beckhard (1969); Bennis (1969); Büke & Homstein(1972); Schmuck & Miles (1971), integration of team building is vitally important to organisational development. Organisational development as we know is a planned, system-wide, organisation-wide, and value-based collaborative process. It applies behavioral science and self-analytic methods to the adaptive development,
improvement, reinforcement of technologies, markets, and challenges of organisational features. Such features include strategies, structures, processes, people, and cultures that lead to organisational effectiveness and improvement.

Diversity of teams in demographic attributes as gender, race and age has been studied extensively. Golembiewski (1995) argues that increasing diversity in the labor market is demographically inevitable and that managing demographic diversity in organisations is therefore one of the major management challenges for the coming decades. This was also supported by Milliken and Martins (1996). Many studies, like those conducted by Dreachslin et al. (2000); Harrison et.al.(1998); Hinds et.al. (2000); Milliken & Martins (1996); O’Reilly et.al. (1989); Pelled (1996); Tsui et.al. (1992) indicate that similarity in these attributes enhances mutual liking and team functioning, and that demographic diversity decreases both social interaction and social integration.

However, Jackson (1996) concluded that, diversity of abilities within a team offers the advantage of allowing members to learn from each other and to generate new ideas by combining or merging their qualifications. Studies by Iles and Hayers 1997 on diversity also show that creativity and motivation are greater in teams whose members differ in skills or functional background.

Baldwin & Keating (1991) suggested that there are four major concerns for the team members, and that these concerns are related to performance improvement over time. These issues are managerial support for independent decision making, role clarity, workload distribution pressures, and team social support. All four issues were significantly associated with at least one form of performance improvement, with issues of workload distribution and managerial support being particularly important.

The cooperation is the key of achieving teamwork. There are seven elements (called 7 Cs) to this team cooperation philosophy:

**Collaboration**: This describes a process of value creation that a traditional structure of communication and teamwork cannot achieve. Instead of focusing on methods of communication (such as teams with definite roles and set of operating procedures), collaboration seeks out the unplanned and unpredictable.
**Commitment:** Empowered teams define the tasks and prioritize areas to make breakthrough opportunities. Goals and objectives, duration, utility, complexity, expected results, and key success factors are outlined as much as possible. Management is fully committed to meeting the goals.

**Communications:** Effective communication is the precursor to meaningful collaboration and communication is the exchange of information, whereas the collaboration is a commitment to create a shared understanding and work together (Sullivan, 1991).

**Compromise:** There is compromise and input from every discipline so that simultaneous development of the product, process, and associated tooling can be achieved.

**Consensus:** Project team and management members may disagree, but team support on the requirements and a commitment to objectives at the very outset of a project is essential. These common objectives are reinforced throughout the life of the project.

**Continuous Improvement:** Product or process design teams work toward the total elimination of waste. The concept focuses on enhancing productivity and profitability through the improvement of product quality and reduction in product development cycle time.

**Coordination:** Coordination is the act of managing inter-dependencies between activities. Coordination involves team members performing interdependent activities that achieve goals, and its analysis includes goal decomposition, resource allocation, synchronization, group decision making, communication and the preparation of common objectives. Partnerships are formed among all disciplines involved in the project and communication links are formally established and utilized. Suppliers are involved in the early stages of the project.

According to John Fetzer (2005) the first task in team building is to create that common goal. This will, in all likelihood, take some creative people management. The goal of successfully completed project may not be enough to strongly motivate
everyone. The goal, however, can be defined differently for different people. People are driven by financial rewards, by recognition, by technical challenges to overcome, by competition with their peers, by working and reaching a common goal together, and or by many other reasons. Ali Farazmand in an article described innovation as a strategic instrument in human resource management capacity building in the age of globalization. To meet the challenges of globalization—negative as well as positive—capacity building is needed in areas of organisation, management, governance, and public administration all over the world. Viewing human resources as human capital and beyond, the article argues that without human resources nothing can be accomplished, and without well-trained, well-developed, well-appreciated, and well-managed human resources, modern organisations of government and business cannot meet the challenges in the age of globalization.

Next section of the chapter presents details on review of literature and studies on Organisational Learning.

3.5 Organisational Learning

According to Cook & Yanow, (1993) organisational learning is the acquiring, sustaining, or changing of inter-subjective meanings through the artifactual vehicles of their expression and transmission through the collective actions of the group. Shrivastava (1981) viewed organisational learning as the process by which the organisational knowledge base is developed and shaped. As per Fiol & Lyles (1985), organisational learning means the process of improving actions through better knowledge and understanding. Swieringa & Wierdsma (1992) have viewed the term as the changing of organisational behavior.

As per Argyris and Schon (1996) organisational learning is a process by which a firm acquires information, knowledge, understanding, know-how, techniques, and practices that lead to changes in its routines. The changes in the routines may improve the organisation’s performance of its tasks or they may simply change the way those tasks are executed. Traditionally, organisational learning is seen primarily as an internal activity, in the sense that it refers to changes that are implemented on the
organisation's routines, irrespective of the source of the stimulus or the knowledge that engendered the process. As Nelson and Winter (1982) have observed, organisational knowledge is the product of Organisational learning and is represented by the codes and routines that guide action in the firm.

In the organisation sociology literature, models of mutual organisational learning mention the development and diffusion of organisational knowledge between individuals and the organisation. This view was held by March (1991); Lane and Lubatkin (1998). A key tenet in these models is the idea that individuals modify their behaviors continuously as a consequence of their socialisation into the organisation's cultural environment. The modifications of these behaviors give rise to new routines and modes of action. According to Nonaka and Konno (1998) and Nonaka (1994), this process of knowledge creation can be described as a spiraling cycle of interactions between explicit and tacit knowledge pools across people and organisation boundaries.

According to Argyris and Schon (1978), organisational learning occurs when members of the organisation act as learning agents for the organisation, responding to changes in the internal and external environments of the organisation by detecting and correcting errors in organisational theory in use, and embedding the results of their inquiry in private images and shared maps of organisation. Lee et.al.(1992) have concluded that, the organisational learning process is cyclical. Individuals' actions lead to organisational interactions with the environment, and outcomes are interpreted by individuals who learn by updating their beliefs about cause-effect relationships.

Baker and Sinkula (1999) referred organisational learning as a learning orientation and described as a set of values. Higher order learning is necessary to prioritize and act on important market information, while discarding information that has become obsolete. In this way, organisational learning creates competitive advantage by enhancing knowledge-producing behaviors with knowledge-questioning values. Liu et al., 2003; Baker and Sinkula, (1999); Sinkula et al., (1997) have identified organisational learning orientation as composed of three dimensions: shared vision and experience, commitment to learning, and open-mindedness. This was supported and
complemented by Atuahene-Gima (1996); Han et al. (1998); Hurley and Hult, (1998) adding that organisational learning sustains as a competitive advantage through innovation.

Senge,(1995) stated that real learning gets to the heart of what it means to be human. Corporations that foster learning and education allow its employees the opportunity to grow; to increase their knowledge. By learning they become better performers, decision makers and better understand the goals and objectives of the organisation.

The goal of a learning organisation from the point of view of Senge concerns all employees at individual level, group/team level and at corporate level to internalise the 'Five Disciplines' with the intent of increasing individual, group and corporate level knowledge and thereby improving efficiency. The five disciplines inherent in Senge's (1990) framework of Organisational Learning are: (1) Personal Mastery, (2) Mental Model, (3) Building Shared Vision, (4) Team Learning, and (5) Systems Thinking. Senge believes that these five "component technologies" are gradually converging to innovate learning organisation.

According to Senge (1990), creating a motivating learning environment cannot be done without commitment from the leader. Slater and Narver (1995) noted that the leader must communicate a well-crafted, motivating vision for the organisation. Such leaders have a personal, high commitment to learning. They view learning as a key ingredient in achieving competitive advantage.

**Learning and Performance**

Owing to the positive connotations of the word *learning*, organisational learning is usually associated with improvement in performance. Etheredge & Short (1983) argue that to say learning occurs, then, there should be evidence for increased intelligence and sophistication of thought. This is linked to increased effectiveness of behaviour. Similarly, according to Argyris & Schon (1978), organisational learning refers to experience-based improvement in organisational task performance.
In The Learning Edge, authors Calhoun W. Wick and Lu Stanton Leon determined the benefits of learning as below:

- Increased self-confidence when approaching new tasks or presenting new ideas.
- Persistence and toughness in pursuing goals.
- Improved stress management and problem solving.
- Refined decision-making ability.
- Enhanced work-specific capabilities.
- Openness to creative approaches and unorthodox solutions to problems.
- More in-depth product knowledge.
- Sensitivity to the needs and viewpoints of others.
- Deeper understanding of Organisational politics.
- Greater confidence in career planning.
- Better understanding of yourself.
- Improved-goal setting and time management skill.
- Enhanced team-building and negotiating skills.
- Better leadership qualities.
- Increased motivation to work.
- Greater personal satisfaction.

Organisational Learning and Dynamic Capabilities

Organisational learning is important to capabilities accumulation. According to Nonaka & Takeuchi (1995) it is not important for firms to accumulate the knowledge through static focus, but for transfer and creation of the new knowledge through dynamic focus. Dynamic capabilities mean to create, accept and implement the new ideas, processes, products or services. When a firm motivates learning, it becomes easier for it to adapt to complicated environment. Zollo & Winter (1999) found that
dynamic capabilities came from interaction among three learning mechanisms such as tacit knowledge accumulation, knowledge articulation, and knowledge codification processes. Eisenhardt & Martin (2000) also believed that learning mechanism not only guide the evolution and enhancement of dynamic capabilities. It is consist of the basis of path dependency. Subba & Narasimha (2001) found that organisational design and learning, and efficient human resources management will promote the formation of dynamic capabilities.

Organisational Learning and Organisational success

In an article, Gephart et. al refer to the American Society’s Training and Development and Learning Organization Assessment Framework. The authors purport that most learning organization models emphasize leadership and management, culture, systems for communication, information, and knowledge. They say less emphasis is placed on organizational structure and systems for facilitating change, including support systems for performance. Through a number of case studies the authors emphasize how important such support systems are for promoting organizational learning and, in turn promoting organizational success. In fact, the article provides examples of how organizations like Corning, Analog Devices, GE, and others link learning to important company performance measures.

Linking organizational learning with improved financial performance was reported, based on research at the Center for Effective Organizations at the University of Southern California. Organizational learning had a positive effect on the perceived and actual financial performance of companies in the Center's study. For individual employees, organizational learning had a significant effect on areas including continuous improvement, customer focus, employee commitment, and overall work performance. However, the authors caution that support systems are only as good as the measures they track.

Tim Boydell's case study (1992 to 1994) revealed more evidence of the desirable outcomes of fostering organizational learning, in British Insulated Callendar Cable. Outcomes of this study include the following:
• Employee productivity increased 113 percent
• Absenteeism fell 58 percent
• Scrap decreased by 50 percent
• Market share rose from 17 to 40 percent
• On-time delivery rate became the highest

The article offers a noteworthy mention of a 1992 survey of executives about the effect of organizational learning on innovation and competitiveness. The article explains that continuous improvement and knowledge acquisition enhance competitiveness. The article also provides a list of essential features of a learning organization:

- Continuous learning at the systems level
- Knowledge generation and sharing
- Critical, systems thinking
- A culture of learning
- A spirit of flexibility and experimentation
- People-centered approaches

Appelbaum et.al. (1998) have presented an overview of Strategic Organisational Change (SOC) and its managerial impact on leadership, learning, motivation and productivity. They have presented a model that explains the relationships between SOC, leadership, learning, motivation and productivity. Pam et al, in a study have demonstrated how a principal’s leadership style helped in increasing the learning capacity of a school as an organisation. Schlosser et. al have studied the effect of HR outsourcing and the effect of learning. They have found out adaptability and knowledge management, key elements of organisational learning, are critical to organisational success. They have explored how to preserve HR's strategic role in facilitating organisational learning in the new outsourcing context. The study revealed
that HR outsourcing and the growth in contingent work can result in a significant loss in learning capital.

An empirical study by Lyles (1988) on learning among joint venture sophisticated firms found that the accumulated experiences of these firms enabled them to manage their joint venture relationships more efficiently. Sinkula et. al. have presented a broad conceptual framework for concept of organisational learning and its modeling. An empirical test of this model leads the authors to conclude that a more positive learning orientation (a value-based construct) will directly result in increased market information generation and dissemination (knowledge-based constructs), which, in turn, directly affects the degree to which an organisation makes changes in its marketing strategies (a behavioral construct).

Xiaohui & Baiyin (2007) used learning organisation questionnaire to collect data from 919 employees in nine companies located in Guangdong Province, China, to explores the culture of learning organisations in Chinese business settings. Findings suggest the demographic variables, such as age and educational level, together with the types of ownership of Chinese companies, such as state-owned enterprises (SOEs) and privately-owned enterprises (POEs), influence the culture of learning organisations. Results also indicate that the learning organisation culture of a firm has strongly positive impact on employees' job satisfaction and perceived Organisational performance. One of the components in the questionnaire was ‘providing strategic leadership for learning’. A study by Marianne van Woerkom and Karin Sanders explored the effects of disagreement and cohesiveness on knowledge sharing in teams, and on the performance of individual team members. Data were obtained from a survey among 1,354 employees working in 126 teams in 17 organisations. The results showed that cohesiveness has a positive effect on the exchange of advice between team members and on openness for sharing opinions, whereas disagreement has a negative effect on openness for sharing opinions. The study did confirm the importance of cohesiveness for knowledge sharing and the importance of knowledge sharing as an intermediate variable between cohesiveness on the one hand, and team performance, on the other hand.
Next section of the chapter deals with organisational success. A description on Performance Driven Organisation and details on Key Performance Indicators (KPIs) as measure of Organisational Success also discussed.

3.6 Organisational Success

Organisational success could be measured in many ways. General norm is to focus on financial return or profit an organisation accrues over a given time period. Organisational success is deemed to be in place when an organisation has performed at its best to its capacities, potentials, and goals. Most of the time, organisational success is difficult to measure on one dimension or by a single clear cut criterion. It could be viewed as a broad concept, especially as a business interact with its internal as well as external environments, and deals with a range of factors both inside as well as outside the organization. Generally, organisational success is viewed mistakenly as only internal to the organisation.

Organisational success could also be viewed as a relationship between the intended or targeted results and the actual results obtained. It directs towards the degree up to which predetermined goals are achieved, reflecting both efficiency and effectiveness. Efficiency refers to the way in which resources are put to use, where as effectiveness is accomplishment of goals and objectives. Efficiency concerns with doing things right with minimum cost, by up keeping quality standards. Effectiveness concerns with doing right things. Effectiveness focuses more on human capital, organisational values, and structures, where as efficiency is concerned on technology and process. (Reddin, 1987.; Drucker, 1955).

Various models are available to measure organisational success and its sub – systems. They include Organizational Productivity Model (Georgopo Jous & Tannenbaum, 1957), the Goal Model (Price, 1972); the Goal Optimisation Model (Richard M Steers, 1976), Goal-attainment Approach (Etzioni,1960), the Internal Process Maintenance Model (Bennis,1966), the System Resource Model (Seashore & Yuchtman, 1967), Organisational Interaction with Environment Model(Friedlander & Pickle, 1976), and the Legitimacy Model (Miles & Cameron, 1982).
In a study by Swam Pratap & SK Srivastava (1985) effectiveness has been proposed to be function of variables like, output (productivity, performance), intervening variables (motivation, morale, skills in leadership, communication, conflict resolution, decision making, problem solving) and short range goals. Likert (1958) indicated 12 indicators to measure organisational performance (effectiveness) to obtain periodic measurement of the character and the quality of the organization.

**Performance Driven Organisations**

In Performance Driven Organisations, Key Performance Indicators (KPIs) are determined at the beginning of each performance year, which will act as both a guideline as well as measurement of performance. Key Performance Indicators, also known as Key Success Indicators (KSIs), help an organisation define and measure progress toward organisational goals. Once an organisation has analyzed its mission, identified all its stakeholders, and defined its goals, it needs a way to measure progress toward those goals. Key Performance Indicators act as those measurements.

Key Performance Indicators are quantifiable measurements, agreed to beforehand, that reflect the critical success factors of an organisation. They will differ depending on the organisation. A business may have as one of its Key Performance Indicators the percentage of its income that comes from its customers. A school may focus its Key Performance Indicators on graduation rates of its students. A Customer Service Department may have as one of its Key Performance Indicators, in line with overall company KPIs, percentage of customer calls answered in the first minute. A Key Performance Indicator for a social service organisation might be number of clients assisted during the year.

Key Performance Indicators reflect the organisational goals. An organisation that has one of its goals "to be the most profitable company in our industry" will have Key Performance Indicators that measure profit and related fiscal measures. "Pre-tax Profit" and "Shareholder Equity" will be among them. However, for a school "Percent of Profit Contributed to Community Causes" probably will not be one of its Key Performance Indicators. On the other hand, a school is not concerned with making a
profit, so its Key Performance Indicators will be different. KPIs like "Graduation Rate" and "Success in Finding Employment after Graduation", though different, accurately reflect the schools mission and goals.

Key Performance Indicators usually are long-term considerations. The definition of what they are and how they are measured do not change often. The goals for a particular Key Performance Indicator may change as the organisation's goals change, or as it gets closer to achieving a goal.

Key Performance Indicators must be quantifiable. If a Key Performance Indicator is going to be of any value, there must be a way to accurately define and measure it. "Generate More Repeat Customers" is not so indicative as a KPI without some way to distinguish between new and repeat customers. "Be The Most Popular Company" won't work as a KPI because there is no way to measure the company's popularity or compare it to others. It is also important to define the Key Performance Indicators and stay with the same definition from year to year. For a KPI of "Increase Sales", it need to address considerations like whether to measure by units sold or by dollar value of sales.

Key Performance Indicators must be critical for Organisational Success. In selecting Key Performance Indicators, it is critical to limit them to those factors that are essential to the organisation reaching its goals. It is also important to keep the number of Key Performance Indicators small just to keep everyone's attention focused on achieving the same KPIs. That does not mean that a company will have only three or four total KPIs in total. Rather there will be three or four Key Performance Indicators for the company and all the units within it will have three to five KPIs that support the overall company goals and can be rolled into them.

As the organisation selected to conduct the present study is a performance driven, operating company working under a parent organisation, Key Performance Indicators were considered for analysis. Three elements of the KPIs were analysed to represent Organizational Success.
3.7 Summary

Concept of Leadership was evolved over a period of time. Various theories were developed to understand leadership. The concept, centered around an individual is evolved and developed to behavioural and transformational levels. Different leadership models have encapsulated various views on leadership in comprehensive manner.

There have been a range of studies on Strategic Leadership, its dimensions, and their effects on Organisational Success. However, the review revealed a gap and lack of studies on the influence of the selected two dimensions of Strategic Leadership – Developing Human Capital as well as Developing and Sustaining an Effective Organisational Culture, particularly in the geographical region of UAE and especially in Oil & Gas sector. The gap in the existing literature and the research on the topic has been attempted to be filled by this study.

Team Effectiveness was considered as a measure of Developing Human Capital where as Organisational Learning was studied for Developing and Sustaining an Effective Organisational Culture. Selected Key Performance Indicators (KPIs) were considered to analyse Organisational Success.

Next Chapter details out key aspects of the research methodology employed in the study.