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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.

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

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I. 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 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.

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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.

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

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

According to Jackson and Parry (2008), leadership is a process where leaders use their skills and knowledge to lead and bring a group of employees in the desired direction that is relevant to their

organization's goals and objectives. Additionally, an effective leader that has strong leadership skills should also be in possession of certain characteristic, such as, passion, consistency, trust and vision; for only leaders who own these characteristics are able to build trust in employees.

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

III. CHANGE MANAGEMENT

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

Change management in an organization can be defined as an approach to deal with change in two different areas - the organization and the individual, with individuals and the overall organization adapting to change at their own pace and style (Rouse, 2014). Change management allows the organization to catch an opportunity to gain a competitive advantage, if the organization effectively and efficiently implements and adapts to the change of the market (Du Plessis, 2007). There are three stages in change management, which are adapting to change, controlling the change and lastly effecting the change. The first stage, adapting to change, is determining the individual readiness to adapt to the changes and their willingness to commit to the change. The second stage involves controlling the change and implementing it in daily life. Lastly, effecting the change, is to sustain the change and to get used to it in life. (Hritz, 2008)

The time taken for the process of change management in an organization is hard to determine, due to the difference in individual employees' ability to adapt, as some might rapidly embrace change, while others might take a longer time to engage in the change. Just like some employees will be happy with the change, and some might not. The leader should communicate and work together with the group of employees to sustain the long term process changes (Wuestman and Casey, 2015).

IV. CHANGE FACTOR LEAD BY LEADERSHIP

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

a) *Trust*

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

b) *Organizational Culture*

Leadership can shape a good culture. A culture is shaped within the trust between the employees and the leaders of an organization, or it can defined as cultures need trust to be able to form. Employees and leaders in the organization need to trust each other in order to shape a positive organizational culture. Leaders with strong leadership skills are able to shape a positive culture in the organization (Ionescu, 2014), due to them being able to inspire trust from their employees. A positive organizational culture not only improves performance, but also influences the behavior and attitude of the employees in the organization for the better. In addition, it motivates employees and gives

them a sense of belonging to the organization, which inspires loyalty and commitment to the company (Schein, 2010). A good organizational culture not only improves the performance and reduces the turnover rate of the organization, it also facilitates the solution of internal issues in the organization. When a good organizational culture is established, that does not discriminate based on races, religious and etc, it provides a pleasant environment to work in, thereby reducing internal conflict and encouraging discussion and cooperation in order to work through any inter-employee issues that crop up. In addition, good organizational culture encourages a sense of healthy competition, motivating employees in the organization to be more innovative. Therefore, a strong organizational culture can change the overall performance of the organization.

c) *Learning*

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

d) *Teamwork , Communication and Leading*

Besides strengthening their leadership skills, leaders also need to encourage the employees of the organization to be innovative and cooperative. Teamwork and communication are the best way to create innovative ideas in order to produce the best outcome for the organization (Maxwell, 2009). To

achieve the kind of teamwork and rapport that is necessary for the birth of innovative ideas, leaders need to cultivate a positive culture where the employees trust each other , are allowed to do their own jobs without too much interference and have the freedom to establish a dialogue with one another (Malloch and Melnyk, 2013).

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

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

V. DISCUSSION

Effective leadership plays an important role in managing a business in the current business environment, for the old ways of business management are not enough to sustain a company in the modern market. Although leadership and management are two completely different systems, an organization might be surprised to find that there is no one system that completely suits their needs, so it advisable that they focus on the skills that are suitable for their organization. Management is a system that is based more on planning, budgeting and controlling. The organization is emphasizes on following the plan that is set by the upper rank executives in the organization, and following their orders to solve problems. Leadership focuses more on guiding the employees, leading them in the desired direction, according to the organization vision and mission while communicating with and motivating them to complete their tasks. Under leadership, the boss guides and works together with their employees to

produce their desired outcome; while old style management orders employees to follow directives while the upper management is focused on planning and both are separate and do not work together.

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

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

VI. CONCLUSION

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

Effective leadership skills can help leaders to gain the trust of employees, making other tasks easier to operate because the employees trust their leaders. This could make other parts of business management easier too, such as shaping the culture in an organization. A positive organizational culture can bring lots of benefit to the organization, as the positive culture can encourage and motivate the employees in the organization to learn, communicate and work with each

other. A good culture in the organization not only provides a good working environment for their employees, but also gives a sense of belonging to the employees and increases the commitment of employees to continue working in the organization. Innovative ideas will be produced when leadership motivates the employees to communicate with each other and share their thoughts with each other.

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

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