# LEADERSHIP FUNCTIONS IN MODERN BUSINESS ORGANIZATIONS

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**Abstract** *Management seeks to ensure the best use of available resources in a specific, operational and strategic context. Leadership seeks to identify the best operational and strategic context for the use of available resources. For this purpose, the leader seeks to add to the organizational "machine" as much organizational human content, transforming it into what it should be in reality: a community acting in unison in order to achieve some common goals.*

## 1. Introduction

Management generates results in particular by regulating and prescribing human behaviours, projecting, standardizing and optimizing the organizational processes and systems, while leadership performs especially by creating some collective significance, developing within the organization genuine moral institutions and cementing human communities by consolidating the "social tissues" of the organization. Given these distinctions between leadership and management identified so far, the following main functions of leadership may be emphasized:

▪ Structuring the vision on the future of the organization.

▪ Creating the relational network that will implement the vision.

▪ Generating the necessary motivations in order to engage the members of the organization in achieving the vision.

▪ Developing some organizational values that support the vision.

## 2. The particularities of leadership functions in modern business organizations

*1. Creation and distribution of the vision concerning the future of the organization.* This vision represents a picture of what the organization will become in the future, an image quite different from present realities, but, at the same time, sufficiently well anchored in the current potential, skills and values of the organization. The vision must reflect the possibility of a substantial improvement of the organization's way of functioning, its performances and position compared to the current state, being attainable also. A motivating vision is very attractive and represents a huge challenge for the whole organization and its members, being part however of the realm of possibility. It is, in other words, a mixture consisting of a lot of imagination and conscious assessment of the organizational potential and future possible tendencies of the main environment variables. The vision shows towards which identity, image and reputation the organization aspires to and what the key skills to be developed for this purpose are (Dumitrașcu, R. A., 2008: p. 37).

*2. Building the relationships networks.* The importance of these networks is crucial to the success of the vision and, ultimately, to the sustainable success of the organization. This because the organizations represent "cooperating systems" and their operational efficiency depends categorically on the quality of interactions and communications, both formal and informal, taking place between their members. The manner of cooperation depends on how the interdependencies and interconnections are built and evolve over time, at the level of individuals and groups within the organization. The interconnected relationships system (interpersonal and inter-groups) is the base for the organizational values and personality. The configuration, reliability and dynamism of such system are the "engine" that generates not only trust among the members of the organization – prerequisite of the organizational functionality, which is also inductor of internal cohesion and catalyst for learning and creativity (Hamel, G. and Breen, B., 2010: pp. 77-79). In other words, the characteristics of relational networks gives the organization that brand or own style, differentiating it from others and endowing it with a distinct "spirit".

These networks are the vehicles that will trigger the leader's vision.

*3. Motivating the members of the organization.* Without proper motivation of the organization's members, the mobilization and focus of human energies towards the vision is not possible. If the relational network is the "engine", motivation represents the "fuel" that supports its functioning. By motivation it is ensured the alignment of interests, targets and individual behaviours within the organization towards the mission and organizational goals that derive from the vision. It is the factor that ensures the coherence top to bottom of the entire organizational scaffolding, converting the vision, which initially appears only as the leader's aspiration in a common cause. Motivation is a critical moment in the process of materializing the vision. Without seeing a clear, unambiguous relationship, between the success of the vision and the own success, the members of the organization simply will not accept to engage actively in achieving the vision. Since the transposition of the vision often involves major organizational changes, which can generate resistance or at least restraints, the leaders will have to invent and apply a wide range of motivational solutions in order to convince and stimulate the members of the organization to embrace these transforming initiatives.

*4. Developing some strong organizational values.* It is the quintessence of leadership, its alpha and omega. Leadership, in its purest, subtle and inspired form, is a type of "moral alchemy". The vision becomes reality only when the organization begins to function naturally, organically, in the spirit assumed by the vision. However, this condition is reached when at the daily level and unconscious reactions of the members of the organization is produced the synthesis of some mentalities, attitudes, beliefs, ethical norms in perfect harmony with the vision, which thereby acquires its own life (Wellhoff, T., 2009: pp. 86-91). A new dominant form of collective mental programming appears and is assessed with extensive behavioural reverberations. This collective mental gives the organization a unique identity, materialized in a body of solid values, deeply rooted in the organizational experiences and which, at their turn, impregnate the members' work behaviours.

## 3. The integrated process of leadership

The achievement of these functions is crystallized in a process that we called the "leadership cycle". The perfect linearity of this cycle is only apparent. Achieving each of the leadership functions requires numerous synchronicities and adjustments with the other functions. In its deep essence, the organizational leaders' activity is constituted as an extremely unified and integrated step in the transformation of the organization.

A major responsibility of the leadership, which we did not individualize as a distinct function is the creation of the systems and procuring the key organizational resources. The organizational systems refer to both the operational mechanisms that derive from the concept itself (model) regarding the business, ensuring the processes of value creation and customer service and also the structures and processes of business administration (decision-making procedures and methods, monitoring and evaluation systems, communication circuits, reward systems, etc.). The key resources, tangible and intangible are those that have a decisive impact on performance and strategic position of the organization. The role of the organizational systems and of the key resources is to facilitate the implementation of the vision, especially by supporting the necessary values (organizational culture). In other words, the systems and key resources shape the organizational context or background in which the materialization of the vision is carried out. We did not include the approach of creation of the organizational systems and procurement of the key resources among the leadership's functions because the activities specific to this approach are found to an overwhelming extent among the management's responsibilities.

Management, as a formal – rational approach, inevitably generates crises, tears, alienations and incongruities within the organization. Called to give the organizational functioning a rational and orderly character, through a better suitability of the means towards the goals, the management ends up by producing tensions between the techno-economic and socio-human variables of the organization. In its effort to set priorities, the management will be tempted to tip the scales in favour of the techno-economic variables as they respond much better to logic and the standard mode of operation specific to management: they are measurable, precisely identifiable, relatively easy to analyze (Dumitrașcu, R. A., 2013: pp. 65-68). The preference for the techno-economic variables, by emasculating the human dimensions triggers certain perverse effects that weaken the organization. The basic mission of leadership is to prevent and limit such perverse effects.

Management seeks to ensure the best use of available resources in a specific, operational and strategic context. Leadership seeks to identify the best operational and strategic context for the use of available resources. For this purpose, the leader seeks to add to the organizational "machine" as much organizational human content, transforming it into what it should be in reality: a community acting in unison in order to achieve some common goals. In this context, leadership is deeply rooted in a particular relational ethics, being the generator of some large effects in

terms of the social responsibilities of the organization (Turdean, M. S. and Vana, D. T., 2012: pp. 2686-2692).

## 4. Conclusions

For the reasons stated, we could define leadership as follows: the orientation of collective human action, both from a praxeological perspective and also axiological, in order to obtain a greater effectiveness of the common approach. Warning: effectiveness and not efficiency, which is the management's objective! Effectiveness means doing the necessary things, needful in a certain strategic context, while efficiency refers to doing things better, without making interrogations on their necessity. Therefore, effectiveness is equivalent to doing the right thing, and efficiency with doing it right. But efficiency growths may be achieved in numerous circumstances, also by accepting some sacrifice in terms of efficiency. However, the requirements of flexibility, responsiveness, creativity and innovation fully justify any losses of this kind. Maximizing the efficiency is obtained by introducing some very accurate action procedures and mechanisms, but quite rigid, and their functioning simply ignores, if not even penalizes the aspects that are not included in the default structure. They optimize locally well defined and known things by their standardization. Instead, new or vaguely defined things are missed.

Management is leading based on means. Leadership is leading based on purposes. The organization needs both modalities of orientation, functionality, development and adaptation. That is why the conciliation between leadership and management is imperative.

The leader's vocation is to create and maintain organizations capable of effective actions. The cultures of these organizations have the following distinctive characteristics:

• Are clear and facilitate the behaviours' flexibility.

• Tolerate disagreements, non-conformism and errors, stimulating, in general, the organizational diversity.

• Provide effective feedbacks in order to (self) asses the organizational behaviours.

• Stimulate organizational learning.

A closely related concept to the organizational culture is social architecture – the interpretations of reality shared by the members of the organization, respectively, the common senses system created following human interaction, problem solving and accomplishing the work tasks (Bennis, W. and Nanus, B. 2000: pp. 23-24). What is, however, the difference between the organizational culture and social architecture?

The organizational culture is a somewhat stable construct. The "meanings tissue" of the social architecture is, on the contrary, flexible, reconfigurable and adaptable. Even though they refer to the same things – concepts, values, prevailing attitude orientations – social architecture and organizational culture are like electricity and wiring. The electric current (social architecture) is modular, it may know important fluctuations, it may be switched off or powered on with the switch, it may power on one or more devices etc. The installation or infrastructure that ensures the circulation of the electric current (organizational culture) has, however, a fixed structure. By analogy, in the context of the same organizational culture different significations may develop, but nevertheless close. Just as through an installation designed to ensure the circulation of the electric current of 220 V voltages with significantly different voltage values, electric current cannot be supplied without risking damaging the installation and the organizational culture of a particular profile will produce and power related families of meanings. This idea has the following corollary: in order to generate very different meanings a considerably different organizational culture is required. In this way, the real change of the organizational culture is the very essence of the organizational change.

Social architecture is the concrete way of manifestation of the organizational culture in the organization's everyday life. In terms of the chaos theory, the organizational culture is a strange attractor and the social architecture represents the (behavioural) trajectories of the system induced by the attractor's configuration.

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