

LEADERSHIP AND MANAGEMENT OF CHANGE DURING A CRISIS TIME

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Abstract

Change is now perceived as a condition of normality, a situation that doesn't frighten anymore to such extent as it did few years ago. Moreover, it really feels today as a normal process through which people and organizations have to go through. What is important represents the finality of such process.

The present crisis clearly demonstrated that many organizations had problems, not because of the changes in their environment, but in themselves. Their managers, their leaders failed in some moments to take those decisions that could provide a stable and healthy development of the organizations. But, instead, they got into some situations that outdid their expertise and, quite often, the pride or the lack of confidence in their co-workers hampered them to get the right support in due time. The paper investigates some relationships among leadership, management of change and crisis issues, emphasizing some interdependencies among these phenomena.

Key-words: *leaders, globalization, crisis, organizational culture, performances*

JEL Classification: M₁₀, M₁₄

1. A dynamic business world

The world is facing one of the most difficult period in the last ten years, due to a severe economic and social crisis. Profits falling for most of the companies, restructuring processes that caused high rate of unemployment, the uncertainty of tomorrow, all of them offer a not-so-happy picture for the organizations and people.

On top of the above, some of the dramatic events like the earthquakes in Haiti, Chile or China, destructive hurricanes in USA or South Asia, are bringing more challenges and crises that the political and business leaders have to face.

It is rather difficult to say how many and what type of crisis comes our way, since the definition solely of this phenomenon varies (from country to country, from business to business and even from person to person).

Obviously, we carry out our activities in a period of higher interdependency among different fields of economic and social activities.

Globalization is a more and more present phenomenon in our life (Carnall, 1995), as individuals, groups and organizations. It triggers a lot of changes in the political, economical, managerial, social and cultural fields (Fullan, 2001).

We see the unprecedented development of information technology and telecommunication, at the same time with the free movement of resources across the borders.

Within globalization, we could speak of a tendency for uniformization of approaches and working procedures. Very often, within the multinational companies, we use standardized elements, that help us take quicker decisions and have a common understanding of the issues being dealt with.

It means that the leadership has to take into consideration through diagnosis, to a large extent, the regional specificity and the cultural differences, besides other factors, will continue to shape the interactions among leaders and their co-workers. Without any doubt, the leaders' values, attitudes and behaviors are influenced by (and influence) the characteristics of the national and organizational culture where they develop and operate (Huff, A., Huff, J., Barr, P., 2000).

This diagnosis targets the organization internal and external environment and information collected at this stage, and correlated with the previous one, will provide the background for the leaders vision.

The economic and social factors complete the cultural dimension of the globalization process (Nastase, 2004). More and more, people of different nationalities interact, mixing new beliefs, values and behaviors that enrich one another.

The greater elements above are produced on the basis of the employees awareness of their rights. In the background, these elements have a better idea to have labor education, as a result of developing the concept of lifelong education.

In these circumstances, the employees do not like anymore the people leading only by formal authority (Kleim, 2004), and trying to impose their ideas. Instead, they expect their superiors be more involved both in the operational and decisional fields.

The perception about the inspiration that has to exist within an organization does not come only from the low levels, but also from the top management. During a research within IBM top management, for the question 'what keeps you awake at night', 60% of them answered that their employees did not have the necessary expertise or they did not possess the leadership qualities for managing the organization development.

The changes that take place within environment force the organizations to redesign. New methodologies have been developed to assist them in these process: reengineering, Six Sigma, TQM etc. Even if the stages that they require are the same, the results obtained were very different. Causes: leadership and organizational culture.

Even the great entrepreneurs, leaders, managers from famous companies like Wall-Mart, General Motors are known for their opening to the innovation that take place in other organizations, even those that operate in totally different fields of activities.

2. Leadership development

The leaders vision is based on a very important component that ultimately represents the nucleus of the organizational culture: values. The values are special elements as they reveal what leaders believe in, for what they are ready to take risks and make sacrifices. Without any clear values, the leaders cannot have that mental attitude to help them have verticality, have a firm approach even in hostile circumstances.

The values are those that give force to the leaders, sending powerful signals to those around him in regard to his credibility. Very often, the leadership is associated with the change process. To succeed in such entrepreneurial initiative, you must have a lot of trust in your own capabilities in your belief that you can make a difference.

The values represent powerful elements for connecting people. They convey to us the compatibilities with other people, helping to integrate. For a leader, his values are more important as he is a model for those around him and his values become the others' values. It is a process of knowing one another and harmonizing between the leader and his team.

During the interaction with others, we send powerful messages about our values, but we also receive their messages. It has to be an open and sincere process in which we express our availability for fully cooperation with the members of our community.

Personal values expression should not be a simple formal statement, just to please our vanity, but it has to show our structure and what is really important for us and for those around us.

One of the important ways in which we could better discover or define the personnel values is that of exploiting the qualities and values of those whom we consider leaders. Those people we admire most and with whom we consider having many commonalities.

The analysis of some models could prove an effective way for investigating your own personality, how we report ourselves to others. Leaders have to live what they speak, meaning to develop those qualities that allow them to put in practice what they say. This is the basis on which the leaders build up and show the self confidence and trust in others (Năstase, 2007).

The self-confidence is a very visible element for leaders and, where present, the personnel is more eager to involve with them. The capacity of self-confidence largely influences everyone's motivation. It is the place where we believe that we are good, have the control, and then we will acquire a special attraction.

It is a space where we feel that we can make the difference, that we are ready to shape the future and to offer the support for others around us to help them progress. Self-confidence is an engine that we can fuel with the results that we get; for a leader, though is also the results obtained by his followers are of high importance.

There are more possibilities to develop self confidence. An important one is represented by education. It is the background for our future decisions and actions. When we train ourselves, we develop confidence in our competencies. The positive image that we create about ourselves, about our strengths is also essential.

The study of some models gives us the possibility to look at some successful or failure examples and to build up our own alternatives for actions, starting from a range of known variables. This is an action that allows the comparison of some leading styles in how they approach and settle the problems.

Besides the formal knowledge that we get through formal training, we could benefit of a substantial input from practical activities. Experience is a way in which the leader learns how to solve some issues by facing them directly.

In diagnostics and scenario elaboration (Zecheru, Năstase, 2005), the leaders have the opportunity to validate their formal knowledge, but also to acquire new one.

Involvement of those around us could prove an important action at any stage of our career. If express the support for us, the ones around us will foster our self confidence and our availability amplifies substantially.

The failure to believe in our capacity for doing a thing will be very visible for our followers who, will also question the viability of more and more decisions and actions. On the other hand, we don't have to fall into the trap of considering that the leader knows everything and he is the only one who has all the right answers.

A real leader takes into consideration the personnel expertise and delegates them to solve some of the company problems for which they have the required competence.

3. Management of change

The present circumstances, globalization, development of informational technology, free movement of resources, challenge the managers and leaders to properly communicate and motivate the specific decisions and actions. The wider range of stakeholders is more interested in the manner how an organization management understands its particular needs and interests and, especially, how they are addressed.

As the leader should have a symbolic role for the decisions, he is also held responsible for the organizations real performances. He has to better understand the correlations between the economic and social sides of a business, without allowing a possible threat to the change efforts necessary for adjustment to a tougher environment.

The Romanian organizations are facing a more and more competitive environment that force them to find out new answers for their challenges. The process of Romanian accession to European Union, free flow of resources, development of information technology and telecommunications are only few factors that affect the way in which they design and conduct their operations. Under these circumstances, the role of human resources increases exponentially,

depending on them how they build and develop the organization competitive advantage. Cultural leadership may represent an important instrument for leaders, for managers to develop and value the potential of human resources, in order to ensure a competitive evolution for their organization.

It is very clear that a major determinant of the viability and competitive development of an organization is the leadership and their capacity for building up a powerful organizational culture, based on clear values, performance-oriented

During crisis situations, work processes that require new approaches of all categories of resources are developed, that an organization uses, resources in correlation with internal and external environment.

Profit and social matters are not perceived anymore as being fundamentally opposed. There is an increasing awareness that social issues are important for any business and for the progress of the society.

Leaders make for an efficient economy. They promote ethics as being good and consider that ethics and profit should go together in the long run. It is true that many people blame important leaders of important organizations as being responsible for decisions and actions that triggered or backed up the worldwide crisis. But, we should not impute that to all the leaders around us!

Lack of trust in our leaders could be an important mistake, which could bring us a delay in the process of recovery. The leaders also have to be aware of some questions that their co-workers have and should manage to involve people to a higher level.

The leaders are interested in what is happening with their business, but also what can be done to protect the society (Collins, Porras, 2006). An ethically responsible organization is one where all the stakeholders are paid careful attention to and their needs are researched and met.

It's important to be able to develop a culture for caring for the people and for the good of society, as a whole.

Due to the larger number of companies and other kind of organizations, the leaders start to take more and more into consideration the balance about business economics and social aspects. The integration of corporate social responsibility within the companies messages, regardless of the fact that we talk about corporate entities or SME's, show exactly the type of transformations we assist to.

It is not surprising that leaders have a considerable influence on the economy for creating and developing new business paradigms that emphasize the economic dimension of the companies (Fullan, 2001), but with a strong social concern. In this respect, we point out that management specialists have expanded the way of approaching the company management system, dealing now with five subsystems instead of four (Nicolescu, Verboncu, 2008), as it follows: methodological subsystem, decisional subsystem, informational subsystem, organizational subsystem and, the new one, human resources subsystem.

Corporate social responsibility (CSR) becomes a component to assure a sustainable development of the companies but also able to contribute to the development of a certain region, providing tools for supporting the economic and

social activities. In fact, competitiveness becomes a fundamental principle of globalization that affects all the activities (Brătianu, 2002).

The government has an important responsibility by promoting the laws that encourage the organizations to be more socially aware, to create a framework that fosters cooperation among educational institutions, companies and NGO's.

It is obvious that not only the government or the laws can always solve certain key problems of the society and business, but is required a more integrated approach with a higher cooperation between the public and private organizations (Zecheru, Năstase, 2005). Ethical behavior allows the quality of life dramatically increase (Ionescu, 2001) and it is, practically, the responsibility of each of us to contribute to this new paradigm. An ethical approach will be a fundamental direction for the knowledge-based economy and can do wonders in creating wealth for society.

The convergence of a series of contemporary forces like the globalization of markets (Burduş, 2006), the increasing rates of competitive pressure, and the flattening of organizational structures, has provided new opportunities and threats for leaders and organizations.

The integration of CSR specific instruments proves to be a challenging task for those who are in charge with companies performances. Are the specific activities for this field only a source of expenses? Or, it's just a normal way for taking into consideration the needs of an important stakeholder?

All over the world CSR and ethics virtually become an efficient way for business to become an accepted member of a certain community, with direct and indirect benefits for all the involved parts.

4. Resisting to change

Getting out of crisis and bringing the organizations back to the floating line is not an easy task. Tough decisions are involved and they address both the economic and social fields with multiple direct and indirect consequences. That's why it is not surprising that during the management of change process, the leaders have to face different barriers that, lead to a clear resistance to change. We further present few of the most common factors that represent resistance to change, at individual and organizational levels.

Individual change resistance is generated by:

Workplace safety – the employee perception regarding the probability to his working placed have threatened through the adopted changes, represents one of the most important sources of change resistance. The individual will also feel that his own existence and maybe his family are threatened, and, as a consequence, he will act very aggressively against change.

Habits – as time passes, the individual, on one hand, improves his work-style and, on the other hand, develops certain procedures that made him feel comfortable. Changing those habits, at the same income level, usually represents an effort which is unjustified according to many people.

Fear of the unknown – change can be demanding because we have to deal both with new circumstances and unknown parameters. Changing the workstyle and the manner of interacting with others will place an extra stress on the organization staff.

Economic reasons – the major sources that provide individual change resistance can be summarized to: the potential decrease of the employees' income, the volume growth of labor at the same wage level or the growth of employees' responsibilities at the same income level.

Saturation – appears because of large and unjustified number of changes that take place in the employees' field of activity. Whenever changes prove to be various, redundant and stiffening, the individual reaction is to oppose to the proposed changes, in an open or silent manner.

Fear of failure – the bigger the fear of risk, the more reticent the individual, in regards to his participation in the organization change process. If the failure or the error is accepted in the organization at a low level, the resistance will be very strong.

Organization change resistance is generated by:

High degree of bureaucracy – each organization develops several mechanisms and structures in order to ensure both its normal functionality and its goal achievement and performances. If these structures become very thick or much stiffed in time, then the necessary effort grows substantially in order to implement these changes.

Bureaucratic organizations, in which the transfer and grouping of knowledge is less efficient, tend to report major difficulties especially concerning the access to unspoken knowledge. This phenomenon leads to a lack of performance among the organization members.

Organizational culture – can become a major change resistance factor if it is not properly taken into account or if it is not accurately interpreted in its manifestation forms.

Knowledge-based organization depends on the organizational culture characteristics and also on how the organization supports or not the learning process at the individual or organizational level.

Organizational culture has a major impact on organizational changes, due to the fact that it includes the values, the symbols and the informal rules of the organization (Zecheru and Năstase, 2005) These are issues that exert great influence on the organization staff, and sometimes, they overpass the formal rules of the organization.

Undersized change – in this case, the leaders who bring the change are focusing on some aspects considered relevant, but they overlook the impact of the activity field on other organization items.

Examples like job reshaping, extra-charge granting, organizational structure reshaping a.s.o., are taking into account neither the people nor their training and qualification nor the resize of the informational tracks.

Conclusions

The higher participation of the employees to the company activities tend to diminish, in time, the distinction between leadership and management, as the organizations must have a smooth functioning and overcome the crisis negative impact.

Such a dynamic context imposes a wide range of approaches and channels that could promote and support, for instance, the CSR by organizations managers and the implementation of the best practices that are met all over the world. We talk especially about qualitative approaches that are able to make the difference in comparison with the previous time intervals.

In this respect, as business dynamics and contexts change, the leaders must adapt themselves fundamentally, in order to maintain an effective integration of the leadership and management roles, to get best value of the resources that are available both internally and externally.

At corporate level, it is necessary to develop some form of balance between the expectations coexisting with unit-level autonomy and long-term strategic thinking, along with a measure of tactical and operational flexibility.

The knowledge-based leaders support creativity and freedom of action among subordinates, while providing more autonomy and responsibility. These are ways to increase the participation of employees to the decision making process and to develop their commitment to the organizational objectives.

These is a balance between centrality and participative approach, a way to guarantee the best use of organization's capabilities, in order to be able to handle the environment pressures. Leaders, even if they pay attention to their different structures and particularities, do not have to be rigid in the strategy implementation, based on single pattern, as the crisis can take different forms in different organizations and different places; instead, they will ask for a differentiated application, depending on their action area, targeted market, community needs and so on.

Change management is, for sure, a difficult balancing act, as it requires companies to combine both incremental and revolutionary change. The ultimate goal is to assure that the objectives are fulfilled, based on what can be called as dynamic stability, achieving a balance between the need for stability and for change and assuring that the organization can remain competitive not only on the short term, but also on the medium and long term.

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