CHARACTERISTICS OF MANAGEMENT AND LEADERSHIP IN ORDER TO EFFICIENTLY ACHIEVE THE ORGANIZATIONAL CHANGES PRODUCED BY THE ECONOMIC CRISIS

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Change has become the watchword of the present times. The dynamism of economic, social and political life is becoming more pronounced and it determines numerous organizational changes. In times of crisis and during the following periods, companies face major challenges, changes becoming even harder to anticipate and plan. The economic difficulties encountered by the business environment can be a decisive test for the leaders of companies. The main purpose of this article is to analyze the leadership characteristics which are necessary to efficiently manage and implement organizational changes during crisis. The research method used in this paper was based on the content analysis of works by both Romanian and foreign authors and on some studies conducted by different specialized companies. This paper is structured as follows: introduction, aspects regarding managers' role in change management, characteristics needed by the leaders involved in the change process, conclusions and biography.

Key words: organizational change, economic crisis, managers' attributes, vision, transformational leader

JEL classification: M20

1. Introduction

Economic crisis represents a true test of character for managers and leaders and effective leadership represents, in John Kotter's opinion ''the ability to face changes'' .

Despite the dramatic events caused by the economic crisis, this one has triggered mechanisms which determined a new perspective and approach to business.

Change is inevitable and a classic adage says that change is what'' the people at the top of the pyramid tell to those in the middle that those at the bottom should do''. This doesn't mean that the people who lead the change process coordinate only the actions of those from the lower hierarchical levels. These ones will be fully involved and the conditions that managers should fulfill in order to ensure the success of the organizational change process are numerous.

Bill George, professor of management at Harvard Business School, believes that ''for the leaders, the crisis is a defining moment and an opportunity to do new discoveries, a gift that gives them the freedom to reinvent themselves and their organizations for the long road they have to do. ''(Bruksos Ralph: 2010)

Mauro Guillen, professor of management at the Pennsylvania University, observed that ''a recession creates winners and losers, just like the times of prosperity.''. (Thornton Emily : 2009)

Many managers will be obliged during crisis, to find solutions to reduce costs, but truly effective managers will seek opportunities.

Managers and leaders who desire the revitalization of their activity must find the answers to the following questions: (Ridderstrale J; Wilcox M. :2010):

- Why should I / we change?
- Why should I / we care?
- Why should I / we contribute?

2. Managers' role in the effective management of organizational changes

For any manager, the crisis represents an extremely stressful experience and with great panic spread all around; the changes they have to face alternate very fast, are harder to anticipate and, many times, the company's survival depends on the good management of these ones.

In times of crisis, a manager should have two priorities: to manage the financial crisis rationally and take care of its psychological side. Many times managers take care of the rational aspect and neglect the emotional one

In the opinion of some management specialists, the rational management strategy to face the changes determined by the crisis should aim at: a solid level of liquidity, reducing operating costs, continuing medium and long term investments, focusing on relevant products and services, focusing on key customers and on keeping their loyalty, taking decisions fast and well managing the risks.

At the same time, the psychological management strategy during the crisis must include the following intervention techniques: frequent and regular information of the employees to avoid situations of conflict and the fear for the loss of jobs, establishing the process of change, motivating the others through informal activities, investing in training programs to prepare employees to face the changes.

A study made by Ashridge Management claims that ''in the future, the managers will have to act in organizational environments that focus on development and customer satisfaction, with an accentuated dynamism and a pronounced international character and they will have to ask the executives from all the levels of the organization more responsibility, initiative and leadership ability. (Liz Clarke, 2002 : 50)

The organizational changes, especially those caused by economic crises, demand the organization's leaders ''to modify their habits and behaviour, to manifest creatively, to be open to change and to prove initiative and innovation.'' (Mariu Petrescu et all, 2010 : 30)

The changing environment will influence the managers' role through a series of tendencies (Liz Clarke, 2002 : 50), of which we mention:

- The transition in increasing measure from the vertical leadership to the horizontal leadership;
- The necessity of leadership activity at all the levels of the organization;
- The manager seen as a ''sensor'' of the environment;
- The international flow impact and the use of this one;
- The reconsideration of labour and personal life importance ;
- The manager as a change catalyst;

Liz Clarke (2002 : 56) says that ''Leading doesn't mean keeping the existent situation, but training the highest change coefficient that the organization and staff can bear. The essence of achieving change is contained by one word, often considered obsolete: ''courage''. Effective managers have a characteristic that dr. Marshall Sashkin names ''leadership oriented towards results'', respectively the belief that the situation can be changed. This attitude is the result of a self-confidence that encourage the manager to believe that he can control his destiny, influence people, events and the company's achievements.

If he wants to be a professional in achieving change, the manager who wants to leave his mark on the organization must be convinced that he can achieve his goals.

The behaviour of the manager who initiates the change will be watched carefully to observe if it is in accordance with the message he sends and, why not, to be taken as example.

Anyone who wants to participate at the implementation of change, especially in the case of a manager, should fulfill one essential condition, and that is the capacity to let go of the past. Sometimes, to create something new, one must be able to ''demolish'' something existent, to make room for the new construction. The capacity of a person to give up the existent situation is more important as there are no guarantees regarding the results of change and the risk of contrary effects to those expected is pretty high.

When an organizational change process is begun, the manager, as well as all those involved, must be able to ''step away from the comfort zone of their existence and step on an unstable ground." (Ralph Bruksos, 2010 : 34)

Management style is an important problem in the organizational change management, and changing this one can constitute an important method to achieve change inside an organization. Sometimes, changes may be needed at the organization's highest leading level if the leadership of the general manager disagrees with the values of the other members of the managerial team .

According to the position adopted towards change (inclination or reluctance), different typologies of managers can be encountered: (Alexandru Puiu, 2007 : 237)

- Managers inclined to change;
- Managers reluctant to change .

The managers inclined to change can be themselves classified into :

- managers willing to do a continuous and complete change, who do not take into account the requirements of stability, the fact that change must be put into practice after a thorough analysis, who are charmed by the ''new'' and take the risk of changing for the sake of change.

- managers who pay attention to the achievement of a balance between stability and change, who proceed to the implementation of changes only after an analysis of the necessity and opportunity of change. They have the capacity to keep what is valuable and to ''build'' the development of the organization.

The managers reluctant to change can be:

- stubborn – they refuse to accept the reality;
- impassive – they minimize the importance of reforms and the efforts these ones need, manifest an attitude that leads to distrust and lack of consideration among the managers and the other employees;
- intolerant – they see the world in ''black and white'', they always pretend categorical answers and they consider that they are always right;
- justifying – they use their energy and imagination to create apologies, they are characterized by lack of action, indecision and hesitation.

Liz Clarke (2002 : 50) considers that the manager's role changes, this one having to transform from the though and authoritative leader from the beginning of the XXth century into the creative and stimulating leader – manager of the XXIst century.

The manager of change has the most important role in any change initiative, he is the one responsible for its success.

Therefore, the manager of change must contribute to the initiative of change with a diversity of skills (Richard Newton, 2009 : 80), such as:

- the capacity to select and motivate the change team;
- a structural approach of planning and managing tasks and activities;
- determination an orientation toward action;
- orientation towards responsibility;
- knowledge and experience in change management;
- good knowledge of the change field (or the capacity to learn very fast the specific elements)
- understanding of the organization and its culture;
- communication skills under the aspect of sending information, but also listening skills
- the ability to keep a balance between the sympathy for a group and the capacity to speed up the completion of activities, once the decision for a certain route has been made, even in front of an opposition.

According to Alexandru Puiu (2007 : 238), the managers inclined towards change have the following qualities:

- they are self – confident;
- they promote innovation and a dynamic leadership;
- they are continuously improving and they adapt very fast to new structures of organization and work environments;
- they easily take risks;
- they can focus on one defined goal;
- they love challenges and they are mostly optimistic, even when they realize the difficulties of reforms.

The starting point for the managers involved in the change management is that of collaborating with their team to identify the environment requirements.

One of the major traps a manager can fall into is that of opposing change, even if he admits its necessity and its positivity, because accepting it would be to admit that he was wrong in the past.

Ralph Bruksos (2010 : 53) considers that ''change, even for better, has an emotional price that many find hard to pay. We are build with some kind of interior resistance''.

Sometimes, the interim managers or the consultants are used as change managers. This choice may function well if these ones have significant knowledge in change management. The person chosen must understand and adapt fast to the specific environment of the organization subjected to change.

3. Characteristics of leaders, essential in the successful implementation of organizational changes

Leadership is bound directly to motivation, interpersonal behaviour, communication and reduction of employees' dissatisfaction. It represents a dynamic process where the relationship between the leader and the group members is mutual and it influences the performance at the individual as well as at the organizational level.

In order to be efficient, the leadership must exercise influence to achieve the organizational objectives through vision, innovation, raise of productivity, satisfaction and moral commitment of workers.

Leadership is in direct relationship with the capacity to influence people's behaviour and it represents an attribute wanted and asked by the organizations from their managers.

Jim Bagnola, famous specialist in management and leadership, believes that leadership brings a decisive contribution to sustainable high performance of an organization: "Your choice of leadership and management style can increase or decrease productivity in your organization by up to ten times."

The ability to lead is defined on a longer period and has its origins in the concepts and behaviors that are grown on a long time, including:

- Personal prestige;
- Inspired confidence;
- Technical credibility (the ability to understand problems and solve them);
- Personal vision;
- Communication skills;
- Ability to inspire.

Leadership specialists have identified a number of reasons for the failure of leaders in managing the change process, of which the most common are:

- insensitivity to others and intimidating character;
- coldness, keeping distance and arrogance;
- betrayal of trust - failure to respect commitments;
- excessive ambition - the determination to reach the top at any cost;
- failure to solve performance-related problems, trying to cover up the failure or blame someone else;
- "over managing" - the inability to delegate or build a team;
- inability to select and train employees;
- inability to think widely and strategically - excessive attention to details and technical issues;
- inability to adapt to the different management style of the manager;
- high dependence to the manager or mentor.

Nothing puts to test more the capacity to lead people that a crisis. The leadership depends on it, because crises have knocked down many leaders and , along with them, the organizations they led, while others faced the challenges and, proving their courage.

Peter Drucker used to say that "leadership does not mean ranks, privileges, titles or money. Leadership means responsibility."

Leaders of companies such as Bear Stearns, AIG, Lehman Brothers, Fannie Mae, Merrill Lynch, Citigroup, UBS etc. did not anticipate the crisis and failed to adapt in time to save their companies. To face the crisis people need to reinvent themselves, to reevaluate priorities and make the best decision, using the cheapest method, says Jim Bagnola.

Leaders are never tested until they reach the top when it is possible not to face the inevitable, unpredictable events, which occur when taking office in troubled times.

Some specialists emphasize the importance of leadership in times of uncertainty and profound changes and say that good leaders are sensitive to the impact that change has on people.

Performing leaders manage to change people's perceptions regarding change and transform it from a threat into an exciting challenge. (Newton Richard, 2009)

Leaders have self-confidence and generate trust to the others. Around the real leaders, employees feel more competent and find more interesting work.

Successful leaders attach greater importance to certain management activities such as planning or training people and generate more trust to their subordinates, being more strongly oriented people.

The main characteristics of effective leaders:

- have the ability to direct people, creating a vision and communicating it to them;

- inspire confidence and trust in themselves;
- have sufficient experience to consider mistakes as another distraction from the road to success;
- have confidence and a clear vision on a medium and long term, and inspire the other team members;
- they make people feel stronger around them. People feel more competitive and confident in themselves, thus finding their work as being more interesting and challenging.

Another important feature of the "crisis leader" is the ability to be quick and determined. The real leader takes responsibility, makes decisions, is calm and generates trust to his employees.

Linda Ackerman Anderson and Dean Anderson propose in "The Change Leader's Roadmap" (2009), 6 different roles, with specific responsibilities and areas of action:

1. The initiator of change – it's the person with the highest level of authority over the initiative of change, being responsible for the creation and supervision of the change strategies and initiatives, respectively for the necessary conditions to obtain the wanted results at the organizational level, and of those targeted by change. He is also responsible for the mobilization of the entire organization and the alignment for the implementation of the change process by establishing a direction and clear expectations for the change results.

2. Management team – represents the organization's management where change is initiated, being responsible to provide an efficient operational management during change implementation and for the expression and communication of some clear expectations for the change process results.

3. Change leadership team – is consists of leaders, regardless their positions in the organization, delegated to elaborate the change strategy. Among the responsibilities of this kind of team there is the elaboration of a strategy and a plan of the change process which will lead to the desired results; continuous supervision and realignment of the strategy, initiatives and change process in order to meet the emergent needs of the change initiative simultaneous with the usual operational effort of the organization and the successful integration of all change initiatives, respectively the provision of necessary resources and the dosage of the change effort.

4. Change process leader – is the person delegated to lead the change effort in the organization. This is considered by the specialists in the field as the most important role in the change process. Choosing the most suited person for this role has a decisive importance for the success of the change initiative. Among the most important personal attributes of the change process leader is trust, the respect he enjoys inside the organization, a good knowledge of the requirements and change process methodology and a conscious approach of this one. The change process leader is responsible for:

- the strategy and the change process plan and for the creation of conditions for a successful transformation;
- creation of a support critical mass for the change, by ensuring the engagement of the personnel from the entire organization.

5. Change initiative leader – is the person delegated to run a certain initiative inside the general change process, responsible for the successful integration and alignment of this initiative with other change initiatives and events from the organization.

6. Change consultant – it's an expert or coach delegated to guide and support the change effort, being responsible to ensure support for the: elaboration of a strategy and plan of the change process, which will lead to the desired results; the successful integration of change initiatives; the transfer of abilities and knowledge to the organization regarding effective and conscious change leadership and the application of the necessary corrections in time.

3.1. Actions of leaders for the survival of companies in times of crisis

According to Price Pritchett, management specialist, the leaders must find the best solutions to deal the '' XXIst century challenge: how fast can you develop, reorganize and obtain the necessary results to increase your value?" and to succeed in saving their companies during crisis.

For this, the leaders must:

- solve problems. The ability to identify the current and possible problems and to take wise and prompt decisions will be the force which will lead to overcoming the crisis, because bold decisions in hard times can give outstanding results;
- know to listen, deepen the relationship with the customers ;
- be fast and flexible in their actions - key factors in identifying changes, threats and opportunities and to react to them.

Ram Charan, management consultant, considers that leaders should change the bad mood of their people, and, at the same time, adapt their business to the new reality.''

Another specialist, Bill George, on the basis of his experience companies such as Medtronic, Honeywell and Litton Industries, identifies seven lessons that leaders should learn to succeed in times of crisis;

1. The first step the leaders should make in solving a crisis situation is to face reality, starting with themselves, to recognize the gravity of the problem they are dealing with and the role they had in the appearance of this one.
2. Leaders shouldn't try to solve problems by themselves. A crisis situation represents the ideal situation to consolidate the relationship with their team.
3. Under the pressure of a crisis, there is a temptation to adopt in a hurry some temporary solutions that can mask the real problems. Leaders must understand the fundamental causes of the crisis and apply long term solutions;
4. When a company deals with significant problems, it is possible for the leaders to see, in the early stages, only the tip of the iceberg. To survive, they must prepare a defense strategy against the most adverse conditions;
5. O crisis situation can represent a good opportunity to do some major changes in the organization. Leaders must take the necessary measures for the organization to come out fortified of the crisis;
6. At times of crisis, the leader is at the center of attention inside the organization as well as outside it and he mustn't yield to the pressures;
7. After overcoming the crisis, the market suffers major changes and the leaders shouldn't just wait for things to return to normal but capitalize on their strengths.

Crisis times form a new generation of leaders, that will focus on durable value, innovation and sustainable growth, rewarding performance.

Because these ones will have learnt the economic crisis lessons, their vision about what it means to build a successful business will be different from the one their predecessors had.

3.2. Transformational leadership – a possible solution for the success of the changes produces in times of crisis

Although the most common and the easiest to apply example of leadership is the transactional one, this is often considered out – of – date.

The alternative is thought to be the transformational leadership. The profound transformation of the leader and of the organization which holds his mark.

The concepts of ''transformational leadership'' and ''transformational leader'' were used for the first time by James MacGregor Burns in his paper ''Leadership" in 1978. In the 80's the theoretical and methodological approach of this type of leadership was initiated (Bernard Bass, Bennis and Nanus), and in the 90's a large number of researchers approached the transformational leadership theme (Tichy şi Devanna, Den Hartog, House, Delbecq, Taris etc.). (4)

The concept of ''transformational leadership'' is used to underline the result of practicing an efficient management style on the people who are governed.

In a transformational leadership those who are led are treated with respect and trust, they are encouraged to act for the common and not for personal interest, they are constantly challenged to surpass themselves, and their desire to succeed is stimulated.

''Transformational leaders convince you to participate with heart, passion and dedication at everything you do. The others - managers of circumstances - try hard to convince you that certain things should be done as it is written in the job description and this is the way to interpret the employment contract that you signed.''

The first step that a transformational leader needs to make to save the organization in times of crisis is to admit to himself and to the team that the world changes and it is time to question any tactic used with good results in periods of economic boom.

The transformational leader is "in charge" of a double transformation: on the one hand, the transformation of subordinates, and on the other hand, the transformation of the organization as a whole to withstand the crisis period.

Transformational leadership can be practiced by those who have charisma, those who have the courage of responsibility, emotional intelligence, empathy, guided by ideals and values, the power of persuasion.

Warren Benis, in his work On Becoming a Leader (1998) believes that this type of leaders have four major skills:

- Management of attention – they pay attention to the things that really matter, have the ability to create and share their vision;

- Management of meaning – they offer no explanations but create meaning and significance to the entire organization, give examples of "how to interpret" the information;
- Management of trust – they know how to provide and gain confidence, their expectations are predictable and they do not change their opinions frequently;
- Management of self – these leaders know their limits and also their personal competence and resources. We would add that they infer with enough accuracy the psychological resources of the others offering purposes little more than their time opportunities to instigate to self-performance.

The leader is therefore recognized in the organization as a change agent, as the owner of the vision he shares with the other members of the organization. He describes the future condition the organization is heading towards. The values that stand at the basis of his vision are accepted by those from the organization because they are clear, communicated and adequate to the organization.

According to Ridderstrale Jonas şi Wilcox Mark (2010) „refreshing leadership will be the one which will make a difference between the successful organizations and those that can barely get modest results. (…) one can notice a pronounced awareness of the fact that the leaders who inspire the others are rare and appreciated, because they realize significant changes in the performance of subordinates. The leader determines the rhythm of the organization's heartbeat. ''

4. Conclusions

The probability of change success will be increased according to Richard Newton (2009 : 88) by ,''creating a network of people from different areas of the organization, who can be used as sounding boards for the check - up of change concepts, for the achievement of feedback regarding the change proposals from the respective areas and for the support of the change, when this one is implemented."

Organizational change management must represent a familiar element in the set of skills and abilities of the modern manager. The attitude towards change is based on the individual features as well as on the social, economic and political context.

It is extremely important and necessary the capacity of a manager to observe and even search for ''the small details'', particular to those around him, to create a positive change.

The practice of transformational leadership has positive effects at both organizational and individual level.

Some of the most important effects are:

- High attachment and confidence in the leader;
- Accepting the leader's vision and desire to put it into practice;
- Performance and motivation;
- Low level of conflict;
- Increasing group cohesion.

For those willing to take risks, the periods of crises represent great opportunities and a leader is "the one who does what the others do not do".

When managers and leaders succeed to realize an effective change management, people feel involved in the process of change, are willing to work together for a common purpose, for the realization of benefits and for obtaining results.

The success rate of the organizational changes is considered to grow only in direct relationship with the type of attitude both managers, leaders and subordinates have regarding the transformations within the organization, being necessary a pro-active attitude of preparing and developing the programs that lead to change. It is important for all the organization's members, but especially for the managers and leaders, to acknowledge that in order to be successful and to have durable results, change must begin at individual level, continue at team level and, finally, include the entire organization.

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