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LEADING CHANGE

in Multiple Contexts

Concepts and Practices in
Organizational, Community,
Political, Social, and Global
Change Settings

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Introduction

Leadership brings about real change that leaders intend.

—Burns (1978, p. 414)

The St. Luke Penny Savings Bank: A Change Vignette

The first female bank founder and president in the United States, Maggie L. Walker, led an unprecedented change to establish an African American–owned bank where people could combine their economic power to purchase homes, start businesses, and educate future leaders. Virginia banks owned by Whites in the early 1900s were unwilling to accept deposits from African American organizations or accept the pennies and nickels saved from the meager incomes of African American workers. Inadvertently, the discrimination by White bankers spurred Walker to study Virginia’s banking and financial laws and enroll in a business course with the aim of opening a bank (Stanley, 1996). In a 1901 speech before the African American fraternal organization the Independent Order of St. Luke, she said, “Let us have a bank that will take the nickels and turn them into dollars” (Walker, 1901).

Walker and her associates formed the St. Luke Penny Savings Bank in 1903, with opening-day receipts totaling \$9,430.44. By 1913, the bank’s holdings had grown to more than \$300,000 in assets. The Penny Savings Bank survived the Great Depression, whereas many other banks across the United States failed. It merged with two other banks in 1930 and was renamed Consolidated Bank & Trust. The bank still exists today and continues to pursue the founder’s purpose of economic self-reliance for African Americans.

Purpose, Concepts, and Practices

The story of Maggie Walker and the founding of the St. Luke Penny Savings Bank provide a focus for examining the concepts involved in leading change in multiple contexts. *Leading change* is a collective effort by participants to intentionally modify, alter, or transform human social systems. Certainly, Walker and her colleagues were involved in an intentional, goal-focused change effort. Research and publications

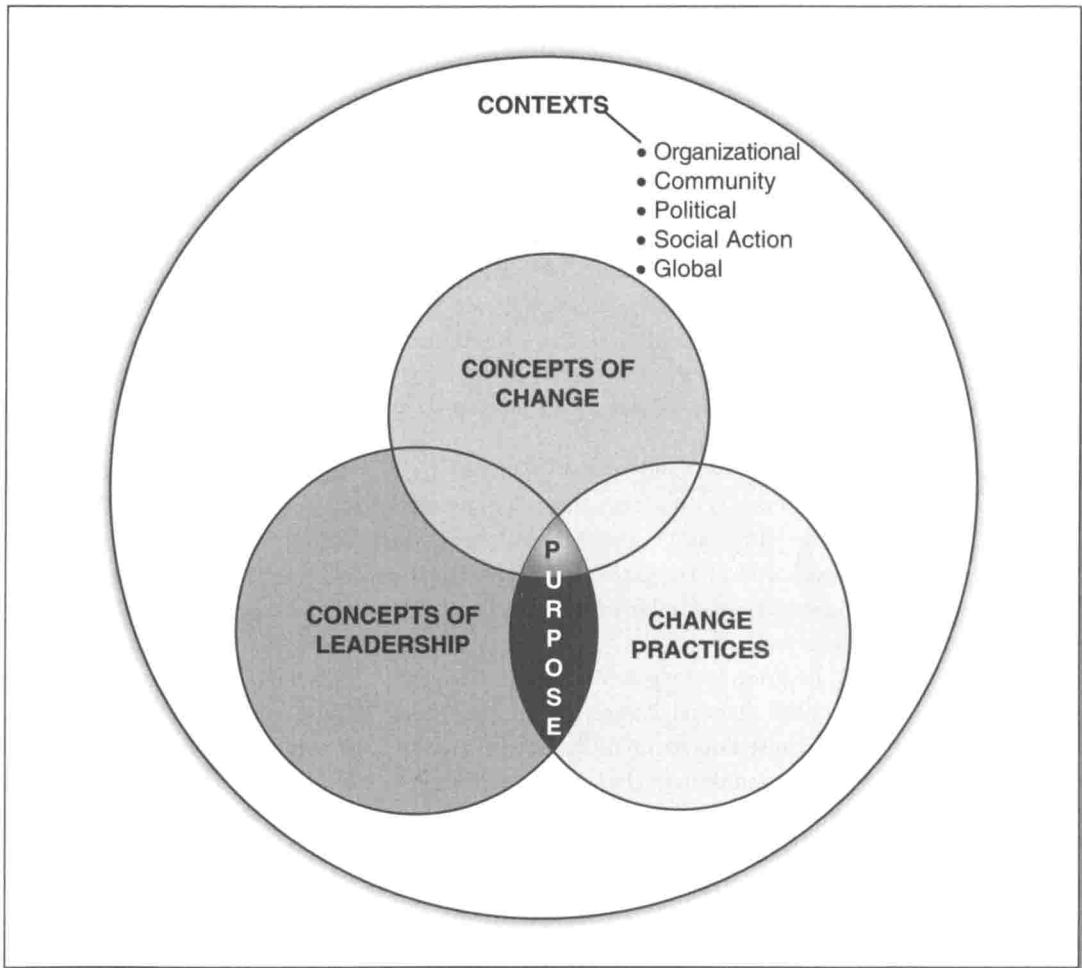
on leading change typically center on how to lead change successfully in organizations, often with an emphasis on practices. The establishment of an African American–owned bank in the early 1900s conforms to the typical focus of change. Yet the focus on the practices of leading organizational change is only one part of the story. Figure I.1 illustrates the connections among key factors involved in leading change and identifies several change contexts, including organizational, community, political, global, and social action. Leading change is ignited by purpose, influenced by context, and linked by concepts and practices of both leadership and change, which function jointly to create new outcomes.

The founding of St. Luke Penny Savings Bank provides an introduction to how the factors in Figure I.1 work together. Moving from the inside of Figure I.1 outward, it is apparent that the Penny Savings Bank came about because of a steadfast commitment to a compelling purpose. Most often, the purpose of leadership is change—change in human conditions, social structure, dominant ideas, or prevailing practices in one context or several. Walker articulated the purpose most eloquently: “Let us put our moneys together; let us use our moneys; let us put our money out at usury [interest] among ourselves, and reap the benefit ourselves” (Miller & Rice, 1997, pp. 66–68).

Several concepts and practices of change apply to the Penny Savings Bank example. The founding and operation of the bank involved strategic change (actions to achieve a competitively superior fit between the organization and its environment; Rajagopalan & Spreitzer, 1997). Its long history of sustained operation illustrates theories of change, such as life cycle—stages in the bank’s functioning from initiation to growth to maturity to decline to revitalization) and teleological (step-by-step change based on goals and purpose) and dialectical change (conflict, negotiation; compromise, and resolution; Van de Ven & Poole, 1995), such as the firing of its officers in 2003.

In the area of community change, the purpose and focus of the bank demonstrate concepts of community empowerment or social power (i.e., actions by a community to control its own destiny; Speer & Hughley, 1995) using practices of community development (i.e., mobilization of resources by the community; Kretzmann & McKnight, 1996), social capital development (i.e., social networks and the associated norms of reciprocity; Putnam, 2000), and economic development. Walker’s stature in the business community and her personal convictions allowed her to become involved in social change or social movements. She cofounded civil rights organizations to fight racial injustice in the South, including the Richmond branch of the National Association for the Advancement of Colored People (NAACP) and the Richmond Council of Colored Women, and she became an active member of the National Urban League and the Virginia Interracial Committee, among others. Through these organizations, Walker was able to participate in social change that illustrates theoretical concepts of rational choice (strategies to transform social structures) and resource mobilization (actions taken by social movement organizations) (Garner & Tenuto, 1997).

Walker exhibited several concepts of leadership in action during her quest to bring about organizational, community, and social change. Her speeches clearly

FIGURE I.1 Leading Change in Multiple Contexts

exemplified her charismatic leadership style through strong rhetorical skills and the ability to create an uplifting vision in the hearts and minds of followers (Hughes, Ginnett, & Curphy, 2009, p. 637). She was a capable transactional leader (Burns, 1978) who, as president of the Penny Savings Bank, provided an exchange of valued things between the bank and the community. For example, the bank accepted small deposits of hard-earned cash from customers in exchange for providing a source of consolidated funds to build homes and businesses. Walker's initiative intended "real change" in the sense that James MacGregor Burns's (1978) concept of transforming leadership connotes. By 1920, the Penny Savings Bank had helped members of the community purchase 600 homes. Walker made loans to African American-owned businesses and started a department store and weekly newspaper, the *St. Luke Herald*. These businesses employed many members of the Jackson Ward area who, in turn, were able to support themselves, their families, and their community.

Context, the setting or environment in which change takes place, matters a great deal, along with larger contextual elements of history, culture, and society. Wren (1995) explained the significance of larger contextual elements to leadership:

Leaders and followers do not act in a vacuum. They are propelled, constrained, and buffeted by their environment. The effective leader must understand the nature of the leadership context, and how it affects the leadership process. Only then can he or she operate effectively in seeking to achieve the group's objectives. . . . First—beginning at the most macro level—are the long-term forces of history (social, economic, political, and intellectual); the second sphere of the leadership context is colored by the values and beliefs of the contemporary culture; and finally, at the most micro level, leadership is shaped by such “immediate” aspects of the context as the nature of the organization, its mission, and the nature of the task. (p. 243)

Many historical and cultural elements are evident in the St. Luke Penny Savings Bank vignette. Long-term forces of history—from slavery, to the Civil War, to Reconstruction, and then Jim Crow segregation—led to the context that generated the leadership of Maggie Walker and many others, who in turn helped create a self-sufficient society for African Americans that paralleled European American society in the South.

In addition to long-term forces, immediate contexts—organizational, community, political, social change, and global—affect leading change in significant ways. The purpose and focus of leading change in each context varies, as indicated in Table I.1, even though change in one context (social or community) may lead to or call for change in another (political). The way in which authority is granted to constituted leaders to bring about change in organizations is different from the authority of elected officials to affect change in local, state, or federal government. Leaders in each context are chosen by different means (elected vs. appointed) and they serve different constituencies (the electorate/public vs. boards and stockholders).

Context also influences concepts and practices of leadership, even though leadership concepts and practices tend to be adaptable and effective in different settings. For example, Maggie Walker was able to use charismatic, transactional, and transforming leadership to bring about change successfully in organizational, community, and social action contexts. The same concept or form of leadership may be used in different contexts but affect very different groups and bring about different outcomes. Charismatic, servant, transactional, and invisible leadership, for example, can be used in organizational, political, social change, and community contexts. Yet these forms of leadership affect different groups (employees, constituents, under-represented groups, or local citizens/community members), and they are intended for different purposes. Leading global change may require transcending boundaries (by identifying what makes us all human), whereas some new social movement leadership may entail creating new identities (the new Right or Left) that separate groups. Although the Penny Savings Bank provides an illustration of leading change in an organizational context, this example also demonstrates the interdependent nature of change and its impact across several contexts—organizations, community, and social activism (social movement).

TABLE I.1 Contextual Influences on Leading Change

	Contexts			
	Organizational	Community	Political	Social Change
Purpose of change	To alter the form, quality, or state of an organization to meet challenges and opportunities in the internal or external environment	To advance or protect rights, health, and well-being of civil society/members in communities	To confront situations in which policy must be formulated, promulgated, and executed	To give voice to specific causes in order to correct injustices, counter or resist social conditions, or pursue and create new possibilities for society
Participants in change process	Positional leaders (private, public, NGO sectors), informal leaders, members/employees of the organization	Community/citizen leaders, community members, NGO leaders and members	Elected officials, advocacy groups, the public	Positional leaders (international agencies, and corporations), government officials, NGO leaders and members
Source of authority to lead change	Legitimate/positional authority, shared authority, informal or referent power	Self-agency or social power	Constituted/legal authority (elected officials), social power (advocacy groups)	Negotiated agreements or contracts (private sector), legal authority (governing bodies), social power (NGOs)
Affected groups	Stakeholders: employees, customers, investors, and community members	Community members/citizens	Constituents, specific industries and organizations	Transnational society (nation-states, civil society, corporations, international agencies)

The efforts of Maggie Walker and her colleagues to lead change in the Jackson Ward community led to many significant outcomes. In addition to establishing a bank to serve the financial needs of the African American community, Walker and her associates helped to create a self-reliant and thriving community with its own banks, businesses, jobs, homes, and social and economic capital. Members of the community were able to use these resources to establish civil rights organizations, which contributed to the ultimate downfall of segregation in the South.

The intent of this book is to bring together many concepts and practices of change and leadership from various disciplines and connect them to leading change in the five different contexts. The introduction to each context begins with a vignette about actual circumstances, like the founding of St. Luke Penny Savings Bank, to help illustrate concepts and practices in each context, and concludes with an application and reflection that allows readers to analyze other real-life situations using information from the chapter. These vignettes and applications provide examples of each context featured in the text and give readers a sense of how leading change differs in every setting. The book is divided into five parts. Part I, which has only a single chapter, deals with conceptual views of leadership. Part II consists of three chapters devoted to the organizational change context, given that more research and publications have been generated about leading change in organizations than in the other contexts. Part II includes five applications and reflections that represent several types of organizations. In Parts III–V, community, political, social, and global change contexts are examined separately for analytical purposes. Three chapters examine situations in which leading change in one context involves advocating or initiating change in another context because, in reality, change in one context almost invariably generates some form of change in at least one other context. These interactions across contexts commonly produce change in both settings. It is difficult to bring about long-term community or social change, for instance, without ultimately generating public-policy change that authorizes or inhibits specific actions. Few long-term gains in civil rights or environmental protections would be possible without significant policy changes in these areas.

Leading change is almost always a complex, long-term, and challenging endeavor. Yet it is one of the most central processes to the study and practice of leadership. I hope that this book will help its readers understand concepts and practices involved in leading change and inspire each reader to make a meaningful difference in some aspect of life in communities, organizations, politics/public policy, society, or the world.

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