Leadership Development Practices In Service Industry-An Empirical Analysis

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Abstract

In the current scenario of competition, leader provides a competitive edge to the organizations. A dynamic leader ensures that the things are moving in the right direction and organization is achieving its goals successfully. Leader serves as the backbone for the organization, without whom organizations would find it difficult to survive. The charismatic leaders lend inspiration and direction to the action. Leadership abilities can be learned and developed over a period of time. Therefore, the companies are focusing towards leadership development. Through this study, an attempt has been made to find out the best leadership development practices that are being currently utilized by service industry and its sub sectors. The best industry practices provide a platform for exploring service organizations to review and asses the content of their leadership programs to acquire more effective results. For this study, a sample of 62 various industrial segments relating to service industry were selected randomly and data was collected accordingly. Statistical tools like ANOVA and factor analysis were applied to find out the high and low leadership development practices and to critically analyze industrial segment scores high on implementing leadership development practices. The findings of the research suggested that performance reviews, leadership role availability, leadership training, stretch assignments, developing leaders at all levels scored high on leadership development practices, whereas career counseling, encouraging university degrees, allowing outside consulting roles, employee sabbaticals and offering executive education programs scored
low on the leadership development practices in the service industry.

Keywords: Career Counseling, Executive Education, Leadership Development Practices, Leadership Training, Performance Reviews, Stretch Assignments, and Service Industry.

1. Introduction

Leadership is the process of acting in any way that defines, articulates, influences, and/or models the mission, vision, culture, values, or goals of an organization (citehr.com). Behavioral theories postulate that success of leadership is based on definable and learnable behavior. Since the emergence of knowledge economy, significant changes have occurred demanding a change in the multiple roles of leaders. Effective leadership at all levels in private and public organizations, is a prime pre-requisite to sustain profitability, productivity and good customer service. A galaxy of scholars and executives are convinced that effective leadership is required to meet most of the organizational challenges. The present leading business organizations recognize that capable leadership transcends senior executives. Leaders' don't merely sail the tide of success but create successes in their chosen fields with grit and determination. This is equally true in service sector.

Present knowledge economy is seeing a large scale growth owing to global exposure. There is an acute talent crunch in the organizations because of changing market scenario. Leaders are performing multiple roles and high performance is expected from them. Companies focus on leadership development practices for grooming employees into leaders. Wipro, Infosys & Hindustan Uni. Liver give stress to the role of leadership development in a great way. Leadership development is an important trait to be understood and developed in organization to lend human resource an important dimension.

Leadership development is often perceived in terms of education and training, job experience and coaching. Leadership is such a comprehensive process that almost any life activity can help people prepare for a leadership role. As Sharon Daloz Parks observes, leadership is not exclusively about having the right traits, but also involves behaviors. And these behaviors can be taught because they can be translated into doable tasks. Leadership development has become a heavy priority for many major business and government organizations. An analysis conducted by Fortune concluded that no matter what business a company is in, the real business is building leaders. Without a cadre of effective current and future leaders, a company would lose its competitive edge.

1.2 Review of Literature

Taleo's (2010) research finds that companies face two major challenges when it comes to leadership development. Firstly identifying qualified candidates to fill in current and future leadership roles and secondly, having the tools and techniques to develop a comprehensive leadership program to cultivate and develop the leaders of tomorrow. Findings of this research suggest that the most successful leadership development programs first recognize and understand the type of leadership style needed for their culture, then align leadership development with overall corporate strategy.

Afroditi Dalakoura(2010) identifies the constructs that affect leadership development in an organization and investigates the impact of leadership development on firm's performance. His study showed a positive relationship between differentiation strategies of the firm and leadership development. Environmental dynamism and leadership development or organizational size and leadership development had no relationship among them. Hence, the positive impact of leadership development on firm performance, as measured through financial and market outcomes, was validated in the study.

Quisar Abbas & Sara Yaqoob (2009) study was aimed to examine the effect of leadership development on employee performance in Pakistan. This study was conducted considering five factors of leadership development, i.e. coaching, training and development, empowerment, participation and delegation and it was found that the combined effect of these factors influences employee performance with 50%. These five variables collectively as leadership development factors prove a synergic effect and increase the overall employee performance.

Kevin S.Groves (2007) presented a best practices model for optimal development of the leadership pipeline and a series of practical recommendations for organizations. The study indicated that best practice organizations effectively integrate leadership development and succession planning systems by fully utilizing managerial personnel in developing the organization's mentor network, identifying and codifying high potential employees, developing high potentials via project-based learning experiences and manager-facilitated workshops, establishing a flexible and fluid succession planning process, creating organization-wide forums for exposing high potential employees to multiple stakeholders, and establishing a supportive organizational culture.

Hay group survey (2007) identifies following as the best practices that are most effective for leadership development. Managers are held accountable for their leadership behavior and the work climates they create, and finally, development of teams is just as critical as development of individuals.

The results of leadership development programs are even more important in global organizations than in traditional organizations because of dual reporting structures, proliferation of communication channels, overlapping responsibilities, and barriers of distance, language, time, and culture (Friedman, 2000). Ultimately the results and specifically organizational outputs should be the driving force and energy behind the proper designing and implementation of all leadership development programs.

The outcomes of leadership development programs are defined in terms of organizational overall performance. Holton (1999) defines outcome as a measurement of effectiveness or efficiency (of the organization) relative to core outputs of the system, subsystem, process, or individual. For this research, leadership development is defined as the every form of growth or stage of development in the life-cycle that promotes, encourages and assists the expansion of knowledge and expertise required to optimize one's leadership potential and performance (Brungardt, 1996). Leadership development studies not only include the formal training programs, but also the full range of leadership experiences as defined by McCauley, Moxley, & Van Velsor (1998). The full range of leadership experiences include mentoring, job assignments, feedback systems, on-the-job experiences, developmental relationships which include exposure to senior executives, and leader-follower relationships.

In the present business scenario, the focus of managerial leadership has shifted to strategic leadership because of increasing global competitiveness, continuous restructuring activities, demographic changes in the workforce, customer demands, and rapid technological changes (Hooijberg, Hunt, & Dodge, 1997; Gibler, Carter, & Goldsmith, 2000). In the globalized organisations, leadership requires that leaders delegate decision making, geographically disperse key functions across units of different countries, de-layer at the organizational level, de-bureaucratize formal procedures, and differentiate work responsibilities and authority across networked subsidiaries (Friedman, 2000).

1.3 Objectives of the Study

The study was part of a larger study that sought to identify the leadership development practices at service industries. The specific objectives of the present study are;

- To find the top leadership development practices in select service organizations.
- To know the best adopted practices in leadership development.
- To find whether the leadership development practices differ or same within and among the industrial segments in service sector.
- To find which segment popularly adopts the leadership development practices.

1.4 Methodology of the Study

The sample consists of 62 industrial segments in service industry. They were randomly selected from the various industrial segments like Insurance, IT, Banking and Financial and Education/R&D with a view to assessing the leadership development practices.

1.4.1 Sources of Data

The data used for the analysis were primary. It has been collected through questionnaires administered in a definite order to the HR managers of the industrial segments. A structured best leadership development practices questionnaire was used to collect data.

1.4.2 Tools Used

For this study, simple statistical tools like ANOVA and factor analysis were used.

1.5 Limitations of the Study

Due to the cost and time, certain limitations have to be tolerated in the present study. In the first place, the study covers only few selected firms in the vast panel of service industry. Leadership integrates management with employees. But this aspect has been ignored in this study as it does not take into consideration employees. So the study is only a one-way analysis.

1.6 Analysis and Interpretation

The nature of leadership has changed over a period of time. To explore the level of adoption of leadership development practices in the service sector, the relevant data were collected through questionnaires and they are summarized below.

Data from **table 1** on leadership development practice scale and degree of adoption shows that availability of leadership roles has got high degree of adoption (69.05 percent) followed by performance review (66.1 percent) and leadership training programs (64.5 percent). The least degree of adoption is observed in these organizations in providing employee sabbatical (14.5 percent) and paying for university degrees (17.7).

Leadership development practices are essential for the service organizations as they have important leadership roles and for this, they prepare their people with appropriate performance reviews and training programs. Most of the service organizations find it not useful to pay for the degrees of their people and encouraging sabbaticals.

Table 1. Degree of adoption of Leadership Development Practices

LD Practice Scale	Mean	Degree of adoption (percentage score)	Std. deviation
Leadership roles available scale	3.61	69.05	.554
stretch assignments scale	3.42	51.06	.666
Developing leaders at all levels scale	3.40	54.8	.757
Multi function project team scale	2.79	45.2	.813
Cross functional experience scale	3.11	46.8	.727
Opportunities to work with vendor, customer & others scale	3.16	46.8	.961
International experience scale	2.69	27.4	1.049
Leadership training programs scale	3.45	64.5	.803
Offers executive education programs scale	2.32	22.6	1.083
Encourages university degrees scale	2.52	21.0	1.020
Pays for university degrees scale	2.34	17.7	.974
Career counseling scale	2.65	25.8	1.010
Encourages coaching & mentoring scale	3.29	45.2	.818
Job description for mentoring & coaching roles scale	2.98	32.3	.914
Performance review scale	3.58	66.1	.666
Rewarding coaching & mentoring scale	3.08	40.3	.893
Consulting roles scale	2.56	25.8	1.065
Lateral moves scale	2.94	32.3	.939
Employee sabbatical scale	2.45	14.5	.918

Source: Primary Data

Analysis of **table 2 and 3** shows that availability of leadership roles scores high (224) on leadership development practices, followed by performance review (222), leadership training (214), stretch assignments (212) and developing leaders at all levels (211) in the service sector. The least scored leadership development practices in the service sector are offering executive education programs (144), followed by employee sabbaticals (152), allowing outside consulting roles (154), encouraging university degrees (156) and career counseling (159).

Table 2. Top five Leadership Development Practices

LDP	Rank	Score
Leadership roles available	1	224
Performance review	2	222
Leadership training	3	214
Stretch assignments	4	212
Developing leaders at all levels	5	211

Table 3. Five least adopted Leadership Development Practices

LDP	Rank	Score
Career counseling	13	159
Encourages university degrees	14	156
Allows outside consulting roles	15	154
Employee sabbaticals	16	152
Offers executive education programs	17	144

 Service organizations surely have various leadership opportunities which they try to develop with the best practices like regular performance reviews, training the potential leaders, providing stretch assignments and developing the leaders at all levels. Hence, it could be interpreted that leadership development is the focus of majority of the organizations. But, at the same time least importance is given to the individual development of the employee as evident from the data analysis, which shows that offering executive education programs, sabbaticals, outside consulting roles, university degrees and career counseling are the least preferred leadership development practices.

The results of **table 4** (one way ANOVA) indicate that insurance sector (58.58) tops the list of service organizations in practicing best leadership development programs, followed by IT (57.20), Education and R&D (57.18), banking & financial (55.06) and others (54.48).

Insurance sector is consumer driven industry, and the role of leader plays a very important role in these organizations. Hence the results are the positive indication that it encourages best leadership development practices.

Table 4. Segment-wise adoption of Leadership Development Practices

Rank	Industrial Segment	Score
1	Insurance	58.58
2	IT	57.20
3	Education & R&D	57.18
4	Banking & financial	55. 06
5	Others/Miscellaneous	54.48

One way ANOVA

The observation of the Anova **table 5** reveals that there is significant difference within and among the groups in rating the leadership development practices such as availability of leadership roles (0.00), stretch assignments (0.00), cross functional experience (0.01), international experience(0.04), leadership training programs (0.02) and consulting roles (0.02). And the practices like developing leaders at all levels (0.55), multi function project team (0.94), opportunities to work with vendor, customer & others (0.67), offers executive education programs (0.79), encourages university degrees (0.69), pays for university degrees (0.55), career counseling (0.41), encourages coaching & mentoring scale (0.26), job description for mentoring & coaching roles (0.92), performance review (0.09), rewarding coaching & mentoring (0.33), lateral moves (0.17), employee sabbaticals (0.69) have no significant difference within and among groups at 5% level of significance.

The results show that there is no much difference within and among the service sector in adopting the best leadership development practices.

Table 5. Leadership Development Practices- Difference among Industrial Segments

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Q1	Between Groups	3.126	1	3.126	8.750	.004
	Within Groups	37.510	105	.357		
	Total	40.636	106			
Q2	Between Groups	3.665	1	3.665	8.550	.004
	Within Groups	45.008	105	.429		
	Total	48.673	106			
Q3	Between Groups	.221	1	.221	.349	.556
	Within Groups	66.564	105	.634		
	Total	66.785	106			
Q4	Between Groups	.004	1	.004	.005	.943
	Within Groups	84.052	105	.800		
	Total	84.056	106			
Q5	Between Groups	4.209	1	4.209	6.753	.011
	Within Groups	65.454	105	.623		
	Total	69.664	106			
Q6	Between Groups	.137	1	.137	.175	.677
	Within Groups	82.032	105	.781		
	Total	82.168	106			
Q7	Between Groups	3.814	1	3.814	3.972	.049
	Within Groups	100.822	105	.960		
	Total	104.636	106			
Q8	Between Groups	3.864	1	3.864	5.062	.027
	Within Groups	80.155	105	.763		
	Total	84.019	106			
Q9	Between Groups	.079	1	.079	.069	.793
	Within Groups	120.126	105	1.144		
	Total	120.206	106			
Q10	Between Groups	.134	1	.134	.152	.697
	Within Groups	92.595	105	.882		
	Total	92.729	106			
Q11	Between Groups	.354	1	.354	.352	.554
	Within Groups	105.665	105	1.006		
	Total	106.019	106			
Q12	Between Groups	.637	1	.637	.659	.419
	Within Groups	101.438	105	.966		
	Total	102.075	106			
Q13	Between Groups	.643	1	.643	1.250	.266
	Within Groups	53.974	105	.514		
	Total	54.617	106			
Q14	Between Groups	.007	1	.007	.008	.927
	Within Groups	84.984	105	.809		
	Total	84.991	106			
Q15	Between Groups	1.595	1	1.595	2.933	.090
	Within Groups	57.097	105	.544		
	Total	58.692	106			
Q16	Between Groups	.749	1	.749	.934	.336
	Within Groups	84.241	105	.802		
	Total	84.991	106			
Q17	Between Groups	5.360	1	5.360	5.326	.023
	Within Groups	105.686	105	1.007		
	Total	111.047	106			
Q18	Between Groups	1.586	1	1.586	1.905	.170
	Within Groups	87.386	105	.832		
	Total	88.972	106			
Q19	Between Groups	.142	1	.142	.159	.691
	Within Groups	93.933	105	.895		
	Total	94.075	106			

1.7 Findings & Conclusion

Outcome of the study has been discussed as follows: The analysis of the data shows that out of nineteen leadership development practices, practices like availability of leadership roles, performance review, leadership training, stretch assignments and developing leaders at all levels prove to be the top five best leadership development practices in the select group. However, the difference among the segment companies in service sector is not statistically significant and most of the leadership practices are similar within and among the study groups. Insurance and IT sectors secure top positions for adopting best leadership development practices.

It could be concluded that service industry is high on adapting leadership development practices. However, there is not much difference that has been seen among industrial segments of service industry in adopting leadership development practices as few score high on some practices and others score high on some other practices. Hence the conclusion that leadership development practices are of priority for the service sector companies and they do implement the same with much vigor.

1.8 Scope for Future Research

The present research in its own way and with the tools available tried its utmost to achieve best of the results regarding "Leadership Development Practices in Service Industry An Empirical Research".

The study lays emphasis on selected industrial segments of the service industry. Various other major industrial segments of the service industry like hospitality, tourism, health care and telecommunication etc. are kept for some future study. It is further advisable a comparative study on the leadership development practices at private and government companies' level can be initiated and a comprehensive research can also be taken up to understand the relationship between leadership development and succession planning of organizations along with their ability to adopt change.

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