

CHANGING LEADERS IN THE CONTEXT OF ORGANIZATIONAL CHANGE

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*Abstract: In the current environment that is rapidly changing, complex decision-making process becomes more difficult. Leaders are constrained by the environment in which they operate. Although decision making is a dynamic process in continuous development, decisions have several common elements. Decision making is the core activity of a manager, all other activities are conducted to ensure correct decisions, or whether the decision has already been adopted for implementation and monitoring of its effectiveness. Each decision is taken in a typical environment of an organization and all decisions have several elementary steps. But starting from the words of the Russian novelist, **Leo Tolstoy** "Everyone thinks of changing the world, but no one thinks of changing himself.", managers realized that organizational change is inseparable from individual change. In this way, change efforts often falter because individuals overlook the need to make fundamental changes in themselves. Given the decisional context in Romania, the managers must acquire a series of concepts and must adopt a series of practices in order to optimize the decision making process in the context of organizational change. A performing organization implies a radical change of the attitudes of managers towards their subordinates, the acknowledgement of the contribution of each of them in obtaining results, the encouragement of employees to take changes, their empowerment to take decisions in their areas of competence.*

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The transition from a centralized and monopolistic economy, based on a strained structure of relations (in the sense of mainly unilateral connections, without optional alternatives) to a competition based economy, based on market mechanisms, on the actions of supply and demand, certainly represents one of the most severe challenges of the current period. The complex processes – of privatization, restructuring, liberalization of prices and eliminations of subventions - that accompany the economic reform, as well as the institutional and legislative transformations, the profound modifications in the mechanisms of coordination at different levels and in the model of external markets, in the context of economic internationalization and the integration in the European Union, represent fundamental changes, significant and ample mutations that characterize the organizational environment.

The use of the management of change and of appropriate economic strategies must be based on the new domestic and international conditions in which enterprises operate, in order to thus define the viable economy, which will guide the management of the enterprise to achieve the set objectives and profits.

The evolution and functioning of organizations are mainly determined by the context – being influenced by the more or less favoring conditions in which they operate, by the mutations that took place in the exterior environment together with the change in the system – as well as by the management due to the difference in the quality of the management practiced at their level as well as due to deficiencies in this field: focus on the current issues, structural rigidity.

Modern management emphasizes building an organizational culture focused on integrity, the stimulation of performance, competence, initiative and innovating spirit. The evolution of informational systems demand that the management of organizations focus mostly on developing human resources and especially developing new abilities, an increased attention being dedicated to increasing the cohesion and to developing a team spirit. A performing organization implies a radical change of the attitudes of managers towards their subordinates, the acknowledgement of the contribution of each of them in obtaining results, the encouragement of employees to take changes, their empowerment to take decisions in their areas of competence. Researches emphasize the fact that in general people tend to act and take decisions in accordance to their way of perceiving reality and issues arise exactly from the fact this perception differ from one individual to another. Reality is perceived through the lens of one's own assumptions, attitudes and values. The change in the environment in which the organization operates implies the change of perceptions, value, and beliefs. At an organizational level, the change in paradigm concerns primarily the strategy of the enterprise, the style of management, the structure of the organization, the changes concerning the personnel.

Change is not a negative, degenerative process but a means of evolution inevitable and positive which leads to the adaptation of the organization to the present and future reality, to the internal and external environment in order to ensure the success of their business.

The management of change has as object of study the management of the enterprise, including the organizational, communicational, and personnel aspects. The organizations change or adapt what they try to achieve and means to do so. The concept of “change management” models the thinking of managers, from a pure economic focus directed at achieving profit to new values – social (for instance: the motivation and satisfaction of personnel) or ecological (for instance, environment issues).

The management of change implies a systemic succession of processes together with permanent feedback. A briefer definition, but sufficiently encompassing is the one presented by Prof .Dr. Verboncu Ioan who states that “changes do not concern only the simple maintenance of the functioning of the organization, but they target the renewal of the organization in its whole”¹. In the economy of the enterprise “change management” is the development, management and systematic evaluation of the changes within an enterprise². Change can take the shape of novelties, adaptations, improvements as well as eliminating past mistakes.

Changes undergone and ongoing demand a new type of management defined by new demands, new requirements such as: value for clients, value for shareholders, value for

¹ Nicolescu,O, Verboncu, I (2008), *The basics of organizational management*, University Publishing House, p.24-28.

² Tanțău A. (2004) *The basics of organizational change*, Bucharest, ASE Publishing House, p. 46.

personnel, vision and culture; a new approach to strategy, growth and creativity; fusion and integration; speed and flexibility.

While every change program is unique, the experiences of the industrial company's managers offer insights into many of the factors that, we find, make it possible to sustain a profound transformation. Far too often, leaders ask everyone else to change, but in reality this usually isn't possible until they first change themselves.³

This way, Tolstoy's dictum "*Everyone thinks of changing the world, but no one thinks of changing himself*" is a useful starting point for any executive engaged in organizational change. After years of collaborating in efforts to advance the practice of leadership and cultural transformation, we've become convinced that organizational change is inseparable from individual change. Simply put, change efforts often falter because individuals overlook the need to make fundamental changes in themselves.⁴

Many companies move quickly from setting their performance objectives to implementing a suite of change initiatives. Be it a new growth strategy or business-unit structure, the integration of a recent acquisition or the rollout of a new operational-improvement effort, such organizations focus on altering systems and structures and on creating new policies and processes. To achieve collective change over time, actions like these are necessary but seldom sufficient. A new strategy will fall short of its potential if it fails to address the underlying mind-sets and capabilities of the people who will execute it. McKinsey research and client experience suggest that half of all efforts to transform organizational performance fail either because senior managers don't act as role models for change or because people in the organization defend the status quo.⁵ In other words, despite the stated change goals, people on the ground tend to behave as they did before. Equally, the same McKinsey research indicates that if companies can identify and address pervasive mind-sets at the outset, they are four times more likely to succeed in organizational-change efforts than are companies that overlook this stage.

Tie training to business goals. Leadership training can seem vaporous when not applied to actual problems in the workplace. The industrial company's focus on teaching Pierre to have courageous conversations just as the ability to do so would be useful, for instance, was crucial as Pierre made arrangements to close his plant. In the words of another senior executive we spoke with, "If this were just a social experiment, it would be a waste of time. People need a 'big, hairy goal' and a context to apply these ideas."⁶

Build on strengths. The company chose to train managers who were influential in areas crucial to the overall transformation and already had some of the desired behavior—in essence, "positive deviants." The training itself focused on personal mastery, such as learning

³ Aaron De Smet, Johanne Lavoie, Elizabeth Schwartz Hioe, *Developing better change leaders. Putting leadership development at the heart of a major operations-improvement effort paid big dividends for a global industrial company*, *McKinsey Quarterly*, April 2012

⁴ Nate Boaz, Erica Ariel Fox, *Change leader, change thyself*, *McKinsey Quarterly*, March 2014

⁵ Scott Keller, Colin Price, *Organizational health: The ultimate competitive advantage*, *McKinsey Quarterly*, June 2011

⁶ Aaron De Smet, Johanne Lavoie, Elizabeth Schwartz Hioe, *Developing better change leaders. Putting leadership development at the heart of a major operations-improvement effort paid big dividends for a global industrial company*, *McKinsey Quarterly*, April 2012 |

to recognize and shift limiting mind-sets, turning difficult conversations into learning opportunities, and building on existing interpersonal strengths and managerial optimism to help broadly engage the organization.

Ensure sponsorship. Giving training participants access to formal senior-executive sponsors who can tell them hard truths is vital in helping participants to change how they lead. Moreover, the relationship often benefits the sponsor too. The operations vice president who encouraged Annie, for example, later asked her to teach him and his executive team some of the skills she had learned during her training⁷.

Create networks of change leaders. Change programs falter when early successes remain isolated in organizational silos. To combat this problem, the industrial company deployed its leadership-development program globally to create a critical mass of leaders who shared the same vocabulary and could collaborate across geographic and organizational boundaries more effectively.

When Annie ran into trouble implementing the changes in some of the company's locations in Asia, the personal network she'd created came to her rescue. A plant manager from Brazil, who had gone through the training with Annie, didn't hesitate to get on a plane and spend a week helping the Asian supply chain leaders work through their problems. The company allowed him to do so even though this visit had nothing to do with his formal job responsibilities, thus sending an important signal that these changes were important.⁸

Another tactic the company employed was the creation of formal "mini-advisory boards": groups of six executives, with diverse cultural and business perspectives, who went through leadership training together. The mutual trust these teammates developed made them good coaches for one another. Pierre, for example, reported getting useful advice from his board as he finalized his plans to talk with his plant employees. The boards also provide much-needed emotional support: "The hardest part of being at the forefront of change is just putting your shoes on every day," noted one manager we talked to. "Getting together helps me do that."⁹

In order to maintain an organization in a state of efficient function and moreover in order to increase its performance, it is necessary to adapt the organization to the changes happening in the external environment in which it operates. Managers from all over the world are facing issues of adaptation which they solve in accordance with the new requirements of the environment, so to be able to implement changes in their organization, managers must first of all change themselves.

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⁷ Idem

⁸ Idem

⁹ Ibidem

improvement effort paid big dividends for a global industrial company, McKinsey Quarterly, April 2012

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