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IMPACT OF VALUE-BASED TRANSFORMATIONAL LEADERSHIP IN PRIVATIZING GOVERNMENT INSTITUTIONS IN A DEVELOPING ECONOMY: A CASE STUDY

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Abstract

The purpose of this study was to explore the kind of leadership that could infect positive changes in the work environments of government research organizations undergoing privatization in most developing countries in order to enhance the commercialisation of their production activities. An interpretive analytic framework was used as an appropriate platform to build a qualitative design. Qualitative data was collected through taped-recorded interviews with seventeen senior staff members identified as key actors in the organization's privatization processes, and analysed using an interpretive description qualitative approach. The results showed that the organization's managers used charismatic and values-based leadership approaches during the transition period of commercialisation process and was viewed by their subordinates as leaders who were true to their own values and who also went on to help those they led to articulate what they valued. It was concluded that an amalgamation of transformational and value-based styles of leadership approach could be used by managers of government agencies in most developing countries to infect positive changes in their work environments when managing the privatization of their organizations. The study has shown that value-based transformational leadership could be used by managers of challenged government research and development organizations in most developed countries to infect positive changes in their work environments and which could help facilitate their efforts towards the privatization of their organizations' activities.

Keywords: Leadership; Change management; Work Environment; Privatization; Government Institutions.

Introduction

The privatization of public sector enterprises in most developing countries has been a recurrent theme on the international development agenda since the early 1980s. Assistance for this purpose from international aid agencies has been cautious, placing priority first on supporting stabilization programmes and improving existing operational efficiencies. Assistance has also taken the form of technical and financial support for institutional strengthening, enhancing autonomy, and price reforms. The consequence of this was that most governments in the developing countries were compelled by institutions such as the World Bank and other international donor agencies to pull back from their roles as the redistributors of income. This development led to key aspects of the economies of most developing countries being reformed to align with the free and competitive market economy paradigm. In this regard the concept of enterprise was promoted in these developing economies and these were marked by the privatisation and deregulation of government agencies (Davis, 2000). The privatization of the government agencies was expected to give them corporate identities with which they could operate as profit-making entities, cutting their dependence on government subsidies. This was based on the argument that by operating as private enterprises, government agencies could have improvements in their production processes which could project them toward greater productivity, better growth and increased profit.



Research and Technology Organizations (RTO) in most developing countries were affected in this respect, and the consequence of their privatisation was the significant reduction in the subsidy they used to receive from their governments (Mengu and Grier, 1999). The consequences of these reductions in subsidies were the emergence of continued pressure from governments for the RTOs to become self-income generating. This situation resulted in most developing countries making several efforts to improve the management and business capacity of their RTOs. This was based on the conviction that the RTOs would possess the ability to provide effective services and products to potential clients, and hence be able to generate income to compensate for cuts in government's financial support to them. While most RTOs in developing countries involved in such privatization have had their efforts constrained as a result of their inability to implement changes within their work environments, some few ones were deemed to have been able to overcome such hurdle (Mengu and Grier, 1999). Out of fifteen RTOs studied by Mengu and Grier (1999), nine were found to have been constrained in their efforts to commercialize.

A study by Sanda (2003) on the commercialisation efforts of ten RTOs in eight countries across Africa, Asia, South America and the Caribbean showed that such constraints were a result of managers' inability to transform and manage their work environments. This is quite understandable because, despite globalisation providing many opportunities for business, it also creates major challenges in acknowledging and appreciating cultural values, practices, and subtleties in different parts of the world (House, 2004). Therefore, managers might need the flexibility to respond positively and effectively to practices and values that may be drastically different from what they are accustomed to if they want to succeed in global business (House, 2004). As it is noted by Virkkunen and Kuutti (2000) in reference to Robey *et al.* (1995), practicing managers, consultants and members of organizations increasingly face problems in mastering organizational learning and transformations with the traditional conceptual tools of management. Sturdy and Fleming (2003) argue that drawing such a parallel distinction is important, because it is seemingly unreasonable to assume that ideas will always be transferred and, even when they are, subscribing to and/or espousing them (i.e. talk) will always be associated with their enactment as techniques. An interesting illustration here is the introduction in the early 1990's of the business process re-engineering (BPR) model as a best practice and which, according to Hammer (1993), took many corporations by storm as a representation of a radical rethinking of an organization and its cross-functional, end-to-end processes. In a 1993 survey involving over 500 chief information officers (CIOs), Moad (1993) found that the average CIO was involved in 4.4 BPR-based re-engineering projects which was a significant increase in comparison to an average of 1.6 projects the year before. Yet, despite the excitement that surrounded the BPR model, the rate of failure for re-engineered projects were reported by both Stewart (1993) and Belmonte (1993) to be over fifty percent, while Hammer and Champy (1993) estimated the failure rate to be as much as a seventy percent.

Thus the purpose of this paper was to understand the challenges faced by managers of government agencies in most developing countries towards privatization and the kind of leadership that they could provide to implement positive changes in their work environments in order to enhance the commercialisation of their production activities. The underlying research question was as follows; what kind of leadership should managers of government agencies in developing economies offer in order to be able to implement positive changes in their work environments that could enhance the privatization of their organizations?

Leadership in Organizational Change

Performance and productivity in organizations are paramount issues for all managers whose success in one way or the other depend more and more upon the employees they lead. At the same time, individuals being led in today's business world of multiple responsibilities, commitments and demands face the tremendous challenge of making a meaningful and significant contribution to their firms without neglecting other important areas of their lives. According to Dorfman and House (2004), a seemingly endless variety of definitions of leadership have been developed and that their degree of specificity should be driven by the



purposes of a research. In this respect, Dorfman and House (2004) define organizational leadership as the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organizations of which they are members. Within this context, one dilemma that leaders face is how to successfully align themselves with their followers through appeals to shared history, values, and community while at the same time representing themselves as different from their followers (Shamir *et al.*, 1994). Thus an effective leader is one who engages in behaviours that facilitate goal attainment and who maximize the value of this achievement, thereby affecting subordinates' expectancies, valence, performance, and satisfaction (House (1996, 1971; House and Dessler (1974).

According to Elkins and Keller (2003), the relationship between leader's behaviours and outcomes are theorized to be moderated by situational variables which includes the characteristics of the task, environment, and subordinates. As such, employee characteristics can influence the effectiveness of directive leadership behaviours (Elkins and Keller, 2003). This is because, individuals have implicit beliefs, convictions, and assumptions concerning attributes and behaviours that distinguish leaders from followers, effective leaders from ineffective leaders, and moral leaders from evil leaders (House and Javidan, 2004). According to House and Javidan, such beliefs, convictions and assumptions characterise the individual's implicit theories of leadership which is underscored by the proposition that leadership qualities are attributed to individuals, and those individuals are accepted as leaders on the basis of the degree of congruence between the leader behaviours they exhibit and the implicit leadership theory held by the attributers. Thus, implicit leadership theories constrains, moderate, and guide the exercise of leadership, the acceptance of leaders, the perception of leaders as influential, acceptable, and effective, and the degree to which leaders are granted status and privileges (House and Javidan, 2004).

Methodology

In this study, an interpretive analytic framework (Thorne *et al.*, 1997) is used as an appropriate platform to build a qualitative design. Such framework orients a study, provide a rationale for its anticipated boundaries, and makes explicit the theoretical assumptions, biases, and preconceptions that drive the design decisions. Since the framework is explicit in the description of what is being studied, it also provides a solid basis upon which the design logic and the inductive reasoning in interpreting meanings within the data could be judged (May, 1989).

Data sources

Qualitative research tends to require thoughtful analysis of the relationship between the data sources and the findings that derive from them, since it can be almost impossible for a researcher to untangle the shared component of a subjective experience from the narratives that people place them in (Thorne *et al.*, 1997). In this respect, an interpretive description that is meant to generate knowledge on the kind of leadership needed to steer successfully the privatization of government research organizations in developing economies would require purposeful selection of research participants whose accounts could reveal elements that are to some degree shared by others. Many qualitative researchers (e.g., Morse, 1989; Thorne *et al.*, 1997) contend that people who have lived with certain experiences are often the best source of expert knowledge about those experiences. But as Thorne *et al.* (1997) also argues, not all people who have such experiences would make good research participants, because, while some subjects would be articulate, thoughtful, and eager to share their abstractions and analyses of a situation being studied, others would tend to be more concrete and more comfortable with events than interpretations. Conscious of this observation, and guided by the implicit leadership theoretical assumption that individuals have implicit beliefs concerning attributes and behaviours that distinguish effective leaders from ineffective leaders (House and Javidan, 2004), qualitative data was collected in a commercialised South African based Government R&D Organization by interviewing seventeen senior employees who were considered as key actors during the organization's transformation process.



The organization's commercialization process was initiated in line with a government policy to cut down the yearly subvention it provides to support the operations of the organization by seventy percent. The government's expected the organization to be able to acquire the requisite business competence that could enable it self-generate this seventy percent subvention cut. By implication, the organization was to operate as a commercial entity with the capacity to post profits in the long-term.

Study participants

Before gaining access to the study participants, initial contact was firstly established with the organization (through its Chief Executive Officer) to know if the management was prepared to support the study by allowing unhindered access to employees from whom data could be sourced. The management, in turn, also sought a good understanding of the research purpose and the expected learning that their organization could derive from the findings. A short research synopsis was thus prepared and sent to the organization's management. This aided their understanding of the research purpose. Based on this, a commitment of support and cooperation towards unhindered access to data collection was received from the organization's management. Using purposive sampling, which was characterised by a sense of snowballing (Patton, 1990) derived from the researcher's criteria that persons to be selected for the study (i.e. data sources) must be deemed as "having-lived" the privatization process and thus have knowledgeable insights of the changes in the work environment, the seventeen senior employees (i.e. interviewees) were selected. These employees were identified to have played variety of key roles in the organization's privatization process from its onset. As such, their individual implicit beliefs concerning attributes and behaviours that distinguished effective leadership actions from ineffective leadership actions during the process were sourced in the interviews. The interviews were tape-recorded and the average time for each interview session was one hour.

Data collection

Denzin (1989), citing Maccoby and Maccoby (1954), defines an interview as a face to face verbal interchange in which one person (i.e. the interviewer) attempts to elicit information or expressions of opinion or belief from another person or persons (i.e. the interviewees). The use of interview as a data collection approach in this study was in line with this definition. It enabled the collection of as much information as possible from the persons who are associated with the organization's commercialisation processes. The expectation here was that the interview approach stood to accord a greater qualitative insight into the internal dynamics of leading and managing the commercialisation processes and which insights, might possibly not be gained through quantitative measures. This is because, the implicit leadership theories held by individuals influence the way such individuals view the importance of leadership, the values they attribute to leadership, and the values they place on selected leader behaviours and attributes (House and Javidan, 2004). In this respect therefore, addressing the methodological questions of conducting an interview leads to theoretical issues (Kvale, 1996).

The mode of understanding implied by qualitative research involves alternative conceptions of social knowledge, meaning, reality, and truth in social science research. As such, the basic subject matter is no longer objective data to be quantified, but meaningful relations to be interpreted (Kvale, 1996). It is the insight to be gained (using the interview approach) from such meaningful relations as entrenched in the organization's societal environments that stood to add value to the understanding of the relative outcomes of their commercialization process. In this regard, there is a move away from obtaining knowledge primarily through external observation and experimental manipulation of human subjects toward an understanding by means of conversations with the human beings to be understood (Kvale, 1996). Though there are different kinds of interview approaches, the schedule standardized interview (SSI) form was used in this study. This provided an avenue in the interview process to create a platform based on which the interviewees answered not only the lead questions prepared for them, but they also had the opportunity to formulate their own conceptions of leadership in the organizations in which they worked during the interview



conversation. Even though Denzin (1989) views the SSI format as difficult in conveying meaning and also entailing the problem of securing respondents' interest as well as the problem of fabrication, such concerns are derided by hermeneutics which, as Kvale (1996) explains, elucidate the dialogue that produces the interview texts to be interpreted. Therefore the rationale for choosing the SSI approach in this study was provided by the interviewees having a sufficiently common vocabulary by virtue of the homogeneity of their working environment (Richardson et al., 1965). Based on this perspective, the content of the interview instrument with respect to the wording and order of all the questions were exactly the same for each interviewee. The reason for this was to retain the uniformity of the interview instruments as tool for dialogue elucidation. The advantage derived here was that each of the questions in the interview instrument became the lead question that opened up as well as facilitated the interview conversation. The interviewees were in environments with no language diversity and also without the fear of talking to the researcher. This was by virtue of the management of the organization indicating interest and full cooperation in the research.

Data analysis

An interpretive description qualitative approach (Brazier *et al.*, 2008; Thorne *et al.*, 1997) was used to analyze the scripts generated from the interviews. Using this approach, the experiences of the interviewees in relation to how the actions of their leaders positively infected change (Gladwell, 2000) in the work environment leading the privatization of the organization's activities is described and interpreted, but without reconfiguring it into a more highly interpretive form, such as the theoretical framework that is created in a grounded theory approach. Instead, the findings were made to stay closer to the words of the interviewees and described their experience, while at the same time capturing the meaning they attributed to this experience (Brazier *et al.*, 2008).

The recorded interviews were transcribed and scripted (Kvale, 1996). The validity of the scripts generated for all the interviewees was established after crossing-checking with each interviewee. Interpretive description analysis was conducted to understand the characteristics of the organization's internal environment, and type of leadership that was provided by the organization's management to infect change in the work environment leading to the success of the organization's commercialisation process. This was because in the dialogue (i.e. interview conversation), the subjects (interviewees) did not only answer the questions prepared by the researcher (interviewer), but they (interviewees) were also given the space to formulate their own conceptions of their lived world. The expectation here was that the sensitivity of the interview approach and its closeness to the interviewees' "lived world" would lead to the evolution of knowledge that could be used to understand the relative outcome of the commercialisation processes of the organization studied. As such, the interview was a conversation about the interviewees' life world, with the oral discourse transformed into texts to be interpreted (Kvale, 1996). Since the purpose of hermeneutical interpretation is to obtain a valid and common understanding of the meaning of a text, then hermeneutics is of double relevance to interview research. As Kvale explains, hermeneutics, firstly, elucidate the dialogue that produces the interview texts to be interpreted. Secondly, it clarifies the subsequent process of interpreting the interview texts that are produced, and which may again be conceived as a dialogue or a conversation with the text.

Results and Discussion

According to Thorne *et al.* (1997), it can become almost impossible for a researcher to untangle the shared component of a subjective experience from the narratives that people place them in, and so qualitative research tends to require thoughtful analysis of the relationship between the data sources and the findings that derive from them. With this observation in mind, the actions and behaviours of leaders in the organization which were cited by the interviewees to have contributed positively in enhancing their leaders' abilities to infect change in the work environment leading to the successful privatization of the organization's activities are analysed and discussed from the perspectives of the following four themes: (i) Introducing changes in the organization's structure; (ii) Managing the re-



oriented organizational structures; (iii) Introducing changes in the organization's culture; (iv) Managing the new organizational culture.

Introducing changes in the organizational structure

It was gathered from the interviews that prior to the start of the organization's commercialisation process, the organization had the classical pyramid type of organizational structure, with a deep rooted hierarchical system. From the perspectives of some of the interviewees, the previous administrative system outlined by the pyramidal structure was quite confusing, with no mechanism in place to manage customer information, given the fact that there were lots of customers with whom the organization was trying to work with. Additionally, some departments in the organization had problems in their bid to keep their laboratories equipped. In this regard, there was a complete overhaul of the organization's design and structure (which consisted of different and semi-autonomous institutes). This pyramidal structure was phased out by the organization's management and replaced with a horizontal structure as part of a restructuring exercise that signified the start of the commercialisation process. In this respect, some sections of the organization which the new leadership viewed as incompatible with its new vision were closed down. Additionally, some departments in the organization were also transferred to other government departments as well as the universities, because they too were viewed by the management as not fitting into the new system. The rationale for this institutional overhaul was explained by an interviewee as follows;

We were created shortly after the Second World War to do research on behalf of the government and industry, simply because neither of them have the know-how nor funding to be able to actually do research. Because research was with simple animals, a number of fields at that time could afford to run their own research and development and it was pretty restricted. Then came a time when we had to ensure balance with the bottom line also. This created certain amount of friction between the management and the employees, and it went on for quite a long time. Our board was very much bottom-line driven, which impacted all the way down to the kind of work that the employees were doing. We were no longer a research organization, but a problem-solving organization. We had the problem now, we solve it now. There were no limited scopes and also nothing like basic research or long term research.

As such, the start of the commercialisation process in the organization was based on the self-initiatives of its leadership and was driven by the need for a change towards meeting the challenges imposed by the market. This observation is indicative that transformational leadership is an effective style for use in R&D contexts (Elkins and Keller, 2003). Such self-initiatives of the organization's leaders was a signification that they provided inspirational motivation towards a common vision for meeting challenges imposed by the market, which motivation enabled team members from different units to work together to bring the organization's commercialisation to fruition. This therefore implies that project effectiveness will be highest when transformational leadership behaviours are displayed by project leaders in research rather than in development projects (Elkins and Keller, 2003).

Managing the re-oriented organizational structures

The new system that emerged from the organizational restructuring, as explained in the interviews, was underlined by the new horizontal structure which defined the organization as a single entity composed of specialised divisions (which also had programmes inside them). The interviewees perceived the new structure to have introduced enough operating freedom within the system, which enabled some of the programmes within the divisions to form other matrixes (i.e. special programmes) inside their broad programmes. A reflection of this was outlined by an interview in the following extract.



What I wanted was an organization, where we would have a president and his vice president and maybe, the management board creating the climate in which I can do the things that I wanted to do. That to me was fairly important, and which is a law in management, that is, to create a climate in which the employees can produce, which will ultimately leads to the derivation of income into the organization. For that reason, our board, at the time of the transformation which began in 1988, did not mess things around.

As a result of this major restructuring, the organization was perceived by the interviewees to have had a very clear strategic direction. In this respect, the leadership were credited for initiating what most of the interviewees referred to as “a very clear managing process”. The leadership in the organization were credited with the introduction of new systems and processes which ensured that the underlying objectives for all actions taken by the organization’s management were well understood and supported by the staff members. An indication of this was reflected by the following comment of an interviewee;

To be quite honest, the organization is not a rules-driven organization anymore. You occasionally have some people who argue that there are so many rules and constraints in the organization. On the whole, only few people can argue that they are constrained by all sorts of rules and procedures and so forth. All these are driven by a common belief rather than written rules.

The understanding here was that the organization’s managers ability to provide effective leadership during the re-orientation of the organization’s structure was shaped by their common understanding of the organization’s businesses and the risk associated with it. In this regard, the managers projected themselves as quite innovative, and as Howell and Higgins (1990) argue, champions of innovation have characteristics of transformational leaders. This observation indicates that transformational leadership may have an impact on multiple outcomes in technology environments (Pinto and Slevin, 1989; Howell and Higgins, 1990; Keller, 1992; Thite, 2000).

Introducing changes in the organizational culture

A process initiated by the organization’s president with the support of the management board was perceived by the interviewees to have helped in redefining the norms and values that prevailed in the organization. Thereafter, a new working culture, underlined by teamwork emerged within the organization. Teamwork was viewed to have been valued highly by the organization’s president as opposed to contribution by individual staff members. This reflects the president as providing transformational leadership through intellectual stimulation by encouraging creativity and change among followers (employees) as well as paying attention to individual needs and the continuous facilitation of their development (Bass, 1985). This reflection symbolises transformational leadership as a strong predictor of both individual and organizational indices of work performance (Berson and Linton, 2005).

The organization’s management board was viewed by interviewees to have been conscious of the fact that the staff members valued certain kinds of attitude a lot more than others. In this respect, the president was perceived by most of the interviewees to have shown full understanding of employees’ difficulties in aligning quickly to the commercialisation process and was able to get a lot of them to realise and appreciate the need for organizational change. This realisation was marked by the acquisition of a new mindset by the staff members, and which event facilitated the management’s introduction of a new culture (i.e. the business culture) within the organization. As it was noted by an interviewee;

One of the things that kept us here was that we found our jobs to be interesting and we had the kind of tools that we needed to do them. Where there is trust, there is collaboration and over the years, we have developed a lot of internal relationships.



Within the context of the expression above, the organization's core technology area was divided into eight business units, with each having a technology manager. These technology managers were basically responsible for the implementation and integration of both technology and knowledge management across the organization. Thus for a period of ten years into the transformation process, the business units were allowed by the organization's management to operate autonomously. Within this context, most of the people who worked in these units were also engaged as contractors. As a result of this operational freedom granted to the business units to generate their own incomes, so much pressure was exerted on them by the organization's president to have their operations become "bottom-line" driven. This situation, according to some of the interviewees, generated intense competition among the different units, and which impacted on the organization's commercialisation drive both positively (e.g. increased productivity and profit) and negatively (e.g. unhealthy competition and rivalry among different units). In order to avoid the negative impacts, a strategic monitoring and innovation forum involving all the technology managers was formed by the organization's president. This forum was viewed by some of the interviewees to have provided the managers with a common platform for meeting and discussing organizational problems as well as sharing information and ideas on issues deemed to have yielded positive results in individual business units. In this respect, an interviewee noted that;

We have a forum called the strategic management of innovation forum whereby all the technology managers meet every two months. We discuss what we have been doing in our respective business units, and new things that have been implemented. We opened ourselves up for checking.

One of the fundamental changes which was perceived by the interviewees as resulting in the re-orientation of the work environment was that, the units in the organization were organised themselves into very small teams of up to fifteen people. Such arrangement allowed the unit managers to do a little bit of technical work aside their administrative functions. This was in response to a general guideline from the organization's divisional directors which required that all managers of the business units spend about thirty percent of their time on contract works. The expectation from this arrangement was that the managers would be in constant touch with the technical nature of the work they were managing. Additionally, it was also to make their own contributions visible to the staff in their units. This agrees with Elkins and Keller's (2003) proposition that leaders who engage in multiple roles, including internal team development and external boundary-spanning and project championing activities, will be more effective than leaders who focus only on internal activities. It also depicted the organization's new leadership as having a collaborative team orientation. As such, the leadership could be characterised as being a team integrator, diplomatic, malevolent, and above all administratively competent. These leadership dimensions are characteristics of the team-oriented leadership as outlined by House and Javidan (2004).

It also emerged from the interviews that in the early stages of its commercialisation process, the organization gave lots of preferences to the training of its staff members, especially the scientist, in skills such as marketing. As a result of this, most of the business units had scientists who functioned as marketing managers, and whose roles were later transformed into those of programme managers. The credit for this human resource breakthrough was perceived from two perspectives by the interviewees. They firstly attributed it to the positive mindset developed by the staff members within the organization. They perceived this to have been complimented by the organization's president who also brought in people with business competence (non-scientists) to reinforce the organization's focus of running its business in terms of good project management. This action of the president, as it was explained in the interviews, was due to the fact that the organization kept project management as a core activity, and hence wanted to ensure that all risks were covered, and that contracting activities were carried out soundly.



One of the strategies used by the organization's leaders, and which was perceived by the interviewees to have made a very important impact on the commercialisation was that lots of young scientists, researchers and technologists were given management training. In this regard, the organization's president introduced a new competence development training programme and for which he ensured that participation by all staff members was mandatory. In the course of time, this training programme was further developed and enriched by the management into a substantive 'duo-career path' model for the internal training of the organization's staff. Using this model, staff members were trained to either follow a more scientific route (with performance measured more in terms of the scientific excellence and research papers they produce in peer review journals) or to follow the research management route where they were made to be financially accountable and also be able to deliver value to the client. Based on this philosophy, the organization was able to train its scientist to acquire business skills in financial management and project management. In the words of an interviewee;

Our key job is eighty percent retraining inside the organization. We call that a whole basket of quality knowledge workers. We make sure that people do not say no to opportunities, because they do not have the skills and the confidence to make them grow in the future. The remaining twenty percent of our activities relate to the external environment. Part of that job is to network with other training providers out there, because we don't provide all training ourselves. We have adopted up to forty associates that we bring in to develop and teach courses in CILLA. In the meantime, I think we have learnt a lot about new career path. We are all making progress and I now think increasingly that some of our good scientists (we have quite a good number of them) are in the right environment. It is great for them, and they are recognized for their efforts and achievements.

CILLA was explained as a human resource development programme of the organization which had been running since the year 2000, and which also include other cross-cutting activities in the organization, like the quality steering group, life-knowledge management, as well as life-exchange programmes with the World Bank and other international institutions. This competence development approach adopted by the organization's leaders was reflective of effective leaders who engaged in behaviours that facilitated goal attainment and maximized the value of this achievement, thereby affecting subordinates' expectancies, valence, performance, and satisfaction (House, 1971, 1996; House and Dessler, 1974).

Managing the new organizational culture

It was found out from the interviews that one of the key drivers which contributed to staff motivation during the organization's commercialisation process was the way the reward measurement system functioned. The measurement was based on group performance, in sharp contrast to the previous measures which were only based on individual performance. The organization's president and his managers also recognised the differences with which staff members viewed what was given them as rewards in the past. In this respect, they were able to align the reward system to meet the staff members' expectations, in terms of value and significance. According to most of the interviewees, the managers also put in place a mechanism which allowed them to assess whether awards, prizes and recognition that the staff members received were deemed as adequate and appreciable. This development is highlighted by an interviewee as expressed in the following comments;

We recognised that the normal performance criteria which stimulated the scientist were very different from the kind of performance rewards that stimulated the business person. One has to show the staff an honest relationship between the business aspect and the personal issue aspect. In our evaluation of



staff, there was lots of attention in trying to understand the impact of the system on the whole organization. We focused strongly on performance.

The above observation reflected a leadership characteristic which was supportive and considerate as well as showers compassion and generosity to the efforts of the organization's staff members. These leadership dimensions, to some extent are characteristics of the humane-oriented leadership as outlined by House and Javidan (2004).

Communication was one tool that was given much importance by the leaders in the organization. In this respect, managers in the organization ensured continuous flow of information, which resulted in effective communication within the system. It was also revealed by the interviewees that the staff members were accorded a fairly strong say on decisions taken by the organization's board. Therefore, the opening up of communication within the organization's operating environment was perceived by the interviewees to have impacted positively on the way staff members viewed their leaders. This contributed in shaping the focus of the managers and which subsequently made them look forward and saw things positively. Staff members, who were said to have been initially perceived by the management as not functioning according to the organizations' privation goal, were also said to have been motivated by the continuous information flow within the work environment to accept changes that came with the commercialisation process. An indication of this was reflected in the following comment by an interviewee;

I did communicate back to all the people working under me as part of the process. I kept them in the loop as well, in order to win their trust when we needed feedback. I think the process was well handled and there was quite a lot of communication continuously.

By virtue of the easy and regular access to information within the organization, decision-making became more localised. As a result of this, the organization's internal environment became a source of empowerment to the staff members. The impact of this development, as explained by most of the interviewees, was that the staff members developed positive attitudes toward their leaders. This indicated that the behaviours of managers in the organization was characterised by role modelling and risk sharing as well as attributed charisma, and inspirational motivation, which were underlined by the managers clearly communicating the organization's high expectations concerning its vision. These characteristics were hallmarks of inspirational leadership (Bass, 1985), and also in line with Thite's (2000) argument that since employees in R&D environments have jobs that involve stimulation, novelty, and complexity, the style of leadership should focus more on the individual needs of employees so as to assist them in their tasks. In this regard therefore, the organization's managers used empowerment (Berson and Linton, 2005), and excellent communication skills necessary for inter-departmental relationships (Kathuria and Davis, 2001) in their leadership approach towards transforming the work environment of a government subsidized organization into that of a profit-making enterprise. This observation was manifested by the significant influence of the managers over their followers in enhancing the values of quality and continuous improvement (Anderson *et al.*, 1994) in the organization.

It could therefore, be argued that the leadership provided by the organization's managers and its motivational influence on the employees towards the creation of a business-oriented work environment to enhance the privatization process was enabled by the combination of the following factors;

- Formation of a non-hierarchical work environment.
- Creation of new business-oriented organizational culture entailing the flexibility that provided leeway for personal innovation; generation of strong staff commitment, resulting in the show of trust in management decisions and actions.
- Removal of roles/functions duplication, the clear specification of roles and functions.



- Development of trust among staff (i.e. getting old staff to fully relate to new work culture, and new staff to see more room for innovation and growth).
- Promotion of collaboration and teamwork within divisions and their units, and also between divisions; cooperation from employees due to efficient information flow and feedback system; creation of room to encourage staff innovation and motivation.

The organization's managers were able to manage and retain the synergy created among all these outcomes by taking continual actions on new developments (as they emerged) in the work environment. All these factors might have collectively impacted on the organization's commercialisation process which indicated a successful outcome after a ten year period. In relative measures, the organization was able to self-generate eighty percent of its annual income (which was ten percent more than expected).

Conclusion

Based on the results discussed above, the organization could be said to have had managers who collectively sought comfort in the adaption of values-based approaches in the formulation of their management strategic plans during the transition period of commercialisation process. These managers were viewed by their subordinates as leaders who were true to their own values and who also went on to help those they led to articulate what they valued. As a result, the leaders succeeded in inspiring, motivating and to a greater extent attained high performance outcomes from the organization's staff members, based on firmly held core values. The managers' role during the organization's commercialisation process entailed a sense of self-sacrifice, integrity, and decisiveness which were reflected in the kind of leadership they provided which portrayed them as visionary, inspirational, humane-oriented, team-oriented and performance-oriented. These leadership dimensions are characteristics of the charismatic/value-based leadership outlined by House and Javidan (2004). It is therefore concluded that the organization's ability to infect changes in its work environment which contributed to its ability to carry through with its privatisation process was a result of the managers' using an amalgamation of transformational leadership and value-based leadership styles as a strong anchor between them and the employees during the transition times of its commercialisation process.

Significance

The study has shown that value-based transformational leadership could be used by managers of challenged government research and development organizations in most developed countries to infect positive changes in their work environments and which could help facilitate their efforts towards the privatization of their organizations' activities.

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