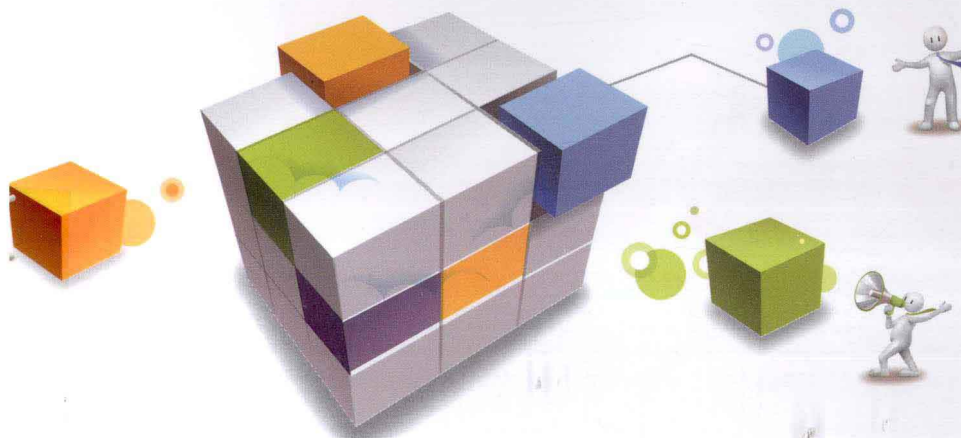


An Investigation of the Relationship
between Leadership Paradigms
and Organisational Performance
in Pharmaceutical Sales Organisations

领导模式与 组织绩效关系研究

——以澳大利亚医药销售企业为例

荆丰 (Fenwick Feng Jing) 著



复旦大学出版社

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Foreword

Leadership is widely regarded as a major driver of organisational performance and success. However, managers often ask: how should I act as a leader? In many countries, including China, the traditional answer has been effectively ‘be directive, tell others what they have to do’. In stable times when work life was much simpler, this classical approach to commanding employees often sufficed. It meant that followers had to depend on the wisdom of their leaders but it enabled employees to avoid taking much responsibility or being held accountable for their actions. Everything revolved around the leaders.

As industry and commerce evolved, employees began to speak up and to have more of a say in their workplaces. Agreements or transactions were created with the employing organisation so that both employers and employees knew what they had to do in return for various types of rewards-salaries, bonuses, promotions and awards. This kind of leadership, where contracts are negotiated with one’s leader, became known as transactional leadership. During the late 20th century,

transactional leadership was widely used in developed economies to manage organisations.

By the beginning of the 21st century, economic conditions had changed worldwide. Dragon economies such as those of China and India had awoken, altering the status quo in many ways. Information and other technologies made the workplaces more complex and far more challenging. Customers became more demanding and were located all over the world for many businesses. The firms themselves were dispersed both nationally and globally, enabled by advances in communication technologies and transportation. The pace of doing business picked up rapidly. Continual innovation was essential to stay ahead of the pack—at the same time as resources and energy supplies were under threat.

New thinking about leadership was essential to succeed in this new business environment. But finding leaders to engage in this thinking was becoming very difficult as rapid expansion in the so-called BRIC countries (Brazil, Russia, India and China) and ageing populations in many countries began to place strains on the managerial talent across the world. New leadership paradigms that changed many of the actions traditionally performed by classical and transactional leaders were required. Two paradigms that emerged are visionary (also known as transformational, inspirational or charismatic) and organic leadership, both of which rely on the brain power and commitment of all employees.

Clearly, every firm needs to be well managed, and it is possible to manage day-to-day operations using a boss's orders or transactional agreements. When managers come under pressure to raise the performance of their business, a different paradigm is required.

In today's global business environment, successful leaders use a shared vision and set of values in leading their organisations. Employees are recruited who share the vision and are willing to work with others in realizing it. The firm's shared values point out the way in which employees should behave in achieving the firm's purpose or vision. Reliance on the all-knowing leader falls away under the visionary paradigm in which success depends on the involvement of every worker. Some organisations have already achieved effective visionary leadership—Johnson & Johnson comes to mind with its famous credo that describes the firm's vision and values.

Visionary leadership still depends on a leader—quite a challenge for the individual leader in a fast-paced, fragmented enterprise. How can one person possibly be everywhere? The fourth paradigm provides a way of further engaging employees in creating highly innovative enterprises—under the organic leadership paradigm (also known as distributed leadership). In an organic organisation, there are typically no designated leaders, job descriptions or formal organisational structures. Employees, carefully selected to fit the culture and leadership paradigm, share the vision and values and are self-leading. An

example of a firm that has adopted the organic paradigm for over 50 years is WL Gore & Associates, who made Gore-Tex® products. One of the world's most innovative companies, Gore relies on 'natural' leadership among its 8000 or so employees. The people involved in a project collectively make the decisions—no one tells anyone else what to do. Interestingly, Gore's culture is very similar in every country in which it operates—even in countries where classical leadership is the traditional form of leadership.

Research, mostly conducted in large organisations, indicates that choice of leadership paradigm is related to the business performance of a firm. Visionary leadership has been clearly shown to lead to higher levels of performance than transactional leadership in many different settings in many different countries. However, other questions remain unanswered:

- What effects do classical and organic leadership have on firm performance?
- Does the leadership paradigm a manager uses matter in small enterprises, where relationships can be very close and intense? Understanding how leadership paradigms affect small businesses is very important because small firms form the backbone of many economies.
- And what about in professional service organisations where employees can be strongly influenced by their education and by professional affiliations?

Answers to the above questions are provided in *An investigation of the relationship between leadership paradigms and organisational performance in pharmaceutical sales organisations*. In a carefully designed study, the author, Feng Fenwick Jing, systematically collected research evidence from small pharmacies to address all these gaps in our knowledge. He reveals which paradigms—when properly implemented—are likely to lead to higher organisational performance on a range of measures. Jing shows that the emerging visionary and organic paradigms lead to enhanced business outcomes even in small professional service businesses.

Since they are based on research into small businesses, the research findings reported in this book are very important for the Chinese economy. Although some managers like to tell me about how Chinese workers will not respond to anything other than being told what to do, experience with other entrepreneurs in China tells a different story. For example, consider the story of Gore, which operates as an organic organisation in its various locations in China—in Beijing, Shenzhen and Shanghai.

China is destined to continue growing at a strong rate, but the challenge for managers is how to do this. Many economists emphasise the three people-oriented ‘P’s for ensuring growth: people, productivity and participation.

- **People** (including those with talent) are in increasingly short supply worldwide, including in China. Therefore companies

will need to find ways to attract future employees. Up to a point this can be done with money in developing economies but after a while money ceases to motivate people to join companies that do not have a clear vision and purpose. Employees will be attracted by visionary and organic leadership where they are working for a higher level purpose and enjoy considerable say in how the work is done.

- Part of the challenge for increasing **participation**, that is getting more employees to choose from, involves enticing new groups to participate in the workforce—in some countries this means helping women back into the workforce after child rearing or encouraging older people to continue working instead of retiring. Money alone will not achieve these objectives; a firm needs to stand for something that the ever scarcer employee believes in. Under the visionary and organic paradigms, Jing's research shows that both staff and managers are likely to stay with the business longer than under classical and transactional leadership. This helps solve the participation challenge for those firms.

- The third P needed for business growth is increasing **productivity**, and this is the strength of the present book. The research reported here shows how the leadership paradigm that managers use makes a huge difference to the firm's business outcomes and performance. In a nutshell, high performing enterprises use visionary and organic leadership paradigms to enhance their bottom lines in many ways.

Therefore, I commend this book to both managers and researchers. For managers who want to enhance the performance of their organisations, this book contains many leadership lessons and insights. For the first time, it holds out hope for those managers who are forced by circumstances to lead in classical or transactional ways but need to raise performance. Jing's research shows that by adding vision, trust and a positive organisational climate, performance improves even in classical and transactional environments.

This book is also a valuable resource for researchers. Feng Fenwick Jing is to be congratulated for his excellent research that makes a valuable contribution to the study of leadership. Not only are the approach, structure, methodology and data collection of the highest standard, but the results open up many avenues for future research. My hope is that researchers in China and elsewhere will continue this ground-breaking investigation.

Professor Gayle C. Avery

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February 2012.

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