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Transformational Leadership in Organizational Turnaround

Leading Company Turnaround within the Luxury Industry during a Downturn Economy

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INTRODUCTION

The current global economical scenario has shown a large amount of dramatic organizational changes in very few years. These changes have often been radical and very fast, and they have shocked all the traditional perspectives about the attitude toward change. To survive to this challenging situation, a fundamental role has been increasing in importance: leadership. Understanding what makes the leadership effective in leading a radical change could be one of the strategic instrument to bring a firm toward the future, or even to escape the immediate death. Thus, the bond between Leadership and Change is view as a relevant research field to delve into.

Given the relevance of this theme, the objective of this thesis is to study how Transformational Leadership style and its characteristics affect the implementation of radical organizational change. To pursue this objective, the literature has been explored in order to identify the critical variables of an organizational turnaround, the relevant issues about Transformational Leadership and the research gaps on which build a new perspective on this link. Then a framework has been developed and some research questions to be explored have been found, with the analysis of an exploratory case study, in order to foster future confirmatory researches about this theme. The case analyzed is the new-CEO led turnaround of Soft Silk, an Italian textile firm who was on the edge of bankruptcy.

Thus, the structure of this thesis will be the one summarized in Table 1.

Chapter	Title	Method
1	ORGANIZATIONAL CHANGE: A DEFINITION OF TURNAROUND	Literature – based analytical synthesis
2	TRANSFORMATIONAL LEADERSHIP	Literature – based analytical synthesis
3	TRANSFORMATIONAL LEADERSHIP AND TURNAROUND CROSSROADS: RESEARCH GAPS AND A PROPOSED INTEGRATIVE FRAMEWORK	Literature – based analytical synthesis
4	RESULTS	Exploratory case study
5	DISCUSSION	--
6	CONCLUSIONS	--

Table 1 - Structure of the thesis

METHODOLOGY

The methodology followed in the first three chapters was the literature - based analytical synthesis on the body of studies from the most important scientific journals about the themes of interest of this thesis. A literature - based analytical synthesis entails the setting of specific standards, in order to collect an objective and comprehensive set of data. The standards of the different chapter are illustrated in Table 2.

Chapter	ABS	Keywords
1	2,3,4	Organizational Change, Turnaround
2	2,3,4	Transformational Leadership, Distributed Leadership, Shared Leadership, Collective Leadership
3	2,3,4	Transformational Leadership ,Leadership, Organizational Change, Turnaround

Table 2 - Standards for the literature - based analytical synthesis

The outcomes in terms of authors are summarized in Figure 1.

TRANSFORMATIONAL LEADERSHIP
BASS and AVOLIO (1997)
BENNIS and NANUS (1985)
BURNS (1978)
DENIS et al., 2000
FIELDER (1976)
HERSEY AND BLANCHARD (1996)
HOUSE (1971,1996)
KIRCKPATRICK and LOCKE (1991)
KOUZES AND POUSNER (2002)
NORTHOUSE (2007)
PEARCE, CONGER and KANUNGO (1999)
PFEFFER (1977)
ROWE (2007)
STOGDILL (1984)
TANNENBAUM (1973)
YUKL (2006)
THOMAS (1988)

ORGANIZATIONAL CHANGE
ARGYRIS (1970)
BATTILANA (2010)
BENNIS (1959)
BURKE (2007)
BURNES (2004)
CONNOR (1993)
DAFT (2010)
FRENCH AND BELL (1999)
KOTTER AND COHEN (2002)
LEWIN (1951)
NELSON AND WINTER (1982)
PASMORE (2011)
SHANI (2009)

TRANSFORMATIONAL LEADERSHIP
ORGANIZATIONAL CHANGE
DISTRIBUTED LEADERSHIP
TURNAROUND

TURNAROUND
DUNPHY and STACE (1993)
GREINER et al. (2003)
HOFER (1980)
REBORA and MINELLI (2008)
ROBBIN AND PEARCE (1992)

DISTRIBUTED LEADERSHIP
BOLDEN (2011)
GRONN (2002,2009)
HARRIS (2006)
LEITHWOOD (2006)
MACBEATH (2004)
MILES AND WATKINS (2007)
NORRGREN (2011)
SPILLANE (2006)
TORPE (2011)

TRANSFORMATIONAL LEADERHIP & TURNAROUND
BATTILANA et al. (2010)
BOMMER et al. (2005)
EDSTROM (1986)
GILLEY (2009)
GREINER et al. (1989)
HEIFETZ et al. (2009)
HIGGS AND ROWLAND (2000)
KARSTEN et al. (2009)

Figure 1 - Outcomes of the literature review

Chapter four presents the case study. As for the fact that the objective of this research is to produce scientific knowledge and find research question to be explored, this is an exploratory case study, with the aim to understand how a phenomenon takes place. This is a methodology particularly appropriate to cope with the situation in which there are many more variables of interest than data points. The sources of evidence on which this study relies are multiple.

The agenda of this exploratory research has been the following:
- Firstly, drawing on selected aspects of general theory (literature - based analytical synthesis)
- Secondly, elaborating new central concepts (new framework)
- Thirdly, directly observing about the process/activity (testing the framework in the real case through the interview protocol)
- Finally, drawing results, discussion and conclusions.

SYNOPSIS OF THE RESULTS

The research path from the literature review has arisen from the need to revisiting the traditional dimensions of transformational leadership to satisfy the need to implement the complex phenomenon of organizational turnaround. Before going in-depth in the definitions of Transformational Leadership, an overview about organizational change has been formalized, in order to reach a full and comprehensive definition of the variables and the dimensions of the turnaround.

Turnaround is one of the ideal pole of the Organizational Change (its opposite is Continuous and Fluid Transformation), and it could be defined as a **discontinuous**, **radical**, **collaborative**, **reactive** and **permanent** process of change. So turnaround is linked to survival urgency: it's needed when the organization is facing the deadly risky situation "do something or die". In the literature, an attempt to identify the **phases of a turnaround** has been made. According Greiner et al. (2003), the intervention phases undertaken by the CEO to implement a successful turnaround are usually seven: Negotiation, Orientation to results, Visioning, Structurating, Creating commitment, Implementation and Monitoring, and Empowerment.

Reviewing the research path about Transformational Leadership and the different perspectives in the literature, the issue of the Distribution of Leadership has come out as particular relevant for the effectiveness of Transformational Style (Gronn, 2002; House and Adiya, 1996; Norrgren et al., 2011).

The empirical studies on the crossroads between Transformational Leadership and organizational change, together with the theoretical research path, have highlighted several research gaps. This work has focused in particular on three fundamental issues: firstly, that different styles of TL can bring to different approach – and then results – on organizational change and to different phases when implementing a turnaround (Karsten et al., 2009; Battilana, 2010). Secondly, that Transformational Leadership theory doesn't delve into the different outcomes of Task Orientation and Person Orientation in Transformational style (Shani et al., 2009); Finally, that in Transformational style the distribution of leadership could be needed to be effective and

that leaders could share roles in leading organizational turnaround (Gronn, 2002; Norrgren, 2011).

To explore this research gaps, a framework (Figure 2) has been proposed.
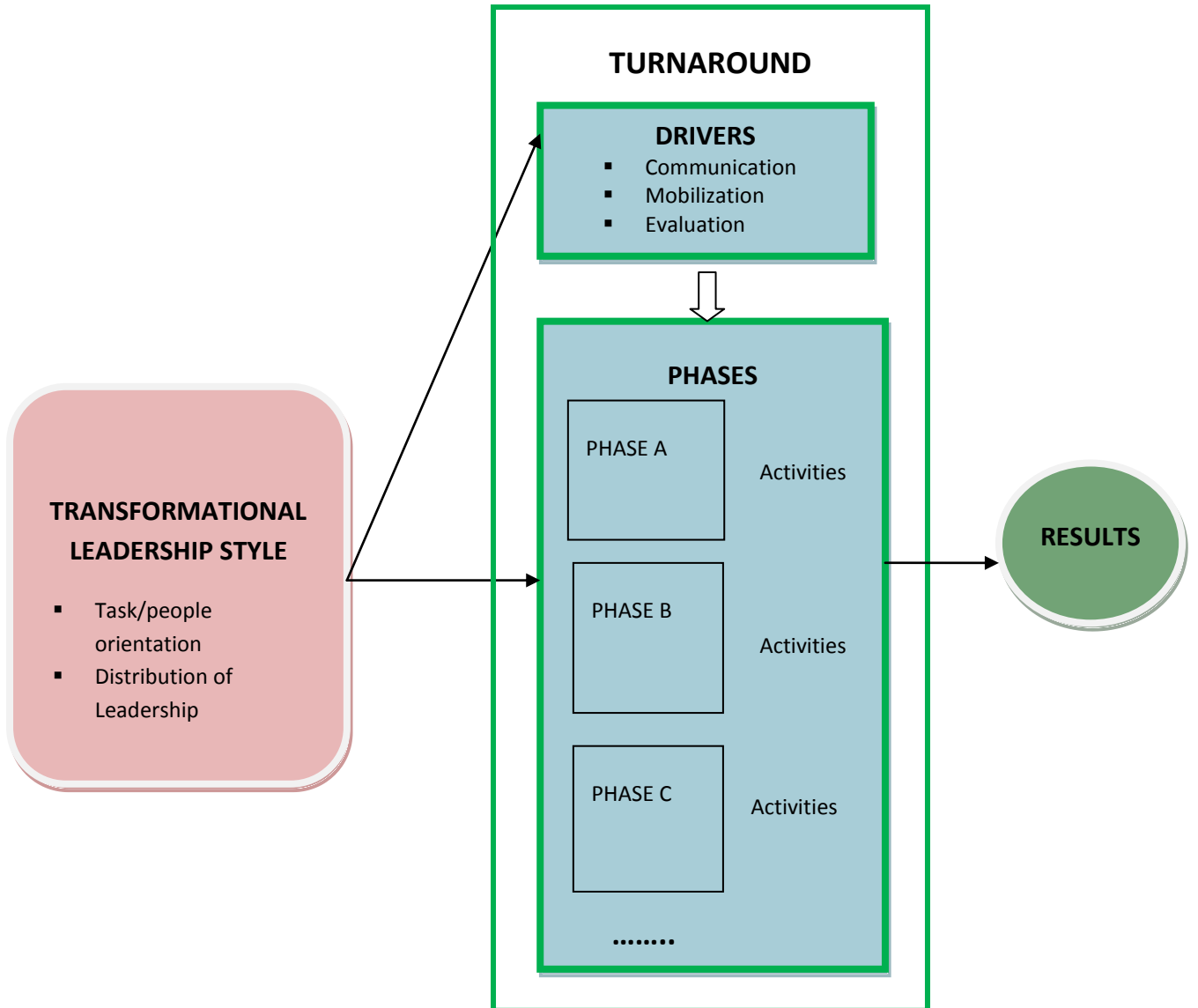
Figure 2 - The framework

This clear framework shows the supposed link between the Transformational Leadership style and the several phases of a turnaround. The variables that characterize the leadership styles are:

- The Task/Person orientation (Bass, Battilana et al.);
- The Distribution of Leadership (Gronn, Machbeath, Miles and Watskin);

The variables that instead characterized the Turnaround process are:

- The phases of the Turnaround;
- The activities to make real the implementation;
- The drivers in which the activities can be classified - Communication, Evaluation, Mobilization (Battilana et al.).

The general research question to be explored deriving from this framework is: "TO WHAT EXTENT DIFFERENT TL STYLES ARE REQUIRED AT DIFFERENT PHASES OF A TURNAROUND IN ORDER TO ACHIEVE SUCCESSFUL RESULTS?". That meant exploring several sub-questions: to what extent Task and Person Orientation affect the transformational style regarding the different phases; to what extent a certain orientation bring to prefer a certain driver; to what extent Distribution of Leadership is suited in leading some of all the phases of a turnaround; to what extent different phases of a Turnaround affect the results of the change implementation.

The research questions have been explored through an exploratory case study, analyzing the case of the real Turnaround of Soft Silk, an Italian textile firm in hard economical downturn, lead by Dr. Massimo Brunelli, the new CEO of the company hired to fix the situation. The turnaround showed six distinct phases, which were: Stop the Bleeding, Achieve Financial Security, Building a Strategy, Developing a Vision, Restructuring, and "Blossoming". Each phase has been analyzed by two different perspectives: the What (the key actions, the actors involved and the barriers) and the How, (the most frequent behaviors, in order to map a task or person orientation of the CEO, and the distribution of leadership within the allied actors during the decision making process).

The discussion of the results of the Soft Silk turnaround has found out that:

- The different phases of the Turnaround are coherent with the model proposed by Greiner et al. (2003), but manifests in different order and hierarchy.
- The drivers used in each phase show a systematic pattern; a Turnaround begins and ends with a focus on activities of Communication; the key driver of the implementation is the Mobilization; Evaluation is always used together with Mobilization. The reasons for this could be that when time is limited, Evaluation is used only when strictly necessary to monitor the Mobilization and its effectiveness;

- That the Person orientation is the most used orientation, present almost in every phase;

- The Distribution of Leadership through the different phases of the Turnaround changes in a homogenous pattern: Distribution is fundamental at the beginning of the process, in order to enhance immediately the need of change, and at the end of the process, to verify if the turnaround has been successful implemented. In the central phases the leadership doesn't need to be distributed in order to be effective;

- There is a relation between certain drivers and certain orientations, as shown in Figure 3: Person orientation by itself manifests with Communication driver and when the configuration Person-Communication occurs, the Leadership is distributed; the Task and People orientation is always expressed with Mobilization and Evaluation and when this configuration occurs the Leadership is not distributed; the Task solo orientation is linked to Mobilization driver and when this configuration occurs there is no need to distributing Leadership; Communication is not a driver used by the Task Orientation;
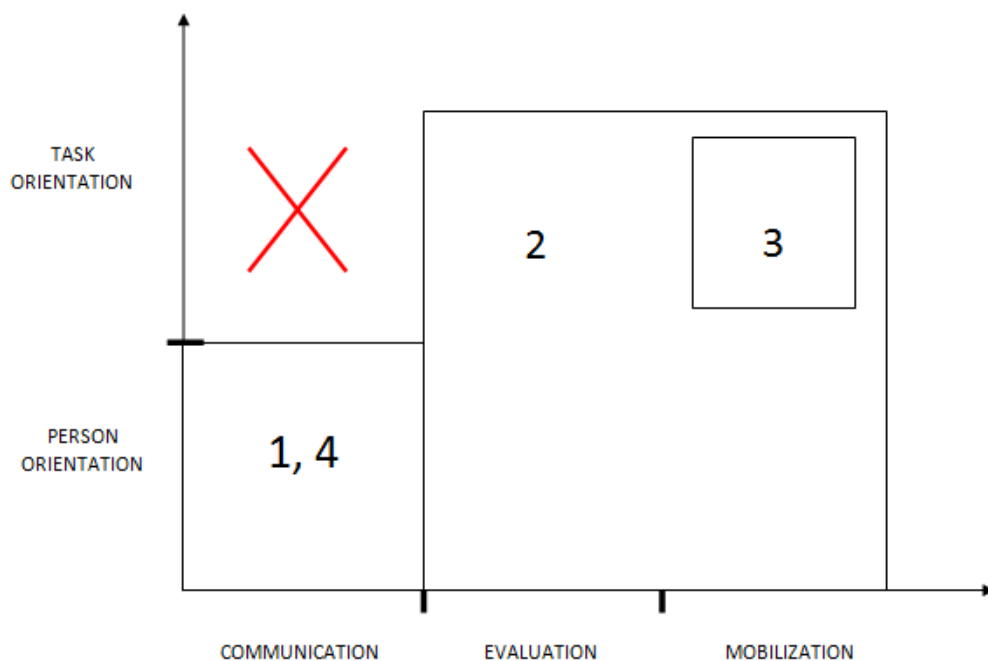
Figure 3 - The matrix of the Transformational Style in leading a turnaround

1: STOP THE BLEEDING PHASE

2: ACHIEVE FINANCIAL SECURITY, BUILDING A STRATEGY, DEVELOPING A VISION

3: RESTRUCTURING

4: BLOSSOMING

Resuming all the findings related to the research questions, this work has highlighted that:

- Different Transformational Styles are required when leading the different phases of a turnaround;
- People orientation is the most effective TL style during the initial and final phases, and it manifests itself during the all process;
- Task orientation is needed in the central phases, especially when the Restructuring occurs;
- To achieve successful results, distribution of leadership is not needed during the all process but it's suitable at the beginning and at the end of the Turnaround;
- Some peculiar phases have been identified.

MANAGERIAL IMPLICATIONS

The results from the research path bring to some managerial implications, that could be resumed in three fundamental issues. Firstly, it is to be noticed that both Task and Person orientations are needed when leading a turnaround, so the leader have not only to be capable of both task and person oriented behaviors, but also be able to understand when a certain orientation is needed. Secondly, the results of this study have highlighted that for a turnaround to be effective is fundamental to create commitment of people and this commitment is realized by activities of Communication. Thus, the transformational leader must be capable to balance the challenging trade - off between the urgency of the change implementation and the need of time for the communication to be received and accepted by the organization. These first two issues are to be taken into account when selecting and forming the leaders that are chosen to lead a radical organizational change.

Finally, concerning about the need of Distribution of leadership, it should be noticed that leadership need to be distributed using the Person orientation and the Communication driver, to enhance the effectiveness of the action in the crucial social

moments of the turnaround (beginning and ending), but for the effectiveness of Task orientation no distribution is required, if the leader own all the necessary skills to accomplish the goals.

LIMITATIONS OF THE STUDY

Several limitations have to be considered in order to set the agenda for future research. Firstly, this study is based on a single case. This brings to many limitations concerning the generalization of the results. The troubled textile industry context of North Italy and the firm studied present some very peculiar characteristics, as the separation of ownership and management and the extreme competitiveness pressure. The empirical context of this single case is used as a pilot context of a Turnaround, in terms of general variables, so the generalizations could be not applicable to other different scenarios. However, this is the assumptions of case studies: choosing a paradigmatic case to explore a phenomenon, from which learn something. Secondly, the other major limitation of this study is the perspective adopted, that is only the one of the CEO who has implemented the turnaround. It would have been interesting and useful to interview some other actors involved in the process, in order to enlarge the set of data and have a wider and not biased perspective. The last limitation is directly connected to the second one: the triangulation of data with some other kind of source (360 feedbacks, interviews with employees) could have strengthen the reliability of the results.

DIRECTIONS FOR FUTURE RESEARCH

Finally, some specific suggestions for future research are proposed.
Following the path of the empirical direction of this thesis, further possibilities for future researches would be:
- Testing the proposition highlighted in the discussion with a survey-based research design;
- Conduct a comparative collaborative research projects with other companies in the fashion design sector as well as in other industrial sectors;

- Studying the retro-action that certain results can have on Transformational Style;
- Going more in-depth in the evolution of the theme:
  - Considering the "geographical" variable and trying to develop a framework that shows the link between Transformational Style and Turnaround in the global firms;
  - Studying the different phases separately, in order to identify some more specific variables for each phase and to better understand the rational behind the recurrent configurations.

INTRODUZIONE

Lo scenario economico mondiale ha visto avvicendarsi in pochi anni innumerevoli cambiamenti organizzativi del tutto drastici. Rapidi e radicali, questi cambiamenti hanno sconvolto le tradizionali prospettive riguardo l'attitudine al cambiamento. Per sopravvivere in questa situazione sfidante, un ruolo fondamentale ha acquisito sempre più importanza: il ruolo della Leadership. Capire quali sono gli elementi che possono garantire l'efficacia della leadership durante l'implementazione di un cambiamento radicale diventa fondamentale, per portare l'impresa nel futuro o addirittura per scampare all'imminente morte dell'azienda che si trova in grave difficoltà economica. Per questi motivi, il legame tra Leadership e Cambiamento viene considerato una significativa area di ricerca da esplorare e approfondire.

Data la rilevanza del tema, l'obiettivo di questa tesi è studiare in che modo uno stile di Leadership Trasformazionale, con le sue variabili, influenza l'implementazione di un Cambiamento Organizzativo Radicale. Esplorando la letteratura su questi temi si è cercato di identificare le variabili critiche di un Turnaround organizzativo, le questioni fondamentali riguardanti la Leadership Trasformazionale e i gap riguardanti questi temi presenti nella ricerca allo stato attuale. Da questi gap si è cercato si costruire una prospettiva che analizzi il legame tra Leadership e Cambiamento secondo nuove dimensioni. Sulla base di questi assunti teorici è stato poi sviluppato un framework di riferimento per esplicare la nuova prospettiva di analisi e, da questo framework, sono emerse delle domande di ricerca da esplorare. Le domande di ricerca sono state studiate attraverso un caso di studio esplorativo, riguardante il processo di Turnaround organizzativo di Soft Silk, un'azienda tessile del Nord Italia sull'orlo della bancarotta, guidato dal nuovo CEO assunto dalla proprietà per salvare l'azienda.

La struttura di questo lavoro di Tesi è riassunta nella Tabella 1.

CAPITOLO	TITOLO	METODO
1	CAMBIAMENTO ORGANIZZATIVO: UNA DEFINIZIONE DI TURNAROUND	Sintesi analitica e sistematica della letteratura
2	LEADERSHIP TRANSFORMAZIONALE	Sintesi analitica e sistematica della letteratura
3	L'INCROCIO TRA LEADERSHIP TRASFORMAZIONALE E TURNAROUND: GAP DI RICERCA E POSSIBILE FRAMEWORK INTEGRATIVO	Sintesi analitica e sistematica della letteratura
4	RISULTATI	Caso di studio esplorativo
5	DISCUSSIONE	--
6	CONCLUSIONI	--

Tabella 1 – Struttura della tesi

METODOLOGIA

Per costruire le basi teoriche dei primi tre capitoli è stata effettuata una review sistematica e analitica della letteratura sul tema, scandagliando i più importanti giornali scientifici che trattano i temi oggetto di questa tesi. Una review sistematica della letteratura implica l'inquadramento di specifici standard, con lo scopo di ottenere un set di dati oggettivo e quanto più completo ed esaustivo possibile. Gli standard fissati per i diversi capitoli sono illustrate nella Tabella 2.

CAPITOLO	ABS	PAROLE CHIAVE
1	2,3,4	Organizational Change, Turnaround
2	2,3,4	Transformational Leadership, Distributed Leadership, Shared Leadership, Collective Leadership
3	2,3,4	Transformational Leadership ,Leadership, Organizational Change, Turnaround

Tabella 2 - Standard per la review sistematica della letteratura

I risultati in termini di autori sono riassunti dalla Figura 1.
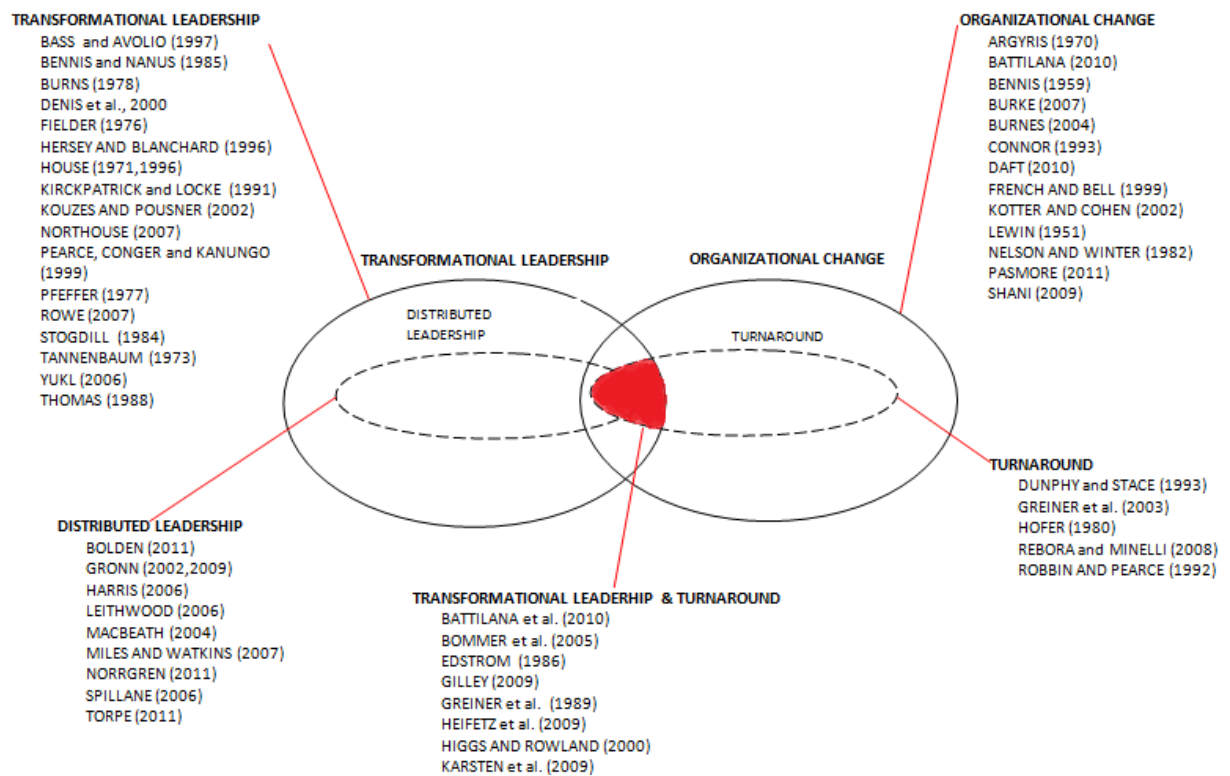
Figura 1 – Risultati dall'analisi della letteratura

Nel Capitolo Quattro viene presentato il caso di studio. Dal momento che l'obiettivo di questa analisi è di trovare domande di ricerca da esplorare, lo studio in questione può essere definito un caso di studio esplorativo, con l'obiettivo di capire come avviene un particolare fenomeno.

L'agenda di ricerca di questa ricerca esplorativa può essere quindi così riassunta:

1. Indagine su aspetti selezionati della disciplina teorica generale (sintesi analitica della letteratura);

2. Elaborazione di nuovi concetti fondamentali (nuovo framework);

3. Osservazione diretta del processo/fenomeno (test del framework sul caso reale attraverso un protocollo di intervista costruito ad hoc per esplorare determinate aree di interesse);

4. Articolazione di discussione e conclusioni.

SINTESI DEI RISULTATI

Il percorso di ricerca portato avanti nell'analisi della letteratura è stato mosso dal bisogno di rivisitare le dimensioni tradizionali della Leadership Trasformazionale, per arrivare ad un modello che tenesse conto delle variabili critiche che rendono questo stile più o meno efficace durante l'implementazione del complesso fenomeno del Turnaround organizzativo. Prima di approfondire la definizione vera e propria di Leadership Trasformazionale, è stata formalizzata una panoramica riguardante il tema del cambiamento organizzativo, con il proposito di arrivare ad una definizione precisa e completa delle variabili e delle dimensioni di un Turnaround.

Il Turnaround è uno dei poli "ideali" del concetto di Cambiamento Organizzativo (il suo opposto è la Trasformazione continua e fluida), e può essere definite come un processo di cambiamento **discontinuo, radicale**, **collaborativo**, **reattivo** rispetto all'ambiente esterno, e **permanente**. Sostanzialmente, l'esigenza di implementare un Turnaround aziendale si presenta in una situazione di urgenza: il Turnaround è necessario quando l'organizzazione si trova in grave difficoltà e un cambiamento radicale è l'unica chance di sopravvivenza. Esplorando la letteratura si può ritrovare un tentativo di mappare le diverse fasi di un Turnaround. Secondo Greiner e i suoi colleghi (2003) infatti, le fasi di intervento intraprese da un CEO per implementare un Turnaround che possa risultare di successo sono generalmente sette: Negoziazione, Orientamento ai risultati, Creazione

della Vision, Strutturazione, Creazione del Commitment, Implementazione e Monitoraggio, e Empowerment.

Passando poi all'analisi dei percorsi di ricerca sul tema della Leadership Trasformazionale e delle differenti prospettive presenti in letteratura, la questione della Distribuzione della Leadership è emersa come dimensione particolarmente rilevante per l'efficacia dello stile Trasformazionale (Gronn, 2002; House and Adiya, 2004; Norrgren, 2011).

Gli studi empirici sul legame tra Leadership Trasformazionale e Cambiamento Organizzativo, uniti al percorso portato avanti attraverso le basi teoriche derivanti dalla letteratura, hanno evidenziato alcuni gap di ricerca. Questo lavoro di tesi si focalizza in particolare su alcune questioni fondamentali: in primis, sulla considerazione che diversi stili di Leadership Trasformazionale possono portare a diversi approcci – e quindi risultati – nei confronti del cambiamento organizzativo e a diverse fasi di implementazione di un Turnaround (Karsten et al., 2009; Battilana et al., 2010); in secundis, sul fatto che la teoria sulla Leadership Trasformazionale non approfondisce i diversi risultati a cui i diversi orientamenti (Task o Person) possono portare (Shani et al., 2009); infine, sull'evenienza che l'efficacia di uno stile Trasformazionale possa dipendere dalla Distribuzione della leadership (Gronn, 2002; Norrgren, 2011) e che conseguentemente una divisione dei ruoli di leadership possa essere strumentale durante l'implementazione di un Turnaround organizzativo. Per esplorare questi gap, il framework mostrato in Figura 2 è stato proposto.
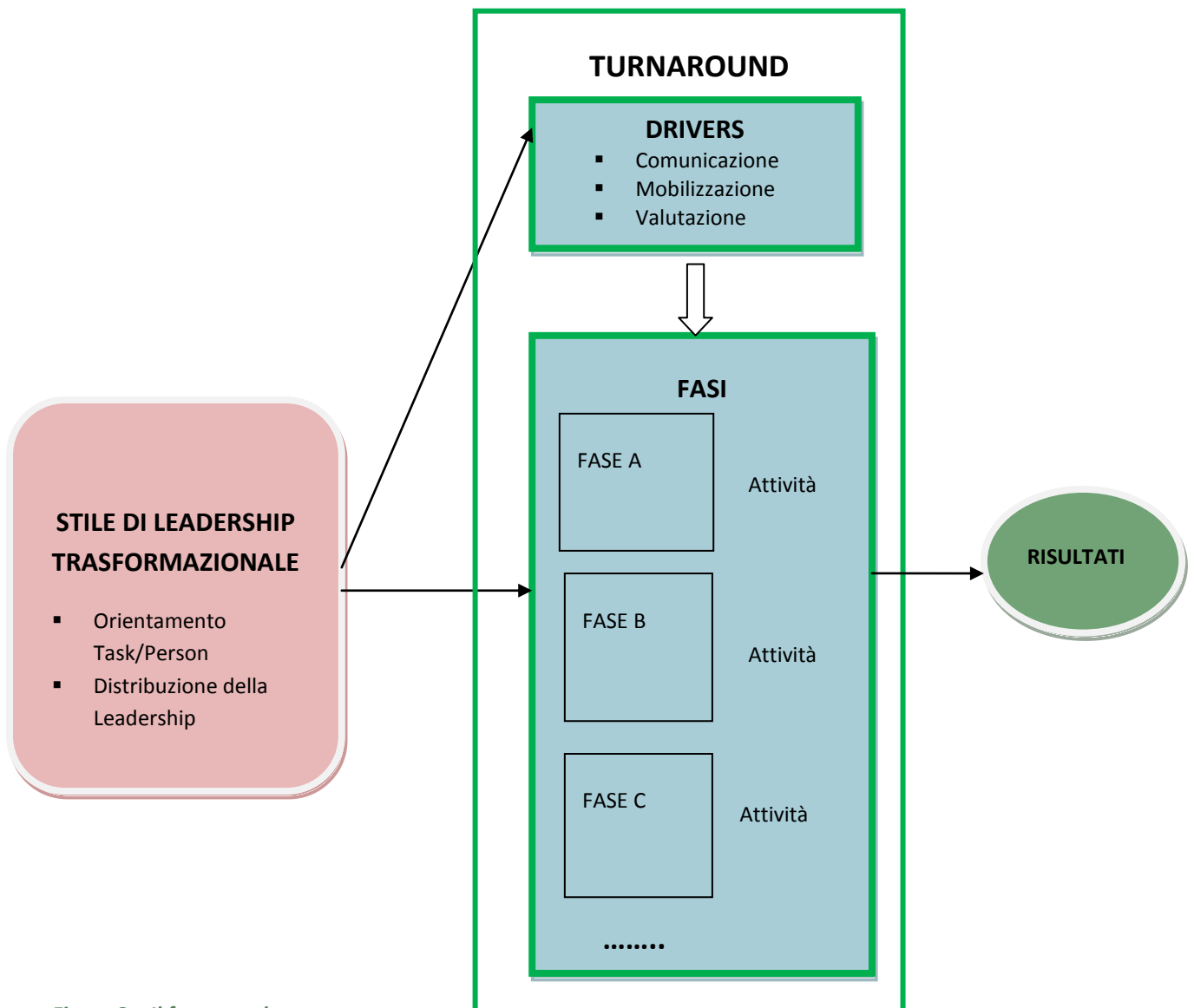
Nella sua chiarezza, il framework mostra i supposti legami tra lo stile Trasformazionale e le diverse fasi del Turnaround. Le variabili che caratterizzano lo stile di leadership sono:

- L'orientamento Task/Person (Bass, 1980; Battilana et al., 2010);
- La distribuzione della Leadership (Gronn,2002; Machbeath, 2004; Miles e Watskin, 2006);

Le variabili che invece caratterizzano il processo di Turnaround sono:

- Le fasi;
- Le attività pratiche per implementare il processo;
- I driver secondo i quali possono essere classificate le diverse attività. Questi driver sono Comunicazione, Valutazione e Mobilizzazione (Battilana et al., 2010)

Da questo framework deriva la generale domanda di ricerca che questo lavoro si è proposto di esplorare: "IN QUALE MISURA DIVERSI STILI DI LEADERSHIP TRASFORMAZIONALE SONO RICHIESTI DURANTE LE DIVERSE FASI DI UN TURNAROUND PER RAGGIUNGERE RISULTATI DI SUCCESSO?". Esplorare questa domanda significa analizzare diverse sotto-questioni: in che misura l'orientamento Task e Person influenzano lo stile trasformazionale nelle diverse fasi; in quale misura un certo orientamento porta a preferire un certo driver; in quale misura la Distribuzione della Leadership è appropriata per guidare diverse fasi di un Turnaround; in quale misura differenti fasi di un Turnaround possono influenzare i risultati del processo di cambiamento.

Le domande di ricerca sono state esplorate attraverso un caso di studio esplorativo, analizzando il caso reale dell'intervento del nuovo CEO di Soft Silk, un'azienda tessile italiana in grave difficoltà economica che si trovava di fronte all'esigenza un cambiamento radicale che la salvasse dalla bancarotta.

Il Turnaround studiato presenta sei fasi distinte, che sono: Fermare l'emorragia, Raggiungere la sicurezza finanziaria, Costruire una strategia, Sviluppare la Vision, Ristrutturare l'azienda e "la Fioritura". Ogni fase è stata analizzata secondo due diverse prospettive: il "What" (le azioni chiave, gli attori coinvolti e le barriere incontrate durante l'implementazione) e l'"How" (i comportamenti più frequenti per mappare l'orientamento Task o Person del CEO, e la distribuzione della leadership tra gli attori del processo di decision making).

La discussione dei risultati emersi dall'analisi del Turnaround di Soft Silk sono i seguenti:

- Le differenti fasi del Turnaround di Soft Silk sono coerenti con il modello proposto da Greiner e i suoi colleghi (2003), ma si manifestano con un ordine e una gerarchia diversi;
- I drivers utilizzati nelle diverse fasi mostrano un andamento sistematico; un Turnaround inizia e finisce con un focus sulle attività di Comunicazione; il driver chiave della fase di implementazione strutturale è la Mobilizzazione; il driver Valutazione si manifesta sempre associato al driver Mobilizzazione;

- L'orientamento Person è l'orientamento più usato e si manifesta quasi in tutte le fasi;

- La necessità di distribuire la Leadership durante l'implementazione di un Turnaround cambia nelle diverse fasi; è fondamentale all'inizio del processo, per essere più efficaci nel comunicare l'urgenza del cambiamento, e alla fine del processo, per verificare se il Turnaround è stato implementato con successo; nelle fasi centrali, invece, la leadership non necessita di essere distribuita per risultare efficace.

- Esiste una relazione tra certi drivers e certi orientamenti, come mostrato in Figura 3; l'orientamento Person si manifesta associato al driver di Comunicazione e quando si verifica questa configurazione, la Leadership è distribuita; l'orientamento Task e People implementa I driver di Mobilizzazione e Valutazione, e quando questa configurazione si manifesta, la Leadership non è distribuita; l'orientamento Task singolo è correlato al driver di Mobilizzazione e in questo caso non c'è bisogno di distribuire la Leadership; il driver di Comunicazione non è mai usato da un orientamento Task.
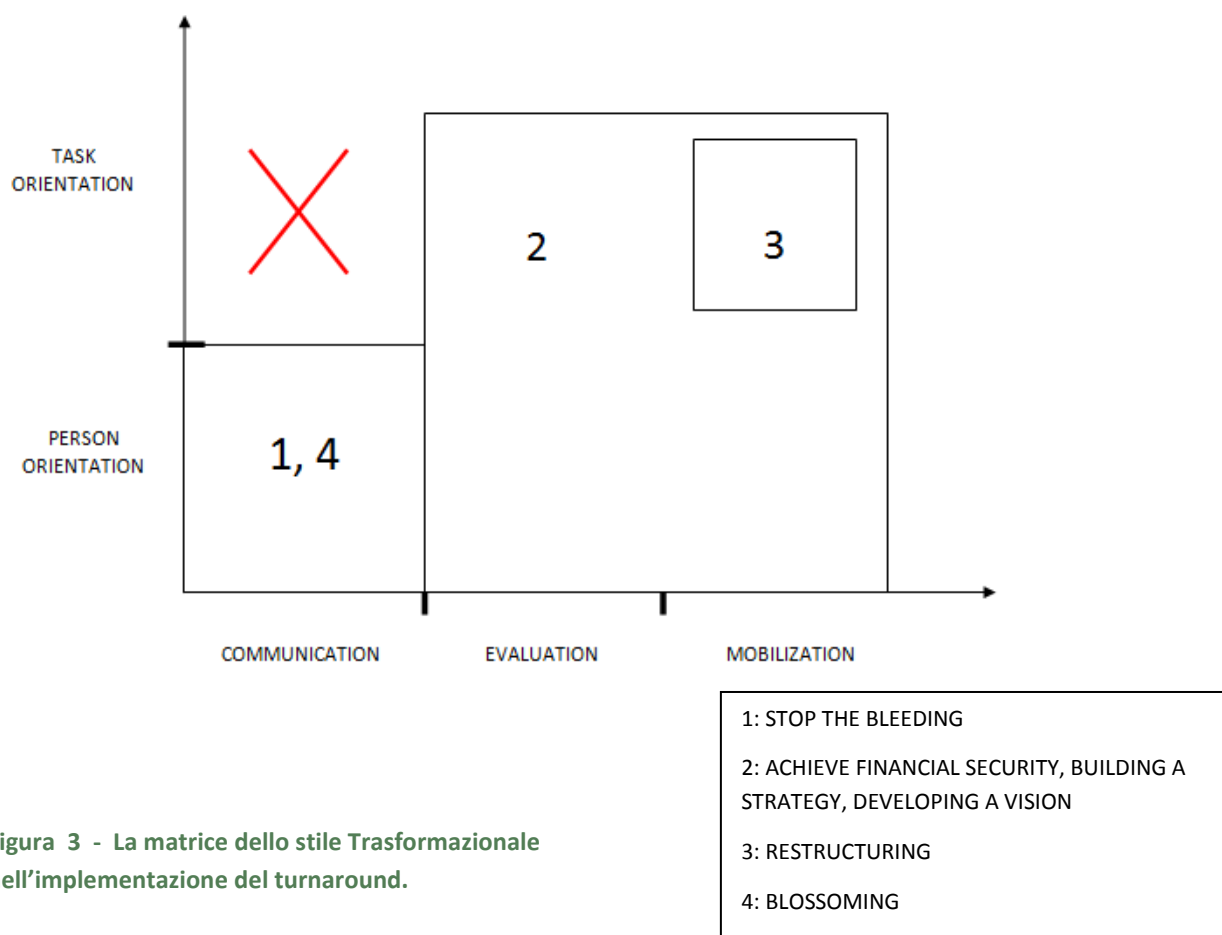
Figura 3 - La matrice dello stile Trasformazionale nell'implementazione del turnaround.

1: STOP THE BLEEDING

2: ACHIEVE FINANCIAL SECURITY, BUILDING A STRATEGY, DEVELOPING A VISION

3: RESTRUCTURING

4: BLOSSOMING

Rileggendo quindi i risultati nell'ottica delle domande di ricerca poste da questo lavoro, si può concludere che differenti stili di leadership sono richiesti nell'implementazione delle diverse fasi di un Turnaround e che sembrano esserci dei legami tra il tipo di orientamento e i driver utilizzati; inoltre, si può affermare che un Turnaround presenta delle fasi peculiari ben distinte e che la distribuzione della leadership non è necessaria durante tutto il processo di cambiamento, ma solo nelle fasi iniziali e finali.

IMPLICAZIONI MANAGERIALI

I risultati del percorso di ricerca di questo studio portano a considerare alcune implicazioni manageriali, che possono essere riassunte in tre questioni fondamentali. Per prima cosa, poiché nell'implementazione di un Turnaround sono necessari entrambi gli orientamenti Task e Person, il leader deve non solamente essere capace di adottare comportamenti sia Task-oriented che Person-oriented, ma deve altresì essere in grado di capire in che fasi sia necessario adottare un orientamento piuttosto che un altro. In secondo luogo, in relazione al fatto che per assicurare l'efficacia del processo di Turnaround è fondamentale coinvolgere le persone e creare commitment attraverso il driver della Comunicazione, il leader trasformazionale deve essere in grado di bilanciare il trade – off tra l' urgenza del cambiamento e il bisogno di tempo da parte dell'organizzazione per recepire i contenuti della comunicazioni ed essere quindi convinta della necessità di cambiare. Queste due prime questioni devono essere prese in considerazione per la selezione e la formazione dei leader che dovranno occuparsi di guidare cambiamenti organizzativi radicali.

L'ultima questione riguarda la necessità di distribuire la leadership durante un Turnaround. È importante tenere in considerazione che la distribuzione della leadership è fondamentale per l'orientamento Person e il correlato driver di Comunicazione, per rinforzare l'efficacia delle azioni di Leadership nei momenti cruciali più "sociali" del cambiamento in atto, vale a dire la fase iniziale e finale. Per quanto riguarda l'orientamento Task invece, la distribuzione della leadership si rende necessaria solo

laddove il leader in questione non possegga tutte le skill necessarie per gestire in modo efficace tutti i task del caso.

LIMITAZIONI DELLO STUDIO

Per impostare l'agenda e le direzioni per la ricerca future, diversi limiti devono essere presi in considerazione riguardo questo studio. Per prima cosa, bisogna considerare che questo studio è basato su un caso singolo. Questo comporta numerose limitazioni per quanto riguarda la generalizzazione dei risultati. Il contesto dell'industria tessile del Nord Italia e l'azienda presa in analisi presentano infatti caratteristiche peculiari, come la separazione di management e proprietà e una pressione competitiva estrema. Il contesto empirico di questo caso singolo è usato come "contesto pilota" di un Turnaround, pertanto le generalizzazioni effettuate potrebbero non essere applicabili ad altri scenari differenti. Tuttavia, questa è proprio l'assunzione del metodo dei casi di studio: scegliere un caso paradigmatico per esplorare un fenomeno, dal quale imparare qualcosa. In secondo luogo, l'altro grande limite di questo studio è la prospettiva adottata, vale a dire unicamente quella del CEO che ha implementato il Turnaround. Sarebbe stato interessante e utile intervistare altri attori coinvolti nel processo, per ampliare il set di dati e aver una prospettiva più ampia. La terza grande limitazione di questo studio è direttamente collegata alla seconda: l'affidabilità dei risultati sarebbe stata rinforzata dalla triangolazione dei dati da altre fonti, ad esempio feedback a 360 °, interviste agli impiegati dell'azienda, interviste alla proprietà.

DIREZIONI PER LA RICERCA FUTURA

Per concludere, vengono proposti alcuni suggerimenti per la ricerca futura. Seguendo il percorso della direzione empirica di questa tesi, ulteriori possibilità di ricerca futura potrebbero essere:

▪ Testare le proposizioni emerse nella discussione con metodi di ricerca quantitativi, ad esempio survey;

- Condurre progetti di ricerca collaborativi con altre aziende nel settore del fashion design e in altri settori industriali, per confrontare i risultati;
- Studiare la retroazione che certi risultati possono avere sullo stile Trasformazionale;
- Approfondire l'evoluzione del tema:
    - Considerare la variabile "geografica" e cercare di sviluppare un framework che mostri il legame tra la leadership Trasformazionale e il Turnaround nelle imprese globali;
    - Studiare le differenti fasi di un Turnaround separatamente, con lo scopo di identificare variabili più specifiche per ogni fase e investigare meglio il razionale ala base delle configurazioni ricorrenti.

CHAPTER ONE

ORGANIZATIONAL CHANGE: A DEFINITION OF TURNAROUND

INTRODUCTION

Organizational change is a well-established and strengthened theme in the literature. In order to introduce the work of this thesis, a prologue about change in organization is useful to trace the main issues in the matter of it. The scope of this recap is to reach a comprehensive and full definition of turnaround. The successful management of change is crucial to any organization in order to survive and succeed in the present highly competitive and continuously evolving business environment. Nowadays changing is the normality, while not changing is a very dangerous strategic choice that brings a firm towards very hard time and, in the worst and most frequent case, to death. Understanding why some organization are leaping into the future more successfully than others requires a careful examination of how they manage change (Kotter and Cohen, 2002).

Organizational change has emerged over the past two decades as one of the most prevalent topics of management theory and practice. The language of change is often used in a context of fear or failure, and the motivation to adopt change often derives from the fear of being destroyed by the change if not capable to adapt to it. The aim of this work is to explore the traditional dimensions analyzed in the literature about change and identify and captures the different examples, perspectives and theoretical points of departure, in order to reach a comprehensive definition of Organizational Turnaround. Before analyzing in depth these concepts, a brief intro about the literature review method used to explore literature about this issues will follow.

So the outline of this chapter will be the subsequent:

1.1 Methodology

1.2 Organizational Change

1.3 Organizational Turnaround

1.4 Conclusions

1.1 METHODOLOGY

The logical approach followed in this work to explore the literature about

Organizational Change and Turnaround can be shown with the subsequent process:
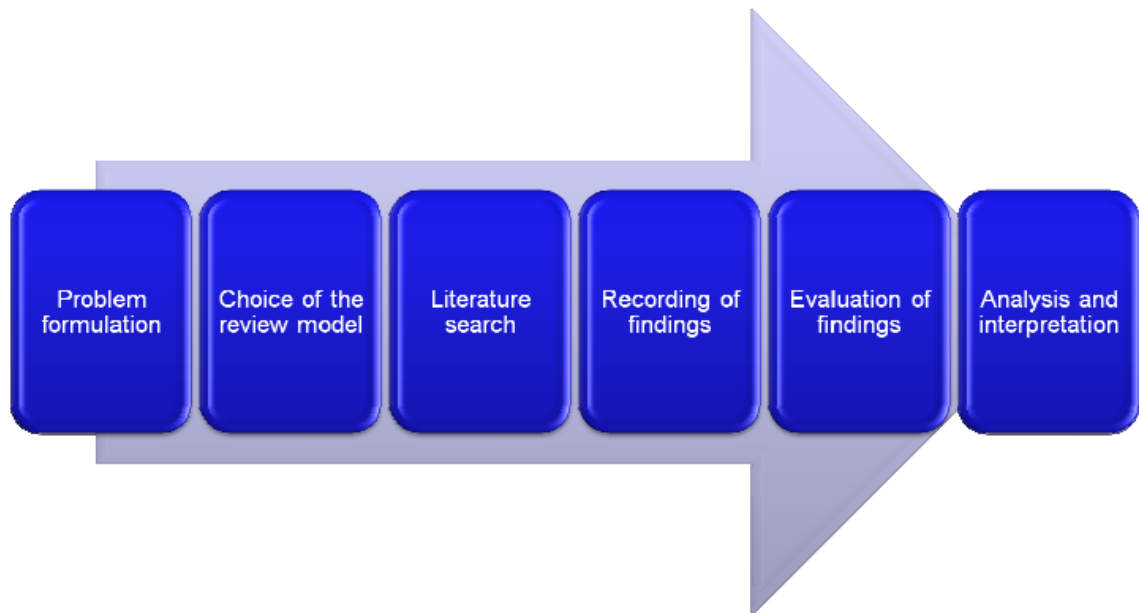
Figure 1.1 - Literature Review process (from Lamberti, 2011)

It has been a qualitative approach, with the aim of carrying out a systematic process of literature review. The characteristics of this kind of review are:

- Development of clear and precise aims and objectives;
- Pre-planned methods;
- Comprehensive search of all potentially relevant articles;
- Use of explicit, reproducible criteria in the selection of articles for review;
- Appraisal of the quality of the research and the strength of the findings;
- Synthesis of individual studies using an explicit analytic framework;
- Balanced, impartial and comprehensible presentation of the results;

The logical process of this kind of approach is captured in the Figure 1.2.
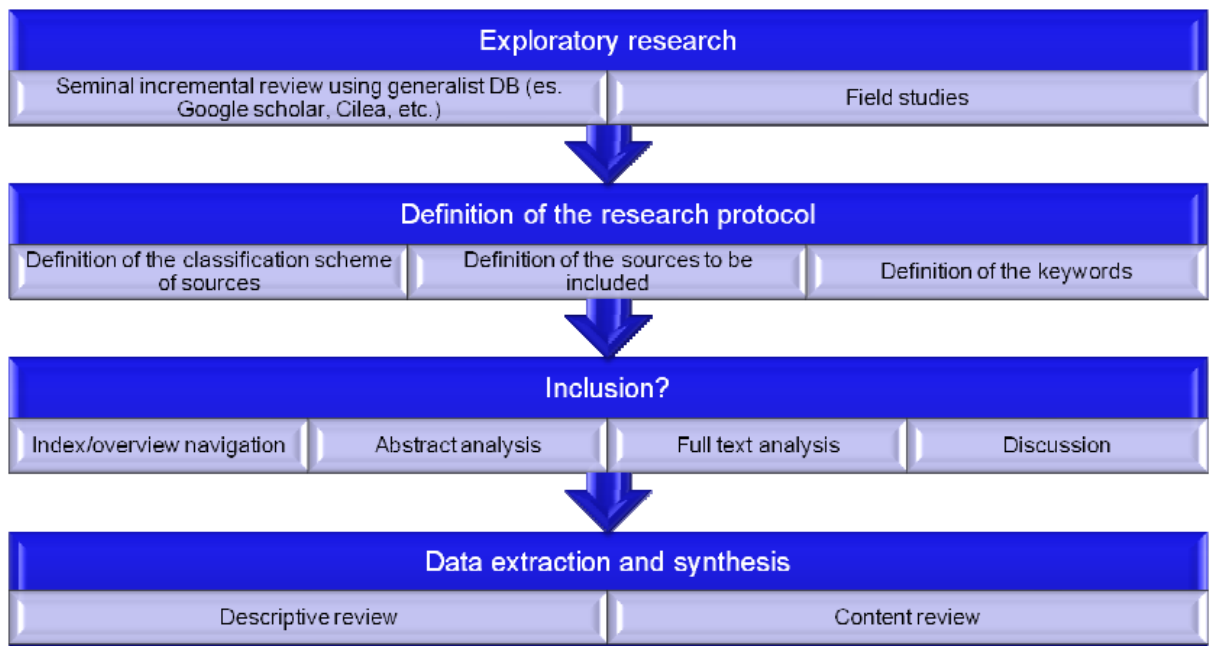
Figure 1.2 - Logical approach of literature - based analytical synthesis (from Lamberti ,2011)

First of all, a seminal incremental review has been implemented, exploring the fields of studies concerning Organizational Change and Leadership, to find out the majors scientific journals and some current issues discussed . Then, the research protocol has been defined, with the ABS standards to select the journals to be included in the review, and the key words to be searched. Setting this standards, a set of 39 papers has been collected. To understand if a paper would suit the purpose of the work in question, a screening analysis has been carried out firstly on the abstract, then on the discussion. If these two first step had found out something interesting and appropriate for the scope of the research work, the full text has been analyzed. This second – level selection has reduced the papers from 39 to 13. Finally, data extraction and synthesis of the content has been done on all the selected papers.

The scope of the systematic approach, that fix some assumptions before starting the review, is to set a clear protocol. A systematic review about a theme is comprehensive if anybody else, with the same parameters and the same protocol, would reach out a similar set of papers in terms of quantity and authors. The parameters used for this research are captured in the Table 1.1

ABS	2,3,4
KEY-WORDS	Organizational Change
	Turnaround

Table 1. 1 - Literature review standards

The outcomes (in terms of authors) are summarized in the Figure 1.3.

ORGANIZATIONAL CHANGE
ARGYRIS (1970)
BATTILANA (2010)
BENNIS (1959)
BURKE (2007)
BURNES (2004)
CONNOR (1993)
DAFT (2010)
FRENCH AND BELL (1999)
KOTTER AND COHEN (2002)
LEWIN (1951)
NELSON AND WINTER (1982)
PASMORE (2011)
SHANI (2009)

TURNAROUND
DUNPHY and STACE (1993)
GREINER et al. (2003)
HOFER (1980)
REBORA and MINELLI (2008)
ROBBIN AND PEARCE (1992)

ORGANIZATIONAL CHANGE
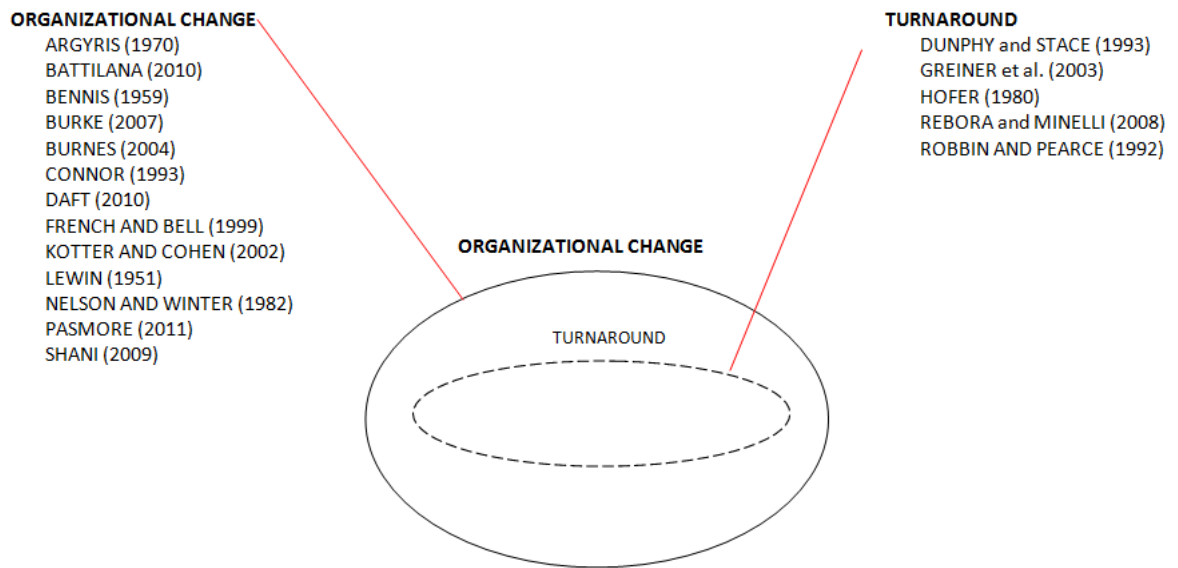
TURNAROUND

Figure 1.3 - Results from literature Review about Organizational Change and Turnaround

1.2   ORGANIZATIONAL CHANGE

The aim of this paragraph is to carrying out an analysis of the major issues about these theme. Firstly, a brief synopsis of the literature will be illustrated. Then the categories of change, the fundamental role of leadership as change agency, the barriers and the approaches for the implementation of change will be presented.

1.2.1 THREE EMERGING PERSPECTIVE FROM THE LITERATURE

Organizational change (OC) is a research field that has attracted attention during the past seventy years.

Many attempts to sort out this body of knowledge has been approached. Scientific management (Taylor, 1980), the Hawthorne studies (Roethlisberger,1939) , Industrial psychology (Fleishman 1953), Survey feedback from the Research Center for Group Dynamics at MIT (Likert et al., 1947:1967), Sensitivity training (Lewin, 1946), Sociotechnical systems (Trist, 1993) and The Managerial Grid (Blake and Mouton, 1964) are some examples of the important forerunners of the modern study of organizational change.

Here we follow the assumption that at the foundation of Organizational Change we find Organizational Development (OD), the Evolutionary Theory (EO) and Organizational power and politics theory (OP) (Daft, 2010) . So these three main sources will be now briefly explained:

1. **Organizational Development** (OD) has its roots in the Human Relation School (Roethlisberger and Dickson, 1939) and Group Dynamics studies by Kurt Lewin (1947 and 1951), Likert (1961), Bennis (1959), Argyris (1970), and Applied Psychology (Bion, 1962). Furthermore some important developments include studies on symbolic management and cultural aspects of organizational change (Schein, 1985), and the sense – making approach which results from the concept of the organization as "a body of thought sustained by a set of thinkers and thinking practices" (Weick, 1979) and aims to enhance the comprehension of the pre – conditions of organizational change (Weick, 1995).

2. **The Evolutionary theory of firms** (EO) from early studies attempted to explain the existence of firms as "islands of conscious power" (Coase, 1937) and to find the rationale for the growth of the firm (Penrose, 1959). Nelson and Winter (1973, 1982), who founded the paradigm of evolutionary economics focusing on the basic question of how firms and industries change over time, stated that the skills and abilities of organizations are defined and contained in the ambit traced by the routines established for carrying out organizational tasks. The statement that organizations are focused on resources, activities or core capabilities that

are at the basis of the company' s success but restrict change process is common to a series of complementary efforts to include economic analysis in the field of management and strategy research which started in the 1980's. In this context the "resource – based view of the firm" plays an important role in that it considers the differences in performances as a consequence of differences in the quality of the resources (Barney, 1986; Pralahad and Hamel, 1990).

3. **Organizational power and politics theory** (OP) has an important background in historical, sociological and political science studies, that analyze the question of power. The OD approach to change, and particularly Lewin, shows awareness that power structures and conflict matter, as Burnes (2004) more recently noticed.

Over the years the flows of these three research streams have resulted in a series of connections and deeper level insights. New themes have arisen from their convergence, notably, organizational learning at the interface between OD and EO, organizational resistance and change agency at the interface between OD and OP and institutional inertia at the interface between OP and EO (Rebora and Minelli, 2008).

Now that the main stream of the roots of studies of organizational change has been traced out, a more in-depth description will be presented about the real definitions of change in organizations, presenting the different categories and approaches.

1.2.2 THE CATEGORIES OF CHANGE

A number of different environmental forces drive the need for organizational changes. Many organizations are responding to global forces by adopting self-directed teams and horizontal structures that enhance communication and collaboration. Furthermore, today's organization face a need for major strategic and cultural change and for rapid innovations.

Four specific categories of change can be identified (Daft 2010):

- Technology changes

- Product and service changes

- Strategy and culture changes

- Cultural changes
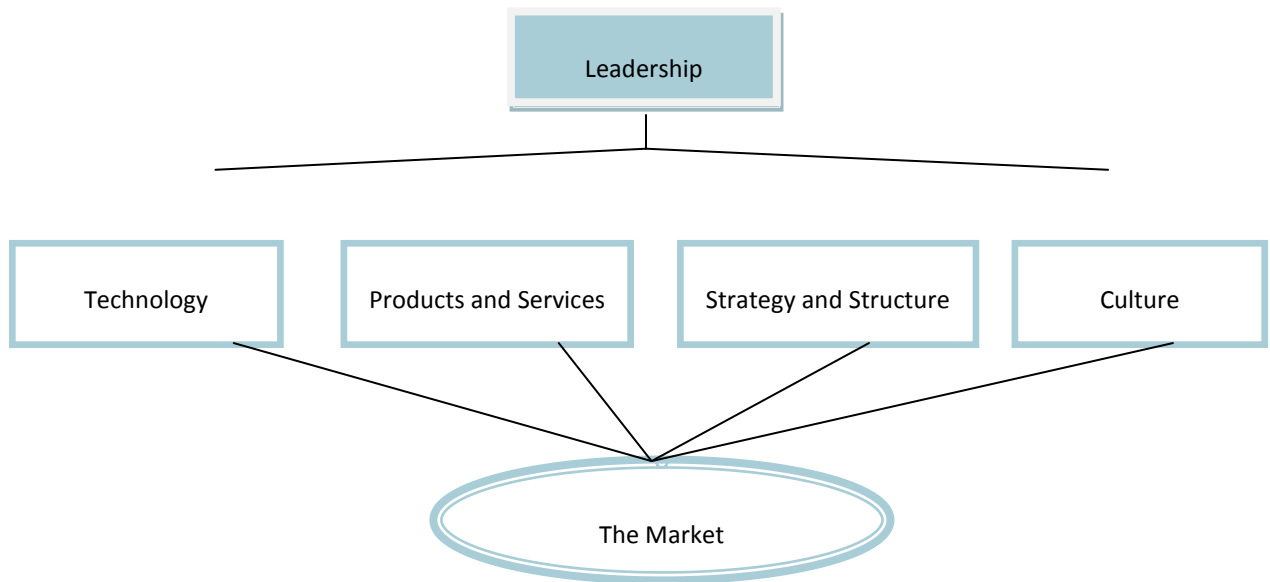
Figure 1.4 The categories of change and Leadership vision, from Daft 2010)

The first category identified is the **Technology Change** and it describes a change in the set of feasible production possibilities and could concern the overall process of invention, innovation and diffusion of technology or process. This kind of change could be guided from the inside, as a choice of the firm, or it could be imposed from the external global environment instead. The decision to implement or not implement a technological change could be crucial for the organization to survive.

The second category of change is the **Product and Service Change**. It pertains to the product or service outputs of an organization. New products include small adaptations of existing products or entirely new product lines. New products and services are normally designed to increase the market share or to develop new markets, customers or clients.

The third category of change is the **Strategy and Structure Change**. Due to the dynamic of the global business environment, increasing competition and emerging business

opportunity, organizations change. As such, all organizations need to make change in their strategies, structures, management processes and administrative procedures. In the past, when the environment was relatively stable, most organizations focused on small, incremental changes to solve immediate problems or take advantage of new opportunities. However, over the past decade, companies throughout the world have faced the need to make radical changes in strategy, structure, and management processes to adapt to new competitive demands. Some top – down changes, particularly those related to restructuring and down – sizing, can be painful for employees, so top managers tend to move quickly and authoritatively to make them as humane as possible. In successful corporation transformations, which involve painful changes, managers seem to follow a fast, focused approach. When top managers spread difficult changes such as downsizing over a long period of time, employee suffers and the change is much less likely to lead to positive outcomes. (Daft, 2010)

Finally, the fourth category of change is the **Culture Change**. Organizations are made up of people with a complex web of relationships. Changes in strategy, structure, technologies, and products do not happen on their own, and changes in any of these areas involve changes in people as well. Achieving a new way of thinking requires a focused change in the underlying corporate cultural values and norms. (Burke, 2007; Daft, 2010). However, changing culture can be particularly difficult because it challenges people's core values and established ways of thinking and doing things.

Changing a company's culture is probably one of the hardest jobs a manager can undertake. Organizational culture theories are based on assumptions about people and organizations that depart mainly from those of the "mainstream schools" and challenge the system about how organizations make decisions and how and why humans behave as they do. From the organizational culture point of view, every culture is different from one organization to another and what works for one organization will not necessarily work for the other (Sathe, 1985; Barley et al., 1988). Schein's holistic definition of Organizational Culture captures the essence and the unique complexity of this observable fact:

Organizational culture is " a pattern of basic assumptions, invented, discovered or developed by a given group, as it learns to cope with its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, is to be taught to new members as the correct way to perceive, think, and feel in relation to those problems. " (1990).

Furthermore, Schein presents a three-leveled framework to analyze the three fundamentals levels at which culture manifests itself:
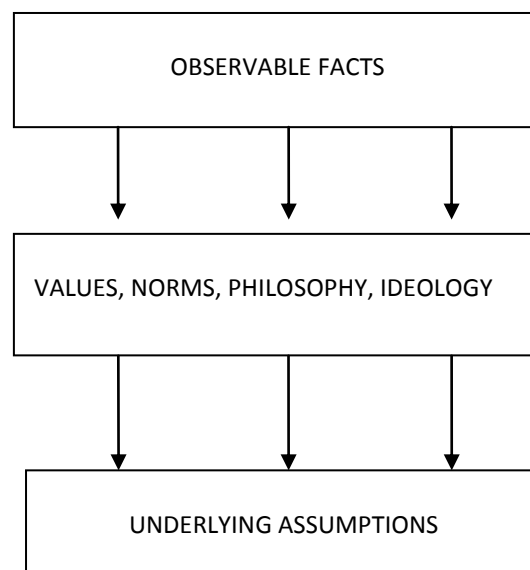
Figure 1.5 Three leveled model of Culture, from Schein (1985)

The first level is about physical layout, dress code, the way people relate to each other, company records, statement of philosophy, and reports; the second one is about the values, norms, philosophy and ideology; the third level is about the organization's relationship to his environment, the nature of reality and truth, the nature of human activity, and the nature of human relationships. Moreover, it's worthy to notice that also the Organizational Context affects the evolution of Organizational Culture with many factors, as such (Shani et al., 2009):

1. Work group characteristics (commitment to the group's mission and task, work group size and composition, and work group design and autonomy;

2. Managerial and leadership styles (philosophical process and output orientation);

3. Dynamic among groups and departments (degree of dependency, communication processes and cooperation);

4. Organizational characteristics (mission, product and service requirements, size, technology, policies and procedures, reward system and organization design);

5. Environmental characteristics (industry, competitive pressures, social political and legal environments);

6. The emergent features of the global market place.

Due to all this considerations, changing the culture is a though challenge for organizations. This inherent challenge fosters the need for managers and practitioners to have access and develop a basic understanding of the ideas and the theory behind **learning mechanisms**, which are conscious, planned proactive features that enable and encourage collective learning (Popper et a., 1998; Shani and Docherty, 2008). Indeed, organizational culture seems to play a critical role when it comes to individual, group and organizational effectiveness. So it's clear that changing people and culture Is typically much more difficult than changing any other aspect of the organization. Managers often underestimate the difficulty and complexity of changing culture and fail to appreciate that it takes a determined, consciously planned effort over a long period of time.

1.2.3 THE ROLE OF LEADERSHIP: STAGES AND DRIVERS OF CHANGE

Manager and employees can think of inventive ways to improve the organization's technology, creative ideas for new products and services, fresh approaches to strategies and structures, or ideas for fostering adaptive cultural values, but until the ideas are put into action, they are worthless to the organization. Implementation is the crucial part of the change process, but it is also the most difficult. Change is complex, dynamic and messy, and implementation requires strong and persistent leadership.

The companies that are successful innovators have top leaders who frequently reinforce the value and importance of innovation. These leaders think about innovation, demonstrate its importance through their actions, and follow through to make sure people are investing time and resources. The Transformational Leadership style is particularly suited for bringing about change. Top leaders who use a transformational

leadership style enhance organizational innovation both directly, by creating a compelling vision, and indirectly, by creating an environmental that supports exploration experimentation, risk taking and sharing of ideas. Successful change can happen only when employees are willing to devote the time and energy needed to reach new goals. According to Connor (1993) Leaders build organization – wide commitment by taking employees through **three stages of the change commitment process**, as shown in the exhibit.
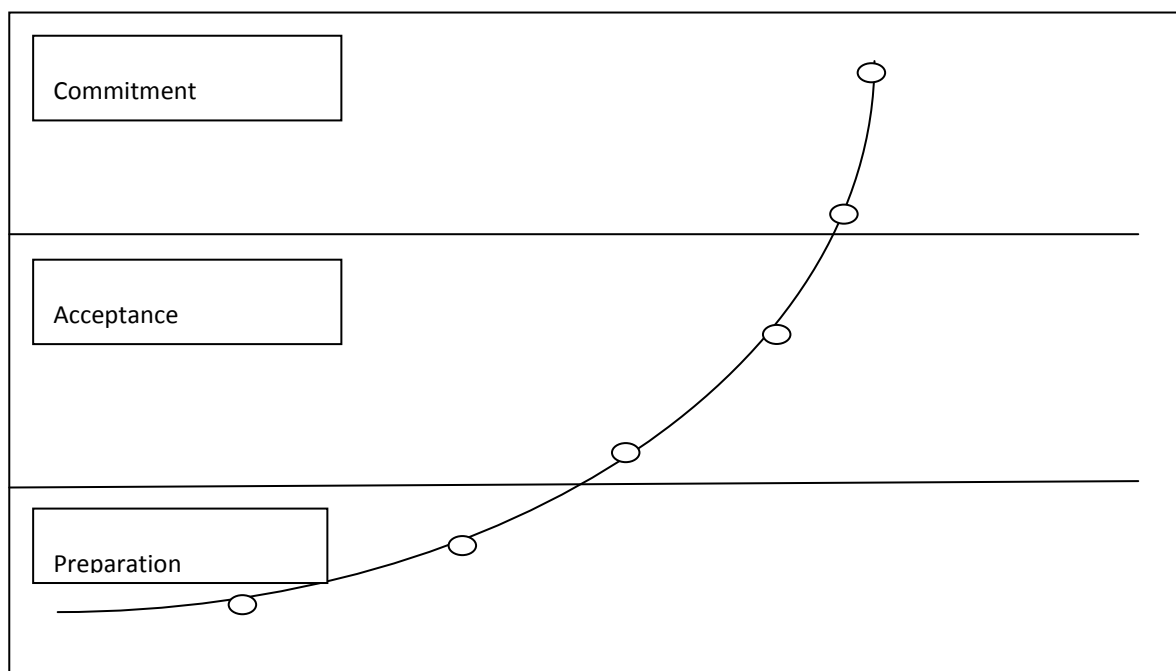
Figure 1.6 - The three phases of the change commitment process (Connor, 1993)

In the first stage, *preparation*, employees hear about the change through memos, meetings, speeches or personal contact and become aware that the change will directly affect their work. In the second stage, *acceptance*, leaders help employees develop an understanding of the full impact of the change and the positive outcomes of making the change. When employees perceive the change as positive, the decision to implement is made. In the third stage, the true *commitment* process begins. This stage involves the steps of installation and *institutionalization*. Installation is a trial process for the change, which gives leaders an opportunity to discuss problems and employee concerns and build commitment to action. In the final step, institutionalization, employees view the

change not as something new but as a normal and integral part of organizational operations.

Exploring the literature review, a model that emphasizes **three key drivers** involved in change implementation has come out, building upon the Lewin three-phase model of change Unfreeze, Change and Refreeze (Battilana et al., 2010).

These three drivers are:

1. COMMUNICATION, which refers to activities leaders undertake to make the case for change, to share their vision of the need for change with followers.
   Some examples of this set are communicating the vision of change, communicating the need for change among the others organizational members, devoting a significant amount of time and energy to develop the vision for the outcomes for the organizational change; effectively communicating the ideas behind the change;

2. MOBILIZATION, which refers to actions leaders undertake to gain co-workers' support for and acceptance of the enactment of new work routines
   Some examples of this driver are: seeking out others to help shape the vision of the organization following the change, working on the change project with considerable input and help from others in the organization, seeking input from a wide variety of stakeholder groups, spending a significant amount of time in redesigning organizational processes and systems to prepare the organization for change, creating trust in change, identifying and reducing resistances and inertia;

3. EVALUATION, which refers to measures leaders employ to monitor and assess the impact of implementation efforts and institutionalize changes.
   Some examples are: using a formal system of measurement to evaluate the impact of change, using a formal system of measurement to evaluate the need for possible refinements to the way the change was implemented in the organization, identifying problems and opportunities.

As Battilana et al. (2010) point out, these three drivers have been identified in the literature as key categories, which are conceptually distinct from each other and cover most of the activities implicated in change implementation. A lot of conceptual and empirical works, despite presenting some differences, emphasize these three drivers

(Beckard and Harris, 1977; Ford and Greer, 2005; Kanter, 1983; Nadler and Tushman, 1989).

1.2.4 BARRIERS TO CHANGE

Even the most visionary leader should expect to face resistance as they try to take the organization through the three stages of the change commitment process. People naturally resist to change, and many barriers to change exist at the individual and organizational levels. Daft (2010) proposes a list of typical recurrent barriers during the implementation of change:

1. *Excessive focus on costs.* Management may possess the mind – set that costs are all – important and may fail to appreciate the importance of a change that is not focused on costs;

2. *Failure to perceive benefits.* Any significant change will produce both positive and negative reactions. Education may be needed to help managers and employees perceive more positive than negative ones;

3. *Lack of coordination and cooperation.* Organizational fragmentation and conflict often result from the lack of coordination for change implementation;

4. *Uncertainty avoidance.* At the individual level, many employees fear the uncertainty associated with change. Constant communication is needed so that employees know what is going on and understand how it affects their jobs;

5. *Fear of loss.* Managers and employees may fear the loss of power and status – or even their jobs. In these cases, implementation should be careful and incremental, and all employees should be involved as closely as possible in the change process.

Also Organizational Development literature focused on this issue for decades. The recent work of Pasmore (2011) analyzes the fact that high rates of failure in organizational change efforts call attention to the need to identify and address persistent problems that threaten success. Pasmore analyzes the different hindrances for the different stages of the organizational change. These hindrances and the actions to overcome them are summarized in the Table 2.2.

	PREDICTABLE BARRIERS	ACTIONS TO ADDRESS THE BARRIERS
UNDERSTANDING THE NEED FOR CHANGE	Failure to head objectives signals indicating the need for change Subjective judgments about the scope and urgency of change required Lack of deep commitment to changes undertaken for aspirational reasons Ambivalence arising from evolving discourse	Take extra time to gain alignment through dialogue concerning subjective change Prepare to play an ongoing visible role in aspirational change Set up regular check-ins to test commitments and understand discourse around change
FRAMING THE CHANGE	Failure to engage employees in authentic participation in decision regarding change Choosing the wrong intervention Ignoring the need for readiness assessment Enduring alignment and commitment to the change among leaders, horizontally and vertically	Create opportunities for early involvement in framing the change through authentic participation Match interventions to the problems being addressed Assess readiness and delay if necessary to address issues identified Create shared leadership of change
UNDERTAKING THE CHANGE	Emergent issues Unanticipated side-effects Irrational, emotional, and political responses Resistance to change Lack of Leadership	Undertake contingency planning and provide emotional support Engaging sense making concerning emergent change Create transparency and strengthen resolve Name and deal directly with inadequate Leadership behaviors
SUSTAINING THE CHANGE	Losing focus, shifting priorities, turnover of key change champions Passive-aggressive resistance Resource starvation Exhaustion Unpredicted shifts on the external context	Focus on execution and reinforcing positive change Chang structural arrangements as well as behaviors Plan budgets for sustainability Long-term engagement Identify successors and engage Stakeholders

Table 1.2 - Barriers and actions during organizational change (adapted from Pasmore, 2011)

1.2.5 APPROACHES FOR IMPLEMENTATION OF CHANGE

Organizations employees different orientations to organizational change, guided by different assumptions. OD literature presents a plethora of different approaches. One example of categorization of the different approaches are the two opposing theories about organizational change advanced by Beers et al. (2001): **Theory E** and **Theory O**. Theory E assumes that economic value is dramatically and quickly enhanced through restructuring — tough, results-driven actions such as layoffs, closing facilities, and reshuffling the portfolio of businesses through spin-offs and acquisitions. This orientation claims that the only way to transform an organization is through a dose of though, results-oriented, top-down initiatives that are driven by managers motivated by financial incentives that align their interests with those of shareholders (Shani et al., 2009). Theory O, the less common approach focused more on the long term, assumes that developing organization capabilities and culture will ultimately produce sustained high performance, so it has as its goal enhancing organization effectiveness and focuses on the organization's culture and its people. Its assumption is that the purpose of change is to serve multiple stakeholders, such as shareholders, employees, customers, and the community (Shani et al., 2009). The Table1.3 summarizes the key feature of each orientation.

KEY FEATURES	THEORY E	THEORY O
Purpose	Maximize economic value for shareholders	Maximize value for all stakeholders Develop old and new organization capabilities
Management orientation	Top down Short and middle-range time orientation	Participative Long term time orientation
Focus	Efficiency Business strategy Formal structure and processes Management systems	Organizational Culture Human capital development Organizational learning
Process	Plan and establish programs	Emergent and participative – based programs
Motivation	Motivate through financial incentives	Mmotivate through commitment Use pay as fair exchange
Consultants	Large, knowledge/content expert driven	Small, process driven
Examples of interventions	Reengineering Balanced Scorecard system	Appreciative inquiry Search conference

Table 1.3 – Theory E and Theory O (Shani et al., 2009)

The majority of the literature in this field seems to focus on change strategies that fall within the cluster of theory O, but for the sustainability perspective, both the orientation are needed (Shani et al., 2009). Several others categorization appearing in the literature about describing social and behavioral strategies, methods and techniques for achieving change.

One other possible classification is to cluster the change intervention strategies based on their **target groups** (French and Bell, 1999). This clustering is based on the primary target of the intervention, for example individuals, dyads and triads, teams and groups, intergroup relations and total organization. Some intervention have multiple targets and multiple uses. Another typology of classification is based on the **change intervention emphasis** (Shani et al., 2009). It is derived from the attempt to understand change programs based on their impact. Three types of change programs were identified according to their main emphasis. The table shows the three types and captures the key features of each type.

	HOLISTIC CHANGE PROGRAMS	FOCUSED CHANGE PROGRAMS	LIMITED CHANGE PROGRAMS
Characteristic	Programs that attempt to address simultaneously all aspects of the organization	Programs that identify a few key aspects (such as quality and cycle time) and use these as levers for changing the organization system-wide	Programs that are designed to address a specific problem that is not seen as lever for a broader change
Examples of change programs	- Sociotechnical systems - Organization restructuring - Lean production - Business Process reengineering - Organizational Learning	- Total Quality Management - Management by objectives - Time – based management - Dialogue programs	- Team building - Communication improvement - Humanization of work - Work environment reforms - Democratization programs

Table 1.4 - The types of change programs (Shani et al., 2009)

Finally, Daft (2010) suggests a list of different practical techniques that can be used to successfully implement the change:

1. *Establish a sense of urgency for change*

2. *Establish a coalition to guide the change*. Effective change managers build a coalition of people throughout organization who have enough power and influence to steer the change process. For implementation to be successful, there must be a shared commitment to the need and possibilities for change. Top management support is crucial for any major change project, and lack of top management support is one of the most frequent causes of implementation failure. In addition, the coalition should involve lower – level supervisors and middle managers from across the organization.

3. *Create a vision and strategy for change.* Leaders who have taken their companies through major successful transformations often have one thing in common: they focus on formulating and articulating a compelling vision and strategy that will guide the change process.

4. *Find an idea that fits the need.* Finding the right idea often involves search procedures (talking with other managers, assigning a task force to investigate the problem, sending put a request to suppliers, or asking creative people within the organization to develop a solution).

5. *Develop plans to overcome resistance to change.* Many good ideas are never used because managers failed to anticipate or prepare for resistance to change by consumers, employees, or other managers. Several strategies can be used:

    a. *Alignment with needs and goals of users.*

    b. *Communication and training*

    c. *An environment that affords psychological safety.*

    d. *Participation and involvement.*

    e. *Forcing and coercion,* as a last resort

6. *Create change teams.* A task force can be responsible for communication, involvement of users, training, and other activities needed for change.

7. *Foster idea champions.* The most effective champion is a volunteer champion who is deeply committed to a new idea. The idea champion sees that all technical activities are correct and complete.

Learning how to manage change effectively, including understanding why people resist change and ways to overcome resistance, is crucial, particularly when top-down change are needed. The failure to recognize and overcome resistance is one of the top reasons managers fail to implement new strategies that can keep their companies competitive.

1.3 ORGANIZATIONAL TURNAROUND

So far the Organizational Change has been presented in comprehensive vision. But, indeed, two opposed Organizational Change ideal types can be identified. The labels of this two ideal pole are "Turnaround" and "Continuous and Fluid Transformation". The turnaround mode is a quick, intense transformation in response to a crisis that puts the survival of an organization at risk (Rebora and Minelli, 2008). It corresponds to a well-codified, established plan of action that has inspired top management intervention in several crisis situation (Hofer, 1980; Robbin and Pearce, 1992; Dunphy and Stace, 1993). We can define a turnaround as a **discontinuous**, **radical**, **collaborative**, **reactive** and **permanent** process of change.
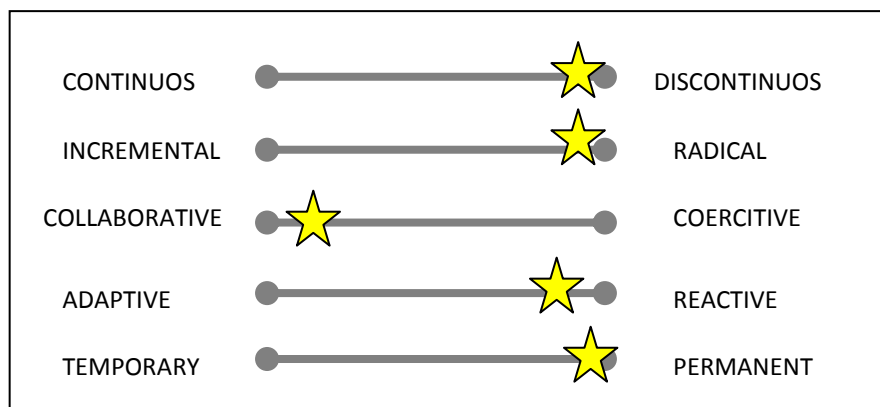
Figure 1.7 - The turnaround in the "change continuum"

Continuous transformation is less definite and specific than the turnaround mode. So turnaround is linked to survival urgency: it's needed when the organization is facing the deadly risky situation "do something or die".

In the literature, an attempt to identify the **phases of a turnaround** has been made. According Greiner et al. (2003), the intervention phases undertaken by the CEO to implement a successful turnaround are usually the following seven:

1. *NEGOTIATION*

   The CEO as a Negotiator or a Mandate for change. Not only in terms of financial incentives, but also defining the conditions under which they enter the organization.

2. *ORIENTATION TO RESULTS*

   Achieve early positive impact – the CEO as results –oriented manager.
   A common mistake made by new CEOs is to start articulating a long-term vision for the company too early. The new CEO's immediate priority is to build credibility and to establish oneself as the leader in charge. The best way to do this is to play the role of a result – oriented – manager by focusing on short – term issues that offer high probability of success.

3. VISIONING

   Create competitive logic and tiebreakers - the CEO as Visionary. The most effective role that the CEO can play is to stimulate debate among the senior management about the long term direction of the firm. The successful completion of this phase results in developing a competitive logic that explains how the firm intends to use its internal strengths to enhance its market position.

4. *STRUCTURATING*

   Achieve fit between new positions and people – the CEO as Organizer and political orchestrator. New strategies implementation need to re-design the organizational structure. So it happens that senior and middle – level executives find themselves being moved around, with some gaining or losing power. So the CEO must carefully orchestrate the process of structural design to be successful.

5. *CREATING COMMITMENT*

   Release and mobilize employee energy – the CEO as communicator of commitment. The CEO has to emphasize not only the overall strategy but also related core values that appeal to employees and customers. Many employees will not be very motivated with abstract financial objectives, but they will feed commitment values that champion the "person on the street" and the average customer.

6. *IMPLEMENTATION AND MONITORING*

   After workforce / customer interface – the CEO as monitor of implementation
   The CEO has to support, guide and follow up to assure that decisions and actions are consistent with the new strategic direction.

7. *EMPOWERMENT*

   Make grassroots employees the primary agents of change – the CEO as architect of empowerment. This final phase requires that sufficient energy, capability and confidence be instilled deep in the organization so that employees see themselves as activists responsible for carrying out change every day. During this phase, the CEO acts like an architect of empowerment seeking to release untapped energy and initiative at lower levels.

1	•NEGOTIATION
2	•ORIENTATION TO RESULTS
3	•VISIONING
4	•STRUCTURATING
5	•CREATING COMMITMENT
6	•IMPLEMENTATION AND MONITORING
7	•EMPOWERMENT
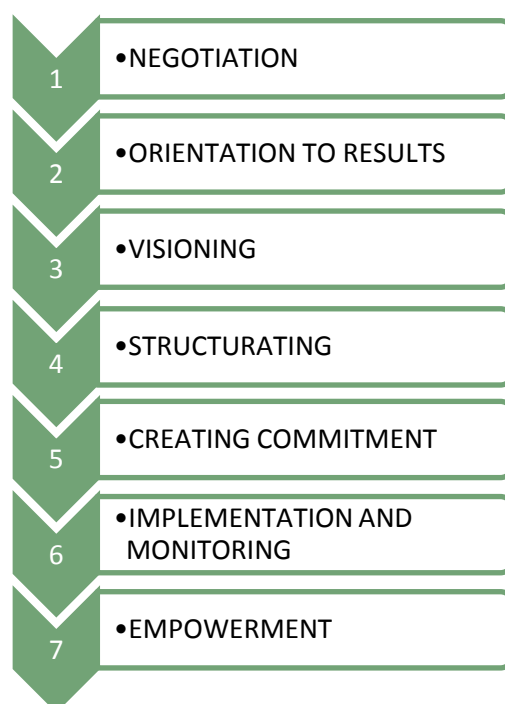
Figure 1.8 - The phases of a turnaround (from Greiner et al., 2003)

This seven phases are the most striking similarity that Greiner and his colleagues have observed across several cases of successfully organizational radical transformations. This process evolves through a sequence that begins at the top of the firm and gradually reaches out to include the entire organization.

1.4 CONCLUSIONS

The aim of this first chapter was to identify the most relevant issues about Organizational Change and in particular to characterize which are the fundamental dimensions that a Turnaround presents. Based on these findings, the concept of Transformational Leadership will be analyzed and the two perspectives (Organizational Turnaround and Transformational Leadership) will be reviewed in order to identify new dimensions of analysis in terms of capabilities, skills and processes needed to be owned by a successful transformational leader to implement a successful turnaround.

CHAPTER TWO

TRANSFORMATIONAL LEADERSHIP

INTRODUCTION

Organizational Change has always been also a matter of Leadership. Looking at change through the lens of Leadership Literature brings to the definition of "Transformational Leadership" (TL). The aim of this chapter is to analyze the main dimensions of traditional Transformational Leadership Style and highlights the un-explored issues and the lacking areas of the traditional point of view.

Firstly, a general overview about the research path about Leadership and the different perspectives in the literature will be reviewed, focusing in particular on the interactional perspective of TL. Secondly, the issue of the Distribution of Leadership (DL) in the transformational Style will be explored, reviewing the most important contribution about DL. Before going in depth in the theoretical matter, a short summary of the results of the literature review about the concepts of this matter will be shown, as it has been done in the first Chapter.

So the outline of this chapter will be the following:

2.1 Methodology

2.2 Leadership: theoretical background

2.3 Transformational Leadership

2.4 Conclusions

2.1 METHODOLOGY

The logical approach followed in this work to explore the literature about Transformational and Distributed Leadership has been the same of the one followed for the subject of Chapter One. (See Figure 1.1 and 1.2). The parameters used for this research are captured in the Table 2.1

ABS	2,3,4
KEY-WORDS	Transformational Leadership
	Distributed Leadership
	Shared Leadership
	Collective Leadership

Table 2. 1 - Literature review standards

Setting the standards, a set of 34 papers has been collected. The second – level selection reading the abstracts and the discussion has reduced the papers from 34 to 14. The outcomes (in terms of authors) are summarized in the Figure 2.1
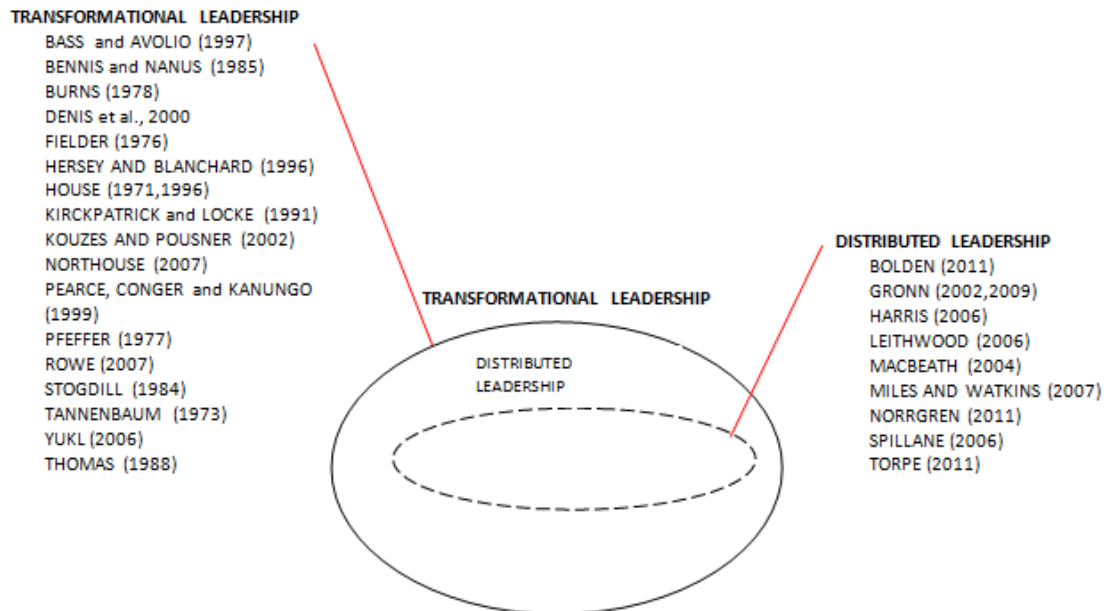
Figure 2.1 Results from the literature review about Transformational and Distributed Leadership

Now the main issues found out from the literature review process will be developed in – depth .

2.2 LEADERSHIP: THEORETICAL BACKGROUND

People have been always interested in the phenomenon of leadership, since the early ages. But the systematic scholarly study of leadership has begun in the 1920s (House and Adiya, 1997). A lot of different definitions has been drawn out during the years. Stogdill (1974) concluded that "there are almost as many definitions of leadership as there are persons who have attempted to define the concept". Nevertheless, there are some referential authors who have provided massive and excellent survey of the leadership literature and help developed a more specific understanding of this phenomenon. These authors are Bass, Yukl, and Hughes et al. (Shani et al., 2009).

Despite several and deep conceptual disagreement in the different analysis of leadership, a basic element seems to be shared by everyone who tried to define this phenomenon: Leadership is an influence process. So a primary definition could be reach:

"Leadership is a process whereby an individual influences a group of individuals to achieve a common goal" (Northouse, 1997)

The study of leadership in the behavioral sciences now covers more than six decades and has resulted in more than 7.500 books and articles (Shani et al., 2009). It seems that no one universal theory of leadership is accepted by all. Several theories have been formulated over time. But a classification of all can be draft, with three broad perspectives that emphasize a different aspect of the phenomenon: the leader centric perspective, the follower centric perspective and the interactional perspective. The focus of this work, Transformational Leadership, is located in the third one. Before analyzing the interactional perspective and TL in-depth, a brief description of the first two perspectives will take place.

2.2.1 THE LEADER CENTRIC PERSPECTIVE

The word "leadership" is focused on the word "leader". So the first attempts to theorize this field naturally focused on leaders themselves, trying to identifying and mapping the key characteristics of recognized leaders. The trait theory of leadership focused on

leaders' traits and personality, the style theory of leadership focused on leader's style and behaviors.

The Trait Theory

Traits can be defined as a person's enduring characteristics or dispositions which give rise to their behaviors or behavior patterns. So according to this theory, leaders are born, not made. The trait model of leadership is based on the characteristics of many leaders - both successful and unsuccessful - and is used to predict leadership effectiveness. The resulting lists of traits are then compared to those of potential leaders to assess their likelihood of success or failure.

Scholars taking the trait approach attempted to identify physiological (appearance, height, and weight), demographic (age, education and socioeconomic background), personality, self-confidence, and aggressiveness), intellective (intelligence, decisiveness, judgment, and knowledge), task-related (achievement drive, initiative, and persistence), and social characteristics (sociability and cooperativeness) with leader emergence and leader effectiveness. Successful leaders definitely have interests, abilities, and personality traits that are different from those of the less effective leaders. Through many researches conducted in the last three decades of the 20th century, a set of core traits of successful leaders have been identified. These traits are not responsible solely to identify whether a person will be a successful leader or not, but they are essentially seen as preconditions that endow people with leadership potential.

Reviews by Kirkpatrick and Locke and Bass have identified the following nine major leadership traits:

- *Achievement drive:* High level of effort, high levels of ambition, energy and initiative
- *Leadership motivation:* an intense desire to lead others to reach shared goals
- *Participation:* activity, sociability, cooperation, adaptability, humor
- *Honesty and integrity:* trustworthy, reliable, and open
- *Self-confidence:* Belief in one's self, ideas, and ability

- *Cognitive ability:* Capable of exercising good judgment, strong analytical abilities, and conceptually skilled
- *Knowledge of business (Expertise):* Knowledge of industry and other technical matters
- *Proven achievements:* academic, general culture, athletic
- *Status:* social, popularity

Furthermore, Hogan et al. also find that the Big Five dimensions of personality predict leadership, the closer an individual personality is to the positive ends of these dimensions, the more effective his/her leadership is:

- *Surgency:* gregarious, sociable, assertive VS quiet, reserved, mannerly and withdrawn;
- Emotional stability: calm, steady, cool and self – confident VS anxious, insecure, worried and emotional;
- *Conscientiousness*: hard working, persevering, organized and responsible VS impulsive, irresponsible, undependable and lazy;
- *Agreeableness*: sympathetic, cooperative, good-natured and warm VS grumpy, unpleasant, disagreeable and cold;
- *Intelligence*: imaginative, cultured, broadminded, curios VS concrete-minded, practical, having narrow interests;

This theory presents several limitations (Stogdill et al., 1984):

- There is bound to be some subjective judgment in determining who is regarded as a "good" or "successful" leader.

- The list of possible traits tends to be very long. More than 100 different traits of successful leaders in various leadership positions have been identified. These descriptions are simply generalities.

- There is also a disagreement over which traits are the most important for an effective leader

- The model attempts to relate physical traits such as, height and weight, to effective leadership. Most of these factors relate to situational factors. For example, a minimum weight and height might be necessary to perform the

tasks efficiently in a military leadership position. In business organizations, these are not the requirements to be an effective leader.

- The theory is very complex

So this theory had been overcome and the avenue for a new leadership theory was opened: Leadership Style.

The Leadership Style

The Ohio State University and the University of Michigan began studying the behaviors of leaders by asking individuals in fields settings to describe the behavior of individuals in positions of authority and relating the responses to different criteria of leader effectiveness. 1800 samples of leadership behavior were collected and then classified into 150 leadership functions (Conger and Kanungo, 1988). This 150 leadership functions were classified in two leadership styles: consideration and initiating structure. **Consideration** comprehends a large variety of behaviors related to the treatment of people (e.g. concerning for subordinates, finding time to listen to subordinates' problems and consulting with them on important issues before making decisions, looking out for their welfare, acting in a friendly supporter manner). **Initiating structure** is a task related dimension and covers a wide variety of behaviors (defining roles and guiding subordinates toward attainment of work group goals, assignment of work, attention to standards of performance, and emphasis on deadlines are examples of initiating structure.

After other several research program, two categories were clearly identified: **Task – oriented** behaviors and **Person - oriented** behaviors. *Task – oriented skills* are those related to organizational structure, design, and control, and to establishing routines to achieve organizational goals. The task-orientation dimension reflects the fact that leaders demonstrate a strong concern for the group's goals as well as for the system to put in place to achieve these goals. Their strong focus on performance leads them to set deadlines, to monitor goal achievement and to enforce sanctions, if necessary. Furthermore, the task – oriented behaviors are aimed to build alignment between values, attitudes, behaviors on one hand, and the system on the other. *Person – oriented skills* include behaviors that promote collaborative interaction among

organization members, establish a supportive social climate, and promote management practices that ensure equitable treatment of organization members. It is supposed that who are effective at Person – orientation is characterized by a strong concern for human relations. Furthermore, the Person-oriented behaviors are focused on managing trust in the subordinates and provide a respectful and supportive environment. Effectiveness at Task-oriented and Person-oriented behaviors requires different but related sets of competencies. Effectiveness at Task-oriented behaviors hinges on the ability to clarify task requirements and structure tasks around an organization's mission and objectives (Bass, 1990). Effectiveness at Person-oriented behaviors, on the other hand, relies on the ability to show consideration for others as well as to take into account one's own and others' emotions (Battilana et al., 2010). Managers might be effective at both Task-oriented and Person-oriented leadership behaviors, or they might be effective at only one or the other, or perhaps at neither. Such variation in leadership behaviors has implications for organizational change implementation. More specifically, depending on their mix of leadership competencies, leaders might differentially emphasize the activities involved in organizational change implementation.

Finally, further research yielded similar pairs of leadership styles, such as **participative versus directive**, or democratic **versus autocratic leadership** (Tannenbaum, 1973). One of the important questions that emerged from this research was whether one of the styles was more effective than the other. The findings were mixed and weak, so a new leadership theory was formulated: the **contingency theory** (Fielder, 1976), that will be better explained when talking about the Interactional perspective (the focus of this thesis in terms of leadership).

2.2.2 THE FOLLOWER CENTRIC PERSPECTIVE

Pfeffer (1977) proposed a provocative reversal perspective on leadership: what if the phenomenon of leadership had more to do with leaders' followers than with leaders themselves? For Pfeffer, leadership as a phenomenon has nothing to do with the

exceptional qualities of gifted individuals, but rather with the trustfulness of their followers. This argument is based on attribution theory, a well-researched psychological theory that has shown that people tend to simplify reality when they make casual inferences (Shani et al., 2009). According to Pfeffer, because leaders are highly visible, their followers attribute special power to them, assuming that they are the cause of organizational performance, when they have in fact a very modest influence on it. Leadership is this mystification, which is caused by followers rather than leaders (Shani et al., 2009). Pfeffer so argued that leadership actions are symbolic than real. This assertion and the consideration about the fact that leadership has no real impact on organization was found to be exaggerated by Thomas (1988), but his attribution theory of leadership enforced the notion that: Leadership does not just reside with the leader, but also involves followers, and that Leadership is as much as about real action as it is about symbolic action.

The missing pieces and weaknesses of these first two perspectives, Leader centric and followers centric perspectives, have brought to the most complex and comprehensive perspective on leadership: the interactional perspective.

2.2.3 THE INTERACTIONAL PERSPECTIVE

According this perspective, effective leadership results from the effective interaction of a leader with the situation and his or her followers. Nevertheless, several theories have been elaborated and they present different interaction between the several dimensions. Transformational Leadership theory is the focus for this work, but before exploring its dimensions in – depth, a brief review of the most important other theories of the interactional perspective will be shown.

Fiedler's Contingency Theory

Fiedler's theory (1965) determines the situational conditions under which a given style of leadership is most effective. Contingency theory hypothesizes that leaders have a preferred style: they are either relationship-motivated or task-motivated (categorization very similar to the Task/Person orientation). The focus is on designing the managerial position to match the motivational and personality characteristics of the manager. A task-motivated leader seems to perform best in situations in which they have either a great deal or very little situational control, while relationship-motivated leaders seems to perform best on situations of moderate situational control. The contingency model assumes that the manager's behaviors and personal characteristics are more difficult to change than is the work situation (Hersey and Blanchard, 1996). The results of further research on this theory, however, were mixed.

Hersey and Blanchard's Situational Leadership

 The Hersey and Blanchard's theory (1996) incorporates leadership styles similar to initiating structure (Task behavior) and consideration (Relationships behavior). "Task behavior" is defined as the extent to which the leader engages in spelling out duties and responsibilities of an individual or group" , while "Relationships behavior is defined as the extent to which leader engages two-way or multi-way communication" (Hersey and Blanchard, 1996). But this theory also assumes that leaders can assumes different leadership styles to adapt to different situations.

The Hersey–Blanchard situational leadership theory rests on two fundamental concepts: **Leadership Style** and the individual or group's **Maturity level**. The fundamental underpinning is that there is no single "best" style of leadership. Effective leadership is task-relevant, and the most successful leaders are those that adapt their leadership style to the Maturity ("the capacity to set high but attainable goals, willingness and ability to take responsibility for the task, and relevant education and/or experience of an individual or a group for the task") of the individual or group they are attempting to lead/influence. That effective leadership varies, not only with the person or group that is being influence, but it will also depend on the task, job or function that needs to be accomplished. Hersey and Blanchard characterized **leadership style** in terms of the amount of task behavior and relationship behavior that the leader provides to their followers. They categorized all leadership styles into four behavior types, which they named S1 to S4:

- **S1: Telling** – is characterized by one-way communication in which the leader defines the roles of the individual or group and provides the what, how, when, and where to the task to be done;

- **S2: Selling** – while the leader is still providing the direction, he or she is now using two-way communication and providing the socio-emotional support that will allow the individual or group being influenced to buy into the process.

- **S3: Participating** – this is now shared decision making about aspects of how the task is accomplished and the leader is providing less task behaviors while maintaining high relationship behavior.

- **S4: Delegating** – the leaders is still involved in decisions; however, the process and responsibility has been passed to the individual or group. The leader stays involved to monitor progress.

Of these, no one style is considered optimal for all leaders to use all the time. Effective leaders need to be flexible, and must adapt themselves according to the situation.

The right leadership style will depend on the person or group being led, that is to say on the follower. The Hersey-Blanchard Situational Leadership Theory identified four **levels of Maturity** (M1 through M4):

- **M1** – They generally lack the specific skills required for the job in hand and are unable and unwilling to do or to take responsibility for this job or task.

- **M2** – They are still unable to take on responsibility for the task being done; however, they are willing to work at the task.

- **M3** – They are experienced and able to do the task but lack the confidence to take on responsibility.

- **M4** – They are experienced at the task, and comfortable with their own ability to do it well. They able and willing to not only do the task, but to take responsibility for the task.
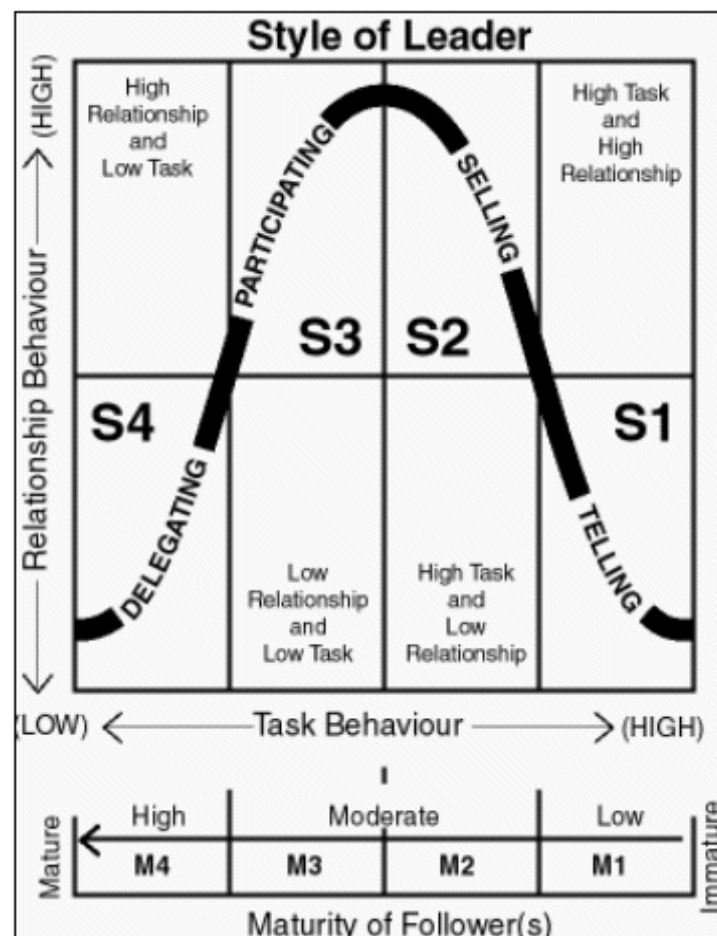
Figure 2.2 - Situational Leadership Model, from Hersey and Blanchard (1996)

Maturity levels are also task specific. A person might be generally skilled, confident and motivated in their job, but would still have a Maturity level M2 when asked to perform a task requiring skills they don't possess. Despite its popular appeal with managers, Situational Leadership theory has failed to receive significant empirical support. (Shani et al., 2009).

Path – Goal Theory (House 1971,1996)

This approach combines leadership with Motivation Theory. It suggests that leaders motivate subordinates to achieve high performance by showing them the path to reach valued goals or results. The theory argues that leaders will have to engage in different types of leadership behavior depending on the nature and the demands of a particular situation. It is the leader's job to assist followers in attaining goals and to provide the direction and support needed to ensure that their goals are compatible with the organization's goals. A leader's behavior is acceptable to subordinates when viewed as a source of satisfaction, and motivational when need satisfaction is contingent on performance, and the leader facilitates, coaches, and rewards effective performance. This theory identifies *achievement-oriented*, *directive*, *participative*,

and *supportive* **leader behaviors**:

- The *directive path-goal clarifying leader behavior* refers to situations where the leader lets followers know what is expected of them and tells them how to perform their tasks. The theory argues that this behavior has the most positive effect when the subordinates' role and task demands are ambiguous and intrinsically satisfying;

- The *supportive leader behavior* is directed towards the satisfaction of subordinates needs and preferences. The leader shows concern for the followers' psychological well being. This behavior is especially needed in situations in which tasks or relationships are psychologically or physically distressing;

- The *participative leader behavior* involves leaders consulting with followers and asking for their suggestions before making a decision. This behavior is predominant when subordinates are highly personally involved in their work;

- The *achievement-oriented leader behavior* refers to situations where the leader sets challenging goals for followers, expects them to perform at their highest level, and shows confidence in their ability to meet this expectation. Occupations in which the achievement motive were most predominant were technical jobs, sales persons, scientists, engineers, and entrepreneurs.

Path–goal theory assumes that leaders are flexible and that they can change their style, as situations require. The theory proposes two **contingency factors**, such as background

and Subordinates' characteristics, that moderate the leader behavior-outcome relationship and thus influence the final **outcomes**. Environment is outside the control of the follower-task structure, authority system, and work group. *Background factors* determine the type of leader behavior required if the follower outcomes are to be maximized. *Subordinates characteristics* are the locus of control, experience, and perceived ability. Personal characteristics of subordinates determine how the environment and leader are interpreted. Effective leaders clarify the path to help their followers achieve goals and make the journey easier by reducing roadblocks and pitfalls.

LEADERSHIP STYLE	CONTINGENCY FACTORS	OUTCOMES
Directive	Subordinates' characteristics	Job satisfaction
Supportive		Rewards
Participative		Acceptance of leader
Achievement Oriented	Background factors	Motivated behavior
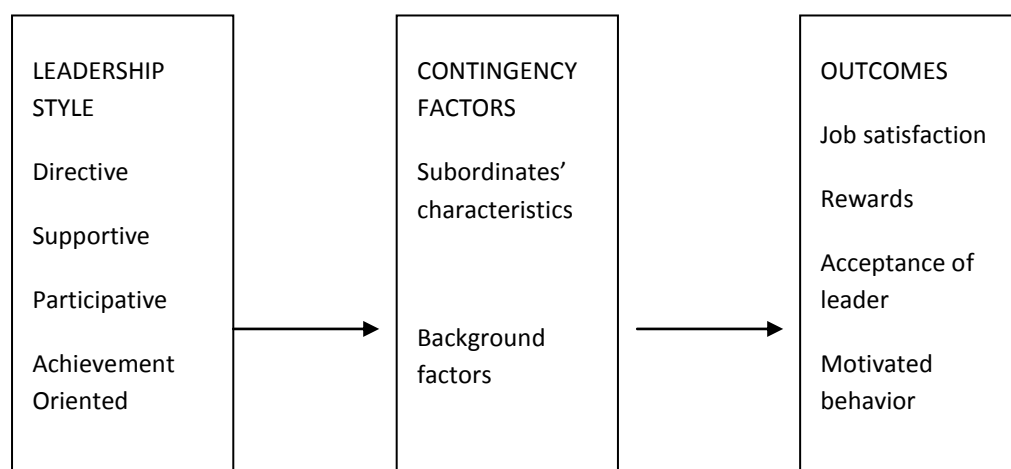
Figure 2.3 - Path Goal View of Dynamics (Shani 2009)

Research demonstrates that employee performance and satisfaction are positively influenced when the leader compensates for the shortcomings in either the employee or the work setting.

Leadership Style And Culture

A further cause of contingency for the success of given leadership style has been found in culture (Shani et al., 2009). A leader's style must depend on his/her attitudes and beliefs because expectations and assumptions about people are based on belief systems. A person's worldview is largely influenced by the general culture in which they occur. Project Globe, an international group of social scientists and management scholars who study cross-cultural leadership, (House et al., 1992: 2011) has identified

some cultural clusters, based on similarities in cultural values and beliefs, summarized in Table 2.2.

ANGLO CULTURES	LATIN AMERICA
England, Australia, South Africa (white sample), Canada, New Zealand, Ireland, United States	Costa Rica, Venezuela, Ecuador, Mexico, El Salvador, Colombia, Guatemala, Bolivia, Brazil, Argentina
LATIN EUROPE	**SUB-SAHARAN AFRICA**
Italy, Portugal, Spain, France, Switzerland (French and Italian speaking)	Namibia, Zambia, Zimbabwe, South Africa (black sample), Nigeria
NORDIC EUROPE	**ARAB CULTURES**
Finland, Sweden, Denmark, Norway	Algeria, Qatar, Morocco, Turkey, Egypt, Kuwait, Libya, Tunisia, Lebanon, Syria, Yemen, Jordan, Iraq, UAE, Bahrain, Saudi Arabia, Oman
GERMANIC EUROPE	**SOUTHERN ASIA**
German-speaking Europe (Austria, German-speaking Switzerland, Germany) plus Dutch-speaking Europe (Netherlands, Belgium and Dutch speaking France)	India, Indonesia, Malaysia, Thailand, Iran
EASTERN EUROPE	**CONFUCIAN ASIA**
Hungary, Bulgaria, Romania, Czech Republic, Slovakia, Poland, Lithuania, Latvia, Estonia, Serbia, Greece, Slovenia, Albania, Russia	Taiwan, Singapore, Hong Kong, South Korea, China, Japan, Philippines, Vietnam

Table 2.2 - Cultural clusters (from Project Globe, 2011)

Global researchers have identified 22 specific attributes and behaviors that are view as being universal across all cultures that contribute to leadership effectiveness. The study also identified 8 attributes or behaviors that are viewed as impediments to leadership effectiveness and another 35 that are culturally dependent:

UNIVERSALLY POSITIVE LEADERSHIP BEHAVIORS AND ATTRIBUTES	UNIVERSALLY NEGATIVE BEHAVIORS AND ATTRIBUTES	CULTURALLY CONTINGENT BEHAVIORS AND ATTRIBUTES
Trustworthy	Loner	Ambitious
Just	Asocial	Cautious
Honest	Noncooperative	Compassionate
Foresighted	Irritable	Domineering
Plans ahead	Nonexplicit	Independent
Encouraging	Egocentric	Individualistic
Informed	Ruthless	Logical
Excellence oriented	Doctorial	Orderly
Positive		Sincere
Dynamic		Worldly
Motive arouser		Formal
Confidence builder		Sensitive
Motivational		
Dependable		
Coordinator		
Intelligent		
Decisive		
Effective bargainer		
Win-win problem solver		
Administratively skilled		
Communicative		
Team builder		

Table 2.3 - Leadership Behaviors and Attributes, from Project Globe 2011

Most managers believe that they must adapt their style of leadership to the culture of the employees. That is, they believe that leadership is culturally contingent (Adler, 2002).

Now that a general overview has been done on the main interactional perspective, the most influential leadership theory, focus of this thesis, will be presented: Transformational Leadership.

Transformational Leadership

This theory, focus of this work, will be in-depth explored in the next paragraph.

2.3 TRANSFORMATIONAL LEADERDSHIP

At the end of 1970s, leadership scholars were dissatisfied with the progress accomplished in the field of leadership. Too many theories seemed to be fighting for attention, without sufficient empirical support. The field of leadership was ripe for a serious renovation. Two new theories were formulated: Charismatic Leadership and Transformational Leadership. While distinct, the two theories can be considered near "identical twins" (Conger, 1999). From now on, this work will refer to Transformational Leadership (TL).

2.3.1 DEFINITION OF TRANSFORMATIONAL LEADERSHIP

Burns (1978) conceptualized leadership as either transactional or transformational. Transactional leadership is a form in which followers exchange their services for rewards distributed by leader. As Burns notes, politicians, for example, lead by "exchanging one thing for another": jobs for votes, or subsidies for campaign contributions". In the same way, transactional business leaders offer financial rewards for productivity or deny rewards for lack of productivity. Transformational leaders, on the other hand, are those who stimulate and inspire followers to both. Achieve extraordinary outcomes and, in the process, develop their own leadership capacity. They help followers grow and develop into leaders by responding to individual followers' needs by empowering them and by aligning the objectives and goals of the single followers, the leader, the group and the larger organization. TL can move followers to exceed expected performance, as well as lead to high levels of followers satisfaction and commitment to the group and

organization (Bass, 1998), because it increases individuals' awareness regarding the significance of task outcomes, it encourages subordinates to go beyond their own self-interest to the interests of others in their team and organization, and it motivates subordinates to take care of needs that operate at a higher level (Bass, 1985; Yukl, 2006).

Bass and Avolio refined and expanded the models suggested by Burns and House. Bass added to Burn's model by focusing more on the needs of followers than on the needs of leaders, by focusing on situations where the outcomes could be negative, and by placing transformational leadership on a single continuum as opposed to considering them independent continua (Rowe, 2007). House model instead was expanded by emphasizing the emotional components of charisma and by arguing that charisma is not a sufficient condition. Avolio and Bass (1997) have identified the components TL . These components are:

a. *Idealized influence or Charisma* (attributed) refers to the socialized charisma of the leader, whether the leader is perceived as being confident and powerful, and whether the leader is viewed as focusing on higher-order ideals and ethics; leaders with this factor are strong role models with whom followers want to identify and emulate. They generally exhibit very high moral and ethical standards of conduct and usually do the right when confronted with ethical and moral choices. Followers develop a deep respect for these leaders and generally have a high level of trust in them. These leaders give followers a shared vision and a strong sense of mission with which followers identify (Northouse, 2007);

b. **Inspirational motivation** refers to the ways leaders energize their followers by viewing the future with optimism, stressing ambitious goals, projecting an idealized vision, and communicating to followers that the vision is achievable; leaders with this factor share high expectations with followers and motivate them to share in the organization's vision with a high degree of commitment. These leaders encourage followers to achieve more in the interests of the group that they would if they tried to achieve their own self-interests. These leaders increase team spirit through coaching, encouraging, and supporting followers (Yukl, 2006);

c. **Intellectual stimulation** refers to leader actions that appeal to followers' sense of logic and analysis by challenging followers to think creatively and find solutions to difficult problems; Leaders with this factor encourage subordinates to be innovative and creative. These leaders support followers as they challenge the deeply held beliefs and values of their leaders, their organizations and themselves. This encourages followers to innovatively handle organizational problems (Yukl, 2006);

d. **Individualized consideration** refers to leader behavior that contributes to follower satisfaction by advising, supporting, and paying attention to the individual needs of followers, and thus allowing them to develop and self-actualize; Leaders with this factor are very supportive and take great care to listen to understand their followers' needs. They appropriately coach and give advice to their followers and help them to achieve self-actualization. These leaders delegate to assist followers in developing through work-related challenge and care for employees in a way appropriate for each employee. (Northouse, 2007).

Two other streams of research contributed to enforce the transformational leadership field: these streams are research conducted by Bennis and Nanus (1985) and Kouzes and Posner (1987, 2002).

➢ BENNIS AND NANUS (1985)

These two researchers interviewed 90 leaders and, from these leaders' answer to several questions, developed strategies that enable organizations to be transformed. First, leaders need to have a clear, compelling, believable and attractive vision of their organization's future. Second, they need to be social architects who shape the shared meanings maintained by individuals in organizations. These leaders set a direction that allows subordinates to follow new organizational values and share a new organizational identity. Third, leaders need to develop within followers a trust based on setting and implementing a direction, even though there may be uncertainty surrounding the vision, in order to create feeling of confidence and positive expectations in their followers and builds a learning philosophy throughout their organizations.

➢ KOUZES AND POSNER (1987, 2002)

Kouzes and Posner interviewed 1300 middle – to senior –level leaders in private and public organizations. They asked each leader to tell about his or her "personal best" leader experiences. On the basis of their interviews and the related answers, they built the "Leadership Practices Inventory", that specifically measures the conceptual framework developed in the case studies of managers' as personal-best experiences as leaders.

Kouzes and Posner so found out five strategies through content analyzing the answer:

1. Challenging the process (search for opportunities, experiment, take risks)
2. Inspiring a shared vision (envision the future, enlist others)
3. Enabling others to act (foster collaboration, strengthen others)
4. Modeling the way (set the example, plan small wins)
5. Encouraging the hearth (recognize contributions, celebrate accomplishments)

This approach to leadership is broad-based perspective that describes what leaders need to do to formulate and implement major organizational change (Daft, 2010). The transformational leaders pursue some or most of the following steps (Rowe, 2007). Firstly, they develop an organizational culture open to change by empowering subordinates to change, encouraging transparency in conversation related to change, and supporting them in trying innovative and different ways of achieving organizational goals. Secondly, they provide a strong example of moral values and ethical behavior that followers want to imitate because they have developed a trust and belief in these leaders. Thirdly, they help a vision to emerge that sets a direction for the organization. This vision transcends the various interests of individuals and different groups within the organization while clearly determining the organization's identity. Fourthly, they become social architects who clarify the beliefs, values, and norms that are required to accomplish organizational change. Finally, they encourage people to work together, to build trust in their leaders and each other, and to rejoice when others accomplish goals related to the vision for change (Northouse, 2007).

A further final consideration is needed: transformational leadership theory has no incorporated the body of research on leadership style (Task-oriented and Person-oriented), maybe because this body refers more to management than leadership. But what if this dimensions would be included? This work will try to answer to explore the different variables of TL.

2.3.2 DISTRIBUTED LEADERSHIP WITHIN TRANSFORMATIONAL LEADERSHIP

The intuition of Gronn (2002) questions the need for Transformational Leadership to be distributed, in order to be effective; this particular dimension could make the difference between Transformational Leadership and Charismatic Leadership (the first one is distributed, the second one is individualistic). Thus, the concept of Distributed Leadership will be now explore more in-depth. The decision of focusing on the issue of Distribute Leadership has been taken because it is emerging as a fundamental pillar for defining TL.

Distributed leadership (DL) is the very reverse to the preoccupation of most Western writers about leadership, with the focus on single individuals separately (Bolden, 2011). Where organizations have become increasingly project- or knowledge-based ,where they involve professional work or where innovation occurs , leadership is now moving to a form that is able to cope with collective efforts, where individuals can contribute to the establishment and development of a common purpose and a common vision (Miles and Watskin, 2007).

A number of different forms is used talking about Distributed Leadership: "shared", "collective", "collaborative", "emergent", "co-" and "democratic" leadership. Distributed leadership, however, is not the only theory or approach the reframing of the leadership unit of analysis. The notion of "shared leadership" (SL) has also been in use for some time (Pearce and Conger, 2003), as have those of "collective leadership" (e.g. Denis *et al*. 2001), "collaborative leadership" (e.g. Rosenthal 1998), "co-leadership" (e.g. Heenan and Bennis 1999) and "emergent leadership" (e.g. Beck 1981). Common across

all these accounts is the idea that leadership is not the monopoly or responsibility of just one person.

Findings indicate that, while there are some common theoretical bases, the use of these concepts varies over time, between countries and between sectors. In particular, DL is a notion that has seen a rapid growth in interest since the year 2000, but research
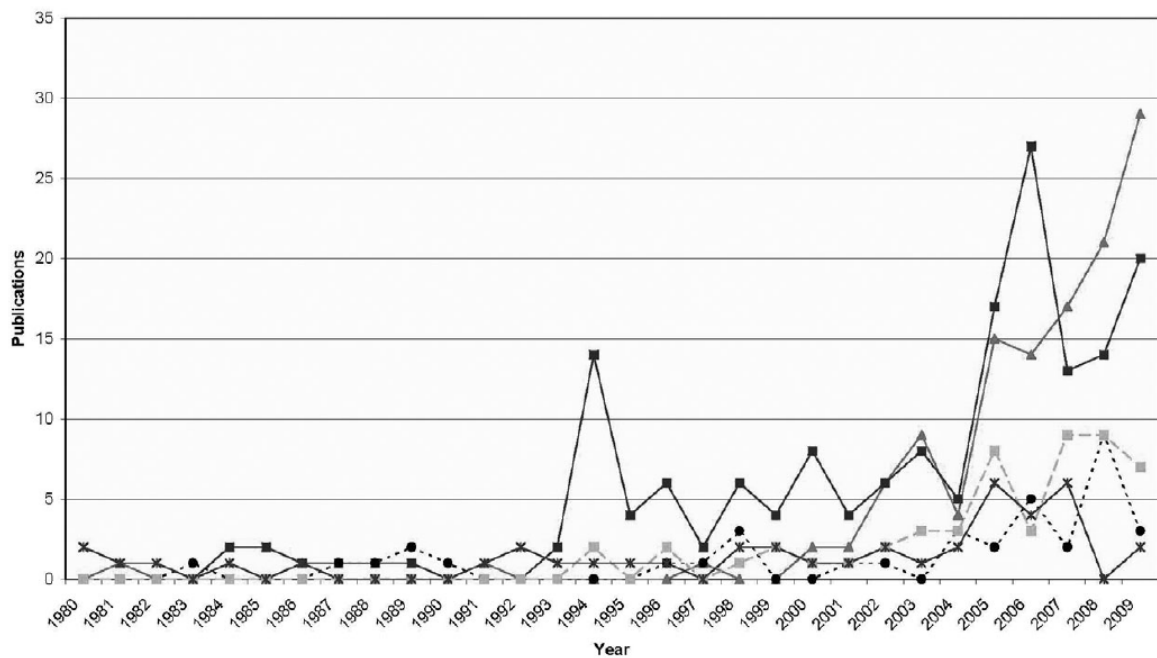
Figure 2.4 - Publications about DL, SL, CL, EL, from Bolden 2009

remains largely restricted to the field of school education. In order to analyze the comparative growth of the field of DL, Bolden (2011) focused on academic articles as an indicator of scholarly activity using information from the *Scopus* database. Figure 2.4 summarizes the number of publications on concepts related to DL (based on a search of title, abstract and keywords for papers classified as "reviews" or "articles") between 1980 and 2009. The graph gives an illustration of the relative proportion of articles on each concept over time. The figure clearly shows that DL has seen a rapid increase in outline since the year 2000, so much so that for the last three years of the analysis period (2007–09) it had overtaken SL as the term of preference for describing such forms of leadership (Bolden, 2011). Despite an initial resistance to the idea of DL, the increasing disillusionment with traditional leadership approaches that praised "heroic" skills of glorious individual has brought to the consideration that DL is "an idea whose

time has come" (Gronn 2000) – no longer "the new kid on the block" but rather "an area of study in an adolescent stage of development" (Gronn 2006).

Many attempts have been made to describe Distributed Leadership , trying to formalize the different key variables of it. Table 2.4 summarized the most important authors who have studied and tried to classify the different dimensions and characteristics of DL.

AUTHORS	MAIN OBJECTIVES	CONCEPTUAL ASSUMPTIONS	KEY VARIABLES / CONSTRUCTIONS
GRONN (2002:2009)	To reframe leadership, that is more appropriately understood as a fluid and emergent phenomenon, rather than as a fixed one.	Leadership is a "concertive action" (opposite to "numerical action") .Three alternative forms of engagement could be considered as a manifestation of "conjoint agency"	Three forms of engagement: • *Spontaneous collaboration*: where groups of individuals with differing skills, knowledge and/or capabilities come together to complete a particular task/ project and then disband • *Intuitive working relations*: where two or more individuals develop close working relations over time until 'leadership is manifest in the shared role space encompassed by their relationship' • *Institutionalized practice*: where enduring organizational structures (e.g. committees and teams) are put in place to facilitate collaboration between individuals
MACHBEATH et al (2004)	Focusing on different forms of Leadership	Leadership assumes different distribution due to different contextual factors	• *Formal distribution*: where leadership is intentionally delegated or devolved • *Pragmatic distribution*: where leadership roles and responsibilities are negotiated and divided between different actors • *Strategic distribution*: where new people, with particular skills, knowledge and/or access to resources, are brought in to meet a particular leadership need • *Incremental distribution*: where people acquire leadership responsibilities progressively as they gain experience • *Opportunistic distribution*: where people willingly take on additional responsibilities over and above those typically required for their job in a relatively ad hoc manner • *Cultural distribution*: where leadership is naturally assumed by members of an organization/group and shared organically between individuals

LEITHWOOD **(2006)**	To framework DL from a normative perspective	DL can be considered to incorporate shared, democratic, dispersed and other related forms of leadership	• *Planful alignment***:** where, following consultation, resources and responsibilities are deliberately distributed to those individuals and/or groups best placed to lead a particular function or task • *Spontaneous alignment***:** where leadership tasks and functions are distributed in an unplanned way yet, 'tacit and intuitive decisions about who should perform which leadership functions result in a fortuitous alignment of functions across leadership sources' • *Spontaneous misalignment***:** where, as above, leadership is distributed in an unplanned manner, yet in this case the outcome is less fortuitous and there is a misalignment of leadership activities. • *Anarchic misalignment***:** where leaders pursue their own goals independently of one another and there is 'active rejection, on the part of some or many organizational leaders, of influence from others about what they should be doing in their own sphere of influence'
SPILLANE (2006)	To dispel four common "myths of leadership": (1) that DL is a blueprint for leadership and management; (2) that DL negates the role of school principals (or CEOs elsewhere); (3) that from a distributed perspective, everyone is a leader; (4) that DL is only about collaborative situations.	Poorly defined concept of DL may render it difficult to differentiate the specific contributions of particulars actors and aspects of the situation; It is important HOW leadership is distributed	• *Collaborated distribution*: where two or more individuals work together in time and place to execute the same leadership routine. • *Collective distribution*: where two or more individuals work separately but interdependently to enact a leadership routine. • *Coordinated distribution***:** where two or more individuals work in sequence in order to complete a leadership routine.

HARRIS (2006)	Focus on how leadership works in the organizations	Identifying dimensions for normative DL	Four dimensions are identified: **1. The *representational* dimension**, which provides recognition for lateral and crossboundary collaboration as new forms of organizing emerge: thus, partnerships, networks and federations all imply less vertical/ top-down leadership based on hierarchical positions **2. The *illustrative* dimension**, which is a reflection of the requirement for allocation of tasks of responsibility to others by expanding leadership teams and sharing of responsibilities **3. The *descriptive* dimension**, which is concerned with finding out what DL 'looks like'. This dimension is a challenge to those seeking a simple formula and programs that verge on the idea of nominated leaders as distributors. Instead, the formula becomes "seek and ye shall find", within departments, teams, groups, projects and learning programs such as action learning sets **4. The *predictive possibilities*** for DL to improve outcomes and enhance an organization's capacity for development and change: here, Harris cites a range of studies from education research to support a positive correlation
MILES AND WATKINS (2007)	To analyze the concept of complementarity of Leadership	The pervasiveness of complementarity leadership in large organizations results in part from the difference between the various roles.	Four type of complementarities has been identified: • TASK COMPLEMENTARITY • EXPERTISE COMPLEMENTARITY • COGNITIVE COMPLEMENTARITY (processing information) • ROLE COMPLEMENTARITY (bad cop VS good cop)

| THORPE et al (2011) | To propose a framework to stimulate further debate and to indicate areas of future research | The analysis is carried out through two dimensions: 1) The first is the continuum between "**planned**" activity at one end to '**emergent**' activity at the other, similar to the approach taken in other areas of management (e.g. planned and emergent models of organizational change). 2) The second dimensions is the continuum between "**aligned**" activity (where people's/divisions' activities are already seen as having some common aspects, provided in some cases by organizational structure and strategy) and "**non-aligned**" (where people may be unaware of or unintentionally ignore the activities of others and the potential benefits of sharing aims and interests) | The Framework proposed is the following
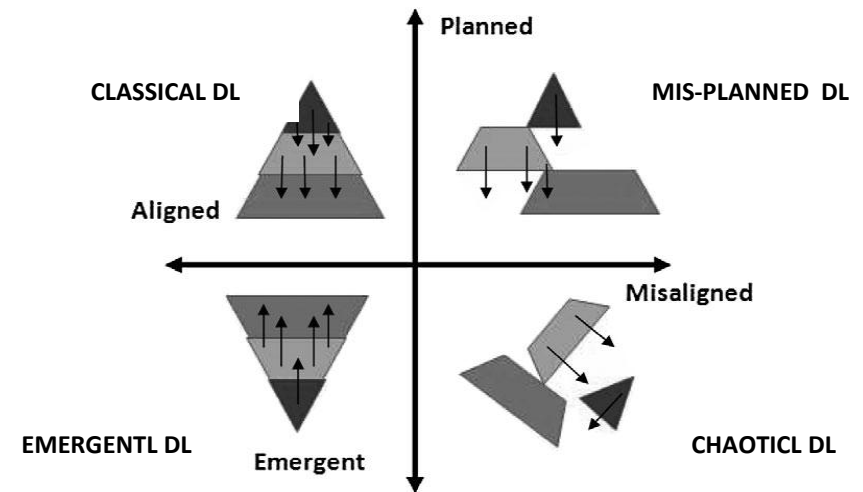
- **Classical DL** is the quadrant where classical views of management might be located: the manager/leader has a clear focus, powerful control and existing structural arrangements through which to operate.
- **Mis-planned DL** illustrates organizations where there is the intention to use DL, but where either structures become inappropriate for the purpose of the organization, or people within the structures remain ambivalent about such a move, preferring to set their own goals within local units.
- **Emergent DL** recognizes the realities of day-to-day organizational life where the everyday cannot be designed with certainty, and where contradictions and disturbances to work occur, often spontaneously but also informally, beyond the sight of managers will occur.
- **Chaotic DL**, illustrates a situation where elements of DL may develop locally but in relatively haphazard ways, with a focus on local contexts and goals and without sufficient attention to operations in other parts of the organization. |

NORRGREN et al. (2011)	To understand the managerial practices that help the "higher-ambition" leader establish collective leadership in order to enhance effectiveness.	Leaders nowadays have to create organizations that can deliver high performance on multiple dimensions and at the same time manage internal conflicts and tension. To achieve results on these multiple dimensions, the higher ambition leaders cannot act alone. They have to spend time and resources in forming an aligned core team at the top and in developing an extended group that can provide distributed leadership across the organization. They have to build a "leadership system".	To build a leadership system, the high ambition leaders needs to: ▪ Build "a true" team at the top ▪ Align down-the-line leaders, sharing information and soliciting feedback on key issues ▪ Drive career development ▪ Develop-the next generation leadership

Table 2.4 – Authors and frameworks for DL

Although each of these frameworks is derived from research in schools, it is possible to consider how they might be applied in other contexts. Those suggested by Gronn (2002) and Spillane (2006), for example, focus on the interpersonal dynamics of DL persons and units leading. Taking such a perspective on leadership carries two major implications: firstly, that researchers would be advised to identify and map the multiple hybrid forms of leadership that occur within a particular organization/context longitudinally over time (rather than de-contextualizing them and focusing only on particular forms); and secondly, that it should be avoided labeling different forms of leadership in a way that invokes normative comparisons between them (focusing instead on the underlying bases upon which leadership is founded) (Bolden, 2011). Those by MacBeath *et al*. (2004) and Leithwood *et al*. (2006) focus more explicitly on different forms of DL and, while perhaps more specific to a school context, may well be observable elsewhere. Norrgren and his colleagues instead, explicitly indicate the Distribution of Leadership as one of the pillar of the effectiveness of the leadership of today.

Each of these frameworks indicates a degree of variation in the extent to which DL is institutionalized within working practices as part of the overall "culture" of the organization, and the extent to which this may be instigated deliberately in a coordinated manner . While Gronn, Spillane and MacBeath do not suggest that one or more forms of distribution are more effective than the others, Leithwood and colleagues suggest that certain forms are more likely to contribute towards organizational productivity. Finally, Norrgren et al. point out the best managerial practices to make the leadership effectively distributed in the organization.

This general overview about DL has highlighted several different characteristics and dimensions of analysis that could be considered in analyzing the effectiveness of the transformational style. These dimensions, if involved in the building of a new transformational paradigm, may help to evidence the impact of leadership style during an organizational turnaround.

2.4 CONCLUSIONS

This Chapter has analyzed in-depth the theoretical bases of Transformational Leadership. Firstly, a general overview about the history of the research and the traditional perspectives on Leadership has been explored, focusing in particular on the interactional perspective, that is the one which Transformational leadership was born from. Then, a more detailed analysis of Transformational Leadership definitions and assumptions has been carried out, trying to provide a complete and comprehensive picture about this issue. Finally, the relevant interpretation by Peter Gronn and other authors has been presented, trying to frame the emerging issue of Distribution of Leadership, in order to add some variables that could be useful to fulfill the lacking areas of the traditional perception of Transformational Leadership Style.

The following Chapter will try to add some new other variables, looking at the empirical bond between Transformational Leadership and the implementation of a Turnaround, in order to build a comprehensive new framework that integrates all the variables.

CHAPTER THREE

TRANSFORMATIONAL LEADERSHIP AND TURNAROUND CROSSROADS: RESEARCH GAPS AND A PROPOSED INTEGRATIVE FRAMEWORK

INTRODUCTION

The first two Chapters of this thesis proposed respectively a general overview about Organizational Change and the concept of Transformational Leadership. In particular, Chapter One has illustrated what is an Organizational Turnaround, what are the phases, the key problematic issues and strategies to cope with it. On the other hand, Chapter Two has presented a comprehensive overview about traditional definitions of Transformational Leadership and proposed Distributed Leadership as a possible pillar to define the Transformational Style.

The aim of this Chapter will be threefold. Firstly, to review the empirical studies, in order to highlight the most interesting conclusions, to compare the different studies between each other and to identify the research gaps on this issue. Secondly, to propose a framework that try to explore the research gaps, built upon the variables recognized in the first two Chapters, that try to explore the link between the different phases of a turnaround and the different transformational leadership styles, that could be less or more effective in each phase.

Thus, the outline of this chapter will be the following:

    3.1 Methodology

    3.2 The "state of the art": empirical studies and the research gaps

    3.3 The objective of the Thesis: a proposal of framework and the research questions

    3.4 Conclusions

3.1 METHODOLOGY

The logical approach followed in this work to explore the literature about the empirical correlation between TL and Turnaround has been the same as the one followed for the subject of Chapter One and Two (see Figure 1.1 and 1.2). The parameters used for this research are captured in the Table 2.1

ABS	2,3,4
KEY-WORDS	Transformational Leadership Leadership Organizational Change Turnaround

Table 3. 1 - Literature review standards

Setting the standards, a set of 29 papers has been collected. The second – level selection reading the abstracts and the discussion has reduced the papers from 29 to 8. The outcomes (in terms of authors) are summarized in the Figure 3.1
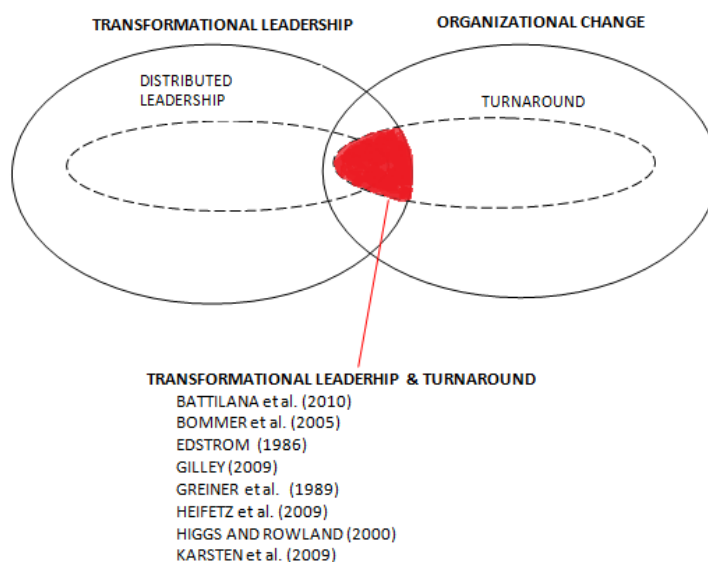
Figure 3.1 - Results from literature review about TL and Change

3.2 THE STATE OF THE ART : EMPIRICAL STUDIES AND THE RESEARCH GAPS

As said before, the literature doesn't delve into the bond between style of leadership and the complexity of the processes involved in change implementation. However, there are a number of empirical studies that try to analyze and test if the Leadership Style matters during the implementation of Organizational Change. This paragraph will show these contributions and then will identified the main research gaps emerging from them.

3.2.1 A REVIEW OF THE EMPIRICAL STUDIES

There is a growing evidence that change agent's leadership characteristics and behaviors influence the success or failure of organizational change initiatives (Battilana et al., 2010; Greiner et al., 2003).

The Table 3.2 summarizes the empirical studies on this evidence, highlighting authors, journals, empirical methods, objectives and results.

AUTHORS	YEAR	TITLE	JOURNAL	EMPIRICAL METHOD	OBJECTIVES OF THE STUDY	RESULTS
Edstrom	1986	*Leadership and Strategic Change*	*Human Resource Management*	Case study (collaborative): SAS airlines turnaround	To argue that the distinction between strategy and administrative coordination and control on one side, and leadership and management on other, is becoming blurred in today's more dynamic business world -	Managers who are promoted in the organization develop a personal approach to business and management through critical experience in relevant area. The characters or value orientations of the key managers are important for understanding their basic motivation and reflect the major tendency in their action repertoire
Greiner, Bhambri	1989	*New CEO Intervention and Dynamics of Deliberate Strategic Change*	*Strategic Management Journal*	Case study: The Mega Corporation Case (a $500 million revenue distributor of liquefied propane gas in the U.S.)	To document the internal dynamics of the new CEO intervention	A theoretical framework is proposed, based on a series of phrases and underlying themes involving the interplay between the CEO's actions, rational synoptic planning and emergent political behavior
Higgs, Rowland	2000	*Building change leadership capability*	*Journal of Change Management*	Case study: the fundamental journey of change of a major multinational company	To provide a change competency framework	"The full change management competency framework" : 8 cluster and 30 indicators
Greiner, Bhambri, Cummings	2003	*When New CEOs Succeed and Fail: 4-D Theory of Strategic Transformation*	*Organizational Dynamics*	Case studies: studies of successful CEO-led transformation efforts	To provide a model that explain what are the factors for a CEO to succeed in improving performance	The 4-D theory

Bommer, Rich, Rubin	2005	*Changing attitudes about change: longitudinal effects of transformational leader behavior on employee cynism about organizational change*	*Journal of Organizational Behavior*	Survey: three USA firms functionally organized, privately-owned and operated by onsite management, have been in existence for between thirty and fifty years	To understand whether transformational leader behavior (TLB) reduces employee Cynicism about Organizational Change (CAOC)	When employees receive transformational treatment, their levels of CAOC are reduced; the longitudinal effect of TLB upon CAOC is statistically stronger than the effect of CAOC upon TLB
Karsten, Keulen, Kroeze, Peters	2009	*Leadership style and enterpreneurial change - the centurion operation at Philips Electronics*	*JOCM*	Case study: Philips company	To look at the role of the top and middle management of the Philips organization during the transition from one type of organizational change to another in the 1990s and the role of the history of the organization played in this process	The paper shows that Philips' leaders used different styles of leadership to create a deliberate atmosphere and willingness to change. The final emergent transformation, however, could only sufficiently materialize while it rejuvenated existing management concepts like "Quality Management". The success was partly based on the fact that these concepts played a historical role in the Philip organization
Heifetz, Grashow, Linsky	2009	*Leadership in a (Permanent) Crisis*	*Harvard Business Review*	Case studies: Best Buy, Beth Israel Deaconess Medical Center; Egon Zehnder International	To list the skills and the actions needed to lead during a crisis	To do: foster adaptation; embrace disequilibrium; generate leadership

| Battilana, Gilmartin, Sengul, Pache, Alexander | 2010 | *Leadership competencies for implementing planned organizational change* | *Leadership Quarterly* | Survey: sample of 89 clinical managers at the United Kingdom Health Service who implemented change between 2003 and 2004 | To demonstrate that managers' likelihood to emphasize each of the different activities (communication, evaluation and mobilization) involved in planned organizational change implementation varies with their mix of leadership | Treating planned organizational change as a generic phenomenon might mask important idiosyncrasies associated both with the different activities involved in the change implementation process and with the unique functions that leadership competencies might play in the execution of these activities |

Table 3.2 - Empirical studies about Transformational Leadership and Organizational Change

The first analysis that could be done is about the empirical method used for this kind of dissertations. It is interesting to notice that almost all the contributions shown in the table uses the empirical method of Case study, three of which are single, and three are multiple (three to several company transformation analyzed). Only two studies implement the survey method: the work by Bommer, Rich and Rubin studies a sample of three firms with the same characteristics, while the work by Battilana and his colleagues test a sample of 89 clinical managers, from the same sector and who have implemented project change in the same period. It could be said that studying the empirical correlation between leadership style and change implementation is very complex. Every situation could differ substantially from one another and it is hard to isolate conclusions and generalize if observing different cases with different variables and contexts. Thus, a study about these issues is valid even if a single case or several but very similar cases are analyzed. The main thing is to identify a paradigmatic case, with relevant variables and results, and pattern the context, in order to find conclusions that are significant in terms of discussion. Concerning the objectives and the results of the studies instead, two different streams seem to appear. The first category is the one that aims to identify the differences between leadership styles and the impact that these differences have on change implementation and results. The second category is aimed to find a sort of "best practices" compendium that should be followed to achieve success in organizational change.

At this point, building upon the findings of these empirical contributions and the literature review of Chapter One and Two, the main research gaps about the link between Transformational Leadership Style and the implementation of a turnaround can be summarized.

3.2.2 THE RESEARCH GAPS

Considering the findings of the empirical contributions and the challenging critics found out during the analysis of Chapter One and Two, the main research gaps are:

- The considerations of Karsten et al. (2009) and Battilana et al. (2010), that different styles of leadership could bring to different approach – and then results – on organizational change; different TL style could bring to different phases of a turnaround. Furthermore, leaders could have unobserved attributes that predispose them to exhibit a particular leadership characteristics (Battilana et al., 2010);

- Transformational Leadership theory doesn't delve into the different outcomes of Task Orientation and Person Orientation in Transformational style (Shani et al., 2009);

- The Distribution of Leadership in Transformational Style: it is effective? (Gronn, 2002). Leaders could divide task and share roles in leading change in organizations (Denis et al., 2001; Miles and Watskin, 2007; House and Aditya, 1997; Norrgren, 2011);

- The "scale (size, scope and complexity) of change" issue (Higgs and Rowland, 2005; Denis et al. 2001; Gilley et al., 2009;), considering that leadership encompasses different sizes of change, from that of a group of people to global organizational change; no research compares differences in the leadership of change based on the scale, but results across studies suggest that scale may be a factor in the forms of leadership employed and their impact on the outcomes (Gronn, 2002);

- The communication factor (Battilana et al., 2010; Gilley et al., 2009), that is mostly consistently related to change outcomes across different forms of leadership; it is not clear if some forms and directions of communication (vertically upward or downward, horizontally) are more effective than others in the achievement of successful turnaround.

3.3 OBJECTIVE OF THE THESIS: THE FRAMEWORK AND THE RESEARCH QUESTIONS

This work will mainly focus on the first three gaps of the list and will explore the connection between the different Transformational Leadership Style and the different phases of a Turnaround, within the need to distributing Leadership, during some or all phases, in order to implement an effective and successful change.

Now the assumptions, the framework and its variables, and the research questions of this work will be presented.

3.3.1 ASSUMPTIONS

The assumptions of the framework that will be proposed in the next paragraph concern three different conceptual issues. Firstly, the assumption about the variables of Transformational Leadership will be detailed. Secondly, the dimensions taken into consideration to describe the Turnaround will be presented. Finally, the hypothesis about the link between TL style and Change Implementation Activities will be shown.

Transformational Leadership

The variables taken into consideration to frame the TL style are:

- **TASK OR PERSON ORIENTATION**:

    The task – oriented and person – oriented behavior model (Bass, 1990;House & Baetz, 1979; Stodgill & Coons, 1957) is used, because task oriented and person oriented behaviors are key to influence organizational change (Nadler and Tushman, 1999).

    Task – oriented skills are those related to organizational structure, design, and control, and to establishing routines to achieve organizational goals. The task-orientation dimension reflects the fact that leaders demonstrate a strong concern for the group's goals as well as for the system to put in place to achieve these goals. Their strong focus on performance leads them to set deadlines, to monitor goal achievement and to enforce sanctions, if necessary. Furthermore, the task – oriented behaviors are aimed to build alignment between values, attitudes, behaviors on one hand, and the system on the other.

    Person – oriented skills include behaviors that promote collaborative interaction among organization members, establish a supportive social climate, and promote management practices that ensure equitable treatment of organization members. It is supposed that who are effective at person – orientation is characterized by a strong concern for human relations. Furthermore, the person -oriented behaviors are focused on managing trust in the subordinates and

provide a respectful and supportive environment. Effectiveness at task-oriented and person-oriented behaviors requires different but related sets of competencies. Effectiveness at task-oriented behaviors hinges on the ability to clarify task requirements and structure tasks around an organization's mission and objectives (Bass, 1990). Effectiveness at person-oriented behaviors, on the other hand, relies on the ability to show consideration for others as well as to take into account one's own and others' emotions (Gerstner & Day, 1997; Graen & Uhl-Bien, 1995; Seltzer & Bass, 1990).

Managers might be effective at both task-oriented and person-oriented leadership behaviors, or they might be effective at only one or the other, or perhaps at neither. Such variation in leadership behaviors has implications for organizational change implementation. More specifically, depending on their mix of leadership competencies, leaders might differentially emphasize the activities involved in organizational change implementation. The list of behaviors taken into account for defining the orientation are summarized in Table 3.3

ORIENTATION	LIST OF BEHAVIORS
PERSON – ORIENTED BEHAVIORS	I considered how my feelings affect others
	I could read others people's feelings quite well
	I engaged in an ongoing process of self – reflection
	I analyzed my mistakes in order to learn from them
	I give my full attention when talking to people
	I made sure people feel at ease with me
	I worked to generate trust among your people
	I got people to open up by talking freely about myself

TASK – ORIENTED BEHAVIORS	I set clear performance standards and goals
	I made people accountable for their commitments and deadlines
	I worked to develop organizational systems that reflect corporate values, attitudes and behaviors
	I was actively involved in designing management systems to facilitate effective behavior
	I developed corporate values that serve to unite people in the organization

Table 3.3 - List of behaviors to identify task or person orientation

- ▪ **DISTRIBUTION OF LEADERSHIP**:

  During the several phases, Leadership could be distributed between different actors in order to be more effective. The configurations of this Distribution (if present) could be different from case to case and assume dissimilar forms, in order to achieve different objectives. The categorization of DL taken in consideration will follow the framework of Gronn (2002) for the "How" (which configuration the DL assumes), the framework of MachBeath (2004) for the "Why" (the different objectives that brings to the need of distributing leadership) and the framework of Miles and Watskin (2007) for the "What" (on which field/areas/task the Leadership is distributed). The Table 3. 4 summarizes the different categorizations.

| HOW | Three forms of engagement:
• *Spontaneous collaboration*: where groups of individuals with differing skills, knowledge and/or capabilities come together to complete a particular task/ project and then disband

• *Intuitive working relations*: where two or more individuals develop close working relations over time until 'leadership is manifest in the shared role space encompassed by their relationship'

• *Institutionalized practice*: where enduring organizational structures (e.g. committees and teams) are put in place to facilitate collaboration between individuals |

WHY	Different forms of distribution • ***Formal distribution***: where leadership is intentionally delegated or devolved • ***Pragmatic distribution***: where leadership roles and responsibilities are negotiated and divided between different actors • ***Strategic distribution***: where new people, with particular skills, knowledge and/or access to resources, are brought in to meet a particular leadership need • ***Incremental distribution***: where people acquire leadership responsibilities progressively as they gain experience • ***Opportunistic distribution***: where people willingly take on additional responsibilities over and above those typically required for their job in a relatively ad hoc manner • ***Cultural distribution***: where leadership is naturally assumed by members of an organization/group and shared organically between individuals
WHAT	Four type of **complementarities** has been identified: • TASK COMPLEMENTARITY • EXPERTISE COMPLEMENTARITY • COGNITIVE COMPLEMENTARITY (processing information) • ROLE COMPLEMENTARITY (bad cop VS good cop)

Table 3. 4 - The How, Why, What of DL

Turnaround

The turnaround will be defined by two main dimensions:

- The **different phases** of the turnaround. The literature has tried to identify the paradigmatic phases of a successful turnaround (Greiner et al., 2003), but the framework aim of this thesis will not propose any pre-configured succession of steps. A proposal for the timeline of a turnaround will arise from the analysis of the real case.

- The **different drivers** of the turnaround; each phase will be characterized by one or more prevalent driver, based on the activities implemented in that phase. The drivers are:

  o Communication, which refers to activities leaders undertake to make the case for change, to share their vision of the need for change with followers;.

- o Mobilization, which refers to actions leaders undertake to gain co-workers' support for and acceptance of the enactment of new work routines
- o Evaluation, refers to measures leaders employ to monitor and assess the impact of implementation efforts and institutionalize changes.

Transformational Leadership And Turnaround

To analyze the relationship between managers' leadership competencies and the likelihood that they will emphasize the different activities involved in planned organizational change, the Hypothesis of Battilana and her colleagues will be taken as a model of interaction between Change Implementation and Transformational Style. This work will use this model to study the particular change process of turnaround. The hypothesis are capture in the Table 3.4 , in green the hypothesis supported by the results.

	PERSON ORIENTATION	TASK ORIENTATION
COMMUNICATION	HYPOTHESIS 1A: Leaders who are more effective at person-oriented behaviors are more likely than other leaders to focus on the activities associated with communicating the need for change	HYPOTHESIS 1B: Leaders who are more effective at task-oriented behaviors are less likely than other leaders to focus on the activities associated with communicating the need for change
MOBILIZATION	HYPOTHESIS 2A: Leaders who are more effective at person-oriented behaviors are more likely than other leaders to focus on the activities associated with mobilizing organization members	HYPOTHESIS 2B: Leaders who are more effective at task-oriented behaviors are more likely than other leaders to focus on the activities associated with mobilizing organization members
EVALUATION	HYPOTHESIS 3A: Leaders who are more effective at person-oriented behaviors are less likely than other leaders to focus on the activities associated with evaluating change project implementation	HYPOTHESIS 3B: Leaders who are more effective at task-oriented behaviors are more likely than other leaders to focus on the activities associated with evaluating change project implementation

Table 3.5 - Hypothesis of the Battilana et al.'s study (2010)

Leaders who are effective at task-oriented behaviors are organizational architects (Bass, 1985, 1990). Rather than communicating the need for change, task-oriented leaders are likely to concentrate their energies on developing the procedures, processes and systems required to implement planned organizational change. Because they are alsomore likely to keep their distance, psychologically, from their followers, task-oriented leaders may be less inclined to put emphasis on communicating activities (Blau & Scott, 1962). Mobilization implies redesigning existing organizational processes and systems in order to push all organization members to adopt the change (Kotter, 1995). For example, if a leader wants to implement a new system of quality control but does not change the reward system accordingly, organization members will have little incentive to adopt the new system. Redesigning existing organizational processes and systems so as to facilitate coalition building requires task-oriented skills.

Leaders who are effective at task-oriented behaviors are skilled in designing organizational processes and systems that induce people to adopt new work patterns (Bass, 1990). Their focus on getting tasks done leads them to identify the different stakeholders who need to be involved in the tasks associated with the change effort and build systems that facilitate their involvement. Because they focus on structure, systems, and procedures, task-oriented leaders are more likely to be aware of the need to put in place systems that facilitate people's rallying behind new objectives. As skilled architects, they are also more likely to know how to redesign existing organizational processes and systems so as to facilitate coalition building. Task-oriented leaders tend naturally to focus on tasks that must be performed to achieve the targeted performance improvements (Bass, 1990). Their attention to structure and performance objectives attunes them to the attainment of these objectives. They are both aware of the need to analyze goals and achievements and comfortable with the need to refine processes following evaluation.

Finally, interaction between the two leadership competencies for each phases have been tested. It appears that effectiveness in Task and Person-oriented behaviors has independent effects on the emphasis put on the communication activities, while the interaction terms are significant on both mobilization and evaluation, indicating that the competency in one dimension has an influence on how the other dimension is associated with the degree of emphasis put on each of these two sets of activities. Both of these interaction terms (that is, on mobilization and evaluation) are significant and positive.

In conclusion, this finding suggests that treating Organizational Change as a generic phenomenon might mask important idiosyncrasies associated both with the different activities involved in the change implementation process and with the unique functions that leadership competencies might play in the execution of these activities.

3.3.2 THE FRAMEWORK

The Figure 3.2 shows the framework proposed by this Thesis.

TURNAROUND

DRIVERS
- Communication
- Mobilization
- Evaluation

PHASES

PHASE A   Activities

TRANSFORMATIONAL LEADERSHIP STYLE

- Task/people orientation
- Distribution of Leadership

PHASE B   Activities

PHASE C   Activities

....

RESULTS
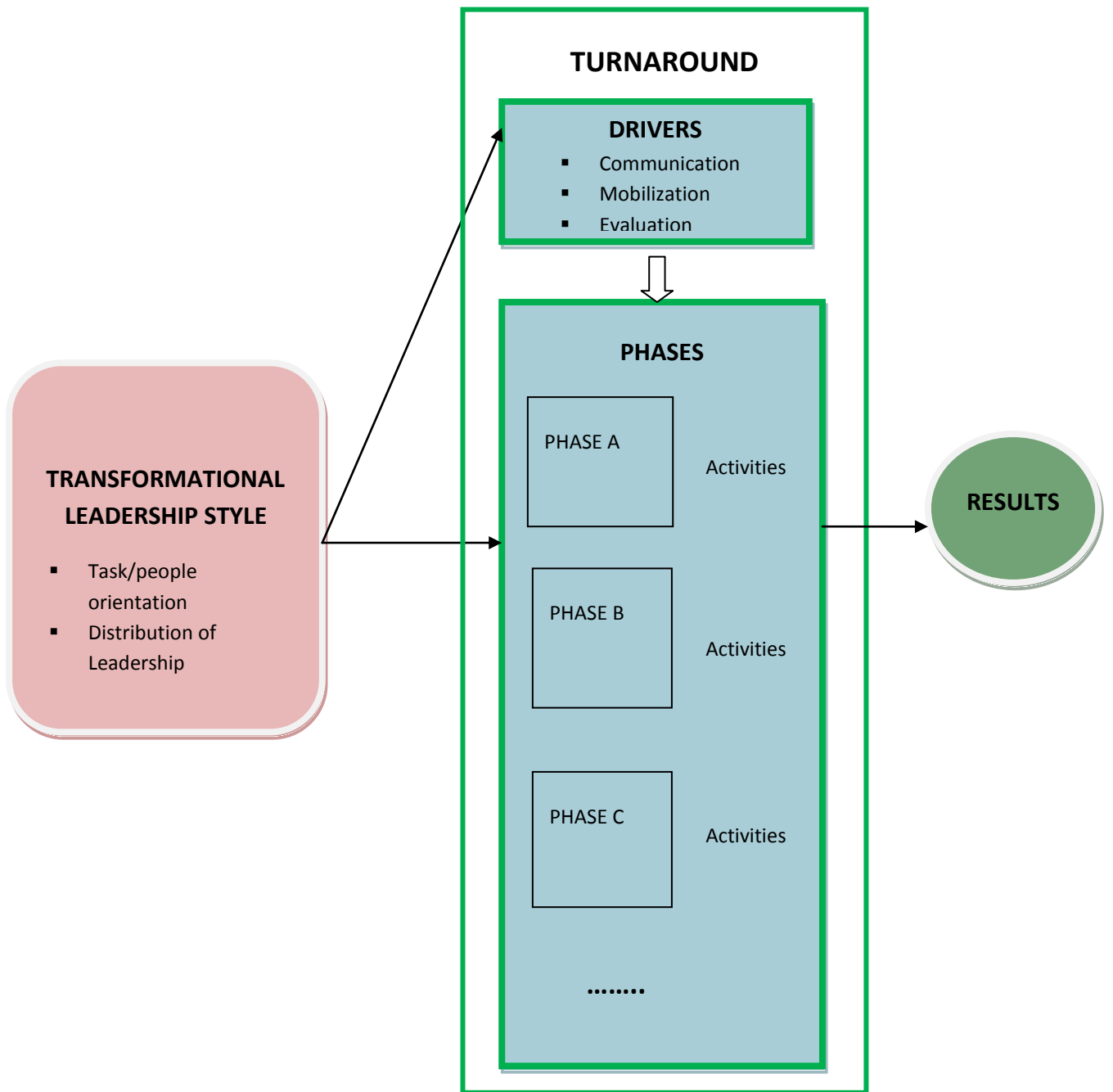
Figure 3.2 The framework

This clear framework shows the supposed link between the Transformational Leadership style and the several phases of a Turnaround. The variables that characterize the Leadership Styles are:

- The Task/Person Orientation (Bass, Battilana et al.);
- The Distribution of Leadership (Gronn, Machbeath, Miles and Watskin);

The variables that instead characterized the different phases of the Turnaround are:

- The phases of the Turnaround;
- The activities to make real the implementation;
- The drivers in which the activities can be classified - Communication, Evaluation, Mobilization (Battilana).

3.3.3 THE RESEARCH QUESTIONS

At this point, the main research question that emerges is:

"TO WHAT EXTENT DIFFERENT TL STYLES ARE REQUIRED AT DIFFERENT PHASES OF A TURNAROUND IN ORDER TO ACHIEVE SUCCESSFUL RESULTS?". Particularly, several other sub – questions can be drawn, looking in depth at the different arrows and variables of the framework:

- To what extent Task and Person Orientations affect the transformational style regarding the different phases;
- To what extent a certain orientation brings to prefer a certain driver;
- To what extent Distribution of Leadership is suited in leading some of all the phases of a turnaround ;
- To what extent different phases of a Turnaround affect the results of the change implementation;

The objective of this thesis is to explore this research questions.

3.4 CONCLUSIONS

Based upon the theoretical basis of the first two Chapters and the empirical studies emerged from the literature about TL and Organizational Change, a framework has been built to analyze the impact of Transformational Style on the different phases of a Turnaround and on the outcomes.

The following Chapter will present a real exploratory case study, which will be used as a paradigmatic example to try to answer to these questions, test the framework and foster future confirmatory research.

CHAPTER FOUR

RESULTS

In this Chapter the case used to analyze the framework, the results and their exploration will be presented. Before starting to describe the real case that has been studied to apply the concepts emerging from literature, a brief introduction will explain the research methodology that has been adopted, and the research tools used to carry out the investigation will be shown. Then the case will be presented: the real experience of Dr. Massimo Brunelli, who implemented a significant organizational turnaround in an Italian textile firm located in Como, that was facing a serious crisis.

So the outline of this chapter will be the following:

    4.1 Methodology: an exploratory case study

    4.2 Interview protocol

    4.3 Context of the Case

    4.4 Leading the Company turnaround

    4.5 Conclusions

4.1   METHODOLOGY: AN EXPLORATORY CASE STUDY

 As for the fact that the objective of this research is to produce scientific knowledge and find research question to be explored, this is an exploratory research. Particularly, this is an exploratory case study, carried out with a collaboration with Dr. Brunelli, who told his recent experience about managing a Turnaround in a textile Italian firm located in Como, in order to find out research propositions that inspire future confirmatory research.

A case study is an empirical research that investigates a phenomenon in depth and within its real – life context. It's a methodology particularly appropriate to cope with the situation in which there are many more variables of interest than data points. The

sources of evidence on which this study relies are multiple. Generally, there are three objectives for case study:

- Descriptive, when the aim is to convincing that a phenomenon is relevant;
- Explanatory, when the aim is to understand why a phenomenon takes place;
- Exploratory, when the aim is to understand how a phenomenon takes place;

The objective of the study of this thesis is the third.

Researchers explore when they have little or no scientific knowledge about the process, activity or situation they want to examine but nevertheless have reason to believe it contains elements worth discovering (Stebbins, 2001). Both quantitative and qualitative methods can be used in an exploratory research. This study is based on a qualitative method, that is the case study. The figure 4.1 shows the process.

Little Known Phenomenon   Partially Known Phenomenon   Better – Known
Phenomenon

| EXPLORATION –
DESCRIPTION | → | EXPLORATION –
GENERIC CONCEPTION
(induction) | → | PREDICITION – MODEL
BUILDING |
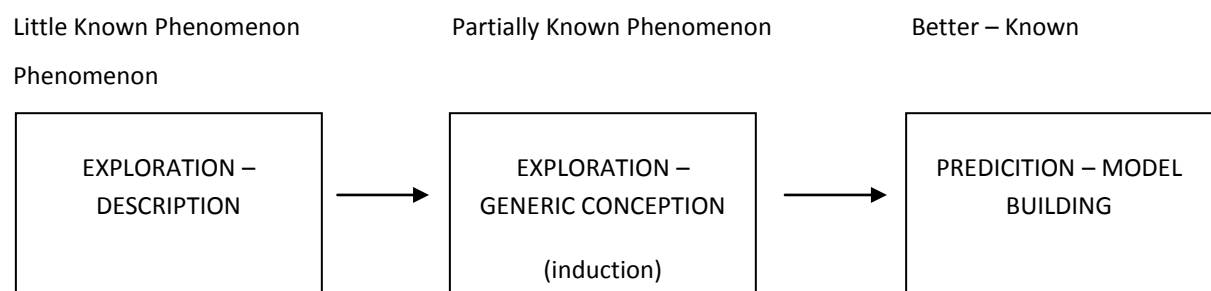
Figure 4.1 - The qualitative exploratory research process (Stebbins, 2001)

As the process is better understood, the field of research moves to the right across.

The agenda of such an exploratory research is the following:

1. Firstly, drawing on selected aspects of general theory (literature - based analytical synthesis);
2. Secondly, elaborating new central concepts (new framework)
3. Thirdly, directly observing about the process/activity (Testing the framework in the real case through a questionnaire);
4. Finally, drawing results and conclusions.

In particular, the research questions drawn out from the exploratory case study analyzed in this work are about the link between the Transformational Leadership Style and the

several phases of a turnaround: to which extent different transformational behaviors are required at different phases of a turnaround?

The reliability of a study based on a single case is not invalidated, if the case is paradigmatic and particularly suitable for illuminating a phenomenon and for extending relationships and logic among variables. A single – case research typically exploits opportunities to explore a significant phenomenon under rare or extreme circumstances. The case analyzed for this research is paradigmatic indeed. The reasons for this assumption will be better understood when presenting the case in details.

The sources of data collected are interviews, internal official documents and historical records. The most significant contribution are the three in depth interviews[1] with Dr. Massimo Brunelli, the CEO who has been hired by the firm in order to implement a significant organizational turnaround, to ask about his experience. The protocol interview has been built upon theoretical bases emerged from literature review and will be better explained in the next paragraph.

Finally, it has to be said that case study allows for analytical generalization, not statistical generalization. The results from case study cannot be generalized to any populations of firms, but they are used to build new understanding/clarifications regarding the phenomenon of interest, that need to be tested in future confirmatory research. The results are aimed to be research propositions that inspire future confirmatory research, that is exactly the purpose of this research.

4.2 INTERVIEW PROTOCOL

The questionnaire used during the interview was aimed to explore in-depth the turnaround from the point of view of each phase. This purpose was realized with a table: the lines presented the questions for the analysis, the columns presented the

---

[1] The three interviews have been done in 2009, 2010 and 2012. So the picture of the change process has been captured both during the implementation and at the end of it.

phases in which the turnaround could be split up. To be more precise about this, the questionnaire had two main sections, represented by two different tables. The first one was aimed to explore the "What" of the case and presented a set of questions about the context:

- Some descriptive questions about the key activities and processes, the key actors involved and the results;
- Some literature based questions about the drivers in which categorize the activities (Battilana et al. 2010) and the barriers faced during the implementation of change (Daft, 2010; Pasmore, 2011).

The second table was about the "How" of the case, asking literature based questions to explore the leadership style adopted in the implementation of the Turnaround.
In particular, the questions were about:

- The most frequent behaviors adopted in order to reach a successful implementation; a list of behaviors was asked to explore the effectiveness at Person-oriented behaviors and Task-oriented behaviors. The set of questions was similar to the format used by Battilana et al. (2010), in order to analyze to which extent the manager "engages in an ongoing process of self-reflection, and is both self monitoring and self regulating" and to which extent he "makes people accountable and holds them to commitments and deadlines" (Kets de Vries, 2002);
- The critical success factors of leadership;
- The allied actors in the decision making;

The tables were fulfilled during face-to-face interviews with the CEO and then the final results were validated by confirmation of the interviewee. The data were then triangulated with the historical data and recordings available from the archive of the research group from Politecnico, who has collaborated with the firm and the CEO in question during the last five years. Now the case will be illustrated in-depth.

4.3 CONTEXT OF THE CASE

Before illustrating the real case, a picture of the context will be provided, describing the Como textile district which the firm belong to and the background of the company.

4.3.1 HISTORY OF THE DISTRICT

The Como textile district is located in the Northern Italy at the border with Switzerland. It was fertile ground for the industrial revolution developments, beginning in the second half of the nineteenth century. The district was officially recognized only in 1993, but its origins date back to the sixteenth century, when artisans started diversifying their wool production. Craftsmen covered the whole supply chain, from the breeding of silkworms to the pulling and twisting of the silk threads. The plethora of water streams in the districts provided the energy necessary to run the first steam-powered machines that were appearing in the many small shops. Later on, the first industrial entrepreneurs, with their factories, lead the Como district to produce, just before World War I, 85% of the national silk production, which, in turn, considered one of the main items of national Italian exports.

The crisis between the two wars and later the rising competition – of both international players and development of new fabrics, such as nylon and polyester – changed the nature of the district: focus shifted from the retail of fabrics to the making of clothing, and employment decreased due to the specialization of roles. Creative designs, product quality and productivity trough process technology have since been the drivers of the district's success. Such technologies constituted the main field of innovation in the sector. New conglomerates that followed acquisition growth strategy (such as Louis Vuitton or Prada) began to increase their presence and drive competition in the district.

4.3.2 THE DISTRICT TODAY

Nowadays, the Como district includes 27 municipalities around the city. There are approximately 1.755 local firms which are specialized in the transformation of silk and artificial textile yarns into fabrics and in packaging for clothing, involving about 19.000 workers. The district employs about the 33% of manufacturing manpower of the whole area (the national percentage allocated in the fashion industry is 14%), so it is clear how important the textile and the fashion industry in Como. The district is dominated by small companies with low turnover, generally specialized on a single phase of the transformation process of silk or of the many weave yarns in fabrics and confection for clothing and furnishing; moreover, there is also a huge number of commercial enterprises (named converter) that have an important role in coordinating the various stages of production. Approximately one third of the revenues is generated by packaging and clothing (with a workforce of 15% of total), the remaining part is due to the processing of yarns and fabrics (85% of the workforce). As for the workforce, larger firms (around 1% of the total) employ just over the 20% of the total, whereas smaller firms (less than 50 employees) employ about 55% of total workforce and represent 95% of the district. In particular, micro-enterprises (less than 10 employees) account for 75% of the total and occupy just over 16% of the workforce.

The composition of the district in terms of grade of vertical integration is widely heterogeneous and it is possible to classify all the textile firms of the district in four categories:
- medium-large companies diversified and vertically integrated;
- small size contractors characterized by high specialization and focus on specific phases of the treatment;
- integrated mono-business companies;
- converters, that focus on the commercial function and have a relevant role in coordinating the different phases of the production and in maintaining the contacts with the market.

The drivers of the district's success have always been the product quality, the flexibility to adapt to changing customers' needs, the productivity through process technology,

the adoption of innovative fibers to renew the production, the high level of service (in terms of execution and delivery as well as in the customization of productions) and creative designs.

The high level of quality included in products is partially due to the fact that the configuration of districts, characterized by geographically concentration and closeness, make it possible an on-going flows of competencies that allows to develop a know-how with specific high qualitative contents, hard to emulate from the outside. This knowledge is continuously gathered and maintained both in firms and in several different research and formation centers, such as:

- The Silk factory
- The art school of Cantù
- The Experimental Silk Station
- Association "Il Tessile in Como"
- Organizations protecting territorial industrial culture (Ratti Foundation).

Finally, it should be emphasized that today the textile industry is going through a period of great restructuring because of the crisis. In 2009, the data of the Chamber of Commerce of Como indicate how the impact of the crisis has been disruptive on the structural parameters of the textile district, especially in terms of lost employees (about 1000 employees). 2010 and 2011 didn't register a relevant improvement of the number of employees. From the economic point of view, the crisis, the worst in intensity in the recent history, has caused a sharp fall in turnover (about 25.3% in 2009), and this has deprived the district of all the ground gained in the previous expansion. From the nominal point of view, in 2009 sales were 20% lower than the minimum registered in 2003. In order to overcame the crisis and return to compete, companies of the district need to carry out interventions (more or less radical) on innovation and rationalization. They started to implement this interventions, and the outcomes were positive: in 2011 sales were 6,9 % higher than 2010. However, these positive results didn't manage to recover the consistent downturn of the previous three years. The "new" goal seems to be to continue offering the best high-end textile products (in terms of quality, style,

service), but at prices that, differently from the past, can no longer be "too" out of line with the new Asian benchmarks.

4.3.3 BACKGROUND OF THE COMPANY

Localized in the Como textile district, Soft Silk was founded in 1902. Nowadays, the headquarter of the company is placed in the Como town center, in a magnificent location within the roman walls of the city. Since its foundation, the company has operated within the textile and fashion industry, growing into one of the market leaders of silk fabrics, accessories (i.e., scarves, ties) design and manufacturing and gaining the reputation as a producer of creative designs and quality products. The corporate presence is not actually strictly rooted only in the native country, but it has been expanded thought the US, French and Chinese markets. Particularly, the company covers the premium market segment of silk products and includes within his clients the most famous players in the fashion industry.

The company has always been a privately held and family owned company that had been managed by a family member. Since his establishment, three generations of the Soft Silk family have led the company, and a fourth is now part of the company's management team. The organizational structure has changed deeply among the decades from the seventies to nowadays in a continuous process of adaptation due to the evolution of the external context and management orientations. In the seventies, Soft Silk was structured in a traditional function-based design, while in the nineties a restructuration leaded to the adoption of a geographically-based design. In recent years, due to the globalization, especially the increasing challenges in the Chinese operations, coupled with the current economic crisis, even more drastic changes characterized the Como textile district in general and Soft Silk in specific. The fact that the end of the 2000 fiscal year recorded the first significant net financial losses in the company history - to the sum of 3 million Euros - is symptomatic. Furthermore, since the nineties the number of employees has been reduced of the 39% - from 1200 down to the 732 of December 2006 - as a consequence of the changing in business financial situation and context. By

the end of 2006, the company was organized as a modified function-based design, in which the sales division was not focused on specific clients and businesses, but was organized by the geography of the three markets served, namely Italian, French and EU-Asian. This configuration had a double-faceted limit: on one hand, sales organization had limited knowledge of design and manufacturing capacity; on the other hand, design and manufacturing units had very limited and indirect interactions with the clients. Additionally, the overall efficiency of the company was inadequate to face the external pressures.
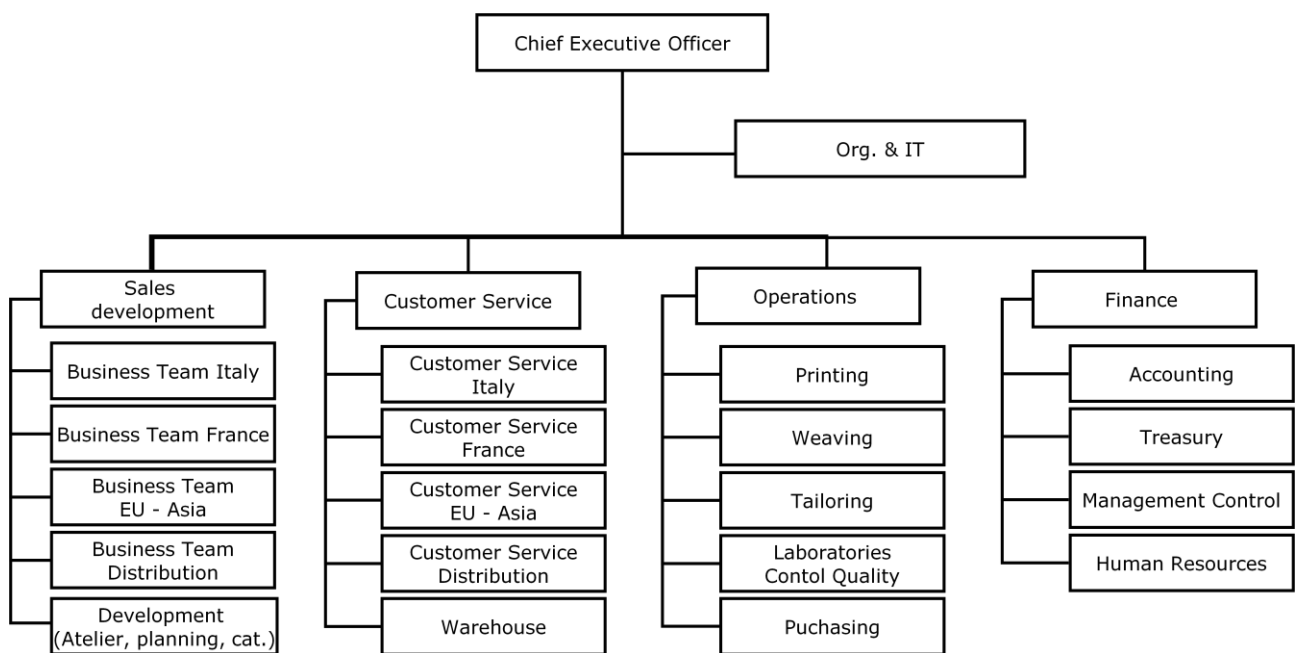
Figure 4.2 - Organizational chart of Soft Silk in 2006

As well as the scenario was turning worst and worst, a dramatically change was required. In this sense, the 2006 deals with a milestone in the history of the company, with the hiring by the board of the company of an outsider executive to be the CEO. The designed person was Dr. Massimo Brunelli. That's the moment at which the challenge of leading a turnaround started for him. The next paragraph the intervention of Dr. Brunelli will be told in details.

4.4 LEADING THE COMPANY TURNAROUND

2006, December 4th: the day when Dr. Massimo Brunelli's journey began. He had just joined the company as the first outsider Chief Executive Officer. Several different challenges was immediately clear to him: how to turn around ten years of losses, how to develop knowledge depth of products, material, managing creative people, designing and managing the creative process and the manufacturing process. Massimo realized that for the company to survive, the management team must tackle the challenges on multiple fronts and, in all likelihood, simultaneously and within a relatively short timeframe. First, it would be critical to get a handle on the financial situation and come up with a recovery plan (both short term and long term) that would include a buy in from all the relevant constituencies. Second, it would be necessary to revisit the company vision and mission, revise them and align the organization design and management systems with the mission. Third, he would need to become familiar with and transform the company culture while at the same time protect and even enhance the creativity process and output, firm's competitive edge.

The aim of this paragraph is to show his intervention and his structure will mainly follow the structure of the interview protocol. Firstly, the "What" (the context) will be analyzed, in order to explain the different phases of his intervention, the key activities and processes, the key actors involved and the barriers faced during the implementation of the radical organizational change. Secondly, the "How" (the Leadership style adopted) will be shown, explaining the most frequent behaviors in terms of task/people orientation, the Critical Success Factors of an efficient leadership and the key allied actors in the process of decision making.

4.4.1 THE WHAT

Now the different phases of the turnaround process will be illustrated in depth, explaining the activities, the actors involved and the barriers during the organizational change implementation.

THE PHASES

In retrospect, the period during which Dr. Brunelli implemented the organizational turnaround could be split up in six different phases.

1.   STOP THE BLEEDING

The first phase was the one aimed to recover the financial urgency, and it took place from December 2006 to March 2007. During his first day on the job, Dr. Brunelli met with the CFO and realized that the company had two months of cash available. The company had no money to pay the suppliers and its current cash provided for two to three more months of wages for employees. The perception of the emergency within the company was very low, nobody had a sense of the coming financial crash, let alone a sense of urgency in dealing with it. Dr. Brunelli believed that an agreement with the Union on the required changes and the beginning of a dialogue with the banks around the development of a recovery plan were critical. He literally shocked the company with his hard decisions. The first goal Massimo had to face was to achieve the financial survival of the company. The financial state of the company required drastic measures. The challenge was how to stop the bleeding and at the same time preserve the company core. Cash and cost cutting became the real drivers of management decisions in the first months of Massimo's tenure. In the discussion with the Union leadership, Massimo's message was simple:

"If you trust me, I will fix the company, yet I cannot do it without you. I would like you to help in the process such that we can save the company together. I am here to stay and risk my career because I believe in the potential and deeply rooted tradition of this company."

Union leaders understood the gravity of the situation and knew that additional unrest would likely result in major damage from which the company may not be able to recover. The message to the banks' CEOs was the same, with one additional request

"I need you to avoid the financial collapse of the company and grant me a grace period for my financial obligations to you such that I can embark on the development of a financial recovery plan. Otherwise in less than two months I'll have to take the books to the tribunal (the Italian jargon for filing for bankruptcy)"

The long term debt was renegotiated with the lenders and its repayment rescheduled.

Communication was fundamental during this early phase: during the month of December 2006, he met with most of the employees, one-on-one with most managers, and had group meetings with individuals that were part of the different areas, such as sales, designers, men and women units, license unit, and those in the weaving and printing mills. Following the dialogue at the different levels and units of the organization, a new vision and structure were crafted by the top management team. Communication was viewed as critical to the transformation process and the establishment of a professional culture. A number of communication mechanisms were institutionalized. Once a quarter, a communication forum would be convened by Massimo, to meet with a group of 50 people coming from all across the organization. During the meeting, Massimo would have shared company and units' results, goals, and key emerging issues and individuals are invited to share their interpretations, views, and insights. The executive management team was expected to lead similar sessions and discussions with their units. Performance data needed to be distributed, discussed, and interpreted quarterly in different management forums, while daily sales data would have been made public and available to all employees. According to Massimo

"Communication is a crucial element of leadership and its practice by managers at different levels is essential in leading company transformation."

In this first phase Dr. Brunelli immediately experimented the most rooted hindrance of the company: cultural inertia and people's resistance to change the way of doing and

seeing things. After this first intervention, the financial urgency was resolved. At this point he had to start building the long-term sustainability.

2. ACHIEVE FINANCIAL SECURITY

The second phase started in March 2007 and last till the end of the year. After joining the company and analyzing the situation from the inside, Dr. Brunelli realized that the problems the firm was facing could be ascribed to two main causes:

- The market and textile business economical bad time
- A bad management through the latest years

Thus, several other key actions was needed to be taken with the purpose of reaching a new long term sustainability for the firm. The workforce was reduced and by mid February 2007 (two and one half months after Massimo's arrival), the company was downsized from 700 to 550 employees, half of whom were in the four "converter" divisions and the rest in the production divisions. The money losing product lines were closed, G&A expenses, capital expenditure and inventory were drastically reduced. A major disposal plan of non operating assets was implemented. At this time, Dr. Brunelli realized that a new financial discipline had to be introduced within the company. So he tried to convey a message to the management :

"Everything you do must have a financial pay-back".

It was a shock in terms of culture.

The financial discipline was realized with two main interventions:
a) Management tools to support the restructuring and recovery process.
   They were based on in a monthly **reporting process** and the implementation of **divisional accounting procedure**. Management were held accountable based on performance data. The executive team for the first time had a clear understanding of where the company was making or losing money. Furthermore, a **new information system** was implemented to support the reengineering of the

company and, particularly, its drive for reducing the cost of its non quality. The outcome was an increased operating profitability, in spite of declining revenues, an increased revenue per head and, an improved debt to equity ratio. Some of the proceeds from the assets disposal were invested to upgrade plants machinery and the management information system.

b) **Building a new management team**. Internally, a new management team was established that bought into the new vision and the importance of the development of a professional management culture. Most of the top management team (with one exception) was replaced by new managers that were promoted from the inside. 'Leading by example as professional managers' became the mantra. A group of young talented managers were hired from the outside, making the effort to build on them. This was very hard in terms of amount of work for training and risk, but it was necessary to bring new ideas, point of views and ways to reshape the picture of the market environment that the firms had (and the picture of the firm itself). The concept of accountability was carried on: you are responsible of what you do and you are supposed to achieve results. The focus shifted to performance indicators such as quality measures, reliability measures, budget planning and management, developing people and enhancing creativity. Performance and professionalism became key criteria for managerial success, promotion and retention. Managers were expected to create a professional culture in their own units by sharing information, communication, involvement, and creating high performance teams. Massimo believed that

"… if we change the way we work -- by becoming more professional, more scientific, and more rigorous -- we can change dramatically''

Managerial practice must be embedded in data that is collected regularly in a scientific and rigorous way, interpreted and acted upon. As work units began to collect, share and interpret data, the degree of professionalism increased. This drive also led to two more tangible major results: The company became more cost effective, and the company increased its competitiveness.

The most critical barrier faced by Dr. Brunelli during this phase was the lack of tools. The reporting and managerial system was not design at all when he joined the company. In this phase Dr. Brunelli put emphasis on the communication, with the purpose of conveying the sense of the emergency. He spent a lot of time explaining the reasons of his decisions and justifying them. The message was "we know what we are doing!"

3. BUILDING A STRATEGY

The third phase took place from the beginning of 2008 to the beginning of 2009. The main hindrance was the cultural inertia of the company. It was clear to Brunelli that, at that moment, the most critical remaining problem was that the company was lacking of a competitive approach: the attitude was "Let's try to do products very well", but no attention to the profit and competitiveness was given. The company vision and mission in December 2006 stated:

"Weaving emotions. Soft Silk pursues a role of leadership in the silk industry and related value added services"

The mission was beautifully drafted, but was not business oriented. The mission was interpreted by many in the company to suggest that their jobs were to craft works of art and not necessarily to make products to be sold at a profit. The message that had to be provided was clear: Emotions don't pay the mortgage, we are in the business of making money, not only crafting art or poetry.

The concept of "value chain" was introduced. "Every part of the chain must add value to the product". The challenge was to reshape the view of the company and to build a new competitive strategy. So three main issues were emphasized:

- Price competitiveness, carried out with the reduction of costs
- Quality of the service offered
- A better product offer, in terms of wider variety and faster refresh of the catalogues

To realize the third point, special people were needed: they had to be fast and, most of all, they had to be creative. Thus, enhancing creativity was viewed by Brunelli as a key

element in the company's transformation. Creativity was one of the anchors that led to the success of the company over the century. As such, product design and development units were established within each of the four divisions. Having the product design and development capability within each division allowed for closer proximity to the customer which, in turn, enhanced creative solutions. A new VP for the Product Design and Development position was created to lead, coordinate, and enhance the overall emphasis on creativity. Last, the company launched a collaborative research project with researchers from the Politecnico di Milano to study the phenomenon of collective creativity and to experiment with alternative ways of designing learning mechanisms that can enhance or trigger collective creativity.

Significant results began to show in this phase. The word about Soft Silk's transformation began to take hold in the industry. The company was able to attract new talent, old customers began to increase their orders and, old customers that dropped the company began to discuss opening new accounts. Customers knew about the transformation effort and as a result sales began to increase overall. In 2009 the company had positive profits after nine years of losses.

4. DEVELOPING THE VISION

At this point the attention had to be focused to develop a shared vision for all the different level of the company, gathering the different culture and subcultures at the different units. All the 2009 has been dedicated to the implementation of this intervention.

It has to be said that a company culture and subculture reflect the common experiences of organizational members within their working units. Company culture arises through shared experiences of successes and failures. At the most generic level, company vision, mission, strategy and structure set the context for human experiences that lead to the emergence of units' subcultures and company culture. At Soft Silk the following cultural features were identified: the geography-based design of the sales force and the way the

company was organized created a context in which personal accountability for product design and delivery was lacking. The assumptions that emerged in the sales organization included, amongst others, that the success of the company depends on their ability to bring in sale contracts. It was up to others in the company to design, manufacturing and delivery to supply the product according to the specification of the contract. If the product was not delivered within the expected specifications, quality or timeframe, it was not the sales organization responsibility. The assumptions that emerged in the product design organization included that, the success of the company is based on the continuous demonstrated ability to design and develop creative products, that the creative process is a craft and thus can not be completed within unrealistic time frame. Conversely, the assumptions that were made by the manufacturing organization, included the notion that no one knows better than the people in the manufacturing organization their production capacity, that the sales organization has no clue about the complexity of the manufacturing process and many time, production schedule were set without any consultation with manufacturing people's input. The overall norm that emerged was the view that no one saw themselves as the responsible part. At the same time, employees of Soft Silk were proud to be a part of the company. Over 100 years of success resulted in what some would classified as arrogant behavior. Different variations of the comments, "we are Soft Silk, we are 100 years old", "we have created the most beautiful designs and products, and most people do not know and do not understand the beauty of our products" were common. The norm that emerged over the years focused more on the elegant designs and creative products, and less on finance or profit. Some even claimed that they are about creating a magnificent artifact regardless of cost or who would pay for its design and/or production. Furthermore, "if the client is not interested, regardless of its size and potential volume of sales, it is his loss". The organization's prevailing norm was of a passive attitude towards goals, clients, sales and results. "If things are not OK… this is life".. "if people are not performing or holding up to a commitment…. things eventually will work out"… "as long as I do my job, even if others do not, it is not my responsibility anymore".. "as long as I cc you (as my supervisor) on the email that I send, you are in the know, and it is not my responsibility".. "we always have done it this way, so why do it any differently?".. Last, since the company lost money in the previous eight years, people thought that losing money was "normal" and

the emerging common feeling was that "someone will pay the bill". It was clear that cultural inertia of the company was still very strong. Critical reflective summation of the culture suggested that four distinct subcultures emerged over time: The printing and weaving subculture, the sales organization subculture, the design or craftsmanship subculture and the administrative/management subculture. The subcultures, while distinctly different, seem to have lacked basic alignment.

Massimo set out to transform the culture by getting to know people by valuing their experience and knowledge, by building a professional leadership team, by fostering the notion of ownership, by facilitating accountability-based practice by every member of the organization, and by beginning a dialogue with their major clients about past, present experience and future opportunities.

5. RESTRUCTURING THE COMPANY

During 2010, the restructuration of the company took place. Now the task was to build an organizational structure that reflected the new business strategy. The 2006 company structure was driven by a sales organization that was geographically-based. The sales division would bring in orders to the design and manufacturing units and serve as the main contact with the customer, regardless of its size or versatility in terms of possible product interest. The prevailing view was that the company was a supplier of raw material to the big fashion companies. The sales organization had limited knowledge of design and/or manufacturing capacity or about the ability to deliver the ordered material in the requested timeframe. Design units and manufacturing units had very limited or no direct interactions with the clients.

In 2010, a hybrid of "convertor" and "holistic" (vertically integrated company) orientation was crafted. Four divisions – women, men, fashion & licensing – with all the resources to be "convertors" and two manufacturing divisions along with quality control and logistics – printing and weaving - were established in order to serve its clients best.

An additional administrative unit composed of human resources, information technology, finance and, purchasing and procurement was established to work in close collaboration and support of the four divisions:

- Women's Wear – fabrics and accessories for the luxury clients;
- Fashion – women's wear and beachwear fabrics for the fast fashion segment;
- Men's Wear – accessories (fabrics and finished products);
- License and Distributions – distribution of women and men's accessories made under license agreements.

The business divisions are responsible for their own sales, creation design and development, purchasing and sourcing. They source their products both internally (from the manufacturing divisions) and externally.
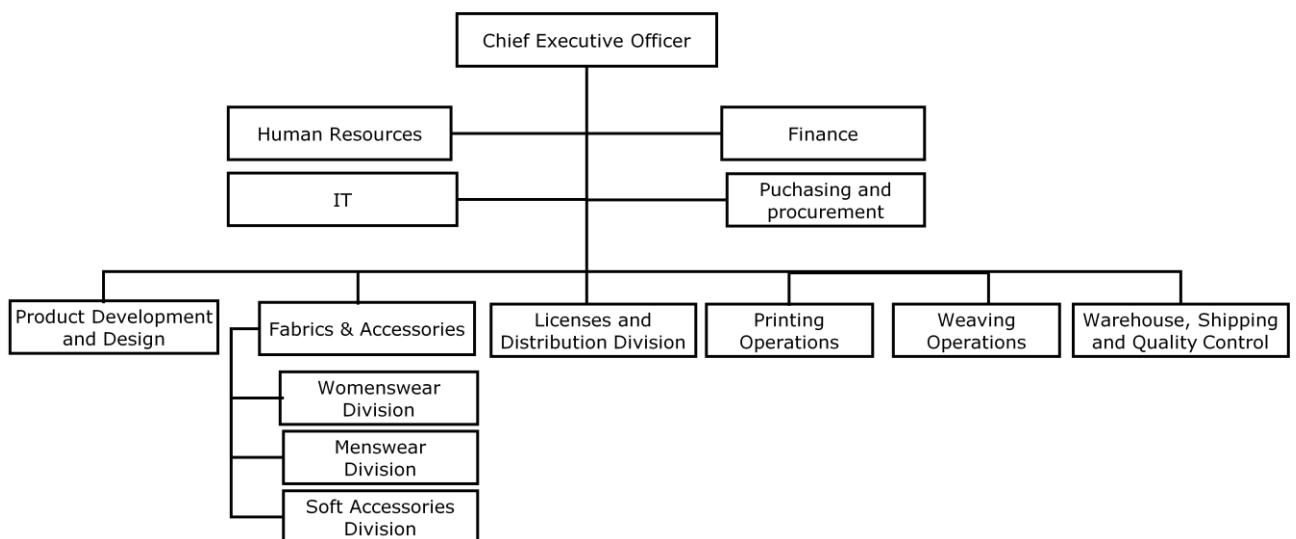
Figure 4.3 - Organizational chart of Soft Silk in 2010

The rationale for the changes made in the organization was twofold. First, the marketing orientation – product, and not geography, was the key variable for the sales efforts to be effective. Customers who buy both scarves/fabrics and ties have different buyers and purchasing decision makers whether they purchase the former or the latter, and the product and sales skills required to service the menswear and womenswear segments are different. One sales person cannot service both. There must be one taking care of menswear and another taking care of the women's wear sales. Second, management accountability - functional organizations and their heads were always in the position of

blaming someone else for their poor performance. Sales people were blaming designers or manufacturing, because they were not delivering products on time or to the customer satisfaction; manufacturing was blaming the commercial organization because they usually oversold – products not yet sufficiently tested or delivery dates that were practically unattainable. Conversely, under the new organization, division heads had control over the whole development, sourcing and sales process, and were free to choose their suppliers. The relationship between the various divisions entertained was at an arm's length: the products divisions were free to choose where to have their products manufactured; the manufacturing divisions were free to set their prices and to decide whether or not to take an order from the products divisions. Management had to convert to a "no excuse" culture and approach.

The structure of the "external governance" was also changed. The structure and composition of the *board of directors* changed from having four family members and three outsiders that were family friends to three outsiders with a variety of managerial expertise and knowledge depth of the industry. The new board became a proactive body that would both challenge the management team and provide a wide array of expertise to help support and guide the company. The *statutory audit committee* (linked to the Italian regulations that mandate for the so called "collegio sindacale"), composed of three individuals that by law must audit the company practices and reports (law and tax periodic assessments) periodically, was revitalized with new two highly skilled and knowledgeable members, one of whom is the head of the committee.

At this point, the transformational intervention of Brunelli could be considered accomplished. The September 2010 revised mission states:

"Soft Silk's mission is to grow with profit at the service of our customers. We endeavor to guarantee excellence and leadership in textiles and accessories thanks to the quality of our unique and innovative creations."

 The revised mission reflects and emphasizes the combined drive for both profitability and high quality service to clients. It also magnifies the commitment to continuous creativity, innovative design, and product quality. It has to be said that even during this phase, Dr. Brunelli had to work hard to overcome the cultural inertia of the company.

2011 was the last year of the collaboration of Dr. Brunelli with the firm. He left the company on October, and a member of the family who was a part of the company's executive team became the new CEO. He defined the last phase as "blossoming", in the sense that the time had come to see if the seeds of change and innovation (in terms of strategy, vision and structure) that he had planted during the four year transformation process would rooted and finally blossomed.

In this final phase the departing CEO empowered the top management team to take full ownership, with him stepping aside, and to make every effort to achieve the results that were driven by the transformation process. He pointed out the significant goals that the company had reached, but most of all he continued to highlight which were the objectives that Soft Silk still had to pursue. These objective concerned the maintaining and the improvement of the profitability, the investment to develop continuously the technology assets and the professional skills through all the company, the keeping to pursue the competitiveness in the market, facing the competitors in an effective manner and caring about the level of service perceived by the clients. Actually, he remarked which were the fundamental lessons that at that point the firm should had learnt to be capable to go on without Dr. Brunelli. That is to say, The time has come for the company to show if it has really changed the new way to picture the reality and to do business.

Even at the end of his journey, Massimo's strongest concern was about long lasting ability to overcome the cultural barriers and inertia of the company. An impassioned letter was written by him in which he also said goodbye.

"….It is a challenging match to be played, that forces us to change, saving the good learning of our experience but being brave to change our behaviors and professional orientation that are dated. Making changes, in life as at work, is a great challenge that must be overcome by all."

Has the company really learnt the new way of thinking and acting? Will the company manage to sustain the competitiveness and maintain the positive results in still hard economical downturn? It is to posterity to judge.

Now that the "what" has been analyzed from all the different dimensions, a table can be drawn to summarize the whole process in terms of phases, key activities, results, key actors involved and barriers.

	STOP THE BLEEDING	ACHIEVE FINANCIAL SECURITY	BUILDING A STRATEGY	DEVELOPING A VISION	RESTRUCTURING	BLOSSOMING
TIME	2006	2007	2008 - 2009	2009 – 2010	2010	2011
KEY ACTIVITIES PROCESSES	Communication with banks and unions Renegotiation of long term debt Cutting costs Closure of money losing product lines Institution of communication mechanisms	Reduction of workforce Reduction of CapEx, G&A, Inventory Reporting process and accounting procedure New information system New top management	Instilling the concept of COMPETITIVENESS Establishment of product designed and development units within each division Collaborative research with Politecnico di Milano to enhance creativity	Transforming the company culture Valuing people's experience and knowledge Dialogue with major clients to evaluate company performance	"Convertor" + "Holistic" and marketing orientation Additional administrative unit New board of directors New statutory committee	Empowerment Remarking of the results Enhancing the direction for the future
KEY ACTORS INVOLVED	Employees	Top management	Employees and top management	Employees and top management	Employees and top management	Employees and top management
RESULTS	Increasing of cash availability Avoiding of bankruptcy	Increasing efficiency of management Increasing of accountability of management	Attracting new talent Orders increased Positive profits	Having a shared vision through the whole company	Having an organizational structure that reflects the new business strategy	Giving back the leading role to the ownership
BARRIERS	Resistance of people	Lack of tools	Cultural inertia	Cultural inertia	Cultural inertia	Cultural inertia

Table 4.1 - The phases of the Turnaround of Soft Silk

4.4.2 THE HOW

Studying the "How" means analyzing the leadership style adopted in the different phases of the turnaround, with the aim to see the peculiar characteristics of the questioned leadership style that can be linked with the effective results in organizational change. As told at the beginning of this section, studying the How involves paying attention two main aspects:

- The most frequent behaviors, in order to map a Task or Person Orientation of the CEO;
- The Distribution of Leadership within the allied actors during the decision making process; in fact, during the different phases of the Turnaround, the CEO had to implement the decision making process in a shared manner with others important actors. These actors were mainly the Chairman of the Board and the Top Management.

Finally, an analysis of the Critical Success Factors for Leadership will be briefly explored.

1. STOP THE BLEEDING

The table 4.2 captures the key features of the "How" of this phase. (Double X indicates the behaviors adopted very frequently and the actors involved with a particular relevant role).

PERSON ORIENTATION	I could read others people's feelings quite well	X
	I give my full attention when talking to people	XX
	I worked to generate trust among your people	XX
TASK ORIENTATION	I set clear performance standards and goals	X
DISTRIBUTION OF LEADERSHIP	CEO	XX
	Chairman Of The Board	XX
	Top Management	X

Table 4.2 - The "how" of Stop the bleeding phase

During this phase, the predominant orientation was the **person oriented** one, as the main focus was to generate trust among the people of the company and communicate the urgency of the situation that wasn't perceived at all. A limited concern was given also to the task aspect, as in this phase the setting of clear standards and goals couldn't be avoid , because of the impeding real possibility of bankruptcy.

Concerning the Distribution of leadership, in this initial phase the key role was the one played by the CEO. The Chairman of the Board, that represented the ownership of the company, was the one who first noticed the need to change dramatically the firm and the one who "launched" the change for the organization, but the responsibility of actually doing it was on Massimo. The Top Management in this initial phase had a passive role: it adapted to the decision taken by Massimo and it implemented the activities needed, but it was not actively involved in the process. Thus, it can be said that the Distribution of Leadership in this first phase is relevant and its dimensions are:

- o HOW: Institutionalized practice, a new CEO is hired to enhance the change and to meet a particular leadership need
- o WHY: Formal/Strategic distribution, where leadership is intentionally delegated or devolved (the Ownership delegates the leadership to the new CEO)
- o WHAT: Role complemetarity (The Ownership and The CEO)

2. ACHIEVING FINANCIAL SECURITY, 3. BUILDING A STRATEGY, 4. DEVELOPING A VISION

These three phases will be analyzed together, because they are very similar in terms of "How". The table 4.3 captures the key features.

		PHASE 2	PHASE 3	PHASE 4
PERSON ORIENTATION	I consider how my feelings affect others		X	X
	I could read others people's feelings quite well	X	X	X
	I give my full attention when talking to people	XX	XX	XX
	I made sure people felt at ease with me		X	
	I worked to generate trust among your people	XX	XX	XX
TASK ORIENTATION	I set clear performance standards and goals	XX	XX	X
	I made people accountable for their commitments and deadlines	X	X	XX
	I worked to develop organizational systems that reflect corporate values, attitudes and behaviors	X	X	XX
	I was actively involved in designing management systems to facilitate effective behaviors	XX		
	I developed corporate values that serve to unite people in the organization		XX	XX
DISTRIBUTION OF LEADERSHIP	CEO	XX	XX	X
	Top Management	X	XX	X

Table 4.3 - The "how" of Achieve financial security, Building a strategy and developing a vision phases

These phases shows a con-joint adoption of both **Task and Person orientation**. The reasons for this are clear: at this point the CEO did not only convey the message of reliability of what he was doing, but also put strength on the importance of achieving real positive performance, of adopting new management practice and to learn to be efficient in every procedure (achieve financial security), learn to be competitive (building a strategy) and sharing a new profit oriented vision (developing a vision). So attention to the commitment of people was needed, but also a clear setting of the target of the performances. A special attention was payed to the developing of new shared corporate values and behaviors, in order to unite people all over the organization. Unity was fundamental because only if every part of the firm had acted in the right way , it would have been possible to reach the targets that would have assured survival of the company in the long term.

Concerning the Distribution of Leadership, it can be said that in this phase there is no particular shared process in terms of complementarity and that the Top management played a passive role. The CEO was the mandatory of the change and the Top management was the executant, because did not own the capabilities to co-lead the direction for the tasks. So the dimensions of DL in this phase are:

- o HOW: intuitive working relations, where more individuals develop close working relations over time
- o WHY: Strategic distribution, the CEO meets the leadership need.
- o WHAT: role complemetarity, (the CEO is the mandatory of change, the Top management is the Executant)

5. RESTRUCTURING

The table 4.4 captures the key features of the "How" of this phase.

TASK ORIENTATION	I set clear standards and goals	X
	I made people accountable for their commitments and deadlines	X
	I worked to develop organizational systems that reflect corporate values, attitudes and behaviors	X
	I was actively involved in designing management systems to facilitate effective behaviors	X
	I developed corporate values that serve to unite people in the organization	X
DISTRIBUTION OF LEADERSHIP	CEO	XX
	Top Management	XX

Table 4.4 - The "how" of Restructuring phase

The fifth phase, "Restructuring", has been managed with only a strong **task orientation**. That occurred because in this phase the focus was setting clear performance, market – orientation units and translating the new business strategy in a effective and efficient organizational structure. At this moment, people in the organization were strongly committed to the change process and they trust the new CEO, so the people orientation was not needed.

In terms of Distribution of Leadership, the situation was similar to the one of phases two, three, and four. The CEO was the mandatory for the change, and the Top management was the executants, because it did not own the skills needed to restructure the company and to give the right market orientation. So the dimensions of DL are exactly the same of the precedent 3 phases:

- o HOW: intuitive working relations, where more individuals develop close working relations over time
- o WHY: Strategic distribution, the CEO meets the leadership need.
- o WHAT: role complemetarity, (the CEO is the mandatory of change, the Top management is the Executant)

6. THE BLOSSOMING

The table 4.5 captures the key features of the "How" of this phase.

PERSON ORIENTATION	I consider how my feelings affect people	X
	I give my full attention when talking to people	X
	I worked to generate trust among your people	X
DISTRIBUTION OF LEADERSHIP	CEO	XX
	Chairman Of The Board	X
	Top Management	XX

Table 4.5 - The "how" of Blossoming phase

Finally, the last phase, "Blossoming", shows a Person orientation. As this is a final "closure" phase, the behaviors were aimed to validate the relations built through all the process and to communicate with people to understand if they have learnt the new way of picturing the reality.

Leadership is now distributed again between the CEO and the Ownership: the CEO handed back the baton to the Chairman of the Board, that had at that moment to manage the changeover from Brunelli to the new CEO. The role of guiding the firm returned to the ownership of the firm (the new nominated CEO was a member of the family owner), supported by a more skilled and capable management team. So the distribution of leadership in this phase presents this dimensions:

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- HOW: institutionalized practice, where organization facilitate collaboration between individuals
- WHY: Cultural distribution, where leadership is naturally assumed by who is in charge
- WHAT: task complementarity (the CEO and the top management shared the process of directing the different tasks.

A SYNOPSIS ABOUT THE ROLE OF THE LEADER

Now that every phase has been analyzed in terms of "How", the last dimensions to be explored are the **Critical Success Factors of an effective Transformational Leadership**, that help to achieve successful results in implementing a successful organizational change. These CSF has been constant and continuous during the whole process of turnaround, so this is a cross-sectional consideration for all the phases. Instead, it is useful to draw the analysis generally speaking about the turnaround itself.

According to Dr. Brunelli and his perception, the CSF of his transformational Leadership style that have brought to the success of his intervention are:

- DECISION MAKING ABILITY

  Making decision in short time is fundamental. People in the organization were looking at you and they aspect him decide quickly and go for the best possible solution;

- HAVING THE VISION

  Managing to shape a vision (wrong or right) is a main feature an effective leadership should have. Even without the specific knowledge of the industry, this characteristic was needed to build a course of action and try to have a reading of the situation and of the future. Thus, this can be defined as an "holistic vision";

- FINANCIAL ATTITUDE

  An effective transformational leader must mastering the numbers. He had to clearly understand them and to have the capability of express everything he did and must be done by the numbers;

- COMMUNICATION

  As seen in the description of the case, communication played a fundamental role. How to go to the Board, how to deal with Unions, how to deal with internal and external actors: this is how he could make things happen. And he could not rely on anybody else to do that.

- TEACHING WITH A "MAIEUTICA" ATTITUDE

  Being a leader means being someone that bring the ideas out of the collective and stimulate each one skills and inclinations. Dr. Brunelli adopted a "Maieutica" style, just like Socrate. He had to and stimulate each individuals thinking: the "Maieuta" brings the idea out of you, just like an intellectual obstetrician.

- HUMANITY

  It was clear to Dr. Brunelli that the engine of the change are the people. So feelings the pain, the stress and the difficulties of the people who are undergoing a radical change is essential, in order to create commitment on what has to be done.

  "If you do not feel the pain of the people you cannot understand them. People realized that."

- WORK TO CREATE SENSE OF TRUST AMONG THE PEOPLE OF COMPANY

  When he arrived, Dr. Brunelli was totally a "stranger" for almost everybody in the company. It was important to create connections with the workers, so they can know him personally and trust what he was doing. As an example of this attempt of connection, he established the so called "Coffee with the CEO", meeting six people per week for one hour. The assumption was: by talking with the people, they can think "He can be one of us".
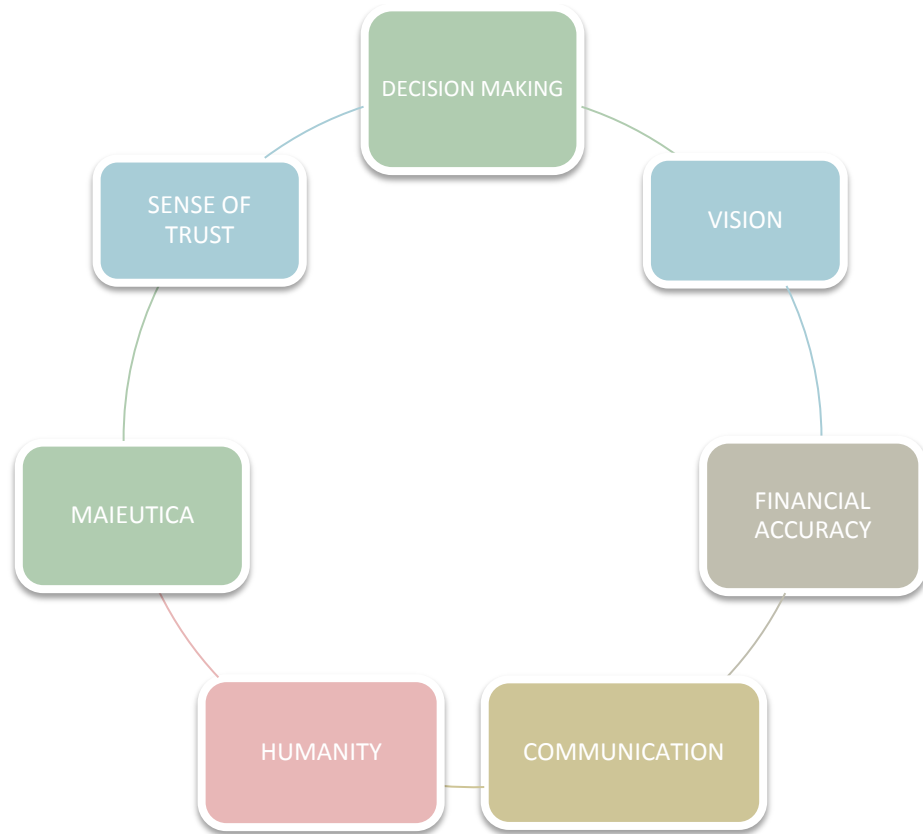
Figure 4. 4 - The CSF of Transformational Leadership

4.5 CONCLUSIONS

In this chapter the context and the real case have been presented, describing first the "what" and then the "how" for every phase, in order to achieve complete comprehension of the actions that has been taken up in leading a real organizational turnaround, and the different dimensions that has characterized certain successful results.

In the next chapter, the results will be discussed and analyzed, with the aim to compare the characteristics of real results and features of the phases of this case with the theoretical findings from the first two chapters, and the purpose to test the framework of Chapter Three and to explore the research questions objectives of this thesis.

CHAPTER FIVE

THE DISCUSSION

INTRODUCTION

Now, following the description of the case and its empirical-based data, this chapter progress to focus on some of the emerging insights and issues. The purpose of this chapter is threefold. Firstly, to analyze the data concerning the variables highlighted in the Framework and the Research Gaps, showed in Chapter Three. Secondly, to draw possible conclusions about the correlation between the different variables. Finally, to compare these findings with the theoretical bases of Chapter One and Two.

This analysis will be carried out with the same outline of the results: first the "What" will be analyzed, in terms of drivers and phases, and then the "How", in terms of Task/Person Orientation and Distribution of Leadership. Finally, the con-joint analysis of "What" and "How" will be proposed, to achieve structured conclusions about the real case and the research questions.

So the outline of this chapter will be the following:

    5.1 Exploring the What

    5.2 Exploring the How

    5.3 Exploring the What and the How

    5.4 Managerial implications

    5.5 Conclusions

5.1 EXPLORING THE WHAT

In the previous chapter, the what has been analyzed in terms of phases, activities undertaken to implement the turnaround, barriers faced during the implementation and actors involved. The most challenging aspect to be analyzed concern on one hand the different phases, trying to frame a generalized succession and compare it with the proposal of sequence of a turnaround from the literature, and on the hand the different drivers (Communication, Mobilization and Evaluation) emerged during the implementation of the turnaround, in which categorize the different activities.

5.1.1 THE PHASES

The results have shown that the Turnaround subject of the this study occurred in six phases: Stop the bleeding, Achieve financial security, Building a strategy, Developing a vision, Restructuring and Blossoming. Greiner et al., (2003) claims that a successful organizational transformation needs to follow seven phases, as shown in Chapter One. Figure 5.1 compares the two perspectives.

1	• STOP THE BLEEDING
2	• ACHIEVE FINANCIAL SECURITY
3	• BUILDING A STRATEGY
4	• DEVELOPING A VISION
5	• RESTRUCTURING
6	• BLOSSOMING

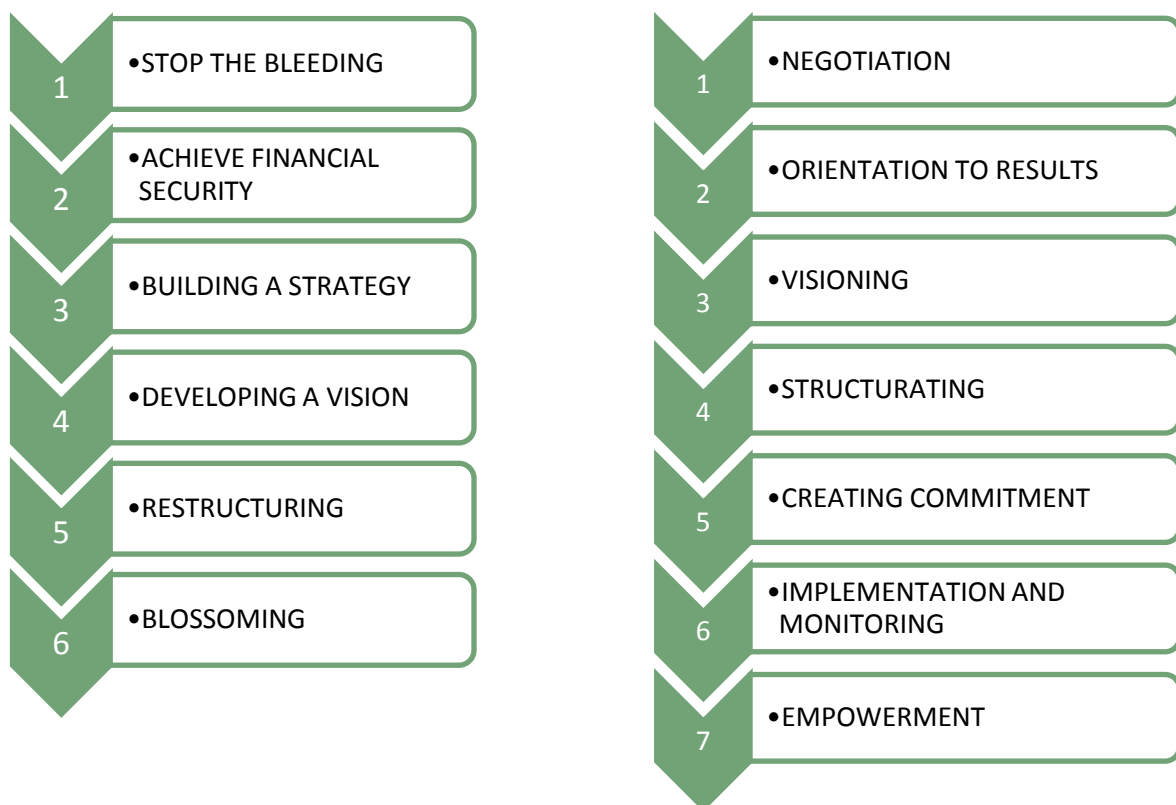|	
1	• NEGOTIATION
2	• ORIENTATION TO RESULTS
3	• VISIONING
4	• STRUCTURATING
5	• CREATING COMMITMENT
6	• IMPLEMENTATION AND MONITORING
7	• EMPOWERMENT

Figure 5.1 – Comparison between the Turnaround of Soft Silk and the phases proposed by Greiner et al., 2003

If at a first analysis the two sequences can seems very different, they are indeed very similar if leaving out the order. In fact:

- Stop the Bleeding phase is substantially a phase of Negotiation with the key actors (banks, unions and employees) and Creating commitment (of Top Management and Employees);

- Achieve financial security comprehends, together with other actions, the Orientation to Results;

- Building a strategy and Restructuring are together the two pillars of Structuring;

- Developing a vision and Visioning are exactly the same thing;

- One of the general plan of the Blossoming phase is the Empowerment of the Top Management;

In the description of the Turnaround of Soft Silk, the explicit phase of Implementing and monitoring seems to miss. But this is incorrect, because implementing and monitoring are included in every phase. Since the Stop The Bleeding phase started, in fact, the implementation of activities and their monitoring started. The figure 5.2 shows the relation between the Soft Silk sequence (in black) and the Greiner's framework (in red).
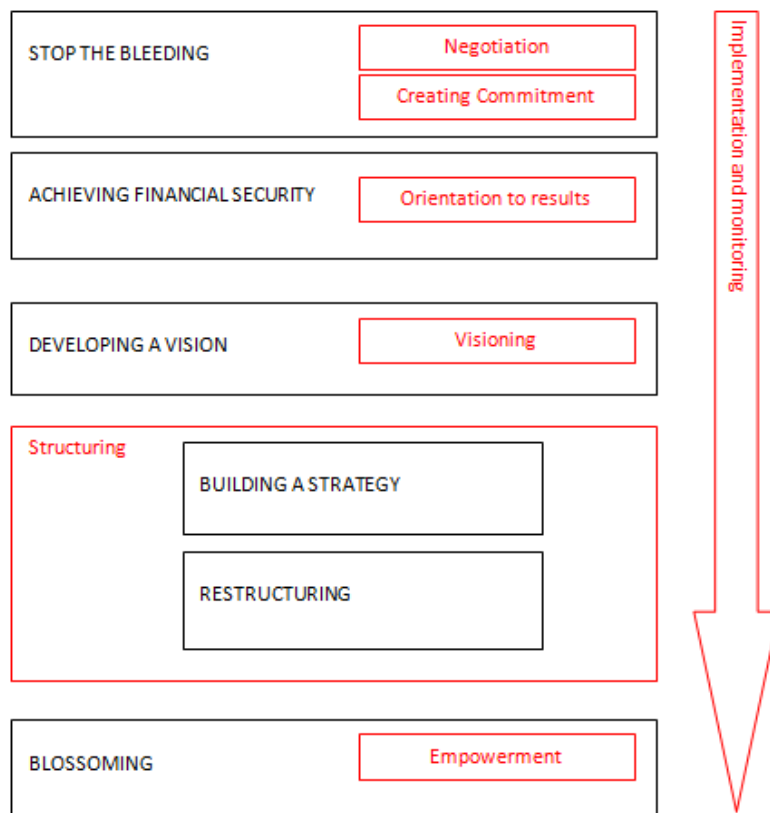

Figure 5.2 - The relation between Greiner model and Soft Silk case

This last consideration it is useful to understand the evident difference between the two sequences. As said in Chapter One, a Turnaround is a matter of survival urgency. The firm has to undertaken it when facing the situation "do something or die". So it seems more reasonable that there are time constraint: there is no time to first deeply negotiate and prepare the change. The first things to do are recover the urgency in the short term and create commitment in order to start immediately an effective process of change, because as said before, the first and most important engine of the change are the people that have to implement it. The proposal of Greiner and his colleagues, even if based on the observation of real led-CEO successful organizational Transformation, seems to be unrealistic if compared to Soft Silk case. It should be considered that their work dates back to 2003. Few but critical years have passed, and economical downturn could obviously have accelerated the maximum time available for the firms in trouble to react, so the model by Greiner et al. could not suite the current hard economical times.

To generalize the phases of the Soft Silk case and propose a universal sequence for a turnaround, a metaphor can be used, viewing at the "burning firm" on the edge of bankruptcy as a "burning garden", and at the CEO as the wide gardener who has to save it. The Figure 5.3 shows this metaphor.

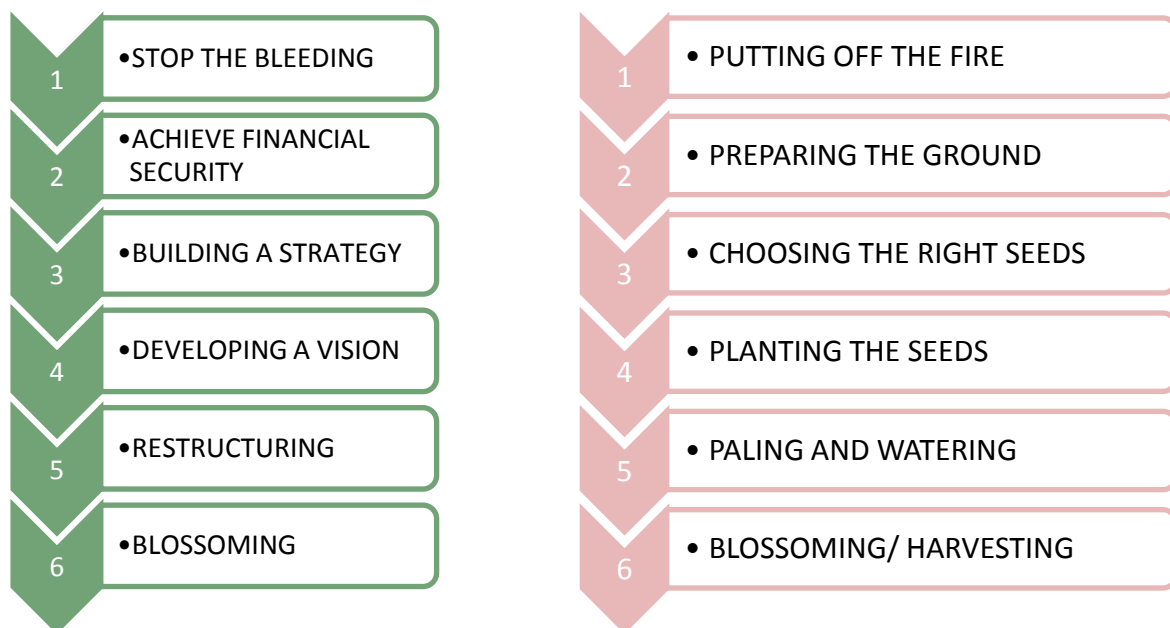| 1	•STOP THE BLEEDING		1	• PUTTING OFF THE FIRE
2	•ACHIEVE FINANCIAL SECURITY		2	• PREPARING THE GROUND
3	•BUILDING A STRATEGY		3	• CHOOSING THE RIGHT SEEDS
4	•DEVELOPING A VISION		4	• PLANTING THE SEEDS
5	•RESTRUCTURING		5	• PALING AND WATERING
6	•BLOSSOMING		6	• BLOSSOMING/ HARVESTING

Figure 5.3 - The phases of the turnaround of a "burning firm"

Putting off the fire means fixing the current urgency that has brought the edge of death. It involves all the immediate actions aimed to extinguish the danger and to communicate the dramatic need for change. If the CEO is newly hired just to fix the situation, this initial phase is the moment in which he has to identify the rooted problems of the firm and the causes that have brought the firm in that situation. So , as the name of this phase suggests, this is a very dangerous, hard and challenging moment: the CEO has to quickly understand what to do and create commitment of people, in order to act fast. When the short time urgency is over, the time has come to solve the problem at the foundation. **Preparing the ground** means providing the basic elements that enable the firm to build a new direction for the long terms. These basic elements could be skills and capabilities that has to be learnt, as long as tools that are required for the firm to be effective and efficient. Only once that the ground is ready, the seeds can be planted. But before planting them, the right seeds need to be chosen. **Choosing the right seeds** means to understand which is the right strategy to follow to guarantee the survival of the firm in the future. That is to say, start thinking about the long term. At this point, the time for **planting the new seeds** has come. This means imprinting the new vision that the firm needs to follow to achieve successful results. Whit these new seeds of change, the company could step into the future. The new vision can't be effective by itself. It needs to have the right support, so **paling and watering** are fundamental: the organizational structure needs to be reorganized, in order to reflect the new strategy and the new vision. Finally, the **Blossoming**, and then the Harvesting, takes place. This is the moment to see if the seeds have taken root in the right way, and the new plants are healthy. That is to say, that the company has learnt the new way of doing business, and its capable to achieve positive results. To see, in other words, if the company owns a deep new culture.

5.1.2 THE DRIVERS

The Table 5.1 summarizes the different dominant drivers used in each phase, explicating the activities that belong to the drivers.

PHASES	COMMUNICATION	MOBILIZATION	EVALUATION
1. STOP THE BLEEDING	Communication with banks, trade unions, employees Institution of communication mechanisms		
2. ACHIEVE FINANCIAL SECURITY		Creating trust in change New information system New top management	Reporting process and accounting procedure
3. BUILIDING A STRATEGY		Instilling the concept of competitiveness Establishment of product designed and development units within each division	Collaborative research with Politecnico di Milano to evaluate and study the creativity of the company
4. DEVELOPING THE VISION		Transforming the organizational culture, helping shape the vision Valuing people's experience and knowledge	Dialogue with major clients to evaluate company performance
5. RESTRUCTURING		"Convertor" + "Holistic" and marketing orientation Additional administrative unit New board of directors New statutory committee	
6. BLOSSOMING	Empowerment Remarking of the results Enhancing the direction for the future		

Table 5.1 - The dominant drivers in each phase

The **Communication** driver is emerged in phase One (Stop the Bleeding) and in the last phase (the Blossoming) as the prevalent one. It's the fundamental key driver to spread the sense of urgency and to make the people committed to the need of change. It's a way to "bring people to reality", as the perception of the economical urgency was not perceived at all. In a few words, it can be said that , because people are the first and main engine of the change, the first thing to do in order to star t the turnaround was communicate with the people. A similar consideration can be carried out for the final phase. In the Blossoming phase, there was the need for the leaving CEO to understand if the seed of change he planted during the whole process of turnaround had taken roots. Communication was the only driver to be used in order to achieve this understanding.

The **Mobilization** driver refers to actions leaders undertake to enact the new work routines, to redesign the organizational processes and structure and to create trust among people about change. As a matter of fact, this driver is the key driver used in phase two, three, four (together with Evaluation driver) and five (the only driver used in the phase of Restructuring). The Table 5.1 shows clearly the activities involved. It could be said that Mobilization represent the set of activity most "task oriented", as it is a matter of practical implementation of the turnaround in terms of activity.

Finally, the **Evaluation** driver is the one related to monitoring and assessing the impact of change. It is one of the dominant drivers used in phase two, three and four, combined to Mobilization. The reasons for this could be twofold. Firstly, that in the first phases, the implementation of the activities of the Mobilization needed to be continuously monitoring, in order to see if the change was taken place in the right direction and everything was functioning the way it was supposed to function according the new perspective given by the new CEO. Secondly, the company was lacking of a systematic approach of measuring and evaluating its performance, so there was a need to set out specific procedures to make people understand if they were achieving good or bad performances in terms of profitability.

The Table 5.2 resumes the prevalent drivers through the different phases.

Stop the bleeding	Achieve financial security	Building a Strategy	Developing a vision	Restructuring	Blossoming
C	M, E			M	C

Table 5.2 - The dominant drivers through the phases

The conclusions that can be drawn about the drivers of a turnaround are:

- Turnaround begins and ends with a focus on activities of communication;
- The key driver of the implementation is the Mobilization;
- Evaluation is always used together with Mobilization. The reasons for this could be that when time is limited, evaluation is used only when it is strictly necessary to monitor the Mobilization and its effectiveness.

5.2 EXPLORING THE HOW

Now that the "What" has been analyzed, the discussion can move to the "How".

The most interesting aspects to observe in-depth are :

- The task/person orientation and its evolving during the different phases;
- The Distribution of Leadership and its configurations through the different phases.

5.2.1 THE TASK /PERSON ORIENTATION

The **Task orientation** is related to organizational structure, design, and control, and to establishing routines to achieve organizational goals. The Task-orientation dimension reflects the fact that leaders demonstrate a strong concern for the group's goals as well as for the system to put in place to achieve these goals. Their strong focus on performance leads them to set deadlines, to monitor goal achievement and to enforce sanctions, if necessary. Furthermore, the Task – oriented behaviors are aimed to build alignment between values, attitudes, behaviors on one hand, and the system on the other. Effectiveness at task-oriented behaviors hinges on the ability to clarify task

requirements and structure tasks around an organization's mission and objectives (Bass, 1990). The **Person orientation** includes behaviors that promote collaborative interaction among organization members, establish a supportive social climate, and promote management practices that ensure equitable treatment of organization members. It is supposed that who is effective at Person – orientation is characterized by a strong concern for human relations. Furthermore, the person -oriented behaviors are focused on managing trust in the subordinates and provide a respectful and supportive environment. Effectiveness at person-oriented behaviors relies on the ability to show consideration for others as well as to take into account one's own and others' emotions. The two orientation trough all the phases have been mapped with a list of most frequent behaviors adopted by the CEO. Table 5.3 resumes the different orientation in term of behaviors for each phase.

PERSON - ORIENTED BEHAVIORS / TASK – ORIENTED BEHAVIORS	Phase 1 BLEEDING	Phase 2 ACHIEVE FINANCIAL SECURITY	Phase 3 BUILDING A STRATEGY	Phase 4 DEVELOPING THE VISION	Phase 5 RESTRUCTURING	Phase 6 BLOSSOMING
I considered how my feelings affect others			X	X		X
I could read others people's feelings quite well	X	X	X	X		
I give my full attention when talking to people	XX	XX	XX	XX		X
I made sure people feel at ease with me			X			
I worked to generate trust among your people	XX	XX	XX	XX		X
I got people to open up by talking freely about myself						
I set clear performance standards and goals	X	XX	XX	X	X	X
I made people accountable for their commitments and deadlines		X	XX	X	X	
I worked to develop organizational systems that reflect corporate values, attitudes and behaviors		X	X	XX	X	
I was actively involved in designing management systems to facilitate effective behavior		XX			X	
I developed corporate values that serve to unite people in the organization			XX	XX	X	X

Table 5.3 - Behaviors and orientation in the different phases

The adopted behaviors are indicated with double X (XX) if adopted very often during the phase and with one X if adopted but with a lower frequency.

Looking at the Soft Silk case, it emerges that Task orientation has characterized the phases two, three and four together with the Person orientation and that was the only driver of phase five (Restructuring). These are the phases were the reaching of clear targets and the importance of positive performances were essential, so it seems reasonable to adopt a task orientation. It also could be said that task orientation seems effective to support the **long – term** strategy implementation. In fact Achieve financial security, Building a strategy, Developing a vision and Restructuring, where all phases aimed to give the firm the elements to step into the future. Concerning the Person orientation, it is present in almost all the phases, except for phase five (Restructuring). In the initial and final phase, this orientation is the only one prevalent, while in phases two, three and four it manifests itself together with task orientation. Thus, it seems that when a turnaround is taking place, person orientation is fundamental, because the first concern in order to change dramatically is to commit people to the change, and to commit them very fast.

5.2.2 THE DISTRIBUTION OF LEADERSHIP

The distribution of leadership through the different phases of the Turnaround of Soft Silk changes in a homogenous pattern. The Table 5.4 shows the trend of DL between the CEO and other actors during the different phases.

	1	2	3	4	5	6
DEGREE OF DISTRIBUTION	HIGH	LOW				HIGH
HOW	Institutionalized practice	Intuitive working relationship				Institutionalized practice
WHY	Formal/strategic distribution	Strategic distribution				Cultural distribution
WHAT	Role complementarity	Role complementarity				Task complementarity
ACTORS INVOLVED	CEO, Chairman of the board	CEO, Top management				CEO, Chairman of the Board, Top management

Table 5.4 - The DL during the turnaround

The picture is clear. At the beginning of the turnaround, there is a need to distribute leadership from the Ownership to the new CEO, to enhance the need of change and launch the turnaround. Delegating leadership is an institutionalized practice and the distribution is formal and strategic, in order to supply a specific leadership and competencies need. The complementarity between the actors is only of role: the Ownership is the initiator of the change, the CEO is the skilled key actor. In the successive phases the sharing of leading is low: the ownership does not take part in the change, and the top management was not capable to co-lead the turnaround. The complementarity is only in the roles : the CEO is the mandatory, the management is the executant. The last phase shows again a high Distribution of Leadership. The Ownership takes in charge again the primary leading role and the top management is supposed to having learnt the necessary skills to make the right decisions.

The lesson to be learnt is the following: in a Turnaround, Distribution of Leadership is fundamental at the beginning of the process, in order to enhance immediately the need of change, and at the end of the process, to verify if the turnaround has been successful implemented. In the central phases the leadership doesn't need to be distributed in order to be effective. But in these phases the seeds of the "leadership system" should be planted, in order to build the "true team" at the top and develop the "next-generation leaders" (Norrgren et al., 2011) that can provide the distribution of leadership in the last phase of the Turnaround. In the last phase the distribution is needed to close the change process , consolidating the results and testing if the company has learnt the new way of doing business. The "leadership –system" could be used even when the turnaround will be over, to help the firm to perform on multiple dimensions of competitiveness in an effective manner. It can be said that the kind of actions undertaken by the CEO in the central phases of the Turnaround of Soft Silk fit for the purpose, because building the true team at the top means creating shared commitment to a common purpose and driving joint accountability for the performance (Norrgren et al., 2011).

To conclude, the conjoint picture of Orientation and Distribution of Leadership has been carried out. Table 5.5 summarizes and maps the different orientations and the distribution of leadership through all the phases of the turnaround.

	Stop the bleeding	Achieve financial security	Building a strategy	Developing a vision	Restructuring	Blossoming
ORIENTATION	PERSON	PERSON + TASK	PERSON + TASK	PERSON + TASK	TASK	PERSON
DISTRIBUTION OF LEADERSHIP	HIGH	LOW	LOW	LOW	LOW	HIGH

Table 5.5 – Orientation of Orientation and Distribution of Leadership in transformational style leading a turnaround

Surprisingly, the Leadership is distributed not to cover the double Task and Person orientation. It seems that the critical dimension is the Person orientation when it manifests by itself. To make this solo orientation effective, the Leadership needs to be distributed to achieve the full commitment of the entire organization. Maybe this configuration is constricted by the fact that no others actors except for the CEO own the skills to assume the Distribution, so a low sharing of leading is most effective in order to achieve results.

5.3 EXPLORING THE WHAT AND THE HOW

Now the what and the how will be discussed conjointly for each phase of the Turnaround with a set of tables. The What is explicit in the columns in terms of drivers, the How is explicit in the lines in terms of Orientation and Distribution of Leadership.

STOP THE BLEEDING

	COMMUNICATION	MOBILIZATION	EVALUATION
TASK			
PEOPLE			
DISTRIBUTION OF LEADERSHIP			

Table 5.6 – The What and the How of the Stop the Bleeding phase

ACHIEVE FINANCIAL SECURITY, BUILDING A STRATEGY, DEVELOPING A VISION

	COMMUNICATION	MOBILIZATION	EVALUATION
TASK			
PEOPLE			
DISTRIBUTION OF LEADERSHIP			

Table 5.7 – The What and the How of the Achieving financial security, Building a strategy, Developing a vision phase

RESTRUCTURING

	COMMUNICATION	MOBILIZATION	EVALUATION
TASK			
PEOPLE			
DISTRIBUTION OF LEADERSHIP			

Table 5.8 – The What and the How of the Restructuring phase

BLOSSOMING

	COMMUNICATION	MOBILIZATION	EVALUATION
TASK			
PEOPLE			
DISTRIBUTION OF LEADERSHIP			

Table 5.9 – The What and the How of the Blossoming phase

Some recurrent correlations appear:

1. People orientation by itself manifests with Communication driver, confirming the findings by Battilana and his colleagues, and when the configuration People-Communication occurs, the Leadership is distributed;

2. The Task and People orientation is always expressed with Mobilization and Evaluation, confirming the findings of Battilana et her colleagues, and when this configuration occurs, the leadership is not distributed;

3. The Task solo orientation is linked to Mobilization driver, coherently with Battilana findings, and when this configuration occurs there is no need to distributing leadership;

4. Communication is not a driver used by the Task Orientation;

After all these analysis, it can be said that Achieve financial security, Building a Strategy and Developing a vision are three homogenous phases in terms of drivers, orientation and distribution of Leadership. Thus, they can be considered as one. The Figure 5.4 captures the key features of these findings. Then it follows the discussion of the matrix, that resumes the findings shown in Tables 5.5 – 5.8.
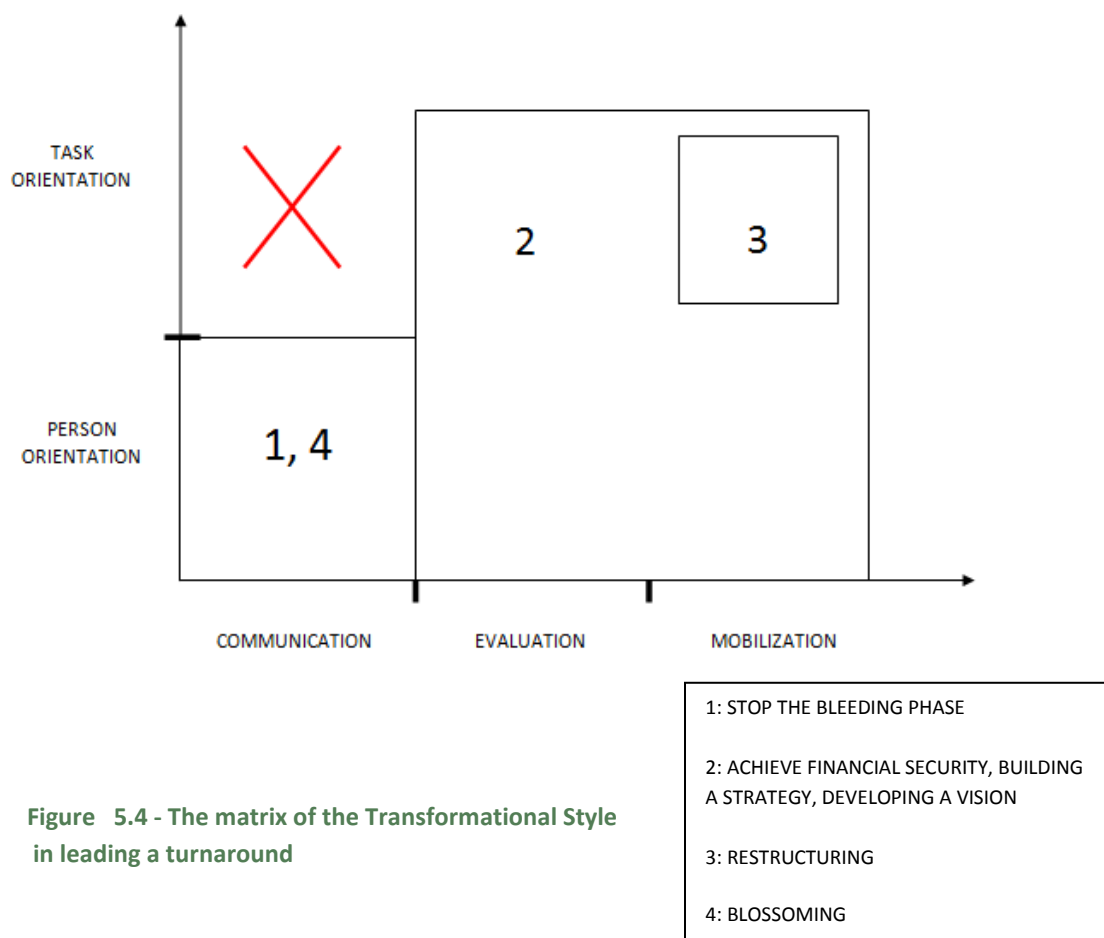

Figure   5.4 - The matrix of the Transformational Style in leading a turnaround

1: STOP THE BLEEDING PHASE

2: ACHIEVE FINANCIAL SECURITY, BUILDING A STRATEGY, DEVELOPING A VISION

3: RESTRUCTURING

4: BLOSSOMING

As just said, the results seem to be coherent with the hypothesis confirmed by Battilana and her colleagues. In fact, their findings highlight that task orientation is more likely to focus on both mobilizing and evaluating, and person orientation is more likely to focus on the communicating. The correlation between Person orientation and Communication could be related to the need of motivation. Motivation is a matter of communication and concern for people getting involved, so the link communication and person orientation seems to perfectly fit the need of the case, and it seems the more effective configuration for this kind of area of intervention (Battilana, 2010; Gilley, 2009).

The new interesting thing that seems to emerge from the study of Soft Silk case is that in a situation of Turnaround, Task orientation is always "supported" by the Person orientation, even when implementing the correlated drivers of Mobilization and Evaluation together. This could happen for two main reasons. Firstly, because task orientation manifests itself when there is the need to share the vision with the others, keep members' attention on goals, and guide them through the implementation of the change. Rather than communicating the need for change, a Task orientation is likely to concentrate energies on developing the procedures, processes and systems required to implement Organizational Change. But this kind of orientation alone is alsomore likely to keep psychological distance from the followers. In a situation of turnaround, when time is limited and constricting, the leader has to interact with the people of the organization in a very effective manner and psychological distance between the mandatory of the change and the people who have to implement it could be fatal for the success of the radical change. People need to be involved and committed to the change in a very fast way, and the double Task/Person orientation could be crucial to fulfill this need. Secondly, one of the most critical issue of a turnaround is changing the organizational culture. This transformation needs time and it takes place from the beginning to the middle phases of the process, and it should be completed before re-designing the organizational structure, otherwise the restructuring could be useless. As seen in the literature, there are three manifested levels at which culture manifest itself; observable facts, Value and Norms, and Underlying assumptions (Schein, 1990). Assuming that the Managerial and Leadership Styles directly influence the changing of

organizational culture (Shani et al., 2009) it could be supposed that Task orientation affect directly the values and norms level, but Person orientation enhance the transformation of culture by acting directly on the underlying assumptions.
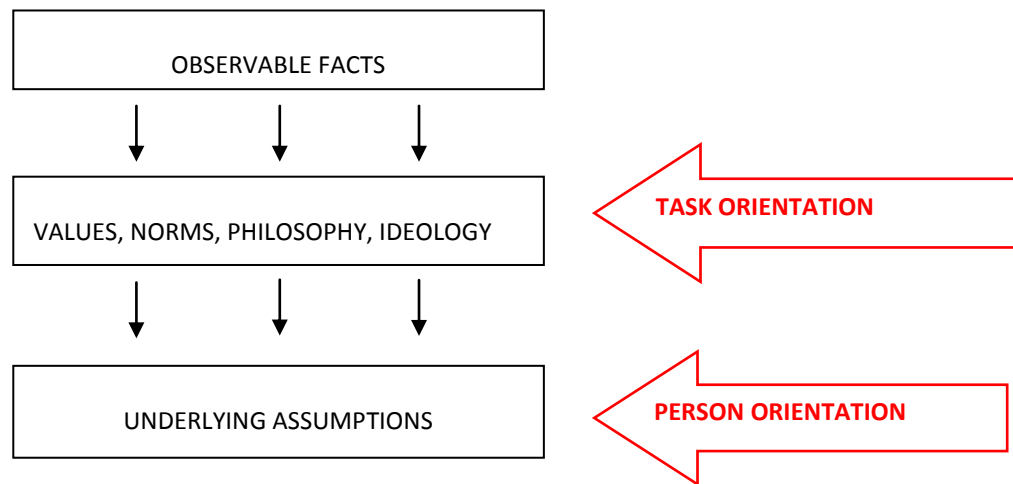

Figure 5.5 - The orientation effect on the level of organizational culture

Thus, it seems that for a turnaround to be quickly effective, Person orientation for the Transformational leader is fundamental. Regarding the Distribution of Leadership, instead, it could be said that in case of Turnaround, Leadership doesn't need to be distributed in all the phases, but the it seems important in the first phase, to launch the urgency for the change and create commitment, and for the last phase, to verify if the seeds of change has taken root and to allow the "leadership system" built during the central phase to show his effectiveness. The "Leadership System" built by the CEO who has guided the transformation could be one of the inheritances of the Turnaround process that will strengthen the performance of the firm for the future.

Finally, from the discussion and the findings of this case, it seems that in a situation of Turnaround, Theory O, who focus on organization's culture and people, is more effective than Theory E, even though is the less common approach (Shani et al., 2009).

5.4 MANAGERIAL IMPLICATIONS

The results from the research path bring to some managerial implications, that could be resumed in three fundamental issues. Firstly, it is to be noticed that both Task and Person orientations are needed when leading a turnaround, so the leader have not only to be capable of both task and person oriented behaviors, but also be able to understand when a certain orientation is needed. Secondly, the results of this study have highlighted that for a turnaround to be effective is fundamental to create commitment of people and this commitment is realized by activities of Communication. Thus, the transformational leader must be capable to balance the challenging trade - off between the urgency of the change implementation and the need of time for the communication to be received and accepted by the organization. These first two issues are to be taken into account when selecting and forming the leaders that are chosen to lead a radical organizational change.

Finally, concerning about the need of Distribution of leadership, it should be noticed that leadership need to be distributed using the Person orientation and the Communication driver, to enhance the effectiveness of the action in the crucial social moments of the turnaround (beginning and ending), but for the effectiveness of Task orientation no distribution is required, if the leader own all the necessary skills to accomplish the goals

5.5 CONCLUSIONS

The aim of this chapter was to explore the results from Chapter four, in order to apply the framework and trying to answer to the research questions presented in Chapter Three. Concerning those research questions, the findings have highlighted that:

- Different Transformational Styles are required when leading the different phases of a turnaround;
- People orientation is the most effective TL style during the initial and final phases, and it manifests itself during the all process;

- Task orientation is needed in the central phases, especially when the Restructuring occurs;

- To achieve successful results, distribution of leadership is not needed during the all process but it's suitable at the beginning and at the end of the Turnaround;

- Some peculiar phases have been identified.

CHAPTER SIX

CONCLUSIONS

INTRODUCTION

To conclude, the last chapter will summarize the results from theory and from the case, enhancing the importance of Transformational Leadership style during the implementation of a Turnaround. Next, possible managerial implications will be highlighted, in order to support the management of this phenomenon. Then, the limitations of the current study will be defined, and finally possible research directions will be proposed.

Thus, the outline of the chapter is the following:

6.1 Synopsis of the results

6.2 Managerial implications

6.3 Limitations of the study

6.4 Future research directions

6.1 SYNOPSIS OF THE RESULTS

The research path from the literature review has arisen from the need to revisiting the traditional dimensions of transformational leadership to satisfy the need to implement the complex phenomenon of organizational turnaround. Before going in-depth in the definitions of Transformational Leadership, an overview about organizational change was needed, in order to reach a full and comprehensive definition of the variables and the dimensions of the turnaround.

Turnaround is one of the ideal pole of the Organizational Change (its opposite is Continuous and fluid transformation), and it could be defined as a **discontinuous**, **radical**, **collaborative**, **reactive** and **permanent** process of change. Continuous transformation is less definite and specific than the turnaround mode. So turnaround is

linked to survival urgency: it's needed when the organization is facing the deadly risky situation "do something or die". In the literature, an attempt to identify the **phases of a turnaround** has been made.

According Greiner et al. (2003), the intervention phases undertaken by the CEO to implement a successful turnaround are usually seven, as shown in Figure 6.1
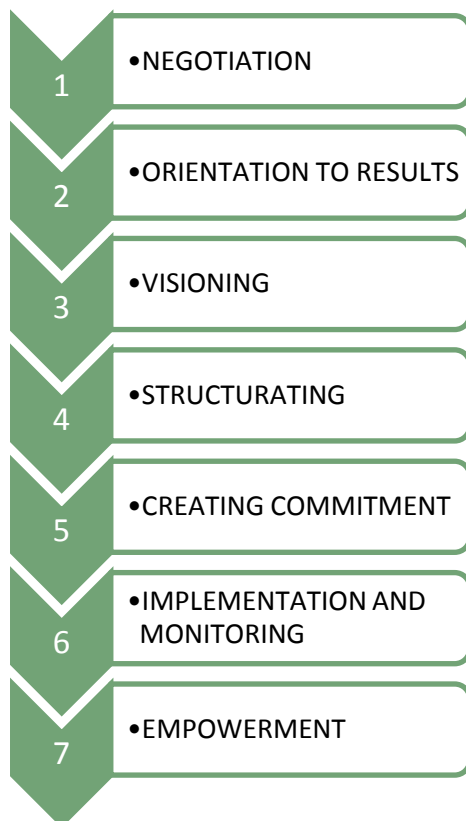

Figure 6.1 - The phases of a turnaround (from Greiner et al., 2003)

Then a general overview about the research path about Leadership and the different perspectives in the literature have been reviewed, focusing in particular on the interactional perspective of TL. Particularly, the issue of the Distribution of Leadership has come out as particular relevant for the effectiveness of Transformational Style.

The empirical studies on the crossroads between TL and organizational change, together with the theoretical research path of the first two Chapters, have highlighted several research gaps. This work has focused in particular on three fundamental issues: firstly, that different styles of TL can bring to different approach – and then results – on organizational change and to different phases when implementing a turnaround

(Karsten et al., 2009; Battilana, 2010). Secondly, that Transformational Leadership theory doesn't delve into the different outcomes of Task Orientation and Person Orientation in Transformational style (Shani et al., 2009); Finally, that in Transformational style the Distribution of Leadership could be needed to be effective and that leaders could share roles in leading organizational turnaround (Gronn, 2002; Norrgren, 2011). To explore this research gaps, a framework has been proposed, that shows the supposed link between the Transformational Leadership style and the several phases of a turnaround. The variables that characterize the leadership styles are: the task/person orientation; the Distribution of Leadership. The variables that instead characterized the different phases of the Turnaround are: the phases of the Turnaround; the activities to make real the implementation; the drivers in which the activities can be classified - Communication, Evaluation, Mobilization. The general research question to be explored deriving from this framework was: "TO WHAT EXTENT DIFFERENT TL STYLES ARE REQUIRED AT DIFFERENT PHASES OF A TURNAROUND IN ORDER TO ACHIEVE SUCCESSFUL RESULTS?". That meant exploring several sub-questions: to what extent Task and Person Orientation affect the transformational style regarding the different phases; to what extent a certain orientation bring to prefer a certain driver; to what extent Distribution of Leadership is suited in leading some of all the phases of a turnaround; to what extent different phases of a Turnaround affect the results of the change implementation.

The research questions have been explored through an exploratory case study, analyzing the case of the real turnaround of Soft Silk, an italian textile firm in hard economical downturn, lead by Dr. Massimo Brunelli, the new CEO of the company hired to fix the situation. The turnaround showed six distinct phases. Each phase has been analyzed by two different perspectives: the What (the key actions, the actors involved and the barriers) and the How, (the most frequent behaviors, in order to map a task or person orientation of the CEO, and the distribution of leadership within the allied actors during the decision making process). Table 6.1 summarizes the What, Table 6.2 the How.

	STOP THE BLEEDING	ACHIEVE FINANCIAL SECURITY	BUILDING A STRATEGY	DEVELOPING A VISION	RESTRUCTURING	BLOSSOMING
TIME	2006	2007	2008 - 2009	2009 – 2010	2010	2011
KEY ACTIVITIES PROCESSES	Communication with banks and unions Renegotiation of long term debt Cutting costs Closure of money losing product lines Institution of communication mechanisms	Reduction of workforce Reduction of CapEx, G&A, Inventory Reporting process and accounting procedure New information system New top management	Instilling the concept of COMPETITIVENESS Establishment of product designed and development units within each division Collaborative research with Politecnico di Milano to enhance creativity	Transforming the company culture Valuing people's experience and knowledge Dialogue with major clients to evaluate company performance	"Convertor" + "Holistic" and marketing orientation Additional administrative unit New board of directors New statutory committee	Empowerment Remarking of the results Enhancing the direction for the future
KEY ACTORS INVOLVED	Employees	Top management	Employees and top management	Employees and top management	Employees and top management	Employees and top management
RESULTS	Increasing of cash availability Avoiding of bankruptcy	Increasing efficiency of management Increasing of accountability of management	Attracting new talent Orders increased Positive profits	Having a shared vision through the whole company	Having an organizational structure that reflects the new business strategy	Giving back the leading role to the ownership of the company
BARRIERS	Resistance of people	Lack of tools	Cultural inertia	Cultural inertia	Cultural inertia	Cultural inertia

Table 6.1 – The What of Soft Silk turnaround

	1	2	3	4	5	6
ORIENTATION	PEOPLE	PEOPLE + TASK	PEOPLE + TASK	PEOPLE + TASK	TASK	PEOPLE
DISTRIBUTION OF LEADERSHIP	HIGH	LOW	LOW	LOW	LOW	HIGH

Table 6.2 - The How of Soft Silk Turnaround

The discussion of the results of the Soft Silk turnaround has found out that:

▪ The different phases of the turnaround are coherent with the model proposed by Greiner et al. (2003), but manifests in different order and hierarchy, as shown in Figure 6.2.
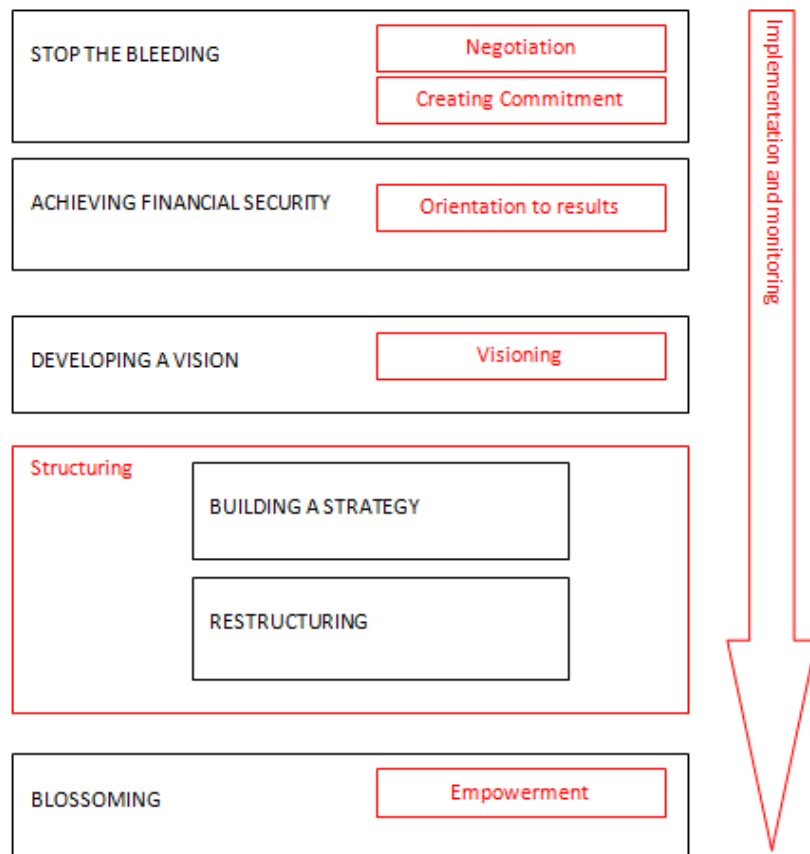

Figure 6.2 - The relation between Greiner model (in red) and Soft Silk phases (in black)

- To generalize the phases of the Soft Silk case and propose a universal sequence for a turnaround, a metaphor can be used, viewing at the "burning firm" on the edge of bankruptcy as a "burning garden", and at the CEO as the wide gardener who has to save it.

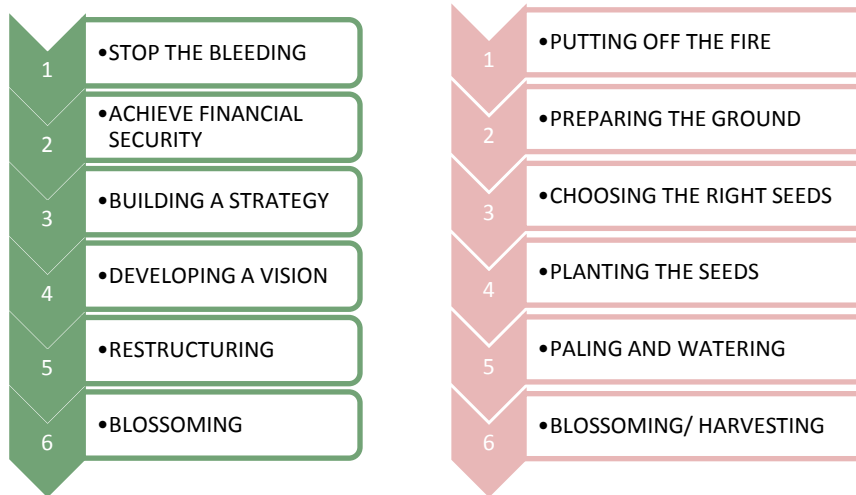The Figure 6.3 shows this metaphor.

1 • STOP THE BLEEDING	1 • PUTTING OFF THE FIRE
2 • ACHIEVE FINANCIAL SECURITY	2 • PREPARING THE GROUND
3 • BUILDING A STRATEGY	3 • CHOOSING THE RIGHT SEEDS
4 • DEVELOPING A VISION	4 • PLANTING THE SEEDS
5 • RESTRUCTURING	5 • PALING AND WATERING
6 • BLOSSOMING	6 • BLOSSOMING/ HARVESTING

Figure   6.3 - The phases of the turnaround of a "burning firm"

- The drivers used in each phase show a systematic pattern, resumed in Table 6.3

Stop the bleeding	Achieve financial security	Building a Strategy	Developing a vision	Restructuring	Blossoming
Communication	Mobilization, Evaluation			Mobilization	Communication

Table 6.3 - The drivers in each phase

Turnaround begins and ends with a focus on activities of communication; The key driver of the implementation is the Mobilization ;Evaluation is always used together with Evaluation. The reasons for this could be that when time is limited, evaluation is used only when strictly necessary to monitor the Mobilization and its effectiveness;

- That the Person orientation is the most used orientation, present almost in every phase (see Table 6.3);

- The distribution of leadership through the different phases of the Turnaround of Soft Silk changes in a homogenous pattern. The Table 6.4 shows the trend of DL between the CEO and other actors during the different phases.

	1	2	3	4	5	6
DEGREE OF DISTRIBUTION	HIGH	LOW				HIGH
HOW	Institutionalized practice	Intuitive working relationship				Institutionalized practice
WHY	Formal/strategic distribution	Strategic distribution				Cultural distribution
WHAT	Role complementarity	Role complementarity				Task complementarity
ACTORS INVOLVED	CEO Chairman of the board	CEO Top management				CEO Chairman of the Board, Top management

Table 6.4 - The DL during the turnaround

As shown in the Table, in a turnaround distribution of leadership is fundamental at the beginning of the process, in order to enhance immediately the need of change, and at the end of the process, to verify if the turnaround has been successful implemented.
In the central phases the leadership doesn't need to be distributed in order to be effective;

- There is a relation between certain drivers and certain orientations, as shown in Figure 6.4: People orientation by itself manifests with Communication driver and when the configuration People-Communication occurs, the Leadership is distributed; the Task and People orientation is always expressed with Mobilization and Evaluation and when this configuration occurs the leadership is not distributed; the Task solo orientation is linked to Mobilization driver and when this configuration occurs there is no need to distributing leadership; Communication is not a driver used by the Task Orientation;
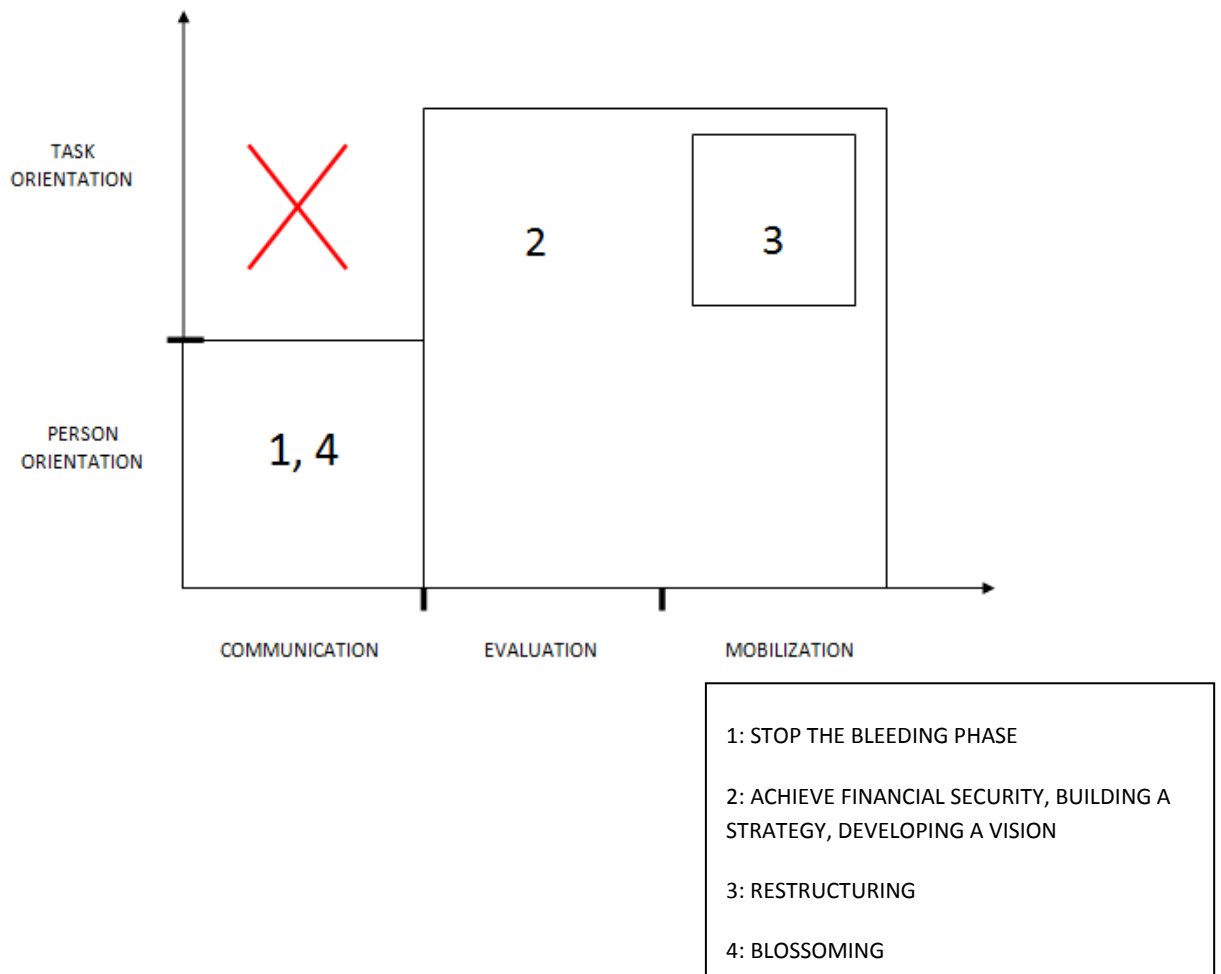
Figure 6.4 - The matrix of the Transformational Style in leading a turnaround

Resuming all the findings related to the research questions proposed in Chapter Three, this work has highlighted that:

- Different Transformational Styles are required when leading the different phases of a turnaround;
- People orientation is the most effective TL style during the initial and final phases, and it manifests itself during the all process;
- Task orientation is needed in the central phases, especially when the Restructuring occurs;
- To achieve successful results, distribution of leadership is not needed during the all process but it's suitable at the beginning and at the end of the Turnaround;
- Some peculiar phases have been identified.

6.2 MANAGERIAL IMPLICATIONS

The results from the research path bring to some managerial implications, that could be resumed in three fundamental issues. Firstly, it is to be noticed that both Task and Person orientations are needed when leading a turnaround, so the leader have not only to be capable of both task and person oriented behaviors, but also be able to understand when a certain orientation is needed. Secondly, the results of this study have highlighted that for a turnaround to be effective is fundamental to create commitment of people and this commitment is realized by activities of Communication. Thus, the transformational leader must be capable to balance the challenging trade - off between the urgency of the change implementation and the need of time for the communication to be received and accepted by the organization. These first two issues are to be taken into account when selecting and forming the leaders that are chosen to lead a radical organizational change.

Finally, concerning about the need of Distribution of leadership, it should be noticed that leadership need to be distributed using the Person orientation and the Communication driver, to enhance the effectiveness of the action in the crucial social moments of the turnaround (beginning and ending), but for the effectiveness of Task orientation no distribution is required, if the leader own all the necessary skills to accomplish the goals.

6.3 LIMITATIONS OF THE STUDY

Several limitations have to be considered in order to set the agenda for future research. Firstly, this study is based on a single case. This brings to many limitations concerning the generalization of the results. The troubled textile industry context of North Italy and the firm studied present some very peculiar characteristics, as the separation of ownership and management and the extreme competitiveness pressure. The empirical context of this single case is used as a pilot context of a turnaround, in terms of general variables, so the generalizations could be not applicable to other different scenarios. However, this is the assumptions of case studies: choosing a paradigmatic case to

explore a phenomenon, from which learn something. Secondly, the other major limitation of this study is the perspective adopted, that is only the one of the CEO who has implemented the turnaround. It would have been interesting and useful to interview some other actors involved in the process, in order to enlarge the set of data and have a wider and not biased perspective. The last limitation is directly connected to the second one: the triangulation of data with some other kind of source (360 feedbacks, interviews with employees) could have strengthen the reliability of the results.

6.4 DIRECTIONS FOR FUTURE RESEARCH

Finally, some specific suggestions for future research are proposed.
Following the path of the empirical direction of this thesis, further possibilities for future researches would be:

- Testing the proposition highlighted in the discussion with a survey-based research design;
- Conduct a comparative collaborative research projects with other companies in the fashion design sector as well as in other industrial sectors;
- Studying the retro-action that certain results can have on Transformational Style;
- Going more in-depth in the evolution of the theme:
  - Considering the "geographical" variable and trying to develop a framework that shows the link between Transformational Style and Turnaround in the global firms;
  - Studying the different phases separately, in order to identify some more specific variables for each phase and to better understand the rational behind the recurrent configurations.

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