MANAGING THE LEADERSHIP CHALLENGES

TUTULEA Anca

Lucian Blaga University of Sibiu, Romania

Abstract:

Even if since ancient times wealth and power have been associated with having physical resources, and the traditional production factors were predominantly physical, knowledge revolution is the shift from physical-based economy to predominantly knowledge-based economy. Experts have lately noticed the increase of economic importance of technologies, information, economic processes, human capital, the organisation's abilities and skills, each of these factors having a significant importance to the knowledge management. It is expected that future wealth and power shall mainly be derived from intangible intellectual resources, from the knowledge capital. This is why we considered it of absolute current interest to approach this theme and especially on managing staff`s challenges.

Keywords: leader, knowledge-based economy, virtual team.

As the author Ovidiu Nicolescu and his collaborators state, knowledge revolution consists of "the transition from economy dominated by physical, tangible resources to the economy dominated by knowledge. The process is extremely comprehensive and profound, generating essential changes in all elements of the economic activities, similar to the ones caused by the industrial revolution. The result of the knowledge revolution is knowledge-based economy which shall rapidly expand in the humanity's developed area" (Nicolescu, 2003).

Thomas N. Garavan explains that the concept of the knowledge-based economy advances the idea that "knowledge creation is most significant source of economic growth" (Garavan, 2009). From *The Global Competitiveness Report* (2005) he extracts five dimensions of knowledge which show that the new economics of knowledge depends largely on the quality and management of human resources, given below:

- Knowledge has the potential to accumulate over time. It is an important engine of economic growth. The proportion of knowledge workers in an economy and their levels of knowledge are considered critical.
- Knowledge is different from information. Information is encoded, "know why" and "know what", whereas tends to be tacit and is embedded in people and contexts. It is the "know how".

- Knowledge is embodied in databases. This has resulted in organisations seeking to protect their intellectual property and offshore of this knowledge work to emerging economies.
- Knowledge possesses the capacity to spill over and to be localised. Breakthrough ideas created by one firm in the local region.
- The diffusion of knowledge is facilitated through the emergence of knowledge networks. These networks are particularly viable in the diffusion of tacit knowledge.

Năstase Marian points out the major mutations regarding the human resource (Năstase, 2007) and which cause changes and rapid decisions in all fields are:

- rapid increase in the employees' training level;
- increase in the level of work intellectualisation;
- high geographic mobility;
- reducing the work week and daily working schedule;
- increasing the use of information technology in achieving tasks;
- flexible working program and teleworking;
- materialization of the organisation and knowledge-based management.

Under this dynamic context, "the possession of superior knowledge and the organisational ability to use it represents a significant source of competitive advantage" (Garavan, 2009) and so modern leaders shall stand out. From these modern leaders are great expectations, that to use their human potential and the organisation's potential, so that they reach an economic-social increase, a development of technologies, meeting beneficiaries' requirements and ultimately cultural development.

That is why leadership can be considered "a field of activity that comes to complete the management's science, by opening new perspectives regarding concepts, approaches, work mechanisms and instruments, when knowledge revolution is increasingly present in our personal and professional life" (Năstase, 2007).

Among the principles regarding knowledge-based economy, experts have identified the ones concerning the human resource, generator of "intangible" knowledge of which we mention two of real importance in this changing society (Nicolescu, 2003):

1. „the organisations' value is mainly determined by the value of intangible assets – meaning that the value is basically represented by its knowledge-based employees, on the ideas and information they or the organisation hold, which become the company's main assets";
2. „people with knowledge become a country's and/or an organisation's greatest value – since valuable ideas play an essential part in the current development, the people who own it become an immeasurable value, and keeping those people in the organisation by using a wide range of methods, including turning them into joint owners, has become an urgent necessity".

Management and leadership development is considered one of the most important human resource management policy areas that can be used to support knowledge management initiatives. Garavan Thomas cites Hunter which argued that the "provision of appropriate management and leadership development interventions is most appropriate when the knowledge management strategy is focused on building the social capital of its managers and knowledge employees"(Garavan, 2009).

Leaders are people with a very complex personality. All leaders must have a sufficiently developed intellect in order to be able to understand specific details of their responsibilities and challenges. Daniel Goleman considers that "leaders who are able to take decisions and who have an analytical and conceptual thinking are more valuable. Therefore, intelligence and clear thinking are basically the qualities that lead someone towards the door of leadership. However, a leader does not only need intellect. Leaders make a vision reality by motivation, guidance, by being a source of inspiration, by listening, convincing and more especially by creating resonance"(Goleman, 2007).

According to the same Daniel Goleman, the leaders' abilities can be of two types, being analysed and explained from the viewpoint of his experience over time (Goleman, 2007):

1. Personal abilities: which refer to the way in which everybody deals with himself:
   - Self-knowledge – is basically understanding your own emotions, your own strengths and limits, but also your own values and motivations; it can be analysed from the point of view of:
     o emotional self-discovery: understanding your own emotions and acknowledging their impact; using intuition to take decisions;
     o correct self-evaluation: knowing your own strengths and limits;
     o confidence: judicious assessment of your own value and abilities.
   - Self-control – assessed in terms of:
     o emotional self-control: keeping rebel emotions and impulses under control;
     o transparency: adopting an honourable and decent behaviour; showing that you are trustworthy;
     o adaptability: the flexibility to adapt to changing situations or the possibility to overcome obstacles;
     o ambition: the desire to improve performances and meet your own excellence standards;
     o initiative: the availability to act and to take advantage of opportunities;
     o optimism: being able to see the bright side of things.
2. Social skills: those abilities that relate to the manner in which we manage our relationships:
   - the social consciousness – analysed through:

- o empathy: perceiving the emotions of others, understanding their perspective and active concern for their interests;
  - o organisational consciousness: interpreting tendencies, executive decisions and policies at the organisational level;
  - o solicitude: noticing and anticipating the subordinates', clients' or customers' wishes;
- managing relationships – analysed through:
  - o inspired leadership: counselling and motivation through a convincing vision;
  - o influence: using some persuasive tactics;
  - o training others: stimulating the abilities of the others through feed-back and counselling;
  - o catalysing changes: initiating relational management and mobilizing the others towards a new direction;
  - o managing conflicts: solving disagreements;
  - o teamwork and collaboration: cooperation and team consolidation.

Daniel Goleman concluded that effective leaders usually have strong points in at least one competence of each basic field of emotional intelligence.

Another study conducted in 60 countries on 1541 CEO, general managers and senior leaders in the public sector and 33 industries, answers to the question: Which will be the most important qualities of leaders for the next five years? The study "2010 Global IBM CEO Study" was taken over by "The Leadership Centre", from which we have underlined below the main results:

- The complexity of today is expected to grow and more than half of the CEOs have doubts regarding their abilities to manage. 79% of the CEOs estimate an increased complexity in the future. However, we notice a number of organisations which we call "Standouts" which have managed to turn high complexity into financial advantages during the last years.
- Creativity is the most important leadership quality, according to CEO. Companies that stand out on the market promote experimentation and innovation within their own organisations. Creative leaders are expected to make important changes of the business models to achieve their strategies. In order to succeed, they take into consideration moderate risks, identify new ideas and continue to make innovations regarding their leadership and communication methods.
- Successful organisations collaborate with the clients to create products and services, therefore integrating the clients in their basic processes. They adopt new channels to get involved and communicate better with the clients. Analysing better the existing data, successful managers make their clients' intimacy their first priority.
- Good performers manage the complexity of the organisations they lead, of their clients and partners. They do these things by simplifying operations and products and increasing the ability to change how they work, access

resources and penetrate worldwide markets. As compared to other managers, skilled leaders expect 20% more income in the future to come from new sources.

The article in „The Leadership Centre" argue the necessity of these qualities in "the leaders of tomorrow", from the viewpoint of the complexity "the leaders of today" have to face. "As we move towards the recovery of world economy, global leaders experiment increasingly complex and uncertain levels, where "8 out of 10 managers expect the activity environment to grow increasingly more complex and less than half of them believe they know how to successfully manage it". Here is the result of the study shown in Figure 1.
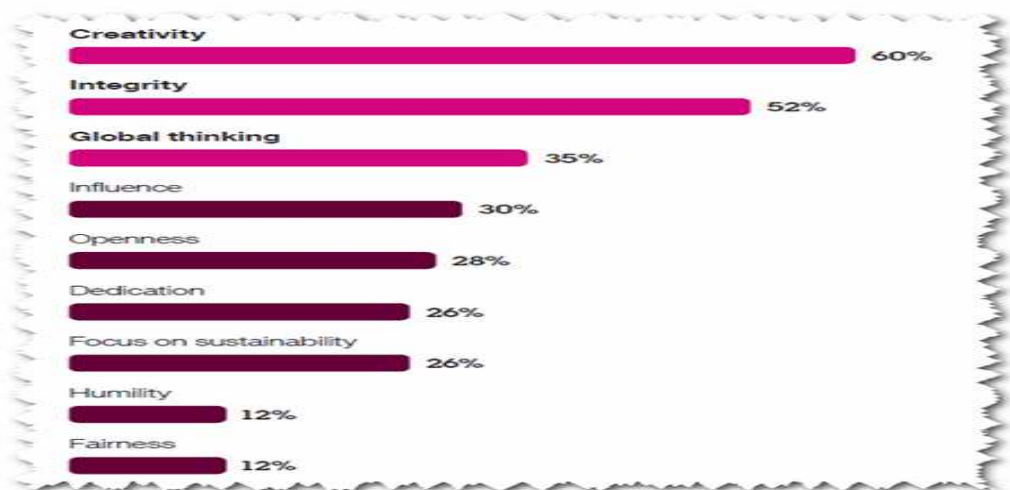

Figure 1: Leaders' indispensable qualities in the next five years
Source: http://www.leadershipcenter.ro/care-vor-fi-cele-mai-importante-calitati-ale-liderilor-pentru-urmatorii-cinci-ani.html

The results of the study show that the most important leadership quality for the next five years is creativity. "Creativity is essential when there is a high level of uncertainty and when it is expected for the future to be significantly different from the lessons of the past. When uncertainty is high, successful practices of the past can no longer be repeated, new thinking methods, new operating ways and new behaviour methods need to be found. Creativity is often defined as the ability to bring into existence something new or different. Creativity is the basis of disruptive innovations and continuous reinvention. Moreover, this requires an objective and focused thinking. Leaders have to be prepared to change the state of things even if this is a successful one. They must be familiar to and committed to continuous experimentation. This is not only that managers now realize the importance of creativity in the need to bring on the market innovating products, processes and experiences for the customers. Nowadays, however, creativity itself has become a leadership style. Traditional approaches for

business management require new ideas, which are meant to change the state of things".

Kris Bordessa explains that creativity is "a thought process that allows for much experimentation. It is a fresh way of looking at old situations". "It`s a unique perspective" that leaders should think at. "It is the ability to perceive situations in a new and unusual manner". She sees leaders as "creative thinkers of the future" and they will have the opportunity to solve many problems – and there are plenty to go around. A creative thinking is about "attacking a problem from a different angle and coming up with a solution" and the result might come up in "successful plans and ideas that will benefit all involved". (Bordessa, 2006).

Due to the changing we are facing today, because knowledge is increasingly used as a source of competitive advantage in organisations and knowledge workers need to be managed in distinctive ways, Garvan observes three challenges that leaders have to face with (Garavan, 2009):

- Leaders need to develop skills in managing organisational knowledge.
- Leaders need to be proficient in developing others.
- Develop team-working skills and interdisciplinary team working initiatives.

Talking about this last challenge, virtual and global teams represent one of the greatest and latest challenges for leaders. "Virtual teams have members who work closely together even though they are based in different locations (including different countries) and may even be in different time zones. Typically, they have members from different countries who work across organisational boundaries. Leaders in virtual teams do not have available the normal methods with which to monitor team members, and they have to trust their team members without constant supervision and that they need to focus more on results."(Garavan, 2009)

Leigh L. Thompson in her book, "Making the team – a guide for managers", defines a virtual team as "a task-focused group that meets without all members necessarily being physically present or even working at the same time". A characteristic of virtual teams is that these "work closely together even though they may be separated by many miles or even continents". She explains that these virtual teams may meet through conference calls, videoconferences, e-mail or other communication tools, such as application sharing. Teams may include employees only, or they may include outsiders, such as a customer`s employees. Virtual teams "work well for global companies but they can also benefit small companies operating from a single location, especially if decision makers are often at job sites or on the road". Also she notes that, if a company has a need for virtual teams, the biggest challenge for productivity is coordination of effort: "how to get people to work together compatibly and productively, even though face-to-face contact is limited and communication is confined to phone, fax, e-mail and others" (Thompson, 2004).

Here are four strategies that leaders must utilise in order to manage and to be effective in leading virtual teams, extracted from the book "Developing Managers and

Leaders – perspectives, debates and practices in Ireland" by Thomas N. Garavan, in Table 1.

Table 1. Leadership Issues in Leading Virtual Teams

Selection of Team Members	• Team members need to have strong technical knowledge and responsibilities to work effectively in a virtual environment. • Small virtual teams tend to be more cohesive and work together more effectively. • Members will usually come from diverse backgrounds and viewpoints.
Build Trust by Building Connections	• Virtual team leaders need to work hard at establishing connections between team members. • There is a need for initial face-to-face interaction if trust is to be quickly established. • Leaders should have frequent intense meetings that allow teams to go through key stages of team development rapidly. • Team development, in a virtual team context, is best established through bringing team members to the same place at the same time.
Establish the Ground Rules	• Team members need to understand both team and individual goals, deadlines and expectations. • Goal setting enables team members to monitor their own performance and regulate their behaviour appropriately. • Virtual teams need to agree on communications etiquette. This will include issues such as time limits for responding to emails and the degree to which it is appropriate to criticise team members openly.
Use of Technology	• Leaders should, where possible, use face-to-face communication sessions that are rich in achieving understanding. • Leaders should schedule regular times for people to interact online. • Team members should be trained in the use of electronic communications. Issues need to be made more explicit when the communication is online.

Source: Garavan T.N., Developing Managers and Leaders – perspectives, debates and practices in Ireland, 2009

Because virtual teams are increasingly used in the global context and team members live and work in different countries with different cultural norms and values, the greatest challenge is to build trust within them. Working within a group to solve a problem or come up with alternative ideas enhances the creative process, encourages cooperation and fosters clear communication. That is why leaders are often necessary for effective teamwork like to shape goals, coordinate effort and motivate members. Modern leaders have to face with all these things and it is not an easy way to do it.

Acknowledgement

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