Public Organization and Management
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Lecture – 45
Effective Leadership in Public Organizations – V

Now, there are certain interesting insights that we are going to understand from the leadership and management insights from public sector undertakings. And this is based on the research studies conducted by Professor Gupta, Kulkarni and Khatri. And this is a working paper series of Indian Institute of Management, Ahmedabad. And the work is titled Leadership and Management of Public Sector Undertakings in an Emerging Economy. Now, this particular working paper talks about they have interviewed various officials in the public sector organization and tried to find out what are the challenges of leadership leading Indian public sector undertakings and what kind of qualities are required for the leaders in the public sector organizations. Let's see what are the inputs, you know, insights from this particular working, very interesting paper.

The learners can go to this, but this paper is easily available. You can just find this on the internet. You will find the PDF. You can refer to this paper. Very interesting insight generating by the interviews conducted among the public officials in the public sector undertaking. So, with respect to the challenges of leading Indian PSUs, the research concluded the three broad challenges that are being faced by the Indian leaders. Political interference and lack of autonomy. The conducted interviews have resulted into some of these challenges in terms of bureaucratic style of management being followed. Largely, they mentioned that the decisions are always taken at the top level. On the directions from the government. There is a lack of flexibility to the leaders at the all levels in terms of what they need to do and how they possibly can bring some kind of changes as per the discretion. That is not there. There is a lack of clear goals. There is excessive focus on following the government norms, rules and regulations.

And of course, there are a lot of constraints being put on them. Of course, number of great leaders, good leaders are not there. The number is less. And whosoever is available, the number of the leaders, great leaders available, they're also constrained by many factors. And they feel sometimes powerless. So these are all the inputs which are given by the officials working in the public sector undertaking. Second among these is rigid rules and HR practices. They say that redundant rules because of which the employees feel less empowered. And they are used to off doing work in the old ways of working. They don't want to experiment with new things.

Perhaps there is a lack of performance to pay and reward linkages because of which the employees do not feel motivated to enhance their performance or find out the creative ways to do their work. Then comes the lack of employee motivation. Now, why it is the case? Because, you know, public sector undertakings, they face this challenge in the form of pressure from the unions because there are a lot of unions there. We will discuss about when we talk about the case of transformation is Bank of Baroda, how union pressure have delayed the technology implementation in the bank. So we'll talk about this.

So in case of public sector undertakings there is a challenge in the form of pressure from the unions and leaders in these organizations often they work under the pressure. Now, not only this, pressure groups are also from within the organization, the groups which have political affiliations, right? Or there are pressures from the outside also, which also, you know, inhibit somewhere the smooth functioning of the organizations. Also, in terms of the required match between the requirement of the jobs and the availability of the manpower is a huge gap, the huge mismatch, which needs to be taken into consideration. Now, in terms of there's also a lack of trust. If you look at why employees lack motivation, there's a lack of trust among the subordinates because they feel that there is no transparency in the policymaking and because of which lack of trust is there and then their job satisfaction level are also lower.

Now, according to the study, they mentioned that what is required, what kind of leadership qualities are required to be successful in public sector undertaking. Under this, first of all, they talked about communication skills. Good and transparent communication skills that they are suggesting with employees and focus should be on development of relationships. Establish relationship with the government and with the political authority because it will help the organization to take care of the interventions that they will confront as and when they will interact with the outside agencies. should pursue convincing government about their ideas and vision that may lead to get political support also.

So if you are convincing that how your ideas are going to make the organization better, decisions are going to favor the better outcomes, increase in efficiency and effectiveness, so ultimately it can lead to getting support from the political authority also. In terms of positive personality, it says that leaders should must conduct with the integrity and be honest in their pursuit. So whatever they do, they should be honest and demonstrate integrity that they are doing work with highest level of integrity and they are being honest and they should show the firm dedication towards their work and also show that be confident in their abilities for the work which is required to be done. Then, leaders' behavior. Two behaviors they have talked about, change-oriented and the relations-oriented.

Perhaps this we also have seen change-oriented behavior in the case of transformation of school education in Andhra Pradesh that we have just discussed. And that focus also on relationship orientation, it can help the leaders in long way to ensure the success of their organization. It says that when we're talking about change oriented, one should always think like what kind of opportunities are available for the organization and identify those opportunity and excel in that particular field. The way the business organization think of these strategic initiatives for the growth, the public sector leaders, organizational leaders should also have that kind of mindset to continually look for the opportunity. and also find out the creative ways or processes for their organizational functioning, bringing in changes to the process, looking for the innovative and creative ways to bring in changes to the process.

That also we will discuss with the help of the transformation of Bank of Baroda case. Also, identification of the future state of the organization is a critical change-oriented behavior for the public sector organizational leaders. Now in terms of relationship oriented, the author suggested the focus should be on developing strong relationship with the colleagues. Also maintain good relationship with the unions which might create pressures on you to effectively manage the industrial relation. Also in terms of relationship, one should also put much more attention to the subordinates need and direct and support them as required.

HR skills should have, these people should have authority to hire people from various functions which they are continuing in the organization, whatever their field of specialization is. Matching right skill set of people with the right job, the mismatch should not be there because if mismatch is huge, then it is a problem because the outcomes will suffer. Also, focus on training staff and counsel them as and when required with the people management practice. It's very, very important. Finally, decision making skill that they are suggesting that should be the qualities of the what kind of focus should be there.

Focus decision making based on proper rational and logic instead of just political influence. There should be decentralized decision making with people at different levels so that they are empowered to take decisions related to their areas of work. And also these leaders should be able to take risk and be consistent with their approach in terms of decision making. So these are some of the leadership insights from the Indian public sector undertakings in the working paper as I have cited on the slide here. Okay, now let's look into the aspects of leadership and organizational culture.

So we have talked about that leadership styles, they can always set the context of the culture of the organization and vice versa. The organizational culture can also influence the leadership. Now, here we are following the work of Bass and Avolio on transformational leadership and organizational culture. So, we are going to see that how

these different leaderships, transactional and transformational leadership, they actually can lead to the organizational, different kind of organizational culture. So, first of all, let us talk about the aspect of transactional culture.

When the culture of the organization is transactional, What is that are the characteristics of this kind of a culture? So, when the culture is transactional, the focus is on clear instructions. For what? For all the job, work, task and also the focus is on short term and also how well the organizational people can be rewarded for their work. Commitments are often short term and it depends upon how well the organization is rewarding their employees. But in this case, what happened is because it's the transactional culture, the commitment also, you know, is low in terms of employees commitment towards the organizations or the vision or the mission of the organization, right? And also because it's a transaction one, the level of innovation and risk taking would be very, very low among the people in the case of transactional culture, right? But when it is a transformational culture, what happens is there is a sense of purpose in the community, members of the organization. Here the commitments are long term because they are not only in the way of rewards, commitment towards the people.

Transformational leadership we have talked about, idealized influence, individualized consideration. so these things will help you the leader to create a kind of culture when there are you know there are sense of purpose and commitments are long term there is a mutual interest among the leaders and the followers people actually work beyond. It's much more emphasis towards the work outcome than the self-interest so that the organization grow and there is a benefit you know in the team and the leaders they actually play the role of mentors and they also act as role models in the organization. Now, what happened is with a different combination of transformational and transactional, the idea of from low to high both in terms of transactional and transformational leadership, there is a typology of organizational culture which has been proposed by the authors. So, it says that if the transformational, the organizational culture is low to high and transactional is low to high, these kind of different kind of cultures can prevail in the organization.

Let us look at these one by one. when the see when the transformational culture is high transaction is low this culture is you know termed as predominantly transformational culture what will happen in this kind of culture you will see the characters like there are constant conversations happening on the vision purposes of the organization and there are no formal agreements or controls in this kind of a culture. This constant conversations happening on vision, mission accomplishment or values and without the formal agreements and controls. On the other side, if you look at this moderate transformational, transformational characteristic is high, but also there is some component of transaction here. What happened is there is much more emphasis on exchanges and rewards.

The culture is more balanced in a sense that there are components of transformation, there are also components of transactional in this. So, this four I's, I hope that you got the idea. Four I's if you look at here is we talked about the four components of transformational leadership, idealized influence, individualized consideration and others. So, that is what we talked about. So, the culture is more balanced, components of both transformational as well as transactional.

Structure, if you look at, this structure is more decentralized, is more flat in the case of moderated transformation. Organization in terms of flexibility is more flexible, it is adaptive and creativity is going to be high in the case of moderate transformational culture. I am talking about the characteristics of the culture depending upon the typology here. you know, how much culture is transactional or how much is the transformational and in that way transformational leaders also have a lot of input to, you know, this kind of formation of these kind of or creation of these kind of cultures in that context.

Now, next is high contrast culture. High contrast culture, if you look at, where is the high contrast if you see? In this case, transformational is high, also transactional is high. Now, if you look at this particular culture, you will see that this culture characterize both the aspects of management as far as leadership. Management is more of control, planning things. Leadership is more about vision, change process or so. The focus is on finding the best alternatives to various situations, to maybe solving problems as the authors have mentioned.

The structure here is not very highly structured because they have both the components of transformational as well as transactional culture there. In case of costing culture, look at this where the costing is. You see both the case moderate, transactional and the transformational both. What happened is neither too transformational or not too transactional in case of costing. Now, what happened is there are external controls there in the system.

Then there is moderate leadership and management. It basically focus on maintaining the position. That particular organization culture focus on maintaining the position in the organization. Maintain the position of the organization. Then comes the predominantly moderate contractual.

You see where it is predominantly moderate contractual. See transformational is moderate but the transactional is high. What happened is this culture if you look at is highly if you see highly transactional culture. and lack of transformational orientation. In this case, what happened is the author mentioned self-interest is more important than the interest of the group or the organization. Focus is on the short term, focus on controls, standard operating procedures, structure is more centralized and of course tall structure. Then comes the pedestrian culture. Pedestrian culture, if you look at, you see pedestrian

culture where transformational is low and the transactional culture is moderate. So, you see how what are the characteristics of this organization which is moderately transactional with no transformational orientation, no work outcomes beyond formal agreements. Whatever is as per the agreements the people will do, but there is no more focus on that.

So, commitment anyhow what we will say, commitment is going to be low in this case. There is no focus on change. And of course, there is no focus on change, meaning that risk taking is also avoided in the organization. And you will see there is a little commitment among the members of the organization. And final, the model which is a garbage can model, if you look at, what is the garbage can, it is more of low on transformational as well as low on transactional style.

So, according to this particular garbage can cultural typology, there is a lack of transactional as well as transformational leadership, consensus is largely absent, everyone is focusing on their own self-interest, their own agenda. Clearly, author says that here the organization is much more like a garbage can with no activities leading to anything which is good outcomes. There is very little cooperation among the people in the kind of culture, not clear purpose and the vision and lack of values, rules and regulations. So, you see in this case what we have seen is how the culture of the organization can be influenced by transformational leadership and sometime also culture can influence the leadership in that way. So, this is what is the contribution of this particular discussion on the impact of leadership styles on creation of the culture.

Now let's look into Dr. Anil K. Khandelwal's leadership to transform a public sector bank transformation in Bank of Baroda. This particular discussion is made on the basis of the interview which is published in South Asian Journal of Human Resources Management titled interview with Dr. Anil K. Khandelwal leading transformation of public sector bank through people processes and building intangibles. And this interview has been conducted and published by Professor Panda.

Now, situation at the Bank of Baroda. First of all, we will look at what was the situation of Bank of Baroda. And in the interview, it was mentioned and Dr. Khandelwal in his own words expressed the situation of Bank of Baroda at the time of his joining as chairman and managing director in 2005. He explained that when he joined, market share of Bank of Baroda was on decline. The bank's overall growth was below average and the bank was rated as underperformer by the analyst.

Employees have low morale and of course there is a reduction of number of customers because the bank was not able to cater to the needs of the customer and there is a reduction in their number. the introduction of the technology was delayed by the resistance from the union. So, if you can recall in discussion of leadership insights from

Indian public sector undertakings, I have talked about that lot of people, leaders in the PSU, they work under union pressure. So, in this case what happens, the introduction of the technology in the bank was delayed because the union was resisting that.

So in this case, Mr. Khandelwal also talked about union and management relationships. So he noted that many a times the leaders in these organizations, they always confront these pressures from the union and management always in order to, you know, for increasing the effectiveness of the organization, they always abide by what unions demand from them because they always want a better relationships with the management and sometimes unions pressures are to be dealt with. So, in this case, he also described how he dealt with the unions and take the support from the leadership to integrate and implement technology in the bank. What were the planned goals for change? So we explained that in order to expedite the process of implementation of technology was the first thing that was important in the bank because other competitors in that particular market they already introduced the technology and it has started functioning so it was actually favoring the other competitors in the market than the bank. So, improving market share was the another agenda by bringing back traditional business lines, improving customer connectedness.

Of course, there also technology could help. Bank as a financial supermarket offering all kinds of banking and finance related services focus on process improvements and innovation. So, this was the idea that these are the things which are required to be done in order to initiate the process of transformation in the bank. You see that we talked about the change oriented behavior and these are some of the strategic initiatives which are well thought by a leader in order to take care of where they want to take their organization and change its status quo from one to the other. Now, how did Mr. Khandelwal ensure the success in transformation? So, according to Mr.

Khandelwal, any kind of transformation is not possible without people. So, it is important how to restore the morale of the people. That was also one of the agenda. Then taking the board of directors supports for technology implementation. So some of the early changes that they were initiated and they were included was the fast track commencement of the technology project.

That was the important emphasis here. 100 days agenda of listing challenging tasks such as 500 ATMs, extending business hour by banking from 8 a.m. to 8 p.m. in 500 branches, rebranding of the bank, launching IT-enabled business transformation program, restructuring credit function. So all these things were done in this 100 days agenda and this initial achievement of these targets have resulted in enhancing everybody's morale and set the stage for next level of initiatives. Change orientation, Relationship with the people. It's what was the focus of leadership. Now, story of people process-based transformation.

According to Dr. Khandelwal, massive transformation in any organization would require strong support and excitement of people involved. Now, what was the major challenge that he was confronting at the time was to reach out to all those involved in the process of transformation. Because people are to be involved, especially the frontline people who are dealing with the outside customers on daily basis. They are interacting with the outside parties more. So, 40,000 strong workforce across all branches including global branches are to be involved in this process of transformation.

One-to-one communication through video messages, monthly communication and group events. They conducted town hall meetings and meeting all the attendees in person and listened to their concerns. Concern about working environment, what kind of challenges they were facing while delivering customer service and of course improving business. Now all these interactions that Mr. Khandelwal had with people, these interactions led to the redesign of various policies.

Looking at the people function, HR function was given top priority to increase confidence among people across the bank. Three programs were launched to take care of the employees' concern and their career aspiration. First was Sampark to expedite problem solving. With this, they have also had this, you know, the helpline which was directly with the chairman and any kind of problem that they were confronting, there was a quick solutions and the quick taking care of the problems there. Then Paramarsh professional counseling services for the employees and the Khoj talent hunting exercise.

Now what was the outcome? HR function became more employee friendly and accountable because of taking care of employees concerns. It also helped in restoring confidence of the employees. So first of the agenda that he talked about in this thing is restoring morale of employee. So HR function has to take care of this and should get the priority.

Enhance the credibility of leadership initiatives. So, if the followers and the employees in the organization, they consider that these are the initiatives which are taken by the leader, it actually ensure and enhance the credibility of initiatives like these because the employee feel that the organization is showing concern for them and then they will reciprocate it with the high level of productivity and achieve the outcomes. Now, in his own words, Dr. Khandelwal also described his leadership style and he termed it as 'tough love'. So, I told you that I will go back to this discussion on task orientation versus relationship orientation.

Here, Dr. Khandelwal expressed his leadership as tough love. Tough on seeking performance. sort accountability and concern for results. If you notice that these are task-oriented behavior. Focus on result. Tough on seeking performance, sought accountability and concern for results. And also extremely passionate in resolving people's problem,

providing support to managers and employees. So according to him, if you only focus on this task orientation without giving any importance to the people related aspect, it is not going to work. So what is required is practicing compassion is how Dr. Khandelwal described his major style.

So he in fact described the story of regularizing 100 casual worker. You know, it's mostly a union kind of a pressure where he was dealing with and this was, you know, this particular issue was lingering on for a long time where there are issues among the workers that they were not getting regularized. So Dr. Khandelwal took it. You know, very compassionately, he looked into this issue and made these 100 casual workers regularize in the bank, which has only increased in the credibility of Dr. Khandelwal as the leader. So, this particular story talks about the strategic initiative, change-oriented behaviors by the leader in the public organization context to transform, you know, a bank which was on the decline stage. So this is another case that we have discussed about in the Indian public sector organization. So two cases we have discussed, the case of transformation in the school education in Andhra Pradesh and the transformation of Bank of Baroda under Dr. Khandelwal's leadership style. So with this, we have come to the concluding session of this particular module, which is on developing effective working relationship.

Now, when we are talking about the leadership, especially in the context of the organization, Importance of working relationship is going to take the performance to another level. Now, developing effective working relationship is based, this content is based on the text of Cohen, Eimicke and Heikkila. The title of the text is Effective Public Manager. Now, when we talk about the relationships, relationship is to whom, with whom we have to build relationship. So, we have to focus on the relationship with the superiors, our peers and the subordinates.

How one can develop this kind of relationship with the followers? These are the important, you know, crucial skills if you really want to work on, you know, developing your relationship as the text mentioned. You should be highly empathetic. communication is a key, resolution of conflict, time management and you should be good at negotiation. These are the important skills that you have to develop in terms of developing the effective working relationship with your people who are working with. also in the context of public organization when you are communicating outside you know you are communicating in the networks networks mean there are a lot of collaboration happening between government public and private sector organization so these skill set even becomes more important you know being empathetic good communication negotiation skills conflict regulation resolution skills and time management skills so these are important you know in developing the effective working relationships now First is, how will you meet the demands of the stakeholders? I am talking about various people whom you are working with.

There are a lot of demands that people will have. So, you have to choose and prioritize which demands to satisfy. So, in order to do that, you have to listen to your co-workers, try to understand what they would want from you, also know the importance of informal and interpersonal relationships in terms of meeting the demands of the stakeholders. managing relationship with your supervisor always try to understand what is the style of your superiors and accordingly you try to see how would you adjust and try to develop that kind of relationship and communicate with the person right you should not offend your superiors right so you have to adjust and be flexible in terms of how do you want to communicate right value your superior's time If you are communicating with your superiors to make sure that the communication channel if the formal channels are preferred you follow that if the informal channels are there you have to find you know basically depends upon how you understand the style of the your manager or your superiors in that way and please work out on the disagreements right you can have disagreements it's not an issue but you have to also learn the you know the art of how will you work on disagreement with your superiors. You know, please talk to them, initiate a conversation.

You can also make use of rational persuasion, being logical. Try to find how you can convince your superiors and try to find out the way if there are people in the system who can always help you in working out on the disagreements. When you are working with the staff, you know, your people, your peer group or your subordinates, you should know what motivates your people and that you will only come to know when you will communicate with your staff. And sometimes if the people have dissatisfaction, you have to deal with that. Try to understand what is the reason of that dissatisfaction.

And hands-on management, try to solve the problems. Sometime you have to give the clear-cut instructions, detailed the guidelines, work with these people. So, when you build on relationship, you have to focus on all these things to take care of the issues related to the relationships in the organization because you see that you have to work in the organization. Sometime you have to work for other people sometime you have to work get work done from other people so relationship building is very important and these are some of the you know things which i have mentioned in the text of Cohen, Eimicke and Heikkila so please refer to this particular you know the text chapter and try to learn more about it there are some kind of strategies being listed there to you know to you know improve the relation how to improve the relationships you know in the organization so with this we are concluding the module on developing effective leadership in the public sector organization we will continue the discussion in the course with the final theme in the next week