

# The Impact of Leadership in Organizational Change

Florinel Cîmpeanu

"Valahia" University of Targoviste, Romania

[florinel.cimpeanu84@gmail.com](mailto:florinel.cimpeanu84@gmail.com)

## Abstract

*In an ever-changing environment, companies are constantly faced with change, whether big or small. However, "change management" and "being a change leader" are different, especially in their transformational impact.*

*The human factor is the main concern of management in the context of a change, because of its resistance it can block the process or its potential to facilitate the process.*

*The purpose of this study is to highlight the importance of leadership and its effects on the recipients of the change, an essential factor for the acquisition of the change desired or imposed by the leaders.*

*It is desired to promote human capital through the actions and behaviors of a leader who has the ability to generate the phenomenon of human-specific learning change.*

**Key words:** leadership, organizational change, manager, organization

**J.E.L. classification:** M10, M12

## 1. Introduction

The speed and extent with which the political, economic and social environment is changing condemns all public and private companies to recurring changes. Also, the needs for organizational transformations are now continuous in a constantly changing business world. Change and turbulence have become unavoidable parameters in the organizational field and require a significant improvement in adaptability in this field. From this observation arises the dilemma of change for the company. Standing alone, staying true to the established strategy and preserving the identity of the organization while evolving is a challenge for leaders. But managing the individual/collective dichotomy reminds them that the organization is above all made up of people and that it only progresses through the interaction of individuals. Managing change is not like managing day-to-day operations such as. People react differently to the other resources at stake (information, materials, finances and time) and the technical means are not enough to contain them. Change causes uncertainty among employees, and even among managers, which can be linked to three causes, namely the inability to estimate the probability of an event, the lack of information in the cause-effect relationship, and the inability to predict the outcome of a decision.

The usual approach to change management is based on the "what" rather than the "who." In companies, the focus is on the objects of change, such as deadlines, tools, methodology, strategies, technology and short-term results, while employees are asked to adapt and cope. In numbers, this trend translates into 80% management versus only 20% leadership. Thus, apart from the fact that changes can happen in a short period of time, each of these transformations often has increasingly confusing and destabilizing effects on individuals such as misunderstandings, increased stress.

In the wake of failures, leaders seem not to learn from their unfortunate experiences, the root cause of which is this lack of consideration of the human factor, especially in terms of supporting those directly affected by the transformation they desire. We see a tendency to neglect the implementation of a learning organization in this context of permanent change. Believing that learning through successive changes is child's play remains a fatal error of many companies whose activities are nevertheless potentially sustainable. In light of these facts, we can consider the extent

of change and reintegrate management into the analysis of this notion inherent in today's organizational life. This leads us to ask the following question: "To what extent do the leader's character traits and actions influence the process of organizational change?" To answer this question, we propose two hypotheses. The first assumes that "Recourse to the intrinsic qualities of the leader facilitates the adherence of the actors in the imposed and/or desired change". Giving meaning to work and creating openness among employees to change are tasks assigned to the leader. Each team member must have a shared understanding of the change. Motivation for change can then follow. Regarding the second hypothesis, it is about overcoming the adhesion of actors and turning changes into opportunities, taking advantage of resistance to change and driving the organization towards performance. It is formulated as follows: "Leadership contributes to the creation of a culture of change within the organization." This promotes the learning phenomenon of the entire organization as well as the formation of collective (emotional) intelligence of teams. Leadership is therefore assimilated to a true influence strategy in terms of organizational transformation.

The acceleration of technological innovation, the versatility of consumers and the volatility of the markets inherent in the New Economy are again causing companies and governments to take an interest in leadership, which again seems to be an essential ingredient in the mobilization of individuals and the agility of organizations.

Optimizing an organization, today, depends on awakening its human potential. This paper participates in improving the actors' view of the use of authority, the leader's legitimacy and his influences. Concretely, one of the objectives of this study is to highlight the roles of the key actors (leaders) involved in the entire change process; from the initiative to the pursuit of transformation. Therefore, it is essential for us to help managers pay more attention to employees, which means that the latter are an end in themselves, rather than a means to an organizational or financial end.

"Due to the use of new technologies and the fact that we live in a digital world, where the Internet has a significant impact on many processes, including customer' buying, the managerial implications are improving the enterprises' use of marketing databases and strengthening the relationships with their customers." (Radu, 2020, p. 395).

## **2. Literature review**

Studying the impact of leadership on the changes that take place in organizations first of all requires establishing the necessary foundations for understanding the different notions of the theme. This chapter will thus start with the different theories of organizational change and then continue with those of leadership and its particularities to arrive at the latter's influence in a change context.

Indeed, in a time when the environment is so versatile, organizational change becomes a necessary project for the proper functioning of companies. But what is change and how is it achieved?

### **The concept of change**

Several definitions of organizational change have been given by various authors who have studied the topic. However, we will retain only those that best explain what we want to study in the context of this paper. First, Van de Ven & Poole (1995) defined it as "a type of event, an empirical observation of a difference in the form, quality, or state of an entity over time... This entity may be a place of individual work, a work group, an organization's strategy, a program, a product or an entire organization". (Van, 1995, p. 21)

Organizational change is the means that translates the path between an initial state and a final state, that is, between two equilibria of the organization.

Organizational change is a process of radical or marginal transformation of the structures and skills that punctuate the organizational change process.

Organizational change is any relatively lasting change in a subsystem of the organization, provided that this change is observable by its members or people connected to this system.

### ***Incremental/radical change***

The specialized literature essentially distinguishes two forms of change. Theories speak of radical or incremental, revolutionary or evolutionary, first or second order, "piecemeal" or "quantum" change. Incremental change consists of introducing changes in structure, processes and behaviors in a sequential manner, without changing the essence of the organization or its activities.

#### ***Change required/desired***

According to adaptation theories, an organization that evolves in a particular environment will necessarily have to adapt to it, and if it evolves, it will have to evolve with it. The network organization of contemporary companies reflects this phenomenon. The emergence of ICT is therefore presented as a solution to overcome the spatial and temporal constraints that characterize the current economy. Change then consists of reacting, either by adapting to new constraints or by modifying the environment to escape these constraints. This type of approach must be considered with caution because the constraints generated by the environment only become a constraint through the representations that the actors of the organization construct. Therefore, they will impose their own vision of the need for change on all other actors in the organization.

#### ***Profile of actors***

The intervention of individuals in organizational change is necessary for the adaptation of the organization to its environment.

To change is as much to destroy an old order as to build a new one. In fact, it changes people's behavior and their relationships with each other. In this perspective, resistance to change is no longer seen as a barrier to change, but as a natural product of change.

The presence of an emblematic leader who reflects the will to change by disseminating a new vision of things within the organization is necessary.

#### **Leadership**

After reviewing some theories of change and its characteristics, we will now look briefly at the notion of leadership. Therefore, this section will discuss some essential definitions of the concept and the main qualities that make up the makings of a leader.

Simply defined, leadership is the art of getting people to perform a task voluntarily. More precisely, demonstrating leadership means enabling the members of a group to develop, share and carry out a common vision, a common project. The term "leadership" is therefore essentially described as a set of behaviors and actions. It is more about personality traits, relational skills and a good knowledge of one's self and functioning. In four points, leadership is a process, involves influencing others, takes place in a group context, and involves achieving goals (Northouse, 2004). Leadership is therefore a term coined for an individual who has enough influence over others to lead them towards a goal, whether for or against a change.

#### **Emotional intelligence**

Great leaders each have their own way of leading a team. But researchers have found that effective leaders have one critical quality in common: They all possess a high degree of what's called emotional intelligence.

Emotional intelligence is the ability to regulate and control one's own feelings and those of others, and to use these feelings to guide our thoughts and actions. Daniel Goleman (1999) defines it as "our ability to recognize our own feelings and those of others, to motivate ourselves and to manage our emotions well in ourselves and in our relationships with others". (Goleman, 2002, p. 8)

The Goleman Model This model of emotional intelligence is based on five essential components:

- Self-awareness This is the ability to recognize and understand one's moods, emotions and impulses and their effects on others. It includes self-confidence, self-evaluation and a self-deprecating sense of humor. This ability depends on the ability to monitor one's emotional state, identify and name one's emotions correctly.
- Self-control Corresponds to the ability to control disruptive impulses and moods and the tendency to suspend judgment and thought before acting. Its indicators are loyalty, integrity, calmness in the face of uncertainty and openness to change.

- Motivation Passion for work, for reasons other than money or status. There is a tendency to pursue goals with energy and tenacity. Strong desire to succeed, optimism even in the face of failures and organizational commitment are the indicators.
- Empathy Is the ability to understand the temperament of others and to treat people according to their emotional reactions. Empathy is demonstrated through expertise in training and retaining talent, cross-cultural sensitivity and a sense of customer service.
- Social skill This reveals the ability to manage relationships and build networks. It is the ability to find common ground and relate to others. Indicators of mastery of human relations include effectiveness in leading change, power of persuasion, and expertise in building and leading teams.

### **Leadership in change**

Management has long been seen as the search and implementation of universal models that can definitively answer the organization's problems. However, in times of transition, leadership is the essential element in helping the people concerned to accept and tame the orchestrated change rather than the change itself. In fact, the notion of leadership is closely related to this phenomenon. Indeed, organizational change is related to the relationships of influence exerted between all members of an organization to modify organizational activities and practices. Thus, it is recognized that leadership plays an important role in the process of organizational change. Because change requires the definition and implementation of a new organizational system and new practices, it is therefore highly dependent on how the influence relationships work. Thus, for many change theorists, leadership is seen as a variable that affects the organizational change process.

### **Individual approach**

The presence of an emblematic, charismatic leader who symbolizes the desire for change by disseminating a new vision of things within the organization is necessary. In classical leadership approaches, two main sources of influence are considered: personal influence based on charisma and power-based influence related to hierarchical position is considered in transactional or situational approaches.

The change is implemented by everyone. The process can therefore start at the level of employees when they detect a problem, try to solve it, find a solution, trigger changes that, subsequently, find an interest in management and are thus supported to be „initiated". This is what Mintzberg calls the "middle out" phenomenon, not everything is "top down" or "bottom up". The new leadership will not come from an elite "taking over" but will emerge from the capacity that resides in each person. It will be leadership that does not claim to have all the answers, but leadership that seeks to empower others. The collective approach to leadership therefore seems very complementary to the individual approach, focusing not only on the leader as the sole source of influence, but also on the involvement and influence of all members of an organization to build change.

By focusing on leadership from the point of view of social processes of influence, the collective approach focuses more on the context in which these collective processes are structured. It is a realistic approach that takes into account all the complexities of leadership in change.

### **3. Research methodology**

The accuracy of the methodological choice depends primarily on the subject of the research and its objective: testing and improving what is known or exploring and discovering what is not yet known. The approach adopted to carry out the work is, therefore, of a synthetic type, because it allows the analysis of leadership in the context of organizational change as a complex phenomenon and the examination of all the relationships between the variables that characterize it and that interact with each other.

*Choice of Assumptions* Any change ends up affecting workers in their deep motivations. However, how can we expect to achieve a goal if we do not know what that goal and the means put in place to achieve it bring to life for the workers in question? This task is the prerogative of the leader, given the many failures of change management through simple management.

*Hypothesis 1* Our first hypothesis mainly concerns the effects of leadership on the attitude of change recipients in relation to resistance to uncertainty. It is formulated as follows: "Recourse to the intrinsic qualities of the leader facilitates the adherence of the actors in the imposed and/or desired change". It is indeed recognized that to succeed in organizational change requires the buy-in and change of habits and behaviors of a critical mass of employees. Encouraging agents' buy-in to the change process requires giving meaning to the change. It is to create an opening in the minds of the recipients of the change so that they receive it in a subjective state of receptivity.

Membership also reflects the leader's actions on reducing resistance to change with a more or less high level of stress and, in many cases, acceptance of change by a large majority. We can also note a more favorable sign of adherence, which is engagement, i.e. high morale and commitment to change. Last but not least, leader accessibility is one of the key explanatory variables for change in staff acceptance

*Hypothesis 2* The second hypothesis refers to the effects of leadership on the behavior of the entire organization regarding the multiple changes that are part of the life of a group. It is expressed as follows: "Leadership contributes to the creation of a culture of change within the organization." Indeed, the challenge of organizational transformation is the formation of a smart organization, a group of people who continuously increase their ability to create the desired results. To create a culture of change among all staff, leaders must first create constructive exchanges between the actors involved in the change. This second variable can be explained by the positive attitude towards failures, the desire to learn new things. Leadership can also create a culture of change through reward or recognition mechanisms for employee contributions. Corporate culture and value integration will be strengthened. Finally, it can influence the effectiveness of teamwork through the gift of persuasion and accountability that lead to collective intelligence.

Several methods were adopted to collect the information necessary to carry out this work.

*Field studies* The case study is based on both qualitative and quantitative methods, as it is able to highlight the elements of context influencing how leadership is developed, exercised and evolved during the change process. Field trips are also part of the primary data sources.

*Documentary research* Written documentation is our external and secondary data sources, i.e. data outside the companies studied and collected by other people but which we were able to obtain according to the needs of the topic under study. This type of collection method is the main source of data. It mobilizes the fewest possible resources and is therefore the least expensive of all. Before engaging in other more expensive and specific types of research, we first consulted theoretical courses on leadership, the weight of change in companies, and their connections. We then supported this theoretical research by searching for books and articles focused on the importance of leadership in the context of organizational change or on data analysis and processing methods. Apart from that, we have also done online documentation, i.e. consulting the documents published in the network of networks. It should be noted that through this method, we were able to find several types of interesting works with academic value and/or bearing ISBN or ISSN codings but also other anonymous or uncoded writings that were of great help to us in our research work.

Other sources of data In terms of other sources of documentation, we have taken advantage of the opportunities offered today by New Information and Communication Technologies or ICTs to be able to transmit and collect data. Indeed, we were able to obtain audio-visual recordings of conferences, seminars and interviews focused on the impact of leadership on the organizational change process.

Aspects of globalization can be seen at the product level, sales level on market, competitive level, as well as at the level of consequences which globalization will have on environment." (Radu, 2011, p.1120).

#### **4. Findings**

An organization is not a scientific, orderly, regulated and coherent universe. Everyone's values, doubts and experience constitute so many conflicting logics that must be considered. In a context of change, these variables play an important role for the development and the very future of the entity. We aimed to highlight the essential elements of leadership that contribute to a better understanding of organizational change.

Successful change is inseparable from organizational performance. Therefore, all the resources of the organization are put into play, but managing the people at the center of change remains a heavy responsibility that must be left to leaders. So, to become a change leader, the key is to know yourself, to be aware of your strengths and weaknesses, to sharpen your emotional intelligence and to understand others. Leadership development is a process of self-development. Managers will thus learn that the starting point for others' change actions is self-change. Therefore, leaders will have to learn to cultivate more human than contractual relationships. Human relations is probably the most important problem to solve, especially in business. An organization's success is 15% technical skills and 85% human skills, personality and leadership. Having the ability to train others with you, to make them want to go further, will be a plus for leaders, which will make a difference in their many potentially sustainable activities.

Nothing is so contagious as example, points out Albert Einstein. Leaders must be able to reflect an honest view of the team's culture and ways of operating. Leading by example in their actions will gain the trust of employees. Shouting values you don't apply creates resistance and doesn't mobilize. How to manage change can generate more emotional discomfort than the events themselves. Change is welcomed when recipients trust and respect the person or group proposing the change. In this context where the human being is the pivot of the evolution of organizations, leadership and trust are two vectors that enable the success of a transformation. Leaders thus have an obligation to embody the change with behavior consistent with what they espouse, the deep values they want to be positively anchored in the recipients of the change. For the type of change made, i.e. constructed change, leaders should apply the collaborative/participative style.

The success of a change is based on a participatory approach. The more people are concretely involved in the project, the better the results. This mode of operation is in theory undoubtedly the one that allows the emancipation, development, evaluation of the person. Collaboration aims to explain and communicate change while involving actors in its implementation. The most persuasive way of communicating to stimulate the change effort is undoubtedly that of behaviors like those I have advanced in the example. This does not prevent the use of all the more obvious channels that show that the organization is on the move and that everything is moving towards new behaviors and new attitudes. The communication and involvement of headquarters staff will therefore consist of ensuring that the change is integrated into the daily practices of the actors and thus ensuring that they internalize it.

*Appreciation and recognition* Signs of recognition from leaders are indeed decisive for a better understanding of the introduced change.

*Development of supportive leadership* Socio-constructivist supportive leadership aims at sharing responsibilities with supported people and establishing a rigorous and consistent approach. It applies differently than one who has an ascendant over other individual followers. Companionship focuses more on the amount and quality of interactions between individuals in a group. The individual power of the leader and the collective power of the whole team will therefore serve as a vector of change. The team already has the advantage of teamwork and solidarity; what it needs is more creativity and autonomy. Rather than imposing a vision of change, the leader will instead seek to develop a shared understanding and vision of change with and for the recipients, so as to better support them in the process, renewing their practices or developing professional skills.

*Sharing emotions and a sense of humor* Humor is a characteristic often associated with leadership and is even considered one of the strong components of the manager-subordinate relationship. Good leaders are indeed often described as having a good sense of humor.

Leaders need to encourage their team members to realize how they can benefit from good practices, experiences and successes and start sharing them with their colleagues and colleagues in other organizations. This will improve the work performance of individuals and thus fuel the culture of the organization. Encouraging interaction enables the learning phenomenon that paves the way for the construction of new knowledge and can move people forward in their change process. Indeed, quality leadership is imperative to developing a school whose primary goal is to focus on the learning and success of each student while anticipating the changes necessary in an evolving society that is changing at breakneck speed. Stimulating interactions, recognizing efforts and highlighting employees' strengths and potential are also sources of performance and especially learning through the leader's actions.

Having long-term relationships with customers means understanding and influencing their behavior through effective communications to increase acquisitions, retention, loyalty, and profit." (Radu, 2020, p.395).

## 5. Conclusions

Change is life. They are everywhere and happen all the time. It is impossible to avoid it or rush it without hitting certain obstacles. As in nature, change can be brutal and have surprising consequences that may even call into question its very *raison d'être*. This conscious effort to "destroy" is necessary to ensure the survival of a project or organization, as the case may be. The theories that we presented at the very beginning of this paper facilitated our understanding of the notion of change in an organizational context. There are actually different areas in the company that can be subject to change. However, whether it is a technical change, a transformation of working methods or a transfer of teams to another site, the project promoters will touch the most important resources of the company, the people. Human nature is complex and cannot be analyzed in a linear or conceptual way. There is no set formula when it comes to the human factor.

People are in a comfort zone that they are used to and anticipate the difficulties that will arise when they are told to change. They may then resist change so that the process of the desired transformation is slowed down or blocked by those who must be mobilized to achieve it.

Through this research we wanted to know the relationship that management has with the organizational change that is now an integral part of the life of any company. Thus, we asked ourselves the question "To what extent does leadership influence the process of organizational change?" Our objective was to understand the mechanisms of change that result from this at the level of the human factor by approaching the nature and characteristics of daily proximity management, from the point of view of those we consider to be its supreme: referees, direct subordinates, leaders. Indeed, employees are mainly the recipients of change and who cannot simply be 'managed' by mere speeches or technical training in a context of uncertainty. It is leadership that embodies humanity. It promotes human values (Motivation, Communication) and is concerned with the human-specific psychological effects of change. And this attitude is essential, it is more what can make the organization succeed. The development of human capital means the development of efficient organizations.

## 6. Acknowledgement

This work is supported by project POCU 153770, entitled " Accessibility of advanced research for sustainable economic development - ACADEMIKA ", co-financed by the European Social Fund under the Human Capital Operational Program 2014-2020

## 7. References

- Goleman, D., 2002. *L'étoffe d'un leader*, in «*Styles de Leaders*», Harvard Business Review, Editions d'Organisation, ISBN: 2-7081-2822-1, pp 8-31.
- Radu, V., Florea, V.N., Radu, F., and Tăbărcă A.I., 2020. *Improving long-term relationships between organizations and customers using marketing databases and simulation models*. Journal of Science and Arts. No. 2(51), pg. 395-418, [online] Available at: [http://www.josa.ro/docs/josa\\_2020\\_2/a\\_15\\_Radu\\_395-418\\_24p.pdf](http://www.josa.ro/docs/josa_2020_2/a_15_Radu_395-418_24p.pdf) [Accessed 06 December 2022].
- Radu, F., 2011. *The Influence of Globalization on Information Systems*. Ovidius University Annals, Economic Sciences Series Volume XI, Issue 2. pg. 1117-1120, [online] Available at: [https://scholar.google.com/citations?view\\_op=view\\_citation&hl=en&user=dHGxluUAAAAJ&ccstart=20&pagesize=80&citation\\_for\\_view=dHGxluUAAAAJ:Tyk-4Ss8FVUC](https://scholar.google.com/citations?view_op=view_citation&hl=en&user=dHGxluUAAAAJ&ccstart=20&pagesize=80&citation_for_view=dHGxluUAAAAJ:Tyk-4Ss8FVUC) [Accessed 06 December 2022].
- Van de Ven, A.H., & Poole, M.S., 1988, *Paradoxical requirements for a theory of organizational change*. In Quinn, R., & Cameron, K., (Eds.), *Paradox and transformation: Toward a theory of change in organization and management*: 19-80. New York: HarperCollins, [online] Available at: <https://doi.org/10.2307/258786> [Accessed 08 December 2022].