Chapter-2

LEADERSHIP AND CHANGE

The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise -- with the occasion. As our case is new, so we must think anew, and act anew. We must disenthrall ourselves, and then we shall save our country.

— Abraham Lincoln
December 1, 1862 in Message to Congress

This chapter carries out a review of existing literature on leadership and organizational change and the role of leadership in managing organizational change. The specific objectives of this chapter are to analyze the leadership theories critically, to review the various types of change and analyze the different approaches to change management and to examine the leadership behaviors in effective management of transformation and change.

2.1 Leadership

More than half a century ago, James MacGregor Burns assessed the management and leadership literature and concluded that "leadership is one of the most observed and least understood phenomena on earth" (Burns, 1978). The topic of leadership is more popular than ever and plethora of research is available on the subject. The list of the contributors to this research include Hershey and Blanchard (1969), Stogdill (1974), Fiedler et al. (1976), Peters and Austin (1985), Adair (1983), Kanter (1989), Bass (1990), Avolio & Bass (1991), Sadler (1997), Yukl (1998, 2006), Rost (1991) and many more. Hence it is not surprising to find many theories developed over time in order to form a basis for predicting an individual's chances of successfully leading any organization.

An effective leader can take an organization to greater heights and therefore, it is of great significance to understand how leaders' lead and what are the effects they have on their followers and the organization as a whole. Leaders contribute a great deal towards the success or failure of the organization (Fiedler and House, 1988). A leader needs to be visionary, and the one who communicates the vision to the people enables the leader to inspire the people. Effective leaders use both power and persuasion to an extraordinary

degree to help the followers identifying their goals and finding ways in which these goals could be achieved. This would ensure that the followers would have the required motivation in addition to the role clarity required to achieve desired goals. Leaders also provide an environment which enables and enthuse employees to achieve organizational objectives - such as ensuring availability of resources and having open communication channels.

Not only should a leader know the right thing but also he should be able to do the right thing (Nixon, 1982). According to Ronald Heifetz (1994), "Leadership is a razor's edge because one has to oversee a period of social disequilibrium during which people confront the contradictions of their lives and communities and adjust their values and behavior to accommodate new realities." It is thus imperative for a leader to provide stability when there is an unstable environment, and also to generate instability in environments of extended stability. This reduces complacency and creates a sense of urgency among the people. This is the paradox of leadership (Hunter,et.al., 2011).

2.1.1 Definitions of Leadership.

An extensive review of the leadership literature by Stodgil (1974) brought out that that "there are almost as many definitions of leadership as there are persons who have attempted to define the concept." Some of the definitions that have been formulated during the last 50 years include the following:

As per Avolio (2005), leadership is "Influencing people to achieve some particular targeted objective". John Gardner's (1990) definition is in the same vein: "Leadership is the process of persuasion by which an individual induces a group to pursue objectives held by the leaders and his followers". Rost (1991) proposed a similar definition, but emphasized on the outcome of the relationship between leaders and followers, which was to intend real changes that reflect their mutual purposes. The act of influencing people and achieving objectives is common in all the definitions proposed by various researchers.

The definitions given by Yukl (2006) and Kreitner and Kinicki (1998) considered leadership as a process and focused on the behavioral aspect of leadership. Their definitions stressed on the relationship between leaders and followers and how the task relationship was to be managed between them so as to seek the voluntary participation of followers and facilitate them to achieve shared objectives. These definitions recognized the complexity that

exists within the relationships of leaders and followers. Another definition by Nirenberg (2001) defined leadership as "a widespread social function necessary for the achievement of collective objectives, rather than just a position in a hierarchy or a chain of command". This definition highlighted that leadership is not attributed to individuals due to their formal position in an organization.

Peters and Austin (1985) described leadership by highlighting the traits. They opined that: "Leadership means vision, cheerleading, enthusiasm, love, trust, vigor, passion, obsession, consistency, the use of symbols, creating heroes at all levels, coaching, effectively wandering around, and numerous other things. It depends on a million little things done with obsession, consistency, and care, but all of those million little things add up to nothing if the trust, vision, and basic belief are not there." This definition highlighted a number of leadership dimensions and emphasized the inherent complexity in the concept of leadership. Recognizing that leadership is very complex, Rowley (1997) identified three clear leadership responsibilities concerned with a sense of direction and vision, maintenance of relationships and involved attention to detail. As per Burns (1978), it was the leader's responsibility to direct change and ensure movement in an organization. Leader's needed to look beyond everyday activities of the organizations and have a vision for change over the long term. Leaders challenge the status quo and at the same time develop trust and empower the subordinates. Stodgill and Bass (1981) opined that, leaders were change agents and were the ones whose act affected other people more than other people's acts affected them.

The definitions given by various researchers emphasized that the core foundation of leadership is the ability to influence. Thus, essential to the definition of leadership is the understanding of the interdependent relationship between leaders and followers. In recent years the concept of leadership has changed to recognize the emotional value based influence that can result in exceptional performance. It has often been thought that the leaders are active and followers have a passive role to play. Such thoughts are a misnomer about the abilities of and relationships between leader and followers. Followers also have an ability to influence. It is finally an effective leader who builds a trusting, inspiring relationship with the followers to bring out the best in them and finally achieve group or organizational objectives.

2.1.2 Evolution of Leadership Theory

There has always been a great deal of attention paid to leadership, and it is hence not surprising to find that many theories have developed over time in order to form a basis for predicting an individual's chances of successfully leading an organization. The review of the literature brings out the four groupings in which the theories of leadership appear to be organized. These are Trait Theory (Bird, 1940; Gibb, 1947; Jenkins, 1947), Style or Behavioral Theory (Stogdill & Coons, 1951), Contingency Theory (Fiedler, 1967) and transformational theory (Burns, 1978). However before the trait theory, Great Man theory was popularized by Carlyle (1888). According to great man theory, the various events in the history can be largely attributed to the actions of "great men" or heroes who are highly influential and they have shaped history and made a decisive historical impact because of their personal attributes and divine inspiration. However, Spencer (1896) was the first person to criticize the Great Man theory formulated by Carlyle. He had a strong belief that it was unscientific to attribute historical events to decisions of individuals and social environment was the main cause of creating great men as leaders.

The trait approach to leadership focused on the leadership traits regardless of the context. The leader is selected by an organization for a set of characteristics or attributes which he or she is likely to possess. These characteristics may be improved with passage of time, but trait theory emphasized that a leader is born with the attributes in order to be a leader. Trait Theory does not take into consideration the relevance of the situational and organizational context while considering a particular individual to be an effective leader.

Trait theory gave way to Behavioral theory with the notion that leadership capability can be learned, rather than being inherent. Behavioral theorists studied successful leaders to determine effective leadership behaviors and styles. By studying what these individuals actually did, said, or thought, a number of behavioral models have been developed with the expectation that effective leadership behaviors could be identified and learned. Building on the concept of behavioral models of leadership, situational/contingency theories emerged which combined the characteristics and behaviors of individual leaders with the context in which they were leading. Fiedler's (1967) contingency theory assumed that the leader's style was fixed. It was imperative for group's effectiveness to match the leadership style with the situation of the group being led. Therefore, if there was a mismatch, the leader was ineffective and unable to lead. Hersey and Blanchard (1969) proposed the situational theory

that was similar to contingency theory but considered that the leadership behaviors could be changed depending on the context. The effective leaders needed to react and adapt to follower's level of competencies and commitment.

Burns (1978) in his work on leadership coined the terms 'transactional' and 'transformational' leadership. Transactional leadership was expressed by Burns (1978) as "The reciprocal process of mobilizing persons with certain motives and values, various economic, political, and other resources, in a context of competition and conflict, in order to realize goals independently or mutually held by both leaders and followers". Transactional leadership is characterized by the exchange 'of valued things'. According to Burns (1978), "Transformational leadership occurs when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality". In short, transactional leadership is about exchange and transformational leadership is about change and as proposed by Burns (1978) these two styles of leadership were the two extremes of a continuum.

However, Bass (1985) recognized a limitation in the work of Burns and found that transactional and transformational leadership were two independent dimensions and an individual could exhibit one, both or neither. To describe leadership behaviors, he developed a model of transactional and transformational leadership, which was further refined into a Full Range Model of Leadership by Bass & Avolio (1990, 1991) as shown in Figure 2.1.
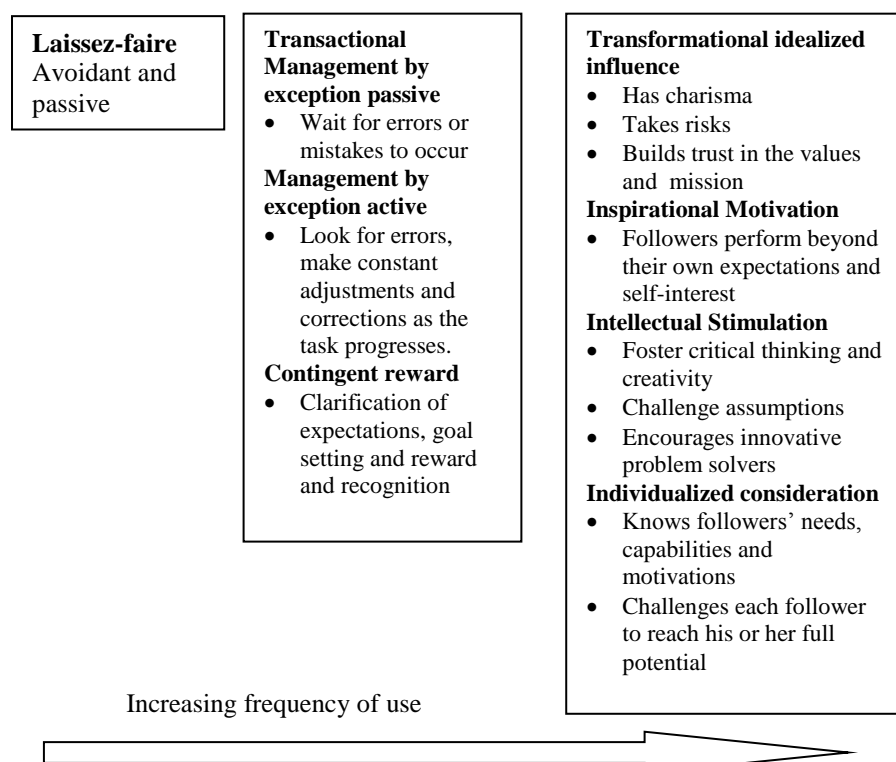
| **Laissez-faire** Avoidant and passive | **Transactional Management by exception passive**
 • Wait for errors or mistakes to occur
 Management by exception active
 • Look for errors, make constant adjustments and corrections as the task progresses.
 Contingent reward
 • Clarification of expectations, goal setting and reward and recognition | **Transformational idealized influence**
 • Has charisma
 • Takes risks
 • Builds trust in the values and mission
 Inspirational Motivation
 • Followers perform beyond their own expectations and self-interest
 Intellectual Stimulation
 • Foster critical thinking and creativity
 • Challenge assumptions
 • Encourages innovative problem solvers
 Individualized consideration
 • Knows followers' needs, capabilities and motivations
 • Challenges each follower to reach his or her full potential |

Increasing frequency of use

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Figure 2.1: Full Range Model of Leadership

Source: Bass, B. M., & Avolio, B. J. (1994). Improving organizational effectiveness through transformational leadership. Thousand Oaks, CA: Sage Publications.

Bass and Avolio's (1994) Full Range Model of Leadership is composed of three levels of leadership. It described leadership behaviors in seven dimensions ranging from non-leadership to transactional leadership to transformational leadership. The Full Range Model of Leadership considered leaders to display a number of leadership styles and behaviors depending upon the situation. Displaying a range of leadership behaviors allowed effective leaders to adapt and react in accordance to different situations (Bass & Avolio, 1994). However, an effective leader rarely uses laissez-faire type of leadership, and uses transactional leadership behaviors less often than transformational leadership behaviors (Avolio, 2005).

Burns (1978) stated that the transformational leader motivates followers to rise above their own personal needs for the interest of the group, organization, and the society. This was primarily to ensure that their long-term needs to develop themselves were addressed, as against their immediate needs; and also to be aware of what was more important. The interaction of a transformational leader with subordinates converts them into leaders. The subordinates identify with the transformational leader and consider them as a role model (Bass and Avolio, 1988). A transformational leader ensured that he articulated the vision in a clear and concise manner and also explained in no uncertain terms on the manner of attaining the vision. The leader acted in a confident and optimistic manner, while expressing confidence in his followers and also ensured that the right values were emphasized by personal example (Yukl, 2002). In the same vein, Bennis & Nanus (1985) also stated that the transformational leaders clarified on values and norms that supported the leader's vision, established trust by taking a position on issues based on rationale, modeled self-confidence through risk-taking. Burns (1978) considered Mahatma Gandhi as the best example of a transformational leader because he articulated the vision of a free India and aroused and elevated the hope of millions of his countrymen whose lives were transformed in the process.

Bennis and Nanus (1985) conceptualized transformational leadership as a process that focused on action to bring about changes in the organization that facilitated followers to become leaders and leaders to act as change agents. Followers take on the mantle of leadership when they are self driven, self motivated and are committed to a cause (Sergiovanni, 1990). Yukl (1998) stated that the focus of transformational leadership was on the leader's influence on the followers through various interactions that made the followers trust, admire, be loyal, and respectful towards the leader and finally motivated them to perform beyond the ordinary. This style of leadership broadened and elevated the interest of the followers by ensuring that they are able to mould themselves to look beyond their short term personal needs and address the needs of the team, and then look to organizational and societal needs (Bass, 1990; Bennis, 1989; Keller, 1995; Miles, 1997; Yukl, 1998).

Kouzes and Posner (2002) elaborated the concept of transformational leadership by conducting interviews to identify practices related to the exemplary leadership. They recommended five practices which leaders required to follow in order to have a transforming effect on their followers which in turn transforms the organizations. These practices were validated through ongoing surveys of middle and senior managers across the country. The five practices as espoused by Kouzes and Posner (2002) are: challenging the process; inspiring a shared vision; enabling others to act; modeling the way and encouraging the heart.

Other leadership scholars viewed transformational leadership as a tool for creating change using the leader's relationship with followers. House's (1997) theory of charismatic leadership discussed how leaders create a vision that emotionally connects with the follower's beliefs and values and motivates them to accomplish goals. Thus, transformational leadership is about creating a shared vision, acting with high levels of integrity, encouraging innovation and creativity in others and developing and coaching followers to become future leaders. Transformational leadership also has certain distinct differences vis-a-vis management. This would be in terms of the goals that are set, skills required, values of a leader and competencies required. It is therefore useful to review the fundamental differences between management and leadership.

2.1.3 Leading and Managing: An overview

The convergence of diverse environmental forces – the globalization of markets, the ever increasing competition, the changing workforce and their needs and aspirations and

rapidly developing technology – has further increased the demarcation between leadership and management (Steingraber, 1996). The leadership of change requires both leadership and management skills. While management is about implementation of the current systems and practices, leadership is about creating the future by challenging the status quo.

As per Zaleznik (1986), the difference between leaders and managers is in their behavior, focus and capability. While, the leaders were personally involved in ensuring that the laid down goals were achieved, managers were relatively impersonal in their approach towards goal accomplishment. Leaders have a long term perspective and use intuitive approaches to decision making and develop empathetic relationships. Managers have a short term perspective and view their subordinates from the prism of their specified roles in the organization and they were generally found to develop professional relationships with the subordinates. Leaders encourage new ideas and are risk-takers and open to experimentation. Managers are more conservative and prefer to work within the norms and culture of the organization. The focus of leaders is on effectiveness while managers focus on efficiency of the organization.

Bennis (1989) stated that, "Survival in the twenty-first century, requires new generation of leaders and not managers as leaders conquer the volatile, turbulent, ambiguous surroundings that often seem to conspire against them while managers surrender to it". Fullan (2000) also supported this view and stated that managers believed in status quo regarding organizational structure, systems and processes. Leaders on the other hand were found to review structures, systems and processes as necessitated due to the ever-changing environment. According to Bennis and Nanus (1985), "Managers do things right, but leaders do the right things". Dana, and Olson (2007) described the manager as "the dependable operational workhorse and the leader as the great organizational visionary".

Kotter (1990) advocated that the difference in leadership and management was more in the process rather than the roles, and did not require people with different competencies. As per him, management strove to ensure predictability and order while leadership was more about keeping up with the environment by bringing about organizational change. These two concepts of leadership and management need to be compatible and were required by an organization in order to be sustainable in the long term. Organizations which emphasized only on leadership process could lead to unrealistic demands for change by disruption of

order and systematic work processes. Excessive focus on management would certainly create efficiency by having a rigid bureaucracy but would discourage innovation and risk-taking.

Extensive research by Buckingham and Coffman (1999) found that "focus was one of the most important difference between a great manager and a great leader". They emphasized that the core activities of managers and leaders are different. As per them, effective managers were inward looking and looked within the organization to develop the talents and strengths of employees based on their needs, motivation and competencies. Leaders on the other hand, would look outward at the various environmental factors and based their strategies on these factors to sustain in the long term. While leadership is certainly a crucial role, however, it will not be able to produce an effective organization unless competent managers are there to develop and manage talent to convert individual performance into organizational performance. Stoner-Zemel (1988) found that the combination of effective management and visionary leadership behavior were positively correlated with organizational performance. Both leadership and management processes have their own distinct advantage within the organization and have to be given equal importance, thus developing effective leaders and effective managers have to go on simultaneously. In this volatile environment, organizations require individuals who are both good managers and also leaders, and who could ensure employee development and instill in them engagement and commitment for the common cause (Joseph & Winston, 2005). Thus, there is an overlap between good managers and effective leaders, which was also brought out by Warren Bennis (2005) when he proposed that: "**The future belongs to the 'leader' who can juggle a dozen conundrums and who can 'manage' a dozen things at once!"**

Thus, it seems that change and transformation are not a function of leadership alone but are also dependent on good management. Yet despite their distinct functions, focus and characteristics, leadership and management need to complement each other. For organizations to survive in today's uncertain and volatile environment, both leadership and managerial skills are required. The relationship of leadership and management is shown in Figure 2.2.

Transformation efforts can be successful for a while, but often fail after short-term results become erratic.	All highly successful transformation efforts combine good leadership with good management.
Transformational efforts go nowhere.	Short-term results are possible, especially through cost cutting or mergers and acquisitions. But real transformation programs have trouble getting started and major, long-term change is rarely achieved.

Figure 2.2: The Relationship of Leadership and Management

Source: John P. Kotter, Leading Change (Boston, MA: Harvard Business school Press, 1996).

2.2 Change

There are numerous ways in which philosophers have defined change including ancient Greeks who believed that tampering with the basic character of things was a sure path to disaster (Kanter et al., 1992). In present times change is an inevitable aspect of life. It is essential for all living beings to change to survive in the ever changing environment. This is evident from the following statement, *"If you are still doing things now the same way you did them five years ago, you are doing something wrong",* by Jack Welch the GE's former CEO.

Change represents the struggle between 'what is' and 'what is desired'. However, implementing change is a complicated process that requires thorough strategic planning in order to achieve the goals of the desired change. As per Fullan (2001), "change is a double-

edged sword. Its relentless pace these days runs us off our feet. Yet when things are unsettled, we can find new ways to move ahead and to create breakthroughs not possible in stagnant societies".

2.2.1 Organizational Change

In order to define organizational change, it is important to comprehend and appreciate the historical evidence that resulted in the current environment that organizations are facing now. In the mid 20th century, organizations followed the principles of management proposed by Frederick W Taylor as there was a drive to improve efficiency. Scientific approach to management was used to achieve organizational efficiency. "This closed system approach (wherein the external environment was ignored) resulted in hierarchical and complex organizational structures with focus on controls and simple, routine, standard, monotonous tasks" (Volberda, 1992). This approach was criticized by many as the focus was only on production and not on people. The scientific management approach led to the emergence of the human relations approach to the management of organizations. This approach emphasized on the human element in organizations. Adam Smith advocated that the "simplification of work processes beyond a certain point could have diminishing returns and produce feelings of alienation amongst the workers" (Vecchio and Appelbaum, 1995).

In the Indian context, after the 1990's, as the markets opened up there was a huge demand for excellent quality products and services. The competition became fierce and organizations had to be different from their competitors to survive in the market. In today's environment, it is an open system approach to management - that is the organizations continually interact with the external environment. The environments of today are wider, more complex, and less predictable. Organizations must position themselves to ensure survival and growth, anticipating the various environmental factors (Manning, 1991). As per Kreitner and Kinicki (1998) "Companies no longer have a choice - they must change to survive."

Daft (1998) in terms of organization theory defined organizational change as "the adoption of a new idea or behavior by an organization", however, when considering organizational behavior, Wagner & Hollenbeck (1998) defined change as "the act of varying

or altering conventional ways of thinking or behaving". Jones (2003) on the other hand defined "organizational change as a process by which organizations move from their present state to some desired future state in order to increase their effectiveness". Kanter (1991) viewed change as an alteration in various activities and tasks of an organization.

When viewed from organizational development perspective "change could be defined as a set of behavioral science theories, values, strategies, and techniques, aimed at the planned change of organizational work settings, with the intention of generating change in individual organizational members, leading to behavioral change and thus creating a better fit between the organization's capabilities and its current and future environmental demands" (Porras and Silvers, 1991). Orlikowski (1996) viewed it from another perspective and opined that "organizational change is often realized through the ongoing variations which emerge frequently, even imperceptibly, in the slippage and improvisations of everyday activity. Organization's renewal was an ongoing improvisation enacted by organizational actors trying to make sense of and act coherently in the world". The importance here is on the significance of incremental and continuous improvisations as a part of managing change and this change takes place regularly in everyday work situations.

According to Moran and Avergun (1997) who researched organizations which made successful change initiatives, found change having many characteristics. They were: change was nonlinear and was often seen to have no clearly defined beginning or end; effective change interweaved multiple improvement efforts; change was top-down to provide vision and create structure and bottom-up to unleash people's natural ability to adapt to the emerging new demands that confront the business; organizational change had an important personal dimension to integrate change on a personal level or it would not internalize; measurement was key to successful and sustainable change.

2.2.2 Organizational Change Process

There has been considerable research conducted in the area of organizational change process and it has been based in the work of Lewin (1948) and his unfreezing–moving–refreezing model. The aim of Lewin's model was to bring about change in the behaviors of groups and was concerned with taking appropriate actions in phases. At the organizational

level various researchers and practitioners have extended the Lewin's (1948) work (e.g. Kotter 1995, 1996; Burke and Litwin, 1992; Schein, 2004). As per the model unfreezing creates conditions that facilitate the movement of the organization to the desired state. It includes recognizing and identifying the need for change, reducing forces obstructing the change and strengthening forces that support the change. Movement involves the development and implementation of plans to achieve the desired change and refreezing is the final step in the change process in which all that was implemented during the previous steps of unfreezing and movement are evaluated and lessons learnt are assessed from the process which are considered during future implementations.

Many researchers have criticized Lewin's model for being too simplistic and for not offering adequate information and support for carrying out the change in practice (Kanter et.al., 1992). Further, the last step of refreezing or institutionalizing the changes is against the requirement for continuous improvement and learning within an environment which is very volatile (Nonaka & Takeuchi, 1995; Senge, 1990). Especially for organizations which have a very turbulent environment, the last step of refreezing builds resistance for the next level of change. Thus, Lewin's model was more acceptable and appropriate in the 20th century. The existing ever changing environment requires organizations to continuously adapt to these changes and evolve as learning organizations. Since knowledge is dynamic and evolves with time, organizational change process needs to cater for this and organizations need to continuously acquire and apply the new knowledge (Gogus, 2003; Jacques, 1996).

In this era of globalization, with fast changing technology, instant communication and changing social, economic, political and legal aspects, the environment has become increasingly complex, unpredictable and dynamic. Organizations have been affected by this volatile environment and it has become increasingly important for them to manage and handle the change process. It is therefore, necessary for organizations to reflect on the driving forces of change; the stages, scale, timing and process characteristics of change; and the content of change, outcomes, and ways to measure it, in their effort to survive and sustain themselves. In order to appreciate the strategies adopted by Indian firms to handle change, it is imperative to understand the various types of changes and the various approaches and models adopted by organizations to manage change. Each approach represents a different ideology with its assumptions with regard to various aspects of organizations.

2.2.3 Typology of Organizational Change

Change, according to Kimbrough and Burket (1990), can be distinguished between two kinds of organizational change: planned and unplanned change. Changes that occur spontaneously or randomly in an organization are termed as unplanned changes as they occur without the direction of a change agent. They may be disruptive, like death of the CEO of the organization resulting in change in leadership and change in business strategy. In comparison, planned change is a result of specific efforts by a change agent and is more intentional in nature (Farrell 2000; Burnes 1996). Planned changes are undertaken by organizations with the purpose of achieving specific and challenging goals which otherwise might be difficult to accomplish. Change whether planned or unplanned in an organization is classified as one of the four types as given below:

Operational changes affect the way the ongoing operations of the business are conducted, such as the automation of a particular process.

Strategic changes occur in the strategic business direction, e.g., change from manufacture of consumer durables to infrastructure projects.

Cultural changes affect the basic organizational philosophies by which the business is conducted, e.g., implementing a continuous quality improvement (CQI) system.

Political changes in staffing occur primarily for political reasons of various types, such as those that occur at top patronage job levels in government agencies.

The above mentioned changes do not affect the organization equally at all levels. For example, political change has the greatest impact at higher levels of the organization and operational changes on the other hand would have greatest impact at field level with the lower levels being affected the highest.

Another variable used to design typology of change is '**scope of change**'. Changes can be defined along a continuum starting from low scope to high scope. However, real changes are not a pure type but are a mixture of the extremes. The low scope changes on one side of the continuum are also described as adaptation (Balogun and Hailey, 2004), developmental change (Aitken, P. & Higgs, M., 2010), incremental (Quinn, 1996), Level 1 (Stace and Dunphy, 2002) or alpha changes (Golembiewski et al., 1976). These are small changes that alter certain small aspects, focus towards enhancing and correcting existing aspects, however maintaining the general working framework (Greiner, 1972; Nadler and

Tushman, 1990; Blumenthal and Haspeslagh, 1994). During this change implementation, change agents feel that they are in control of what is happening.

At the middle of the continuum are changes which are described as beta changes (Golembiewski et al., 1976) and transitional changes (Aitken, P. & Higgs, M., 2010). These changes are intended to achieve a known desired state that is different from the existing one. These changes are planned and often radical. These changes have a greater effect on the existing state than the lower order changes. Balogun and Hailey (2004) further classified these changes into reconstruction changes and evolution changes. Reconstruction is a non-paradigmatic change to realign the way the organization operates, but has a greater scope and implemented in a short span of time. Evolution is a transformational change implemented gradually through different stages and initiatives which are interrelated. Stace and Dunphy (2002) also further categorized the middle order changes into level 2 and level 3 changes. Level 2 changes are relatively modest keeping in mind the external drivers of change. For example changes involving strategy, structure and management process. Level 3 changes focus on major restructuring and realignment of specific parts of the organization rather than the whole organization. For example, a restructuring of the marketing department around distribution channels rather than product lines.

At the end of the continuum are changes which are described as deep changes (Quinn, 1996), gamma changes (Golembiewski et al., 1976), revolutionary changes (Balogun and Hailey, 2004) and Level 4 (Stace and Dunphy, 2002). These changes required new ways of thinking and behaving and involved surrendering control and taking risks. They are major in scope, discontinuous with the past and generally irreversible. These changes occur when simultaneous initiatives are taken on many fronts and often in a relatively short span of time. For example these changes may involve fundamental change in organization business strategy involving new vision, mission statements and/or values; major restructuring that changes the power equations within the organization; radical changes to structure, systems and processes across the entire organization.

Another classification of change can be on the basis of '**speed of change'**. Grundy (1993) described three types of change with respect to speed of change. At one end of the continuum is 'smooth' change that has a slow pace and is systematic and predictable. This change happens in small steps and is hardly noticeable in the day-to-day operations of an

organization. This change is typically driven by internal factors. The example of this type of change would be minor changes to policies and procedures. The second change is 'bumpy change' and it is more noticeable as the speed of change is faster. The managers need to be quick in responding and dealing with these types of changes. It is typically driven by external factors which require an organization to move quickly to respond. The third change is 'discontinuous' change, which is marked by rapid shifts in strategy, structure or culture, or changes in all three. This change has many of the characteristics of transformational change.

A range of variables have been used to examine different types of change. It is necessary to examine the context of change by appraising various factors, as then only one can assess the impact it can have on the people, processes and organizations.

2.2.4 The Management of Change within Organizations

Today change is essential for survival and the way business is carried out. This change forces individuals to come out of their comfort zone to zone of insecurity, uncertainty and anxiety. Thus, the study of management of change has enjoyed a growing interest as organizations seek to react, adapt and prosper in a new and constantly evolving world.

Moran and Brightman (2001) defined change management in the context of an organization, as "the process of continually renewing an organization's direction, structure and capabilities to serve the ever-changing needs of external and internal customers". Since the rate of change today is greater than any time in history, it has become imperative for organizations to remain relevant and be sustainable. The factors affecting the organizations vary overnight. There is a constant shift in organizational alliances and structures to sustain competitive advantage. The strongly held values, beliefs and assumptions are being challenged. Due to the high rate of change the risk of failure is greater than ever before which leads to a high level of turbulence within the organization and this constant change needs immediate attention.

Effective leaders need to recognize the fundamental issues surrounding change management in their organizations. The challenge for a leader is to comprehend all the internal and external environmental factors which may affect an organization and managing those would result in successful change management. Zeffane (1996) postulated that to

influence successful transformations, the change leaders need to have sufficient comprehension of the forces that exist in the internal and external environment of organizations. Two distinct forces within the internal business environment have been identified, namely, people related and system related forces. People related forces are seen to affect levels of knowledge, skill, self-esteem and self-awareness. The system related forces affect factors such as leadership, the culture, the climate of the organization and the perceived consequences of success or failure within the organization (Zeffane, 1996).

The most critical ingredient in any change initiative is leadership, and managing change is essentially a people's issue as it is the people who bring about the changes. Organizations are complex systems comprising of people so any change intervention needs to be handled carefully. Most change initiatives that end up going nowhere do not fail because they lack grand visions or noble intentions. They fail because people who initiate the change do not see the realities people affected by change would face. It is difficult to bring about change in organizations without connecting with the people emotionally or without getting buy-in from the people who would execute those changes.

Though change involves uncertainty and insecurity, according to Kotter (1995), an organization attempting to adopt change can minimize it by effective change management using the steps such as establishing a sense of urgency, creating a guiding coalition, developing a change vision and strategy, communicating the change vision, improving employees for broad based action, generating short term wins, and institutionalizing change. Each step is part of the change management process, and lasts for quite a long time. The momentum of the change process can undermine if mistakes are made in any of these steps and can result in a change management failure. Hence managing change is very vital for continued survival and success of organizations.

Change Management can be aimed at changing organizational objectives, strategy, structure, systems, people, task, culture and technology. Though conceptually they are being categorized separately, in reality they are highly intertwined since changes in any one aspect are likely to bring about changes in the other. For example, if there is a technological change in an organization, there would be a corresponding change in the roles and tasks of workers, may require alterations in structures, authority, pattern of communication, etc. (Cooke 1979; Nadler 1987; Kilmann 1984).

Although researchers and practitioners of change management have brought out many new theories, models and approaches, but managers still struggle with the practical issues while leading change. Peter Senge et.al. (2004) advocated that modern approaches of managing change are, paradoxically, neither narrow enough nor broad enough. Therefore, it is important to understand the various approaches to change management proposed by various researchers.

2.2.5 Approaches to Change

2.2.5.1 Based on Context

Higgs and Rowland (2003; 2005) carried out a study by conducting in-depth interviews with forty leaders involved in managing change and identified the different ways in which change is approached within an organization. They developed a change framework around two key scales for the analysis of factors which leads to successful change. The first scale was linear versus complex. The second scale related to the extent to which organizations strive for having uniformity in the implementation of the change versus the acceptance of a differentiated approach throughout the organization (e.g. Duck 1999; Beckhard, 1969; Pascale, 1999; Senge et al, 2002). Using this framework as shown in Figure 2.3, and considering a range of change contexts Higgs and Rowland (2003; 2005) found the following:

- In high magnitude change wherein change impacts a large number of people and involves changes to multiple parts of the system, the most effective change approach is an emergent one.
- As change is a complex activity, those approaches which identified it as being simple (Directive change and DIY change) are less effective in most scenarios than those which acknowledge the underlying complexity of the change process (Master and Emergent approaches).
- In most contexts, an Emergent approach to change was found to be more successful than any of the three change approaches.
- An approach to change that is both simplistic and widely differentiated (a DIY approach) appears to be unsuccessful in any context.
- A Master approach appears to be an effective strategy in long-term change initiatives within organizations facing continuing change.

Four Change Approaches Explained

One Look

"**Directive" (Simple):**

- Change Being driven, controlled, managed, initiated
- from the top/centre/person or small group

- Simple theory of change or a few rules of thumb Recipes
- Small range of intervention used
- Few targets set
- Tightly controlled communications
- Explicit project management
- Engagement is about control of drift (timescales,
- Objectives, use of resources and local adaptation)

- Little or no attention given to capability development

"Master" (Sophisticated):

- Change being driven, controlled, managed, Initiated from the top/centre/person or small group

- Complex theory of change-lots of elements, drawing on more than two theorists, use of change models
- Wide range of interventions used
- Extensive engagement which influences change process
- Explicit project management
- Capability development

Change is straight forward

Change is complex

"Self Assembly" (DIY)

- Tightly set direction
- Accountability for change lies with local managers.
- Limited capability and capacity development
- Strategic direction but local adaptation
- Use of set of tool kits and templates
- Innovation against certain set criteria

"Emergence"

- Few big rules and loosely set direction
- Change initiated anywhere in organization but usually where there is high contact with client/customer
- Issues of spread and diffusion-sharing best practices
- Lateral connections important
- Novel mixes of people
- Innovation and experiment
- Emphasis on sense making and improvisation.

Local Differentiation

^{TM} RFLC (2003)

Figure 2.3: RFLC Change Approach Model

Source: Higgs & Wren (2005), The Leadership of Change: A Study of Change Leadership within the UK Royal Air Force, Henley Working Paper Series, HWP 2005

The various approaches to change on the two scales of simple Vs complex and uniform Vs differentiated from the review of literature as assumed by various researchers and authors of change is depicted in figure 2.4.
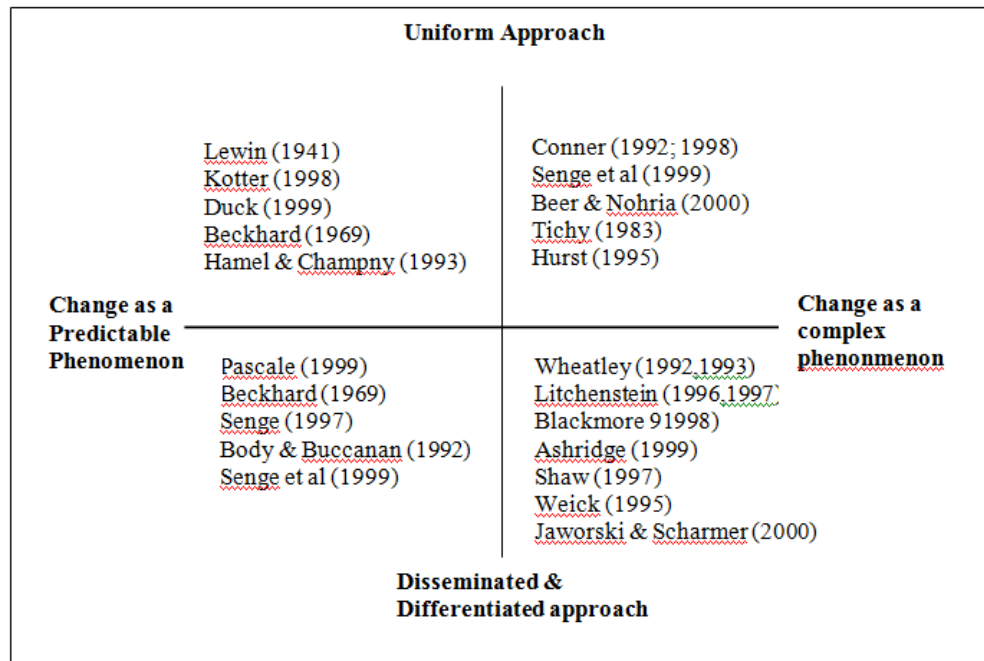
Figure 2.4: Map of literature on Approaches to change

Source: Higgs & Wren (2005), Source: Higgs & Wren (2005), The Leadership of Change: A Study of Change Leadership within the UK Royal Air Force , Henley Working Paper Series, HWP 2005

2.2.5.2 Based on goals

While there are many approaches to change programs, Harvard Business School professors Michael Beer and Nitin Nohria (2000) categorized 'Theory E' and 'Theory O' based on the goals of the change initiative. Theory E approach focuses on the economic improvement of the organization which is a generally a short term organizational goal and Theory O approach focuses on the improvement in organizational capabilities as the organizational goal.

Theory E: An Economic Approach

As stated by Beer and Nohria (2000) the explicit goal of Theory E approach to change is the creation of economic value. This approach is usually executed in the event of a financial crisis. The Theory E approach is considered as a "hard" approach to change as the prime motto is to increase shareholder value by improving on cash flow and increase of share price. This change initiative is planned, programmatic and top driven with the help of

consultants and it focuses on formal structure and systems. As the objective of this change approach is to increase shareholder value, it relies primarily on the use of economic incentives, drastic downsizing, asset sales, restructuring and strategic reordering of business units. The practice of employee participation during the various decisions making and the philosophy of "learning organization" take a back seat.

According to Theory E, during the implementation of change effort all implicit and psychological contracts between the organization and its employees, such as lifetime employment, are suspended. Individuals and units whose performance does not display any value creation are at risk of retrenchment, for example, human resources, corporate planning or R&D. Theory E approach to change is a top-bottom approach and the CEO and the executive team drive the change. Outside consultants provide advice to internal change leaders, for example, organization development consultants help top leaders assess the various options; valuation specialists and investment bankers arrange for asset sales and/or acquisitions; and HR consultants help with restructuring and layoff and planning incentives for the survivors.

Theory O: An Organizational Capabilities Approach

This approach to change is based on the philosophy that the most successful and enduring organizations have highly capable employees, dynamic and learning-oriented cultures. For example organizations like Intel, Microsoft, 3M, Tata, and Infosys are organizations which advocate the Theory O approach to change (Beer and Nohria, 2000). This approach to change is also called "soft" approach, as the main objective is to develop a highly committed organizational culture that supports organization learning and develops employee's capability. Change is emergent, less planned and programmatic. The leaders of theory O encourage employee participation, flatter organizational structure for faster communication and decision making and strive to build strong relationships between the organization and its people. The fundamental aspects for Theory O of change are employee commitment to change and learning, therefore, leaders implement this strategy by building a strong, commitment-based psychological contract with the employees and encouraging employee behaviors and attitudes that will sustain change.

However, research indicates that neither Theory E nor O approach is a guarantee of success. Theory E, which focuses on rapid improvements in profitability often succeeds in

the short run by compromising on the long term growth. This short term focus leaves the employees stressed, demoralized and disloyal. Theory O also does not provide an ideal solution. Building a culture of employee commitment and organization learning takes a lot of time and many a times organizations which implement changes cannot wait that long for results. Table 2.1 summarizes the Theory E and Theory O approaches to organizational change.

Theories E and O of Change		
Purpose and Means	Theory E	Theory O
Leadership	Top-down	Participative
Focus	Structure and systems	Culture
Planning	Programmatic	Emergent
Motivation	Incentives lead	Incentives lag
Consultants	Large/ knowledge-driven	Small/ process-driven

Table 2.1: Summary of the Theory E and O approaches to organizational change
Source: Beer, M.& Nohria, N.(2000)."Cracking the code of change."Harvard Business Review 78 (3)

Beer and Nohria (2000) stated that companies can implement both Theory O and Theory E in sequence or simultaneously. For example, organizations can first lay-off employees who are non-performers (Theory E) and then to reduce hierarchy, flatten the organizational hierarchy and have better communication (Theory O). However, implementing two different approaches one after the other (sequence) can result in confusion and doubt regarding the change process in the minds of the people. A better alternative by an organization would be to implement Theory E and Theory O simultaneously instead of using one of the theories or using Theory O or Theory E consecutively. The simultaneous use of both theories is more likely to build sustainable competitive advantage by improving organizational capability. Most companies studied by Beer and Nohria (2000) used a mix of both Theory E & Theory O approaches to change to suit the organizational needs.

2.3 Leadership and Change

The most commonly researched concept in the last ten years about leadership is change. Specific research topics include leaders as change agents, leaders as facilitators in the change process, a leader's ability to adapt to change, and a leader's ability in the face of chaos and change. The list of some of the contributors to this research includes Bennis, W. G. & Nanus, B. (1985); Warren Bennis (1989); Peter Senge (1990, 1999); Tichy, N.M. & DeVanna, M.A. (1990); John Kotter (1990,1995); Daryl Conner (1994, 1998); Daryl Conner (1994, 1998); Jon Katzenbach (1996, 1998); Graetz, F. (2000) and Fullan, M. (2001).

Leadership in a situation of managing change in a dynamic environment "is a great deal different from leading a neatly hierarchical organization in which everyone knows their place and does what they are told" (Edvinsson, 2002). Though there is enough written on change management, however, not much research has been done to integrate this field of study with the vast array of literature that exists on the subject of leadership (Eisenbach, Watson and Pillai, 1999). Even less research appears to have been conducted into the interaction between change and effective leadership, especially in Indian organizations. We can no longer discuss leadership in general terms and with no reference to the changing environment. The approach to leadership is situational, as it is the situation which determines who emerges as the leader and what style of leadership one has to adopt.

The involvement of senior management in an organization is considered as essential to the success of a transformation process (Kotter, 1995; Kanter et al., 1992; Nadler et al., 1995). Therefore, it is senior management's responsibility to 'manage' the change effort by ensuring that the gap between the present situation and the future vision is wide enough to challenge the organization and not too wide to demoralize the change effort. Thus, not only must all employees in the organization 'find the goal emotionally compelling', they must also have a clear understanding on how they will contribute to achieving that goal (Jackson, 1997; Hamel and Prahalad, 1994).

Leaders are necessary to encourage experimentation and risk taking; to keep the people together and connected; to have and to provide to all concerned the information of the external and internal environment from several sources and also enabling everyone stay

focused on the goals to be accomplished. Maxwell (1996) believed that a leader must lead from the front to show the way and to encourage the employees to bring about the change. It is also imperative for a leader to recognize the attitudinal and motivational demands of the change. Kotter (1995) opined that in situations of change, the requirement of an effective leader becomes all the more important by the fact that change, by its very definition, requires the creation of a new system and to institutionalize the new approaches necessary to achieve organizational objectives.

Sunil Mittal, chairman of Bharti Enterprises believed that Bharti Airtel's core capabilities were understanding customers' requirements and building brand (Govindarajan & Ghosh, 2010). However, the company lacked technical competencies and had limited understanding of the technology. In 2004, Sunil Mittal and the senior managers at Bharati Enterprises decided on collaborating with the vendors who were given the responsibility for building up and managing the company's telecom and IT network. He brought in the concept of 'Reverse Outsourcing' i.e. outsourcing its telecom and IT network to the west to cope up with rapidly changing technology and to manage quicker obsolescence of equipment. However, when the proposal was put on the table, everyone thought that the idea was unrealistic and crazy. Nevertheless, Sunil Mittal went ahead and engaged Ericsson, Nokia and Siemens to build and manage its telecom network and IBM to build and manage the IT network. These actions mitigated Bharti Airtel's risk. Through the outsourcing arrangements, Bharti Enterprises reduced their costs considerably while ensuring high quality for customers, since vendors had world-class competencies in their domains. These initiatives helped Bharti Airtel to acquire more customers and to differentiate themselves easily from the rest in the market who continued to be in the RED for a long period of time.

Leaders seeking change need to understand what will inspire trust and commitment among the people. Kouzes & Posner (1987) opined that leaders who are truthful, fair, competent, genuine, and forward-looking are admired by all. These qualities are found to be the basis of trust and the crux of a credible leader. Kouzes and Posner (1993a) found in many of their studies that employees who perceived their managers as credible were more likely to feel positive about their work and organization. Bennis (1984) stated that most people preferred to be led by someone they could count on, even when they may disagree with him/her, rather than by someone they agreed with but who was not credible and trustworthy. Leaders also need to communicate with the people across all levels of the organization to

ensure that the momentum and enthusiasm for change is not diminished over time. In fact, the words and action of a leader would have a more profound influence on the results of the change effort than anything else. However, leaders must not only advocate the change but must also "walk the talk" before asking the people to do the same. When leaders communicate without being genuine, i.e. they "talk the talk," but do not "walk the talk," then people tend to become suspicious about the leader who then loses his or her credibility. This is evident from the popular slogan '**You must be the change you wish to see in the world'** by Mahatma Gandhi.

LaClair and Rao (2002) found in a study of 40 major change management programs, that 58% failed and 20% captured only a third or less of the value expected. One of the factors found to be attributing to the failure of change programs was lack of communication. In most cases, organizations put in a great amount of resources in creating the plan, however, they ignore the communication, training and involvement aspects. As an organization plans to move from the known to the unknown, the direct benefits of change must be explicitly stated to people at all levels. Otherwise employees would resist the change initiative or will go back to their comfort zone i.e., the status quo. Kotter (1995) identified eight core reasons for change failures. These were, becoming complacent with status quo; failing to find champions who identify with the change; moving ahead without a clear vision, not involving and communicating with the people; allowing obstacles to block the new vision; failing to create short-term wins; declaring victory too soon and neglecting to anchor changes firmly in the corporate culture. However, another aspect to be considered while managing change is, companies that change constantly but without any consistent rationale to change are also liable to collapse just as those that do not change (Collins, 2009).

Thus, the leader should create an environment of egalitarianism and candidness, where everyone must be open, willing and flexible and different opinions are welcomed so as to encourage participation of employees. This means being willing to scrutinize and question each other's work as well as to appreciate the feedback others give. The outcome of which is self awareness and self learning leading to an inherent urge to change and improve oneself. The participation and involvement of employees results in the transition from the old to the new state with less uncertainty and resistance. Another key factor for success during this transition phase is that leaders must anticipate reactions and emotional outbursts of employees affected by change and empathize with their experiences and concerns. If these

concerns are not addressed appropriately, these will worsen and generate resistance to change.

Kotter (1995) found that successful organizational change is 70% to 90% leadership and only 10% to 30% management. Thus, for effective change management, senior managers should focus on leading rather than managing change. Initiating planned change within an organization requires critical thinking, planning and analyzing the situation but also must be supported with the right personnel and resources. Figure 2.5 shows the change of leadership behavior and style during management of change from control to commitment, as stated by Piasecka (2000).

Thus, the effective management of change in organizations depends on effective leadership styles and behavior which also depends on the change context.
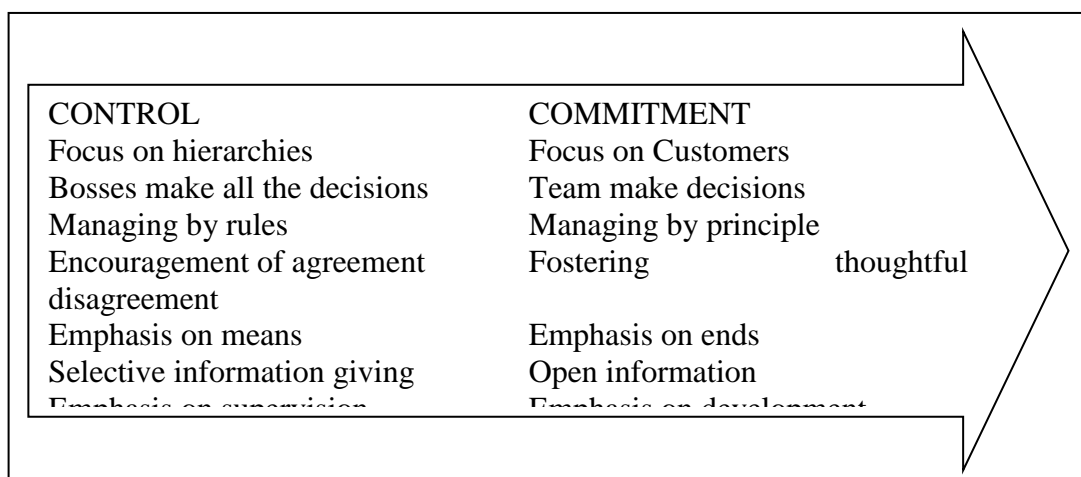
CONTROL	COMMITMENT
Focus on hierarchies	Focus on Customers
Bosses make all the decisions	Team make decisions
Managing by rules	Managing by principle
Encouragement of agreement disagreement	Fostering thoughtful
Emphasis on means	Emphasis on ends
Selective information giving	Open information

Figure 2.5: Change of leadership behavior with organizational change
Source: Piasecka, A. (2000),"Not leadership but Leadership, Industrial and Commercial Training, Volume 32

2.3.1 Type of leadership for transformation and change

Bass (1985) acknowledged that there has been a paradigm shift and leadership needs to be viewed beyond transactional terms. He opined that "leadership must be transformational to achieve performance beyond ordinary". The followers' attitude, values, beliefs, motives,

and confidence need to be transformed to achieve extraordinary performance and it certainly requires leadership which aligns those values and beliefs with the organizational objectives. Posner and Schmidt (1984) studied more than 1000 managers in a range of different companies and industries and supported this claim. They found that the employees, who reported significantly more positive attachments to their work and organization, believed in their organization's values and experienced congruency between their personal values and those of their organization.

Bass (1985) advocated that lower-order changes, such as those experienced in more stable conditions can be handled adequately by leadership as an exchange process, a transactional relationship, however, higher-order changes that involve large changes in attitudes, beliefs, values, and needs require an accelerated increase in effort. The higher order changes and increased performance may result when a leader with innovative or revolutionary ideas and a vision of the future arouses a group. Thus, transformational leaders help bring about a radical shift in attitude and motivation of the people which results in higher performance.

Eisenbach and others (1999) stated that the development of a transformational leadership theory could be attributed to the fact that organizations over the past twenty five years had to face rapidly changing environments that required leaders to articulate new visions, foster new cultures, and breed new mindsets involving changes in basic values, belief and attitudes of subordinates. Transformational leadership behaviors tend motivate followers to identify with a leader's vision and sacrifice their self-interest for that of the group or the organization (Eisenbach et al., 1999).

Effective leaders "need to develop completely different range of leadership skills" (Graetz, 2000) in driving change within their organizations. Tichy and De Vanna (1990) and Bennis and Nanus (1985) studied the process of managing transformational change and found that transformational leaders followed three phases to move large organizations through major change initiatives. Firstly, the transformational leader recognized the need for change and persuaded key people in the organization of the urgency of this need. Secondly, the leader involved key people in the development of an inspiring vision of the future. Finally, he or she mobilized commitment to the new vision by all the people.

Graetz (2000) identified the key dimensions of the roles played by the change leaders. They were, challenging the status quo; inspiring and communicating a shared vision; enlisting the support; supporting the ranks; nurturing and embedding necessary behaviors and demonstrating the personal commitment necessary. Goleman (1998) also suggested that change leadership involved two important roles. The leader plays an instrumental role in ensuring the correct organizational design and control of an environment necessary to manage the change processes, and a visionary role in deciding the future path, and in motivating, empowering, inspiring and energizing followers.

2.3.2 A New Paradigm of Leading Successful Change

There have been numerous studies conducted in an attempt to provide insight into the reasons of change failure to increase the probability of successful change interventions (Kotter, 1996; Carnall, 1999; Higgs & Rowland, 2000; Senge et al., 2002). However, inspite of the plethora of research and its findings available, there has been high proportion of change failures (Higgs & Rowland, 2003; 2005). Higgs & Rowland (2003; 2005) in their various studies explored the reasons leading to successful change and identified five broad areas of leadership competency associated with successful change implementation. These are: effectively engaging others in recognizing the business need for change; ensuring that change is based on understanding of the issues and supported with a consistent set of tools and processes; engaging others in the whole change process and building commitment; implementing and sustaining changes; and facilitating and developing capability.

Ted Q Sun (2009) stated that strategic thinking for the next five years needed to focus on leading change or change leadership, rather than managing change or change management, which can be rather reactive. According to Herold, Fedor, Caldwell and Liu (2008), change leadership emphasized on keeping a focus on the vision for change. Change leadership has many dimensions that are similar to transformational leadership. Rather than focusing on desired behaviors, change leaders embark an inspirational role and emphasize on the outcome without forcing the means onto their followers. Reinhard (2007) included another important concept to the paradigm of change leadership, that is, 'Sustainability'. Change leaders strive to engage people in the process of managing change and also establish

a sense of purpose that genuinely involves people in the process so that organizations achieve sustainable success.

A study by Rajagopalan and Spreitzer (1996) brought out that, change in the organizational strategies enhanced organization effectiveness in some firms but impaired effectiveness in others. They formulated an integrative framework on managing strategic changes and highlighted three critical sets of managerial processes that influence the performance effects of strategic changes. They are, first, managerial actions that focused at organizational inertia during the change process could reduce organization's resistance to change and ensured that strategic changes were implemented effectively. Second, managerial actions that focused at building environmental support served to effectively increase the range of options available to the organization, provided critical resources, and increased the probability that the change would be accepted by environmental stakeholders. And third, managers who considered the lessons learnt while implementing strategic changes and then used those learnings to decide on subsequent actions, are more likely to make choices that result in positive economic and noneconomic organizational outcomes. These changes are likely to influence the effectiveness of the change process. The integrative framework formulated by Rajagopalan and Spreitzer (1996) can also become an agenda for future empirical research.

Dulewicz and Higgs (2005) carried out a study to establish a relationship between leadership style and context using Leadership Dimensions Questionnaire (LDQ) developed by them. The study provided evidence that the "fit" between leadership style and change context is a predictor of leadership performance. Though, LDQ is based on a sound review of the literature but it does not have much empirical evidence. A study conducted by Wren & Dulewicz (2005) on 36 leaders of the UK Royal Air Force suggested that success in organizational transformation has significant relationship with the leadership competencies and leadership behaviors. They found that leadership dimensions which were most strongly related to successful change were managing resources, engaging communication and empowering followers. In addition, they found that developing followers, motivation and critical analysis were the leadership dimensions which were also significantly related to change success.

In an empirical study carried out by Higgs and Rowland (2005), significant relationship was found between change success, leadership behaviors and organizational culture. Higgs and Rowland (2005) emphasized that the success of a change depends on the behaviors of leaders in a change process and these behaviors also influenced the leader's approach to change. They categorized leadership behaviors under three groupings that were: shaping behavior, framing change and creating capacity. Shaping behaviors included what leaders say and do, making others accountable, thinking about change and using an individual focus. Framing change behaviors included establishing 'starting points' for change, designing and managing the change journey and communicating guiding principles. Creating capacity behaviors included creating individual and organizational capabilities and communicating and creating connections.

Higgs and Rowland (2005) used these categories of leadership behavior in their analysis and they found that the change success depended to a great extent on the leadership behaviors and to an extent on the context of the change. Their key findings were that the behavior Framing Change accounted for the highest variance to success of a change and the leadership behaviors that were based on the position, role and power of the leader and their abilities (i.e. those behaviors captured by the factor Shaping behavior) were not related to a significant extent to the success of a change intervention. Thus, there is growing evidence that change agents' leadership characteristics and behaviors have a significant impact on the success or failure of organizational change initiatives (Eisenbach, Watson, & Pillai, 1999; Higgs & Rowland, 2000, 2005).

Katzenbach J. and others (1997) identified and classified common characteristics of successful change leaders in the past who they believed created successful and lasting change. They were commitment to continuous innovation; courage to challenge existing systems and practices in the face of resistance and opposition; personal initiative to go beyond defined boundaries; being self driven and motivating others; caring about people and developing and enabling them to optimize their performance; being humble by keeping a low profile and getting the job done; and having a sense of humor about themselves and their situations which helps during the tough times. A few more characteristics of successful change leaders as identified by Olu Ajayi (2002) were: being visionaries; having an ability to skillfully read the situations they are attempting to change; being lifelong learners and

keeping abreast of developments; building effective teams; being open to challenge and being courageous to take risks.

Tata Motors had a major turnaround in the history of Indian automobile manufacturing industry in 2001. Inspite of heavy investment for its entry into passenger car business, they suffered lost sales, incurred cost of complying with new emission standards and increasing threat from overseas competitors. Tata motors incurred a loss of Rs. 5 billion. Realizing an urgent need to transform, the Tatas decided on a major restructuring exercise. The then Managing Director Ravi Kant took timely action and initiated various change initiatives considering the changing environment. The change strategy at Tata had three distinct phases, each of which had a timeline for around two years. Phase one was intended for major cost reductions and that was a huge challenge for a company that was the market leader and was used to operating in a seller's market and employing a cost-plus approach to pricing. Phase two was focused at consolidating their position in India, and phase three was about increasing presence outside India and expanding operations internationally. There were bottlenecks initially, however, they succeeded in establishing a strong presence in the car market through the launch of new cars and they became the second largest manufacturer of passenger vehicles in India. Though there has been intense competition with some of the most well known brands in the world, however the feat could be achieved by Tata Motors with strategic thinking and meticulous planning and effective implementation of change.

Most of the leadership studies exploring the relationship between leadership and change do not take into account the complexity of intra-organizational processes (Yukl, 1999), and also the complexity involving the different activities of the organizational change implementation process. Also reviewing the leadership literature it has been observed that though planned organizational change implementation involves different activities under the tutelage of a leader, however, leadership competencies have been ignored (Higgs & Rowland, 2005).

This chapter focused on the leadership behaviors for the effective management of transformation and change. It is evident that, though, modern organizations have recognized the importance of managing change, however, they still struggle to develop leaders who have the competencies to manage change effectively. In today's times of continuous change it has become inevitable for organizations to develop leaders who can steer the process of change

management. The literature review in this chapter provides clear evidence that there is a relationship between leadership behaviors, context of change and the ultimate success of the change. The quantitative and qualitative research in this study has attempted to identify the leadership behaviors which are necessary for successful management of change, keeping the context of change in mind.

The next chapter reviews the literature on organization culture and change, cultural change process in organizations, Organization structure and change, resistance to change and the impact of change on employee stress and the impact of leadership behaviors on employee satisfaction.