LEADERSHIP PERFORMANCE IN ROMANIAN COMPANIES. CASE STUDY

DANA CORINA DESELNICU1, JOHN SWIGER2, LUMINITA ALBU1, CLARA DOMAN3
1 INCDTP-Division: Leather and Footwear Research Institute, 93 Ion Minulescu str., sector 3, Bucharest, d_deselnicu@yahoo.com
2 Our Lady of the Lake University, San Antonio, Texas, USA, jaswiger@lake.ollusa.edu
3 OTP Bank, Targu Jiu Branch, 29 Victoriei Street, clara.doman.otpbank.ro

The paper presents the results of fieldwork research conducted in a Small and medium-size enterprise (SME) Romanian textile firm to examine the complex and fundamental role of leadership in the dynamics of an organization pursuing Total Quality Management (TQM). The research was developed in the framework of a larger research project financed by the Romanian Ministry of Education and Research through CNCSIS. The company profile is presented, the research methodology and research hypotheses are displayed, followed by data analysis and interpretation of results. The findings reveal that the leadership performance level has a decisive influence in the implementation of quality management systems (SMQ). The paper closes with some conclusions regarding hypotheses validation, and advances recommendations for future facilitating actions.

Keywords: leadership, performance, company.

INTRODUCTION

Given today’s rapidly changing economic environment, worldwide enterprises must enhance their competitiveness and meet international requirements in order to succeed - sometimes only to survive - in the global marketplace. To accomplish this, they not only have to provide faultless products and services, but also must excel in all organizational areas. In this regard, quality systems implementation is one of the most viable and effective solutions at an organizational level.

In order to increase knowledge in this critical area, the case study presented in the paper examines the leadership team’s performance in a Romanian textile company.

LITERATURE REVIEW

The Leadership Concept

In the study of leadership, a review of the literature reveals that there are almost as many different definitions of the concept, as there are researchers who have attempted to define it (Bass, 1990, cited by Kakabadse and Kakabadse, 1997: 4).

Du Brin (cited by Shriberg et al., 1997) conducted an extensive literature review and found five representative definitions of the concept of leadership:

- Interpersonal influence directed through communication, towards goal achievement
- The influential increment over and above mechanical compliance with directions
- An act that causes others to act or respond in a shared direction
- The art of influencing people by persuasion
- The principal dynamic force that motivates and coordinates the organization in the accomplishment of its objectives.
From these definitions it is obvious that leadership comprises a significant influential component. For the purposes of the present paper, we accept Clark’s (2001) definition, which identifies leadership as “a complex process through which a person influences others towards accomplishing a mission, tasks or objectives, and guides the organization in a way that makes it more cohesive and coherent”.

**Leadership Theory**

Although there is extensive theory on the subject, there is a lack of consensus with regard to the nature of leadership and to its factors of influence. The results of different studies are so eclectic, that they make the delineation of a single picture very difficult. Consequently, the approaches briefly presented in this section provide a multifaceted view of leadership.

**Traditional Leadership Approaches**

According to Kanji, most classical theories can be delineated into three dominant leadership approaches: traits, behavioral, and situational.

The fundamental assumption of the traits approach is that there are certain individuals who have innate characteristics that make them leaders, and distinguish them from non-leaders. Although there have been identified a series of characteristics of “great leaders”, and despite the breadth and the depth of the studies conducted, this approach fails to identify a definitive person specification for the ideal leader, it also fails to take the context into account, and the research methods are weak and highly subjective.

The behavioral approach states that there is a specific set of behaviors which are effective and, once identified, can be taught to others, who may become effective leaders.

This idea is further explored by the situational / contingency approach, which holds that different situations demand different kinds of leadership. This more realistic view of leadership emphasizes the need for leaders to be flexible and adaptable, but cannot explain fully why individuals with certain leadership styles are more effective in some situations than others.

**Recent and Emergent Leadership Approaches**

The modern view of organizations as complex adaptive systems emphasize the need for quality, flexibility, speed and experimentation (Graetz, 2000: 552). As the traditional (and static) models of leadership are often ineffective, other emergent models try to provide the necessary answers: systemic leadership (Collier and Esteban, 2000), transformational leadership (Northouse, 1997), transactional leadership (Burns, 1978), transcendental leadership (Cardona, 2000), leadership within the context of teams (Harmons, cited by Kanji, 2002:103), and leadership within the context of learning organizations (Senge, 1990).

From the theories and approaches presented, we can conclude that they all tried to arrive at the definition of an ideal leader, and they all concentrated on the leader as a person, not as leadership team.

However, their major flaw from this paper’s perspective is that they do not provide integrated models of leadership that are able to identify the leader’s role and influence on the company’s quality and performance outcomes.
Leadership Performance

Effective leadership is one of the most important factors in any organization, and without the commitment of leadership, any strategy for change is likely to fail (Rusu, 2003). Also, the findings of recent studies (Prabhu and Robson, 2000; Kanji, 2002) confirmed that there are significant differences between world-class organizations and less successful companies with regard to leadership practices. Despite the importance of the matter, only few integrated models of leadership can be found in the literature.

Easton (cited in Zairi, 1995) identified some consistent leadership practices such as: leaders reminding people of improving quality, leaders creating a vision, values and a proper structure for developing a quality culture. Yet, these findings cannot be used as a framework to measure leadership performance and emphasize leadership roles.

A very systematic model of assessing leadership in excellence-oriented organizations is Kanji’s Leadership Excellence Index (LEI). The Index reflects in quantitative terms, and through a single and integrated measure, the simultaneous performance of leaders in different key leadership roles: establishing and sharing the values, creating and communicating the vision, defining the mission, selecting and implementing a strategy and managing other operational key issues (Kanji, 2002).

Figure 1. Leadership Structural Equation Model. Source: Kanji 2002: 110

Kanji was also the one who summarized the key leadership competencies in an organization committed to quality and excellence (summarized from Dering 1998, Senge 1990, Zairi 1999). Once identified, these competencies can be used to select, develop, evaluate and reward leaders in quality organizations. This framework was developed into a questionnaire and applied in this research, as furthered detailed in the next sections.

RESEARCH METHODOLOGY

The company presented in the paper is a privately owned Romanian textiles production company located in the Moldavia area. The company is ISO 9001-2001 certified, and runs for 14000:2005 environmental certification. It has 230 employees.

The research question of this study is: What is the leadership performance level in Romanian SMEs?
Research Design

This research is conceived as a pilot study, using quantitative methodology for exploratory and descriptive purposes. The survey and the observation were used as research methods, together with the study of significant company documents.

The research instruments were two questionnaires, the first investigating leadership performance, and the second questioning TQM philosophy knowledge and implementation degree, and also SMQ implementation level.

Leadership performance level was evaluated through a 36-item questionnaire developed from the key leadership competences in quality-oriented organizations framework detailed by Kanji (2002). Because it was observed that it conferred a greater response rate, Lickert close-ended answer scales were used, ranging from “1 – To a very limited extent” to “5 – To a very large extent”.

Research Sample

For sampling, the non-probabilistic method was used, as the configuration of the researched population (different levels of management) was not adequate for probabilistic sampling, neither from a dimensional, nor from a structural point of view. Consequently, a mixture of Henry’s (cited by Hutu: 2001) sample types was used for sampling purposes: convenience, typical cases, critical cases and “snowball”. The sample consisted in 34 individuals as follows (Figure 2): 4 top-managers; 18 employees: 4 line managers and 14 workers; 9 clients; 3 relevant representatives of the local community.

![Figure 2. Sample Structure](image)

Such a sample structure increases the validity of the results, due to the fact that the information is gathered from all relevant stakeholders.

DATA ANALYSIS AND RESULTS INTERPRETATION

The statistical analysis of the collected data involved the statistical summary of the relevant information, correlation matrix analysis and hypotheses testing.

The company’s leadership team consists in General Manager, Economic Manager, Technical Manager, Marketing Manager and Human Resources Manager. All top managers are women, with the average age of 40 years, having postgraduate education. Their employment history with the company ranges for an average of 17 years. The results for each leadership performance level (LPL) revealed the following (Table 1).

The most controversial leadership competences, generating diverse opinions among the respondents, are “Communication”, “Team building” and “Client orientation”.

512
Table 1. Statistical Indicators for Core Leadership Competencies in Quality-Oriented Organizations, and Leadership Performance Level

<table>
<thead>
<tr>
<th>No.</th>
<th>Core Leadership Competencies</th>
<th>Mean</th>
<th>St. Dev.</th>
<th>Low LPL</th>
<th>Average LPL</th>
<th>High LPL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Vision and purpose. Creating, articulating vision, mission and principles.</td>
<td>2</td>
<td>0.62</td>
<td>18.2</td>
<td>63.6</td>
<td>18.2</td>
</tr>
<tr>
<td>2.</td>
<td>Ethics and principles. Shaping a culture based on organizational values, that stresses integrity and builds trust; use principles for decision making.</td>
<td>2</td>
<td>0.53</td>
<td>13.6</td>
<td>72.7</td>
<td>13.6</td>
</tr>
<tr>
<td>3.</td>
<td>Communication. Sharing the vision with all members; encouraging discussion, feedback, and involvement; inspiring confidence in the employees; reinforcing organizational values; establishing empathy.</td>
<td>2.19</td>
<td>0.75</td>
<td>19</td>
<td>42.9</td>
<td>38.1</td>
</tr>
<tr>
<td>4.</td>
<td>Customer orientation. Directing attention to customer concerns and needs; commitment to serve both external and internal customers; designing systems to respond to their expectations.</td>
<td>2.27</td>
<td>0.70</td>
<td>13.6</td>
<td>45.5</td>
<td>40.9</td>
</tr>
<tr>
<td>5.</td>
<td>Organizational change. Creating change; making vision a reality even in the face of resistance; providing adequate resources for changes to happen.</td>
<td>2.36</td>
<td>0.58</td>
<td>4.5</td>
<td>54.5</td>
<td>40.9</td>
</tr>
<tr>
<td>6.</td>
<td>Structures and systems. Establishing organizational policies, structures and practices that are consistent with the TQM vision. Measurement, evaluation and reporting.</td>
<td>2.17</td>
<td>0.56</td>
<td>9.1</td>
<td>68.2</td>
<td>22.7</td>
</tr>
<tr>
<td>7.</td>
<td>Establishing systems to measure effectiveness, efficiency and service; creating and maintaining reporting mechanisms.</td>
<td>2.27</td>
<td>0.63</td>
<td>9.1</td>
<td>54.5</td>
<td>36.4</td>
</tr>
<tr>
<td>8.</td>
<td>Process improvement. Designing and redesigning processes and systems to improve productivity; organize work so that the interconnectedness between the various roles is clear; apply Statistical Process Control.</td>
<td>2.41</td>
<td>0.50</td>
<td>-</td>
<td>59.1</td>
<td>40.9</td>
</tr>
<tr>
<td>9.</td>
<td>Team Development. Establishing a team-based structure which cuts across all the functions; fostering high performance through teamwork.</td>
<td>2.14</td>
<td>0.71</td>
<td>18.2</td>
<td>50</td>
<td>31.8</td>
</tr>
<tr>
<td>10.</td>
<td>Developing subordinates. Challenging subordinates to learn; setting developmental and career goals; stretching subordinates to full potential.</td>
<td>2.18</td>
<td>0.59</td>
<td>9.1</td>
<td>63.6</td>
<td>27.3</td>
</tr>
<tr>
<td>11.</td>
<td>Developing partnerships. Creating a climate of win-win with customers, suppliers and the community, through a strategic approach which will help deliver benefits for all the parties.</td>
<td>2.50</td>
<td>0.51</td>
<td>-</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>12.</td>
<td>Innovation and continuous learning. Generating new ideas and stimulating them in others; actively pursuing and encouraging creativity; learn from subordinates, colleagues, suppliers, and customers.</td>
<td>2.09</td>
<td>0.68</td>
<td>18.2</td>
<td>54.5</td>
<td>27.3</td>
</tr>
</tbody>
</table>

Source: Kanji, 2002: 108; statistical analysis of study data.
From the gathered data (Table 2), it can be inferred that the leadership team reaches an average performance level (mean of 2.21):

<table>
<thead>
<tr>
<th>Table 2. Statistical Indicators – Leadership Performance Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statistical Indicator</td>
</tr>
<tr>
<td>-----------------------</td>
</tr>
<tr>
<td>Mean</td>
</tr>
<tr>
<td>Median</td>
</tr>
<tr>
<td>Mode</td>
</tr>
<tr>
<td>Standard deviation</td>
</tr>
</tbody>
</table>

This opinion was advanced by 68.2% of the respondents, while 27.3% of them positioned the performance of the leadership team to a high performance level, and only 4.5% of them to a low level.

**CONCLUSIONS**

The study’s results confirm the principle that leadership is a prime for any organization. Effective leadership is required for creating and instilling a vision and culture of quality, for minimizing and eliminating change resistance, for meeting the dynamic needs of the customers, and for supporting and promoting continuous improvement.

Although the present study utilized reduced sample size, a careful analysis of the data revealed statistically significant results. Moreover, the study’s results suggest future research directions to examine the extent to which the study’s conclusions regarding the importance of leadership in the implementation of change cut across firm size and industry category. In this way a generalized theory regarding the role of leadership in implementing quality management systems may be tested and, hopefully, validated.

**REFERENCES**