Fostering the Organizational Leadership within the Knowledge Based Economy[1]

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Abstract

This article lays out a framework for assessing the leadership skills in a supply management organization. For such organizations to have significant impact and deliver results to the broader company, they need four elements: people with the right skills, the right position in the organization, emphasis on the right sets of activities, and the right processes for applying key skills. This research is based on the idea that leaders' thinking is different. They were followers, but a certain different mentality associated with specific competencies helped them to overcome the border.

It's very important for the leaders to know to create, but also to manage the expectations. The leaders' coworkers usually have a high trust in the persons who lead them. But they have to get good results, in order to be able to strengthen their relationships. I believe that the essence of this quote is found in the research carried out within this article.

Key words: *leadership, organizational culture, competencies, skills*

JEL classification: J16, M12, M14

1. Organizational culture

Culture is an anthropology word. When a behavior is described as part of a culture, it is often considered inaccessible and therefore those who are characterized by this behavior should not take responsibility for it. Organizational equivalent of the word is "personality".

The organization, as well as the organization culture, was often described as a glacier. In Figure 1, we use the glacier to describe culture's components.

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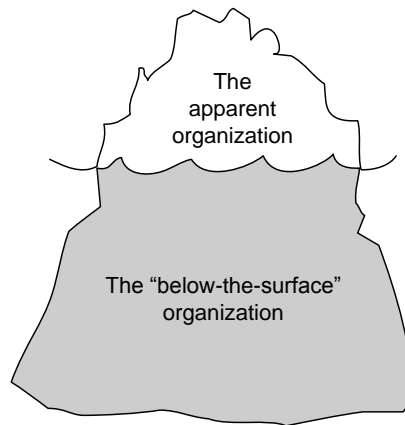 E-mail: ilincahotoran@yahoo.com

Figure 1. The organizational iceberg
(*Source*: Owen Jo, 2007)

The apparent organization is the visible version, the formal version, officially reported to the organization. It consists of products, services, customer segments, markets, hierarchical structure and value chain, official roles, functions, facilities, the official system, processes and working methods, official policy, objectives.

The "bellow the surface" organization is informal and has its informal leaders and unwritten rules. Informal organization is shaped by the styles and values of its founder and its leaders, and by its history - the impacts of past victories, old rivalries. It has its own communication channels and consists of informal networks.

The link between organizational culture and change is becoming more evident in our times. Thus, the biggest problem is because culture is often an excuse for not acting in the direction of change. Culture takes what is common and understandable and it rises in the air and makes it untouchable. Whenever we are tempted to use the word "culture", we should substitute it with "current behavior" and we should reflect on how it changes the nature of what was seen as culture. *(Scholtes, 1998)*

In an organizational culture, it is very important to analyze the leaders' values and beliefs. In this way, under this research, we found out that leaders are born when a new belief system is discovered. The secret to someone's rise is what happens in his or her system of beliefs. Nothing can replace a positive attitude and the attitude of leadership is built on what people think they are, why they exist and the importance they attach to certain significance.

As a leader, many people want to follow you. The challenge for a leader is "Why would anyone follow you?. Many leaders make a fatal mistake when they think that if followed means that people really want to act in this way. In fact, followers may occur because the costs and risks they face if they leave the organization are very high. Leaders should not confuse compliance with the commitment.

When we talk about the leaders, we can notice that even if there are some differences between the genders in the nuances that they impose in their leadership approaches, finally all of them are focusing on the performances and the well-being of their coworkers (Radu, Nastase, 2011).

Values can be constructed in two ways. Clearly, it is through performance measurement and promotional systems. The second way to build value is through leader's behavior. He cannot ask people's commitment in a cost-cutting program, if the announcement is made from his private plane. It is necessary to understand that as a leader, someone becomes an open book and for that reason, it is necessary to do what is best. Another important feature is the ambition. Leaders are ambitious for themselves and their organizations. Managers can be reasonable but leaders are selective, exaggerate.

Good managers understand that the target needs to be adjusted below set limits: supplier's costs increase, tax inspectors, and regulators are demanding more, competition intensifies and customers pull prices down. With all these causes, managers are able to understand that the target of the profit is overstated.

That's why the corporate social responsibility is seen as a strong connection between the organization's capabilities and the characteristics of its environment (Radu, Deaconu, Puia, 2011).

Leaders listen to every reason why something cannot be obtained and after they focus on directions needed in order to obtain first set targets. Leaders with ambition tend to enjoy career advancement. They succeed or fail quickly, but at least they learn a great deal and the journal is overwhelming. *(Owen, 2007)*

The man as a resource should not be regarded only in terms of opportunities to do something, but also through the attitude towards what he is doing and towards the organization *(Maxim, 2004).*

1.1. Knowledge based economy

Knowledge has become a critical ingredient to gain competitive advantage in the new economic landscape. The essential question for an organization that wants to succeed with the development of a knowledge-based economy is how to transform information into knowledge and further into competence and wisdom.

Knowledge transfer is active in the process of increasing organizational profitability. This link is effective because it eliminates the possibility of competition to achieve the same progress, because it cannot access the entire flow of knowledge that circulates in and outside a specific organization.

Currently, the economic foundations of the knowledge based economy are the intellectual property. Functionality and organization performance obviously depends on the managers and leaders. They are those who design strategies, the management system and organizational culture and they are those who manage them, generating efficiency, sustainability, competitiveness and efficiency. *(Horga, Hotăran, 2010)*

It can be said that the new source of power source is not the "money" that few have, but the information that "many" hold. Knowledge-based economy is

characterized by the desire and need for lifelong learning and the skills learned to use properly this information. This trend has already started and the knowledge has become the driver on the upstream chain of productivity and economic growth, addressing a new trend of focusing on the role of knowledge, technology and on the understanding of increased economic performance.

We are facing a generation in transition. Since the late 1980's, new people have become successful managers of the world. Without their consent, they were selected through a convergence of events to become the generation that leads the transition from management premises of 1840's to new management premises. This generation of managers will have difficult times with the permanent transition. None of the new managers was educated in schools or other organizations that are able to teach the new philosophy.

In the new knowledge based economy the human resources get a new status as they are those who generate and use the knowledge. It's only one reason for which more scholars, but also practitioners talk about the human capital.

In such circumstances the roles of the leaders increase in complexity and impact. They have to be able to build up a general climate that is able to support both individual, but also the organizational learning.

There is a specific learning curve related to the superiority of the new philosophy. Field experience and analysis has shown that a curve of false knowledge is not imaginary but is a predictable pattern. The phenomenon can be described as shown in Figure 2.

	Inconscious	Conscious
Incompetent	1	2
Competent	3	4

Figure 2. Competence matrix
(*Source*: Owen Jo, 2007)

Dr. Deming stressed that we move from unconscious incompetence (the first zone in Figure 2) to conscious incompetence (2), as a sign of great progress. This allows us to move from conscious incompetence to conscious competence (3), and then to unconscious competence (4).

In 1950, Deming "rebuilt" our way of thinking about work and leadership, about organizations of the world and about life itself. In fact, Deming taught us that everything is a system, and that we are part of it. We act on our risk when we are not aware of the system, because we found a new way of thinking, and we need this new way to understand what is happening and to learn how to operate in the world. Therefore, we consider essential to approach the necessary skills for a leader in order to have a proper leadership effect.

2. Introduction: What is leadership?

Leadership is the process by which a person sets a goal or directive for one or more people and makes them work with competence and full commitment to achieve them. At the leadership basis is always the team spirit, being the status that reflects the desire of people to think, feel, and behave harmoniously for the achievement of a common goal. *(Horga, 2009)*

The concept of "leadership" as a system, allows a new approach and a new perspective on it. Where leadership manifest its functions, there will also meet leaders and the study of leadership can start with the study leaders. We can also see the presence of leaders by identifying their "traces" inside the organization and by locating leaders where leadership is manifested. *(Scholtes, 1998)*

From our point of view, true leadership is not a method or technique. It is an attitude that becomes alive when it finds its true nature.

Leadership is manifested in several stages:

- Where the meaning is created: Through their actions and questions, people can reduce ambiguity and help to focus on a specific aspect or element.
- Where systems are developed: There is a need to identify the point of interaction and the interdependences from broaden labor contexts. There is also need to align efforts so that all objectives and goals to harmonize with the global perspective.
- Where the employment relationships are outlined and are sustainable. Leaders are those who build the "bridge" between disparate groups, create channels of communication, make that very difficult daily task to build confidence.
- Where the technology is present: The term of technology may refer to electronics, mechanics, knowledge, communication, development methodology, or any other form of expertise.

In recent years the approach has changed considerably. The emphasis went from doing things correctly, to learn how to improve, to expand the frontiers of knowledge and performance - in other words to make things better.

It's not surprisingly, if we take into consideration that the knowledge can be best achieved through learning. And more knowledge can lead to innovation and thus, to the changes of less or more complexity.

It's now the leaders' competencies in how they manage to design and direct the changes, balancing the need for stability of many employees with more and more pressures for changes, forces that have the springs both inside and outside the organizations.

Leaders and managers from our days must be more ambitious and not to simply seek to make career. Success usually means a permanent rise on hierarchical positions. Nevertheless, in recent years, many of these positions were limited, changed or have become flat.

By definition, leaders lead. In front of every question, wherever they are arising, the leader must know, even at the risk of tossing on its pedestal and being questioned both by others and by him. He is constantly followed by the impostor's complex "I am not at the required height and someone will see!". The result is a continuous state of stress along with a working style that does not allow reflection.

It was even said that we are witnessing a shift from the leadership that imposes to leadership that gives solutions. But the solutions don't belong only to them. They also belong to those around the leader, the persons who are constantly encouraged to develop professionally and personally and to take more responsibilities.

2.1. Characteristics of a business leader

These characteristics are important because without them, it would be impossible to create that relationship in which the client trusts and feels close to the selected organization. Among the most important features, we mention: integrity, generosity, friendship, gratitude, attitude, perseverance, passion, motivation, dedication, excellence and optimism.

The most important is integrity. This characteristic will guide people to believe that interests coming from the heart drive leaders.

If the leader wants to lead a group of people is essential that he pursue group's interests and not his own interest. Reward appears only when they believe they have been brought to their maximum capacity.

The second important feature is the attitude because in these cases the optimism is vital. We cannot change many things outside but we can change attitudes. Most people will follow those who see the glass half full. It is very important to analyze whether people who follow a leader do this because of inspiration that they offer or because they have no other options.

A starting point for defining real leadership skills is the analysis of classical skills required from a leader: skills needed to survive and excel in the old organization.

A. Power. It is the part of managerial responsibility dedicated to control the workforce, prompting people to do what would otherwise be inclined to ignore. Good managers are able to look people in the eye and make them react.

B. Motivational competencies. The easier part of the power was the ability to inspire people to do a good job. Judicious combination of inspiration and encouragement was the manager's capital base.

C. Decision. A quick decision without an informational basis was usually for the old-style managers.

D. Determination. Good leaders knew what they wanted and were persistent in achieving their goal.

E. Insistent. A good leader was sincere. Old-style leaders could not manifest weakness or ignorance to avoid being led by their own people.

F. Results. Leaders keep responsible people for meetings, for achieving standards and goals like increasing profits and reducing costs.

G. Purpose. Managers keep all employees busy, without over-working them and without social weakening them. People do not really want to work and leaving them on their own will lead to failure. Therefore, the leader must be their conscience and their goal's planner.

H. Integrity and diplomacy. Good leaders hide their strength, resist with tact and they are friendly.

These managers really succeed. The classical and rather old skills are not bad, but they are inadequate or in some cases, irrelevant.

2.2. New competencies

New competencies are different in nature. They are based on different premises, assumptions and beliefs about people and organizations.

The leader is one who may influence others to achieve the aim. Effective leaders are people of vision who communicate effectively with subordinates, good decision makers, they respect individuals and their dignity and they are also engaged in solving tasks *(Nicolescu, 2005).*

Competence 1: The ability to think in terms of the system and to be able to drive the system. We used to think about organizations in terms of its structure, the chain of command, who reports to whom.

The new leadership competencies include in a systemic approach:

A. The ability to think in terms of the system and know how to drive systems.

B. The ability to understand work variability in planning and solving problems.

C. To understand how to learn, develop, improve and manage real learning and improvement.

D. To understand people and their behavior.

E. To understand the interdependence and interaction between systems, variation, learning and human behavior. Knowing how each affects the others.

F. To give vision, purpose, direction and focus upon the organization.

Competence 2: The ability to understand the variability and diversity of work in planning and solving problems.

This issue is related to the increasing in the complexity of the business and the way in which it's struggling to imagine new ways for achieving its objectives.

Dr. Deming taught that there are two kinds of variation. Common cause variation is found inside the system and it represents the net result of multiple influences, many of them that will never be known. Deming recalls another type of variation, special cause variation, a unique event that is attributed to certain influences that can be known.

On the other hand we have to keep in mind that a dynamic business environment could generate a wide range of risks that a leader should be able to anticipate and prepare for (Ciocoiu, Dobrea, 2010).

Most of the changes inside the organization are the common cause variation built even within the system. This is actually a common management reflex, although wrongly guided, that considers that anything that goes wrong has a special case assigned to a specific person.

Competence 3. Understanding how we learn, we grow and improve continuously.

Lifelong learning and improvement for individuals, organizations and communities are no longer optional. The concept of kaizen starts to be more and more present in our life, both professional and personal.

Throughout history, there have been two trends with regard to learning. One is the increase of the life level. The other is the frequency of technological, economic, social and political changes because the life level set and the frequency of change has increased. Thus, learning must be lifelong, and education no longer consists in a single set of lessons that will last over several generations, because they are constantly changing. Our organizations and communities must to be centered on continuous and lifelong learning. It is necessarily to rethink the concept of "learning at work". We must also take into account that organizations that don't have lifelong learning systems are considered poor, underdeveloped and do not meet standards set by volatile environment in which we operate.

Competence 4. Understanding people and why they behave in a certain way.

"People are our most important asset" is the claim of many managers. However, human resource it is not positioned and respected as the most valuable asset of an organization. If a manager wants to know why people do what they do, a good starting point is to examine its aspirations.

Competence 5: Leadership by asking the right questions

The new approach to leadership requires new concepts, roles, values and relationships, as well as new methods and capacities. Leading through effective asking questions is a challenge to the old paradigm and approach. To develop good questions is a new attitude and a very important skill for managers in the new century.

There are seven basic questions for all purposes
1. Why?

When a problem occurs, this question will always be present. Put the question "why?" as many times as needed to find the cause of the problem. (Japanese quality teachers will address this question 5 times).
2. What is the purpose?

When someone proposes a new project, you must ask what his purpose is.

"We set a new team to study the performance of work culture!" - "Great! What is its purpose?"
3. What do you need to meet the proposed?

This question must also be addressed on several occasions when someone wants to describe the finished result. After you have asked first about the main goal, help the person or the group to transform their desires into real business.
4. Customers give any importance to these things?

Customers from outside will notice or care? How does this effort will affect external customers? How do you know?
5. Which is your starting premise?

If you want to enforce a new policy among employees think about which is your theory about politics and about the employees? For example, if someone says "we will establish three-year contract for each manager, contracts that contain measurable performance standards," you might reply "What are your beliefs about managers? moreover, what assumptions do you make about contracts and measurable performance standards? on what basis do you build these beliefs and assumptions?"
6. What data do you have?

If you know that they do not have necessary data, do not complicated. Ask instead "what data can you get?".
7. Where data come?

There are many erroneous data available. How were the data collected, analyzed and interpreted? How can you ensure that the data are correct? *(Scholtes, 1998)*

2.3 Professional skills

Understanding yourself and others

As a leader, self-understanding needs to understand how other people are affected by you.

Leadership requires the conviction of other people to do things. Often this can mean taking others to do things they would rather not do, because for some people to work for you may not be so attractive like meeting family and friends.

Analysis of own rules of success

Success rules and changes occurred on survival depend on the leader's organization and on its circumstances. Thus, in one context, someone can not survive without assuming any risk. In another context, risk taking can kill characters.

Leadership journal: key principles

Technical skills are a trap. Many people see the promotion as an opportunity to trade more complex technical problems and solve technical problems which overpass other people's abilities. This is not leadership, because leadership calls for other people to do things. It does not mean you have to do everything alone. The CEO can not solve every problem in the organization from solving your computer screen to trading with the VAT inspector.

All leaders develop strong skills inside their people. People skills cover a wide range of capacities: delegation, motivation, influencing, resolving conflict, team building, goal setting and change management. For any aspiring leader, the challenge is to develop earlier people skills. *(Owen, 2007)*

3. Conclusions

We live in a management age less than human. Companies use the rhetoric of humanism, but their policies and practices are often based on distrust, paternity and a lack of gratitude and bluntly cynical for their employees.

A common belief of the General Directors and HR practitioners is that evaluation is a good thing to be done, the main action is just to design the appropriate way to do this. There is a huge industry developed among consultants who are willing to teach the managers "the perfect way" to carry out performance evaluation. Those who insist on practical performance evaluation must accept the impediment of having to prove that, first, it will not harm anyone, and secondly, that has a demonstrable contribution, conclusive and positive.

Professional practice guidelines set by highlighting the fact that in the digital economy, competitive advantage is given not so normal physical capital as relational capital. Smart organizations recognize the advantage that it provides the creation of extended supply chain in order to provide information about themselves and to promote knowledge *(Hotăran, 2010)*. This can only be achieved under the right leadership style.

The most interesting approach to leadership style, we have found in comparison with jungle animals. Thus, if a lion sees an elephant, the first thing that he can think of, is lunchtime. The elephant is much larger than the lion, but when the lion sees him, he doesn't look at power or size but he sees lunch. In addition, he acts just like thinking, removing the weight problem and acting as thinking. And because he is thinking about eating the elephant, he attacks him. This attitude can truly be called leadership.

These special times require that at the lead of the business be an educated manager, who follows success rules, establishes clear objectives, agrees them with the employees, understand their necessity, and so on.

Factors that are designed to trigger action and the engaging of people in order to achieve the goals are different, taking into account the individual occurrences such as needs, interests, beliefs, aspirations, intentions, goals. If the leader knows well and correctly understands what motivates the individual, what

moves him, what pushes him to act and to carry out his tasks, it is possible that, unlike authoritarian managers, using coercion, which involves the exercise of permanent control, the leader will design and conduct an influence on the employees, in order for the individual to strive to fulfill their duties in the best way possible and with much better results than in the case of using coercive power.

We consider that the role of a leader is essential to employ and lead people to meet objectives, to accept change, to encourage experimentation and innovation and on these bases to assure a competitive position for a company in a long term vision. In the knowledge based economy, the responsibilities of the leaders are increasing as they have to get better results for the shareholders but, at the same time, to develop a successful ethical corporate social responsibility that will highly meet the expectations of a wide range of stakeholders.

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