Assignment 2: Change management and strategic leadership

1. Leadership styles

Leadership in general and HRM in particular have experienced different eras and styles over time. According to Economy (2014) known also as the "Leadership Guy", a leader should have numerous qualities such as: awareness, decisiveness, empathy, accountability, confidence, optimism, honesty, focus and inspiration. Leadership can be defined as the way how the workforce of a company is managed and inspired. In this framework, different styles of leadership may exist. Generally, even if there is a well-defined corporate culture among a given company, it's rare to find a single leadership style applied inside it. In fact, the leadership style is a human feature. Consequently, it's very dependent from an individual to another. In addition, leadership is not a hard science. That means that it's not all black or white. In fact, usually a leader mixes different leadership styles which are generally compatible. On the other hand, there is no good and bad leadership style. In fact, like every human feature, every style has its advantages and drawbacks. Every style is also best suited for a given situation and it may be incompatible and even harmful in other situations.

In the following, some leadership styles are enumerated. Each one is defined. The major advantages and drawbacks of each style are outlined. Finally, the best suited situations of the leadership style are presented:

a) *Charismatic style*
   - This style corresponds to the use of natural convincing ability that a leader may have. This type of leaders uses their body language and natural way of attracting and convincing people about what they are saying. Generally, this type of leaders has already an important level of credibility and respect among the employees. They do know very well how to leverage this credibility in order to convince and inspire their audience. According to Evje (2012), "Charismatic leaders have that certain something that inspires people to follow them".
   - The major advantage is that it's a very efficient way for implementing changes in the company and to beat the opposite forces to it.
   - The major limitation is that charismatic leaders are very rare. In addition, charismatic leadership is not compatible with all cultures. In fact, in revolutionary mindset workforce, it's hard to find a single person that is accepted and respected by the major amount of the workforce.
   - This leadership style is best suited for the situations when a deep change management should be adopted.

b) *Transformational style*
   - This style corresponds to the leader that aims at bringing deep changes to the organization. This type of leaders are visionaries that have very clear objectives in their minds. They do not fear taking risks and they are often in conflict with different opposing forces.
   - The major advantage of this style is that it's dynamic and looks always for the best new direction for the organization.
   - The major limitation of this style that it may lead the organization to instability and heavy turnover when it's excessive. It's also a risky leadership style.
   - This style is best suited for deep change in the organization.

c) Bureaucratic style

- This style corresponds to systematic application of processes and procedures by the concerned department or team. Consequently, this leadership style is the ideal opposite of creativity and innovation.
- The major advantage of this style is that it corresponds to a high level of stability and a very low level of risk.
- The major limitation of this style is that it's a clear opponent to creativity.
- This style is best suited for administrative departments that have to apply clearly defined rules of good practice.

d) Autocratic style

- This style corresponds to a narcissistic leader with high authority. It exists generally in emergent and developing countries where the mindset of democracy is not yet well established. This kind of leadership is very badly seen in developed countries where creativity and democracy style are much better suited for the local mindset. According to Gill (2014), "While autocratic leadership is one of the least popular management styles, it's also among the most common."
- The major advantage of this leadership style is that it corresponds generally to a high efficiency in applying new decisions and change procedures. This is a direct consequence of the fact that by definition, an autocratic leader does not have resistance in his environment.
- The major limitation of this leadership style is that it's very badly seen by the employees and lead generally to fear and low respect of the leader.
- This style is best suited for production facilities where blind application of the instructions and procedures is required.

e) Laissez-faire style

- This style is a French expression that may be translated to "let it happen". As it suggests, this style corresponds to a passive way of leading. This means that the leader gives a great amount of freedom to the employees. Consequently, the employees are almost free and the leader is almost absent. According to Cherry and Gans (2017), Laissez-faire style is "a type of leadership style in which leaders are hands-off and allow group members to make the decisions".
- The major advantage of this style is that it corresponds to an environment with a high level of creativity. This style is very appreciated by experienced and highly qualified employees.
- The major limitation of this style is that it corresponds to a high level of risk. In addition, this style corresponds to a lack of efficiency since it results generally to a very low synergy between the employees since everyone will have the tendency to work autonomously without interacting with the others.
- This style is better suited for some R&D departments where personal innovation and proactivity are highly recommended and appreciated.

f) Democratic style

- This style corresponds to a participative philosophy in managing teams. In fact, the general process of taking a decision is first to collect all the proposed opinions. The following step is that the leader takes the final decision after getting inspired by the different proposals and weighting the pros and cons of each one. Hence, this style is a middle way between the autocratic and the laissez-faire styles. According to Gill

(2014), "The democratic leadership style is based on mutual respect. It is often combined with participatory leadership".

- The major advantage of this style is that it corresponds generally to an efficient and inspired decision making process. It's also very well seen by the employees
- The major limitation of this style is that it requires a fine mixture between being open minded to others ideas and knowing how to find the good trade-off between the proposed ideas and the situation requirements. Consequently, it's not a simple leadership style and it requires a great soft skills and experience by the leader to be successful.
- This style is best suited for the majority of modern companies where innovation and participative mindset are required.

g) *Transactional style*

- This style looks at employees as following workforce that should execute the instructions without any proactive or critical mindset.
- The major advantage of this style is that it corresponds to a high efficiency in applying procedures and managing the change.
- The major drawback of this style is that it corresponds generally to a very low wealth of ideas. In fact, recommendations and procedures are only defined in a top down manner without any feedback in the bottom up sense.
- This style is best suited for production lines and administrative departments.

In GolfShot company, HRM and the adopted leadership style are key roles for the sustainability and the development of the business. Let's remind that the core business of GolfShot is new technologies. Hence innovation and creativity are major ingredients for its success. Consequently, democratic leadership style is the most adapted among the company since it gives to the employees the required freedom and space that they need to express their full potential and capabilities.

2. Trait theory and emotional intelligence

According to Petrides, Pita and Kokkinaki (2007), "Trait emotional intelligence refers to a constellation of emotional self-perceptions located at the lower levels of personality hierarchies and integrates the affective aspects of personality".

In order to evaluate the working capability of a potential future employee, several methods can be used by HRM:

a) *Interviews:*
This is one of the most classical and used tools until today. Interviews can be of different sorts: structured or unstructured. They can also be face to face without any technological tools, or they can be made by phone or online. Here are some basic characteristics of them:

- ***Unstructured interviews***: They correspond to free conversations between the recruiter and the candidate. It has the advantage of being simple to set up and very cheap. However, it has poor predictivity and it's very subjective.
- ***Structured interviews***: They correspond to well defined plan of the interview to be conducted. They are generally more efficient in terms of predictivity of the candidate skills. However, it's more expensive and difficult to set up.
- ***Face to face interviews:*** They give more information regarding the personal characteristics and behavior of the candidate. Their predictivity depend on the

interview content itself. Generally, they are widely used by the recruiters at least in the final selection stages.

- **Online interviews**: They use the new online technologies. They are widely used by the recruiters especially in the early age selection of the candidates. They are simple and cheap to set up.

b) **Assessment tests:**

This type of evaluation includes the psychological tests, the cognitive and intelligence tests (IQ) and the technical tests. There is no good and bad evaluation tool. The selection of a given tool depends mainly on the type of job that is concerned:

- **Psychological tests**: These are especially appreciated when the soft skills play a major role in the proposed job. They are also appreciated by some recruiters for technical jobs since soft skills and emotional intelligence are very important for every job.
- **Cognitive tests**: They are rarely used as unique or decisive tests since they reflect only a small aspect of the human intelligence. However, they are particularly appreciated by recruiters in the fields requiring high analytical and abstract mindset.
- **Technical tests**: These are particularly efficient for intellectual technical jobs.
- **Work sample test**: This method consists in testing the capabilities of the candidate in a real working day environment. This corresponds generally to the last steps of the hiring process for successful candidates. It has the advantages of assessing both the technical and soft skills with high accuracy. However, it has the drawback of being very expensive and complicated to set up. This is why it's mainly used by big organizations for sensitive hiring positions.

3. Triggers of change within an organization

According to Joseph (2018), "As societies continue to evolve and changing demand creates the need for new products and services, businesses often are forced to make changes to stay competitive".

Based on the strategic analysis of GolfShot company provided in the previous task, several triggers of change are outlined. These triggers may be divided into 2 groups: internal and external triggers:

- **Internal triggers**: These triggers are generally under the control of the company such as: structure, technological infrastructure, people, values and missions of the company.
- **External triggers**: These triggers are generally out of the control of the company and they are often the major triggers for the change. Some example of them are: competition, market status and evolution, environmental and political conditions, new laws and legislations etc.

In the case of GolfShot company, let's remind the major outcomes of the performed strategic study:

- Since its foundation in 2003, GolfShot company has 50% activity in Software and 50% activity in hardware. The mean GolfShot device is sold at $20k. This high price is due to the complex hardware management of the GolfShot launch monitor device.

- Based on the previous statement, a detailed strategic study of the market and the competition showed that the company should move to a 100% software company by 2020 and that the hardware device of the company will be canceled.

Consequently, GolfShot company is facing a deep change management that aims at restructuring the company at all its levels.

In order to implement the change management, there are several executive tools that make the process more efficient and well structured. In this framework, the following tools are used:

a) **Force field analysis:**

This tool is invented by Kurt Lewin in the 1940s. It aims at assessing the forces for and against the changes. Both these forces are assessed quantitatively. In the following, a scale out of 10 points is used: 0 being no impact and 10 being maximum impact. According to Conelly (2017), "Kurt Lewin's Force Field Analysis is a powerful strategic tool used to understand what's needed for change in both corporate and personal environments"

- *Main objective*:
    o Move GolfShot from a semi software company to a full software company
- *Forces for the change*:
    o Shareholders: 9/10: Shareholders represent a positive force for implementing the desired change. In fact, during the strategic study, it was proved quantitatively and qualitatively that this change has an important positive financial impact on the company both in the short and the long run. Shareholders have a very important impact on the final decision, hence their impact is evaluated with a high number.
    o Lighter and cheaper product: 8/10: This is an important point since the main impact of such a change is that there will be no more need for managing hardware stock keeping units and logistics chains. The final product will also be at a fraction of the price of the old product since it will be only a software that can be downloaded by the customer.
    o Executives of GolfShot and financial department: 6/10
- *Forces against the change*:
    o Employees in the hardware department and the production lines: 7/10: These employees are directly concerned by the positions deletion that will be applied during the change implementation. Incentives and proposals for other positions among the company should be proposed in the final packages offered to these employees. In fact, it's important to avoid a bad feedback from the leaving employees that may cause a bad atmosphere among the remaining employees. In addition, externally, this may alter the brand image of GolfShot company.
    o Employees of the company that are not directly concerned by the positions deletion: 5/10
    o Resellers worldwide: 4/10

- *Total*:
    o The sum of the forces for the change minus the forces against the change makes a total of 23-16 which is 7. Consequently, the sum of the forces is

positive. Hence, it can be expected that the change will be straightforward to implement. However, the change agents, both internal and external, should keep in mind that there are 2 key condition for implementing a successful change: The commitment of the executives and the commitment of the HR among the company.

b) *Kotter's 8 steps model :*

This model summarizes the 8 major steps to be implemented during the change implementation process. All these 8 steps are surrounding the major goal to achieve:

- *Create*: This corresponds to being aware about why do the company need this change. In the case of GolfShot company, the reasons beyond the change are proved qualitatively and quantitatively by using the adapted strategic tools.
- *Build*: This corresponds to spreading the idea of change among the company and start building the internal forces for driving the change. In GolfShot company, this is made through group meetings. These meetings aim at explaining why the change is inevitable and also at collecting the thoughts of the employees about it
- *Form*: This consists in explaining in more details through both group and individual meeting the advantages beyond implementing the desired change.
- *Enlist*: After exchanging about the planned change with the internal shareholders, a clearer map regarding the internal forces for and against the change can be defined. In particular, the internal forces are clearly defined, grouped and prepared for leading and implementing the change.
- *Enable*: On the other hand, the forces against the change are clearly identified. The following step is to remove or at least reduce the impact of these opposing forces.
- *Generate*: Since the internal environment for the change implementation is set up, a first run of the change is executed. This first step of the effective implementation of the change aims at gathering the low hanging fruits and short term results of the implemented change. In the case of GolfShot, this corresponds to moving to 80%/20% software/hardware activity in 2018 and 2019. It corresponds also to the implementation of a first application for smartphones that reproduces the functionalities of a real Golf Launch Monitor. This first version is then commercialized and the first revenues are gathered.
- *Sustain*: This aims at implementing the change in the longer term. In the case of GolfShot, this corresponds to moving to 100% software company by 2020. At this level, the company will commercialize exclusively software products.
- *Institute*: Progressively, the new change is becoming embedded in the identity of the company. By 2020, GolfShot is a pure software company.
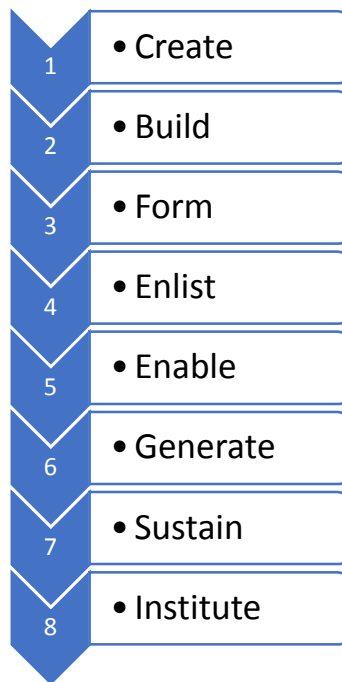
Figure 1 : Kotters's 8 Step Model

c) ADKAR model:

This tool represents the first letters of 5 major steps for implementing the change:

- ***Awareness*** of the need for change: The shareholders, executives and HR of the company should be aware and convinced about the deep reasons for the change.
- ***Desire*** to support and participate to the change: This is strongly related to the success of the previous step: Desire for change is a direct result of convincing of change.
- ***Knowledge*** of how to change: Implementing the change is not a mere process, a specific knowledge should be acquired to make it. Both internal and external agents for change are required in order to implement it.
- ***Ability*** to implement the change: In addition to knowledge, implementing change requires specific resources. In addition to the agents that bring knowledge and energy, financial and infrastructural resources are needed for implementing change.
- ***Reinforcement*** to sustain the change: Once the change is implemented, it needs to be sustained over time. This can be made possible by training the existing HR and hiring new resources that are best suited for the new processes.
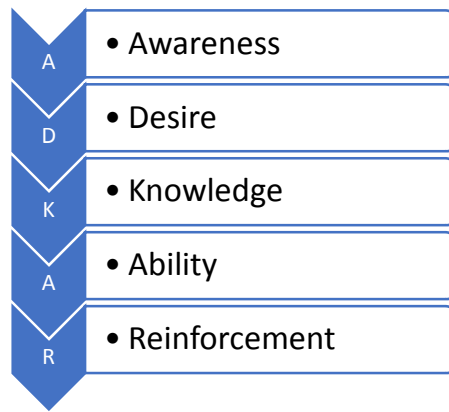
Figure 2 : ADKAR model

4. Stakeholder analysis

- According to BusinessDictionary website (2018), a stakeholder is "A person, group or organization that has interest or concern in an organization". Hence, a stakeholder is a broad concept that groups all the following entities: employees, customers, collaborators, contributors, shareholders, channels, commentators and competitors.
- In the case of GolfShot company, a detailed description of each stakeholder is the following:
    - o ***Employees***: The internal workforce of the company: engineers, managers, administrators and executives.
    - o ***Customers***: The final purchaser and user of the GolfShot launch monitors. These are generally amateur and professional golfers, golf instructors and Golf equipment actors.
    - o ***Collaborators***: Partners of different sorts such as third party companies and government.
    - o ***Contributors***: Mainly suppliers and resellers.
    - o ***Shareholders***: The owners of the GolfShot company.
    - o ***Channels***: Supply channel and logistic partners.
    - o ***Commentators***: Specialized Golf media and professional and amateur online bloggers that test and comment new products about the Golf game.
    - o ***Competitors***: The main Golf launch monitor and indoor Golf actors in the market.
- A power matrix is a visual and efficient tools that represents in a glance the stakeholder analysis. This tools aims at mapping the major stakeholders based on a 2 axis: the power and the interest of each stakeholder. Each stakeholder is assessed based on these 2 axes. The assessment is performed in a scale from 1 to 10: 1 being very weak and 10 being very strong.
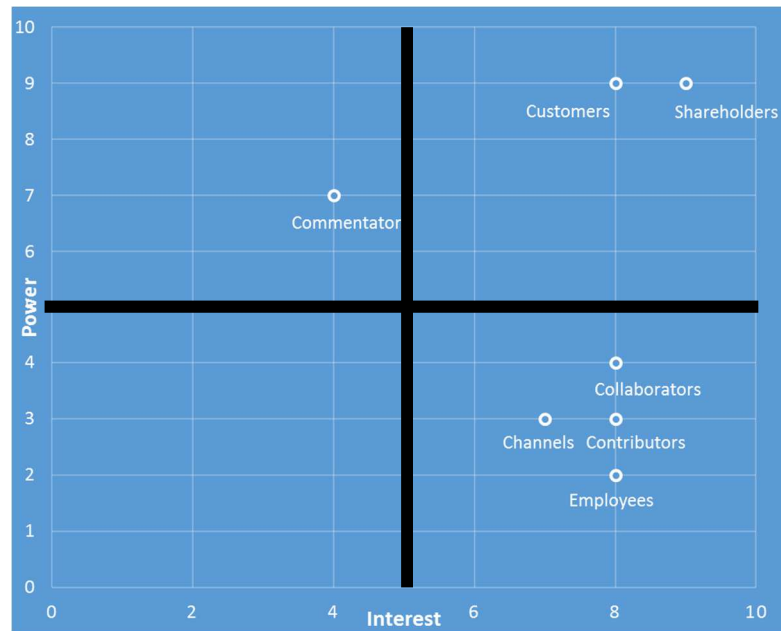
Figure 3 : Power Matrix Analysis of GolfShot company

- The upper part of the power matrix is the most important since it corresponds to the most powerful stakeholders. This part should be studied carefully. In fact, when implementing the change, the corresponding powerful stakeholder can be either an important asset or a serious opponent to the change depending on his position. Consequently, the potential powerful associates and opponents should be clearly identified since the beginning in order to prepare a precise action plan for each.
- Particularly, the upper right hand side part of the power matrix is important. In fact, it corresponds to the most powerful stakeholders having the most interest in the company. Hence, a particular attention should be paid to those:
  - ***Customers***: The main objective behind the conducted change is to win new customers profiles and new markets. These new markets correspond generally to a total new profile of customers that will not be opposite to an accessible and high quality GolfShot launch monitor software.
  - ***Shareholders***: During the strategic study and future vision of the GolfShot company, the executives provided the shareholders with quantitative and qualitative justifications for implementing such a change inside the company. The change is already voted by the shareholders. The few shareholders that do not agree with it have 2 choices: Either they accept the results of the vote and carry on the adventure with the executive board, or they sell their shares to the interested investors. At the end, the quasi-totality of the shareholders agrees with the proposed change.

5. HRM policies and organizational performance: Management strategies and their impact on performance

Modern management philosophy is based on 5 major steps: define, measure, analyze, improve and control. HRM can also use this methodology. It can be seen that this process aims mainly at optimizing and improving the process continuously. In this framework, a major ring of this chain is the measurement step. In fact, measurement makes it possible to quantify both

the current status and to monitor its evolution over time. Hence, a quantitative gap analysis between the target state and the real state makes it possible to formulate strategic decisions in order to improve the current state.

- In this framework, it's necessary to define quantitative KPIs that measure the efficiency of the HRM policy. These KPIs can be the following:
  - o *SMART objectives of the company*: HRM plays an important role regarding the successful completion of the SMART objectives of the company. Consequently, the degree of successful completion of the SMART objectives is also a major KPI for the HRM effectiveness.
  - o *Employee satisfaction*: This can be performed through an anonymous survey. Each employee is requested to fill a grid evaluating different aspects of his experience inside the company. These different aspects can be: the interest of the job, the salary, the rhythm of the job, the degree of responsibility, the autonomy and the environment among others.
  - o *Employee commitment*: Even if this KPI is very correlated to employee satisfaction, it can be seen as a major independent KPI. This is due to the fact that employee commitment is directly related to his motivation which is in its turn deeply related to his productivity and working quality. The commitment is also a KPI that is evaluated through anonymous survey.
  - o *Benchmark*: Some financial ratios such as the revenue per employee, the operational costs per employee, return on investment ROI per employee or the general employee qualification can be considered to compare the local KPIs to their equivalent ones among direct competitors.
  - o *IT infrastructure*: In modern companies, the smooth communication and team work spirit is mainly set up by using new IT technologies. Hence IT infrastructure quality is an important KPI regarding the importance that HRM gives to establish an efficient ecosystem for corporate group work among the company.
- *The impact of outsourcing:*
  - o Outsourcing is the fact of delegating a process to a third party entity. This is an important strategic action that may have a first order impact on HRM. On the other hand, outsourcing is one of the strategic actions that executives may take in order to avoid hiring specific skills. This may be due to:
    - ▪ The fact that the company may need this skill in a temporary manner. Consequently, investing in a long term HR resource may be an inefficient solution.
    - ▪ The required skill is very specific and it is not available in the geographical scope of the company.
    - ▪ The need of this specific skill can lighten the workload for some departments in a given period of time.
  - o It's important that the local HR work in perfect synergy with the outsourced HR for a maximum efficiency
- *Case study: Nucor steel company:*
  - o Nucor steel is an American company specialized in the steel industry
  - o Its study is interesting in the framework of this report because one of the makjor reasons of its success is its HRM policy.
  - o In fact, Nucor steel targets low cost steel production and commercializing around the world

- o This is made possible thanks to an efficient restructuring of its HR
- o According to Farooq (2013), the success of Nucor Steel can be explained by:
  - A flat management team based on few levels. This aims at an efficient and quick way of taking decisions and giving instructions to the teams
  - The reward is based mainly on the productivity of the workers
  - The hiring process is based on clear selection criteria: being able to work in a group and being efficient and autonomous
- **Case study: General Electric (GE):**
  - o GE is one of the biggest companies of all times. It is an American multinational company that has many activities such as Aviation, Electronics and Oil and Gas.
  - o One of the major key successes of the company is its HRM policy.
  - o According to Stockman (1999), the key success of HRM among GE can be explained by:
    - Prioritizing the HR function
    - An efficient hiring process aiming at recruiting top profiles
    - A continuous training of the HR that is perfectly compatible with the short and long term objectives of the company

6. Different leadership styles' impact on planned change management

- According to Goleman and Boyatzis (2002), the six emotional leadership styles can be classified as:
  - o *Visionary*: This style corresponds to a general setting of the final objective to reach by the organization. This style is generally adopted by charismatic leaders that know very well the market and their product. These leaders have generally a deep experience and a natural gut feeling of how things should happen. On the other hand, they are not interested in the details and how to reach the final goal. They let their collaborators and employees set the right path to go there.
  - o *Coaching*: This type of leaders is open-minded and like to listen and share experience with the others. They have deep competence in both technical and soft skills. They are very good communicators. Hence this profile is very well suited for change management. In fact, during the process of change, clear recommendations and explanations are mandatory in order to achieve the desired success.
  - o *Affiliative*: This type of leading is the equivalent of a catalyst in a chemical reaction. In fact, its major characteristic is that it looks for optimizing the synergy and the group energy in order to achieve the desired goals. Consequently, building effective teams that work in a pleasant and trustful atmosphere is the main characteristic of this style. Hence, it's very appreciated in modern companies especially by the new generation workforce.
  - o *Pacesetting*: This style may be considered as the perfect opposite of the affiliative style. In fact, pacesetting style is focused on short term results. It sets up an unpleasant atmosphere based on direct competition between the different employees. This style is the most used in the sales departments where the quantitative and short term results are of first importance.

- o ***Commanding***: This is very close to the autocratic leadership style presented in section 1. This style is based on the idea that the instructions of the leader should be taken as they are without any criticism or negotiation. This leadership style is generally very badly seen by the employees. It's rarely used in the modern companies.
- The major emotional leadership styles adopted in GolfShot company are:
  - o Visionary style at the executive level.
  - o Affiliative and coaching styles at the team management level and among the technical teams.

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