Characteristics of Leadership Effectiveness: Implementing Change and Driving Innovation in Organizations

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Research indicates that numerous variables impact a leader's effectiveness. In this study, the authors explore leadership effectiveness in driving change and innovation, along with the precursory skills necessary to do so. The findings confirm previously identified low rates of organizational success with change and point to skill deficiencies as a cause. Specifically, the abilities to communicate appropriately and motivate others significantly influence a leader's ability to effectively implement change and drive innovation.

It is said that organizations remain competitive because they are able to support and implement continuous and transformational change (Cohen, 1999). Given this fact, it is no wonder that organizational change has been the subject of much research. Many have sought to explain the principles of change, how to manage it, and why it is so difficult to achieve. Theories, models, and multistep approaches to change abound, but successfully implementing it often proves elusive (Senge et al., 1999). Research indicates that one-third to two-thirds of major change initiatives are deemed failures (Beer & Nohria, 2000; Bibler, 1989) or have made the situation worse (Beer, Eisenstat, & Spector, 1990). It has been suggested that the rate of failure to deliver sustainable change at times reaches 80–90% (Cope, 2003).

Why is this? According to literature from the past two decades, unsuccessful implementation of change efforts stems from an organization's inability to remain flexible and adaptive to a dynamic business environment (Bossidy & Charan, 2002; Drucker, 1999; Finkelstein, 2003). These unsuccessful

attempts have caused operational and financial difficulties for organizations. Those organizations that are able to anticipate, adapt to, and execute change successfully experience increased long-term viability (Conner, 1992; Cummings & Worley, 2005; Pfeffer, 2005). The critical factor in enabling and driving change efforts is the leadership within the organization (Gilley, 2005; Gilley, Quatro, Hoekstra, Whittle, & Maycunich, 2001; Pfeffer, 2005).

We contribute to the literature on leadership and organizational change and innovation by answering our two research questions: (1) What is the level of leadership effectiveness in implementing change, and, subsequently, driving innovation within organizations? (2) Which specific leadership skills are perceived as necessary to execute change initiatives and drive innovation? Throughout this paper, our reference to "leaders" implies all levels of leaders and managers within an organization.

Change and Innovation

Emerging as a market leader or remaining competitive is dependent on change efforts that drive organizational innovation (Denning, 2005). For more than two decades, there has been increasing emphasis on change and innovation as primary determinants of organizational success (Drucker, 1999; Ford & Gioia, 2000; Friedman, 2005; Johansson, 2004). This in turn has resulted in research focused on how to harness change and innovation in ways that best yield a competitive advantage (Florida, 2005; Friedman, 2005; Howkins, 2001).

Early on, Kuhn (1970) argued that change efforts that reject current paradigms or question fundamental assumptions—also known as double loop learning (Argyris & Schön, 1996)—are considered transformational. Change can also be viewed as incremental, working within a current organizational paradigm. The latter is suggestive of single loop learning occurring in the organization (Argyris & Schön, 1996). Although continuous and incremental change is important for organizational sustainability, transformational change is the key to realizing innovation in an organization (Kuhn, 1970).

Change initiatives that ostensibly lead to innovation have been applied to products and services, as well as technology, organizational structure, and processes (Lewis, 1994) and organizational business models (IBM, 2006). Regardless of where efforts are focused, innovation necessitates disruptive change—not just getting better at what the organization currently does (incremental) but changing to the extent of clearly differentiating itself in the market (Denning, 2005).

Successful execution of transformational change has been identified as leading to innovation, and subsequently increased competitiveness. However, the literature abounds with accounts of failed attempts and the rarity with which organizations demonstrate the ability to achieve transformational change (Beer & Nohria, 2000; Cope, 2003; Senge et al., 1999).

It has been suggested that a primary reason for an organization's inability to change and innovate lies with its leaders—the individuals who are responsible for leading change efforts—and their lack of skill or will, impeding successful implementation. Although many organizations and their leaders desire lasting, meaningful change, few are capable of achieving it. Organizations often go through the motions necessary to bring about change while simultaneously hoping that its catalyst disappears (Conner, 1992).

The apparent chasm that exists between an organization's intentions to implement change initiatives and the ability of the leadership to successfully execute and realize transformational change is deserving of critical investigation. The literature reviewed in these pages explains change, innovation, and the leadership skills that enable both. The end results lead to a view of change and innovation as an integrated whole, offering insight into how leadership skills and abilities influence one's effectiveness at implementing change, which in turn nurtures and cultivates creativity, enabling innovation and ultimately transformative change.

Organizational Change. Organizational inability to embrace change is nothing new (Ulrich, 1998). Although individuals within organizations recognize the need for change, few are able to sustain successful change efforts. People are inherently resistant to change; avoiding or resisting it is human nature (Bovey & Hede, 2001). Although resisting change is natural, failing to change can be deadly. Businesses that don't change disappear (Lewis, Goodman, & Fandt, 2001). Thus the importance of the leader's role and skills in driving change is clear.

Large-scale, transformational change significantly affects how organizations are managed, how they function, and their ability to remain competitive (Gilley et al., 2001; Preskill & Torres, 1999). Changing how one manages and/or how the organization functions is an essential step in successful execution; however, more often than not, lack of these abilities is cited as a barrier (Bossidy & Charan, 2002; Gilley, 2005). Other barriers are failure to understand effective change implementation techniques, lack of management recognition or rewards for those who change, and inability to motivate others to change (Burke, 1992; Kotter, 1996; Patterson, 1997; Ulrich, 1998).

In all cases, the leadership in an organization can influence and remove these barriers. Specifically, it has been suggested that organizational leadership has a direct influence on behavior in the work environment that enables change and innovative thinking and actions (Drucker, 1999; Gilley, 2005; Howkins, 2001) that overcome individual resistance and obstacles.

Innovation. Creativity has been described as the emergence of novel ideas; innovation can be described as implementation of those ideas (Zornada, 2006). There are multiple elements within the organizational culture and work environment that serve to enhance or inhibit innovation. According to a study conducted by Birdi (2005), poor leadership support and an inadequate work environment limit the impact of creativity in terms of influencing idea

implementation leading to innovation. Leaders influence the culture and environment by focusing on different ways of thinking, as well as ways of "being" or taking action.

As complex adaptive systems (Wheatley, 1992), organizations need to generate new ideas, grow, renew, and change; this requires the capacity to quickly respond to novel problems or situations in the environment (Berkes, Colding, & Folke, 2000). To support adaptability and capacity building, organizations rely on innovation, typically by implementing initiatives that support continuous learning and performance improvement (change). Further, organizations demonstrate agility by changing structure or processes. Underlying patterns of thinking regarding relationships, information sharing, and behaviors manifest structures and processes (Wheatley & Kellner-Rogers, 1999). Therefore it can be inferred that approaches to ensuring innovation consist of changing both how we think and how we behave (action). Literature on creativity offers insight into thinking differently through creative problem solving (John-Steiner, 2000; Zornada, 2006) and the role of environmental support, such as leadership practices and actions. Hence, the linkage between leadership skills and abilities and effectiveness at implementing change and driving innovation is clear.

Rogers (2003) explains human reactions to change and innovation in his research into adoption of innovation. An innovation is the direct result of any idea, practice, procedure, or object perceived as new by an individual. The degree of newness for the individual determines his or her reaction to the change. Adoption of the new idea or practice is influenced by how the change is communicated via certain channels, over time, among members of a system.

Rogers' stages of adoption (2003) are *awareness* of the innovation, *interest* in the change, *trial,* the *decision* to continue or quit, and *adoption* of the innovation into one's lifestyle. Individuals are categorized on the basis of their general acceptance of change as *innovators, early adopters, early majority, late majority,* and *laggards.* Innovators are venturesome, information seekers; early adopters are opinion leaders who are generally respected members of the social group; the early majority are deliberate accepters of change; the late majority are skeptical and occasionally succumb to peer pressure in order to change; and laggards are traditional, steadfast individuals who often attempt to hold on to the past. Clearly, members of the late majority and laggards are most resistant to change. Effective management of change (managing individual resistance through communications) has proven to be an essential contributor to the success of a change initiative.

Leadership Skills and Abilities

According to Miles (2001), any change, no matter its size, has a cascading effect on an organization. Consequently, leaders at all levels in organizations will routinely confront the challenges of change while concurrently facing

opportunities to create a work environment that supports change readiness and innovation. The six skill sets discussed next have been found to positively influence the organizational success rate and have therefore been incorporated as targeted elements into numerous change models (Gilley, 2005; Kotter, 1996; Ulrich, 1998).

Ability to Coach. Hudson (1999) suggests that the primary role in coaching is that of an agent of change, which he argues is a constant in today's organizations. Moreover, he believes that leaders who coach help employees improve their renewal capacity and resilience, which positively influences organizational success. Accordingly, Hudson suggests that coaching entails the ability to question the status quo, approach situations from a new perspective, and allow others to make mistakes and learn from them. Coaching inspires others to be their best, remain future-oriented and cautiously optimistic, and pursue useful alliances and networks that enhance cooperation and results.

Research reveals that coaching involves establishing a collegial partnership between leaders and their employees, one based on two-way communication that is nonjudgmental, free of fear, personal, and professional (Gilley & Gilley, 2007). Coaching allows managers the opportunity to better serve their employees in implementing change and innovation activities. Coaching surfaces creative approaches to solving conflicts that often arise during change, and it enables organizations to identify and incorporate new ideas, processes, or procedures that drive innovation (Gilley & Boughton, 1996).

Whitmore (1997) suggests that the first key element of coaching is *awareness.* The *Concise Oxford Dictionary* defines awareness as "conscious, not ignorant, having knowledge." *Webster's New World Dictionary* adds: "Awareness implies having knowledge of something through alertness in observing or in interpreting what one sees, hears, feels, etc." Whitmore suggests that awareness can be raised or heightened considerably through focused attention and practice.

Ability to Reward. LeBoeuf's research (1985) revealed that a compensation and reward philosophy should be based on rewarding employees for the "right" performance. Organizations encourage change and innovation by demonstrating their understanding that "the things that get rewarded get done" (p. 9). This approach ensures that the organization will secure its desired outcomes. By contrast, failure to reward the right behaviors leads to unsatisfactory outcomes.

A compensation and reward philosophy should be flexible enough to take into account the dynamic nature of the organization's change initiatives, along with other important systemwide activities (Flannery, Hofrichter, & Platten, 1996). Consequently, compensation and rewards are to be fluid and subject to review, alteration, or redesign.

An effective reward philosophy takes into account each step of the organization's change process. Employees respond favorably to celebrating milestones

and being rewarded for incremental change; leaders who create win-win situations related to change and innovation (Lussier, 2006). Reward programs should be designed to help an organization achieve specific change outcomes, such as creativity and innovation, leadership, teamwork and cooperation, commitment and loyalty, long-term solutions, and learning and applying new skills (Ulrich, Zenger, & Smallwood, 1999).

Ability to Communicate. Denning (2005) argues that innovation requires leadership to move beyond the command-and-control mode of managing, which ultimately maintains the status quo. Specifically, innovation requires an array of communication techniques—for example, "communicating to the organization the risks in clinging to the status quo and the potential rewards of embracing a radically different future" (p. 12). Communication such as this creates a sense of urgency that motivates individuals to act.

Specifically, leaders are advised to provide abundant information to employees about proposed changes and innovation, inform employees about the rationale for change, hold meetings to address employees' questions and concerns, and give those who feel the impact of the change opportunities to discuss how change might affect them (Rousseau & Tijoriwala, 1999).

According to work by Luecke (2003), communication is an effective tool for motivating employees involved in change. It is essential in overcoming resistance to change initiatives, for preparing employees for the pluses and minuses of change, and for giving employees a personal stake in the change process. Saunders (1999) identified eleven recommendations for communicating during a change initiative:

1. Specify the nature of change
2. Explain why
3. Explain the scope of the change
4. Develop a graphic representation of the change initiative that employees can understand
5. Predict negative aspects of implementation
6. Explain the criteria for success and how it will be measured
7. Explain how people will be rewarded for success
8. Repeat, repeat, and repeat the purpose of change and actions planned
9. Use a diverse set of communication styles that are appropriate for employees
10. Make communication a two-way proposition
11. Be a model for the change initiative

Communication includes giving employees feedback and reinforcement to guarantee their motivation to implement and manage change (Peterson & Hicks, 1996. Positive feedback and reinforcement powerfully encourage employee participation and involvement. Absent feedback, employees make uninformed decisions regarding their performance, resulting in mistakes that can lead to

disastrous results. Without feedback, employees do not know where they are, how they are doing, or whether they are applying new skills and knowledge appropriately. Feedback informs employees as to whether they are producing results on time, at the correct level of quality, and in the correct form.

Ability to Motivate. *Webster's Dictionary* defines motivation as "influence, incentive, or drive; that which causes us to act." Understanding *why* people do the things they do is not an easy task; predicting *how* individuals will respond to a situation may be tougher yet. Motivation is a unique, very personal concept. In an organizational context, a leader's ability to persuade and influence others to work in a common direction is imperative. A leader's ability to influence is based partly on his or her skill and partly on the motivation level of the individual employee. It has been shown that predictors of motivation include job satisfaction, perceived equity, and organizational commitment (Schnake, 2007). In other words, motivation is either positively or negatively affected by the experience an employee has within a given work environment and with the leadership.

Carlisle and Murphy (1996) contend that motivating others requires skilled managers who can organize and foster a motivating environment, communicate effectively, address employees' questions, generate creative ideas, prioritize ideas, direct personnel practices, plan employees' actions, commit employees to action, and provide follow-up to overcome motivational problems. In a recent study involving highly creative technical professionals, it was identified that *how* these employees were managed was a significant motivating factor (Hebda, Vojak, Griffin, & Price, 2007). Specifically, 23% of respondents indicated that having freedom, flexibility, and resources was viewed as a significant motivator; and 25% indicated that the most important motivator was the time provided by their management—a long stretch of time to focus on solving complex problems (Hebda et al., 2007). Leifer, et al. (2000) support this contention and states that innovation is most common in organizations with leaders who support and reward new ideas.

Additionally, a valuable management skill is the ability to attract and retain individuals who are passionate about their work and intrinsically motivated. Incentive and motivation problems are largely management problems—the manifestation of action or lack thereof by poorly skilled leaders, administrators, or supervisors. Organizations that make it a practice to hire or promote talented leaders—those who understand human behavior—are well on the way to motivating their employees (Gilley, Boughton, & Maycunich, 1999).

Today leaders are planning, organizing, and executing work processes in complex organizations. The complexity reflects continuous changes in technology, shifts in workforce demographics, and the need for faster decision making and development of the capability to continuously adapt and change. It is within this organizational context that leaders must create a work environment that elicits employee motivation. Incentive and motivation problems

are largely management problems, a manifestation of action or lack thereof on the part of poorly skilled leaders, administrators, or supervisors.

Ability to Involve and Support Others. Sims' research (2002) reveals that employee involvement and support prove critical to successfully implementing change. Showing confidence in the employee's ability to be successful on the job and valuing contributions also demonstrates support. The ability to connect with employees and offer a high level of support has been positively related to innovation and creativity (Williams, 2001). Kotter and Schlesinger (1979) assert that those allowed to meaningfully participate in change are more committed to its success as their relevant contributions are integrated into the change plan.

Research by Birdi (2005) shows that management support (involving employees, soliciting feedback) greatly influenced the extent to which action was taken on creative ideas. Pfeffer and Sutton (2000), however, suggest that actually taking action (versus talking about being innovative) rarely occurs. Other authors give examples of overcoming barriers to taking action and realizing success through innovation. Specifically, successfully driving change and innovation requires a facilitative management style ensuring that communication (including coaching, information sharing, and appropriate feedback) mechanisms are in place, worker involvement flourishes, and social networks (teams and collaboration) are supported (Denning, 2005; Drucker, 1999; Williams, 2001).

Ability to Promote Teamwork and Collaboration. Effectively managing teams and structuring workgroups so as to support collaboration are two leadership abilities critical for achieving organizational goals. Early in the twentieth century, management scholars made an empirical case for collaborative approaches to managing (Follett, 1924). More recently, Williams (2001) and Fuqua and Kurpius (1993) found significant influence on change and innovation flows from teamwork and collaboration in the form of work group design. Interpersonal skill combines with group processes and structure to promote or inhibit teamwork and collaboration, which ultimately have an impact on desired outputs (Fuqua & Kurpius, 1993; Nadler & Tushman, 1989). Also, work groups can be designed so that members who have diverse skills and backgrounds can communicate and interact such that members are able to constructively challenge each other's ideas (Williams, 2001). Further, it has been evidenced that social networks have important effects on team performance and viability (Balkundi & Harrison, 2006). Specifically, the results of a meta-analysis indicate that teams with a dense configuration of connections within their social network tended to attain their goals more frequently and remained intact as a group for a longer period of time (Balkundi & Harrison, 2006).

Leaders sabotage teamwork and collaboration by creating a hostile environment, setting unrealistic expectations, communicating poorly, failing to furnish skills training, and using coercive control rather than coactive control (Follett, 1924; Longenecker & Neubert, 2000; Rayner, 1996; Zhou &

George, 2003). Conversely, those who establish open communications, share leadership, define clear roles and work assignments, value diverse styles, and maintain a sense of informality promote effectiveness in teamwork and collaboration (Parker, 1990).

Review of the literature has presented scholarship and perspectives over the past few decades that suggest a lack of results and unrealized potential in terms of managing change and bringing about innovation. Further, it has been shown that certain managerial practices and skills positively influence organizational results through successful execution of change initiatives. It is clear that the potential to increase market competitiveness and growth is within the control of an organization's leadership. It is through the deliberate and disciplined action of management that organizations effectively implement change initiatives and cultivate a work environment conducive to innovative achievements.

Methods

This article draws from our study of leader effectiveness in implementing change within an organization. A host of research on change reveals that effective implementation often proves elusive, in spite of numerous models and theories for successful change facilitation (Kotter, 1996; Lewin, 1951; Ulrich, 1998). Offering another perspective, recent research revealed that nearly 55% of CEOs believe their past successes at implementing change were "quite" or "very" successful, with only 13% responding that previous change efforts were "unsuccessful" or only "a little successful" (IBM, 2006, p. 45). One consensus is clear: change is here to stay (Sims, 2007), and organizations have an opportunity to harness innovation as a way of remaining viable.

Research Questions. Our approach was to examine the skills and behaviors of leadership and management with respect to change and innovation as perceived by employees at all levels (including mid-level and upper-level management). Specifically, we investigated whether leaders effectively implement change within their organization. Further, we asked about the frequency with which leaders display specific skills associated with effective change implementation.

The results of this study will give leaders insight into employee perceptions of leader effectiveness in implementing change and innovation, and the specific skills required to be successful (examples being coaching, rewarding, communicating, motivating, building teams, and involving employees).

This project is based on results of our larger two-year study of leadership practices. Our initial overall interest was to explore the macro and micro processes of organizational leadership and management. Our desire to develop greater understanding of change and innovation within the broad spectrum of people and industries led us to pursue a quantitative research design for this specific focus.

Data Collection. This descriptive study consisted of collecting and analyzing employee perceptions of their management's effectiveness at implementing change. A written questionnaire solicited data that were largely perceptual.

Our desire was to examine a broad range of participants, industries, and companies. Participants in the convenience sample were students in MBA and OD master's degree classes at three four-year universities (two public and one private) over two years (four semesters). The two public institutions are in the Midwest and Mountain West; the private institution is in the South. All master's students in these particular degree programs were made aware of the study and voluntarily participated; thus respondents self-selected.

Survey questions sought basic demographic data such as participant age, title or level within the organization, gender, and industry type. Of 362 students with access to the survey, 337 responded, yielding a 93% response rate.

Data Analysis. The dependent variable in this study was the frequency with which employees believe their leaders effectively implement change and innovation, ranging from "never" to "always" on a five-point scale. The independent variables explored by this study included specific leadership skills and abilities related to change (Burke, 1992; Conner, 1992; Gill, 2003; Gilley, 2005; Sims, 2002; Ulrich, 1998). Employees were asked to evaluate the frequency with which leaders:

1. Coach employees
2. Effectively reward or recognize employees
3. Appropriately communicate with employees
4. Motivate employees
5. Involve employees
6. Encourage teamwork and collaboration
7. Effectively implement change (dependent variable)

Associated frequencies and percentages were calculated for all questions and data. Correlations were run between and among all variables, while regression analysis further tested the independent variables' degree of influence on change.

Findings

The respondent population was 48.4% male, 50.6% female, with 1% not reporting gender. Industry type was 10.42% manufacturing, 54.46% service, 15.77% education, 11.61% professional, 6.55% government, and 0.89% "other." When specified, the category "other" included medical, consultant, technician, doctoral candidate, and senior research specialist. Of the respondents, 62.09% indicated that their immediate supervisor was male, while 37.31% listed their direct manager as female.

Table 1. Leader Effectiveness in Implementing Change

	Never (1)	*Rarely (2)*	*Sometimes (3)*	*Usually (4)*	*Always (5)*
N	33	88	135	54	27
%	9.80	26.11	40.06	16.02	8.01
	9.80				
Cum		35.91	75.97	91.99	100.00

Note: N = 337, Mean = 2.8635, *SD* = 1.0574.

Table 2. Descriptive Statistics and Intercorrelations

M	*SD*	*1*	*2*	*3*	*4*	*5*	*6*	*7*
1. Coaching	2.84	1.08						
2. Rewarding	2.90	0.97	.56					
3. Communicating	3.02	0.99	.61	.55				
4. Motivating	2.80	1.01	.69	.65	.65			
5. Involving	3.08	1.15	.63	.58	.60	.69		
6. Teams	3.33	1.07	.60	.59	.58	.66	.69	
7. Implementing change	2.86	1.05	.59	.52	.66	.67	.59	.57

Front-line employees made up 39.58% of the population, supervisors or team leaders were 23.81%, midlevel leaders represented 22.62%, senior and executive leaders were 11.61%, and 2.38% listed "other." When specified, the category "other" included owner, CEO, and self-employed.

Table 1 reports descriptive statistics, including frequencies and percentages, for the dependent variable (effectiveness at implementing change). Survey respondents indicated that leaders are "never" or "rarely" effective at implementing change with a frequency of 35.91%, "sometimes" effective 40.06%, and "usually" or "always" effective 24.03%. with a mean of 2.86.

Table 2 lists descriptive statistics and intercorrelations. All study variables showed high positive correlation (.50–1.0; Cohen, 1988). Leaders' skills in communications and motivation (variables 3 and 4) reflected the highest positive relationships with change implementation (.66 and .67 respectively).

Table 3 reveals the results of regression analysis. Simultaneous regression is appropriate for detecting significant influences of several independent variables (e.g., motivation) on one dependent variable. Initial results indicated significant (p < .05) influence by variables 3 and 4 (communications and motivation), and potentially significant influence by variables 1 and 5 (coaching and involving). We removed the non-significant variables (2 and 6) and tested again. Multiple regressions distilled the six independent variables to a 4-variable model reflecting significant impact on the dependent variable (effectiveness in change implementation). Specifically, significant (p < .001) influence on the dependent variable was exhibited by variables 3 and 4, leadership

Table 3. Regression Analysis

	Model 1			Model 2		
Variables	b	s.e.	P-val	b	s.e.	P-val
1. Coaching	0.089	0.053	0.095	0.100	0.050	0.046**
2. Rewarding	0.008	0.057	0.877			
3. Communicating	0.341	0.059	0.000	0.350	0.054	0.000***
4. Motivating	0.268	0.069	0.000***	0.295	0.061	0.000***
5. Involving	0.102	0.058	0.081	0.124	0.049	0.012**
6. Teams	0.089	0.057	0.123			
N		337			337	
R^2		0.554			0.550	
R^2_{adj}	0.542			0.545		

Note. $* p < .05$; $** p < .01$; $*** p < .001$.

skill and ability in communications (.000) and motivation (.000); while lesser significance ($p < .05$) surfaced for variables 1 and 5, coaching (.046), and involving others (.012). In each regression, the independent variables explained 55% ($R^2_{adj} = 54\%$) of the variance in leadership effectiveness in implementing change.

Discussion

This study makes two contributions to the research on leaders' ability to drive change and innovation along with the skills necessary to do so. First, the findings indicate that employees at all organizational levels hold a somewhat negative perception of their leaders' ability to effectively implement change and innovation. Nearly 76% of respondents reported that their leaders never, rarely, or only sometimes effectively implement change. Leadership is often cited as a significant barrier to or resister of change (Gilley, 2005; Schiemann, 1992), despite their self-reports to the contrary (IBM, 2006).

Second, this research reveals a four-component model of skills necessary for leaders to master if they are to successfully drive change and innovation, and it identifies two skills as critical. Previous studies indicate that coaching, rewarding, communicating, motivating, involving others, and building teams, among others, are necessary for leading change and innovation (Burke, 1992; Conner, 1992; Gill, 2003; Gilley, 2005; Sims, 2002; Ulrich, 1998). The data from this study support past research with respect to linkages between these specific skills and leadership effectiveness. Leaders' ability with respect to each of these skills (variables) is highly and positively related to their overall ability to effectively implement change and drive innovation. However, our findings reveal that four specific talents (communications, motivation, involving others, and coaching) have a significant impact on a leader's ability to drive

change and innovation, while two of them—communications and the ability to motivate—are critical for one's success.

Communicating appropriately and motivating employees are each highly and significantly associated with effective implementation of change and innovation. Predictors of individual motivation are job satisfaction, perceived equity, and organizational commitment (Schnake, 2007). These predictors are primarily realized through the work environment; therefore, a leader's ability to cultivate a work environment that is focused on employee motivation is critical (Hebda et al., 2007; Carlisle & Murphy, 1996). Unfortunately, little attention is paid to organizational communication strategies (Argenti, Howell, & Beck, 2005).

Additional skills that significantly and directly impact a leader's effectiveness with change and innovation include the willingness and ability to involve employees and coach them in the process of change. Employee involvement is a participative process that enables employees to offer input that increases their commitment to the firm's success. Involving employees in decisions that affect their work and increase their autonomy promotes worker motivation, commitment, productivity, and job satisfaction while lowering scrap rate and turnover (Bowen & Ostroff, 2004; Seibert, Silver, & Randolph, 2004). Similarly, coaching creates an environment that brings out the best in people (Gilley & Boughton, 1996).

The common thread among these four soft skills builds an environment of support for employees facing the challenges posed by impending change and demands for innovation. It is no surprise, then, that the inability to recognize or respond to the need for change and innovation contributes to leaders' failures (Shook, Priem, & McGee, 2003). This study confirms abundant research detailing current and past organizational lack of success with change and points to leadership skill deficiencies as a viable cause. Specifically, the inability to communicate and motivate explain many organizational change failures.

Limitations of the Study. Several caveats are appropriate to this research. The possibility that the facts may differ from perceptions for any individual or situation must be considered a limitation. This study relies on quantified perceptual, highly subjective data; therefore some bias may exist. Common rater biases are recency, stereotyping, and halo and horn effects.

Although we avoided concentrating on any single firm in favor of more generalizable data, there is a trade-off between depth and breadth. Richness may have been sacrificed in favor of quantity. Our inclusion of industry type data attempted to focus and refine responses while maintaining a broad view.

The convenience sampling methodology that enabled us to draw on MBA and OD master's students at a small number of universities may limit the potential for generalization. Further, these master's students, themselves engaged in the process of self-change and development and the desire for growth, may be particularly critical of their leaders and organizations. Self-selection may yield

skewed results (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003), which we have attempted to mitigate by including multiple groups of people.

Recommendations for Future Research. A number of important issues emerged as a result of this study. First, employees have strong opinions regarding the ability of their leaders to successfully drive change and innovation within their firm. These perceptions are no doubt the result of first-hand experience with change initiatives, management, policies, and procedures within their organization. Exploration of respondent characteristics may add value. For example, does respondent title or level, gender, age, or industry influence perceptions? Additional study of employee perceptions would also add valuable data and enhance reliability.

Next, just as employees have valuable insight and opinions regarding general managerial talent, so too do they have opinions regarding specific skills necessary for effective change management. This study highlights employees' opinions of *what* needs to improve with respect to leadership skills to implement change. Additional investigation may be warranted to explore needed management development and define *who* or which levels of management most need to improve, and in which areas. Additionally, why do leaders lack these skills? How can organizations enhance these skills within their management teams?

Finally, research is needed that compares and contrasts employees' perception of the rate of success of change initiatives with documented organizational results (increased revenues, level of customer service, employee satisfaction). Future study should offer evidence of these relationships and support or refute whether employees' perceptions of their leadership are reality, along with the link between perception and expectations.

Conclusion

Organizations' difficulty with change and innovation is confirmed by the results of this study. Employees at all levels recognize their leaders' abilities, or lack thereof, to drive change and innovation. This study demonstrates the perceived importance of specific leadership skills and abilities necessary for successful change and innovation. Thus to enhance change effectiveness skills organizations will be interested in assessing and improving change and innovation talent and abilities of leaders at all levels, including the executive. Given the critical nature of change in the global economy, leadership and management development should focus on change skills and abilities.

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