

How Effective Leadership can Facilitate Change in Organizations through Improvement and Innovation

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Abstract

This research intends to explain effective leadership and how it can bring positive change that helps the organization to improve and be innovative in the current business environment. Effective leadership and change management will be discussed in this article and also how leadership affects other factors, for instance trust, culture and clear vision, in the organization as it facilitates the change. Leadership is one of the main factors in bringing positive change to the organization; if there is no leadership in the organization they will not be able to change in the direction they desire and could experience negative change instead.

Index terms— leadership, change management, improvement, innovation.

1 Introduction

The rapid growth of the economic environment as well as the emergence of the internet made it easier to communicate with countries around the world. This in turn changed the business environment in every country, causing a competitiveness in the market that increases with each passing year (Friedman, 2007). In order to keep their business afloat, business owners discovered they had to offer better quality products at a lower cost, employ strategies that were uniquely suited for the organization to adapt according to current business trends and also flexibility in facing the rapid change of the business environment.

Effective leadership is one of the most essential parts of the overall method for an organization to sustain their business in the face of problems caused by the rapid growth of the economic environment. (Cabeza-Erikson, Edwards, and Van Brabant, 2008) Leaders are the one who control and take charge of the operation of an organization and good leaders are able to set optimistic goals and objectives while steering the operation of the company towards those goals through effective strategies. Other than that, good leaders can also influence their employees and motivate them by strengthening a positive organization culture and through generous employee benefits, for instance health care insurance, worker compensation, leave benefit and others.

Intelligent leaders also have the responsibility to use their skills and knowledge to effectively and efficiently guide their business forward in the face of an uncertain future and also to decrease the feelings of insecurity in their employees caused by that uncertainty. A leader has the power to influence the success of the organization, due to his full power to control the direction of the organization, as well as through the influence they exert on their employees that motivates them to bring the company to greater heights.

2 II.

3 Effective Leadership

Leadership is a kind of power where one person has the ability to influence or change the values, beliefs, behaviour and attitudes of another person (Ganta, and Manukonda, 2014). A person with strong leadership ability will be a good example or role model to their employees, because the leader who is able to effectively achieve some good result or achievement gains the trust and admiration of their employees, and inadvertently changes their values, beliefs, behaviour and attitudes, for mimicry is the sincerest form of flattery (Grint, 2007). This statement is

43 also supported by ??orthhouse (2009), who states that leaders who possess strong leadership have the strength
44 to influence others to achieve the goals and objectives of the organization.

45 Other than that, there is also another way to define a leader that has strong leadership. A characteristic of
46 effective leaders is that they give a clear direction to their employees, and also lead their employees to commit to
47 their jobs and to work as a group to achieve the organization's goals and objectives (Wasim, and Imran, 2010).
48 This also tells us that good leaders usually have a clear vision for the company and therefore can easily identify
49 the problems and obstacles that currently stand between them and the aims of the organization. In this way
50 they are able to effectively and efficiently bring about the necessary reforms that will bring the company into the
51 future while keeping abreast with contemporary changes in the business world.

52 According to Jackson and Parry (2008), leadership is a process where leaders use their skills and knowledge
53 to lead and bring a group of employees in the desired direction that is relevant to their organization's goals and
54 objectives. Additionally, an effective leader that has strong leadership skills should also be in possession of certain
55 characteristic, such as, passion, consistency, trust and vision; for only leaders who own these characteristics are
56 able to build trust in employees.

57 Leadership and management are two different aspects, management is more like the traditional way of managing
58 business, which the owner of the business has complete control of the organization, and will singlehandedly
59 establish a direction and direct their employees to do their work in accordance to the owner's instruction and
60 plan. On the other hand, leadership is when the leader guides their employees towards the organizational goals,
61 all the while trying to communicate and motivate their employees in order to make sure their employees are in
62 the right position to use their talents and commit to their jobs. Leadership strategies also will change according
63 to the current trends when necessary, unlike management that merely follows it's old, traditional rules. (Graetz
64 et al., 2010) III.

65 4 Change Management

66 Change has always been an issue for organization, just as it has always been a common characteristic of human
67 life. Change is definitely hard for humans to accept as it is something that pull people out of their comfort
68 zones, which forces them to change their habits and makes them highly uncomfortable (Lorenzoni, Nicholson,
69 and Whitmarsh, 2007). For example, a worker usually starts work at 9 a.m.; if his supervisor suddenly requests
70 the worker to begin work at 7 a.m., the worker will be late to work because force of habit keeps him waking up
71 late. The same thing applies to the organization, if an employee's normally does their work following the sequence
72 of A to Z, suddenly changing the sequence of work from Z to A, can be quite difficult for all the employees to get
73 use to in a short period of time.

74 Change management in an organization can be defined as an approach to deal with change in two different
75 areas -the organization and the individual, with individuals and the overall organization adapting to change at
76 their own pace and style (Rouse, 2014). Change management allows the organization to catch an opportunity to
77 gain a competitive advantage, if the organization effectively and efficiently implements and adapts to the change
78 of the market (Du Plessis, 2007). There are three stages in change management, which are adapting to change,
79 controlling the change and lastly effecting the change. The first stage, adapting to change, is determining the
80 individual readiness to adapt to the changes and their willingness to commit to the change. The second stage
81 involves controlling the change and implementing it in daily life. Lastly, effecting the change, is to sustain the
82 change and to get used to it in life. (Hritz, 2008) The time taken for the process of change management in an
83 organization is hard to determine, due to the difference in individual employees' ability to adapt, as some might
84 rapidly embrace change, while others might take a longer time to engage in the change. Just like some employees
85 will be happy with the change, and some might not. The leader should communicate and work together with the
86 group of employees to sustain the long term process changes (Wuestman and Casey, 2015).

87 5 IV. Change Factor Lead by Leadership

88 In terms of leadership, it is defined as the ability to influence a group of employees' values, beliefs, attitudes and
89 behavior. (Ganta, and Manukonda, 2014). A leader with strong leadership skills can easily motivate and influence
90 the employees of the organization and apply effective changes to the organization. According to Atkinson, if there
91 is no effective leadership in an organization no changes will be made, because there are no leaders that motivate
92 and lead the organization's employees as well as provide a clear direction for the organization (Atkinson, 2015).

93 6 a) Trust

94 Trust is an essential issue in leadership for leaders, as gaining the trust of group members or employees could
95 help to improve the overall performance and commitment of the group members or employees (Lee et al., 2010).
96 If the employees or the group members trust in their leaders, it reflects that they are good, effective leaders.
97 Only when the employees trust in their leader will change be brought about, because people will only follow a
98 person that they trust to lead them to the correct path; not a leader that only talks but without action to back
99 up their words (Stacey , Paul and Alice, 2011). If the employees trust their leader, this relationship will bind
100 them together and improve the overall performance and commitment of the employees; if it happens conversely,

101 the performance and commitment of the employees will go downhill and could cause a high employee turnover
102 rate in the organization.

103 **7 b) Organizational Culture**

104 Leadership can shape a good culture. A culture is shaped within the trust between the employees and the leaders
105 of an organization, or it can defined as cultures need trust to be able to form. Employees and leaders in the
106 organization need to trust each other in order to shape a positive organizational culture. Leaders with strong
107 leadership skills are able to shape a positive culture in the organization (Ionescu, 2014), due to them being able
108 to inspire trust from their employees. A positive organizational culture not only improves performance, but also
109 influences the behavior and attitude of the employees in the organization for the better. In addition, it motivates
110 employees and gives them a sense of belonging to the organization, which inspires loyalty and commitment to
111 the company (Schein, 2010). A good organizational culture not only improves the performance and reduces the
112 turnover rate of the organization, it also facilitates the solution of internal issues in the organization. When a good
113 organizational culture is established, that does not discriminate based on races, religious and etc, it provides a
114 pleasant environment to work in, thereby reducing internal conflict and encouraging discussion and cooperation in
115 order to work through any interemployee issues that crop up. In addition, good organizational culture encourages
116 a sense of healthy competition, motivating employees in the organization to be more innovative. Therefore, a
117 strong organizational culture can change the overall performance of the organization.

118 **8 c) Learning**

119 An effective leader can encourage employees in the organization to learn through certain types of motivators,
120 such as rewards or position (Azzam, 2014). Continuously learning is one of the ways to improve the overall
121 performance of the organization. It is not only the employees that need to improve but even all segments of
122 the leadership levels of an organization, if only to set a good example to the bottom line to motivate them to
123 learn. Leaders should join leadership training programs in order to strengthen their skills and knowledge, making
124 them more effective in their strategies and execution (Freifeld, 2013). The same goes for employees, as sending
125 employees for further training will improve their ability to do their job as well as help to facilitate the effective
126 implementation of the desired changes. This helps the organization to increase the productivity and performance
127 of the employees (Abou-Moghli, 2015). Since learning does not have an end, leaders need continuous improvement
128 of their leadership skills and knowledge to be competitive in the business market nowadays (Park, et al., 2014).
129 If an organization or leader stops improving and as a result find that their skills and knowledge are insufficient,
130 their company will surely find itself deteriorating. The organization, Nokia, is a very good example, Nokia was
131 once one of the best cell phone brands in the world, but Nokia did not continuously improve their skills and make
132 changes in order to adapt to the new trends and needs of the market, and Nokia dropped from the one of the
133 best to a brand that not many people pay attention to (Lee, 2013).

134 **9 d) Teamwork , Communication and Leading**

135 Besides strengthening their leadership skills, leaders also need to encourage the employees of the organization
136 to be innovative and cooperative. Teamwork and communication are the best way to create innovative ideas in
137 order to produce the best outcome for the organization (Maxwell, 2009). To achieve the kind of teamwork and
138 rapport that is necessary for the birth of innovative ideas, leaders need to cultivate a positive culture where the
139 employees trust each other , are allowed to do their own jobs without too much interference and have the freedom
140 to establish a dialogue with one another (Malloch and Melnyk, 2013).

141 Leaders that wish to facilitate effective change in the organization should encourage employees to collaborate
142 and communicate with each other, for this is how people are able to create and discover new ways to think (Gilley,
143 Dixon and Gilley, 2008), which produces a greater outcome for the organization and also encourages them to
144 learn from different people the ways to improve themselves. Even high ranking management can learn from the
145 strong points of their employees, which they might find themselves lacking. Communication helps people to get
146 to know each other, and also could help to create more new ideas by sharing opinions with each other. It is also
147 one of the best ways to gain each other's trust and bond the whole employees in the organization together.

148 Lastly, leadership not only influence the employees in the organization, but also provides a clear direction
149 to the employees according to the organization's vision and mission. Effective leaders set strategies to help the
150 employees to achieve the company's target and objectives. Leader also play a role in monitoring the direction of
151 the employees to make sure the employees are on the right path to achieve the goals according to the strategies.
152 This is only possible with effective leadership that inspires employee trust, as employees are unwilling to follow
153 someone who has little to no idea of what they are doing and who wastes too much time and resources on the
154 unnecessary.

155 V.

156 **10 Discussion**

157 Effective leadership plays an important role in managing a business in the current business environment, for
158 the old ways of business management are not enough to sustain a company in the modern market. Although

159 leadership and management are two completely different systems, an organization might be surprised to find
160 that there is no one system that completely suits their needs, so it is advisable that they focus on the skills that
161 are suitable for their organization. Management is a system that is based more on planning, budgeting and
162 controlling. The organization emphasizes on following the plan that is set by the upper rank executives in the
163 organization, and following their orders to solve problems. Leadership focuses more on guiding the employees,
164 leading them in the desired direction, according to the organization vision and mission while communicating with
165 and motivating them to complete their tasks. Under leadership, the boss guides and works together with their
166 employees to produce their desired outcome; while old style management orders employees to follow directives
167 while the upper management is focused on planning and both are separate and do not work together.

168 Besides that, the current business environment requires organization to make changes in order to keep up with
169 the rapid changes in the business environment. If the organization fails to make changes in order to adapt to the
170 market they will fail to survive and will face bankruptcy. Leadership is in charge of providing a clear vision and
171 a systematic way to effectively achieve that vision, for if there is no leadership there is no change in organization
172 management (Atkinson, 2015).

173 Although leadership can bring lots of changes and increase the organization's performance, but in reality
174 there are more factors to consider that might affect the possibility of the changes to occur. Every employee's
175 behavior and attitudes are different, some employees might be able to easily adapt to the change but some will
176 resist the change; some might accept the ways of their leaders and from the action of their leaders but some will
177 become jealous of their leaders and refuse to cooperate. This would drag the performance of the organization
178 down. Effective leadership is the best way to managing changes though it must be remembered that there are
179 no problem solving solutions that are perfect and that issues will still be faced that cannot be fixed.

180 11 VI.

181 12 Conclusion

182 Effective leadership is essential in managing change and change is the only method to sustain the organization in
183 the current business environment. As usual, change is hard for people, people will feel uncomfortable because of
184 change and even sometimes deny the change, continue as they are and be eliminated by the society. Therefore,
185 leadership can be a factor to motivate and encourage people to continuously make change and push them to
186 change. Leadership plays a role in an organization to motivate and encourage the employees to change in order
187 for the organization to be able to sustain and adapt to the business environment, to make sure the organization
188 will improve and be innovative. The case of Nokia, the giant that fell from the top to the bottom, is a cautionary
189 tale on the dangers of failing to improve and should be remembered.

190 Effective leadership skills can help leaders to gain the trust of employees, making other tasks easier to operate
191 because the employees trust their leaders. This could make other parts of business management easier too,
192 such as shaping the culture in an organization. A positive organizational culture can bring lots of benefit
193 to the organization, as the positive culture can encourage and motivate the employees in the organization to
194 learn, communicate and work with each other. A good culture in the organization not only provides a good
195 working environment for their employees, but also gives a sense of belonging to the employees and increases
196 the commitment of employees to continue working in the organization. Innovative ideas will be produced when
197 leadership motivates the employees to communicate with each other and share their thoughts with each other.

198 Leadership skills also enable the leaders to lead their employees into the correct direction, in accordance to
199 the organization vision and mission. When an organization's leader leads the employees in the correct direction
200 and motivates them to continuously improve and innovate, the organization's performance will surely increase
201 and be able to sustain the organization in the current complex business environment. Hence, effective leadership
202 is the main factor that brings change to the organization, if there is no leadership in the organization there will
203 be no chance at all (Atkinson, 2015).^{1 2}

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Figure 1: Global

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