Leadership in the 21st century: challenges in the public versus the private system

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Abstract

Major role in differentiating performance organizations from those who register failures is determined by the presence of a dynamic, efficient and flexible leadership. For multiple reasons, researchers presented various forms, theories and models, phenomena of leadership and management style are studied relevant, in relation to their influence on organizations, as expressed by the effectiveness, efficiency and sustainability. Article refers to the exercise of leadership differentiated into two organizational systems with different features: the public and private. Perceived differently at the company level, service users or consumers of goods, it attracts a lot of controversies caused by the processes taking place in the environment and organizational culture. This study defines precisely the differences of perception that leaders of the two systems show in relation to the needs expressed and reflected in the list of recommendations made by the researchers to suggest they change leadership style in the 21st century.

Keywords: Leadership, challenges, public system, private system, the management team

1. Introduction

The studies performed in recent years have pointed out a differentiation of the organizations that obtain performance compared to those that register failures. Whether they belong to the public or private environment has multiple influences when we speak of carrying out the leadership style. For this reason, many works have studied leadership and the management style according to various characteristics, focusing on the influences that are described in terms of efficiency, effectiveness, and sustainability.

Organizations are nowadays influenced by the dynamic evolution of the continuously developing markets, by the demand and consumption of goods and services shown by the consumers, by innovation at all the performance levels of the organizations, by an as good a leadership as possible of the employees, etc. All these considerations are made through the perspective of an efficient and well-developed leadership, focused on the requirements of consumers with high and varied expectations. The management style marks and generates an important need of the consumers and a high flexibility of the employees. The purpose of this paper is to determine the various manners in...
which the leadership process is carried out in the organizations in the public system in comparison with the private system in Romanian organizations.

2. Literature review

Leadership has gained special attention from researchers all over the world. A major concern of the approached topics can be identified in order to explain the complexity of the leadership process (Mumford, 2006; Antonakis, Cianciolo, & Sternberg, 2004; Bass, 1990; Byram, 1992; Hickman, 1998; Rost, 1991).

In the last 60 years, more than 65 different classification systems have been developed to define the dimensions of leadership (Fleishman et al., 1991), and Bass (1990, pp. 11-20) suggested that certain definitions consider it the focus of group processes.

Leadership produces change and movement in its action environment, but also provides adaptability and constructive change within the organization. The process of exerting leadership is not linear, but characterized by reciprocal interaction (Yammarino, 1994). This way, leadership is manifested as a process, implies influence, occurs in the context of a group, and determines reaching a goal (Northouse P. G., 2010).

There is a first series of premises, developed by Kipins, Schmid, Swaffin-Smith and Wilkinson (1984), who identified 7 types of tactics and strategies for the people being influenced by the peers, and especially by those who lead them. These 7 strategies are generally developed as persuasion methods that today, leaders use on those they lead.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Explanations</th>
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<tbody>
<tr>
<td>Reason</td>
<td>Used as a persuasion method that implies using all the information, situations, events, or other stressing means for formulating logical arguments that support the leader in the influencing process</td>
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<tr>
<td>Friendship</td>
<td>Used in order to influence another person, to which the leader resorts to the support and goodwill of the respective person, or uses flattery</td>
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<tr>
<td>Coalition</td>
<td>The leader conscripts the other persons in the organization in order to convince another person to do a certain thing</td>
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<tr>
<td>Agreement</td>
<td>Refers to negotiation based on the use of material rewards or an exchange of favors</td>
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<tr>
<td>Aggressiveness</td>
<td>Represents the use of the direct and forceful approach in order to determine someone to do something</td>
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<tr>
<td>Higher authority</td>
<td>Refers to gaining the support of the higher authority in the hierarchy in order to make the requests legitimate</td>
</tr>
<tr>
<td>Sanctioning</td>
<td>Implies certain punishments for the employees who do not accomplish their tasks as requested by the direct boss</td>
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These strategies are stressed in various manners by the leaders of public and private organizations. Both systems use different types of these strategies in order to motivate their employees to develop and help the organization ascend on the market of goods and services consumers.

A decade later, Yukl (1994) redefines these 7 types of strategies, analyzing them from a similar perspective to that of the types of influence exerted by the leader on the employees and starts from the idea that exerting influence refers to the cooperation of the members of the organization through two methods: either based on a positive consideration of the objectives, or based on the attraction exerted personally by the leader. From this perspective, we can list: rational persuasion, inspiration, consulting the leader, befriending, personal attributes, change, coalition tactics, legitimacy tactics, and pressure exerted on the employees by the leader.

Old and new studies on leadership attempt to determine the features and characteristics of the great charismatic leaders in the social, political, and military environment. It is believed that these people were born with a certain charm and can thus influence other people and the management processes. The major characteristics of leadership...
(Northouse, P. 2010) are still, at the beginning of this century, intelligence, self-confidence, determination, integrity, and sociability, and are manifested to significant extents in any type of organizational environment.

3. Description of the Research

Trying to stress these differences through a qualitative research, we have organized interviews with leaders of 11 public institutions (de-concentrated public services) and 8 private companies in the North-West regions of Romania, discussing with 55 persons, 21 of the public environment and 34 of the private environment. Their ages are between 35 – 55 years, they accomplish various jobs, and occupy leadership positions or are professionals in specialized departments. We have made an interview guide for each category of organization (belonging to the public and private sector), focusing on variables such as: perceiving the pressures of the environment, team management, motivating the employees, behavior concerning competition, organizational innovation.

After processing the information collected from the interviews, in both systems – the public and the private – we have noticed that the leaders’ influences on the employees occur and behave differently, according to the situations they must face. If in the private environment there occur more purely organizational pressures, but in the public environment we cannot state that the same type of influence shapes up.

Leadership, perceived as the ability to build and preserve teams of employees at standards that allow them to compete with other teams outside the organizational environment, is today one of the essential elements of the leadership of the organizations on the market at a global level. No company can exist nor perform its activity without a team management imposed by effective and efficient leadership.

All organizations start as a team, irrespective of the – small or large – number of employees involved in meeting their goal and objectives.

One of the most important techniques imposed by leadership is connected to motivating the employees of the organization for which they work. The acerbic competition on the market requires an efficient leadership to motivate teams differently and have high responsibility in order to face the various situations of possible competition.

A question that deserves a pertinent answer is: how do public institutions manage to face competition in the private environment from a managerial and administrative point of view? Indeed, for a public institution, it is difficult to face competition on the private market of the organizations for several reasons.

Generally, private companies have a much larger array of products and services addressed to their consumers, the invested capital is significantly more impressive than that of public institutions, which generates a slight frustration among them. However, there are also a few constant differences between the two types of organizations.

The first difference is determined by the fact that public institutions mainly generate services rather than goods (hospitals, police, city hall, etc.). On the other hand, private organizations cannot have such a set of services, excluding that which generates hospital services, which has lately developed to a great extent. In exchange, the other services generated by public institutions, such as those serving the police or the city hall, cannot be replaced by organizations from the private entrepreneurial environment.

The individual is the last source of any new idea (Redmond et al., 1993) and the basis for organizational innovation (Shalley and Gilson, 2004). The creative performance of the employees is absolutely necessary in organizations based on continuous innovation and change. What happens at the level of both organizational systems (public – private) from the viewpoint of the leadership of the two institutions is proven more in practice than in theory.

The leadership performed in public organizations based on innovation is less developed because innovation at the level of such a system is, generally, little exploited. The arguments that support this observation are determined by the fact that public institutions are coordinated by a high statutory level, they are more developed in the area of services, the salaries are often under the normal average of the market for the employees in the first and middle pyramidal level, and it takes long for innovation to appear. In exchange, an efficient leadership at this level should not be inexistent, it should help employees develop personally and professionally through well-structured teams, which would cooperate flawlessly in any situation occurred in the organizational environment and structure.
On the other hand, the organizations in the private system invest numerous material, financial, and especially human resources in organizational innovation. This occurs because private organizations are also oriented towards satisfying the consumers of goods, for which innovation occurs in continuous change and development. Private companies allocate impressive time and resources to develop an efficient leadership of the work teams. With this advantage, private companies on the market of goods and services prepare competent and efficient teams that face competition and meet the needs of the goods consumers and service users through the products they make available.

Team management is an essential element in preserving the organization at high levels on the Romanian market, since it has to face the international competition that has penetrated not long ago the area of Romanian goods and services, as multinational companies.

By making a short incursion in the private entrepreneurial environment and into that developed by the state institutions in Romania, we can say that the differences recorded at the team management level between the two mentioned systems are significant. A first difference appears with the development of the two systems on different market segments: the public system is better developed in the field of services, while the private system presents an improvement in the market of goods, besides services. A series of provisions cannot be replaced from the public system to the private one, because of the existential need of the state and of those who serve it, as it is impossible to entirely replace the production of goods from the private system to the public one.

Being aware of these barriers, leadership is also affected for several reasons. Teams are homogenous inside the two separate systems, but different from one system to the other. In other words, team management cannot function in the public system in the same way it functions in the private system, because we often speak of, and address different market segments.

A team in the sector of public services cannot possibly function in the same way as a team that performs its activity in the sector of production. In a small comparison, the privatization of the public sector in the 1990’s expresses a visible renouncement from the entrepreneurs, now, at the beginning of the 21st century. In other words, the (secondary) sector that belonged to the state two decades ago is now exploited by entrepreneurs in the private environment, who aim to meet the requirements and exigencies of the goods consumers as well as possible.

The resemblances occurred at the level of leadership in the two systems can be analyzed by singularizing the two segments. Both in the public system and in the private system, in the two sectors (tertiary and secondary), we can notice that the teams work at the same parameters established by managers: attitude, behavior, responsibilities, communication, development, innovation, organization system, etc.

However, these are just common elements, a list of attributes that teams must achieve. Differences occur in the rigorosity with which they fulfill their attributions, objectives, purpose, and many other elements imposed by leadership management.

Still, we must take into account the fact that a private company aims to obtain as high a profit as possible for the entrepreneur and for those who support its ascension on the market, while the public institution does not record any profit for any entrepreneur or those who support the organization, but a performance of the state (policies). Therefore, in what concerns team streamlining, leadership in the public system is more weakly quoted than that in the private system, which is well structured and developed.

4. Conclusions

The efforts made in describing an as good an image as possible of the organizational environment in what concerns the elements specific to leadership have today an effect on the Romanian organizations in continuous development and adaptation to the consumers’ market. The differences of perception of the analyzed variables in both systems are significant for the leaders of the two categories of entities. With the help of well trained leaders, the organization (of any type) attains important performance, because leadership creates the vision, clarifies the image, influences the definition of strategies, communicates purposes, and looks for devotion.

All the types of influences exerted by the leaders on the people around them are specific to Romanian society in general and not only to the analyzed organizational environment in particular. They are similar in the organizational and national culture, where leaders exert their influence on the employees they coordinate.
References


