A STUDY ON LEADERSHIP IMPACT OF STRATEGY DEVELOPMENT, GROUP PERFORMANCE AND EFFECTIVE CAPABILITIES OF DESIGNING CHANGE

Satya Sidhartha Panda[1] & Sushant. E. Revankar[2]

[1]Research Scholar, Department of Marketing Leadership & Innovation, Inurture Education Solutions Private Limited, Jain Deemed –to-be University, Bengaluru, Karnataka, India

[2]Assistant Professor, International School of Management Excellence, Jain Deemed –to-be University, Bengaluru, Karnataka, India

ABSTRACT

Leadership cannot be defined with the designation of a person or, how is the behavior of a person towards the employees or subordinates of an organization. It is truly tough to measure what are the qualities make a person to be defined as a good leader. Possibly, that is why few people in our society still remembered as a good leader with their approaches, not as per the scores are given to them. So, it proves leadership is such a quality which cannot be measured, but it is true that the impact of a true leader is always countable. That nature of leadership makes it so interesting. Leadership is all about a few sets of qualities which may be gained with the upbringings of an individual or may be polished and developed with years of experience and personal feelings. It is a style which is enriched with time, experience and communication with people. But that is not the end, it can be better with a better strategy, with better capabilities of taking people in a group and work together and finally the capabilities of designing change for everybody help to motivate them and help the individual to grow. Probably, even these set of qualities will be just a subset of leadership qualities and these factors have been discussed in this paper.

KEYWORDS: Strategy, Group Performance, Transformational Leadership, Resource-Based View, Sustainable Competitive Advantage, Skill Development, Empathy, and Persistence

INTRODUCTION

Conflict and Performance in Workgroups

When inside the organization, working in a group, how the outcome may vary due to the presence of people in the group has been discussed in this paper thoroughly. From the very personal experience, initially, it becomes a hectic part to participate in a group and work in a single project where people from various backgrounds, various culture or even from various upbringings may arrive. And these multiple variations actually create the mess. Lot of time, the management levels face challenges to resolve the internal team or group misunderstandings first, and to resolve the service level challenges. So, it consumes a lot of time as well to face and handle a group of people in a project inside the organization.

But we should remember there are some positive aspects as well as working in a group. There might be few people who are new joiner or fresh graduates and for them, gathering knowledge is an important aspect of working in an organization. Now, if the information has to be gathered across the team, then it is very tough for those set of people. Because it needs the courage to go ahead and discuss the requirement cross the team, identifying the correct set of people who can actually help them sharing the information which may take lot of time sometimes. Also, they need to know how to do effective communication and define their exact requirement.Because sometimes too much information may affect the curiosity of learning the new things. But if they are working in a group, it becomes much easier to understand the requirement and reach out to the person who is most experience in the group.

But so far, we have discussed the positive and the negative things of working in a group. Here it is discussed now what are the good models or processes following which we can say that working in a group create diversity, not the misunderstandings or problems. And one of the major aspects of this diversity would be creating gender equality inside the group and diversity towards the information is very important to maintain the interest towards work. And one more important area of the diversity would be Value. Creating and maintaining the value inside the organization teams are also important. All these three diversify natures are very important in organizations groups to maintain employee morale as well as lowering the intragroup competition. As per the research, it says the low task conflicts across the team leads to high integrity and improves team performance as well. At the same time, high performance also leads to high morale.

And, if we need to understand the value diversity then it needs to be always low-value diversity among the group individuals because that is the way to be more efficient in the groups and higher the satisfaction level is in the group or team. So, basically when the group is fighting over the challenges like gender, value, age and other social factors which are the serious challenges to be in a team and work, then obviously the effectiveness of the group increases and help to achieve most of the targets on time. So, any social factor challenges are not good for group diversity and affect the group badly to make anovercall good experience being in a group. And if we consider the same from the leadership aspect as well and what is the learning out of this, it would be the managers, or the group leaders always need to take a step ahead to maintain these diversify factors inside the group and maintain the employee work morale. In terms of doing that the leaders need to have the communication with every individual of the groups in the regular intervals and needs to understand or find out the damages if there is any and should resolve those damages as soon as possible with the efficiency level. Because those are the one what makes a situation vulnerable and start developing the crack of creating a bigger impact.

Transformational Leadership and Organizational Culture

Before we reach to the direct discussion towards the transformational leadership, it would be really good to understand the definition of the transformational leader at the beginning. So, who is a transformational leader and what does this mean by the transformational leader?

From the naming convention, it is quite easy to understand that transformational leaders are those people who help to transform his/her followers. It is a fine concept of leadership style where the leaders do not only follow the specific rules set by the organization. They understand the exact requirement of the rules and regulations for the set of people inside the

organization and based on that, they also transform the insider preferences and choices for the individuals. And, basically, these scientific changes help to bring the transformation for the individuals and finally help them to grow. There is a huge difference between the transformational leaders and the transactional leaders. Transactional leaders never mauled the situation by themselves and always follow the conventional and already set rules by the organizations. In this manner, it becomes tough for an individual to understand the other individuals and this generic nature of the leaders don't even help their subordinates to grow as per their own interest. But transformational leaders not only transform the environment, but this process also has a huge direct effect on the individual's growth as well as help them to perform differently being in the same organization. That's the characteristics of a transformational leader.

And what we understand from this article understands the most important factors which help to become a leader as a transformational leader. Mostly we all know, for a leader, two important tasks would be tactical and strategically thinking as well as culture building for the overall improvement of the organization. But, beyond that what are the other important factors which are important for the development of the organization as well as its subordinates, those have been identified. And those four factors are –

- Idealized influence

- Inspirational motivation

- Intellectual simulation

- Individualized consideration

And, these factors can only be fulfilled with the persistence and sheer interest towards holistic improvement. So, these days, an organization is connected to three dots and those are identified as leadership, organization culture and performance and all these three terms are very much interconnected with each other. So far, with the organization culture, two things have been quite related, and they are organization culture and performance. When we use the term culture, it includes a vast area where we can include the HR process, organization individual growth plan, managerial strength, effectiveness of the managers' role towards the employees. But the term leadership, it is quite specific to a certain level; rather we can denote it as a small sector. Because the leadership qualities of a specific sector makes the difference here, where a set of managers or leads prepare the development plan for their individual team. The efficiency level of that plans or decisions makes the difference. So, this is the area which makes a lot of difference with the transactional leadership and the transformational leadership. If the organization leaders continue with the transactional leadership, it is not possible to have so much growth as it only follows the conventional ways of leadership and this process doesn't allow experimenting much with an ongoing condition of the organization. But if it is the transformational leadership, it creates a lot of change inside the organization. It creates more values to the employees and helps to make them understand the impact of whatever they do being the organization. This particular realization is very important to all individuals. Everybody inside an organization, whatever they do, it is very important that those tasks get properly evaluated and finally bring the difference.

If the employees feel they are valuable resources for the organization, then their dedication towards becomes higher, integrity is higher and that works as a motivation for the employees. So, transformational leadership is truly important these days to change the conventional nature and finally give more value to the employees or subordinates and work with integrity.

Choosing Strategies for Change

So far, we have discussed how to manage a group inside an organization and how to be the leadership quality for the organization. But here it is more about the strategy that organizations or leaders or any individual believe/s in and those which are chosen to continue the different operations of the organization. So, here we discuss more the organization strategy and how it has evolved with years. Now building up the strategy for the organization no dauntedly one of the toughest works to do. Because the strategy is the one which is always planned to be effective and efficient than previous. But no one knows how it actually starts to work. It is one of the most unpredictable operations which are only realized after the operation is executed and realize the mistakes out of it. So, a continuous process of validation and evaluation of the strategies during its implementation is required to achieve the best out of it.

But one thing is quite often out of it and that is, whenever there is a change in the strategy or even organizations shows their interest towards changing the strategy, it affects the organization culture as well as its development. Because there are people who are always scared of any change.

They always feel change only happens when things are not working and starts removing people from where ever they feel like. Basically, it creates a lot of confusion with the spreaded information, or sometimes from the fake information as well. And this confusion can be only avoided with the proper communication with the subordinates whenever necessary. Due to these reasons, a lot of organizations strategic change proposals fail to be implemented, even sometimes they're not even initiated as the managers face a lot of hard times to confess the changes in a positive manner and try to ignore the risk of losing people from the departments. But when there is an initiation of strategy level change, what are the different aspects which needed to be taken care of by the organization? Those areas would be as below –

- Educate the employees and communicate with them about the recent changes going to be made

- There should be continuous support from the management and make the subordinates feel like they are with the safe hands

- Negotiation should take place to make the changes and once the confirmation is received from the other party, there should be an agreement for the trust and as a token of acceptance

- Participation and what can be a better and effective way to bring the changes other than involving the employees towards the process of change. Once people are involved, they can observe the change that has been designed and they can understand the need for it.

So, these are the most effective steps an organization can initiate during the strategic change and make things better today. But how to realize time has come to make the change in the strategy, what type of strategical change is required, and from when it should be applied, these are the very important stages which should be realized and answered as well. Otherwise, things might not work accordingly. Again, there are few factors which define the best position of the change in strategy and those factors would be –

- Do the person has enough data to make the understand, estimate and bring the changes into the system.

- What is the current position of the person who is going to initiate the change? Is that person trying to make the changes just because he thinks the existing processes are just not working or, he truly believes in change as that situation?

- For what set of people, changes are required to bring. What is there current situation and how they can be affected, that risk analysis should be done as well.

So, these are the factors which should always be correctly evaluated and taken into an action plan. If these options show the green light, then the strategy can be placed to test. Otherwise, it brings up a lot of unexpected results.

Engage and Empower the Employees

Leaders are set of people who help to bring the people in the front and showcase their work. Being a leader, it is a huge task to understand the individual. And, to understand, it needs time, it needs direct communication with the individuals and recognizes their capabilities. If there is a common design for all the employees in a group, then it is not possible to understand the individual capabilities and expect the best result from them. Between a manager and an employee, there is always a fine relation of trust which is required as well.

And the employees also work unitedly for the manager, that he/she does not face any upper-level challenge and help to make things proceed smoothly. So, preparing a common goal for these employees and make them work or understand them individually and identify their individual interest and design the goal sheet for them individually, these two differences in behavior create the difference between just being a manager and a leader. So, it is the duty of a leader or a manager, that the employees should never be bored in their workplace. If they are getting bored, that means their interest is something else and that needs to be recognized and plans needed to be developed accordingly.

Interrelations between RBV and building Leadership, strategic development, group performance, and effective capabilities.

Leadership, strategic development, group performance and effective capabilities are interrelated. To enhance organizations with these qualities there is a strategy used by many leading organizations which are very popular and known as Resource-based view. RBV's development happened between 1984 and the mid-nineties. In today's competitive world it is very difficult for organizations to survive in the competition. To survive an organization should build a competitive advantage over other organizations. Organizations should able to develop the system in their organizations which will help them to gain sustainable performance. Human capital is key for the success of the organization. A contribution of human capital and importance is huge in organizational growth. (Huselid 1995; Bae and Lawler 2000; Inchniowaki 1997; Boxall and Steenevald

1999). Human capital plays a strategically active role in the success of organizations. Impact of human capital is huge and it is considered a valuable asset when it comes to measuring the firm's performance and creating efficiency (Barney 1996, Wright, Dunford, Snell 2001).

RBV approach helps organizations to build capabilities which helps them to gain sustainable competitive advantage. Building Leadership, strategic development, group performance and effective capabilities are possible with the help of the RBV approach.

The approach is based on the concept that firms consist of various types of tangible and intangible resources – assets, processes, skills, information, knowledge, etc. When these resources are combined, they create 'Business Capabilities' (viewed as a special type of resource), some of which, either individually, or in combination, create a set of "Core Competencies", that provide a sustainable competitive advantage to the firm. Combined 'Business Capabilities' leads to new business Capabilities'.

The resource-based view is much more flexible than Porter's prescriptive approach to strategy formulation. Hooley et al. suggest the following classification of competitive positions.

- RBV Price positioning for gaining sustainable competitive advantage

- RBV Quality positioning for gaining sustainable competitive advantage

- RBV Innovation positioning for gaining sustainable competitive advantage

- RBV Service positioning for gaining sustainable competitive advantage

- RBV Benefit positioning for gaining sustainable competitive advantage

- RBV Tailored positioning (one-to-one marketing) for gaining sustainable competitive advantage

LITERATURE REVIEW

- Huselid and Becker (1997) found the organizations who are able to implement the operational excellence and aligned the business strategic goals able to achieved maximum finance returns.

- According to Ulrich (1998), One of the important roles for HR personnel is to become a strategic business partner. Youndt and Snell (1996) find out firms who effectively follow HR practices as per business strategy are able to deliver better performance.

- Kazmi and Ahmad (2001) given importance to focus on strategy, content, implementation approach. Wright and McMahan (1992: 298) given importance to a planned human resource with a focus on helping organizations to achieve their goals.

- Human capital research study in the Australian investment banking industry by Royal (2003), Royal and Althauser (2002), Royal (2001), Royal (2000) and another study of US human capital (Kalleberg, Knoke, Marsden and Spaeth 1996) found that people people-centered practices, long term relationship with employees, building organizational

membership leads to High-quality product development, innovation, attraction of new resources in organization and retention of good staff and improved financial performance.

- A Boston Consulting Group study 100 companies in Germany covering ten industrial sectors over a seven-year period from 1987-1994 Bilmes, Wetzker and Xhonneux 1997), found that successful companies were on building employee capacity. Myloni et al. (2004) found that also HRM plays a very important role in the strategy development of the firm.

- A study by the American Management Association (1966) indicated a strong correlation between increased training budgets and larger profits and productivity flowing from workforce reductions.

- (Dunphy 2000) told organizations performed better when they face changing the environment and there is need of survival and it is only possible with matching the change and doing necessary modifications in the internal environment to match and complete successfully in the external environment.

- HRM plays a very important role in the organization to achieve organizational success (Barney 1991; Jackson & Schuler 2000; Pfeffer 1994).

- To achieve sustained competitive advantage it is very important to map HRM strategy with organizational goals. (Arthur 1994; Gerhart&Milkovich 1992; Huselid 1995; Macduffie 1995; Terpstra&Rozall 1993).

- As a result, it is important that a firm adopts HRM practices that make use of its employees. Rozhan and Zakaria's (1996) done a study on Malaysian firm which provides evidence of HR mangers active involvement in the strategy formulation process.

- Extensive research by Cox and Blake (1991) find out specific human capital is closely related to organizational performance.

- Literature on strategic HRM identify multiple times the importance of HRM practices and systems and their contribution in achieving and creatingsustained competitive advantage for the firm. (Arthur 1994; Gerhart&Milkovich 1992; Huselid 1995; Macduffie 1995; Terpstra&Rozall 1993)

- The study on different firms done by Becker and Gerhart (1996), Becker and Huselid (1998), and Dyer & Reeves' (1995) clearly indicates the firms which are able to align their HRM practices with their business strategy will achieve superior outcomes.

- Fey, Carl F.; Bjorkman, Ingmar; Pavlovskaya, Antonina (2000) in their investigation on "The Effect of Human Resource Management (HRM) on Firm Performance in Russia" came out with a model including HR outcomes (motivation, retention development) as a mediating variable between HRM practices and firm performance.

PROPOSITIONS

Proposition 1

Designing the group is not an easy task to do. It needs time and needs to identify a few things effectively. There should be gender equality inside the group and there should be enough scope of direct communication inside the group. It should be handled sensitively because a group is not just a set of employees, it is also the mixture of different nature, different culture, different educational background. So, possibilities would be very high that they mess up between themselves, there might be a situation where individuals will feel their work is getting overlooked and most importantly, after some time people may feel, there is no scope of riding the ladder in terms of position appraisal. So, being a leader, it is extremely important to have effective communication, understand the individual in a group and finally, take the group and discuss with them in together that is their thought or their take on further development. Where they feel they are lagging behind. It may help others to think wisely and boost their character and finally develop as a team. Once the personal goals are achieved and people are happy to work, an organizational goal would be fulfilled for sure.

Proposition 2

A strategy is something which should always be validated and revised with time. And, with time, there might be a need for changing the strategy and define a new set of operational procedures. But at the same time, few things needed to be taken care of. This new strategy development may make feel old people less important in the organization, create some doubt with cross-communication or intra-team communication and finally, it creates a whole lot of doubts and people get scared. So, engagement and appraisement is important during the preparation of the strategy and make people sure that this is only for making things good and profitable. Once the employees are engaged with the strategy development process, they will understand the importance of it and they will finally support the change.

Proposition 3

Building Leadership, strategic development, group performance and effective capabilities are possible with the help of RBV. Routes of strategic development initiatives are connected with resources in organizations. Many operational problems which organizations are facing as of today can be resolved if there is involvement of the Human Resource department in strategy and decision-making process. If organizations are able to build a team of resources who are selected based on keeping a goal of building a sustainable competitive advantage for organizations, the day to day operational challenges can be minimized. Challenges which many organizations face such as change management, lack of leadership qualities, poor performance from team members, lack of effective strategy etc, can be resolved and overcome with an active involvement of hiring and decision making management team.

In today's competitive world organizations also needs to be flexible in terms of modifying the way they operate based on the latest business requirements. Resources provide an edge to the organizations to survive in extreme competitive

business environment. Resources with multiple essential skills provide an edge to organizations to enter into new business opportunities with confidence.

REFERENCES

1. Graen, George B. and Uhl-Bien, Mary, "Relationship-Based Approach to Leadership: Development of Leader-Member Exchange (LMX) Theory of Leadership over 25 Years: Applying a Multi-Level Multi-Domain Perspective", Management Department Faculty Publications,2019

2. John P. Kotter, Leonard A.,"Schlesinger Choosing strategies for change" , Harvard Business Review, 2019 https://hbr.org/2008/07/choosing-strategies-for-change(Last accessed 9/2/2019)

3. Satya Siddhartha Panda, SapnaNibsaiya, "How Leaders can Better Engage and Empower their Employees with special reference to IT Industry", 2 nd International Conference on Managing Human Resources at the Workplace, December 13-14, 2013.

4. Ahmed Riahi-Belkaoui,"Intellectual capital and firm performance of US multinational firms: A study of the resource based and stakeholder views", Journal of Intellectual Capital, Vol. 4Iss: 2, pp.215 – 226,2013

5. Barney " Is the resource based view a useful perspective for strategic management research?" Academy of Management Review Iss : 26 pp41-56,2001

6. Carl A. Rodrigues , "Fayol's 14 principles of management then and now:a framework for managing today's organizations effectively", Management Decision, Vol. 39 Issue: 10, pp.880-889, 2001

7. Beckar and Gerhart, "The impact of human resource management on organizational performance"; Academy of Management Journal pp779-801,1996

8. Karen A. Jehn,"Gregory B. Northcraft and Margaret A. Neale, Why Differences Make a Difference: A Field Study of Diversity, Conflict, and Performance in Workgroups, Administrative Science Quarterly, Vol. 44, No. 4,pp. 741-763,1996

9. B. M. Bass, Bruce J. Avolio, "Transformational Leadership and organizational culture",Public Administration Quarterly, Vol. 17, No. 1, pp. 112-121,1993

10. Barney,"Firm resources and sustained competitive advantage" Journal of Management Iss: 17 pp 99-120,1991

11. Berger, S. A.; F. Forsund; and E. Jansen."Technical Efficiency of Norwegian Banks: A Nonparametric Approach to Efficiency Measurement." Journal of Productivity Analysis, vol. 2,no. 2: pp 127–142.135,1991

12. Barney,"Types of competition and theory of the strategy:Toward an Integrative framework" Academy of management review,Iss; 11 pp 791-800,1986