CONSIDERATIONS REGARDING THE NEW CHALLENGES OF LEADERSHIP IN THE NEW ECONOMIC - SOCIAL REALITY

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Abstract

In the last decades, specialized works by established authors have addressed the subject of leadership, either from the perspective of effectiveness in terms of leadership, or from the perspective of behavioral patterns. Studies related to transformational leadership gained momentum in the 90s; currently the problem addressed is regarding aspects such as the applicability of the concept in different fields. Compared to traditional forms of leadership, transformational leadership is a participatory and democratic process. Transformational leadership effects not only the transformation of employees, but also of organizations, by increasing their efficiency and ability to adapt to changes. Today, leaders must demonstrate their involvement and commitment to the management system, to the organization they belong to True leaders know the importance of human resources, which today has become human capital. They understand the need for respect and compassion, trust and autonomy of those in the team. From the point of view of the research methodology, we had in mind a balanced mix on the quantitative - qualitative axes.

Keywords: Leader, Leadership, Transformation, New Reality

JEL Classification: M10, M20

1. Introduction – About Leadership

In the last decades, specialized works by established authors have addressed the subject of leadership, either from the perspective of effectiveness in terms of leadership, or from the perspective of behavioral patterns. J. Kouzrs and B. Posner identified 10 truths about leadership, considering the person of the leader and what he does or must do:

1) Change things up

2) Credibility is fundamental

3) Values drive commitment

4) Focusing on the future characterizes exceptional leaders

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5) You can't do it alone

6) Trust is crucial

7) Greatness is forged in challenges

8) You either lead by example or you don't lead at all

9) The best leaders know how to learn best

10) Leadership is about the soul

We can thus extract the most relevant keywords, which turn into actions, from the vocabulary of a leader: change, trust, values, vision, orientation towards the future, team, assumed challenges, the power of example, empathy and soul. Also, the most relevant qualities of a modern leader are very well summarized:

- humility – the ability to distribute authority and invite feedback;

- trust – leaders must earn the trust of their teams through their actions:

- transparency - which is essential to build trust;

- empowerment – leaders empower their people to take responsibility, make decisions, lead and innovate;

- activation – employees must be activated to make a difference;

- prioritizing well-being – staff well-being must be a priority for leaders;

- mentoring – when a leader is an active mentor, employees perceive their leader more favorably;

- empathy – by showing empathy, leaders develop stronger bonds with their teams;

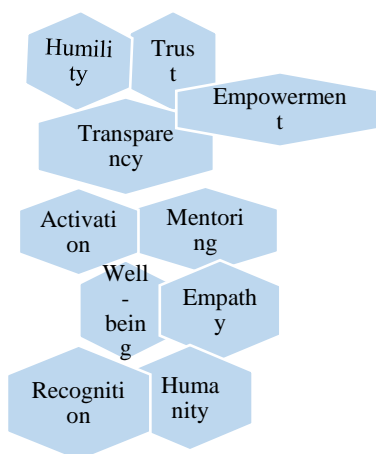- recognition – appreciation is essential to nurturing a happy and healthy team.

Fig. no. 1. The qualities of a modern leader

2. Methodological aspects

From the point of view of the research methodology, we had in mind a balanced mix on the quantitative - qualitative axes. The quantitative part is based on the analysis of secondary data (various studies, reports, articles and research in the specialized literature) relevant to the research topic, combined with the critical and creative reinterpretation and reinterpretation of the assessments in the scientific literature. The qualitative part focused on providing relevant information through the following concrete methods: comparative analysis, and the collection of examples of good practices in the field (throughout the documentation and elaboration of the research). The research was based on the use of secondary sources and data and entailed reviewing the existing literature. The research was mainly based on the following research methods:

a) analysis method;

b) the historical method;

c) comparison method;

d) the descriptive method/analysis, used in particular for the description/presentation of the specific elements of the addressed research topic.

The main limits of the research are related to the dynamism of the problem addressed and the impossibility of analyzing, processing and interpreting all the data and information and studies available in the field, the issue of leadership enjoying enormous interest among specialists and the scientific community.

3. Literature review - The concept of transformational leadership

The concept of transformational leadership was introduced by James MacGregor Burns, in 1978, being associated with a study about political leaders, and in the mid-80s the methodological and theoretical framework for studying this form of leadership was developed in the field of organizational psychology [Bass, 1985]. Studies related to transformational leadership gained momentum in the 90s; currently, the issue addressed concerns aspects such as the applicability of the concept in different fields, including the educational one [Hallinger, 2003; Vanderheide, 2017], as well as the differences induced by some socio-demographic variables (age, gender, position occupied in the organization) in the orientation of preferences towards certain forms of leadership (transformational, transactional, laissez-faire) – Northouse, 2018.

Joseph Rost of the University of San Diego, in his book Leadership for the 21st Century (1991), defines leadership based on the post-industrial perspective; thus, "leadership is a relationship of influence between leaders and subordinates who intend real changes that reflect their mutual goals." This is a new stage, namely the transition from the industrial concept of leadership (leader-centered view) to the post-industrial concept of leadership. Analyzing this definition more closely, we can deduce a series of essential elements:

(1) This relationship is based on multidirectional influence; thus, the relationship is not based on authority, but rather on persuasion.

(2) Leaders and subordinates are partners in this relationship, so leaders and subordinates do leadership.

(3) The goal is to achieve/determine some changes, which must generate visible, important reactions.

(4) The changes that leaders and subordinates follow reflect their mutual goals. The key is that these desired changes must not only reflect the desires of the leader, but also the desires of subordinates.
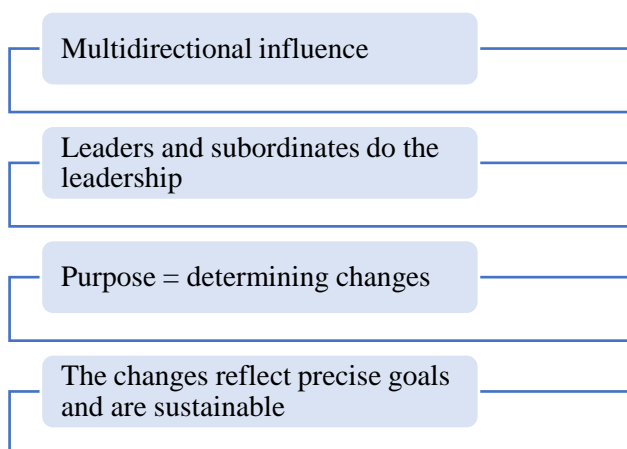
| Multidirectional influence |
| Leaders and subordinates do the leadership |
| Purpose = determining changes |
| The changes reflect precise goals and are sustainable |

Fig. no. 2. The essential elements of transformational leadership

Zlate [2007, p. 235] observes that "the new form of leadership goes beyond cost-benefit exchanges, focusing on the leader's inspiration of subordinates to perform above set standards. Transformational leadership involves increasing subordinates' emotional attachment to the organization, increasing their motivational resources, subordinates' personal identification with leaders, sharing the leaders' vision and translating it into reality." For Burns (2003) change in leadership is closely related to creativity; creative leaders are those whose insight is able to generate transformation, "new spaces and new perspectives for action", which allow finding vital answers to fundamental questions, in the context of situations of crisis and change.

A close concept is that of charismatic leadership, which has a longer history than transformational leadership. Over time, the components and sources of charismatic leadership have been described differently. Thus, Weber (1947) considers charisma as the "divine gift" of leading in new, inspiring ways. Shamir, House, and Arthur (1993) discuss how charismatic leaders use followers' self-concept, social identification, and value internalization to exert and strengthen their influence.

Conger and Kanungo (1987) believed that leaders' influence is based on the process by which followers attribute charismatic qualities to them. Last but not least, the existence of a potential negative, destructive effect of charisma, associated with egocentric leaders, who exploit the acquired influence over followers in their own interest, has been suggested [Khoo & Burch, 2008]. Such practices, oriented to the manipulation of subordinates, not to their inspiration or development, were also identified by Bass (1998), who describes them under the name of pseudo-transformational leadership.

The main characteristics of charismatic leaders are [Conger & Kanungo, 1998]: self-confidence; the vision; articulating the vision; strong convictions; unconventional behavior; agents of change; sensitivity to environmental and resource constraints. Some of these characteristics were later incorporated by the components of transformational leadership. For example, focusing on the exceptional qualities of the leader [Yukl, 2010], implied, to a certain extent, the development of followers' dependence on the charismatic leader.

4. Leadership challenges in the new post-pandemic and economic crisis context

The pandemic period, which we recently went through, which seems not to have ended definitively (in fact, the time horizon is not so clearly visible) has brought a series of more important changes, some of which are worth highlighting : work from home (telework) or in a hybrid system, the expansion of online commerce, greater concern for product hygiene, greater interest in one's own health, but also in the health of those around, online education, digitization, etc.

The new post-pandemic context, amplified by the new crisis determined by the war in the proximity of national borders, as well as by the energy crisis, has determined new challenges for leaders, bringing leadership into a new paradigm. In this situation, the allocation of resources for the development of the activity will be much more important, and the saving and judicious allocation will be in the foreground.

Thus, we can observe certain aspects that are more clearly defined: new human resource demands, the acceleration of digitization, the perpetuation of uncertainty.

The issue of human resources seems to be extremely important, because we are considering new demands of employees, which are becoming important challenges.

Employee motivation is a decisive factor for finding competitive strategies and implementing them. Investing in people, promoting a healthy organizational climate based on communication and trust, and a realistic vision regarding the development of a business are basic, priority conditions for motivating employees.

Another element, which has become increasingly important, is time management; thus, organization, prioritization and planning require more attention and effectiveness. The expansion of remote work brings to the fore, more obviously, the previously mentioned issues.

Time management requires self-discipline, perseverance and punctuality. The benefits of correct time management are multiple; among the most eloquent are: greater productivity,

a better professional reputation, less stress, better communication; balance in professional and personal life.
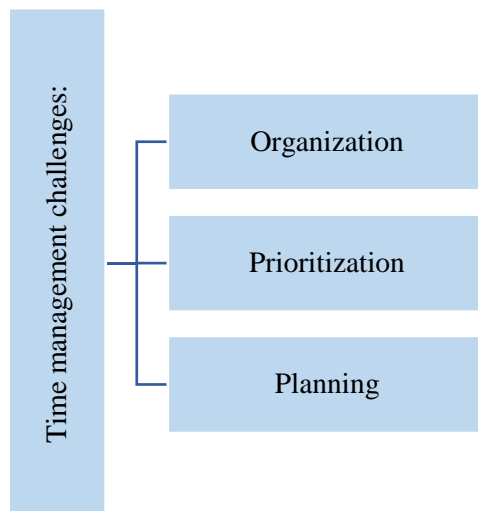

Fig. no. 3. Time management challenges

The elements that will be at the forefront of the leaders' concerns now and in the near future are: digitization and its implementation, the prudent allocation of the company's resources, in general, but especially of the energy ones, in particular, the resilience and sustainability of the business, the retention and attraction of the resource quality human resources, compatible with the profile of the respective company.
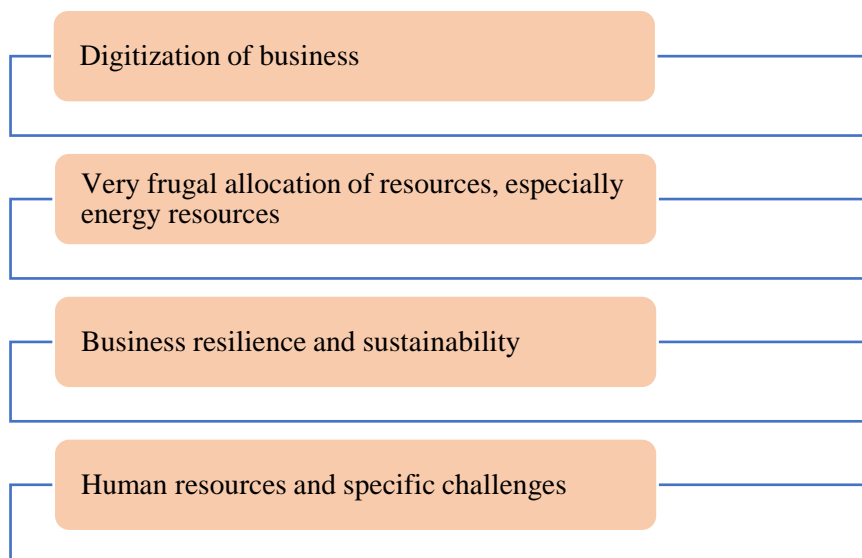

Fig. no. 4. The foreground of leaders' concerns in the new context

■ **Business digitization** involves activating, improving or transforming the business process through the use of digital technologies (software, equipment, etc.) and digitized data. Digitizing and transforming the business process to create an outstanding customer experience is absolutely necessary for any company that wants to evolve.

■ **Very frugal allocation of resources, especially energy resources**

Judicious, prudent allocation of resources is vital in the new context of energy scarcity; this implies the elimination of non-essential consumption, the reduction of consumption on the business components that allow this, the serious analysis of the potential profit, in the situation of the development of new products, which presuppose energy consumption and new commitments of the organization in this direction.

■ **Business resilience and sustainability**

Increasing the level of resilience of a business is an imperative, but also a complicated process in equal measure, as it involves all departments of a company. Even though digital technology contributes significantly to achieving this goal, experience shows us that true resilience requires a balanced focus on several levels: financial, operational, technological, organizational, reputational and business model.

The sustainability of a business has the role of ensuring a sustainable development of businesses in the community in which they operate. Its purpose is to value profit, community and the environment. A business is sustainable by using innovative techniques, by switching to ecological technologies and by investing in the future.

■ **Human resources and specific challenges**

The existing reality in renowned companies in the world shows us that a company remains competitive only if it has a high-performance management in the use of human resources. Within these resources, individual performance must be high enough for the organization to achieve excellence. Individual performance depends on the motivation system, on the willingness of employees to put in the necessary effort at work, on the development and training of employees, as well as on their ability to perform what is asked of them The trend in recent years shows that jobs that require skills and high skills are increasing, while those requiring low qualification are decreasing. Technological changes determine a need for multi-skilled labor, and the role of human resources management becomes more and more important. Thus, the personnel qualification evolves in the direction of increasing the qualification level, acquiring new qualifications, as well as broadening the qualifications.

5. Conclusions

Compared to traditional forms of leadership, transformational leadership is a participatory and democratic process. Transformational leadership effects not only the transformation of employees, but also of organizations, by increasing their efficiency and ability to adapt to changes. Therefore, transformational leaders are able to achieve superior performance,

having the ability to generate, among employees, awareness, and acceptance of the organization's mission, as well as to motivate employees to look beyond their own interests, focusing on the interests of the group.

Today, leaders must demonstrate their involvement and commitment to the management system, to the organization they belong to, in ways that:

- to ensure that the business processes of the organization are perfectly integrated and that they are approached holistically;

- to promote awareness of the process-based approach;

- to ensure that the management system fulfills its intended results;

- to support other relevant management roles to demonstrate their own leadership;

- to ensure that the policy is communicated, understood and applied by the entire organization.

The pandemic has changed the way companies relate to technology. For many companies it was the only chance of survival and they had to implement technology for a resilient management and better communication. Thus, digital skills have become very important for all employees of a company.

The future is uncertain, and change is coming fast, hard and irreversible. Companies need to look beyond short-term results. They must be able not only to withstand threats or unpredictable changes, but also to emerge stronger from these difficult, uncertain times. to be more resilient, but also sustainable.

The duality of the economic environment and the leaders, the complex links between the environment and the organization developed through the leaders, can be summarized in the figure below:

The leader of the future		The future economic environment
Proactively	↔	Uncertain
Professional	↔	Diverse
Flexible	↔	Challenging
Agile	↔	Dynamic
Digitally competent	↔	Digitized

Fig. no. 5. The duality of the economic environment and the leaders

High performing leaders have a clear vision of the future and communicate it with passion to the people on their team. Basically, he inspires them to follow, then creates the conditions

for them to get results and love their work, to feel safe to express their opinions, concerns and vulnerabilities. They give them the courage to admit their mistakes, to look constructively at corrections, feedback and prompts for discipline as means to improve their performance and develop.

True leaders know the importance of human resources, which today has become human capital. Human capital is a measure of a person's professional skills and competencies. An employee's education, experience, and skills have economic value. Thus, labor is more than a cost in business, it is a core business activity, a value that can be maximized through strategic approaches. They understand the need for respect and compassion, trust and autonomy of those in the team. To demonstrate and develop their skills, people need appropriate conditions; it matters enormously that they are paid fairly, but it is essential that they are treated with humanity.

Leadership must consider that investing in a strong IT infrastructure is necessary to manage cyber threats and avoid technology malfunctions. Resilient companies maintain and use high-quality data in a way that ensures confidentiality, in compliance with all regulatory requirements. At the same time, it implements IT projects large and small – with quality, on time and on budget – to keep up with customer needs, competitive requirements and regulatory requirements.

The business environment is constantly changing, so leaders must also adapt to keep up with the changes. It is absolutely necessary that the leaders of the future have new approaches, because it is more and more obvious that the future is not only uncertain but also very dynamic and different. Keeping up with the challenges of the future must be a priority on a leader's agenda. We believe that leaders who are open to challenges are more likely to succeed in a future characterized by diversity and uncertainty. In this situation, the clear definition of the organization's purpose and vision acquires new values, and their communication to employees and collaborators is the key to success.

Leaders often cannot list all the possibilities that the economic reality can propose for the business they represent. Precisely for this reason, leaders have the obligation to have a proactive, anticipatory approach, evaluating the potential disruptive effects, responding to disruptions in the business environment or to a certain economic setback, they can create a competitive advantage that leads to a superior performance in the next cycle technological and economic.

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