Chapter 7 – Leading Change

MULTIPLE CHOICE

1. According to Spector, leadership’s primary role in change management is:
   a. providing strategic direction
   b. determining which employees must be laid off
   c. mobilizing adaptive behavior in the organization
   d. being the face of change
   e. all of the above
   (c: Moderate; p. 152)

2. Organizational purpose is:
   a. broader than strategy
   b. the same as strategy
   c. is a better way to define organizational culture
   d. describes what motivates workers
   e. none of the above
   (a: Moderate; p. 154)

3. Which of the following is NOT a core task of change leadership:
   a. establish demanding performance expectations
   b. enable upward communication
   c. forge an emotional bond between employees and the organization
   d. design the new rules under which the organization will operate
   e. develop future change leaders
   (d: Difficult; p. 154)

4. To transform an organization from a collection of individuals into a coordinated, interdependent unit requires ___________ that transcends instrumentality.
   a. precise written contracts
   b. a strong organizational culture
   c. a bond
   d. habits
   e. none of the above
   (c: Moderate; p. 158)

5. Companies that retain market domination over long periods tend to develop leaders __________.
   a. by hiring graduates from the finest MBA programs
   b. by hiring them away from competitors
   c. internally
   d. by hiring people who have completed external leadership development programs
   e. none of the above
   (e: Moderate; p. 159)
6. ____________ is considered a barrier to effective leadership development because it prevents individuals from having to live with consequences of their actions and learning from their successes and failures.
   a. Movement within a single function
   b. Hiring external leadership
   c. Rapid upward mobility
   d. Succession planning

   (c: Moderate; p. 160)

7. Which of the following is NOT a potential consequence of overreliance on an individual leader
   a. high levels of dependency can displace individual and group initiatives.
   b. dependency on one leader can slow decision making.
   c. providing the candid feedback required of effective transformation can become risky and therefore not given.
   d. a dominant leader might be unable to build the sense of teamwork and shared responsibility required to sustain a coordinated change effort.
   e. a single change leader would be able to handle the pressure alone.

   (c: Difficult; p. 161)

8. The ____________ of the chief executive can influence the behaviors of other organizational leaders.
   a. management style
   b. age
   c. educational level
   d. years of experience with organization
   e. emotional intelligence level

   (a: Easy; p. 168)

9. Which of the following best describe how leaders enhance the effectiveness of change implementation:
   a. providing a common sense of direction and goals that allows decentralized decision making.
   b. placing decision-making authority in the hands of employees who are best able to respond, and respond quickly, to a dynamic environment.
   c. providing a common purpose which enhances the ability of an organization to achieve required levels of coordination and teamwork.
   d. formulating strategy to help advance purpose and then change the strategy in response to or anticipation of a dynamic environment.
   e. all of above

   (e: Difficult; p. 155)
10. _____________ are clearly articulated and challenging performance expectations.
   a. Management objectives
   b. Adaptive goals
   c. Stretch goals
   d. Compensation contracts
   e. none of the above

   (c: Easy; p. 156)

11. The flow of information from lower to higher hierarchical levels is called:
    a. privileged communication
    b. hierarchical communication
    c. employee initialized communication
    d. upward communication
    e. none of the above

   (d: Easy; p. 156)

12. With narrowly focused functional managers rather than broadly based leaders, organizations become:
    a. skill based rather, than behavior based
    b. more adaptive
    c. nonresponsive
    d. more resistance to change
    e. none of the above

   (c: Moderate; p. 160)

13. ___________ is an individual who is granted authority, usually based on hierarchical position.
    a. Change agent
    b. Formal leader
    c. Consultant
    d. Stakeholder
    e. none of the above

   (b: Moderate; p. 160)

14. Selecting an individual for a leadership position who has always worked in one functional area has which of the following downsides:
    a. they do not have enough experience
    b. they will favor their former functional area unfairly
    c. they have limited knowledge of the total organization, especially how subunits fit together
    d. they will feel uncomfortable with international operations
    e. none of the above

   (c: Moderate; p. 160)

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15. Dominant individual leaders can create an internal dynamic that builds _________, while _________ initiative, innovation, and teamwork.
   a. trust, increasing
   b. dependency, stifling
   c. independence, increasing
   d. dependency, increasing
   e. none of the above
   (b: Difficult; p. 161)

16. Moving from individual to shared leadership is desirable, and is:
   a. not easily achieved
   b. not possible
   c. requires replace of current leaders
   d. quite easy to achieve
   e. none of the above
   (a: Easy; p. 161)

17. When leaders impose change on their organization, often the results are _________ and _________.
   a. challenging, rewarding
   b. successful, smooth
   c. noticeable, frustrating
   d. disappointing, frustrating
   e. none of the above
   (d: Moderate; p. 154)

18. Which of the following actions does NOT help create a shared purpose?
   a. supporting decentralized decision
   b. supporting enhanced autonomy
   c. supporting coordination
   d. all of the above
   e. none of the above
   (d: Moderate; p. 155)

19. In leadership development, recruiting candidates with outstanding technical skills:
   a. should always be done.
   b. is NOT a good idea, such persons have limited leadership potential.
   c. is NOT a good idea, they have difficulty communicating with non-technical people.
   d. is NOT a good idea, they focus only their own area of expertise.
   e. is NOT a good idea, they often demand more money and perks.
   (b: Moderate; p. 160)
20. In leadership development, recruiting candidates with outstanding technical skills:
   a. formulate vision and strategies, rather than planning and managing budgets.
   b. communicate purpose and build commitment rather than issue reports and
      creating policies.
   c. think in long-term time horizons.
   d. work with an organization’s culture and not its formal structures.
   e. all of the above

   (e: Moderate; p. 160)

TRUE OR FALSE

21. The exercise of power is the same as leadership.
   (False: Easy; p. 154)

22. Strong, demanding leaders are the most effective at leading change.
   (False: Moderate; p. 154)

23. Particularly in situations of strategic renewal and change, formal leaders need to learn
    about how their effects are proceeding through a process of mutual engagement
    with employees at all organizational levels.

   (True: Moderate; p. 157)

24. If employees are committed to their organization, emotionally they are less likely to
    engage in required behavioral changes because they are happy with the status quo.

   (False: Difficult; p. 158)

25. Given a combination of experience, training, and circumstances, a wide array of
    individuals can be effective leaders.

   (True: Moderate; p. 159)

26. Rapid upward movement of personnel through the hierarchy can work to hurt
    an organization’s ability to develop effective leadership.

   (True: Moderate; p. 160)

27. Reliance on one person to be the leader of change might actually undermine the
    effectiveness of a change effort.

   (True: Difficult; p. 161)

28. Effective leaders communicate downward to make sure employees at all levels
    understand in a clear and consistent way the purpose and direction of the firm.

   (True: Difficult; p. 156)
29. Cisco CEO, John Chambers was NOT committed to building collaboration as a way of keeping his company agile and responsive to a rapidly shifting competitive and technological environment. This explains why their change initiative was unsuccessful.  
   (False: Difficult; p. 152)

30. Effective change efforts are built on a drive to achieve outstanding performance.  
   (True: Easy; p. 155)

31. Stretch goals are designed to urge workers to go beyond their normal job descriptions and expand their areas of expertise, even if short-term performance is sacrificed.  
   (False: Difficult; p. 156)

32. Effective leaders need to take specific steps to ensure that communications move both upward and downward, and is best they simply response to all questions, fully and completely.  
   (False: Moderate; p. 157)

33. Maintaining centralized decision making is suggested during a period change.  
   (False: Moderate; p. 157)

34. Inadequate attention to leadership development can ruin a company, even an industry.  
   (True: Easy; p. 159)

35. Leaders should work through coalitions and leverage their hierarchical authority.  
   (False: Difficult; p. 160)

36. Communication channels, especially upward and downward, support new behaviors and help ensure that leaders will learn from employees at all levels about the effectiveness of their efforts.  
   (False: Difficult; p. 163)

37. The effectiveness of leadership will be judged not by personalities and traits but by the impact those actions and behaviors exert on the change process.  
   (True: Moderate; p. 153)

38. Formal leaders may exert a powerful influence over followers without exercising effective leadership.  
   (True: Moderate; p. 153)
39. Autonomy places decision-making authority in the hands of employees who are best able to respond, and respond quickly, to a dynamic environment.  
(True: Moderate; p. 155)

40. Knowledge possessed by employees at lower hierarchical levels puts them in an excellent position to understand the degree to which the change goals articulated and pursued by upper management are both being implemented and achieving the desired results.  
(True: Moderate; p. 156)

ESSAY QUESTIONS

41. Spector describes effective leadership having had three separate but interrelated notions; shaping the behaviors of others in the organization, mobilizing internalized motivation, and mobilizing adaptive behavior. Explain what is meant by each.

Effective leadership shapes the behaviors of others in the organization. No matter how talented an individual may be or what personal traits that individual may possess, they alone will be unable to create and sustain outstanding performance. How employees react in response to the actions of leaders will determine the effectiveness of leadership. No individual is an effective leader unless and until employees behave in effective ways. When an organization is attempting transformational change, the behavior of leaders is meant to impact changes in the behavior of others.

Leader actions that result in compliant reactions on the part of employees—following orders and adhering to rules in order to achieve extrinsic rewards and/or to avoid negative consequences—fail that definition of effectiveness. Mobilizing employees involves creating an internalized commitment to achieving the new goals of the organization. Leadership behavior that creates dependency or alienation on the part of employees undermines mobilization; by definition, then, it is ineffective.

Not all behaviors resulting from the actions of leaders are equally desirable. The distinction is between leadership and the exercise of power. Formal leaders may exert a powerful influence over followers without exercising effective leadership. Powerful individuals can induce followers to take actions that may be harmful to the organization (for example, As powerful and influential as these individuals are, they are not exercising effective leadership. Leadership is effective when employee
behavior is shaped in a way that supports the long-term best interests of employees and the organization. *(Moderate; pp. 153-154)*

42. **What are the five core tasks that are the heart of effective leadership?**

   Effective leadership is not about imposing new directions and demanding new behaviors. Instead, effective leaders energize an organization for change, build commitment to new directions, and then put into place a process that will translate such commitment into action. There are five core tasks which place greater emphasis on what the leader does rather than who the leader is:

   - Develop and articulate clear and consistent sense of purpose and direction for the organization
   - Establish demanding performance expectations
   - Enable upward communication
   - Forge an emotional bond between employees and the organization
   - Develop future change leaders *(Moderate; p. 154)*

43. **Leadership starts by identifying and articulating organizational purpose. Purpose involves a “clearly articulated, well-defined ambition” for the organization. What are the outcomes of articulating a strong purpose statement?**

   By articulating a clear and consistent purpose, leaders enhance the effectiveness of change implementation in a number of ways:

   - A common sense of direction and goals allows decentralized decision making and greater autonomy over enacting that purpose.
   - Autonomy places decision-making authority in the hands of employees who are best able to respond, and respond quickly, to a dynamic environment.
   - Additionally, common purpose enhances the ability of an organization to achieve required levels of coordination and teamwork.
   - Leaders at operational levels can formulate strategy to help advance that purpose and then change the strategy in response to or anticipation of a dynamic environment. *(Difficult; pp. 154-155)*
44. Effective organizations need upward communication as well as downward communication. Discuss way leaders can enable upward communication.

To help ensure that knowledge lodged at lower hierarchical levels is captured, discussed, and acted upon, leaders can enable upward communication by:

1. Top executives can acknowledge both to themselves and to the organization that they do not know everything that needs to be known about the organization and its competitive environment. That acknowledgment needs to include the explicit recognition that they need to learn from lower-level employees.

2. Executives can create channels for information to flow upward in an uncluttered and unfiltered way. These channels often take the form of direct contact and communication between upper management and lower-level employees. Taken by themselves, such tactics—management-by-walking around, internal comment and suggestion cards, “graffiti walls” where employees’ comments are posted—may seem superficial and programmatic. They can and do become real when upper management seriously seeks and values such input.

3. Executives can also push decision-making authority down to lower levels,
allowing employees to exert authority and take responsibility for the organizational–environmental interface. (Moderate: p. 157)

45. Discuss the importance of leaders creating an emotional bond between individuals and their organizations.

An emotional bond encourages employees to coordinate their efforts, communicate more honestly and freely, take the risks required of creativity, and manage conflicts in ways that benefit the organization. By locating a sense of purpose and meaning within the organization’s mission and goals, employees are ready and willing to make sacrifices on behalf of the organization, to act in ways that are informed by the organization’s core values and renewed strategies, and to alter behaviors in ways that enhance the company’s performance.

The instrumental exchange of effort for reward cannot be overlooked in any organization. The drive to acquire—that is, the desire of individuals to boost their share of scarce resources—is fundamental to human nature. But it is not the only fundamental human drive. People also have a need to bond, to form networks, to be part of mutually reinforcing relationships.

Leaders who fail to create the opportunity for emotional bonding will find it difficult to generate high levels of commitment to change. (Moderate: p. 158)

46. What are the Organizational Barriers to Effective Leadership Development? Briefly describe each.

- **Rapid upward mobility** - Prevents individuals from having to live with consequences of their actions and learning from their successes and failures.
- **Movement within a single function** - Individuals never gain knowledge of total organization, particularly of how subunits fit together.
- **Short-term performance pressures** - Individuals get better at tactical and operational management than at long-term strategic and visionary leadership.

- **Recruitment for specific technical skills** - Internal employee pool is thin on individuals with real leadership potential. (Moderate; p. 160)

Scenario-Based Questions

You are the CEO of a major HR firm, offering specialized HR services to organizations wishing to outsource all or part of their HR functions. In the past, the firm was structured
into several divisions, including Compensation, Recruitment, Training and Development, and Legal Services. You have learned a lot from Spector’s approach to organizational change and for about 2 years now, you have been faithfully applying the different concepts. You started, of course, with mutual engagement and shared diagnosis. As part of Step 1, Organization Redesign, you successfully piloted cross-functional teams and a new focus on customer service which was later rolled out as the strategic directive for the entire firm. In Step 2, you worked to ensure that employees and managers were trained in the newly identified skills and competencies and in Step 3, you did some essential people alignment, including movement, removal and replacement of people in key positions. Finally, in Step 4, your main task was to ensure that you had the right structures, systems and technologies in place to reinforce the new behaviors. You made some major structural changes, including a move from a functional to a horizontal, customer-service oriented structure, reinforced by a balanced scorecard, proper financial initiatives and a new team-oriented IT system. In the process, you also did some work on the organizational culture, including a cultural audit and a series of other steps to ensure consistency between values and actions in the organization. The Board of Directors has called you in to review your performance and to determine if it is time for a bonus and for that long awaited and well-deserved vacation.

47. The Board asks you to demonstrate different ways in which your leadership of the firm has been effective. You begin by discussing your vision for the firm which focused on seamless, integrated customer service and the way you have worked on making this a part of the organization. In your mind, this demonstrates which core task of leadership?
   a. development of future leaders
   b. demonstrating strong, individual leadership skills
   c. a ferocious desire to achieve outstanding results
   d. your concern for upward communication
   e. development and clear articulation of organizational purpose

(e: Difficult; pp. 154-155)

48. The Chair of the Board notes that one of the employees, who also happens to be his nephew, has complained about the “unreasonable performance expectations” you place on employees at different levels of the company. You respond by saying:
   a. your nephew needs to develop some more muscle so stretching is good for him.
   b. effective change efforts are built on a drive to achieve outstanding performance.
   c. you recognize the unreasonableness of your demands.
   d. you walk the talk.

(b: Difficult; p. 162)

49. In reviewing your record, the Board questions a fairly large expenditure of the past quarter which was related to a series of focus meetings between you and
employees at all different levels. These meetings were already conducted at the beginning of the 2-year episode, why again? You point to:

a. the importance of upward communication.
b. the value of being in touch with employees at all levels.
c. the importance of forging close emotional bonds.
d. all of the above
e. a and b only

(d: Difficult; pp. 156-158)

50. The Board heard about something called “upward communication” and wants to know what means you are using to promote this. You explain that you:

a. always remind employees of who knows best, which is you, of course.
b. tell employees to always follow the precisely prescribed channels for communication.
c. clearly delineate roles and responsibilities.
d. have focus meetings and an open-door policy.

(d: Moderate; p. 156)

51. One of the things you are particularly proud of is your approach to developing future leaders. You show the Board this program and the outstanding features which include:

a. rapid upward mobility, short-term performance rewards and culture work.
b. slow downward mobility, long-term performance rewards and recruitment for specific skills.
c. rapid downward mobility, movement within multiple functions and wilderness training.
d. coalition training, vision, strategy and culture work, and long-term performance rewards.

(d: Difficult p. 159)