Chapter 2

**Literature Review**

Study of several research papers has revealed interesting insights into the impact of the factors viz. organizational structure, organization culture and leadership style on change management. The findings are unfolded briefly in the following paragraphs.

2.1 Change Management:

Change management implies a comprehensive programme to plan, initiate, realize, control and finally stabilize, arrange process or both at corporate and personal level. Change process may be extended to complex issues as for example deciding on strategic direction or personal development programs for staff.

([http://www.themanager.org/strategy/change_phases.html](http://www.themanager.org/strategy/change_phases.html))

Organisations have to dovetail strategies and adapt the structure in tune with the requirement of the change process. These days external environment are subject to frequent, sudden and unthought-of oscillation. In the face of rapidly changing environment the organisations have to be on the guard to take care of their daily routine and preparing continuous plan to face the turbulence of abrupt changes. They may adopt evolutionary transformation approach-- a policy of gradual change or a policy of discontinuous but revolutionary transformation.

Hence, there are **two types of changes**:

1. Organizational Development: The approach favors gradual and evolutionary process of change. It relies mainly on the alignment of employees’ personal goals with the organizational priorities and objectives.
2. Reengineering: This entails more radical form of change management since it changes all elements of process or structures that evolve over time

Source: (http:\\www.themanager.org/strategy/change_phases.html)

Change is either incremental or revolutionary. Change can take place through voluntary participation and wholehearted involvement of the employees. Employees may also feel inspired to adapt to changes in marketplace and induce the management to initiate necessary steps. Management may feel threatened by outside developments and impose sweeping and revolutionary changes from the top. Nadler and Tushman (1990) suggested a change response model, which suggests that there are fundamentally two types of changes--product changes and process changes. Product changes are changes in what the organization offers, and process changes are changes in the way the product is made or service offered.

“Many events in organizations are given the label of ‘change’ These events include among others, technology improvements (Anderson & Tushman, 1990; Symon,1998), mergers or acquisition (Ashkans, 1995, Rowlison, 1995), Structural changes (Greenwood & Hinnings ,1988; Hannan & Freeman, 1984), top management changes (Allen & Panian, 1982; Devis, Denis & Sarin, 1997; Helmich, 1974) or cultural change Gilmore, Shea & Useem, 1997” (cited from Christiana Joane Kennedy, 2002). According to Christina Joan Kennedy (2008) organizational change is a managed system, process, or behavioral response over time to trigger an event.

curtailment mainly through economic incentives, layoff, downsizing, and restructuring to enhance shareholder value. Theory O focuses on organization building and enhancement of organizational capabilities through, inter alia, employee involvement and dedication and developing the corporate culture: employee behavior, attitudes, capabilities and commitment. The theory is captured in a tabular form.

The table outlines the differences between theories E and O along with a combined position:

Table no.4: Comparing theories of Change

<table>
<thead>
<tr>
<th>Dimensions of Change</th>
<th>Theory E</th>
<th>Theory O</th>
<th>Theories E and O Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goals</strong></td>
<td>Maximize shareholder value</td>
<td>Develop organizational capabilities</td>
<td>Explicitly embrace the paradox between economic value and organizational capability</td>
</tr>
<tr>
<td><strong>Leadership</strong></td>
<td>Manage change from the top down</td>
<td>Encourage participation from the bottom up</td>
<td>Set direction from the top and engage the people below</td>
</tr>
<tr>
<td><strong>Focus</strong></td>
<td>Emphasize structure and systems</td>
<td>Build up corporate culture: employees behavior and attitudes</td>
<td>Focus simultaneously on the hard (structures and systems) and the soft (corporate culture)</td>
</tr>
<tr>
<td><strong>Process</strong></td>
<td>Plan and establish programs</td>
<td>Experiment and Volume</td>
<td>Plan for spontaneity</td>
</tr>
<tr>
<td><strong>Reward System</strong></td>
<td>Motivate through financial incentive</td>
<td>Motivate through commitment—use pay as fair exchange</td>
<td>Use incentives to reinforce change but not to drive it.</td>
</tr>
<tr>
<td>Dimensions of Change</td>
<td>Theory E</td>
<td>Theory O</td>
<td>Theories E and O Combined</td>
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<tr>
<td>Use of Consultants</td>
<td>Consultants analyze problems and shape solutions</td>
<td>Consultants support management in shaping their own solutions</td>
<td>Consultants are expert resources who empower employees</td>
</tr>
</tbody>
</table>


Duck (1993) argues that managers need to reorient their way of thinking about managing change in the context of today’s knowledge organization. He suggests that instead of fragmenting change into multiple pieces viz. TQM, process re-engineering, employee empowerment-and then managing these pieces, managers have to develop overseeing a dynamic system. Duck (1993) has likened it to operating machine or treating human bodies. In case of running a machine or treating human body one has to work simultaneously on several aspects and not in isolation. Duck (1993) insists that in managing change, the changing critical task understands, how pieces balance off one another, how one element changes the rest, how sequencing and pace affect the whole structure.

Strebel (1996) observed that change management isn’t working in the desired direction. He has quoted the report of the leading practitioners of radical corporate reengineering that success rates in Fortune 1000 companies are well below 50%; some say they are as low as 20%. Strebel (1996) has traced the failure for change management to the fundamental difference in approach of the top management and the employees. Company leaders harp on the excellence in customer service, total quality
management, improvement in supply chain management, process and downsizing which are followed by enthusiastic managers with plan and programmes with appropriate strategies. Same enthusiasm is missing in the behaviors of the employees. Strebel (1996) has attributed it to their divergent attitudes. To the top level managers change is an opportunity to strengthen the business by aligning operations with strategy, to take on new professional challenges and risks, and utilize the opportunity to advance their careers. As contrast, many employees including middle level managers, view change as unwelcome interruption. He argues further that employees and organizations are bound by ‘personal compacts’ embodying ‘reciprocal obligations and mutual commitments both stated and implied that define their relationship’. Any change programme tends to disrupt the existing personal compact. Unless managers change the existing terms and introduce new terms and explain it to the employees and persuade them to accept the new terms, it is unrealistic for them to anticipate that the employees would wholeheartedly endorse the changes that alter the status quo.

Duck (1993) talks about feeling and suggests that to enthuse the employees to contribute “with their heads and hearts”, the organizations should connect to them through their feeling. He cites the example of successful change programmes to reveal that large organizations influence their employees through values – and that values relate ultimately to their beliefs and feelings. Employees, in many cases, nurture baseless prejudices about the consequences of changes. Duck (1993) suggests that to convince the employees about the right consequences of change programme personal compacts are to be revised in a manner acceptable to them by establishing a relationship of mutual understanding based on trust.
Duck (1993) has also brought to our notice a paradox of change when he observes that trust is hardest to establish when you need it the most. Trust is found in some companies. Lack of trust, however, surfaces if the company is in trouble or in the midst of a change effort. The problem can be traced to Maslow’s pyramid. At the top of the pyramid people are to be focused on self actualization that culminates in integration of their talents, intellect, values and physical and emotional needs. At this point of employee empowerment self actualization is promoted. At the bottom of the pyramid Maslow espouses physical security, emancipation from danger, harm, or risk. In a fiercely competitive scenario with ever changing tastes and preferences of customers and danger of downsizing looming large security cannot be ensured in a sustained manner. This is in contrast to the situation when management is encouraging their employees to aspire after self actualization, but not in a position to offer them primary security. This contradiction widens the psychological distance between the management and the employees. The fabric of trust that bridges the gap is thoroughly disrupted. Employees waver under the uncertain situation about fulfillment of their expectations. With the specter of downsizing and layoff around the organizational scene the guaranteed career path as well as the guarantee of employment becomes nonexistent. Leaders have to infuse adequate confidence in employees with proper clarification of what management intends to do and what is their expectations from the employees.

Duck (1993) compares change management to a mobile which is controlled by a web of interconnections; any change in one area throws the system out of gear. Similarly change process is a dynamic phenomenon and a change in one area destabilizes another area. Change
agents have to remain alert about these ripple effects and have to tackle the unanticipated challenges in the dynamic change process. In the change initiative educating, training, and preparing the organization to think, feel, and act differently become primary concern. In companies with successful change “leaders look at the whole mobile and the congruence of operations and emotions...The real contribution of leadership in a time of change lies in managing the dynamics, not the pieces”(Duck,1993).

Collins and Porras (1996) reiterate that companies that enjoy sustained success have core values and a core purpose that remain fixed while their business strategies and practices endlessly adapt to a changing scenario. They have studied companies with enduring success like Johnson & Johnson, Procter &Gamble, Merck, Sony, Motorola, HP, and 3M and concluded that they have outperformed the general stock market by a factor of 12 since 1925. The rare ability to balance continuity and change derived from a consciously nurtured discipline – is closely linked to the ability to develop a vision. Vision spells out the guiding principles about what to change and what not to change and retain on a permanent basis. According to them, a well conceived vision consists of core ideology, the yin in the scheme, that codifies what the company stands for and why it exists besides envisioned future (the yang) that manifests the company’s aspiration to become, to achieve, to create—something that will undergo significant change. Core ideology stipulates the sustaining character of an organization—a consistent identity that goes beyond product or market life cycles, technological breakthroughs, management fads, and individual leader. According to Collins & Porras (1996) core ideology provides the glue that binds an organization together as it grows, decentralizes, diversifies, expands globally, and develops workplace diversity. Core values form an integral part of core ideology. Core values
embody small set of permanent guiding principles with intrinsic values to
the persons inside the organization. Core values generally offer
competitive advantage and represent what the organization stands for.
Core purpose, the second part of core ideology, is the organization’s
reason for being and manifests the soul of the organization.

According to Pascale, Milleman & Gioja (1997) to bring about
desired change in the organizations improvement programs have been
introduced into each function and process, but real agility is achieved
only when each function, office, strategy, goal, and process- when every
person- is able and eager to rise to the challenges. This type and degree of
fundamental change, commonly termed as revitalization or trans-
formations, is what more and more companies are trying to achieve.

Revitalization sharply contrasts gradual or incremental change. It
is directed towards “discontinuous shift in organizational capability--a re-
socialization so thorough that employees feel that they are working for a
different company, a leap in a company’s ability to meet or exceed
industry benchmarks, a jump in bottom line results” (Pascale, Millemann
& Gioja, 1997).

Pascale, Milleman & Gioja (1997) talk of three major interventions
that would revitalize the companies to sustained health and vital agility;
inducting employees fully into the process of facing business challenges,
leading from a different place so as to sharpen and maintain employee
involvement and constructive stress, and instilling mental disciplines that
will make people behave differently and then help them sustain their
behavior into the future. Proper implementation of these interventions
will create breakthrough in an organization’s operating state or culture by
significantly changing the way people experience their power and identity
and the way they deal with conflict and learning.
According to Bate, Khan and Pye (2000) change management involves intervention aimed at achieving transformational change by “interweaving culture and structure through the warp and weft of leadership process”. This implies that organizational design and organizational structure are assimilated. While structure designs an organization, culture shapes the organizational development and leadership plays a vital role in accentuating the process of integration, reinforcing and change by moving throughout the organization rather than piloting from the top.

It is evident that change management depends on three most important factors viz. organization culture, leadership style and organizational structure. These factors constitute three pillars on which the edifice of change management rests. Following pages will be devoted to discuss the pertinent observations of the eminent writers on organization culture, leadership style, and organizational structure.
2.2 Organizational Culture

Sopow (2006) has described an organization's culture as its deeply rooted traditions, values, beliefs and sense of self. Hofstede (1984) thinks that organization culture is a collective programming of the mind. Schein (1985) looks upon culture as basic assumptions and beliefs that are shared by members of an organization, which operates unconsciously.

Smith and Kuth (2009) discuss a case study, which features how global manufacturing business changed its organization culture and became a much more successful business over a 12-month period through the implementation of a change management programme with people policies at its core.

‘Changing the management culture in one part of the British Civil services through visionary leadership and strategically led research based OD intervention’ by Hamlin, Reidy, Stewart (1997) is an academic research which supports the findings of Heracleous & Langham (1996) who have demonstrated the close interrelationship between strategic change and organization culture. Bryson (2008) introduces a practical conceptual tool for analyzing the dynamics of cultural change in organizations. Sanger (2008) discusses the cultural change at the New York City department of Finance by changing the hearts and minds of both the manager and line workers deep in the organization. Lucas and Kline (2008) use a case study to examine cultural and group level factors that potentially influence group learning in the context of change. Rogers and Mechan (2007) show the findings after surveying 365 companies in Europe, Asia and North America, which reveal that culture provides the greatest source of competitive advantage. Dalton (2005) establishes the proposition by consultant Randy Harrington that when bank CEOs
contemplate any kind of change, whether it is a new technology or a customer service initiative they should first take a good, hard look at the organization’s culture. Higgins, Mcallaster, Certo, Gilbert (2006) portray a case study which reveals critical role played by cultural artifacts in perpetrating old strategies and executing new ones.

Rashid, Sambasivan and Azmawani (2004) talk of structured questionnaire administered to 258 companies. The results show that there is an association between organization culture and the affective, cognitive and objective tendency of attitudes towards organizational change. Ogbonna and Harris (2002), in a study describe and analyze organization culture interventions in four companies within a single industry (hospitality) and delineate four insights from the sector that are pertinent to the theory and practices of managing cultural change. Muratbekova Touron (2005) examines the processes of changing the organization culture of one French industrial multinational company, which illustrates that while preserving traditional organizational values the company could change from one type of behavior to another within the existing culture without provoking the culture itself.

Collins (2007) subscribes to the view that lasting great results rely on building a culture supported by self-disciplined people who pursue disciplined action. O’ Reilly, Chatman & Caldwell (1991) have defined culture as a set of cognition believed by the people in a social unit or more fully when people accept a common way of organizational life based on the identical beliefs, values, and norms (Koberg and Chusmir, 1987). Kotter and Heskett (1992) have defined organization culture as shared values, crucial interest and important goals that are accepted by most of the people in a group, and that tend to form group behavior, and
that often lasts long even with changes in group memberships and group behavior norms.

Peters and Waterman (2004) argued that a set of shared values and rules about discipline, details and execution can provide the framework in pursuance of which people will find their own ways to fulfill the task. That way they enjoy practical autonomy in regular ways. The shared values are propagated and embedded in an organization through legends, myths and stories.

Recent business research has repeatedly acknowledged the impact of culture on organizational performance in the long run and short run. Kotter & Heskett (1992) have established through research that firms with cultures that emphasized on key managerial constituencies (Customers, stock holders, and employees) and leadership from managers actively participating at all levels, outperformed firms that did not have those cultural traits, by a huge margin.

Kotter & Heskett (1992) also opined that corporate cultures standing in the way of sound long term financial performance can be seen in abundance; they creep in easily, even at firms that are manned by reasonable and intelligent people. Gerstner (2005) has brought an interesting aspect when he expresses that without changing culture—the way people think and behave, no serious change like transformational change can be facilitated without a comprehensive approach towards the organization in totality “leading cultural change is not one of the things you do when you change an enterprise—it’s a totality of what you have to work on if you are going to do a true transformational change. At the end of the day, you do not change an institution, fundamentally altering how it thinks and behaves without a deep understanding of the cultural bearings that exist” (Gerstner, 2005).
‘Anthropologist Redfield (1948) defined culture as ‘shared understandings made manifest in the act and artifact’. This is consistent with the definition used by Globe research project which examines culture as practices and values, practices, and acts or the way things are done in this culture, and values and artifacts because they are human made and in this specific case, are the judgment about the way things are done’ (House et al, 2004). Kotter & Heskett (1992) argue that “the concept of culture was thus coined to represent in a very broad and holistic sense, the qualities of specific human group that are passed from one generation to the next.” The American Heritage Dictionary defines culture as “the totality of socially transmitted behavior patterns, arts, beliefs, institutions, and all other products of human work and thought characteristics of a community or population.”

Deal & Kennedy (1983) define culture as elusive, intangible, implicit and taken for granted. According to them every organization demonstrates a core set of assumptions, understandings, and implicit rules that pilot day-to-day behavior in the work place. Newcomers have to learn the rules before they are accepted as full-fledged members of the organization. Violation of the rules set by high-level executives or frontline employees result in universal disapproval and calls for stringent punishment. Compliance of the rules becomes the determining factor for reward and upward mobility (Deal & Kennedy, 1983). Based on the researches by O' Reilly111, Chatman, Caldwell (1991), Chatman and Jean (1994) Robbins (2001) has captured the seven primary characteristics of an organization culture as “a) Innovation and risk taking  b) attention to details  c) outcome orientation d) people orientation e) team orientation g) aggressiveness and stability”. Schein (1985) has described organization culture as “a pattern of basic assumptions invented, discovered or
developed by a given group as it learns to cope with its problems of external adaptation and internal integration that has worked well enough to be considered valuable and, therefore to be taught to new members as the correct way to perceive, think, and feel in relation to those problems”. Martin (1992) has brought new dimensions in organization culture and observes that as individuals join the organization they get in touch with dress norms, hear stories people narrate about the happenings in the organization, the organization’s established rules and procedures, its standard codes of behavior, rituals, tasks, pay systems, jargon, and jokes meant only for those working in the organization, and so on. These elements represent some of the reflections of organization culture. She adds further “when cultural members interpret the meanings of these manifestations, their perceptions, memories, beliefs, experiences and values will differ even of the same phenomenon. The patterns or configurations of these interpretations and the ways they are enacted constitute culture” (Martin, 1992).

Wallace (2003) refers to culture as a pattern of ideas, a cognitive system, consisting of relatively small set of abstract theoretical propositions of both descriptive and normative kinds about the nature of human and society and the feeling and behavior of the people and the society. This culture is shared and shared uniquely by the competent and adult members of this community; it forms the guiding principles for all behavior (Wallace, 2003). It is also claimed that “culture spells out how things ought to be and defines the written rules of the games” (Scott-Morgan, 1994). Organizational performance is profoundly influenced and scripted by organization culture. This leads to the conclusion that “organization culture can support or frustrate organization goals” (Hoogervorst, Vander Flier and Koopman, 2004).
Kotter & Heskett (1992) term culture as a dynamic phenomenon of organizations. It resembles closely the personality, values and beliefs, and behavior of the firm’s founder. The initial employees of the firm then modify it marginally, but the founder leader’s personality still continues to persist as a vibrant force. As the firms grow and achieve success, the culture matures in tune with the personal and group influences that the individual employees of the organization exert (Kotter & Heskett, 1992). Deal & Kennedy (1982) consider culture as inseparable from the organization in the same way personality is integrated with the person when he opines “culture is to the organization as personality is to the individual”. In fact culture symbolizes the accumulation of central norms inextricably linked to the organization and is of paramount importance in an organization.

This leads Schwartz & Davis (1981) to claim that corporate culture is embodied in the attitude, values, management style, and problem-solving ways of its employees. Peters and Waterman (2004) argued that a code of shared values and accepted norms and rules about discipline, details and execution can provide the ground rules within which practical autonomy takes place in a predetermined regular manner. The shared values continue to persist in an organization through legends, myths and stories. Schein (1992) defined culture in three different elements 1) artifacts 2) espoused values, and 3) cultural basic assumptions.

Business research has been stressing the role and importance of culture determining business performance for long. They swear by organization culture to have an impressive bearing on a firm’s long-term economic performance. Kotter & Heskett (1992) have extended their support to the observation and pronounced after research that “Firms with cultures that emphasized on key managerial constituencies (Customers,
stock holders, and employees) and leadership from managers at all levels outperformed firms that did not have those cultural traits by a huge margin” (Kotter & Heskett, 1992).

Rob Goffee and Gareth Jones (1996) consider culture as an integrating force to bind an organization together against the tsunami of pressures for disintegration by way of decentralizations, delivering and downsizing. They also observe that “traditional mechanism for integration - hierarchies and control systems, among other devices-- are proving costly and ineffective.” Culture helps the organization to continue by projecting organizational image and establishing its identity and adds to its values, direction and purpose (Goffee & Jones, 1996).

Goffee & Jones (1996) have compared corporate culture to the culture of community. Culture reflects how people relate to one another. Communities are prevalent in work areas and outside work areas as well. Culture goes the similar way as community and influences survival or otherwise of an organization. “In the same way like families, villages, schools and clubs business rest on patterns of social interaction that sustain them over time or are their undoing” (Goffee & Jones, 1996). Goffee & Jones (1996) observe that social interaction is built on shared interests, mutual obligation and thrives on cooperation and friendship.

Goffee & Jones (1996) have laid special emphasis on the community of all communities and have suggested that business culture can best be understood, when magnified by the same lens that has illustrated the study of human organization for nearly 150 years.

The lens of sociology has identified two types of distinct human relations: sociability and solidarity. While sociability reflects sincere
friendliness among members of community solidarity is a measure of community’s capacity to promote shared objectives promptly and effectively regardless of personal relationship (Goffee & Jones, 1996).

Sociability often comes spontaneously. It signifies emotional link and friendliness without interest or motive among individuals who tend to subscribe to certain ideas, attitudes, interest and values and usually associate on equal terms and relationship is valued for its own sake and is fostered without any motive. In business scenario sociability creates a friendly and enjoyable atmosphere that boosts morale and is a boon to creativity because it stimulates teamwork, exchange of information and spirit of acceptance to new ideas, and allows the freedom to express and accept out of box and lateral thinking (Goffee & Jones, 1996).

On the other hand solidarity is based on common tasks, mutual interest or shared goals that is beneficial for all parties. Labor unions symbolize high solidarity communities. Similarly, the solidarity of professionals like that of doctors and lawyers that can be swiftly and spontaneously mobilized if there is an outside competitive threat, such as proposed govt. regulations that could limit profitability (Goffee & Jones, 1996).

Collins and Porras (1996) were of the view that the organizations that experience continued success have core values and a core purpose that remain unaltered while their business strategies and practices go on changing to keep pace with a changing world. Collins and Porras (1996) also believe that companies such as Hewlett-Packard, 3M, Johnson & Johnson, Procter & Gamble, Merck, Sony, Motorola and Nordstrom were elevated to star institutions, able to renew themselves and achieve exemplary long term performance because of preservation of core by them while moving forward in business. They argue that “truly great
companies understand the difference between what should never change and what should be open for change, between what is genuinely sacred and what is not”. This rare ability to manage continuity and change has enabled these companies to develop a vision which has been guiding them in their forward journey.

According to Collins and Porras (1996) a well thought of vision consists of two major components: core ideology and envisioned future. Core ideology, often termed as the yin in an organization remains unaltered and complements the yang that visualizes the future. Core ideology is mostly created by the founders of organization and codifies the sustained characters of an organization - a consistent identity that goes beyond product or market lifecycles, technological breakthroughs, management fads, and individual leaders (Collins and Porras, 1996). In fact “core ideology provides the glue that holds an organization together as it grows decentralizes, diversifies, expands globally, and develops workplace diversity” Collins and Porras (1996).

Core ideology is divided into two parts; Core values that embody “guiding principles and tenets; core purpose is the organization’s most fundamental reason for existence” Collins and Porras (1996). Core values represent a set of lasting guiding principles which are indispensable and sustained and have internal values and importance to those inside the organization (Collins and Porras (1996). Core purpose embodies the reason for which the organization exists (Collins & Porras, 1996). Core ideology sets the tone of the company’s culture which is started by their founders that continue to inspire the employees even after they are gone. The instances of HP and Procter & Gamble can be cited in this connection. Culture of HP popularly known as HP way which implies respect and concern for employees still occupies the important corner of
the company’s heart and soul despite the departure of both the founders from the world long ago. Procter & Gamble still follow the policy of product excellence even after more than one hundred years of their existence. 3 M’s respect for individual initiative goes unabated for so many years. Wal-Mart’s culture of going far beyond customer satisfaction is still vibrant in the organization although the founder has departed the world long ago. Core purpose goes beyond the organization’s daily routines; well beyond the periphery of money making. It represents the soul of the organization. A speech by David Packard, cofounder of HP to its employees in 1960 is worth recording.

“I want to discuss why a company exists in the first place. In other words, why are we here? I think many people assume, wrongly, that a company exists simply to make money”.

While this is an important result of a company’s existence, we have to go deeper and find the real reasons for our being. As we investigate this, we inevitably come to the conclusion that a group of people get together and exist as an institution that we call a company so they are able to accomplish something collectively that they could not accomplish separately – they make a contribution to society, a phrase which sound trite but is fundamental ….. You can look around [in the general business world and] see people who are interested in money and nothing else, but the underlying drives come largely from a desire to do something else; to make a product, to give a service-generally to do something which is of value” (Collins & Porras, 1996).

Collins & Porras (2002) argue that “A visionary company carefully preserves and protects its core ideology”.
Examples of core ideology:

- HP’s “Respect and concern for individual employees” is a permanent unchanging part of its core ideology,
- Wal-Mart’s “Exceed customer expectations” is a permanent unchanging part of its core ideology
- Boeing’s “Being on the leading edge of aviation, being pioneers” is a permanent, unchanging part of its core ideology;
- 3 M’s “Respect for individual initiative” is a permanent, unchanging part of its core ideology;
- Nordstrom’s service to the customer above everything is a permanent unchanging part of its core ideology
- Merck’s: We are in the business of preserving and improving quality of human life, a permanent unchanging part of its core ideology (Collins and Porras, 2002).

Peters and Waterman (2004) made extensive research shared in ‘In search of excellence’ and argued that any enlightened approach to organizing had to take into account and treat as interdependent, at least seven variables: Structure, strategy, people management style, systems and procedures, guiding concepts and shared values (culture) and the existing and expected corporate strengths or skills. “While strategy and structures are the hardware style, system, staff (people), skills and shared values are the software of the organization” (Peters & Waterman, 2004). Organizational performance is the result of the combined working of these seven factors. This is popularly known as McKinsey 7-S framework which is reproduced in the following page:
Figure no.1: McKinsey’s 7-S framework

Rene McPherson says “Almost everybody agrees, people are most important assets. Yet none really lives it”. Peters & Waterman (2004) remind that “excellent companies live up to their commitment to the people by their preference for actual action without wasting their energy on unproductive and voluminous studies and committee meetings”.

“Andrew Pettigrew sees the process of shaping culture as the prime management role: According to him the leaders not only create the rational and tangible aspects of organizations such as structure and technology, but also is the creator of symbols, ideologies, language, beliefs, rituals, and myths” (cited from Peters & Waterman, 2004). In fact the founders of excellent companies developed cultures embodying their beliefs and values and those shared values outlived them and continue to guide the employees and the organization even several decades after they ceased to be in the world.

Peters & Waterman (2004) reiterated that excellent companies owe their excellence to “unique set of culture attitude that distinguish them from the rest” fostered by competent leadership.

Childress (2000) has likened culture to performance in the same way as oil is to an automobile engine. Childress (2000) advocates that an organization’s collective practices – more specifically those behaviors which used to result in success, comprise its culture. The collective practices imply interpersonal relationship/behavior of the employees, how they act and behave and respond to the customers. Culture is construed as the organizational personalities whose traits are powerful enough to make or mar a strategic plan (Childress, 2000).

Culture is not soft issue. It influences performance decisively and adds to the competitive edge of an organization. Culture has proved itself to be a hard issue. Childress (2000) has cited the instance of Mercks and Spencer, premier retailer in the U.K. which has been struggling hard for long adapting to modern competitive retailing in Europe and especially to a customer service focus. He has also brought the example of transformation of Jaguar that has emerged from under performance to marvelous success story. This is attributed to the attention that the new
and transformed Jaguar is attaching to culture. Under leadership of CEO Nick Sheel almost for a decade Jaguar shot from “34th ranking to an astounding fourth” (Childress, 2000). Childress (2000) considers culture as the DNA of every organization and believes culture and performance go hand in hand. Culture governed by collective beliefs is the best way to solve business problem “first and foremost, healthy culture is a competitive advantage” (Childress, 2000).

Culture has acquired a new dimension because of mind boggling technological revolution particularly in Europe that has brought in its trail what Mckinsey & Co calls the war of talent. Childress (2000) has spelt out the importance of culture for retention of highly talented people who move from one job to another, not necessarily for money, but to be a part of a company that will truly nurture and develop them where they will fit in and be a part of the great team and make a difference. Organizations with a culture inspiring great performance became a marvelous place to work and attract talent in its fold. Culture can thus serve as a hidden weapon in the war of talent (Childress, 2000). He also advocates that culture determines how much productivity, and outside the box thinking an organization gets from its people. Culture either encourages or discourages the faculties like innovation, problem solving ideas, flexibility, and dynamism. In any case a sound and positive culture influences performance in favorable way.

Rinke (1994) talks about a positive climate as a prelude to quality or excellent service and the need for preserving a positive and inspiring attitude to foster such an environment. In a vitiated environment with pervading hatred against the boss and the company harbored by the people working for the company excellence in production or customer service will be a far cry.
Kotter and Heskett (1992) have traced culture at the visible level and the more visible level. According to them, at the deeper and less visible level culture refers to values that are shared by the people in a group and that tend to persist over time even when group membership changes. At that level because of values underlying the culture that bind the group members together it is almost impossible to change the culture. At the more visible level culture is manifested in the way people in an organization behave and communicate inspiring new members to follow. For example people of one group have been known for years as hardworking, while people of another group are known to be very friendly to newcomers and fellow employees and people in the third group are extremely conservative in their dress habits. At the more visible level culture can be changed even with resistance, but it is well nigh impossible to change culture at the level of basic values (Kotter & Heskett, 1992).

Kotter and Heskett (1992) have highlighted this through the exhibit shown in the following page:
Table 5

Culture in an organization

<table>
<thead>
<tr>
<th>Invisible</th>
<th>Hard to change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shared values: Important concerns and goals that are shared by most of</td>
<td></td>
</tr>
<tr>
<td>the people in a group, that tend to shape group behavior and that often</td>
<td></td>
</tr>
<tr>
<td>persist over time even with changes in group memberships.</td>
<td></td>
</tr>
<tr>
<td>Examples: The managers care about customers;</td>
<td></td>
</tr>
<tr>
<td>executives like long term debt.</td>
<td></td>
</tr>
<tr>
<td>Group behavior Norms: Common or pervasive ways of acting that are found</td>
<td></td>
</tr>
<tr>
<td>in a group and that persists because group members tend to behave in</td>
<td></td>
</tr>
<tr>
<td>ways that teach these practices (as well as their shared values) to new</td>
<td></td>
</tr>
<tr>
<td>members, rewarding those that fit in and sanctioning those that do not.</td>
<td></td>
</tr>
<tr>
<td>Example: The employees are quick to respond to requests from customers;</td>
<td></td>
</tr>
<tr>
<td>the managers often involve lower level employees in decision making.</td>
<td></td>
</tr>
</tbody>
</table>

Visible

Easier to Change

Kotter and Heskett (1992) have further added as MIT’S Edgar Schein and others have well demonstrated that while a group of employees achieves success and solve problem again and again with the same solution that appears to solve the problems they tend to enlist that in their day to day practice. While elucidating the virtues of adaptive culture Kotter (1996) has observed that in the twentieth century organizations group norms and shared values block the change process. The situation can be positively changed with adaptive culture “if they value performing well for an organization’s constituencies, if they really support competent leadership and management, if they encourage teamwork at the top, and if they demand a minimum of layers, bureaucracy, interdependencies” (Kotter, 1996). The longer the solutions seem to work, the more deeply they tend to become embedded in the culture (Schein, 1985).

Kotter & Heskett (1992) conducted four studies to determine whether a relationship exists between corporate culture and long term economic performance: To start with, Kotter & Heskett (1992) focused on the largest 9 or 10 firms in twenty-two different U.S. industries. In the next study, they tested two more culture performance theories by examining in more detail a small subset (22) of the original 207 firms. In the third study they examined 20 firms that appear to have had cultures that obstruct their economic performance (Kotter & Heskett, 1992).

Kotter & Heskett (1992) probed thoroughly to arrive at an ideal culture. Is strong culture the right culture? After a detailed study they concluded that the general impression about close relationship between strong corporate culture and excellent performance is misleading and the relationship between strength of corporate culture and long term performance, although positive, is a modest one. Kotter & Heskett (1992) argued further “that cultures must align and motivate employees if they
are to enhance company performance. The key concept employed is that of fit”. They also opined that a culture supporting prompt decision making and non bureaucratic behavior will accelerate performance in the fiercely competitive deal making environment (Kotter & Heskett, 1992). Kotter& Heskett (1992) brought another dimension in culture-performance issue by pronouncing that the cultures that can help organizations predict and adjust to environmental change assure superior performance for long.

Kotter & Heskett (1992) have lucidly extolled virtues of more adaptive cultures which the management at all levels of hierarchy earnestly follow and provide leadership for change in strategies and tactics whenever warranted to solve the genuine interests of all the stakeholders – stock holder, customers or employees even at the cost of risk. They also value people and process that can facilitate necessary change. In less adaptive cultures the managers are more inclined to defend themselves, their product or their immediate work groups and further their personal interests. Instead of taking leadership initiative to benefit the organization they follow the traditional and risk free management process. In such cultures managers are inclined to operate from a sheltered position and behave politically and bureaucratically without any inclination for taking extra initiative to adopt appropriate strategies to seize market opportunities to promote organizational interest. The position is aptly illustrated by Kotter & Heskett(1992) highlighting the basic differences between two contrasting cultures viz. adaptive and unadaptive corporate culture vividly in a tabular presentation recorded in the following page:
Table no.6: Adaptive Vs Un-adaptive corporate cultures

<table>
<thead>
<tr>
<th>Core values</th>
<th>Adaptive Corporate culture</th>
<th>Un-adaptive corporate culture</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Most managers care deeply about customers, stockholders, and employees. They also strongly value people and process that can create useful change (e.g., leadership up and down the management hierarchy)</td>
<td>Most managers care mainly about themselves, their immediate work-group, or some product (or technology) associated with that work group. They value the orderly and risk reducing management process much more highly than leadership initiatives</td>
</tr>
<tr>
<td>Common Behavior</td>
<td>Managers pay close attention to all their constituencies, especially customers, and initiate change when needed to serve their legitimate interests, even if that entails taking some risks</td>
<td>Managers tend to behave somewhat insularly, politically and bureaucratically. As a result, they do not change their strategies quickly to adjust or take advantage of changes in their business environments</td>
</tr>
</tbody>
</table>


Creating such cultures is an exercise in transformation: increasing the urgency rate, creating the guiding coalition and so on (Kotter, 1996). Kotter (1996) has kept unwavering faith in truly adaptive culture, which ‘is an awesome competitive machine.’
Kotter & Heskett (1992) affirmed the observation of earlier books on corporate culture as they find confirmation of the same in their own studies which establishes that corporate culture can have an impressive impact on a firm’s long term economic performance and that organization culture that is concerned with “all the key managerial constituencies (Customers, stock holders, and employees) and leadership from managers at all levels outperformed firms that did not have those cultural traits by a huge margin”. Kotter & Heskett (1992) recorded that over an eleven year period; the former increased revenues by an average of 682 percent versus 166 percent for the latter, expanded their work forces by 282 percent versus 36 percent, grew their stock prices by 901 percent versus 74 percent, and improved their incomes by 756 percent versus 1 percent. Kotter & Heskett (1992) are emphatic that corporate culture will be the determining factor for success or failure of firms in the coming decade and predict that performance retarding cultures will impact the financial performance more adversely because of their tendency to obstruct the firms from adopting required strategic or tactical changes. In a fast changing world unadaptive cultures will impact financial performance even more negatively in the decades to come.

Hartnell, Ou and Kinicki (2011) wrote a paper under the title “organization culture and organizational effectiveness: A meta analytic investigation of the competing values framework theoretical suppositions” where they applied Quin and Roharabang’s (1983) competing values framework as an organizing taxonomy to meta physically test hypotheses about the relationship between three culture types and three major indices of cultural effectiveness(employee attitudes, operational performance[i.e. innovation and product and service quality], and financial performance. Based on the data from 84 empirical studies
with 94 independent samples they concluded that “clan, adhocracy and market cultures are differently and positively associated with the effectiveness criterion.”

Jain (1998) built on the excellence model on the lines of Peters and Waterman and studied twenty major Indian companies to trace the organizational factors contributing to financial performance. The author identified several cultural factors viz., collective decision making, shared values, shared purpose, entrepreneurism, innovation, organizational learning, and employee empowerment accounting for high performance of these companies.

Prabhu (2010) found that the members of a firm could have a forward-looking, risk-taking culture by sharing certain attitudes, practices, and behaviors which would be of immense value during recession.

Patil and Kant (2012) aimed to explore certain aspects of organization culture that have profound impact on Knowledge Management (KM) and organizational performance. Through a case study they demonstrate that diverse aspects of organization culture viz. organizational structure, training, rewards system, open communication, flexibility and worker participation enable organizations to cross the hurdle of KM and achieve excellence in performance through impressive competitive advantage.

Wilderom, Van den Berg and Wier Sma (2012) investigated the combined effects of charismatic leadership and organization culture on performance through a study of a Dutch bank using a longitudinal design and concluded that culture and charisma were interrelated and significantly impacted performance.
Hansen and Soerensen (2009) chronicled in an article how The Rockwool group (a company) had passed through an impressive change journey steered by effective leadership of the CEO, by redefining strategic objectives and changing its culture to one that focuses on people and values.

Gelfand, Keller, Leslie and de Dren (2012) observed from a sample of leaders and members from 92 branches of a large bank that “three conflict cultures viz. collaborative, dominating and avoidant are operative at the unit level and leaders’ conflict management behaviors” exert direct influence on “the distinct unit of conflict cultures” which impact branch level outcomes including viability (i.e. cohesion, potency, and burnout) and branch performance (i.e. creativity and customer service).

Katzenbach, Steffen and Kronley (2012) observe that “cultural inclinations are well entrenched, for good or bad” but the positive aspects can be turned to the advantage and negative aspects can be neutralized. As “deeply embedded cultures change slowly over time, working with and within the culture” would bring about consistency among the culture, strategic intent and performance programme of the organization and discourage employee resistance to change. This will enhance the attractiveness of the organization and ensure retention of the talented employees. Cultural interventions have to be accorded the first priority and should not be deferred. “Targeted and integrated cultural interventions designed around changing a few critical behaviors at a time, can also energize and engage the most talented people and enable them to collaborate more effectively and efficiently” “to achieve higher performance, better customer focus, and a more coherent and ethical stance” by “matching strategy and culture”, leveraging the strength of
existing culture and “measuring and monitoring cultural evolution” (Katzenbach, Steffen and Kronley, 2012).

Nederveen Peterse, Van Knippenberg and Van Dierendonck (2013) observe that cultural diversity impacts team performance more positively when team members exhibit higher learning approach orientation and lower performance avoidance orientation.
2.3 Leadership Style

In the opinion of Durbin (1997) leadership style is a typical way of behavior that a leader displays to influence employees to achieve organizational goals.

Kotter (1996) is of the view that in view of the unprecedented challenges that have emerged in the past two decades the organizations will have to face a real tough time for survival alone even without any plan for prosperity. Kotter (1996) and many other writers think that this situation will persist and more leaders are required to salvage the situation (Kotter 1996, Beer and Nohria, 2000, Senge et al, 2003). Waseman, Nohria and Anand (2001) mention about leadership researchers who “hold that by adopting their organizations’ mission, strategies, structures and cultures to their companies’ environment CEOs can have substantial impact on company performance”.

Literature on leadership with focus on change management which also talks about charismatic visionary leadership (House, 1995) bears testimony to majority of the approaches sharing the common view that the followers can be exhorted successfully by the effective leaders to upgrade their performance well beyond the stipulated minimum level specified by the organization by promoting their acceptance of group goals, the basic values, and beliefs and attitudes, if necessary, even with individualized support (Eisenach, Watson, Pillai, 1999).

Heifetz & Linsky (2002) observe that leadership is often viewed as a glamorous endeavor inspiring others to follow the leader during sunny and rainy days as well. The world around is complex and changing fast. Leaders have to understand what is happening around them to realize how today’s developments in the outside world will impact tomorrow’s plans
and appreciate the desirability of reconfiguring existing network of “people, tasks and institution” (Heifetz & Linsky, 2002). Any change initiative is bound to generate differences of views leading to conflict. If conflict is resolved properly it can boost progress and change initiative moves smoothly in harmonious ways. Conflict management thus poses great leadership challenge. Conflict is essential part of change initiative as it focuses on various aspects of change management which might have been initially overlooked. Through conflict resolution change process is stabilized. An effective leader manages the people’s emotional differences in such a way that it leads to a decrease in their destructive urge to harness their positive energies productively (Heifetz & Linsky, 2002).

Livingstone (1988) has highlighted an interesting phenomenon. He has related performance to how managers treat their subordinates. Some managers unfailingly treat their subordinates in a way that boosts their performance impressively. In contrast to this some managers subject their subordinates to such treatment that induces lower performance even much lower than they are capable of. The way managers treat their subordinates is conditioned by their expectation from them. If managers’ expectations are pitched high output of the subordinates is likely to be lifted. If managers keep their expectations low productivity of the subordinates is bound to be low. The performance of the subordinates is directly linked to their managers’ expectations about them. The difference between high performance and low performance can be traced to how the subordinates are treated and not how they are paid (Livingston, 1988).

Higgs and Rowland (2009) present the findings of a case study, which explores the implementation of a global strategy within a large energy corporation. Based on the review of nine interviews, internal
communication documents and employee attitude survey data the authors concluded that change approaches that accept the complexity of change in right earnest and resort to motivating and engaging leadership are rewarded with success in change implementation.

Hinduan, Wilson-Evered, Moss, and Scannell (2009) observe that transformational leadership is positively related to job satisfaction particularly when employees demonstrate openness. Caldwell (2003) uses a Delphi style panel of ten change agent experts to identify and rank the sets of attributes they perceive to characterize the roles of leading and managing changes. The findings reveal that the attributes of the two roles are different but complementary. They concluded that the distinction between change leaders and change managers is relevant and necessary in distinguishing the relationship between leadership and management in organizational change process. Ann, Adamson, and Dornbusch (2004) present a case study of a business unit, a biotechnology pioneer that has implemented a series of novel changes that continue to revolutionize the business model through effective leadership. Applebaum, Berke, Taylor and Vazquez (2008) suggest that acting leadership directly influences the perceived value of change to employees. Idris and Ali (2008) find that transformational leadership is significantly related to financial performance and best practices management has mediated their relationship. Bommer, Rich and Rubin (2005) used longitudinal data connected in two waves, nine months apart, from 372 employees, in an empirical assessment of individual level change within an organizational setting. Strategies used by change implementers were operationalized as six transformational leader behaviors and then hypothesized to influence employees’ cynicism about organizational change. Dulewicz and Higgs (2005) examine the relationship of the LDQ (Leadership Dimension
Questionnaire) dimension to three outcome scales: context leader performance and follower commitment. The analyses demonstrated clear linkages between LDQ dimensions and both leader performance and follower commitment. Higgs and Rowland (2005) studied approach to change management and the leadership behavior associated with effective change management using a case study methodology involving 7 (seven) organizations and forty informants with 70 change stories. Young and Dulewicz (2005) use the leadership dimensions questionnaire (LDQ) measures of self rated performance, leadership style and organizational change context in the attempt to better understand the effect of the associated factors on the exercise of effective leadership and management in the Royal Navy. James (2005) examines the extant type of organizational change and leadership style adopted to implement this change. The results of this study indicate that there was significant organizational change and according to responses, a change of leadership style was indicative of this dilemma.

Wren and Dulewicz (2005) have explored two research questions. What are the specific leader activities that contribute most to successful change in the Royal Air Force? In addition, what are the specific dimensions of leadership that contribute to successful change in the Royal Air Force? The leadership Dimensions Questionnaire was used to measure the dimensions of leadership and change context and a 360 feedback questionnaire gathered data on leader activities and the success of change programme. The sample population was senior management in the RAF with 360 feedbacks from the colleagues. Hierarchies of the leader activities and dimensions of leadership are presented to identify the components that exert the strongest influence on the success of leading change in RAF. Wasserman, Nohria and Anand (2001) have elaborately
discussed the question, when does leadership matter? They have arrived at a solution by testing a framework—the contingent opportunities view and demonstrate that the CEO impact differs markedly by industry and that CEOs have the most significant impact “when opportunities are scarce or where CEOs have slack resources”.

Bennis (1998) has revolutionized the literature on leadership when he illustrates the concepts—efficiency and effectiveness to differentiate leadership from management. “Managing is about efficiency leading is about effectiveness. Managing about how; leading is about what and why. Management is about systems, controls, procedures, policies, structure. Leadership is about trust—about people” (Bennis 1998).

In the opinion of Bennis (1998) managing change is going to be the ultimate leadership challenge. Bennis (1998) expressed profound faith in leadership as a challenge in steering the change management process successfully and suggested the need of strong leadership in organization based on a network of flattened hierarchy model—a more decentralized model. In fact, the bureaucratic model of leadership based on command and control dominating the early phase of industrialization has been rendered defunct in the days of knowledge worker and talent crunch plaguing the industries. Bennis (1998) has observed that almost half (47 Percent) of the organizations that were Fortune 500 companies between 1979 and 1989 no longer exist because they did not adapt enough as warranted by the situation and indulged in bureaucracy rather than leadership. Bennis (1998) strongly believes that “in this decade, we need more leadership and less bureaucracy. It is either change or die”. Bennis (1998) noted that the leaders share some, if not all, of the following ingredients:
Leaders must have a guiding vision, passion, integrity. Again, integrity has three components viz. self knowledge, candor and maturity. ‘Curiosity and daring’ are also basic ingredients of leadership. Leader must have interest in learning, experimenting, and even taking risk and are not afraid of failure and making mistakes knowing he or she will derive lessons from them (Bennis, 1998). Bennis (1998) considered CEO as CTO, Chief Transformation Officer with the onerous responsibility of transforming the culture from the narrow role of preserving itself to the broader role of meeting new challenges which poses an almost insurmountable challenge. Bennis (1998) vests leadership with wider role of inspiring people to volunteer to do the desirable thing as against managerial role of asking people to do the required thing as “managers push, leaders pull, manager command leaders communicate”. Bennis (1998) went further to claim that effective leaders align the available resources to build up and communicate a sense of shared vision and objective deserving support, even committed emulation. Bennis (1998) credited the effective leaders with the role of creating creative, learning organizations where problems are detected before they turn into crises and where resources are galvanized to solve the problems. Bennis (1998) lays great stress on the empowerment of the people as empowerment brings people from the periphery to the centre who take pride in becoming a part of successful team and start believing that their actions have significance and meaning, and “they live in culture of respect, trust and system wide communication where they can do thing without getting permission from some parent figure”.

Bennis (1998) predicts a total metamorphosis in leadership role in the present scenario. According to him leaders would not have the “loudest voice but readiest ears” who encourage “healthy dissent and
values” giving enough courage to followers to say no and believe in “unleashing other people’s talent” rather than basking in the glory of individual achievements (Bennis, 1998). Bennis (1998) feels that leadership must be related to the times in which it works. He has described the present day mindset in three words:

“Align, create and empower”.

This approach is a total departure from the mindset propagated by Max Webber, German writer and sociologist who claim that “his bureaucratic machine model is a genius of the social invention to harness the manpower and resources of the 19th century” (Bennis, 1998). The mindset described by him is captured best in three words:

“Control, order and predict”

According to Bennis (1998) organizations of the future will take the shape of networks or modules and more successful organizations will be flatter with less tiers and hierarchies and more cross functional linkages.

Kets de Vries (2001) reiterates the effective role of leadership in proper running of the organizational machine when he compares organizations to automobiles which don’t move themselves except downward and needs the right drivers to make them move forward. Kets de Vries (2001) observes that even an organization having sound financial resources, enviable market position, and the most up-to-date technology will go downhill like driverless car if leadership fails and reiterates that leader is one who demonstrates fellow travelers the way by going ahead first. Without proper leadership dimension in place, an organization cannot achieve success.
Kets de Vries (2001) mentions about three categories of leaders – rule takers, rule makers and rule breakers. Rule takers restrict themselves strictly within the confines of the existing rules and miss the larking opportunities until it is demonstrated by a competitor. On the contrary rule breakers display superb understanding of the competitiveness of the market and review the problems as they come with their own perspective and acumen to achieve extraordinary results in work place. Childress (2000) looks at the older days when leadership was simpler - only a choice between the right and wrong manner of doing thing. He also hails culture and linkage between culture and leadership when he emphasizes that culture provides the essential information which leading requires.

Kreitner (1992) defined management as a process of achieving organizational goals through others while working with them. Hellriegel and Slocum, on the other hand, defined leadership “as the ability to influence, motivate and direct others in order to attain desired objectives” (Rinke, 2004).

Rinke (2004) has spoken about the distinction between management and leadership. He agrees with others to reiterate that while management does things right leadership does right thing. Management focuses on administration, leadership on innovation. Management is concerned with maintenance, leadership is directed towards development. Management relies on structures/system, leadership on people. Management believes in control, leadership operates on trust. Management directs, leadership inspires. Management relies on strategies, leadership on vision. Management believes on power, leadership on empowering. Rinke (2004) has encapsulated his ideas in a tabular form presented in the following page:
Table no.7: Comparative study of Management and Leadership

<table>
<thead>
<tr>
<th>Management</th>
<th>Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doing things right</td>
<td>Doing the right things</td>
</tr>
<tr>
<td>Administration</td>
<td>Innovation</td>
</tr>
<tr>
<td>Maintenance</td>
<td>Development</td>
</tr>
<tr>
<td>Structure/system</td>
<td>People</td>
</tr>
<tr>
<td>Control</td>
<td>Trust</td>
</tr>
<tr>
<td>Direct</td>
<td>Inspire</td>
</tr>
<tr>
<td>Strategies</td>
<td>Vision</td>
</tr>
<tr>
<td>Power</td>
<td>Empowering’</td>
</tr>
</tbody>
</table>


Nanus & Dobbs (1999) also reiterate that leading and managing are totally different functions and warrant different mindsets and two different sets of skills. They went further to bring new dimension to leadership role when they remark managers’ attention is focused on the present with one eye on budget and other on performance, but leader’s attention is broad based and sustained and futuristic with one eye on challenges that just lie over the horizon and other on the expansion potential of the organization (Nanus & Dobbs, 1999). Nanus & Dobbs (1999) think manager’s role is limited to constraints as they rely on structures and systems to routinize and simplify complicated tasks restricting the choices to work within a limited controllable periphery while leaders choose alternatives and flexibility and abhor predictability and control.
Kotter (1996) agrees with others in putting leadership and management in two divergent pedestals when he opines that management is about coping with complexity and leadership, by contrast, is about coping with change. According to Kotter (1996) complexity is managed first by planning and budgeting and then setting eyes for a constructive change by envisioning a direction and creating a vision of the future. While management achieves the capacity to reach desired goal by organizing and staffing leadership achieves its objective by aligning people and resources. Management stresses more on control, predictability, limited options, and problem solving, but leadership lays emphasis on motivating and inspiring and keeping people in proper path in its effort to achieve the vision. The table placed in the next page lucidly brings out the differences.

Table No.8: Management Vs Leadership

<table>
<thead>
<tr>
<th>Management</th>
<th>Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Planning and budgeting:</strong></td>
<td><strong>Establishing direction:</strong></td>
</tr>
<tr>
<td>Establishing detailed steps and timetables for</td>
<td>Development of a vision of the future often the</td>
</tr>
<tr>
<td>achieving needed results, then allocating the</td>
<td>distant future and strategies for producing the</td>
</tr>
<tr>
<td>resources necessary to make it happen.</td>
<td>changes needed to achieve that vision.</td>
</tr>
<tr>
<td><strong>Organizing and staffing:</strong></td>
<td><strong>Aligning people:</strong></td>
</tr>
<tr>
<td>Establishing some structure for accomplishing</td>
<td>Communicating direction in words and deeds to</td>
</tr>
<tr>
<td>plan requirements, staffing that structure with</td>
<td>all those whose cooperation may be needed so as</td>
</tr>
<tr>
<td>individuals, delegating responsibility and</td>
<td>to influence the creation of teams and</td>
</tr>
<tr>
<td>authority for carrying out the plan, providing</td>
<td>coalitions that understand the vision and</td>
</tr>
<tr>
<td>policies and procedures to help guide people,</td>
<td>strategies and that accept their validity.</td>
</tr>
<tr>
<td>and creating methods or systems to monitor</td>
<td></td>
</tr>
<tr>
<td>implementation.</td>
<td></td>
</tr>
<tr>
<td><strong>Controlling and problem solving:</strong></td>
<td><strong>Motivating and inspiring:</strong></td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>------------------------------</td>
</tr>
<tr>
<td>Monitoring results, identifying deviations from plan then planning and organizing to solve these problems.</td>
<td>Energizing people to overcome major political, bureaucratic, and resource barriers to change by satisfying basis, but often unfulfilled, human needs.</td>
</tr>
</tbody>
</table>

Produces a degree of predictability and order and has the potential to consistently produce the short-term results expected by various stakeholders (e.g. for customers, always being on time; for stockholders, being on budget). |

Produce change, often to a dramatic degree, and has the potential to produce extremely useful change (e.g. new products that customers want, new approaches to labor relations that help make a firm more competitive). |

**Source:** Kotter, John P. Leading Change. USA. 1996. pg. 26.

While accepting the differences between leaders and managers, Zaleznik (1977) feels that in the process of solving problems managers have to concentrate on resolving conflict and need to coordinate and synthesize conflicting views and may be constrained by limited choices. Leaders act differently by developing novel insights into long standing problems and opening issues to fresh alternatives. While taking decision managers get in touch with the people according to their roles as the events unfold, but the leaders are concerned with idea and connect in more intuitive and empathetic ways. Managers are more concerned with getting the winning path while the leaders are more concerned with the meaning of the events and decisions to the participants. Zaleznik (1977) distinguishes leaders from others with special traits and confers on them the status of twice-born. ‘Twice-born’ refers to the category of individuals...
who struggled through trial and tribulations in life and passed through vicissitudes to attain some equilibrium, in contrast to the others who have progressed in life smoothly without facing any setback. These people may work for some organization but will never integrate themselves with that organization fully and would always feel isolated from the mainstream. That way their identity does not depend on their organization, assignments or other social indicators of identity (Zaleznik, 1997). Managers are regarded as problem solvers always searching best ways for optimal utilization of resources to get the job done, but leaders are more intuitive and capable of alternative solution by virtue of their divergent thinking (Zaleznik, 1997). Bennis & Nanus (1997) pronounced “Managers do things right, while leaders do the right things”. Nanus & Dobbs (1999) suggested six distinct roles of effective leadership (in nonprofit organizations), leaders as visionary, strategist, politician, campaigner, coach and change agent. Kouzes and Posner (1993) asked fifteen thousand executives to select from a list of twenty qualities those that they most admired in a leader ---- four characteristics always topped the list ---being honest, forward looking, inspiring and competent; drive, determination, persistence, creativity, flexibility, charisma, decisiveness and inclusiveness being mentioned as other qualities in leadership studies (Nanus & Dobbs, 1999).

Childress (2000) sees leaders and managers with a wider role of building a culture that would represent the living spirit of the brand. The leaders constantly communicate and become an example by ideal behaviors like role modeling and create through their own leadership a definite vision, policies supporting employee empowerment (Childress, 2000). Leaders would be an integral part of the culture, if necessary, by changing their own habits and behaviors in the interest of total
organizational change. To accomplish that, leaders must have functional, strategic and leadership skill (Childress, 2000). Impact of leadership is so vibrant that its presence is reverberated even to outsiders. “Consider Microsoft. Bill Gates and company are seen as innovative, competitive – even aggressive. Wal-Mart’s friendly customer – orientation combined with its fanatical attention to costs, is deemed a direct reflection of the personality of its founder, the late Sam Walton” (Childress, 2000). Childress (2000) declares that successful 21st century leaders would learn to keep track of goings on within the organization through engaged and energetic MBWA (Management by walking around). Bennis (2003) argues that there are fundamental reasons why leaders enjoy importance. One reason is they are responsible for the effective and smooth running of the organizations. The other reason is that “we need anchors in our lives, something like a trim – tab factor, a guiding purpose. Leaders fill that need” (Bennis, 2003).

Bennis (2003) pointed out that extraordinary qualification of leaders is that leaders derive lessons from the experiences and examples of others but they are not created by others. “Leadership is a fundamental and profound engagement with the world and the human condition” (Robert Terry of Hubert Humphrey Institute of Public Affairs. Quoted from Bennis, On Becoming a Leader, 2003).

Bennis (2003) argues that leader is manifest by his action and behavior, “leadership is first being and then doing” and leaders’ “judgment and character” is revealed by his “vision, inspiration, empathy, trustworthiness”. Bennis (2003) contends that the level of leading is distinct from level of managing change when “a leader imposes (in most positive sense of the world) his philosophy on the organization, creating or recreating its culture”. This culture continues to evolve to take “life of
its own and becoming more cause than effect” (Bennis, 2003). A leader has to continuously adapt and reconcile to the external environment by evolving his own role, to keep the change process uninterrupted. Bennis (2003) has also mentioned that leaders learn by leading, and leading in the face of obstacles and problems that shapes the leader in the same way as weather shapes mountains. Leader should also muster basic human skills, and establish and maintain very cordial relationship with their subordinates inside the organization and the fraternity outside the organization.

Bennis (2003) thinks that leaders should have the capacity to understand the organization from various dimensions and clear ideas about its purpose and the ability to articulate it vigorously to win trust without abusing it. Leader’s ability to rally the support of his coworkers depends on his understanding of himself and his understanding of his coworkers’ needs and wants together with his understanding of what Hesselbein has called their mission. Such leaders demonstrate competence, vision and virtue in matching proportions (Bennis, 2003).

Let us look at some illustrious definitions of leadership quoted by Nanus & Dobbs (Page no.7) in their famous book ‘Leaders who make a difference’ published in 1999.

“The capacity and the will to rally men and women in a common purpose and the character which inspires confidence” Montgomery (Refer Nanus and Dobbs, 1999).

“A Leader is a dealer in hope” Bonaparte (Refer Nanus and Dobbs, 1999).
“Leadership is the process of persuasion or example by which an individual (or leadership team) induces a group to pursue objectives held by the leader or shared by the leader and his or her followers”

Gardner (Refer Nanus and Dobbs, 1999).

“Leadership over human beings is exercised when persons with certain motives and purposes mobilize, in competition or conflict with others institutional, political, psychological and other resources, so as to arouse, engage and satisfy the motives of followers”. McGregor Burns (Refer Nanus and Dobbs, 1999).

“Leaders are people who perceive what is needed and what is right and know how to mobilize people and resources to accomplish mutual goals.” Cronin (Refer Nanus and Dobbs, 1999).

“Leaders are individuals who significantly influence the thoughts, behaviors, and or feeling of others”.

Gardner (Refer Nanus and Dobbs, 1999).

Leaders illuminate the path to guide others. Their quest for new arenas is insatiable. They dare to tread the untrodden path, to lead us to new and mostly unfamiliar destinations. “People who take the lead are the foot soldiers in the campaigns for change ---- The unique reason for having leaders-their differentiating function-is to move us forward. Leaders get us going someplace.” Kouzes and Posner (Refer Nanus and Dobbs, 1999).

Leaders are basically builders of organizations to give an opportunity to people to “continually expand their capacity to understand complexity, clarify vision, and improve shared mental models - that is they are responsible for learning” (Senge). (Refer Nanus and Dobbs, 1999).
Perkins et al (2000) considers that “optimism is an important leadership quality, but denial is deadly” as optimism helps improving effectiveness of leadership in trying circumstances to deal with harsh reality by deriving learning points from the calamitous events and converting the negative experiences into positive revitalizing forces. He also suggests that effective leaders demonstrate high level of energy, stamina and the ability to deal with stress. Heifetz and Laurie (1997) emphasize that leaders leverage everyone’s talents--and respond to performance problems constructively and also argue that leadership requires undergoing an intense learning process to amend their values, revise perspective and acquire new habits.

Rothwell et al (2005) stressed the following competencies as central to exemplary HR leadership in the future:

- Credibility: Leader should be capable of rousing confidence in others about his efficiency and effectiveness in tackling problems concerning business.
- People skills: Having the capacity to work with others effectively and possession of interpersonal skills and influence.
- Understanding business: Having thorough knowledge of strategies and goals of the organization with complete understanding of the operational difficulties experienced by line managers and other important stakeholders and complete knowledge of the competition and challenges the organization is facing today and likely to face tomorrow.
- Consultative approach: Having inclination and keenness to work with others to solve problems, anticipate future problems to take preventive steps, read future opportunities to grab, possessing analytical skills to arrive at constructive solutions based on expert
knowledge of HR policies and practices pertinent to the organization, to the industry and to the HR field.

- Comfort with change: Demonstrates ability to handle numerous conflicting, pertinent and urgent programmes with meaningful synthesis of personal and professional interests.

- Developing credibility: Capacity to attract respect for one's abilities by demonstrating a consistent track record of dependability, creativity, and leadership in HR policies and practices among peers and key stakeholders as line managers (Rothwell, Prescott, and Taylor, 2005).

Tichy (2002) has quoted John Gardner, founder of common cause and formerly a scholar in residence at Stanford University, who has described the role of leaders in renewing and changing values as,

“To renew and reinterpret values those have been encrusted with hypocrisy corroded by cynicism or simply abandoned; and to generate new values when needed.

To liberate energies that has been imprisoned by outmoded procedures and habits of thought” (Tichy, 2002).

Tichy (2002) has placed profound faith in positive energies and advocates that winning organizations have more energies as they convert their negative energies into positive energies which they use as a competitive tool to overcome problems and challenges without wasting their energies on negative activities such as internal politics and resistance to changes warranted by market situations. They use their own vast energy to work longer, harder and more effectively than losers and
harvest the energy generated even in time of distress so that their organizations not only survive the difficulties that demolish other institutions, but emerge stronger and competitive. Winning leaders are highly competitive and display a special kind of zeal in them. Their acceptance of everything in life as opportunity to change and grow motivates them to work longer and harder than most people can think of. Unbounded physical energy displayed by the leaders catches up with the people around them who feel invigorated with fresh energy, determination and self confidence shaping them also as leaders. Pace set by them brings others up to speed. Tichy (2002) is also convinced that the leaders’ physical energy coupled with their emotional energy, and their ability to evoke emotional energy in others, that truly marks them as a breed apart and “a winning leader can turn even the most mundane of meetings into an exciting, fire-in-the-gut-building encounter”. Winning leaders always look forward and bubble with ideas towards meeting the challenging demand of building leadership competence for successive generations, and shaping the organization with right ideas as a tool in keeping with the market demand. They energize and evoke people, the most valuable asset, at various levels belonging to various age groups to pool their ideas, values, energy and vigor to arrive at meaningful and effective answer to the issues. They also foster sharing of ideas and values about what is representative and undesirable and help people to conform to the set pattern (Tichy, 2002).

Tichy (2002) has submitted that the leaders of the successful and widely acclaimed companies such as GE, Pepsi and Coke have effectively utilized their human resources departments for the crucial task of developing and implementing a leadership development strategy. Human Resource departments of these successful companies ensure that
organizations do not suffer leadership vacuum at any level and work assiduously towards leadership building capabilities by assigning proper assignments and responsibilities to the promising people at all levels of the organization.

Palus & Horth (2002) observe that leaders and organizations are being confronted with serious and complex issues and challenges increasing to new heights everyday which can be termed as volatile, multidimensional, and unprecedented. According to him, six interrelated competencies give leaders the edge they need when they have to operate in a seemingly impossible situation. These competencies have been mentioned by him as paying attention, personalizing, imaging, serious play, collaborative inquiry, and crafting.

1. Paying attention: Comprehension of a difficult situation from different perspectives.

2. Personalizing: Deriving lessons from one’s own and others’ experiences to develop insight and direct energy to face group challenges.

3. Imaging: To add meaning to a complex information through new ideas presented through images like pictures, stories and metaphors.

4. Serious Play: Gaining knowledge through “free explorations, improvisation, experimentation, levity and play”.

5. Co-inquiry (or collaborative inquiry): To communicate within and beyond the community peripheries “of language, culture, function, and professional discipline”.

6. Crafting: Blending “issues, objects, events, and actions” into a comprehensive and meaningful whole. Leadership today must be a
combination of the traditional managerial skills coupled with these competencies (Palus & Horth, 2002).

Daniel Goleman (1999) has cited McClelland (1973) to advocate that “a set of specific competencies including empathy, self-discipline, and initiative distinguished the most successful from those who were merely good enough to keep their jobs”. Goleman (1999) added further that according to McClelland a competence is a personal trait or set of habits that leads to more effective or superior job performance and adds clear economic value to the efforts of the person on the job. That breakthrough realization, over the last quarter century, led to the flood of researches on hundreds of thousands of workers, from clerk to top executives, in organizations as vast as the US government and At & T, and as tiny as one person enterprises and all these findings revealed that a common bond of personal and social competencies prove to be the most important factors determining people’s success. A Yale Psychologist, Peter Salovey has vividly described the ways in which we can link intelligence to our emotions.

Salovey subsumes Gardner's personal intelligences in his basic definition of emotional intelligence, expanding these abilities into five domains:

1. Knowing one's emotions, self-awareness: Ability to identify a feeling and gauge the feelings at every moment forms the cornerstone of understanding self, which if done with certainty, helps us to make proper decision making in crucial matters like marriage and job to conduct our life in a balanced and smooth way. The ability to understand one’s feeling at every moment helps development of proper psychological insight.
2. Managing Emotion: Ability to handle feelings understood through self awareness. Excellence in managing emotions helps people to bounce back far more promptly from life’s suffering and setbacks without constantly harboring feelings of distress, as is done by people with poor ability to manage emotions.

3. Motivating oneself: Pooling emotions and harnessing them for self motivation, mastery and creativity besides emotional self control play pivotal role in getting into the smooth uninterrupted movement for stellar performance as people endowed with the skill displays higher productivity and effectiveness in whatever they undertake.

4. Recognizing emotions in other: Empathy, ability to gauge other’s feelings based on self-awareness constitutes the fundamental 'People Skill'.

5. Handling relationships: This skill denotes the competence to interact with people by effectively reading and managing their emotions.

These abilities are revealed through “popularity, leadership, and interpersonal effectiveness”. People endowed with these skills excel at anything that involves interacting freely and smoothly with others and are regarded as social stars (Goleman, 1999).

Covey (1992) has made a paradigm shift when he talks about principle centered leadership and expresses his reservations about treating people just as “resources or assets or economic, social, and psychological beings”. Covey (1992) feels rather strongly that when we work with fairness, kindness, efficiency and effectiveness we visualize the whole person who is also a spiritual being and craves for meaning, a sense of doing something that counts and reiterates that people are not enthusiastic in accomplishing something mundane. They feel energized to undertake
activities they find meaningful with a greater cause that tremendously inspires them, ennobles them and uplifts their selves to the highest level. Covey (1992) believes in managing people by a set of well established principles which are “the natural laws and governing social values that have characterized every great society, every responsible civilization, over the centuries” and become “manifest in the form of values, ideas, ideals, norms and teachings that uplift, fulfill, empower, and inspire”. According to Covey (1992) principle centered managers see that people have more creative energy, resourcefulness and initiative than their jobs presently allow or require. He also advocates the employee behind the desk to be given the same treatment like a customer in front of the desk to win his commitment to work with head and heart and not with his hands alone. Covey (1992) has quoted Tom Peters who opines that as the centre of power gravitates away from the core authoritarian coterie –however generous it may be – people in the organization feel freed and energized.

Collins (2007) in his path breaking work 'Good to Great' identified companies that made meteoric rise from good to great results that continued unabated for at least fifteen years. Through a painstaking verification process, with 1435 companies to start with (selected from the list of Fortune 500 companies in 1965, 1975, 1985 and 1995) only 11 companies were selected into ‘good to great set’. After that they made a comparison of the good to great companies with the comparison companies to unearth the essential and differentiating forces (Collins, 2007). Collins (2001, 2007) has attributed the consistent and stellar performance of the organizations for a long term (15 years and above) to a leadership style which they have termed as level 5 leadership. The concept as stated by Collins (2001, 2007) is epoch making and has revolutionized the thinking on desirable style of leadership.
Level 5 Leadership: In contrast to the high-profile leaders with towering personalities who hit the headlines and become celebrities, Level 5 leaders are “self-effacing, quiet, revered, even shy – these leaders are a paradoxical blend of personal humility and professional will. They are more like Lincoln and Socrates than Patton or Caesar” (Collins, 2007).

Collins (2007) has referred to Darwin Smith of Kimberly Clark as a classic example of Level 5 leader, an individual who blends extreme personal humility with intense professional will. Such leaders were spotted by him (Collins) at the helm of every good to great company during the transition era. They resembled Smith as self-effacing individuals who displayed exemplary determination to do necessary things with the objective of making their company great.

Level 5 leaders do not allow their ego needs to surface. Rather they divert their ego needs to concentrate and dedicate to the greater objective of building a great company and direct their ambition absolutely for the institution not for their own sake (Collins, 2007).

**Level 5 Hierarchy**

Journey to Level 5 Executive starts from Level 1, which speaks of highly competent individual who makes vast contribution through individual talent, knowledge, skills and good work orientation.

Level 2: Speaks about a capable team member who contributes effectively with his personal abilities and works with sincerity towards achievement of the desired objective.

Level 3: Refers to a competent manager who aligns resources and people efficiently and effectively to achieve group objectives.
Level 4: Speaks of a leader who stimulates higher performance with a bold and inspiring vision.

Level 5 Executive: At this level leadership reaches the climax of “enduring greatness through a paradoxical blend of personal humility and professional will” (Collins, 2007).

Level 5 leadership demonstrates professional will which creates extraordinary results and acts as a catalyst in the movement from good to great and displays an unflinching determination even in difficult situation to do necessary and desirable things, to put the organization on the track of the superb long term results. Level 5 leadership decides on their own standards of building an enduring great company based on their own judgment and does not compromise on it and gives the credit of success of the company to other colleagues, favorable stars and external situations (Collins, 2001).

Personal humility manifest in unusual modesty, humble behavior without any hankering for public admiration is combined with strong and silent resolve, reliance on principles and own standards, diversion of personal ambition towards greater achievement for the company, creation of leaders for successive generations, lavishing praise for good work on others while taking the responsibility for poor results, never blaming anybody, external situations, or adverse luck. Level 5 leadership is endowed with these rare qualities.
Collins (2001) has summarized the two sides of Level 5 leadership lucidly which is reproduced below:

Table no.9: The Yin and Yang of Level 5

<table>
<thead>
<tr>
<th>Professional Will</th>
<th>Personal Humility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creates superb results, a clear catalyst in the transition from good to great.</td>
<td>Demonstrates a compelling modesty, shunning public adulation; never boastful.</td>
</tr>
<tr>
<td>Demonstrates an unwavering resolve to do whatever must be done to produce the best long term results, no matter how difficult.</td>
<td>Acts with quiet, calm determination; relies principally on inspired standards, not inspiring charisma, to motivate.</td>
</tr>
<tr>
<td>Sets the standards of building an enduring great company; will set for nothing less.</td>
<td>Channels ambition into the company, not the self; sets up successors for even greater success in the next generation.</td>
</tr>
<tr>
<td>Looks out the window, not in the mirror, to apportion credit for the success of the company-to other people, external factors, and good luck</td>
<td>Looks in the mirror, not out the window, to apportion responsibility for poor results, never blaming other people, external factors, or bad luck.</td>
</tr>
</tbody>
</table>


Horst Schulze, under whose direction, The Ritz Carlton Hotel Company won two Malcolm Baldridge National Quality Awards in the
service category defined leadership as creating an environment that attracts and induces people to identify with that organization with readiness to render service on their own. Leadership role is not to provide a function but to provide a purpose, a value which imbues the people with a sense of fulfillment to inspire them to work wholeheartedly with total dedication and give their best. They, in turn, get their best by being a part of the organization, being treated with dignity, being recognized and honored with the decision making role and making meaningful contribution and not just fulfilling a function and standing at a corner like a piece of furniture.

Heifetz & Linsky (2002) look at leadership as embodiment of long term vision, well-defined values and a strategic plan. According to him leadership cannot be scripted every moment and leaders have to respond to the ways of unfolding events, to use a metaphor, leaders have to “move back and forth from the balcony to the dance floor, over and over again throughout the days, weeks, months, and years”. While today’s plans are relevant as they work well today it may generate some undesirable consequences tomorrow and may have to be readjusted as the situation warrants.

Heifetz & Linsky (2000) view leadership as a blend of emotional as well as conceptual work. When people have to undergo the process of difficult change, they are to experience revolutionary change in their mindset as they have to shed their value, belief and age old habits they have practiced as the correct ones. As people may not be able to reconcile to revolutionary changes in high proportions overnight leadership may risk its own position and change process may be in jeopardy. This has prompted Heifetz & Linsky (2000) to suggest that although leadership interventions would be helpful it should be brief and simple and in tune
with the particular circumstances, as short and straightforward interventions stand greater chance to be received and accepted without provoking stubborn opposition.

Leadership in the 21\textsuperscript{st} century has assumed a new dimension because of the change in the texture and culture of the organizations. 21\textsuperscript{st} century organizations differ sharply from their 20\textsuperscript{th} century counterparts. Kotter (1996) has brilliantly exposed the divergence.

So far as the structure is concerned twentieth century organizations used to be bureaucratic, multileveled, dependent on senior management for managing and involved policies and procedures that led to many bewildering and complicated interdependencies.

Structurally, twenty-first century organizations tend to be non-bureaucratic with fewer rules and employees, fewer layers, expect leadership from managers and managing by lower level employees, involving policies and procedures that keep interdependencies to the minimum.

Twentieth century organizations operate on limited information systems; share performance data with executives only, offer management training and support systems to a few senior and top management functionaries only.

Twenty-first century organizations rely on many information systems; distribute performance data on a mass scale, and believe in broad based management training and support system.

So far as culture is concerned twentieth century organizations are inward looking, centralized, slow in decision making, political in approach and have strong aversion to risk. As a contrast, twenty-first
century organizations are externally focused, empowering, and prompt in making decisions, transparent and frank and more risk tolerant. Kotter (1996) has brought out the differences between the twentieth and twenty-first century organization lucidly in a tabular presentation:

**Table no.10: The twentieth and twenty-first century organizations compared**

<table>
<thead>
<tr>
<th>Twentieth century</th>
<th>Twenty-first century</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Structure</strong></td>
<td><strong>Structure</strong></td>
</tr>
<tr>
<td>➢ Bureaucratic</td>
<td>➢ Non bureaucratic</td>
</tr>
<tr>
<td>➢ Multileveled</td>
<td>➢ Limited to fewer</td>
</tr>
<tr>
<td>➢ Organized with</td>
<td>➢ Organized with the</td>
</tr>
<tr>
<td>the expectation</td>
<td>expectation</td>
</tr>
<tr>
<td>senior</td>
<td>that management will</td>
</tr>
<tr>
<td>management will</td>
<td>lead,</td>
</tr>
<tr>
<td>manage.</td>
<td>lower level employees</td>
</tr>
<tr>
<td></td>
<td>will manage</td>
</tr>
<tr>
<td>➢ Characterized</td>
<td>➢ Characterized</td>
</tr>
<tr>
<td>by policies and</td>
<td>by policies and</td>
</tr>
<tr>
<td>procedures that</td>
<td>procedures that</td>
</tr>
<tr>
<td>create many</td>
<td>create minimal</td>
</tr>
<tr>
<td>complicated</td>
<td>internal inter</td>
</tr>
<tr>
<td>internal inter</td>
<td>dependencies</td>
</tr>
<tr>
<td>dependencies</td>
<td>needed to serve</td>
</tr>
<tr>
<td></td>
<td>customers</td>
</tr>
</tbody>
</table>
To create a successful organization in a sustained manner in twenty-first century leadership is indispensable not only at the top but also at all levels of the enterprise. In commensurate with the need of the fast changing environment 21st century will see both a new form and organization visible at least in successful firms (Kotter, 1996). Besides, twenty first century employee will need to be more familiar with the distinguishing features of leadership and management than his or her twentieth century counterpart. The twenty first century manager will need to be equipped with knowledge about diverse facets of leadership and the type of ‘learning organization’ that can be built and maintained.

<table>
<thead>
<tr>
<th>Systems</th>
<th>Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Depend on few performance</td>
<td>➢ Depend on many performance</td>
</tr>
<tr>
<td>information systems</td>
<td>information systems,</td>
</tr>
<tr>
<td>➢ Distribute performance data</td>
<td>providing data on customer</td>
</tr>
<tr>
<td>to executives only</td>
<td>especially.</td>
</tr>
<tr>
<td>➢ Offer management training</td>
<td>➢ Distribute performance data</td>
</tr>
<tr>
<td>and support systems to senior</td>
<td>widely</td>
</tr>
<tr>
<td>people only</td>
<td>➢ Offer management training</td>
</tr>
<tr>
<td></td>
<td>and support systems to many people.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Culture</th>
<th>Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Inwardly focused</td>
<td>➢ Externally oriented</td>
</tr>
<tr>
<td>➢ Centralized</td>
<td>➢ Empowering</td>
</tr>
<tr>
<td>➢ Slow to make decision</td>
<td>➢ Quick to make decision</td>
</tr>
<tr>
<td>➢ Political</td>
<td>➢ Open and candid</td>
</tr>
<tr>
<td>➢ Risk averse</td>
<td>➢ More risk tolerant</td>
</tr>
</tbody>
</table>

opinion of Kotter (1996) without these skills, dynamic adaptive enterprises will not emerge.

Senge (2003) thinks that learning organization connotes different things to different people. Most of the people view this as flexible, responsive, and adaptive organizations which are much less bureaucratic, but Senge (2003) dubs it as building learning capabilities absent in conventional organizations with emphasis on five disciplines that specify these learning capabilities which include the capability of the people to have a sense of purpose and to promote genuinely shared visions (based on people individually, knowing what they are deeply concerned with); the ability of people to understand larger patterns and understand interdependency through a process called systems thinking to develop reflective capacity to widen their level of awareness to arrive at the basic assumptions which they would accept without questions. In a twenty-first century organization commitment of employees at all levels is a sine qua non for successful implementation of the projects. Leader’s role centers on providing a creative vision and ensuring support and commitment from all levels including top management. Leadership style refers to “the process of influencing the activities of an organized group in its efforts towards goal setting and goal achievement” (Stogdill, 1974). “A few years ago 54 leadership experts from 38 countries reached a consensus that leadership is about influencing, motivating, and enabling others to contribute towards the effectiveness and success of the organizations of which they are members” (House et al, 2002). (Cited from McShane et al, 2008). Leadership has been placed in a position of paramount importance since the days of Greek Philosophers like Socrates. Market is flooded with leadership literature. One variant of contingency leadership theory, path goal leadership style “specifically highlights four leadership styles
and several contingency factors leading to three indicators of leader effectiveness viz. employee contingencies, environmental contingencies, and leader behavior” (House, 1996). Most comprehensive and replicated of the behavioral theories resulted from the research that started at Ohio state university in the late 1940s (Bass, 1985, 1990). Starting with over 1000 dimensions, the researchers at Ohio University narrowed the list to two categories that mostly explained the leadership behavior experienced by the employees substantially accounted for most of the leadership behavior described by the employee. They called these two dimensions, initiating structure and consideration (Robbins et al, 2009). “Initiating structure refers to the extent to which a leader is likely to define and structure her role and those of employees in the search for goal attainment. It includes behavior that attempts to organize work, work relationship and goals.

A leader characterized as high in initiating structure could be described as someone who ‘assigns group members to particular tasks’, expects workers to maintain definite standards of performance’, and emphasizes the meeting of deadlines” (Robbins et al, 2009). “Consideration is described as the extent to which a person is likely to have job relationships that are characterized by mutual trust, respect for employees ideas, and regard for their feelings. We could describe a leader high in consideration as one who helps employees with personal problems, is friendly and approachable, treats all employees as equals, and expresses appreciation and support” (Robbins et al, 2009).

Since the dawn of industrialization organizations have followed command and control model. At the beginning of the industrial era, the labor force used to be drawn from surplus from the farm sector. The illiterate workers were not expected and did not start with any knowledge or skills of machine operation. Command and control or scientific
management fragmented the work process into several parts and the workers were imparted rudimentary training to work within his restricted periphery. They had to work following the instructions issued to them by their superior and their efficiency was judged based on perfection in their work i.e. mistake free work and maximization of output. These workers were not expected and discouraged to apply their mind. Workers were not encouraged to make any suggestion even toward improvement of the work process, let alone question the judgment of the supervisor. The world has experienced radical metamorphosis since then. The workers are joining the factories after minimum level of education and in most cases industrial training. Focus has also been shifted from production to customer. Today industry has to produce what the customers want and not what the industry wants to produce. To survive in a world where customer voice reigns supreme, the industry has to concentrate whole-heartedly and continuously on customer choice. We are living in the era of fast globalization. With steady inroads of internet any change in fashion, any ripple in the customer preference in one corner of the world will have repercussions throughout the world. Industry has to keep track of the global market. They have to think globally. Quality is also a buzzword. Today’s customers, urban or rural are quality conscious. They are cost conscious too. The challenge before the industry is to produce in keeping with the trend of customer preference conforming to the standard quality and at reasonable cost. Total quality management advocated by Deming vociferously placed Japan in a highly competitive position forcing even the highly industrialized nations to follow suit. Total quality management has been fine tuned to a super level when the world class manufacturing excellence demands six sigma level of perfection (with maximum 1.4 defects per million process). The industrial world today needs highly skilled, rational and intelligent workforce with an independent thinking,
innovative, creative faculties and high level of commitment to pursue the best practice and move towards the next best practice. The work process today is less fragmented and the work force is no longer restricted within the confines of rigid stipulations. On the contrary, they are encouraged to find better ways of doing things tomorrow than today and acquire multitasking skills. They are also motivated to form quality circles to review the existing process, product quality and features towards continuous improvement. Today’s labor force is ‘empowered’ and not ‘chained’ ones like their counterparts in the industrial age. In the knowledge age the employee commitment, creativity and their contribution towards innovation and enhancement of product quality and features and customer delight would shine the good to great companies over the laggards.

Emergence of service as a dominant component of economy has led to further supremacy of work force as in the service industry as it is not the capital, machinery but the knowledgeable and dedicated worker and their commitment to continuous learning and sharing of knowledge holds the key to the superiority of few organizations over others. In the opinion of Hammer (2003) professional employees or knowledge workers who create value through intangible assets such as brands and networks, now constitute up to 25 per cent or more of the workforce in financial service, healthcare, high-tech, pharmaceuticals, and media and entertainment.

Hammer (2003) considers that traditional concept of management is no longer applicable and in the present era the notion of management as a significant idea in itself, and as a major part of the organization, is obsolete. Most workers today and tomorrow would create value in their work – whether it is routine or highly creative work assisted by a small
cadre of coaches to facilitate and enable them and directed by a few leaders. What will count is the talent of the employees and not their superiority.

Bryan and Joyce (2005) observed that in the 21st century big corporations would be competitive by making professionals productive. Hammer (2003) finds the environment to be customer driven where the results would be created by teams of professionals with autonomy and responsibility. In fact, Peter Drucker used the term ‘knowledge worker’ almost half a century ago to define a new class of employees who would make productive use of knowledge as basic means of production instead of capital, land or labor. According to Davenport (2001), in the present scenario these knowledge workers, who might better be called professionals, constitute major percentage of employees of the world’s biggest corporations at an increasing rate. These knowledge workers create the talent pool of a modern business. It is the endeavor, ideas and innovation of these knowledge workers that help the business to be competitive in a business world subject to uncertainty and volatility. Davenport (2001) has made an interesting observation when he records that knowledge is an invisible asset that occupies the minds of human beings, it is beyond close monitoring and observation. He observes further that as both manager and workers are engaged in knowledge work strict separations between worker and manager does not make any sense and as knowledge work is facilitating growth and accounts for differentiation in cost and value, the differential in cost and value between knowledge worker and management stands substantially reduced. Traditional yardsticks and rules of management have no place in the knowledge era. Hamel (2003) observes that keeping pace with others is necessary but to be a winner one has to invent fundamentally new games.
Senge (2003) has advocated that a learning organization would confer competitive advantage on the companies in the knowledge era. According to Senge (2003) learning organizations would mean those where people continually expand their capacity to generate the results they genuinely aspire, where new and expansive patterns of thinking are welcome, where collective aspiration is free from restrictions, and where people are continually learning how to learn as a team. Senge (2003) also reiterates that sharing of knowledge takes place when people are sincerely inclined to help one another develop fresh capacities for action; it is about creating learning processes. Senge (2003) observes further that most important capacities for action relevant to organization are collective and there might be real connections between the qualities of relationship that stretch beyond the organizational boundaries. Solid foundation of trust is the key to meaningful relationships with partners, suppliers, distributors and customers. Real commitment is a direct outcome of the quality of relationship. According to Davenport (2001) knowledge work managers need to build company cultures that are in tune with the preference of the knowledge workers, otherwise they will leave. Culture is the essential ingredient for retention of knowledge worker. A manager of knowledge workers quoted in wall street journal commented: “if you’re buying intellectual equity, the culture of the company is everything”. (Davenport, 2001).

Bennis (2003) also agrees that problems faced by the leaders in the future will be to build their organization’s social architecture in a befitting manner to foster generation of intellectual capital, to attract exceptionally bright people with big egos and engage them successfully in teamwork with flourishing creativity. In the face of mind boggling changes leaders have to reinvent themselves and reorient their leadership
roles to remain relevant. They should also go on reinventing the organization’s tool and welcome change as an opportunity and not as a threat.

Davenport (2001) seeks to find an answer to what attributes of culture attract knowledge workers. He tends to agree with Kanter and Bennis when they declare five Fs i.e. fast, flexible, focused, friendly, and fun to symbolize the most sought after knowledge fostering culture. Davenport (2001) also records that the pace of business life is experiencing rapid increase in speed and all the firms are expected to follow suit. Bureaucratic inertia may slow down the pace of business. Knowledge oriented firms should adapt their business models to changing environment on the same lines as many e-commerce firms do. Knowledge workers expect their firms to concentrate on business issues that ensure their firms’ success. As life’s span is relatively shorter compared to long list of work knowledge workers want their working atmosphere and job to be friendly and full of fun. Davenport (2001) goes further to suggest that these days the demarcating line between the managers and knowledge workers has so much thinned that they have to work with a common sense of purpose and vision. Knowledge workers will carry a work forward if they are convinced that the path is right and not because somebody espoused it. Knowledge oriented behavior supports decision making and action based on knowledge and facts not on gut feeling and intuition alone. Managers of knowledge workers would leave a stamp of their superior decision making ability (Davenport, 2001).

With pronounced shift in approach leading and not managing has taken the centre stage. It is said that over the years ‘the companies have been over managed and under led’. Leading and managing have been put on different perspectives. The concept of efficiency and effectiveness
differentiates one from the other. Managing is concerned with efficiency which implies doing things right. Leading implies effectiveness, which emphasizes on doing the right things. Managers operate within the existing guidelines and ensure strict compliance. They conform to the status quo. They may do their jobs efficiently but may do the wrong things without even understanding that. Leaders always question the status quo and think of better ways than the present ways. They do not concentrate on the present alone, but look forward to the opportunities that would surface tomorrow and day after tomorrow. “Leaders are people who do the right thing; manager are people who do things right. Both roles are crucial, and they differ profoundly. I often observe people in top positions doing the wrong thing well” (Bennis, 1998). Nanus and Dobbs (1999) have brought out the distinctions between the functions of management and leading. They emphasize that “mangers and leaders require different mindsets and different sets of skills”. According to Nanus and Dobbs (1999) the managers primarily look after operations and process and they are mainly concerned about the present schedule and the ways these are to be performed while the leader’s role is different inasmuch as he is concerned with the future and direction of the organization and how to make the journey to the desired direction (Strategies). Thus they agree with other leadership theories that managers have a short term focus as their concern is present while the leader’s concern is future with a long term perspective. The manager’s attention is focused on the present monitoring cost on one hand and performance on the other hand. While leader is not oblivious of these aspects his concern is more on broader and longer term issues with focus on the challenges that are visible and challenges that are not visible now but may lurk in near and distant future. As managers operate through budget allocation and placement of staff and volunteers, they prefer to operate within stable and certain
environment which makes his job smooth and hassle free. As manager works with present problem he relies on the structure and system to routinize and simplify the complicated task. A manager abhors unscheduled disruption that hampers his service to the community. In contrast, the leaders prefer flexibility and choice to operate with many possibilities and do not favor predictability and control like managers. In the process leaders open new frontiers and wider scope for future growth and expansion. The leaders enjoy shattering bottlenecks. Managers handle daily routine to solve problem and are in constant search for more efficient and effective ways to allocate their resources optimally to get the job done. They are expert in analysis and evaluation of financial reports, client surveys and other functional data to assess the situation and find out the malaise. Harold J. Leavitt (1986) calls leaders as pathfinders as opposed to problem solvers, who are in search of new directions which go beyond organizational peripheries. They would be continuously keeping in touch with outside world to develop a network and forge relationship with new friends and explore new opportunities that can help them to place their institutions much above their present level in a sustained manner (Nanus & Dobb, 1999).

Nanus and Dobbs (1999) observe certain recurring themes on leadership---purpose, hope, inspiration, influence, marshaling resources, and effecting change. They also offer their own definition: “A leader is a person who marshals the people, capital, and intellectual resources of the organization to move it in the right direction.” They also agree with Kouzes and Posner’s statement “Leaders are pioneers. They are people who venture into unexplored territory. They guide us to new and often-unfamiliar destinations. People who take the lead are the foot soldiers in the campaign for change… The unique reason for having leaders--- their
differentiating function--is to move us forward. Leaders get us going someplace” (Kouzes & Posner, cited from ‘Leaders who make a difference’ by Nanus & Dobbs, 1999). “Leadership is where tomorrow begins” (Nanus and Dobbs, 1999). Napoleon Bonaparte observed brilliantly “A leader is a dealer in hope”. Peter M. Senge’s (1999) views resonate the crucial role of leadership in a complex world. “Leaders ----- are responsible for building organizations where people continually expand their capacity to understand complexity, classify vision, and improve shared mental models--- that is, they are responsible for learning”. Warren Bennis (1998) remarked “if I have learned anything from my research, it is this: The factor that empowers the work force and ultimately determines which organization succeed or fail is the leadership of those organizations. When strategies, processes, or cultures change, the key to improvement remains leadership.” An apt description of the role of leadership indeed.

Bennis (1998) highlighted some common personality traits of leaders viz. 1) Self knowledge 2) Open to feedback 3) Eager to learn and improve 4) Concentrate at work 5) Curious risk takers 6) Learn from adversity 7) Balance tradition and change 8) Open style 9) work well with systems 10) Serve as models and mentors.

Leadership has a profound role in giving right direction to the organization. Leadership has to be agile, innovative and creative to find the right path for the organization. Bennis (1998) considers leadership as a creative enterprise, which creates the following:

1. A leader creates a vision and articulates the same to the followers for realization.
2. A leader builds a climate of trust and maintains that by walking the talk, demonstrating consistency between words and deeds and constancy of purpose.

3. A leader gives meaning to the purpose by visualizing a situation which makes the people understand what is to be done.

4. A leader is not disheartened by failure. Rather he derives lesson from failure to ensure success in future.

5. A leader creates a healthy empowering environment by impressing the people about their crucial role towards success of any plan and programme. He develops a human bond with fellow workers and empowers them with competence and skills to develop their commitment as members of community and share the meaning of their work with others.


Kets de Vries (2001) observed that effective leadership is never restricted to the heroic act of a single individual. A leader has to function along with his fellow colleagues in the context of business and within domain of societal environment. Leaders who appreciate the nuances of that context and feeling of the employees are in a better position to guide their followers and develop their organization with a push. He is in agreement with various leadership studies to conclude leaders make difference in running of an organization and cites the example of share market which recognizes the impact of change in leadership (Kets de Vries, 2001).

Senge (2003) talks of fundamental shift in culture in a learning organization. The role of operative leaders was also questioned in the
changed organization. In the traditional model it was the job of the people at the top to survey the situation, make all crucial decisions and oversee the functioning through a well placed control mechanism. Planning, organizing and controlling constituted the holy trinity of authoritarian management. The system is dysfunctional today particularly in big organizations as it is impossible to fathom from the top what is happening throughout the organization. Even if it is done percolating the message from the top management to the ranks would get diluted by the time it reaches. There is also no certainty that management message would be taken seriously. As a result most of the big organizations suffer from extraordinary anxiety at the top (Senge, 2003).

Bennis (2003) is convinced that we are passing through a period of the most rapid acceleration of creative destruction in history. As change is going to be one of the key challenges of the twenty-first century leaders, they have to make sure that they are constantly reinventing the organization too. Bennis (2003) emphasizes that tomorrow’s leaders will have to create an environment that actually embraces change, not as a threat but as an opportunity. Bennis (2003) thinks that is the only way to run an organization in a turbulent world. He also prescribed what would make some leaders tremendously successful while others will fail. “First the capacity to have enough self-awareness and self-esteem to be able to sense when a different repertoire of competencies will be needed, without being threatened by the need to change. In other words, the diagnostic ability to understand what new things are required, or what things should be unlearned, plus the behavior flexibility to be able to change”( Bennis 2003). He has brought the example of leadership role displayed by Jack Welch as role model of 21st century leadership. Jack Welch can be credited with declaring that the way things are going at GE are not going
to work. He came out with this startling observation when GE was in good health and had been consistently showing healthy profit level. He was also able to change behaviorally. He launched a campaign against the well-entrenched bureaucracy in the organization and dismantled the barriers of rank, position, foreign and domestic establishments and the dividing walls between the organizations, customers and suppliers. Through workout initiatives he made it certain that the voices even from the lowest levels of the organizations are heard and any suggestion, however strange and unique it may sound, has to be carefully evaluated and commented on its applicability and acceptability. Jack Welch had “the foresight to see the things, the curve, before others do” (Bennis, 2003).

The good to great leaders began the transformation by first getting the right people on the bus and wrong people off the bus (Jim Collins, 2007).

According to Collins (2007), good to great leaders are rigorous and not ruthless in people decisions. They do rely on layoffs and restructuring as a primary strategy for improving performance. They are continuously in search of terms of “character traits and innate capabilities than with specific knowledge, background or skills”.
2.4 Emotional Intelligence

It has been believed for ages that people with superior intelligence and skill excel in leadership position. Research by Daniel Goleman (1998) and others has made a breakthrough in challenging the traditional belief and faith in intelligence and skill as the gate pass to effective leadership. Goleman (1998) told a story about a highly intelligent, highly skilled executive who was promoted into a leadership position only to fail at the job. He also tells another story about someone with solid but not extraordinary intellectual abilities and technical skills who was promoted into a similar position and then soared. The story shatters the age-old notion about the supremacy of IQ in determining the effectiveness of leadership. Not that IQ has no relevance. IQ is important, but a successful leader should posses over and above IQ a high degree of what Daniel Goleman (1998) and others called ‘Emotional Intelligence.’ IQ and technical skills are the ‘threshold capabilities. They are the entry-level requirements. According to Goleman and other researcher’s emotional intelligence is the sine qua non of leadership. Without emotional intelligence, a person endowed even with superb analytical mind, best training and with incessant pool of smart business ideas would not be able to make his mark as a successful leader achieving sustained success and lasting impact on his teammates. Goleman (1998) studied competency models of 188 capabilities that contribute most to organizational performance. He grouped the capabilities into three categories, purely technical skills like accounting and business planning; cognitive abilities like analytical reasoning and competencies demonstrating emotional intelligence such the ability to work with others and effectiveness in leading change. (Goleman, 1998).
Goleman (1998) did not deny that intellect was a driver of outstanding performance. He also acknowledged the importance of cognitive abilities in envisioning a rosy picture of the organization with a long term and futuristic perspective, but when he compared the contribution of these factors with emotional intelligence as ingredients for excellent performance, emotional intelligence scored much higher. Goleman (1998) also observed that at higher levels of the echelons of the organization emotional intelligence capability reigned supreme in influencing performance of a star performer. When he compared star performers with average ones in senior leadership positions nearly 90% of the difference in this profile was attributable to emotional intelligence factors rather IQ factors. Emotional Intelligence encompasses five-broad areas viz. self-awareness, self-regulation, motivation, empathy and social skill.

Self-awareness relates to deep understanding of one’s emotions, strengths, drives, weakness, needs, values and goals. Self-regulation refers to the ability to control and redirect disruptive impulses and moods. Motivation explains a passion to work driven by the innate desire for achievement for the sake of achievement and not under the lure of any external reward besides a strong commitment to the organization. Motivation to achieve translates into strong leadership. Empathy implies a careful consideration of employee feelings in conjunction with other factors in the decision making process. Social skill equips a person with the capacity to have wide circle of acquaintances and building rapport to build a network for collaborative action (Goleman, 1998).

The first three ingredients of emotional intelligence are all self-management skills. The last two, empathy and social skill are concerned with the leader’s ability to relate to others and capacity for collaborative
action. Emotional intelligence contributing to effective and demonstrative leadership propounded and popularized by Daniel Goleman and others have occupied a prominent position in leadership literature and revolutionized the way we look at leadership. The emphasis on people has led to rethinking and refashioning HR practices in the 21st century.

Leadership as an enigma has fuelled the curiosity of many researchers stimulating a strong urge to fathom the real forces, if any, by relating to the empirical evidences. This has led to the proliferation of literature on leadership. Goleman (1998) claims that quantitative research has identified the specific leadership styles that yield positive results. The pronouncement by Goleman (1998) on this subject is reproduced below:

“Leadership mystery has spawned an entire cottage industry. Thousands of literatures have been produced for turning business persons into effective leaders. Still effective leadership style eludes many people and organizations. The reason is that until recently, virtually quantitative research has demonstrated which precise leadership behaviors yield positive results. Leadership experts proffer advice based on inference, experience and instinct. Sometimes that advice is right on target; sometimes it’s not” (Goleman, 1998).

Goleman (2000) has illustrated the essential features associated with different leadership styles:

Coercive: Expects prompt compliance.

Authoritative: Galvanize the support of the people for fulfilling the vision.

Affiliative: Develops emotional links and chords.

Democratic: Stimulates participation to arrive at consensus.

Pacesetting: Aspires excellence and directed by self.

Coaching: Motivates, guides and grooms people for future.
The tabular presentation by Goleman (2000) is placed below:

**Table no.11: Characteristics of different leadership styles.**

<table>
<thead>
<tr>
<th>Leadership Style</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coercive</td>
<td>Stresses on immediate compliance</td>
</tr>
<tr>
<td>Authoritative</td>
<td>Mobilizes people to achieve a vision</td>
</tr>
<tr>
<td>Affiliative</td>
<td>Creates emotional bonds and harmony based on empathy and communication</td>
</tr>
<tr>
<td>Democratic</td>
<td>Builds consensus through participation</td>
</tr>
<tr>
<td>Pace setting</td>
<td>Expects excellence from a highly motivated and capable team</td>
</tr>
<tr>
<td>Coaching</td>
<td>Invests on people for the future</td>
</tr>
</tbody>
</table>


Goleman (1998) has cited new research by the consulting firm Hay/Mc Beer, which draws some sample of 3871 executives selected from a database of more than 20000 executives throughout the world. The research noticed six distinct leadership styles, each emanating from different components of emotional intelligence. The research also confirms that leader with best results do not rely on only one leadership
style, but follow most of the leadership styles in a given week simultaneously and in varying proportions depending on the business situation (Goleman, 1998).

Goleman (1998) has referred to David McClelland, noted Harvard University psychologist who concluded that leaders with a critical mass of six or more emotional intelligence competencies were far more effective than peers who lacked such strengths.

Research by the team of Goleman (1998) set out to get a more molecular view of the links among leadership and emotional intelligence, and climate and performance. The team subjected each executive’s immediate sphere of influence for its climate to test. ‘Climate’ has been explained by the team in line with the definition by psychologist George Litwin and Richard Stringer and later refined by McClelland and his colleagues. It refers to the six key factors that influence an organization’s working environment: “its flexibility that is how free employees feel to innovate unencumbered by red tape; their sense of responsibility to the organization; the level of standards that people set; the sense of accuracy about performance feedback and aptness of rewards; the clarity people have about mission and values; the level of commitment to a common purpose”. The research traced quantitative effect of six leadership styles on each aspect of climate and a direct correlation between climate and financial results. The research established that “leaders who used styles that positively affected the climate had decidedly better financial results than those who did not” (Goleman, 1998).

On a closer scrutiny we observe the resemblance of inspiration style on the authoritative and affiliative styles of leadership elucidated in the research. Democratic, pace setting and coaching style of leadership
pronounced in the Goleman research remind us of supporting and
directing style of leadership.

Goleman, Boyatzis, and McKee (2001) conclude on the basis of
research for two years that the leader’s mood and his or her attendant
behaviors have enormous effects on bottom line performance. In fact,
moods are contagious. A toxic and unsympathetic boss exerts negative
influence retarding performance. On the other hand an inspiring boss
instills a positive impact that “spawns acolytes for whom any challenge is
surmountable. And the final link in the chain is performance: profit and
loss. The leaders’ moods and behaviors have to be conditioned for a
positive influence on the bottom-line”.

In a recent study by Kafetsios et al(2011) published in the journal
of Applied Social Psychology relationships between leader’s emotional
intelligence (EI) and subordinate’s emotion and work attitudes and
between leaders’ and subordinates’ EI and work outcome it was found
through a series of multilevel analyses that leaders’ use of emotion was
positively related to subordinates’ work emotionality and attitudes
whereas leaders’ emotion regulation and self emotion appraisal were
negatively related to subordinates’ emotion and work attitude. Leaders’
and subordinates’ own EI was positively related to their own work
emotionality and job satisfaction.

Joseph and Newman (2010) test a theoretical model integrating
a) relative roles of emotion perception, emotion understanding and
emotion control aspects in clarifying job performance.
b) conceptual redundancy of EI with cognitive intelligence and Big
Five personality and
c) application of the EI level to specific sets of constructs (i.e. ability based EI and mixed based EI).

“They specified a progressive (cascading) pattern among ability based EI aspects, in which emotion perception must causally precede emotion understanding which in turn precedes conscious emotion regulation and job performance. The sequential elements in this progressive model are believed to selectively reflect conscientiousness, cognitive ability and neuroticism respectively. Mixed based majors of EI are expected to explain variance in job performance beyond cognitive ability and personality. The cascading model of EI is empirically confirmed via meta-analytic data, although relationships between ability based EI and job performance are shown to be inconsistent (i.e. EI positively predicts performance for high emotional labour jobs and negatively predicts performance for low emotional labour jobs. Gender and race differences in EI are also meta-analyzed”).
2.5 Servant Leadership

The quest for apt leadership style and approach is endless. Renowned management scientists, practitioners and consultants have undertaken numerous studies including broad-based empirical studies. Volumes of management literature have been devoted to studies on leadership. In the forgoing pages, we have traversed only the fragments of ideas on leadership. A lot is left out. Even within the limited scope of this study, we cannot but mention the concept of servant-leadership as the concept is a revolutionary one.

Robert K Greenleaf (2002) who spearheaded the movement submits that a servant leader is essentially a servant and is inspired by the natural urge to serve. It is by conscious choice that one aspires to become a leader. It is indicated by the inclinations and developments of those served—whether they grow healthier, wiser, freer, and more autonomous and exhibit the tendency to become servants themselves (Robert K Greenleaf, 2002). The concept of servant leadership has started attracting the attention of the world. The movement started by Greenleaf is in its fourth decade, is a specific leadership & service concept. The impact of the concept is discernible in the corridors of the corporate world and the society. Servant leadership concept has brought new breeze of thinking in the sphere of leadership, which has long been dominated by command and control, bureaucratic or scientific management.
2.6 Transition in leadership role in knowledge economy

At the dawn of twenty first century traditional, autocratic, and hierarchical models of leadership are found to crumble to make room for a newer model based on ethical and caring behavior, collective decision making, teamwork and community and seeks to enhance the personal growth of workers. Spears (2002) declares this novel leadership in the horizon as servant leadership. The two words viz. leader & servant belong to just opposite poles. These two words have been placed together to highlight the paradox in a significant way. This reflects the shifts in thinking from the early days of industrialization when the labors were treated as cogs within a machine, mindless people without any independent thinking about the work done by them. Traditional leadership practices are rapidly shifting towards new leadership models based on the ideas put forward by Robert Greenleaf, Stephen Covey, Peter Senge, Max De Pree, Margaret Wheatley, Ken Blanchard, and many others who suggest that there is a better way to manage our organization in the twenty first century. Servant leadership concept provides that better way to manage in the 21\textsuperscript{st} century. To many who think you cannot lead and serve simultaneously, the concept appears to be bizarre. The confusions would be clear if we notice the visionary role of the leadership aspect. “The visionary role is the leadership aspect of servant leadership” (Blanchard, Blanchard & Zigarmi, 2007). As a visionary, the leader shows the direction, communicates what the organization stands for and wants to accomplish. Once the task is clear the leader’s mind shifts to the other aspect viz. implementation. Service mindset of the leader comes into play at this stage. “Implementation is where the servant aspect of servant leadership comes into play” (Blanchard, Blanchard and Zigarmi, 2007).
Future cannot be put completely on a set and certain pattern and can throw lot of surprises. Amidst uncertainty shrouding the world even individual initiative can make a difference. “The future is not completely preordained; even in science it is not preordained-- which means that one little flutter of a butterfly’s wings, or just me doing something, can actually make the world shift a little” (Handy, 2003). 21\textsuperscript{st} Century has witnessed IT revolution in a way we could hardly imagine. IT has revolutionized the way we communicate, think and team up. Emergence of service industry and knowledge worker holding the key to progress and prosperity in knowledge age has rewritten the rules of the game. 21\textsuperscript{st} century is going to see massive changes in the organizational structure. Flat and flexible organization is going to be the ideal organizational set up where the knowledge workers would be able to exchange their ideas across the organization freely without any barrier. Jack Welch had been advocating dismantling of bureaucracy to pave the path of boundary less organization where the employees would be able to freely exchange their views without any restriction. He ensured that the voices of the employees are heard and the organization gives due recognition and appreciation. The employee factor would differentiate one organization from another and would establish the competency level of the organizations. The office set up would also undergo massive change. As IT would enable a large section of the employees to attend to their work from their houses, they would not be required to attend office daily. Teamwork would be the culture. Team members would contact one another through internet. Only occasional meeting of the team members would suffice. Brick and mortar structure of the office would be reduced significantly. Present massive office structures would give way to lean office structure. Virtual office would be the concept of the future. Close supervision and management would be replaced by distant management.
The flavor of personal touch would be changed to more formal and working relationship. Lifetime engagement in a single organization would be a thing of the past. People would be mostly working on their own and the organizations would resort to large scale outsourcing. As Handy (2003) has prophesied that the traditional and basic definition of work is changing - it increasingly implies working on one’s own without being the permanent workforce of any organization. In the near future 50 percent workforce of the developed world will be outside the organization. He also records that traditional organizations employ at present only 55 percent of the work force on full time basis. “The rest are temporary, part-time or contractual workers. Our portfolios will be collection of different work for different clients” (Handy, 2003). Social life would be far more complex. In the present era of chaos and uncertainty we can no longer dream of comforts of uncertainty and have to steer our life that way and move with the tide. “These days almost nothing is certain --- All we can really do now is to go with the flow, and try to steer things a little --- We have got to learn to live with chaos and uncertainty, to try to be comfortable with it and not to look for certainty where we won’t get it. Life can be understood backward but you have to live it forward” (Handy, 2003). Leadership in the 21st century would have to weather all these changes in the organizational and social scenarios. Leadership has to revolve more on psychological plane. Leaders have to be skilled in bonding emotionally with the employees to inspire them to follow the vision of the organization. The organizational capability would be reinforced only by the accumulated will force and commitment if the leader can wield influence on them not through positional power but through the emotional chord. Leader’s strong emotional intelligence would match the 21st century changed scenario. The emotional intelligence has to be strengthened by level 5 leadership symbolized by
strong will and humility, leadership well illustrated by Mahatma Gandhi, Abraham Lincoln, Martin Luther king. Servant leadership concept where the leader serves his people may resemble a servant but by creating and communicating a vision with a meaning and demonstrating strong and constant commitment to the vision the leader would endear himself to the follower and prove to be pathfinder and not problem solver.

Bennis (2003) echoed others when he claims that leaders must be charged with a meaningful purpose and should be living in a well articulated vision, day in day out, manifesting it and empowering every other person in the organization to implement and execute that vision in all their actions (Bennis, 2003). “The leader will have to be able to generate and sustain trust, and that also means demonstrating competence and constancy” (Bennis, 2003). A leader embodying these traits and a strong desire to lead from the front would survive the turbulence of the 21st century and lead his/her organization in its transition from ‘good to great’.

Ram Charan (2008) credited leadership with the skill to galvanize others to accomplish the cherished vision, a goal or a task as leaders alone cannot fulfill everything. They manage to get it done through delegation, inspiring motivation, setting high expectation and maintaining steady relationship with their fellow employees to ensure that they do not fall prey to destructive selfishness adversely jeopardizing group’s common goal (Ram Charan, 2008). These are the traits of the leaders with people acumen, the discovery of a leader with people by him and motivating them and getting them working well as a team. This is also reflected in his ability to diagnose and fix problems in coordination and social relationship among groups of people. Ram Charan (2008) added further that real leaders exhibit an enthusiasm for selecting people
who are better than they are – whether or not they have worked with them before – and then using those subordinates to bolster the organization and themselves to new levels of accomplishment. They motivate their people and develop them in tune with the changing trend, retaining those who take the business forward and having the courage to get rid of with dignity those who fail to deliver. Such leaders show a repeated pattern of accurately identifying other leader’s talent helping them flourish or easing them into other jobs where their talents fit better. A true leader could be recognized when the people working under that person are of high caliber, are energized, and have a natural affinity for the leader and want to see his or her successes. According to Ram Charan (2008) leaders with people acumen get the most out of their people by setting clear goals, then giving them feedback and coaching judiciously to help achieve them. Farkas and Wetlaufer (1996) researched on ‘The ways chief executive officers lead’. They interviewed 160 chief executives around the world, most of whom were running major corporations in industries as diverse as gold mining, computers and soft drinks to examine the set of attitudes, activities and behaviors that determined how these executives managed their organization. They hypothesized that there might turn out to be 160 different approaches to leadership. Their research data indicated 5 distinct approaches.

a) Strategy approach  
b) Human assets approach  
c) Expertise approach  
d) Box approach  
e) Change approach  

They have emphasized most on Human assets approach by CEO who would strongly advocate that their main job is to impart to their organizations certain values, behavior and attributes by closely monitoring growth and development of individuals. These executives
travel constantly, spending majority of their time on personnel related activities such as recruiting, performance reviews, and career mapping. Their goal is to create a universe of satellite CEOs: people at every level of the organization who act and make decisions as CEOs would.

Dutton, Frost, Worline, Lilius and Kanov (2002) discussed the need for compassion in workplace when they affirm that unleashing compassion in the workplace not only reduces the immediate suffering of those directly affected by trauma, it enables them to recover from the future setbacks quickly and effectively, and it boosts their affiliation to their colleagues and hence to the company itself. People’s caring gestures contribute to their own survival capacity and involvement with the organization. A leader’s ability to lavish a compassionate response throughout a company directly influences the organization’s ability to keep up high performance even in rainy days. It promotes a company’s capacity to recover, to learn, to adjust, to adapt and to achieve excellence.

Leonard D. Schaeffer (2002) has come out with his understanding of leadership as more than heavy handed action from the top. Its defining characteristics change according to the needs and vagaries of the individual, the organization, the industry, and the world at large. To Schaeffer (2002) claims that leadership is not a state, it’s a journey. There aren’t always sharp dividing lines between one style of leadership and another – an autocratic leader sometimes has to be participative and a reformer sometimes needs to act like an autocrat. A leader has to adapt to different roles to tailor the way to make decisions, communicate with people, and manage time to address the most pressing needs of the organization at the moment. Stevenson and Gumpert (1985) put the entrepreneurial organization on a scanner and reveal these dynamic characteristics: encouragement of individual’s imagination, flexibility and
a willingness to take risks. Livingston (1988) has discovered a law that caused subordinates’ performance to rise or fall to meet manager’s expectations. He observes that some managers always treat their subordinates in a way that leads to superior performance. But most managers unintentionally treat their subordinates in a way that leads to lower performance than they are capable of achieving. The way managers treat their subordinates is subtly influenced by what they expect of them. If manager’s expectations are high, productivity is likely to be excellent. If their expectations are low, productivity is likely to be poor.

Parcells (2000) offers business leaders three rules for reversing the fortunes of a losing team. The first rule is to make it clear that the leader is in charge. The leader should reach every member individually. Rule two of Parcells advocates confrontation, as that helps understanding the individual viewpoints. Parcells’s third rule suggests identification of small goals and achieving them. Parcells also expresses his conviction of getting the people sharing same goals and passions on the team.

With uncertainty looming large in the society and business world the leadership challenge is getting more complex. “Leadership is less and less a state of being (O’Toole refers to this as a trait) and more and more a process of doing – a set of actions”. Weick shows how in today’s business environment there is less time for reflection and processing. By acting, leaders discover and grow. Tomorrow’s leaders will have less time for planning and forecasting. They need to build the bridge as they walk on it. As Peters says, leaders “just say yes”. Leaders don’t make excuses for inaction. They are first movers and early adopters. They make things happen. Slater goes further to say that leaders need to get beyond protecting their own ego and allow themselves to experiment and explore (Spreitzer & Cummings, 2001). As people go farther into the twenty-first
century, the major challenge faced by organizational leadership is to develop corporations possessing authentizotic qualities that offer an antidote to stress, provide a healthier existence, increase imagination and creativity, contribute to a more fulfilling life, and encourage a balance between personal and organizational life. These are the organizations we have to welcome (Kets de Vries, 2001).

Sandier (2009) observed that psychological and emotional role played by the leaders in turbulent times optimize morale and productivity of the workforce effectively.

Hayward (2010) provided suggestions to the HR professionals to introduce whole leadership skills and behaviors through learning opportunities in “engaging, motivating and inspiring employees, particularly during periods of economic uncertainty, increasing globalization and complexity in organizational life.”

Fernandez, Cho and Perry (2010) studied the impact of integrated leadership on public sector performance which was published in Leadership Quarterly(April 2010). The study talks about five leadership roles viz. tasks, relations, change, diversity and integrity oriented leadership. The findings from the empirical analysis indicate that integrated leadership has a positive and sizeable effect on the performance of federal sub agencies.

In a recent study on job engagement by Rich et al (2010) published in the Academy of Management Journal(June 2010) the finding is that engagement mediates relationship between value congruence, perceived organizational support, and core self evaluations and two job performance dimensions: task performance and organizational citizenship behavior.
McLaughlin and Mott (2010) observed that recognized leadership brands outperform others in their industry in respect of three crucial areas viz. revenue, net income and share price. They also noted that importance of reputation of leadership is more pronounced during critical times.

Griffin, Parker and Mason (2010) observed that leader vision would result in an increase in adaptivity for employees who were high on openness to work role change and the same would be associated with an increase in proactivity when employees were high in role breadth self efficacy. The propositions were supported by a longitudinal survey of 102 employees who volunteered self-report data about their leader along with their work behaviors.

Hayward (2011) explained the reasons for linking the benefits of leadership development to the measurement of bottomline in an unstable economy and offered practical advice to HR professionals to raise their profits by continuing investment on leadership development.

Chi, Chung and Tsai (2011) observe that happy moods of leaders enhance team performance directly besides improving performance through explicit (i.e. transformational leadership) and implicit (i.e. positive group effective tone) mediating processes, indirectly.

In a recent paper published in Leadership Quarterly (Feb.2011) Wang et al (2011) explores the links between CEO leadership behavior, firm’s performance and employees’ attitudes. Relying on a sample based on 125 firms in China they identified categories of CEO leadership behaviors in the context of China. The study revealed that the CEOs’ task focused behaviors are directly linked to firm performance. The CEOs’ relationship focused behaviors are related to employees’ attitude and through these attitudes to firm performance.
In a recent article published in the Leadership & Organizational Development Journal Rowold (2011) studied the relationship between leadership behaviors and performance. The findings of the study based on 283 members of German fire department suggest that in view of the increasing heterogeneity of work teams like different age groups, genders, and/or cultural backgrounds both transformational leadership and consideration leadership work best. Consideration leaders assist each subordinate personally to understand goals, tasks etc. leading to higher performance and attainment of goals and completion of task. In work teams characterized by high heterogeneity structured leadership hardly helps in motivating high performance.

Zhang, Tsui, and Wang (2011) sought to understand the factors influencing the creativity of workgroup in the spheres of collective efficiency and knowledge sharing among group members in Chinese organizations and highlighted two diverse leadership styles (transformational and authoritarian). They tested their hypotheses with a sample of 973 employees with 163 workgroups and observed that transformational leadership had positive impact and authoritarian leadership had negative effect interfering in collective efficiency and knowledge sharing among members within the group.

Pradeep and Prabhu (2011) studied the relationship between effective leadership and employee performance. The study suggests that transformational leadership style has significant impact on employee performance.

Adams (2012) stressed on building HR business leadership as an indispensable part of strategic HR capability to create more sustainable future for benefitting all the stakeholders.
Ding Liu, Hui Liao, Loi Raymond (2012) throw light on the impact of dark side of leadership role on employee creativity by examining the negative effect of abusive supervision that flows down the organization levels to undermine the creativity of the team.

Kaifeng, Lepak, Jia, Baer (2012) made a meta analysis to examine the results of three dimensions of HR systems—skills, opportunity and motivation enhancing proximal organizational outcomes (human capital and motivation) and distal organizational outcomes (voluntary turnover, operational outcomes and financial outcomes) besides financial outcomes.

Schanbroeck et al (2012) developed and tested a model linking ethical leadership with ethical culture both across and within organizational levels to explore how leadership and culture are consistent with ethical conditions and behavior of lower level followers. The findings provide wider support for a multilevel model that records how leaders propagate shared understandings through their influence on ethical culture of the units at various levels which impact followers’ ethical cognition and behavior. “The influences of ethical leadership occur not only directly, among immediate followers within a unit, but also indirectly across hierarchical levels through the cascading effects of ethical culture and senior leaders’ influences on subordinate leader behavior.”
2.7 Organizational Structure

Following few pages have been devoted to the literature review on Organizational structure. A detailed analysis of the literature review on Organizational structure impresses convincingly about the close nexus between organization culture and organizational structure. It is indeed revealing to notice how a favorable structure facilitates generation of positive and supportive organization culture to foster a climate of sustained growth of the organization. Role of organizational structure has gained prominence now as traditional organizational structure characterizing the organizations for centuries is no longer relevant in today’s scenario that warrants fluid and uncrystallized network organizations to foster cross cultural management of diversity. Leadership role of putting in place right type of organizational structure that speaks volumes about the leadership style is undeniable. Leadership has a vast role to play in shaping and reshaping the organizational structure to match the long term organizational vision. That way any study of the influences of organization culture and leadership style on organizational performance remains inconclusive without a study of the organizational structure to have a glimpse of the close interdependence. In fact leadership style, organizational structure and organization culture have to play a well orchestrated role and reinforce each other to create a harmony to fuel sustained organizational performance.

Over the years the organizational development theorists and even the captains of the corporate sector have realized the decisive role of structure in promoting the ideal culture of free and unfettered communication throughout the organization and exchange of ideas amongst the employees irrespective of ranks and geographical locations. Jack Welch (2001), one of star CEOs of GE bombarded bureaucracy and advocated
de-layering and a barrier-less organization. Through a well planned move he reduced tiers of GE to the barest minimum. Structural dimensions of organizations influence organization culture. The role of an adaptive culture in fostering team spirit, creativity, innovation in promoting sustained excellence in performance has been accepted as an established truth. Kets de Vries(2001) has reiterated that one of the most critical tasks of any organization is to generate and nurture a climate where people feel relaxed and completely at ease in dealing with top level management. Peters & Waterman (2004) is eloquent on the role of culture with a supportive structure fostered by dynamic leadership to bring about excellent performance for a number of years continuously. Burns and Stalker (1961) suggest that traditionally bureaucratic elements of the mechanistic structure, such as high specialization, high formalization and high standardization, permit an organization to exercise tight controls over costs and production, but they also make reaction and adaptation very slow. Burns and Stalker (1961) suggested that the "orgasmic" (later evolved to organic) structure, where the decision making is decentralized, positions are generalists rather than specialized, there are relatively few rules and regulations, jobs are flexible rather than standardized, communications flow throughout the organization (rather than simply following hierarchy of command) is much more conducive to operational success in those organizations requiring frequent adaptation.

Engelhardt & Simons (2002) view strategic flexibility as an increasingly desirable competitive element in today's fast paced and changing world. Strategic flexibility implies, among other things, developing dynamic capabilities, retaining multiple options, and supporting horizontal communication and teamwork among employees. Miller (1988) has expressed that specific structural characteristics do
indeed influence performance in some way. Head-Roosevelt (2005) studied nine mid-size Chinese organizations and established that organic structures are best for organization operating in environmental uncertainty.

A case study of the SME’s organizational restructuring in Taiwan by Hsin-PinFu, Tien- Hsiang Chang and Ming- (2001) pointed out that the company under study needed to establish normal, comprehensive systems and to adjust to organizational structure in order to bring about thorough improvement- only way to achieve impressive operational performance. Shaw (2002) observed that Royal Bank of Canada Financial group transformed its organizational structure from a rigid monolith to a more decentralized responsive structure by simultaneously focusing change in 3 areas to achieve operating goals and requisite improved performance. Hassard and McCann (2006) argued on the basis of interview based empirical data with a variety of Japanese organizations that many organizations are indeed moving towards flatter, less hierarchical structures. Gammill (1992) studied New York life Insurance company (that) tossed out of the old corporate hierarchy in individual operations- the company’s core business area and replaced it with team management. Early results show that the new structure enables company to more efficiently meet the needs of the customers and sales agents.

Williamson and Boyle (2000) investigated one media agency Michael ides & Bed Nash with a very different organizational structure and examined the way in which their structure, leadership style and culture support their attitude to Organizational learning and innovation. Walsh (2004) studied a multinational office staffed by members of two distinct national cultures (Japanese and American) and demonstrates how cultures and structures can be created through single, double and triple
loop change process. Bate, khan and Pye (2000) undertook a lengthy action research project at a large hospital trust in England. In the process of elaborating this field study they move from an organization which was seen to be ‘grid locked’ and to have “lost its steering capacity through one which was bringing development and design together – by way of pilot projects and transitional structures to one where connective dialogue and debate finally led to some collective and sensible sense making.” Jacob (2007) explores the linkage between organizational structure and cross culture management and suggests that a fluid and continuously evolving structure enables cross cultural Management. As an evidence, the paper reports on the experience of one of the world’s largest financial service corporations, a Swiss Bank. The principal findings of this paper are:

- Traditional models of organizational structure do no longer respond to the management of diversity.
- Fluid and uncristallized organizational structures provide the context within which cross cultural management can flourish.
- Organizational members’ cultural heritage and organizational structure can coexist in a mutually beneficial relationship.

The problem of finding an appropriate organizational structure that will stimulate smooth running of the organizations under the hyper competitive conditions of the new millennium still haunts the management experts.

According to Peter Drucker, Charles Handy and Peter M Senge the challenges that confronts firms in finding this solution are not so much technical as they are cultural such as:

- “Leading an organization that creates and nurtures knowledge.”
• How to reconcile to a world in which companies are getting more and more transparent.

• How to sustain the capacity to learn of both the individuals and the organizations.” (Williamson and Boyle, 2000).

According to Peters and Waterman (2004) any balanced approach to organizing had to take into account and treat as interdependent, at least seven variables; structure, strategy, people management style, system and procedure, guiding concepts and shared values (i.e. culture), and the present and expected corporate strength or skills. Harold Leavitt’s emphasis on task, structure, people information and control, environment influenced generation of managers.

In fact, structure along with strategy is treated as the hardware of any organization. Peters and Waterman (2004) have advocated that to remain competitive in a rapidly changing world a more flexible and less bureaucratic structure that facilitates continuous change and learning is desirable. They also strongly feel that these excellent companies should create environments where people can blossom and develop self-esteem which will benefit the society and the companies as well (Peters and Waterman, 2004).

Regulated, power focused and compartmentalized structure can no longer keep pace with constant technological change in a fast changing world. Jack Welch has shown his deep aversion to bureaucracy and favored ‘boundary less’ organization free from the barriers of functions, race, gender, differentiation between domestic and foreign companies, barricades dividing customers, suppliers and the organization where people can mingle without facing any restriction and without any hesitation and inhibition and forever in search of better ways (Welch, 2001).
2.8 Influence of Leadership style, organization culture, and organizational structure on financial performance

Kotter & Heskett (1992) believe that purpose of change management either through leadership style, organizational structure or through cultural reorientation is meant for the impact on the result of economic or financial performance. According to them corporate culture can have a significant influence on a firm’s long-term economic performance and culture will probably be an even more important factor in deciding the success or failure of firms in the next decade (Kotter & Heskett, 1992). Many celebrated authors like Peters & Waterman (2003) have traced the reason for long term and sustained economic performance of the organization to their strong culture or values. “A business has to be fiscally sound. And the excellent companies are among the most fiscally sound of all. But their value set integrates the notions of economic health” (Peters and Waterman, 2003).

Deal & Kennedy (1982) advocated the role of a strong culture in shaping the destiny of an organization. Kotter & Heskett (1992) have, however, found a modest relationship between a strong culture and economic performance by promoting an alignment around goals and extraordinary levels of employee motivation. Kotter & Heskett (1992) argued that adaptive cultures and not necessarily strong cultures lead to higher economic returns for the companies than those with no adaptive cultures. The key is strong leadership of managers at all levels. The companies with adaptive cultures maintain balanced approach on customers, stockholders and employees. The result of nurturing adaptive cultures by these companies has been highly impressive financial performance. Adaptive cultures have been defined as the cultures that welcome strategies and practices in response to changing markets and
new competitive environment continuously. In contrast, nonadaptive cultures display highly bureaucratic, rigid and obstinate approach with abhorrence for any change.

Donaldson & Lorsch (1983) modeled a culture where specific shared values and behavior norms are more important than overall strength of the culture. They also talked of an appropriate match between the culture and organization’s business mix and strategy. They concluded that fit would produce long-term economic results. In a study of 160 companies across 40 industries, Joyce, Nohria and Robertson (2003) identified corporate culture as one of the four primary drivers of long-term financial performance.

Schein (1985) has brought the role of leader behavior as fundamental in the creation of corporate culture. He has envisioned a framework described as primary and secondary embedding mechanisms that anchor or stabilize a culture in an organization. All primary embedding mechanisms in this framework are based on leader behavior or shared leadership practices in the organization. Culture of an organization is shaped by what leaders value, how they react, prioritize, reward, model and coach (Schein, 1985).

Researchers have advocated the role of culture in linking the underlying shared values and beliefs to the way the people in the organization should behave. Thus, culture is a system of shared values and beliefs that generates norms and pattern of behaviors (Gundy & Rousseau, 1994) that establish an organizational way of life (Koberg & Chusmir, 1987). Schein (1985) considers the role of leaders as pivotal in establishing and nurturing organization culture. Culture can be dubbed as adaptive if it is led by ‘learning leaders’ who are capable of diagnosing and responding to changes on a continued basis. Sorras, Gray and
Densten (2001) “found transformational leadership factors to be highly correlated with organization culture dimensions. Additionally in the cultural dimensions of performance orientation, emphasis on reward and supportiveness was most frequently associated with leadership outcomes’ (Cited from Richard Caron Roi, 2006). Long (1988) studied high performance Bank culture and concluded that “the basis of high performance is not a bank’s marketing, lending, investment operations or planning skills. Rather high performance, defined as consistently performing 100 percent above the norm for that market area, seems to depend upon the strength and quality of the institution’s operating system or corporate culture. High performers intuitively place emphasis on managing the institution’s culture.” According to Long (1988) “corporate culture which is characterized by a comprehensive vision of how the concepts, habits etc. of the corporation must work together to attain high level of performance.” Bettinger (1989) looks at corporate culture as “trigger for high performance. The challenge is to manage strategically the organization’s culture so as to tap its strength to achieve superior performance and identify weaknesses before they can result in serious damage”.

Flamholtz and Kannan-Narasimhan (2005) provide empirical evidence that four factors of corporate culture viz. Customer focus, corporate citizenship, performance standards and identification with the company directly influence the financial performance of the firm. Haakonsson, Burton, Obel, and Lauridsen (2008) found strong support “that interaction between the organizational climate and leadership style is important for good economic performance.”

Schein has emphasized repeatedly the importance of leadership and culture on the organizational performance in various publications. The
phenomena of leadership and organization culture leading to the success or failure of an organization has been accepted by many authors viz. Peters and Waterman (2004), Kotter and Heskett (1992), Kotter (1996), Collins and Porras (1996, 2001, 2002), Collins (1996, 2001, 2007). Since the publication of ‘In search of excellence’ by Peters & Waterman in the early 80’s management focus has shifted to the combined role of organization culture supported by competent leadership and facilitating organizational structure. Previously, overwhelming importance was being attached to strategy.

The importance of organizational structure on organizational performance is discussed frequently by the management experts. Culture of the organization is influenced to a great extent by the organizational structure. Similarly the organizational structure impacts the organization culture. Leadership has a profound role in shaping and reshaping the organizational structure with an eye on the vision and the long term goals of the organization. Teece (1981) explored the relationship between a particular decentralized and divisionalized internal hierarchical structure and observed that the results support Williamson’s hypothesis (1975) that “the organization and operation of the large enterprise favors goal pursuits and least cost behavior more nearly associated with neoclassical profit maximization hypothesis.” Miller (1987) analyzed the implications of structure on performance and found that important relationships among the variables comprising structure and strategy making indeed exist and often have crucial implications for performance.
2.9 Financial performance

Influence of leadership style, organization culture and organizational structure on change management for improving financial performance in Indian Public Sector banks can be gauged quantitatively by the results achieved. In fact, enough evidences have been presented to confirm the belief that these factors influence the financial performance of the organizations including the banks. “Performance measures are necessary not only to evaluate the implementation of the strategy, and the strategic actions that managers take to pursue the strategy, but also to inform the managers about the relevant aspects they need to consider these decisions”(Fernandez, 2002). Hababou (2000) reasons that performance assessment is complicated in the case of banking entities. The multiple varieties of activities performed lead to fragmentation, and changes the nature of the banking industry. Industry analysts find it difficult to compare the overall funding costs of various institutions, as there is no universal way to allocate staff costs among various transactions. Analysts are left with no choice but to rely on overall measures of efficiency (Hababou, 2000). ‘Financial performance typically focuses on accounting based measures” (Kiyak, 2004).Profits are arrived at after making necessary adjustment of the income and expenses through well established and accepted accounting norms and are considered as most dependable. Profits have been taken as an index of overall financial performance and are construed as the authentic and reliable yardstick of efficiency of the banks. In case of Public sector banks also profits are considered as authentic measure of financial performance.
2.10 Research Gap:

1) There are numerous studies on change management.

2) Studies on the role of leadership style, organization culture and organizational structure on change management are plenty.

3) Studies relating to these variables are linked mainly to the subjects like impact on staff attitude, employee cooperation, employee involvement, organizational climate and environment, performance management, organizational development.

4) There are huge number of studies on various aspects of banks and financial organizations.

5) Studies regarding influences of leadership style, organization culture and organizational structure on financial performance of financial organizations and banks are not many. These Studies are mostly in respect of countries outside India.

6) In India Studies on banks and financial organizations relate mostly to the effects of restructuring e.g. merger, reorganization or strategic initiatives like introduction of new products and technology on profitability and productivity.

7) Studies on the influence of leadership style, organization culture and organizational structure on financial performance of the banks/financial organization are not plenty even outside India.

8) Studies on the subject are rare in India. Studies on the role of leadership style, organization culture and organizational structure on financial performance of public sector banks may be still fewer.
Research would focus on the influence of organization culture, leadership style and organizational structure on the financial performance of Indian public sector banks.