

## Continuous Learning of Branch Managers on Transformational Leadership Skills

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### Abstract

Much often when changes happen in organizations, new leaders are usually replaced. Enabling and supporting previous leadership training programs are unrecognized nor given much attention by the new leaders. This article presents an executive summary of a recent organization development intervention in a foreign lending company to monitor the state of continuous learning. A comparison was made on the process of Samsung's successful implementation of total organizational change with full management support, and ABC lending business. This article shows the follow up on ABC managers' learning level after the transformational leadership (TL) training in 2012. The findings revealed that all existing 31 Managers were on the job applying what they were taught and learned on a continual basis. Of the 4 TL dimensions, eleven managers (35%) applied the Idealized Influence (II) dimension the most.

**Keywords:** continuous learning, transformative learning skills

### Introduction

It is my personal interest to understand characteristics of a firm who has been successful in business while the others lose out even when both organizations have similar resources.

Technology change is currently the name of the game in management. Alvin Toffler, in his book *Future shock*- too much change in too short a time - affects managers as well as organizations especially in today's high speed-internet economy. Organization that misses technological innovations will lose out to its competitors (Rothwell, Stavros, and Sullivan, 2016).

Many organizations attempt to make change and to increase organization effectiveness by invigorating their employees to develop creativity, performance, and innovation beyond traditional levels (Brown 2011). It is interesting to learn how Samsung overcame challenges, problems, and made changes to its culture, people, and system as well as transformed organization in less than two decades. It has become one of the most successful organizations known for innovation in the world.

Samsung was founded in 1938 as a trading company. Over the next 30 years, the group diversified into numerous industrial areas until the late 1960s when it entered the electronics industry. Samsung was ranked No.18 in Global 2000, No. 12 in Sales, No. 10 in Profit, and No. 26 in Market value (Forbes, 2016). Samsung is the largest among technology companies that heavily invested in R&D with 6.4% and 7.2% of its total revenues in 2014 (13.4 billion USD) and 2015 (14.1 billion USD), respectively (Strategic Management Insight.com, 2016).

In 1996, to create a winning culture, the Chairman of Samsung Group, Lee Kun-Hee envisioned that for Samsung to battle the global competition, it had to become a top brand producer by creating a design-focused culture that supports world-class products and innovation (Yoo & Kim, 2015). To support a design capability organization-wide, Samsung brought in faculty members from well-known art colleges and provided training to its in-house designers as well as managers on visualizing the future. A new design organization was created, the organization structure was revised with new work process and rewards for innovation. Samsung's cultural change is considered one of a successful cases where its leader understands the old culture, leads with a new vision; encourages changes in its employees. Management provides full support for change and provides resources (funds, equipment, materials, and staff), and finally sustains the new culture.

### The Company in the Study

ABC is a foreign owned business lending company that started operations in Thailand in 2004. The firm aimed to expand its operation by increasing to 200 branches by 2017. In 2006, there were only 47 branches in operation of which 29 of them were located in Bangkok and greater Bangkok. Thirteen (13) branches were located in the up-country. In the late August 2011, the worst flood in Thailand occurred and by October 2011, there were fifteen (15) branches affected by the floods and ten (10) branches were under water which were closed down until renovation was completed at the end of March 2012. In 2012, the firm faced problems low staff engagement, high attrition, and decreased revenue and profit. This resulted to an announcement of a challenging target - to increase the revenue in 2012 by 20%. The Branch Managers as well as staff understood the challenges to meet the set revenue plan with capacity constraints due to self-funding principle mandated by the headquarters. The challenges faced by the consumer lending business in Thailand and ABC business were:

- (1) A very competitive environment where more than 6,239 commercial bank branches global, regional and domestic players were in the market and providing similar services (BOT,2012);
- (2) Thailand's new Foreign Business Act B.E. 2542 (1999) and the new Financial Act B.E. 2551 (2008) allowed foreign banks and nonbanks to enter the local market easily;
- (3) The lending interest rate is governed by the Bank of Thailand with a cap at 28% per annum;
- (4) Not only should business achieve the revenue target, high priority was focused on strict compliance and control operation from the headquarters in addition to a highly regulated and locally protected business by the Bank of Thailand.

An initial meeting with the Branch Managers revealed that they did not believe they could change nor be able to deliver the revenue target without management support. With limited training budget and investment constraints, there was an urgent need for managers to be more effective to bring the business to the next level. An internal OD consultant designed a training/action research on the integration of whole brain appreciative/strength-based learning approach on managers' Transformational Leadership skill/style through Kolb's experiential based learning. An internal OD practitioner was approved to conduct this OD intervention to its 42 branch and district managers. The training was on new transformational leadership behaviors (TL) which comprised of 4 dimensions: Idealized Influence (II), Intellectual Stimulation (IS), Individualized Consideration (IC), and Inspirational Motivation (IM) (Avolio, 2011)

<p><b>Intellectual Stimulation (IS)</b> Managers encourage subordinates to employ intuition independently by questioning old assumptions, reframing problems and approach old situations with new positive perspectives, and use humor to stimulate new thinking.</p>	<p><b>Idealized Influence (II)</b> Managers act as role models, show determination, display extraordinary talents, take risks, create a sense of empowerment in subordinates, show dedication to cause, create a sense of a joint mission, dealing with crises, and engendering faith in others.</p>
<p><b>Inspirational Motivation (IM)</b> Managers who clearly communicate high expectations to subordinates, inspire, motivate, and painting an optimistic future; as a result subordinates want to meet and demonstrate commitment to goals.</p>	<p><b>Individual Consideration (IC)</b> Managers who show they are concerned for subordinates' wellbeing, often assign tasks based on individual needs and abilities, encourage two-way exchange of ideas, self-development, and effective being mentor, counsellor, and a coach.</p>

*Figure 1: Four behavior types of transformational leadership*

*Source: Adapted from Full Range Leadership Development, Avolio, 2011.*

After four months of interventions in 2012, the results showed that 42 (100%) of the managers were fully aware (level 1-perceived practicability or effort required to make the most of the learning) and learned (Level 2- knowledge acquired, skills developed or improved, attitude changed after the program) (Kirkpatrick, 1998). Only 20 (48%) managers reached the level 3-adaptation level (applied learning back on the job or change the learner's behavior).

It is interesting to follow up how current branch and district managers progressed to reach level 3 (the extent of applied learning back on the job implementation and personal life) and how they were practicing the TL dimensions with the new leadership behaviors they learnt five years ago without follow up nor learning enhancement from their training department and management focus when the new country business manager were rotated/changed every 3-5 years..

A 4-question-survey questionnaire was distributed to current 31 Branch and District Managers from May-June 2016 and 31 (74%) managers returned the sealed questionnaires , due to attrition and vacation.

### Findings

The results revealed that the current 31 (100%) Managers were still applying all four transformational leadership dimensions behaviors in their work. The results (Table 1 & 2) revealed that 11 managers (35%) chose to apply II dimension the first amongst the four dimensions, 10 managers (32%) applied IM dimension the first, 7 managers (23%) applied IC dimension and only 3 managers (10%) applied IS dimension. All managers stated that TL dimensions worked well with their subordinates' differences in the style of working. The findings replicated earlier findings that managerial training and learners continue learning and practicing in the workplace produced positive outcome (Collin & Horton, 2004).

Table 1

*Managers applied dimensions of transformational leadership behavior*

TL Dimension	No of Managers	%
Idealized Influence (II)	11	35
Inspirational Motivation (IM)	10	32
Individual Consideration (IC)	7	23
Intellectual Stimulation (IS)	3	10
<b>Total</b>	<b>21</b>	<b>100%</b>

Table 2

*Descriptive statistics of managers' self-rated leadership behavior*

		<b>Idealized Influence</b>	<b>Inspirational Motivation</b>	<b>Individualized Consideration</b>	<b>Intellectual Stimulation</b>
N	Valid	31	31	31	31
	Missing	0	0	0	0
Mean		2.0645	2.3871	2.6774	2.871
Std. Deviation		0.96386	1.20215	1.19407	0.99136

### **Discussion**

The results of the survey revealed that all managers continued acquiring and practicing the leadership behaviors after they were trained five years ago even without monitoring nor follow up from business (Tables 1 and 2 ). The more individual managers personally engaged personally with the learning experiences, the more they benefited from those experiences (Petroglieri, Wood and Petroglieri , 2011). Leadership development courses enable learners to make new meaning of, and draw more meaning from problems at hand and on-going experiences supported and accelerated their development (Avolio & Hannah, 2008: Snook, 2007). However, the continuous development goals is up to each manager (Hoover, Giambatista, Sorenson and Bommer, 2010) and lessons learned by practice was found (Cacioppe, 1998) to remain with managers for many years due to the reality and emotions managers had experienced during the work.

### **Conclusion**

Samsung and ABC shared common success in leading change in their organization starting with dissatisfaction with the present situation and external pressure towards change. Avolio (2011) cited that leadership development is a time-based process and cannot be accomplished at one point in time. Samsung had consistently applied a system-wide application and transfer of behavioral knowledge to planned change on its strategies, structures, systems, staff, skills and shared values that lead to organization effectiveness (Cummings & Worley,

2009). Though management at ABC company did not continue encouraging nor re-enforcing the TL behaviors of its managers, all of the managers continue applying the TL learning on their job.

Majority of managers cited what accelerated their learning involved engaging with, practicing the learnings with the experiences as they occurred in daily operation management (Petriglieri, Wood, & Petriglieri, 2011). The findings replicated earlier findings that managerial training produced positive outcome (Collin & Horton, 2004).

Recommendations for future studies are:

First, to add a few open-ended questions for managers to state the reasons in selecting and applying different transformational leadership (TL) dimensions and whether there are changes every year. Second, to add the demographic information of manager's year of working experience and years in each branch. The study may reveal different findings in TL dimensions among young and senior managers. Third, to further study different genders that would reveal different findings in TL dimensions. Fourth, to include survey questionnaires of direct subordinates on how effective leaders these managers are by measuring motivation and engagement parameters.

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