

LEADERSHIP AND TEAMS RELEVANCE UNDER ORGANIZATIONAL CHANGES

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Summary

Based on the research of recognized scholars in the field of leadership and team building, the present article discusses the current issues of company's high performance under the dynamic changes. The article analyzes various concepts and approaches to the creation of organizations based on leadership and teams. It emphasizes that the development of leadership and teams is the key factor in achieving high performance of organizations in an era of rapid changes driven by innovations. This article aims at looking into the possibility and necessity to realize leadership and team potential in business organizations in order to ensure its high performance under the constantly occurring external changes and challenges.

The key tasks of this work are as follows: to analyze current concepts and to define the factors of organizations' building based on leadership and teams; to make conclusions and draw recommendations for the development of team leadership on a number of enterprises researched in Moldova. The research methods used in this article are the following: systemic and comparative analysis, surveys based on questionnaires and interviews, and linear scale scoring.

The article draws conclusions and recommendations on the possibilities for improving the performance of researched enterprises based on leadership and teams' development. Based on the research conducted by the author on a number of national enterprises, the key conclusion is the following: the leadership and team performance lead to the successful implementation of strategies for adopting business-organizations to rapid changes and for keeping their competitiveness.

Key words: leadership, teams, changes, organizational transformations, leadership style, team types, innovations, business-organization.

JEL CLASSIFICATION: 0320, 0310.

1. THE IMPORTANCE OF RESEARCHED SUBJECT

In conditions of dynamic changes, crises and ever-increasing competition, the leadership and teamwork become the key factors for enhancing high performance of business organizations. Many researchers and managers recognize that in an era of innovations, it is especially relevant to address the following issues: “How to focus employees at being open to consumers' demands in a rapidly changing world?”; “How to keep staff loyalty to the company's mission and goals during its period of innovation?”; “How to enhance the high performance of joint work and to establish cooperation (to avoid confrontation) between the linear, functional and project managers and specialists during the introduction of innovations or implementation of anti-crisis measures?”

Using the example of successful companies in the world, many researchers prove that leadership organizations that operate on team principles achieve impressive results [Petrescu I., Senge P.]. Leadership and teams are seen as powerful factors contributing to productivity growth, improving the quality of products / services, reducing overhead costs, increasing job satisfaction for employees, and customers satisfaction with the purchased product.

The purpose of this article is to explore the possibilities for successful realization of leadership and team potential in business organizations under the conditions of changes and uncertainty. In this regard, it addresses the current concepts of leadership and team performance, and on this basis identifies the possibilities for implementing successful organizational transformations.

2. CONCEPTUAL ASPECTS AND RESEARCH METHODOLOGY

Leadership is conditioned by changes whereas changes are determined by leadership. This important concept is analyzed by many scholars and researchers. Among the various takes and approaches to the management of changes, I will highlight the research done by Peter Senge, Art Kleiner, R. Ross, B. Smith, D. Roth, and Ch. Roberts [2017]. These recognized authors suggest that today the word “changes” has a number of different meanings. The word refers to external changes such as: changes in technologies, customers, competitors, market structures, social or political factors. Peter Senger insists that we have to accept the new world as “we know that the world will

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change and we will have to adjust to its changes” [p.124]. He believes that the concept of changes towards organizations also refers to the internal changes that occur as a result of the organization’s need to adjust to the changes of environment in which it exists. Therefore, it is about organizational changes. The task of timeliness of organizational changes become the task number one for the leaders, their teams, and the nowadays companies as a whole. In this regard, changes are considered as strategies, programs, methods, technologies for the reorganization and restructuring of an enterprise: its structure and organizational culture. Along with the understanding of changes as organizational changes, I believe it is also worthwhile to consider the analyzed processes as transformational or transformative that contribute to the achievement of high performance (See Diagram 1).

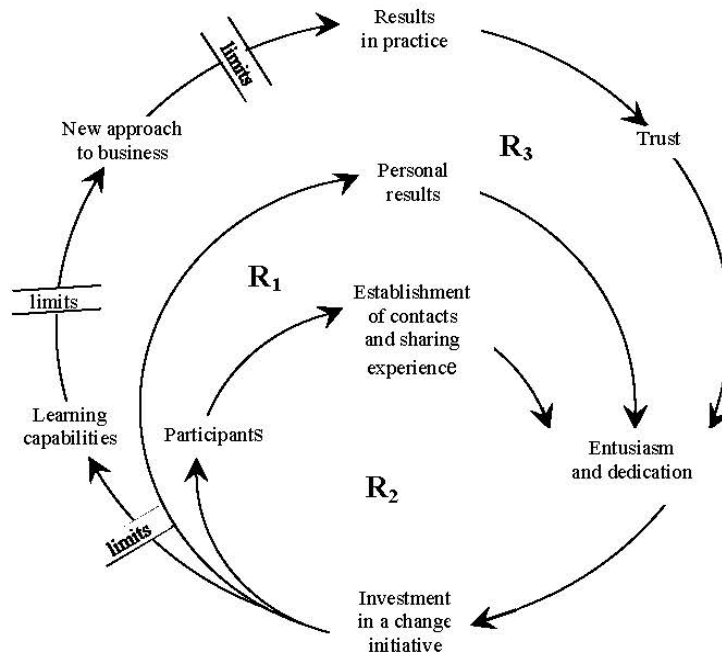


Figura 1. Three self-regulating growth processes and performance achievement [Senge P., 2017, p.57]

Explanation. The diagram shows how three self-regulating growth process lead to fundamental changes. Investment in a change initiative leads to the emergence of new learning capabilities and personal results (cycle R₁); through the network of informal relations, the new people are get involved in such a process (cycle R₂); and the accumulation of new learning capabilities lead to new methods of work organization and production, growth of productivity indicators and trust (cycle R₃). The successful completion of each cycle increases the people’s dedication to work that creates conditions for the investment increase and realization of innovation strategies [P. Senge, p.57].

Among the concepts explaining transformative leadership, I will also refer to the study of the world famous scholar R. Daft [2008]. He substantiates, to my mind, the systemic concept of modern leadership. Its importance and relevance lies in the fact that it includes both the latest and traditional scholarly views on leadership and teams. From this standpoint, R. Daft analyzes leadership and teamwork in conjunction with changes and transitions.

Changes are the main characteristic of the modern world, of our society and business. They include: global business; global crises; information technology development; electronic communications, virtual and self-learning organizations. The modern world is experiencing a deeper transformation for all times. Rapid changes in the environment cause fundamental changes that have a significant impact on business organizations, the transformation of which is impossible without leaders with the relevant qualities and skills. The latter are bound to be focused on changes instead of maintaining the status quo [R. Daft, 2008, p.51].

The concept of leadership is also explained “as a relation between a leader and a group members who influence each other, aim to real changes, and achieve common goals”. The world-known scholar, John P. Kotter, justifies the importance of interaction between leadership and changes. In his research, the professor of Harvard Business School focuses on organizational changes in conditions of instability [2017, p.90-91]. He analyses the practical aspect of this approach based on the reforms carried out in more than 100 companies from the USA and Europe. The author offers a new approach to leadership and organizational change, which opens the way to successful change. John P. Kotter describes the relationship of leadership and change as an eight-step process that successful enterprises go through.

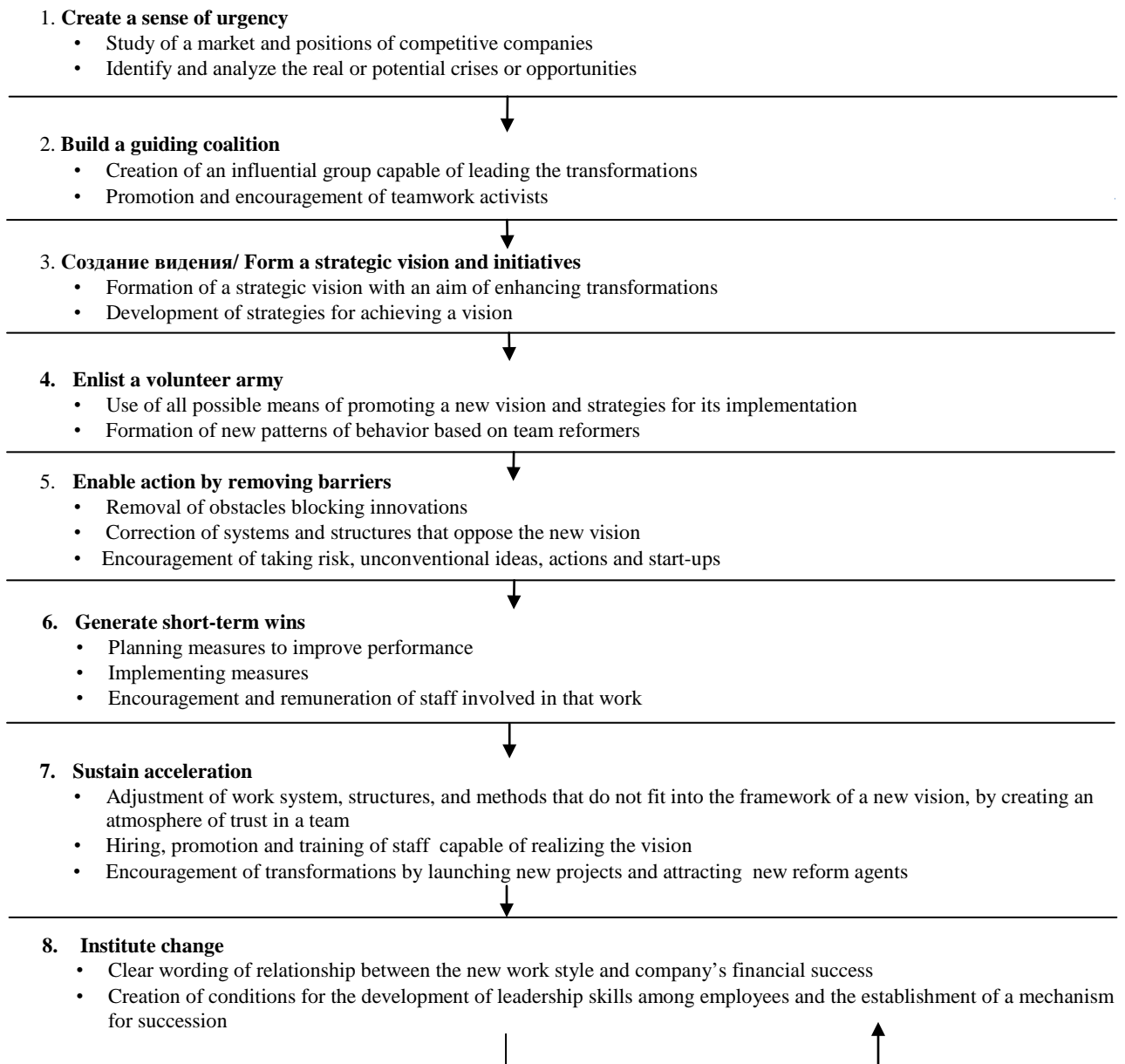


Figura 2. Model of organizational changes by leadership and teams' development, John P. Kotter [2017, p. 31]

The author believes that the understanding of the essence of change allows you to make a leap into the future that could be accomplished by the leaders and their teams. Modern business is dynamic and requires high flexibility from the leaders seeking to ensure that their organizations succeed. The leaders of such successful companies should be flexible, innovative, and open to changes in the company. This is the key to success in a rapidly changing external environment.

Changes and their importance for leadership and the role of leaders in the implementation of changes are part of the concept of a world-famous scholar Ichak Adizes [2014]. This concept has been recognized as a reliable methodological basis for the development and improvement of leadership styles. The author links the changes with their transformative nature and believes that it is influenced by three factors: the speed, frequency, and interdependence of processes and events, their uncertainty and unpredictability.

Many facts, knowledge, and situations are rapidly becoming obsolete. Leadership decisions are risky. For this reason, the decision made may or may not work. In today's environment, uncertainty, unpredictability, and risk increase. Is it possible to reduce them and ensure performance? Ichak Adizes gives a positive answer to this question and links it with the new forms and leadership styles. They include: producer; administrator, entrepreneur; and integrator. It is assumed that leaders as agents of change represent a team that performs a particular role [Ichak Adizes, 2014, p.38-51]. Thus, leadership is manifested in the ability to transform an organization in accordance with changes occurring in the external environment. For leaders and members of their teams, the entrepreneurial and behavioral qualities are necessary for the appropriate transformation of companies in order to achieve their performance and market competitiveness. In this regard, I believe it is worthwhile to appeal to the concepts of “entrepreneurship” and “innovation” and to their derivatives: “entrepreneur” and “innovator”. While interpreting these terms, I will follow the position of an outstanding scholar and guru of management P. Drucker [2017, p.169-171].

He notes that, “the ambiguity of the use of the term “entrepreneurship” causes a fair amount of confusion. To some, the author writes, “business is any small business, to others - any new business”. However, in fact, the scholar stresses, many, including quite large companies, are quite successfully engaged in entrepreneurial activities. The term “entrepreneurship”, to his mind, refers not to the size or “age of the organization, but to certain activities based on innovation, that is, to deliberate changes in the economic and social potential of an enterprise” [P. Drucker, 2017, p.173].

In this regard, I will note that the leader's innovation is one of its essential functions. It is relevant for both the new and existing companies in the market, and is associated with the creation of profit sources for a new enterprise or with the expansion of profit potential for an existing one based on innovation, whose success is determined by leadership. I should emphasize that all effective and successful leaders are innovators and have entrepreneurial qualities.

Innovation begins with the leader's analysis – as an entrepreneur – of an innovation idea and correlates that idea with the necessary company's transformation. In other words, along with various technical and technological, financial, industrial and other innovations, the leader also undertakes organizational ones. I should clarify that without relevant changes or transformations of human potential and human capital, of organizational culture, in behavioral styles and in the value system in the organization, all other types of changes are unlikely to be effective. In order to achieve the desired results, it is necessary to approach the transformation of the company in a systemic matter. Organizational transformations are important both for businesses that are on the rise, and for those that are developing safely, and they need to maintain their leadership positions in the industry (on the market), and for those who are trying to overcome the crisis.

While considering the management of organizational change as a transformation process, I proceed from the fact that it is primarily a process of transforming human resources through the development of leadership and the creation of various types of teams. The cross-functional teams are especially important in this regard [see table 1, p.5].

The importance of leadership in conditions of organizational transformations lies in the fact that it is impossible to create an atmosphere of trust and nurture the system of values in an organization under the autocratic leadership and by applying coercive methods. All innovations, to a greater or lesser degree, carry a risk, uncertainty, and unpredictability: therefore, employees can resist the upcoming changes. It is in the conditions of change that the rules of behavior and interaction, which have proven themselves operational in the past, cease to be as such, and the new values in an organization are necessary. Transition to them also becomes possible due to leadership,

based on the principles of ethics and social responsibility, which soften the manager's ego, help to establish relationships of trust and to overcome resistance to change. The performance of a leader and his team in this case are considered as a service. A servant leadership, exerting a non-coercive influence on employees through adhering to high moral standards, allow people to trust in the values proclaimed by the leader, and, consequently, to his innovative ideas and proposed changes. That, in essence, means the formation of a culture of high trust and high performance based on innovation.

Table 1. Team Types' Structure and Work Outcomes [Barrie Peurson, Neil Thomas, 2017, p.37-38]

Team types	Structure and function	Outcomes
Working group for solving a particular task	<ul style="list-style-type: none"> • 5-12 employees from different “fields” (of a company or department) • meets for 1-2 hours a week • discusses ways to improve quality, efficiency and innovations 	<ul style="list-style-type: none"> • may reduce expenditures and influence the products' quality • does not affect work efficiency or active involvement of managers • enthusiasm quickly passes
Target working team (group)	<ul style="list-style-type: none"> • top managers, unions' representatives 	<ul style="list-style-type: none"> • involvement of top management
Target working group (cross-functional team)	<ul style="list-style-type: none"> • develops and implements new forms of work organization and new technologies • links together separate functions • take decisions on operational issues 	<ul style="list-style-type: none"> • may undertake changes on a large scale • lead to an increased involvement of team members into the overall process
Self-governing working team with cross-functional tasks	<ul style="list-style-type: none"> • 5-15 employees who produce a product from the beginning to its end • conducts all management functions • participants learn all types of work and periodically rotate their working place 	<ul style="list-style-type: none"> • may significantly increase the production (up to 30% as research shows) • fundamentally changes an organization • employees are more independent

3. RESEARCH METHODS AND POSSIBLE OUTCOMES

The field research on the subject of this article have been conducted on a number of enterprises operating in different business sectors in Moldova and included: Floarea-Carpet, JSC; Viorica Cosmetic JSC; Cartnord, LtD; Interior Pro, LtD; Birovits LtD; Goodyer. Com; Lingotex, LtD; Sigmatur-Com, LtD; Autocurat LtD. The study was based on surveys (questionnaires and oral interviews), methods of systemic and comparative analysis and linear scale scoring. The total sample of respondents was 153 people. Among them, there were managers and employees of higher, middle and lower levels of management who made up at least 10% of the total number of employees at each of the above levels of management.

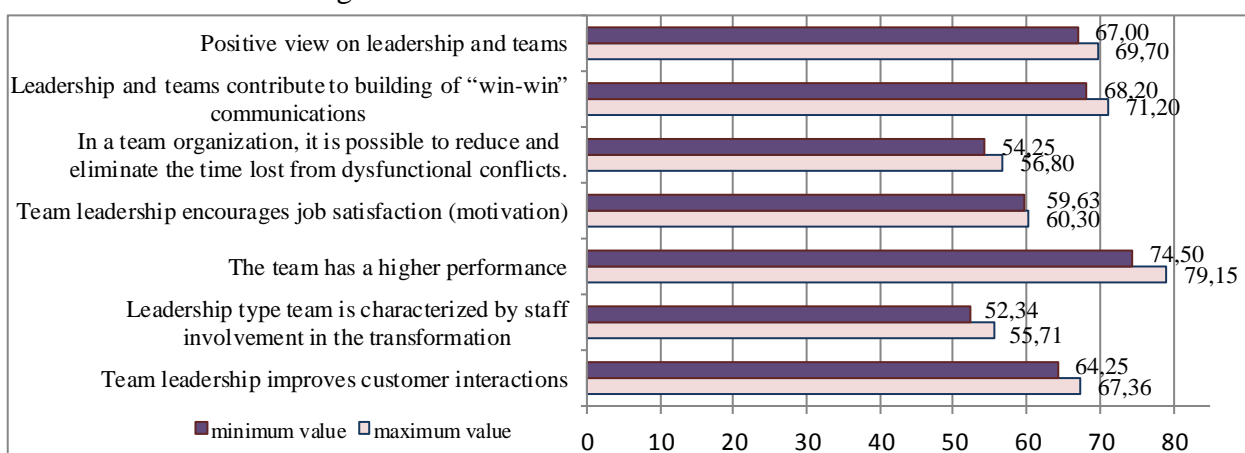


Figura3. The relevance of leadership and team performance in organizations: cognitive aspect (linear distribution, as of % of total number of interviewed) [Compiled by author]

The study has shown that the majority of respondents (67.00% -69.70%) expressed themselves positively regarding the need for the leadership and application of team potential in organizations. Approximately similar number of respondents believe that teams help to develop personal and team

qualities needed for building up the effective “win-win” interactions and reducing losses from the dysfunctional conflicts in an enterprise (68.20%-71.20%). More than 55.0% of respondents believe that team leadership can have a positive impact on eliminating losses from dysfunctional conflicts in a team. It is important to emphasize that 59.63% -60.30% of respondents linked the leadership and team performance with an increase in motivation, 74.50%-79.15% with the possibilities of increase in performance. The answers of respondents, characterizing the demand for and importance of leadership and teams in the conditions of changes, are presented below in the Diagram 3 (see pag.5).

4. Conclusions and recommendations. Based on the studied literature and research conducted at a number of enterprises operating in the Republic of Moldova, the following conclusions and recommendations can be drawn:

- When considering management of changes as a process of organizational change, it should be assumed that it is primarily a process of transforming human resources.

- Organizational changes are part of a company’s development of new ideas, innovations, technologies and include the transformation of people’s behavior patterns in an organization: the transformation of their knowledge, values, and interaction skills in a new organizational context. Moreover, the process of change implies changes in thinking that contributes to the creation of ideas together with the leader, initiator and carrier of an innovative idea, of shared values and trust regarding the upcoming changes.

- The importance of leadership in the context of dynamic changes is that it is difficult to create an atmosphere of trust to innovations under the autocratic leadership and by using the coercive methods. Innovations, to a greater or lesser degree, carry a risk, unpredictability, and uncertainty of future events, therefore, employees might resist the upcoming changes.

- It is in the conditions of change that the rules of behavior and interaction, which have proven themselves in the past operational, cease to work, and there emerges the need to build trust between the leader, the bearer of the innovation idea, and the members of his team.

- Recommendations for the surveyed enterprises are related to the team building and leadership development, since teams allow for a greater performance at an enterprise through employees’ cohesion, greater mutual understanding, and support for innovative solutions.

- The listed advantages especially apply to cross-functional teams. Their advantages are related to the fact that team members, in comparison with functional employees, are aware of the innovative problem being solved in a wider organizational context. This increases the validity of decisions and reduces the time during which it is adopted and implemented. As a result, a company built on leadership and teams adapts to external changes and challenges much faster and more adequately than organizations of the traditional functional type.

- Leadership and teamwork also contribute to the creation of favorable conditions for the delegation of power, which has a positive effect on the increase of the degree of satisfaction with work, i.e. motivation, developing a sense of staff involvement in more substantive results; enriching the content of labor and employees’ involvement in the implementation of innovative solutions.

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