Leadership, Culture and Organizational Change

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Abstract: *An effective leadership, an evolutionary organizational culture and permanent connection to change may ensure a company's success within an ever more dynamic competitive environment. The scientific approach of this paper is in line with theoretical and applied research in the field by the presentation of the connections existing among leadership, organizational culture and organizational change. The paper highlights the triad "vision – motivation – momentum", the mission and the defining coordinates of leadership, the complementarity "new – tradition" in organizational culture, the stages of the change management process and the role of managers and leaders in the preparation and implementation of change projects. Leadership is essential in building and developing an appropriate cultural model, which, in its turn, is an important vector of organizational change processes in modern companies.*

Keywords: leadership, organizational culture, organizational change, managers, leaders.

JEL Classification: M10, M12, M14.

1. Introduction

Leadership is an activity with a strong creative interpersonal dimension and which involves the initiation and propagation of change almost at all times. Managers and leaders, as key actors of change processes, have to develop constantly the companies that they lead [6].

As a process, leadership represents the action of the leader based on different sources of power and a specific set of skills, directed towards influencing the members of a group so that their activity would be aimed at the achievement of the company's objectives [7].

Leadership plays a crucial role in creating and maintaining an evolutionary, change-oriented organizational culture.

The organizational culture has a major impact on the economic performance of an organization, representing one of the main ways of achieving operational excellence. Excellent organizations are those which, through appropriate strategies, with an outstanding leadership, an organizational culture and a tradition of value, manage to thrive against competitors, to successfully face the adversity of the economic environment and to exploit its opportunities with high efficiency [12].

In the current period, the change constitutes a source for obtaining competitive advantage and hence the core of a business development. Organizational culture and the change which the management team wishes to make within a company are under the influence of cause and effect relation. A successful cultural model represents more than a management tool or an immediate solution, being a way of life [3].

In many companies, change is not seen as a continuous process but as an event that will happen at a time, under the impulse of impact factors determined by the business environment. In this respect, a new managerial and leadership mentality concerning change is necessary and it has to be gradually induced to employees by means of an effective leadership and within an adequate cultural model, so that they pass from simply accepting the change to initiating it.

2. Approaches to Leadership

In specialized literature, there are numerous approaches to leadership.

Max Landsberg, who has gained international recognition as an authority in coaching and professional development, finds that the essence of leadership is the ability to create a vision, motivation and momentum in a group of people. Therefore, the leaders of organizations have to create and maintain this triad [6].

Vision is a positive image of what the organization could become and it shows, at the same time, the path that it has to follow in order to achieve the objectives arising from the mission and, implicitly, the desired performance. The leader has to crystallize a vision that is also shared by the members of the organization. For this purpose, it is important for the leaders to be creative, innovative and to translate their ideas into exciting, logical and achievable images and actions.

Motivation is an essential component of leadership. It is important that the managers and leaders of organizations take into account aspects such as customizing motivational elements, ensuring a stable balance relationship between tasks, competences and responsibilities, so that the employees successfully carry out the objectives incumbent upon them,

combining adequately the material rewards with the moral and spiritual rewards, and also granting such rewards in a progressive system, so as to maintain an organizational climate conducive to the achievement of operational excellence.

The momentum necessary for the implementation of organizational development projects is another important component of leadership. A leader has to be able to convey his vision to others, to be a good communicator and to convince the human resources that his proposals are viable and can improve the processes and activities of the organization.

In J. Adair's vision, the leadership mission may be structured on the following coordinates [1,2]:

> ➤ planning (collection of available information, defining groups, objectives and tasks, establishing a feasible plan);
>
> ➤ preparation (informing team, distribution of tasks, defining team standards);
>
> ➤ control (maintaining team standards, achieving the goals, orientation toward adopting decisions and toward actions to implement them);
>
> ➤ encouragement (expressing approval of individual contributions, creating team spirit, settling disputes);
>
> ➤ information (presentation of the plan and of the tasks assigned to the human resources, summarizing ideas and suggestions);
>
> ➤ assessment (checking the feasibility of ideas, knowledge testing, group performance analysis and providing support for self-evaluation).

Management involves forecasting, organization, coordination, training and control-evaluation processes and activities. The analysis of the coordinates defining J. Adair's approach shows that management and leadership are intertwined. Basically, leadership involves management processes, with more emphasis laid on their human side.

Leadership takes into account the human dimension of management, in the involvement process of the human resources by the leader. The content, expression and effectiveness of leadership depend mainly on the native qualities of the leader, his general, professional and managerial training, as well as on the managerial situation in which the leader is or which he is facing [4].

An effective leadership incurs the fulfillment of two essential roles [7]:

> ➤ a charismatic role (the leader designs a better future for his subordinates, gives them strength and inspires them);
>
> ➤ an architectural role (the leader takes into account aspects related to vision, strategy of the organization, control-evaluation systems and the rewarding of the employees).

The two roles complement each other. Thus, the architectural role of the leader is materialized in the proper implementation of strategies, policies and structures that enable him to fulfill his charismatic role (vision on the future, giving strength and inspiring the members of the organization) [7].

Jack Welch, former president and chief executive officer of the company General Electric, finds that there is a series of leadership secrets, of which we mention [15]:

> ➤ approaching change as an opportunity which, if realized, will enable the organization to achieve more

competitiveness;

➤ facing reality by permanent adaptation of business strategies and swift action;

➤ treating human resources with respect, giving them more trust and freedom;

➤ creating a system of values that reflects the vision, culture and objectives of the organization;

➤ building an organizational culture based on the continuous training of human resources;

➤ encouraging the exchange of ideas within the organization by setting up regular meetings and by rewarding the employees who come up with new ideas and translate them into best practices;

➤ promoting three secrets within the company – swiftness, simplicity and self-confidence – enabling it to adapt to changes that occur in the business environment;

➤ involvement all human resources in processes and activities, and focusing on the improvement of intra departmental and interdepartmental communication;

➤ handling with priority the aspects related to the quality of processes, products and services of the organization, as the main source for obtaining competitive advantage;

➤ ongoing monitoring of customer reactions to the initiatives shown by the organization to offer new products and services.

3. Organizational culture

In our opinion, organizational culture is an important variable for organizational changes. Through their abilities, managers and leaders have to inspire their employees with a feeling of affiliation to the cultural model of the firm and also to remunerate those that, through behavior, sustain the implementation of change.

Thomas J. Peters and Robert H. Waterman [11] have defined culture as being "a dominant and coherent set of values shared by the members of the organization, induced by symbolic means". The same authors consider that a cultural model is the result of the efforts made by managers in orientating human resources in the "spirit of an excellent service".

In E. H. Schein's [14] vision, organizational culture represents a distinctive aspect of the way an organization is working, shaping both its economic performance and its stakeholders perceptions from the surrounding environment. Culture is a background made up by fundamental conceptions developed by an organization, as it learns how to confront problems of adaptation to the external environment and also of internal integration.

In conformity with Ch.B. Dygert and R.A. Jacobs [3], organizational culture implies rituals, symbols and stories associated to a category of people, offering an image over the people's values and beliefs, over the things important for them and the reasons behind this choice.

Professors Ovidiu Nicolescu and Ion Verboncu [10] define organizational culture as a set of values, beliefs, aspirations, expectations and behaviors outlined in the course of time in each organization that

are predominant inside it and directly and indirectly condition its functionality and performance.

Organizational culture represents, alongside competencies and resources, a defining element of the firm and it influences its strategic options, and, implicitly, the type of adopted strategy.

The conservation or the change of organizational culture represents a strategic decision of a company. Peter F. Drucker considered that is advisable for a firm to resort to the change of inefficient behaviors and procedures and not to the change of the organizational culture as a whole. Therefore, it is important for management to create and maintain a balance between stability and change in the company's organizational culture.

C.B. Dygert and R.A. Jacobs appreciated that a high level of trust of the employees, the proven personal integrity of them and the assumption of principle of fate shared by all the employees of the firm, constitutes the base of creating and maintaining this equilibrium.

Under the circumstances of contemporary dynamism, it is mandatory for an organization to be permanently connected to the changes registered in the professional environment. For being competitive, a company must promote an organizational culture in which old practices are enhanced and, at the same time, tradition is cultivated.

It is essential that managers and leaders understand and then induce to their employees that the relationship between new and tradition is not an antagonist report, but a complementary one. A successful organizational culture is the one that promotes organizational change, without eliminating the systems of values created and cultivated in

time, because they ensure cultural identity to the organization.

4. Organizational change

The change management process, as any managerial process, contains three main phases: forecasting, operational and final measurement and interpretation of results.

The first phase, in which a forecasting management and leadership is manifested, involves setting the objectives, identifying the resources and defining strategic options through which the objectives can be achieved, given the resources of the organization.

The operational phase of the change management process, in which an operative management and leadership is carried out, includes four steps:

- determination and delimitation of activities;
- distribution of activities on organizational subunits;
- coordination organizational processes and activities;
- involvement of human resources in processes and activities.
- The third phase, the measurement and interpretation of results, in which the management and leadership are post-operative, essentially consists of:
- control of processes and activities;
- assessing the performance by comparison with the level of forecast objectives;
- identifying the causes of the deviations;
- initiating corrective measures to improve processes and activities in the next managerial cycle.

Organizational change implies the application of managerial and leadership

methods and techniques that will lead to achieving the objectives imposed by the new strategic orientation of the company.

Managerial and leadership practices aim at connecting human resources and organizational activities, as well as at setting-up rules and principles to govern the firm's work processes. If the employees are not motivated to carry out their tasks or they do not understand the ratio between their objectives and the firm's ones, this might result in a "system of incoherence" that has to be analyzed and solved for the firm to be successful in the change initiative [16].

Rogers and Byham [13] suggest that the positions in a firm must be design so that the tasks, competencies and circumscribed responsibilities to be congruent with the new organizational strategy.

Organizational change, as an important step in the strategic management process, corresponds with a new, fundamental and radical orientation, concerning the possibilities in which the organization will develop its activity, having essential implications over the behavior of all its members [8]. Launching a process of change supposes to understand the necessity of change, to express a desire for change, the accumulation of knowledge, as well as developing the abilities necessary to implement change [9].

Rosabeth Moss Kanter, Management Professor at Harvard Business School, considers that managers have two major tasks: to solve the problem of present time and to prepare for the future. To fulfill the second task, managers posses the best "strategic weapon of the informational era", the change-adept organization [5].

The involvement of human resources in the organizational change processes must become a way of life. Any change aims at eliminating a difference. In most organizations, the difference that has to be eliminated through change is the one between the present efficaciousness and the expectations based on previous experience or current standards in the field.

In a change-adept organization, the difference is the one between the present efficacy and the organization's possibilities. Therefore, the change-adept organizations are future-oriented, and the managers working in such an organization have a proactive strategic vision in approaching business. This managerial vision is reflected in the firm's human resources behavior that must manifest the same involvement both in organizational projects and change projects.

In our opinion, investing in education and coaching human resources in the continuous learning process are fundamental coordinates of the change-adept organization. It is essential that managers and leaders, through their strategic vision, induce to their employees the feeling that change is necessary and to impose them a pro-change and pro-learning attitude. In this way, a stimulating, dynamic and favorable organizational climate is created. Such a climate ensures operational excellence, with benefic effects on a medium and long term, in the sphere of firm competitiveness.

5. Conclusions

Essence of leadership is the ability to create a vision, motivation and momentum in a group of people. Leaders of organizations have to create and maintain this triad.

An effective leadership incurs the fulfillment of two essential roles: a charismatic role and an architectural role. The two roles complement each other. The architectural

role of the leader is materialized in the proper implementation of strategies, policies and structures that enable him to fulfill his charismatic role.

Leadership takes into account the human dimension of management, in the involvement process of the human resources by the leader. The content, expression and effectiveness of leadership depend mainly on the native qualities of the leader, his general, professional and managerial training, as well as on the managerial situation in which the leader is or which he is facing.

Leadership is essential in building and developing an appropriate cultural model, which, in its turn, is an important vector of organizational change processes in modern companies.

Leaders have to be able to convey their vision to others, to be a good communicators and to convince the human resources that their proposals are viable and can improve the processes and activities of the organization.

Through their abilities, managers and leaders have to inspire their employees with a feeling of affiliation to the cultural model of the firm and also to remunerate those that, through behavior, sustain the implementation of change.

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