

## LEADERSHIP AND MANAGEMENT IN THE 21st CENTURY

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**Rezumat.** Prezenta lucrare are drept scop proiectarea evoluției aptitudinilor și deprinderilor manageriale în lumea contemporană. Managerii reprezintă unii dintre actorii principali pe arena economică, activitățile cărora determină succesul sau eșecul instituțiilor. Evoluția accelerată a pieței pe parcursul deceniilor și-a lăsat amprenta asupra funcțiilor manageriale, astfel încât în zilele noastre, un patron trebuie să fie revoluționar pentru a putea supraviețui. Tehnicile și instrumentele manageriale sunt elemente esențiale în meseria de manager, gestionarea rațională a cărora permite managerilor să atingă rezultate surprinzătoare într-o multitudine de domenii.

Totodată lucrarea indică diferențele dintre competențele manageriale și aptitudinile de leadership. Analiza acestora ne va permite să distingem latura individuală de cea profesională și să ne formăm o viziune clară în legătură cu modalitățile de adaptare la cerințele pieței. Care sunt factorii fundamentali ce influențează aspectele comportamentale ale managerilor și de ce adaptarea la cerințele pieței în continuă schimbare începe de la manageri.

Prezenta lucrare urmărește aprecierea rolului managementului inovativ ca sursă generatoare de performanțe și componentele acestuia, precum și modalitățile de adaptare la ecosistemul afacerilor.

**Cuvinte cheie:** Management, Leadership, Management Inovațional, Business și Administrare.

**JEL CLASSIFICATION: M10; M19.**

### INTRODUCTION

“Management is about persuading people to do things they do not want to, while leadership is about inspiring people to do things, they never thought they could.” – Steve Jobs

The concept of management appeared long time ago in the military field, because that was the first time in human history when a multifarious group of people who did not know each other were organized to work together towards a common goal. That structure gave us a few principles:

1. Hierarchy
2. Command and control
3. Incentives for achieving the goals
4. Division of responsibility based on function
5. Centralized decision making

The purpose of this paper is to assess the evolution of the principles and their application in the contemporary management. Not much has changed over the last few decades. Nowadays, the business world still pursues many of those principles, and at the superior level, business management controls capital allocation to maximize shareholder returns, mainly within an organization. To perform that, a manager must act proper and be peerless at understanding risk, making decisions, making trade-offs, communication, and putting the right people in the jobs.

The paper takes into account the distinctive differences between management and leadership, because it is important to point out that management without leadership will be right in a culture of conformity and obedience, while leadership without management can lead to dissenter behaviors.

At the same time this paper shows the importance of skills and knowledge which are fundamental and can be taught, and make a comparison with the individual factors such as personality and experience that can develop leadership capability.

Furthermore, we will review some of prevailing management trends and will highlight the relevance of innovative management in the transformation process of the organizations. The problems faced by companies and leaders during the change and how they adapt to the ever-changing environment.

## LEADERSHIP AND MANAGEMENT IN THE 21st CENTURY

The management and leadership need of the contemporary companies have changed over the past decade. In the case of a humble business environment, the old hierarchical model that relies mostly on a few people of superior level for leadership doesn't work anymore. Nowadays, the doubtful business ecosystem is more unsettled than ever, thereby decentralized controls and leadership via networks of people at all levels is compulsory for the success of companies.

Another factor that generated the adjustments of the old model is that commonly, a narrow group of people has a limited amount of time or a lack of resources to deal with a pile of data regarding their company performance, industry, economic environment or competitors. Nor do they have the time to spread the right data to the right people in real time. Organizations move too quickly for that model to be effective. Today, organizations are facing the need for significant changes, since their success depends on innovation management.

First of all, we need to understand what innovation management actually is. Innovation management is about handling of all the activities needed to introduce something new, which in practice means things like coming up with ideas, developing, prioritizing and implementing them, as well as putting them into practice, for example by launching new products, or by introducing new internal processes.<sup>4</sup>

When it comes to the key aspects of innovation management, I want to highlight four aspects of this revolutionary type of management: the capabilities (abilities, uncommon insights, know-how and practical skills of the company's employees); the structures (the organizational structure, processes, and infrastructure of the company); the culture (what enables the organization to acquire the capabilities related to people) and finally the strategy (it is about making a purposeful choice between a number of potential options to have the best chance of gaining and this choice should not apparently be separate from the execution).

However, in practice, managers should understand that providing organization with freedom is the fundamental source of innovation. All four aspects recently described influence the organization's ability to manage innovation, which is accurately why improving it is rarely a straightforward exercise with an easy solution. One of the essential skills that managers should be master of is risk management.

Generally speaking, the concept of risk is always seen as barely a negative issue that manager should look to minimize by diversifying the innovation portfolio. While diversifying absolutely makes sense in many situations, managers should look at risk through a broader lens, mainly when it comes to innovation. Risk is the potential of something either gaining or losing value, which means that it simply represents the uncertainty related to that something. In essence, manager's ability to tolerate risk determines both the potential downside and the potential upside of the investment, because working on innovation constantly requires a lot of precariousness, managers should look at risk as more than just something to minimize.

"The best managers of the most innovative organizations don't tell their employees how to innovate. They manage the chaos."

In this paper, I also want to analyze the difference between leadership and management as it relates to the organizations which tend to adapt to the requirements of the environment. Leadership is working with goals and vision, while management is working with objectives.<sup>5</sup> When managers combine visionary leadership with great management, they are closer to achieving considerable results. There are several basic differences between leadership and management that refer to any organization.

As I have noted, management is a set of systems and processes designed for organizing, budgeting, staffing and problem solving to achieve the desired results of an organization, whereas

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<sup>4</sup>Jesse Nieminen, Co-founder & Chairman at Viima Solutions Oy

<sup>5</sup>Lt. General Russel L. Honore in Leadership In The New Normal (2012); ISBN 10: 0925417815

leadership defines the vision, mission and what the "win" looks like in the future. It inspires the team to embody the beliefs and behaviors necessary to take the actions needed to achieve those results.

All kinds of organizations at a certain moment have to face the need for change. And not compulsory in a reactive way but rather a proactive approach that is fixed in the pattern of the organization's culture. Managers have to be focused on developing and properly communicating a powerful change vision, and they should also take into consideration that the communication of the vision never ends during the transformation process and is included into every aspect of what the leaders and managers do.

It is also important to highlight the differences in leadership and management, as they relate to the fundamental roles the transformation task force must take on. A transformation task force in this sense is the guiding body developed to lead a company through its transformation (the team must include senior leaders, front-line managers, other key team members). Same as the organizations change and adapt so must the managers and leaders running them do. Even if in the past many organizations have neglected to develop and train this group, letting most find their own way to their own unique management or leadership style, the best organizations know that consistency is the name of the game for continued success. At the same time there has been much debate about methodologies - to train or to develop; to feed or to grow.

I want to point out the difference between management skills which are the skills required to manage people and resources to deliver a product or service, and leadership skills: the skills required to engage with people and persuade them to 'buy-in' to a vision or goal.

Managers can have one without the other. To me, management is more about process, and leadership is primarily about people and attitude. As I recently said - management without leadership will be a normality in a culture of conformity, while leadership without management can lead to maverick behaviors. However, real effectiveness comes from an appropriate mix of both. Overall success comes from developing people at the same pace as the organization; and developing people is as much about developing those who are running the organization as it is those who deliver throughout it.

## CONCLUSION

All things considered, in a business environment characterized by constant change, uncertainty and doubtfulness, the need for implementing innovative management becomes essential. The old hierarchical model is no longer valid, while decentralization, freedom and innovation become the instruments meant to bring growth and prosperity.

Innovation management is about handling of all the activities needed to introduce something new, and in practice managers should provide organization with freedom which is a fundamental source of innovation.

A manager has a growth mindset if they think that what they are isn't just something that's passed on to them, but is instead something they can work on, for example by acquiring new skills and learning new things. The same goes for an organization. Without change that's growth-oriented, the organization is simply highly unlikely to innovate.

It is the job of a manager to do the best he can do to provide his team with the resources and capabilities they need to be successful and the same most certainly applies for innovation.

The most powerful change arrives when strong, visionary leadership is mixed with great management. Since both are required to define a clear path, plan accordingly and see the mission plan through to accomplishment. Management and leadership relate to the fundamental roles the transformation task force must take on. While management is more about process, leadership is primarily about people and attitude.

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