

Effective Managerial Leadership Development

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Executive Summary

In this business environment the way to sustain the market position of the firms is to reduce their production cost and make innovatory changes in the product so that the customers get improved quality. In simple words, a firm need to become more productive so that with the same amount of resources it can produce more. In order to gain the required efficiency in production it is very important that a firm allocates it resources optimally. Organisational performance is a dependent variable which is influenced by a number of independent variables such as, leadership, employees' commitment, HRM practices, customers' satisfaction, suppliers' management, etc. The leaders with the help of managers are required to manage their employees so that a company is able to achieve continuous success by accomplishing its set targets. It is where; LMD programmes can help the leaders to address complexities of business in a more efficient way. The leader is responsible for guiding its followers to prevent them from going astray and provide them with valuable feedback so that they can improve their performance in future. If a leader fails to carry out its responsibilities the consequences are severe and the case of Primark can be cited here to understand the value of effectiveness of leadership to an organisation.

Introduction

The changes in the economic environment have an influential role shaping the structure of the organisation. Human capital is one of the important resources that need effective management so that they can exert their effort in the right place to bring successful results for the company. Now-a-days, most of the companies have Human Resource Management (HRM) department which is responsible for managing various aspects of Employees. HR professionals are the one who bridge the gap between employees and the organisational goals. One should not confuse the role of a HR professional with that of manager. A manager is the head of department it can be finance, accounts, etc. However, an HR professional is responsible for allocating the human resource effectively starting from hiring individuals, to making sure that individual objectives are aligned to the goals of the organisation. The compensation policies are defined by HRM department while the individual performance is looked after by the managers (W. Kahnweiler and J. Kahnweiler, 2012).

Leaders can be defined as those possess the ability to lead; it may be an individual or an organisation (Sharma and Jain, 2013). For example, Microsoft is regarded as the market leader in software industry. On the other hand, Bill Gates is known to be one of the most effective leaders in the world (Demuth, 2013). Each leader has his or her way of communicating with the employees or subordinates which defines the former's style of leadership. Trait theory of leadership is regarded as one of the traditional theories of leadership that opines Leaders are born with certain qualities like, personality, enthusiasm, communication, extrovert behaviour, etc. All these qualities in a leader distinguish him or her from the rest. However, over the years with greater evolution in the world researchers and scholar continued their search for a more concrete theory in relation to leadership theory. The theory of leadership in the modern world states that leaders are not born and can develop leadership qualities.

Currently most of the companies are engaged in training so that they can develop more professionally sound leaders. However, this training is expensive and puts additional pressure upon the financial resources of the company. This paper focuses on the role of effective managerial leadership development intervention so that organisations can gain responsible leaders and save unnecessary expenditure.

Role of HR and Leader in Relation to Organisational Performance

There are several reasons which establish the relationship between leadership and performance of a company. There are a number of challenges that are faced by a company such as the need for innovation based competition for which effective leadership is required to facilitate much needed improvement in relation to the performance of the company. For example, transactional leadership is highly effective in order to achieve the goal set for the task at hand by using rewards and recognition as the preferred way of motivating employees to improve their performance. On the other hand, they are the visionary who are responsible for setting the target for the organisation. The value of strategic vision is very important for a company because it observes the potentiality of a particular investment. It is this vision of a leader which acts as the guideline for setting up goals for the company. For example, it was

the vision of Bill gates which was able to observe the great potentiality in the software market which resulted in making Microsoft what it is today (Lesinski, 2009). Researchers are of the opinion that visionary leadership is able to build greater trust among the employees who work in order to realise such visions with vigour and dedication. Working in a team is one of the most common views to be noticed in modern day business organisations. Each team is bestowed under that responsibility of team leaders who play significant role in implementing collective norms and help his or her team to get accustomed to the working environment. It is the communication between the leaders and the team members that defines their relationship stimulating the performance of the team as a whole (Jing and Avery, 2008).

Organisational performance is a dependent variable which is influenced by a number of independent variables such as, leadership, employees' commitment, HRM practices, customers' satisfaction, suppliers' management, etc. (Cania, 2014) Studies reveal that among all these components influencing organisational performance HRM department serve as a connecting medium. HR professionals helps in formulating polices which are put into strengthening organisational culture. Employees are the hands that transform the input into output and HRM practices influences their behaviour and attitude thus having profound impact upon the organisational performance. A firm need to deliver according to the changing requirements of the market and its ability to deliver determines its performance. HRM practices help a company gaining competitive advantage; some are described below (Cania, 2014):

- Security of the employees
- Setting up job profiles
- Hiring of new workers according to their suitability to their job profile.
- Decentralisation of decision –making process based on the basic principles ruling organisational designs.
- Framing of compensation policies and amending them according to the need.
- Facilitating training when needed
- Minimising barriers in relation to dress, language, cultural values, wage difference and type of assigned work.
- Facilitating transparency and transfusion of knowledge at all levels of organisation.

It is important that successful results are related to the performance of the employees including leaders and managers and it is important they are made aware of the changes that are implemented in an organisation which can guarantee that there is minimum resistance. If employees are not satisfied with their job role it leads to lack of focus on their task at hand making the financial stability of nay firm unsustainable in the long-run (Hailey, Farndale and Truss, 2005). The Ability, Motivation and Opportunity theory explains that motivated employees are more likely to perform better leading to higher performance of the firm. The way performance appraisal works is dependent upon compensation policy of the company and for increasing employee commitment while enhancing their satisfaction comes under the purview of HRM practices (Tan and Nasurdin, 2011).

Effectiveness of LMD: The Need for LMD

Effective leadership is regarded as the key to the success of an organisation. The style of leadership is an important factor determining the direction in which the organisation will move (Ojokuku, Odetayo and Sajuyigbe, 2012). This requires effective motivation from the leader's end so that the employees are able to come up with more innovative results by focusing on team goal rather than fulfilment of individual objectives (Hurduzeu, 2015). It is his vision based on which the entire organisation works to attain chosen organisational goal which increases the responsibility of a leader. If a leader is irresponsible then he or she is not able to manage employees which will ultimately lead to failure in terms of the organisational performance. Although Leadership cannot work alone it needs the support of management in order to increase the capacity of the organisation thus contributing successfully towards the development of a firm. As a leader faces different difficulties he or she gains in experience which enhances his or her problem solving ability. In this context many international organisation has initiated leadership development programs so that the company in future can generate effective leaders who can take the responsibility of handling problems arising out of uncertainties of business. Leadership development strategies need the confluence of other parts of an organisation such as, management planning, reward and recognition system, identification of anomaly in any segment of the value chain so that it can be corrected before becoming a serious problem (Bolden, R., 2010). Leadership Management Development is defined as the way that helps the leaders and managers to become more effective to deal with the complexities and difficulties in relation to the ever changing business world (Bratton and Gold, 2012).

Several studies had been done already in this regard and surveys are conducted to understand what the successful organisation are doing making them different from the ones that are failing (Thorpe, 2016). In a study conducted by Investors in People (IIP) it was found that UK business are incurring huge expenditure, as much as £84 billion on a yearly basis because of the poor quality people management. The same report had identified a number of statistically significant factors that play decisive role in improving the efficiency in relation to the performance of an organisation. Some of the factors were presence of a strong and aspiring leader, recognising and appreciating outstanding performance through rewards, identifying and having a strong set of values, changing work structure to be more flexible delivering continuous advancement and finally adoption of certain sustainable practices (IIP, 2015).

The main objectives of a LMD initiative are (Bratton and Gold, 2012):

- To sustain a business in the face of changing market requirements by developing leaders and managers skilled enough to execute determined roles.
- To formulate advanced business models that can help the concerned business so that it can withstand turbulences in the economy.

These two objectives define the responsibilities associated with the job role of leaders and managers. The main challenge executing the role of a leader and a manager is to respond effectively to a change by assessing different market conditions. A company needs to be

efficient enough to utilise market opportunities and any LMD programme is built to help and develop potential among aspiring leaders and managers how they can identify them and take advantage while preserving the interest of their company.

Developing Competencies through LMD

A competence is referred to the ability of an individual with which he or she efficiently performs different activities, addresses difficulties and connects various events to gather knowledge and identify any pattern (if present). This helps the concerned individual to effectively come up with solutions amongst complexities and uncertainties. Similarly, employees in an organisation are required to enhance the productivity of their firm by applying their intellect and knowledge gather over their working as well as during their educational training (Pagon, Banutai and Bizjak, 2008).

The leaders with the help of managers are required to manage their employees so that a company is able to achieve continuous success by accomplishing its set targets. Hence investing in developing such competencies is a wise investment since it will help the company is fulfilling its missions. Leadership Management development indicatives helps an individual in enhancing their potentialities so that they suit the requirements of the organisation (Harrison, 2005).

A LMD programme is implemented in an organisation in order to satisfy following objectives:

- Generating a direct link between company goals with respect to individual performance.
- Ensuring transparency in all the process undertaken by the concerned firm.
- Creating a working environment which is fair to its employees and secures them against exploitation.
- Maximum communication and minimum chances of conflict.

In order to develop above qualities among the managers and leaders following aspects are given prime importance (U.S. Office of Personnel Management, 2016).

Communication: Communication is the medium through which leaders and managers can establish good working relationships. The latter is very important in an organisation because it helps in building trust among team members and also reduces chances of conflicts. Communication is developed through good oral and written skill but in a working environment intonations play a vital role. An employee needs to be precise and use proper intonations while addressing a particular issue related to the task at hand. For example, while presenting or collecting data, an individual need to control the discussion so that the project gets completed within the stipulated time period; meeting deadlines is one of the important requirements which ensure faster delivery of output. The leaders are encouraged to take part in open discussions and incorporate employees in the decision-making. This not only enhances transparency in the working of the company but also increases employee engagement towards their employer and company.

Setting Goals: A leader is responsible for organisational goals. It acts as the objective of the workers and they exert their effort accordingly. When the leader fails to select a feasible goal the progress of a task gets stalled since the workers do not understand the stages that could help them accomplishing the target or which resources to employ to get desired results. The LMD programme teaches an individual to select realistic targets and clearly state the expectation from the project. This helps the employees to feel more confident while directing their effort to realise the selected target.

Measuring Performance of the Employees: Employees are ones who actually work on the project and accomplishes organisational goals. Hence it is very important to assign task according to the potential of the employees and in this regard the basic question arises how to identify potential workers and measure their performance. In this regard previous experience can be regarded as a good measure but if an individual is working for the first time then it is difficult to understand. In this regard the interviews while recruiting play a vital role. It is the first point of interaction and from the responses of the job applicant the leaders need to understand the attitude of the concerned individual.

Feedback: Providing feedback helps workers in identifying the weaknesses of workers and it helps them to rectify them so that they can improve their performance in future. LMD programme helps in understanding a good way of providing the feedback so that the employees do not feel inferior or humiliated. For example, rebuking for mistakes is not the correct way leaders are required to make them identify the mistakes and guide them accordingly so that they do not repeat them in future. In this regard sharing personal experience can be helpful.

Appreciating Good Performance: Recognising good performance with rewards and enhancement of career growth is required from a leader because it develops acknowledging good performance of the employees and boosts their confidence motivating them to continue to improve their performance. Managers are the one who should keep an eye over the employees to keep a record of their performance so that when the time comes they can be rewarded according to their achievements.

Evaluation of leadership competencies

There are a number of techniques that can be utilised by the organisation in order to assess the capability of an individual to become an effective leader. The HR department plays an important role in assessing whether a leader is effectively able to come up with correct solutions to the problems arising out of a particular task. Most of the organisations use a competency model to assess the effectiveness of a leader to the concerned organisation. Generally, a particular leadership competency model is built upon the following criteria:

- Self-management and development: flexibility, ability to handle pressure and emotion, urge to learn continuously
- Applies leadership competencies: analytical in assessing a particular problem, responsible, ability to act with integrity and a visionary.

- Business knowledge and organisational Acumen: Problem solving and decision-making ability which is strengthened with professional knowledge.
- Whether a leader is able to build relation through communication: Managing teams by applying conflict management techniques. Uses rewards and recognition to influence the way a worker approaches a task.

Figure 1: Leadership Competency Model



(Source: Coetzee, Visagie and Ukpere, 2013)

In order to understand whether a leader is able to fulfil all these roles an organisation can implement a number technique which can be incorporated at the end of LMD programme so that the company can understand whether the training has been beneficial to the organisation or not.

Synthetic use of assessment tools: Questionnaires can be distributed among the participants and their responses would be analysed in the later stage so that evaluation of their leadership abilities can be carried out. Besides some other assessment tools can also be applied such as interviews and FRIO-B. Under FRIO-B analysis the interpersonal interaction between the leaders and a group of people is studied to come to a definite conclusion. FRIO stands for fundamental interpersonal relations orientation and B stands for behaviour (Schnell and Hammer, 2008). This technique is used to assess leader's attitude towards a team and the parameters for evaluation are inclusion of group members in discussions, controlling the discussion or any activity so that the team remains on the track in completing the task and

finally affection or openness to understand whether he or she is approachable and is open to feedback from the team members (Oakland, 2014).

Survey among the employees to gauge their reaction to their leader: This requires random sampling of some employees who had been working in the organisation so that there is no biasness in their responses. The workers would then be provided with questionnaires and the responses will provide the effectiveness of the leader towards execution of his or her responsibilities. Their identity should remain anonymous so that they can freely record their response without any fear of losing their job.

Case Study: Experience at Jonson and Johnson

The company wanted to develop a task force of line leaders who will be promoted to decision-making role and hence they had conducted a LMD initiative and in the final stage had kept an assessment to identify future leaders from within the company. The chosen respondents were provided training for around 90 days and their task was to develop a leadership model for John and Johnson. Finally, a survey was conducted within the employees of the company to check which leadership model gets the highest degree of consensus. The result would establish which of the participants have that capability to understand the employees and the organisation (Kang and Jin, 2015).

Issues related to measuring Leadership Competencies

The issues related to the measuring leadership competencies primarily concerns with the complexities associated with human behaviour. The approach of a person to address a particular problem varies according to his or her perception. This can be explained with the help of a simple example.

Four individual are asked to travel to a certain location and were notified that they can choose any medium of convenience. The first person reaching the location wins and will receive reward. it is human nature to think differently and it will be observed that one will chose to take a cab other to use motorcycle, and they can also choose to use public transport. The nature of the reward was not revealed. To the individual who values the reward and winning would choose the fastest vehicle to reach the destination first ignoring the expenditure. The one that values resources will choose a cheaper mode of transportation.

The essence of this experiment provides the knowledge that different people values different aspect of a particular event. The most important issue is that until and unless the knowledge of the leaders is put to real situations his or her capability cannot be measured. Surveys provide what others feel about their leader but it needs an actual backdrop to understand the effectiveness of a leader.

Any LMD programme is time consuming and cost-intensive. The aspiring leaders cannot ignore their work to attend training. Sometimes organisations choose individuals for different tasks by applying a trial and error method to identify leadership qualities in order to avoid huge expenses required to undertake training.

Case of leadership failure: Primark – Child Labour

One of the greatest challenges that are faced by the leaders in the contemporary business world is adaptation to the changes with the corporate structure of an organisation (André, 2008). Organisations that have neglected this trend have faced consequences. Business ethics play a very important role in making or breaking the brand image of companies. NGOs and protest groups have been active in highlighting any malpractices associated with business activities. Business houses have incorporated code of conduct for their employees and suppliers (in some companies) to reflect that they are compliant to the notion of “doing the right thing”.

Primark is one of the leading clothing retailer employing more than 57,000 workers across the globe (Primark, 2016). After opening its store in London’s Oxford Street it was able to cross 1million mark within first 10 days (The Guardian, 2008). It is very popular for providing fast fashion at one of the most economic prices attraction billions of customers all over the world. The ability of Primark to provide such fashion at in expensive prices is due to the fact that it operates with a wide range of suppliers from South Africa, India, China and other developing countries where there is high competition among the sellers. It provides opportunity to Primark to take advantage of the almost negligible seller’s power in securing the best price deal with the help of bargaining.

However, this could not save the company’s falling profit when Primark was accused of employing child labour in producing its highly celebrated fashion clothing line. In 2009, the company was found explaining itself in front of the Ethical Trading Initiative (ETI) when found that Primark’s suppliers were employing child labour and paying the employees much lower than the minimum wage. This was clear violation of business ethic and corporate social responsibility (Werther Jr and Chandler, 2010)

The CEO had reacted to the situation by sacking three of its suppliers but the incident highlighted the ignorance of Primark’s leaders towards their responsibilities. The management should have more careful while choosing their suppliers and must have conducted inspection of their production process. The success cannot be achieved by only framing code of conducts but by practicing them.

Conclusion

The study related to effective leadership has been a topic of interest for many scholars since the birth of the art of business. A good leader needs to possess soft skills alongside business skills. Communication and the ability to energise and inspire others are found to be one of the most common qualities required in an individual so that he or she can harness them in developing potential to become an effective leader. However, in order to develop such qualities among employees many contemporary organisations has undertaken LMD programmes so that these potential can be utilised in securing improved organisational performance. Data has revealed that business in UK incur losses of almost £84 billion per year due to poor quality of employee management. This has attracted the attention of the

HRM department of other organisation to come up with a solution that can make the leaders more accountable towards their company and reduce such wastage of financial resources.

Leaders with the help of LMD initiative will be better equipped in handling complexities of business making significant contribution towards increasing efficiency of their concerned organisation. Since, HR professional are responsible for managing the employees in a company in this case they are required to initiate and monitor the progress of LMD programmes so that there is no issues related to the smooth running of the work of the company. The competitive advantage of a company is directly related to the performance of a company and leaders, managers are responsible for ensuring that the employees put their hundred percent in realising the vision of the leader. The leader is responsible for guiding its followers to prevent them from going astray and provide them with valuable feedback so that they can improve their performance in future. If a leader fails to carry out its responsibilities the consequences are severe and the case of Primark can be cited here to understand the value of effectiveness of leadership to an organisation.

Implementation of LMD Strategies

In this regard the HRM can organise training program like Johnson and Johnson or can ask their managers to get them enrolled in business administration courses like MBA. This will enable them to improve their potential and evaluate their skill on the basis of examination. On an average it is a course of two years which will provide ample scope for the individual to learn new qualities and improve the existing potential. In this the HR professional need to keep a close watch on the progress of the individual by asking him or her to submit the mark sheet at end of every semester. However, the proposal needs to be submitted to the head of the organisation with a detailed analysis of the benefits and cost to the company. For example, the management needs to approve leaves for examination and also the managers would require support so that he or she can execute his or her responsibilities at the office. In order to encourage the employees to take up such courses the company can provide loans so that it does not create financial burden. This cost will be covered from the money saved from proper management of the projects by those managers by applying their skill learned from the course.

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