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# The Importance of Leaders for the Development of a Performance-Oriented Organizational Culture

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ABSTRACT
Organizational culture is recognized as one of the important factors that make their mark on the organizational life and performance of the company. It has a strong influence on the attitudes, decisions and behaviors that members of an organization adopt, both inside and outside the organization. The article highlights the role of managers, of leaders in building a strong organizational culture, oriented towards obtaining performance. It is important to note that leaders in a company encourage those with a spirit of initiative and who perceive the opportunities that a change would bring to the company and, at the same time, have the ability to win the "mind and soul" of employees who do not is still aware of the need to change, sometimes to maintain the organizational culture.



## 1. Leadership and organizational culture

Organizational culture is, in practice, a framework, a reference system that significantly shapes the perception that managers and leaders have about the environment, a perception that is reflected in the decisions and actions they take.

Therefore, it is necessary that senior managers are not only anchored in short-term activities, because they can leave unused an important part of the company's resources and erode its long-term competitiveness.

In many cases, organizational changes are due to managers who show a special involvement in organizational processes and where the knowledge plays an important role (Barnes, 2002) (Cavaleri, Seivert, Lee, 2005). They usually start these changes shortly after their appointment as president, CEO or director in a particular field. Among the first actions they take is to make employees aware that the organization is in a crisis situation (Fullan, 2001) or that certain factors require a rapid change (Năstase, 2009) in some or more organizational characteristics (Tseng, 2009).

In order to produce these changes, managers communicate in the widest possible way the vision and strategy (Collins, Porras, 2006) on which they base their future evolution. They take every opportunity to repeat the messages about the intended changes over and over again. At the same time, the language used is constantly adapted, in accordance with the characteristics of the audience, so that the messages are as clear, direct and maximum impact as possible.

It is very important that they act in the direction of those communicated, which also indirectly transmits their decision to put into practice what is officially declared. Next, in order to expand and accelerate the changes initiated, they try to create a coalition at all hierarchical levels, which is deeply involved in this process and to minimize resistance to change.

The context of evolution and development of modern organizations is constantly changing, which places an increasing emphasis on the importance of processes that stimulate creativity, innovation and knowledge exploitation.

The development of participatory forms of management implies a new definition of the structure of authority, both formal and informal. It is important to understand what the notion of power means in the context of the transition to the knowledge-based economy and organization and the need for a higher competitiveness in an environment with tougher competition.

Competitiveness is a complex concept that arouses the interest of economists around the world, because it is a clear connection between the competitiveness of organizations and sustainable development and standard of living. Slowly, competitiveness has emerged as an independent field of economic science, which is beginning to crystallize and individualize through its own conceptual and instrumental ensemble. However, unfortunately, at present there is no well-cohesive theoretical structure regarding competitiveness,

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despite the many debates that take place. There are several causes that have determined this situation, the main one referring to the fact that there are many variables that determine the competitiveness of organizations.

The US Competitiveness Policy Council defines competitiveness as "the ability to produce goods and services that meet the requirements of international markets while achieving a growing and long-term sustainable standard of living for citizens." As can be seen, this definition contains the word "international", which is natural to appear in the current context.

Competition can be classified based on many criteria. The classification with the greatest importance for the present paper is the one according to the dynamics of the economic fund. We distinguish, as follows:

- Tactical competition - the economic background is relatively stable, there are of course fluctuations of external parameters (technologies, social conditions, legislation, etc.), but these fluctuations are very small;
- Strategic competition - the economic background is unstable, dynamic.

As we are generally dealing with strategic competition, it is important to know that the ways to increase competitiveness in such a market are different from those considered in the case of tactical competition: experience is not enough and it is not necessary to apply methods verified to be correct; strategic competition is won through initiative, through the courage to reject patterns that do not always fit, through a critical and visionary spirit.

We can look at the leaders' power as the ability to influence the decisions and actions of those we interact with. Power is one of the elements that is always referred to with great care, with great delicacy due to the implications and interpretation that can be given to it. At the same time, it is one of the important mechanisms in the organization that ensures the functionality of the organization.

Usually, when these leaders, managers, start their activity, usually, only a small number of employees understand them or agree with them. But because of their tenacity and ability to take risks, they manage to attract the attention and support of a growing number of supporters. The process is favored in the conditions in which the leaders start with smaller changes, but which have immediate positive effects, which amplifies the confidence of the company's employees.

This process is not a simple one, but one that requires a great deal of involvement on the part of those who initiate change, first and foremost, on the part of those involved in these transformations.

The period of making such major changes varies depending on different factors, such as: the vision of the leader (s) and their ability to communicate, their degree of involvement (Kouzes, Posner, Barry 1987), the power of managerial culture and organizational culture, the degree of openness of the organization / employees to the new, the managerial and economic situation of the company, the knowledge that you create or have access to (Viitala, 2004) (Brătianu, 2007), the motivation system used, the context in which the organization carries out its activity, etc. However, such transformations are unlikely to occur in less than 2-3 years, and the time horizon is usually 5-10 years.

A situation that requires special attention from managers is the harmonization of the desire to maintain certain values, valuable beliefs for the company with the pressure for change, which appears permanently, both from outside and inside the organization.

One of the great dangers encountered in companies with strong managerial cultures and remarkable results is that the feeling of pride in the performance obtained turns into arrogance. It is one of the factors that will soon affect the company negatively, preventing top management from anticipating or noticing important changes in the environment. The effect will be a gradual mismatch of the company's managerial culture with realities, which will most likely lead to a crisis.

## 2. Project leadership

In the conditions of an increasingly dynamic and competitive business environment (Miron, Dima, Paun, 2009), companies are forced to identify new ways to acquire new sources of competitive advantage in the market. Developing a sustainable competitive advantage and increasing the overall level of competitiveness of the organization requires the adoption of a set of organically interrelated measures and actions that can be ensured by the leaders of the organization through the use of projects.

Assuming that each business process (such as the managerial redesign of an organization, the development of a new product, the design of a business plan or a marketing strategy) involves a succession of stages, which are associated with different initial, intermediate and final deadlines, certain amounts of money and a team that aims to achieve certain general and specific objectives, one can see a high similarity between business processes and what we call projects, with direct implications on the way in which knowledge is obtained and used in organization (Ulrich, 1999) .

Numerous international studies have highlighted the fact that most projects face serious difficulties before completion, and a significant percentage of them are completely abandoned after significant investments have been made in those projects beforehand. There are studies that show that in 19 out of 20 cases there are communication problems between the main stakeholders of the project, deadlines are often exceeded, objectives are not fully met, and project teams request additional funds to complete the activities undertaken by the project.

The modern approach to business processes states the importance of leadership in exercising project management processes and relationships, as well as the way in which projects are an important tool for obtaining and using knowledge. Leadership in modern organizations is becoming more and more complex, and promoting projects means a new way that leaders can use to achieve the organization's goals in terms of stimulating innovation, but also the development of human potential.

For example, part of the leadership processes within an organization interested in the transfer of managerial, technical or economic know-how can be oriented towards human resources management within the organization, another part of the processes can be oriented towards change management, a another part can be oriented towards conflict management, and another part can be oriented towards the development of a viable vision regarding the conservation of the environment and obviously towards the creation of an organizational environment based on the principles of sustainable economic growth.

All these functional areas, where the emergence of project management is noticeable, are key factors that Romanian leaders have understood and that they manage skillfully because they can determine the success or failure of a project.

By combining the elements mentioned above, a new type of leadership is crystallized, which combines the advantages of different styles and has the necessary mechanisms to prevent the occurrence of various dysfunctions in the implementation of a project.

The leader who practices the philosophy of knowledge-based leadership can be the key factor that prevents lack of communication between project stakeholders and also helps motivate project team members to achieve superior performance.

Also, the leader from competitive companies facilitates the exchange of ideas and knowledge between the members of the project team, thus preventing the frequent exceeding of deadlines and reducing the incidence of miscellaneous and unforeseen expenses. Under these conditions, the project leader is included in the project team from the moment the project is initiated and placed on the same hierarchical level as the project manager, even if the formal authority is still conferred on the latter.

## 3. Adequate knowledge and designing the organizational culture

Through the specificity of the cultural approaches, of the type of relations that predominate in an organization, of the interdependencies with its stakeholders, certain characteristics of its evolution are imprinted. The organization builds and manifests its personality in its relations with third parties.

From this point of view, it is important for an organization to know how to build up the predominant features of the culture in order to know which actions can be accepted, supported by its members. Culture analysis and design is one of the most important opportunities for an organization to have access to information that allows it to develop realistic strategies and policies, in accordance with the values accepted within it.

The information of the cultural audit is valuable because it also identifies the particularities of the different organizational subcultures, allowing the adoption of strategies and policies that take into account the needs, aspirations of the respective communities.

The creation of a competitive environment, correlated with the pressures that the different economic crises have placed on organizations, regardless of their field of activity and their size, has led to a reassessment of human resources and criteria for advancing positions of influence within organizations.

It is very important for the leaders to be continuously interested in developing the employees' competencies in different fields of activities, in order to cover the critical areas of organizations. The competencies describe the knowledge and behaviors that are used in the playing of a certain role by the job holder and his ability to achieve the objectives set for the job.

Often, we use the term skills and performance, in other words we emphasize the idea that a well-trained person with interpersonal skills is able to achieve results that are beyond the usual level of goals. This is strongly associated with a learning based organization that fosters the personnel to be committed to acquiring or creating and using new knowledge.

All the more interesting are the skills of knowledge-based leadership in which learning and the use of knowledge play a central role in achieving performance at the individual and organizational level.

For instance, if we think to smaller organization as in the case of SMEs, the entrepreneur often identifies with the leader! However, as the size of the organization increases, the complexity of the activities increases, it is important to cultivate not only simple executors, but leaders able to take initiatives, make decisions and lead other employees to performance.

So, it's about having a vision, about understanding not only the present, but also the long-term needs of organizations and the fact that the leaders need their followers, their colleagues in order to cooperate and to ensure that he has the right competencies in the organization.

At the same time, these leaders amplify the participation of the company's components, located on different hierarchical levels, in the development of strategic, tactical and current decision-making processes.

Such a position is facilitated by the promotion and use of managerial tools such as management by objectives, management by budgets, management by exceptions, delegation, meeting, etc.

Knowledge-based leaders manage to understand and ensure a combination of the interests of the company and its components with those of stakeholders. For this, it is necessary to design and operationalize adequate motivational mechanisms, flexible training systems, focused on the degree of achievement of the planned objectives and the degree of participation, involvement of each employee in achieving them.

The combination of material rewards / sanctions with moral-spiritual ones, the diversification of incentives and their correlation with individual needs are just as many elements of amplifying the participation in the development of management processes. The participatory dimension of leadership and management is ensured not only by the creation and maintenance of an appropriate organizational framework and climate, but also by the motivational climate, which must be constantly stimulating, to eliminate populist approaches to of re-compensations or sanctions.

The managerial vision has the role of directing the resources and energies of an organization towards achieving a desired situation in the future. This can be done much more easily when managers know the expectations of employees and other stakeholders, as well as how they are reflected in the manifestations of organizational culture.

Senior managers have a key role to play in determining the direction to follow and the ways in which the organization can achieve its goals. At the same time, it should not be overlooked that managers are in turn shaped by the managerial culture in which they evolve. The symbols, the values in the company, exert a strong influence regardless of the hierarchical level on which a certain person is.

An analysis of the organizational culture provides managers and employees with information on the degree of knowledge and the meanings attributed to its elements. In an organization there can be various perceptions and interpretations of organizational phenomena.

This can be considered normal given the diversity of personalities and individual and group characteristics. However, an interpretation that takes place in too wide a range of meanings can pose a threat to the good functioning of the company and its stability.

Based on the audit data, it is possible to identify what is the employees' perception regarding a series of organizational elements and phenomena and to what extent they are in line with the messages that managers at different hierarchical levels want to send. It is thus tried to achieve a separation of the elements of fact, from those interpreted in terms of interests that do not coincide with those of the organization.

## 4. Conclusions

In the current economic climate associated with the crisis inducted by COVID-19 pandemic, the viability of organizations increasingly depends on the ability of their leaders to ensure a continuity and a high competitiveness and to facilitate the satisfaction of stakeholder needs and interests. Competitiveness is inextricably linked to the notion of competition, the latter being a decisive condition for shaping strong companies, industries or economies. Strong competition, both internally and externally, is for companies the main engine of increasing productivity and competitiveness. Competition is a vital market process that drives companies to offer tempting prices for quality customers, products and services.

The leaders must be able to design and implement different mechanisms for developing a performance oriented organizational culture and stimulate the knowledge sharing as one of the main engines for supporting the competitive position.

It is important to notice that in order to be successful an organization must periodically go through the process of assessing competencies in the field of knowledge-based leadership in order to know gap between the present and the desired levels. But it is also important to what we pay attention, what we want to see in our organization and how we assess organizational, team and individual performance. Because the starting point in these audits is precisely the results that the organization wants to achieve, has achieved or is about to achieve.

Competition puts pressure on companies to innovate, reorganize and refine their processes, products and services. The competitiveness of an organization is reflected in its ability to successfully participate in economic competition and to succeed in occupying an advantageous position within it.

Promoting authentic leaders in dynamic companies meant building and maintaining a strong organizational culture and a reputation for performance, meaning strong messages for the organization's stakeholders.

Consequently, there is a need for a different approach to current leadership than the classic one, to stimulate the processes of collaborative learning and teamwork, to integrate more the virtual cooperation and learning in our activities, which naturally leads to the expansion of forms of participatory management and supporting the development of high-performing organizations.

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