



CHAPTER 1

INTRODUCTION, THEORETICAL FRAMEWORK AND RESEARCH OBJECTIVES

1. INTRODUCTION

According to Kets de Vries (2001), the rapidly changing economic environment caused by globalization and technological changes have forced organizations around the world to change in order to be successful in the rapidly changing business environment of the twenty-first century. Organizations are experiencing nothing short of a paradigm shift in the workplace. The old mindset was focused on stability, had a national (rather than global) orientation, and was technology driven, hierarchical, and inclined toward autocratic leadership. The new mindset is based on both continuous and discontinuous change, has a global orientation, is customer driven, calls for a networking architecture, and subscribes to authoritative (or position-based) leadership (De Vries, 2001)

These changes do not only manifest themselves in the visible elements of the organization such as its products, activities, or structures but also in the cultural elements such as its values, inherent beliefs and even its primary purpose. Harrison Owen (1991) explains this message well in *Riding the Tiger: Doing Business in a Transforming World* when he writes:

“There was a time when the prime business of business was to make a profit and a product. There is now a prior, prime business, which is to become an effective learning organization. Not that profit and products are no longer important, but without continual learning, profits and products will no longer be possible. Hence the strange thought: the business of business is learning – and all else will follow” (p. 1).

Based on the above, it can be concluded that organizations must learn faster and become more adaptable in the new dynamic economic environment of the twenty-first century, or they will not be able to survive.



2. ORGANIZATIONAL CHALLENGES

The demands placed on organizations to be adaptable and change quickly, require learning to be delivered faster, cheaper and more effectively to meet the changing needs of the business. Some of the challenges facing today's organizations include:

- Reorganization, restructuring, and re-engineering;
- Skills shortages and gaps owing to a lack of enough skilled workers;
- Increasing demand for knowledge;
- Global competition;
- New and advanced technologies;
- Increased need for organizations to be flexible and adapt to change quickly in order to survive.

Dilworth (1998) remarks:

Change now tends to outdistance our ability to learn. Existing knowledge tends to misdirect inquiry rather than facilitate problem resolution. People and organizations need to learn new ways of coping with problems. Only by improving the learning capacity of organizations can we deal with change dynamics (p. 34).

Based on the statement above, it is clear that learning organizations must learn faster to keep up with competition and changes in the external environment for the organization to stay in business. Revans (1983) aptly notes that:

In any epoch of rapid change, those organizations unable to adapt are soon in trouble, and adaptation is achieved only by learning – namely, by being able to do tomorrow that which might have been unnecessary today. The organization that continues to express only the ideas of the past is not learning. Training systems ... may do little more than to make organizations proficient in yesterday's techniques (p. 11).



The value offered by organizational learning is that it builds the capacity in organizations to manage change by allowing for quantum leaps.

According to Marquardt (1996) continuous improvement means that every quantum leap becomes an opportunity to learn and therefore prepares the organization for the next quantum leap. The time span between leaps can be reduced and progress accelerated by learning faster than the competition.

Organizations are compelled to learn better and faster from their successes and failures in order to obtain and sustain a competitive advantage. They have to transform themselves into learning organizations, where teams and individuals continuously learn and develop.

Shoshana Zuboff, in her 1988 classic *In the Age of the Smart Machine*, observes that today's organization may indeed have little choice but to become a learning institution:

One of its principal purposes will have to be the expansion of knowledge – not knowledge for its own sake (as in academic pursuit), but knowledge that comes to reside at the core of what it means to be productive. Learning is no longer a separate activity that occurs either before one enters the workplace or in remote classroom settings. Nor is it an activity reserved for a managerial group. The behaviours that define learning and the behaviours that define being productive are one and the same. Learning is the heart of productive activity. To put it simply, learning is the new form of labor (p. 395).

According to Ellis and Pennington (2004) the ongoing changes in the way we work and live have, over the last few decades, substantially redefined the parameters for doing business. The sustainable organisation cannot afford to stand still, but must constantly renew through innovation and a new style of leadership.

The ability to both survive and thrive in a competitive and uncertain world, rests on the ability to adapt to and encourage ongoing change, learn new rules, welcome new



styles of leadership and adopt more rigorous corporate governance standards (Ellis & Pennington, 2004).

3. LEADERSHIP ROLES IN A LEARNING ORGANIZATION OF THE TWENTY-FIRST CENTURY

According to Senge (1990b) learning organizations require a different view of leadership. The new view of leadership in learning organizations is focused on different roles than was the case in the past, such as leaders having to become system thinkers, stewards and teachers. It is important for learning organization leaders to take responsibility for building organizations where people can develop their ability to understand complexity, clarify vision and develop enhanced shared mental models because leaders are responsible for facilitating learning (Senge, 1990b).

According to Senge (1990b), leaders in learning organizations must enable others to see and the big picture, with its underlying trends, forces, and potential surprises. They must think systematically and be able to anticipate how internal and external factors might benefit or destroy the organization.

A wide array of literature (Kanter, 1997; Rhinesmith, 1996; Kouzes & Posner, 2002; Senge, 1990 a & b; Spears, 1995) indicates that the following are critical roles for the leaders of a learning organization in the twenty-first century:

- Systems thinker;
- Change agent;
- Innovator and risk taker;
- Servant and steward;
- Coordinator;
- Coach and mentor;
- Visionary.

Shephard (2007) explain leadership in a learning organization very well when he writes:



“Leadership is not a management practice: it is an art form. It doesn’t require an impressive corporate title, a corner office, a brass plaque on the door or a unique interpersonal management style that will someday be the subject of a snappily titled book.

Leadership, at its most sublime, is the art of creating a vision of the future that is so powerful and so compelling that everyone around the person with the vision – peers, bosses, subordinates, customers, suppliers, even competitors – feel compelled to enrol in that vision and help to achieve it (p.12).”

3.1 Systems Thinker

Senge (1990a & b), Wheatley (1992) and others have stressed the importance of leaders to be system thinkers. Systems thinkers have the ability to see the whole rather than only its parts. Systems’ thinking requires the ability to see connections between different parts.

According to Isaacs (1993), leaders in today’s world must move their focus from a mechanistic way of thinking to one that pays attention to the whole. Since the seventeenth century, leaders tended to believe that analysis of single parts will give understanding of the whole.

3.2 Change Agent

According to Kanter (1985) it is very important that leaders are change agents. According to him all leaders must be able to understand, create and manage change to ensure the survival of their organisations. Wheatley (1992) refers to change as the essence of the new global environment. Leaders must have the ability to bring order to chaos, as opposed to trying to control it.

Since initiating and managing change is a key function of leadership, leaders must be able to cope with the inevitable resistance to change by motivating people. Direction setting and effective alignment can help to get people moving in the right direction. Positive motivation ensures that they will have the energy to overcome barriers to change (Kotter, 1995).



3.3 Innovator and Risk-taker

Leaders of the twenty-first century learning organization must be willing to take risks. Not only should leaders be creative, they should also encourage and reward creativity amongst their followers. Leaders must be open to the new perspectives and possibilities. They must be able to identify trends and different options/solutions (Kouzes & Posner, 2002).

According to Kouzes and Posnes (2002), the twenty-first century leader should obtain and analyse information from different sources in the development of a strategy in order to improve the chances of the organization successfully moving into the future.

Since new ideas may conflict with existing, established mental models or ways of operating, new ideas are often not encouraged in organizations. The learning organization leader has the task of challenging existing assumptions in an honest, but diplomatic way. The leader must be able to understand and analyse the mental models and basic assumptions of fellow employees (Senge, 1990).

According to Senge (1990b), twenty-first century leaders should continuously challenge the old way of doing things and propose new options.

According to Marsick (1988), the capacity to challenge existing assumptions and values is important in order to determine whether or not one is addressing the right problem. Leaders must be able to provide open and honest feedback to help others learn about themselves.

3.4 Servant and Steward

The servant-leader concept was introduced in the 1970's by Robert Greenleaf, an AT&T manager for more than thirty years. His book *Servant-Leadership* (1977) sparked a radical rethinking of leadership.

Leaders, according to Greenleaf (1977), must first serve others. This is central to a leader's effectiveness. The primary motivation of a good leader is a desire to help others. Serving others is the main priority of a good leader.

Servant-leaders must be willing to overcome their desire for control. They must have insights into their own values, backgrounds and beliefs as well as realize that their own backgrounds or areas of experience are not superior to those of others (Greenleaf, 1977).

Spears (1995) identified the following ten key characteristics of a servant-leader:

Listening: Leaders must have a deep commitment to listen to others and understand what they are saying.

Empathy: Leaders need to accept and recognize other people for their special and unique qualities. Leaders should not reject others, even when they reject their behaviour or performance.

Wellness: Many people experience personal challenges and suffer from a variety of emotional problems. Servant-leaders endeavour to help those with whom they come into contact.

Awareness: Leaders should be aware of the needs of others as well as their own. Ethics and values are inherent in this characteristic.

Influence: Servant-leaders seek to convince rather than coerce. Such leaders are effective at building consensus within teams and recognize the need for participation in the strategy development process.

Conceptual ability: Leaders should be able to think beyond day-to-day realities. Servant-leaders expand their thinking in order to master broader-based conceptual thinking.

Foresight: Servant-leaders have the ability to foresee the likely outcome of a situation, as well as the likely impact of a decision, because their convictions are deeply rooted within the intuitive mind.

Stewardship: Servant-leaders recognize that they are merely holding an organization in trust for a period of time, for the greater good of society.

Commitment to the growth of people: Servant-leaders believe that people have an intrinsic value beyond their tangible contributions as workers. As a result, servant-leaders are deeply committed to the personal, professional and spiritual growth of each individual.

Building a community: Servant-leaders endeavour to build a network of caring people both within and outside the organization.

Based on these characteristics, it is clear that servant-leaders emphasize growth, service to others, a holistic approach to work, a sense of community and shared decision-making.

3.5 Coordinator

Learning organization leaders must be able to coordinate many activities at the same time. Leaders must also be able to work collaboratively with many others, even in unfamiliar environments on new problems. These leaders are able to focus on the bigger picture as well as on the details.

According to Walter Kiechel (1994) leaders have to be both specialists and generalists, team players and self-reliant, able to think of themselves as businessmen and plan accordingly. Leaders must possess both analytic and strategic thinking skills.

According to Senge (1990b), learning organization leaders must act holistically, seeing the business as part of a broader environment. Leaders should view business opportunities not simply as solo players, but as one player in a larger team, each player cooperating and learning with the others. This differs from the conventional idea of competition, in which companies rely only on their own resources and do not capitalize on the capabilities of

others. In the new global market, leaders must be able to collaborate with the other players for capacity, innovation and capital.

Leaders must be architects who can arrange the different parts of an organization into a system that will thrive in the rapidly changing business environment. Leaders must assist in redefining the culture of the organization, reshaping business processes and teams, as well as developing new methods for selecting, training, and rewarding people in order to enable all employees to effectively participate in the new global environment. Leaders must also assist in the creating and design of new and appropriate policies, strategies, and principles.

The twenty-first century leader must empower individuals to perform at their best while being part of the organization as a whole.

3.6 Coach and Mentor

According to Kouzes and Posner (2002), one of the critical responsibilities of leaders in learning organizations is to facilitate learning. This requires leaders to be coaches and mentors.

Leaders are not only required to tell others what to learn. Leaders should also encourage, motivate, and help workers to learn. Leaders should assist others in identifying learning opportunities. Leaders should also be committed to helping learners and to demonstrate a love for learning.

Learning organization leaders grant decision-making authority and responsibility to their team members. They also actively develop the skills of their team and foster self-confidence in others through the faith they demonstrate in allowing others to lead. In this way, leaders act as coaches, helping others to improve their skills and talents, as well as learn from their mistakes and experiences. No task should be more important for leaders than the encouragement of learning (Kouzes & Posner, 2002).



3.7 Visionary

According to Kotter (1998), leaders must assist in building the organization's vision and inspiring employees, customers and colleagues to support the vision. The leader must envision, together with fellow employees, the type of "future" the company aspires to. This "ideal future" should be exciting and challenging enough to attract and retain the best and most talented employees. The commitment and willingness of employees to achieve the vision is influenced by the extent to which the leader is able to build a shared, desired picture of the organization or unit.

Kotter (1998) points out the importance of leaders being visionaries when he states:

The best leaders know something about challenging the status quo, about developing a vision that makes sense in light of economic realities, and about how to create strategies for achieving the vision. They're compulsive communicators. They know what they need to get people all over the place to understand and believe in those visions. They're compulsive empowerers. They realize that they have to give people enough rope to implement those visions. (p. 5)

Twenty-first century learning organization leaders look for new growth opportunities that often go unnoticed because they do not naturally match the current products and services of the business. They look for a tangible corporate goal or objective that represents a challenge to the organization and at the same time assists the organization to build the competitive advantage it needs to be successful in future (Kotter, 1998).

The ability to conceptualize complex issues and processes, simplify and contextualise them to inspire people, is essential for twenty-first century learning organization leaders. The competencies measured in this research will enable leaders to effectively fulfil the different leadership roles required in a learning organization.

4. RESEARCH BACKGROUND AND CONTEXT

The organization where the research was conducted, are facing the challenge the change from a state owned organization to a privatised company listed of the Stock Exchange that

must function in a competitive business environment within the telecommunications industry.

The organization where the research was conducted consisted of \pm 30 000 employees and \pm 3000 managers during the period that the research was conducted. The organizational can be described as a typical bureaucratic organization with a hierarchical organization structure driven by top-down control and an autocratic leadership style.

Managers in this organization were appointed in management positions because of their technical skills and not their people skills. The majority of managers have a technical background and started their careers as technical specialists. Most of these managers therefore tend to be detail focused, systematic and analytical. It is therefore understandable that the majority of them probably will be good managers but not necessarily good leaders.

In order for the organization where the research was conducted to transform itself from a bureaucratic government institution to an organization that can compete successfully in a competitive business environment, the organization has to become a learning organization with strong transformational leaders.

It was for this reason that the top management of the organization decided to embark on a strategy to turn the organization into a learning organization with transformational leaders who can effectively fulfil the different roles required from leaders in a learning organizations as described earlier in this chapter.

As part of their strategy to turn the organization into a learning organization, the top management team decided upon the implementation of a holistic model and process for leadership development. The first step in the implementation of a holistic model for leadership development was to identify a set of leadership competencies that will enable leaders in the organization to become transformational leaders who can effectively fulfil the different role required from leaders in a learning organization.

After the identification of the required leadership competencies, a 360° leadership assessment questionnaire was designed and implemented. The aim of the instrument was to measure leadership behaviour as part of the implementation of a holistic model and process for leadership development. The results of the measurement was used to determine whether the implementation of this model and process leads to an improvement in the leadership competencies over an extended period of time, the assessment was conducted annually over a period of three years.

5. RESEARCH QUESTIONS AND OBJECTIVES

In this study the leadership behaviour of managers in a large organization functioning in a changing business environment has been measured annually over a period of three years.

The objectives of this research were the following:

- (a) To measure leadership behaviour by means of a 360° leadership assessment questionnaire as part of the implementation of a holistic model for leadership development;
- (b) To track the overall changes in leadership behaviour over a period of three years in order to determine if the implementation of a holistic model and process had a positive impact on leadership behaviour over a extended period of time;
- (c) To analyse and describe the trends and patterns in leadership behaviour based on the results of the 360° leadership assessment questionnaire conducted over a period of three years;
- (d) To describe the elements and implementation of a holistic model and process for leadership development.

This study will endeavour to answer the following research questions:

- (a) What differences are there between the leadership behaviour amongst gender-, race and age groups as well as at different management levels?
- (b) What trends and patterns can be identified in terms of leadership behaviour by different groups (supervisors, subordinates, peers and self)?



- (c) What changes took place in terms of overall leadership behaviour between the annual surveys over the period of three years after the implementation of the Holistic Model for Leadership Development?

6. THEORETICAL FRAMEWORK

6.1 High Performance Leadership Competencies

Research indicates that leadership behaviour which leads to superior performance in stable environments is significantly different from the leadership behaviour that leads to superior performance in competitive, changing environments. Autocratic leadership behaviour, focused on exercising top-down control is more successful in stable environments. Leadership behaviour focused on inspiring employees through the stimulation of ideas, creativity, and initiative of employees, is more successful in competitive, changing environments. (Cockerill, Shroder & Hunt, 1998)

According to Cockerill, Schroder and Hunt (1998) leaders will have to develop the following skills in order to improve organizational performance in dynamic competitive business environments:

- Build a sense of shared purpose and commitment amongst their staff;
- Develop and grow certain core competencies;
- Create a climate in which change and innovation are encouraged and valued;
- Facilitate the development of higher level ideas as a basis for action, and
- Build an organization of people who continually learn from each other, across boundaries and extend this to learning about customers, suppliers and stakeholders.

Based on the above, Schroder (1997) identified ten High Performance Leadership Competencies (HPLCs) as described in Chapter 5. According to Cockerill, Schroder and Hunt (1998), these competencies are transformational leadership competencies in the true sense of the word. The High Performance Leadership Competencies is the theoretical

framework for the Leadership Competency Model and the 360° Leadership Assessment Questionnaire used to conduct the research.

6.2 Social Learning Theory

According to Social Learning Theory as described by Bandura (1977), the influence of environmental events on the acquisition and regulation of behaviour is largely determined by cognitive processes. These cognitive processes are based on prior experience and determine what environmental influences will receive attention, how they are perceived, whether they will be remembered and how they might impact on future actions. Symbolic modelling is one of the best known and most widely used methods derived from the social learning approach. In modelling, learning is assumed to occur through coding of representational processes based upon exposure to instructional, observational or imagined material. Learning can occur through observation alone without the need for direct reinforcement of the specific behaviour that is acquired (Bandura, 1977).

Psychodynamic theories regard behaviour as a product of largely autonomous unconscious forces within the individual. From an operant conditioning perspective, behaviour is a function of the environment. As Skinner (1971) described it, “*a person does not act upon the world, the world acts upon him*” (p, 211). According to Bandura (1978) both of these views are one-sided or unidirectional causal models of behaviour. The problems with this position have been summed up by Bandura (1978) as follows:

“Personal and environmental factors do not function as independent determinants; rather they determine each other. Nor can “persons” be considered causes independent of their behaviour. It is largely through their actions that people produce the environment conditions that affect their behaviour in a reciprocal fashion. The experiences generated by behaviour also partly determine what individuals think, expect, and can do which in turn, affect their subsequent behaviour.” (p. 345)

In the Social Learning Theory, psychological functioning is regarded as a reciprocal interaction among three interdependent factors: behaviour, cognitive factors and environmental influences.

A person is neither driven only by internal forces nor is a passive reactor to external pressure. A person is both the agent and the object of environmental influence (Bandura, 1977).

According to the Social Learning Theory as described by Bandura (1977), a person is an agent of change. Social Learning Theory emphasises the human capacity for self-directed behaviour change. In addition to the acquisition and maintenance of behaviour, activation and persistence of behaviour is seen to be based mainly on cognitive mechanisms. The importance assigned to cognitive processes that explain how learning experiences have lasting impact and serve to activate future action enables social learning theory to explain the fact that humans initiate behaviour that at least partly shapes their own destinies (Bandura, 1977).

The High Performance Leadership Competencies and the Social Learning Theory has been used as the underpinning theoretical framework for the leadership development model and leadership competency model used as part of this research project. The fact that a person is both the agent and the object of environmental influence supports the underlying philosophy of the Holistic Model for Leadership Development, as discussed in Chapter 2.

7. RESEARCH APPROACH AND PROCESS

This research project can be described as an action research intervention since the research was conducted as part of the implementation of a holistic model and process for leadership development.

This research project took place over a period of five years, from 2000 until 2005 and consisted of the implementation of a holistic model and process for leadership development by means of the following process:

- Identification of the leadership competencies required to ensure the future success of the research organization as described in Chapter 5;



- Design of a leadership model for the organization based on the identified leadership competencies as described in Chapter 5 and Appendix E;
- Designing, validation and implementation of a 360° Leadership Assessment Questionnaire (LAQ) based on the identified leadership competencies as described in Chapter 5;
- The design and implementation of personal development planning guidelines (Appendix G) as well as self-development guidelines (Appendix H) to guide the development experiences/actions of leaders;
- The annual measurement of leadership behaviour in the research organization over a period of three years, by making use of the 360° Leadership Assessment Questionnaire as a research instrument, as described in Chapter 5;
- The analysis and interpretation of the research results as described in Chapter 6;
- The identification of possible development experiences/actions based on the assessment results that can be implemented as part of the Holistic Model for Leadership Development as described in Chapter 6.

Although all the elements of the Holistic Model for Leadership Development are discussed in Chapter 2, the main focus on this research will be on the measurement of leadership behaviour by means of the 360° Leadership Assessment Questionnaire (LAQ) and the analysis of the results over a period of three years, as well as the leadership competencies which are measured by the 360° Leadership Assessment Questionnaire.

The reason why leadership behaviour was measured annually over a period of three years was to determine if there is a sustainable improvement in leadership behaviour after the implementation of a holistic model for leadership.

The focus of the implementation of the Holistic Model for Leadership Development has been to develop the leadership competencies of the managers in the organisation where the research was conducted. Although this does not negate the importance of good management, leadership is regarded as the key driver for future business success by the top management team of the organization where there research was conducted.

The top management team also decided to use the High Performance Leadership Competencies identified by Professor Harry Schroder as the theoretical framework for the Leadership Competency Model of the organization because the top management team felt that the development of these competencies will enable the organization to compete successfully in a competitive business environment.

Nel (2004) provides support for this view when he writes:

Since the 1960s, the role of leadership has been identified as the primary factor in determining organisational performance and competitiveness. Prof Harry Schroder already identified this truth more than three decades ago. During his 22 years at Princeton, he led some of the most important research into what it takes to achieve high performance in today's increasingly complex and fast moving environment.

As Schroder and his teams studied the performance of teams and organisations, they found that there is a clearly definable set of what could be called high impact leadership competencies that make the difference between superior and average performance (p.24).

In Good to Great Jim Collins (2001) affirms Schroder's observations. Collins found that great companies outperformed good companies by an astonishing seven fold over a period of only 15 years. Collins found that the only true differential between good and great companies is leadership.

The top management team also decided to develop the leadership skills of all managers in the company by implementing a holistic model and process for leadership development. This decision was made based on the fact that best practice organizations recognize leadership as a key component of jobs at all levels and are committed to creating leaders throughout their organizations as reported by Hernez-Boome and Hughes (2004).

8. SUMMARY

A learning organization can be described as an organization that has the ability to collect, store, and transfer knowledge for the purpose of continuously transforming itself to ensure business success. A learning organization empowers people within and outside the organization to learn while they work and to utilize technology for the optimization of both learning and productivity. According to Senge (1990b) the following are important dimensions and characteristics of a learning organization:

- Learning is accomplished by the interaction of the organizational system as a holistic entity;
- Organizational members recognize the official importance of ongoing organization-wide learning to ensure the organization's current and future success;
- Learning is a continuous and strategically positioned process;
- There is a focus on creativity innovation and continuous learning;
- Systems thinking is regarded as fundamental;
- Learning is integrated with organizational processes and systems.

Learning organizations require a different perspective on leadership. The new roles of leadership in learning organizations require leaders to become designers, stewards and system thinkers. They facilitate learning by building organizations where people understand complexity, clarify vision, and develop shared mental models (Senge, 1990b).

To reiterate, the purpose of this study was to measure leadership behaviour in a large company striving to become a learning organization in order to function successfully in a competitive business environment. Leadership behaviour was measured annually over a period of three years by means of a 360° Leadership Assessment Questionnaire (LAQ) as part of a holistic model and process for leadership development is discussed in Chapters 5 and 6.