CHALLENGES OF LEADERSHIP
IN MODERN ORGANIZATIONS: KNOWLEDGE, VISION, VALUES

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Abstract

The article highlights the issue of leadership in the context of the exercise in the knowledge-based organization. Connections between organizational culture, management culture and leadership in modern organizations highlight the manner in which leadership is exercised in the context of knowledge of the organization's foundation. Leadership means knowledge and practice, it means quality. Organizations need managers, but they also need leaders. It is desirable for the two areas to overlap in the largest possible extent. Modern approaches emphasize the evolution of these relations to the area where the legitimacy of the leadership's concern is justified by the development and promotion of other leaders.

Keywords: *modern organization, leadership, managerial approaches*

JEL Classification: D_{80}, M_{14}

Introduction – A historical approach of the organization

The modern economic growth in the early 21st century relies increasingly on knowledge (Gâf-Deac, 2005: 126), as innovation relies heavily on the creation of basic knowledge.

Defining organization and its capacity to continuously generate innovations and knowledge requires a special attention for most specialists in the field of economic science (especially management and leadership). As described by Quintane, Casselman, Reiche and Nylund (2001:3), innovation is an organizational phenomenon with a long tradition, being studied due to the complexity of the phenomenon but also to the conceptualization in a variety of ways: the innovative activity of organizations (Armour and Teece, 1980), innovation diffusion (Hoffman and Roman, 1984), the introduction of new products or processes (West and Farr, 1990), innovation involvement (Obstfeld, 2005).

As defined by the OAS, a knowledge-based society refers nowadays "to the type of society that is needed to compete and succeed in the changing economic and political dynamics of the modern world. It refers to societies that are well educated, and who therefore rely on the knowledge of their citizens to drive the innovation, entrepreneurship and dynamism of that society's economy". (OAS, Knowledge based society, online source: http://www.oas.org/en/topics/knowledge_society.asp)

The new concept of organization based on innovation and knowledge, enshrined in literature, has seen successive stages of crystallization. (Huber G. P., 1984) Thus, the same author has explicitly offered explanations on issues related to the nature and design of "post-industrial" organization, having noticed the need for a proper organizational model of the new type of company that follows the industrial era.

A few years later, the idea of knowledge-based organization is found in two approaches and explains determinism starting from technological factors, or from organizational factors, each of them offering specific solutions and operationalization.

The managerial approach of Drucker type treats information as the organizational model of the 21st century, and he enumerates the main features: composition dominated by professionals, the reduced number of intermediate levels of hierarchical leadership, coordination ensured by means of non-authoritative voice (standards, norms, rules of cooperation etc.). (Drucker P., 1988, p. 45-53)

The promoters of modern information technology, Holsapple and Whinston (1987: 77-90) define the knowledge-based organization as "a community of workers with job design, interconnected through a computerized infrastructure; the authors consider that the existence of such organizations with local work stations, support centres, communication channels and distributed collections of knowledge requires an explicit approach to design and implementation, based on advanced applications of artificial intelligence".

The highly diverse views on the issues examined resulted in a plurality of terminological items consisting of parallel use of notions like "memory"-centred organization, "intellectual-intensive business", "smart" organization.

The last decade of the twentieth century marked the convergence between the technological and managerial perspective "through the coupling between organizations and facilities which computer assisted solutions" (Dragomirescu 2001:3). After 1995, there occurred the first significant results in the creation and operation of knowledge-based organizations.

These developments associated with them, in a meta-theory, lead to a constructivist paradigm of the new knowledge-based organization, recognized as a viable alternative to the traditional positivistic paradigm of organization based on control and authority.

The foundation of the knowledge and innovation means, for organizations, "achieving full maturity status, the determinant characteristic of innovation processes being organizational learning, interactivity and transformation".

The need for understanding, in their complexity, knowledge-based organizations has led to the use of metaphors and dedicated. Representative example par excellence is the metaphor "organizations-brain"; playing the essence of an organisation aware of himself, able to assume the goals and to set more specific projects, to develop and use creatively knowledge treasure, thus asserting the primacy of the concept of action.

The typology of organizational models shows that they have evolved in the direction of an increase in the extent of their knowledge, understood as a trend of

gradual humanization, convergent with man-centred orientation of computer systems. While this development has inspired the organization based on the paradigm of control and authority, it could be supported through the redesign of hierarchical configurations specific to industrial capitalism, culminating in the form of matrix organization. At the end of the twentieth century, it becomes clear for organizations, however, that there are limits of the hierarchy, and the relevance of the alternative is represented by the knowledge-based organization.

The organisation between explicit and implicit knowledge

In Questions in knowledge management: defining and conceptualising a phenomenon, one of the definitions of knowledge management offered by R. Beijers (1999: 78) is the following: "a strategically-oriented approach to motivate and facilitate the employment of members of the organization in developing and using their cognitive capacities, by valuing the underlying objectives, sources of information, expertise and skills of each of them".

In the business environment, the knowledge derived from processed information that organizations hold in the capacity for effective action, is achieved through integrative understanding and assimilation, followed by operationalization in real contexts.

Based on Nonaka and Takeuchi's research aiming at the elaboration of a typology of organizational knowledge, the literature in the field has proposed making a distinction (originally described by the epistemologist Polanyi): between explicit knowledge (articulated), which is formalised, accessible and communicable, on the one hand, and the default (tacit) knowledge that is subtle, deeply unformalised and diffuse, personalised. Nonaka defines knowledge as being "justified true belief", and considers knowledge as "a dynamic human process of justifying personal beliefs as part of an aspiration for the truth" (Nonaka, 1994, p. 15).

Table no. 1. *The Typology of Organizational Knowledge*

Forms of organizational knowledge	Levels of manifestation of organizational behaviour		
	Individual	Group	Organization
Implicit knowledge (tacit)	Personal experiences, informal dimension of work	Mutual representations, cognitive maps	Values of organizational ale culture, team spirit
Articulated knowledge (explicit)	Professional qualifications	Projects, cooperation rules	Organizational structure, Labour norms and procedures, information and knowledge

Source: H. Dragomirescu, *Organizations based on knowledge* (Bucharest: Romanian Academy, 2001), p. 3

In their operation, the organizations are building their own representations of knowledge; they are faced with the challenge of finding forms of exploiting what they know, but also with the paradoxical finding that they are not fully aware of what they know, and what they do not know. Some gaps of knowledge, which are found both in individual subjects, as well as in the collective (groups, the Organization as a whole) can be classified according to the Table 2.

Table no. 2. *Matrix of Organizational Knowledge Gaps*

	The subject knows	The subject does not know
The subject knows	Knowledge the subject is aware he / she has (explicit knowledge)	Knowledge the subject is aware he / she does not have (known gap)
The subject does not know	Knowledge the subject is not aware he / she has (implicit knowledge)	Knowledge the subject is not aware he / she does not have (ignored gaps)

Source: Th.A. Stewart, *Intellectual Capital: The new wealth of organizations* (London: Crown Business, 1998, 1st edition)

For nowadays organizations, the Knowledge Base covers both the size of the custom integrator of knowledge, present in human carriers (individuals and groups), and its size in artificial intelligent computer systems. The strategic stakes set out above undertake organizational actors in articulating synergistical behaviours, namely co-development (interactive generation of new knowledge), co-learning (mutual validation of new cognitive acquisitions), co-knowledge management capitalized.

The strategy of an organization has to lead finally to the creation of value and to a multilateral integration process. This can be achieved through the information management process that is creating, developing, maintaining and assessing databases related to customers, suppliers and all other stakeholders (Bondrea A., Gârdan D.A., Geangu I.P., 2010, p. 57).

They relate to organizational knowledge as a resource, but also as a process involving the location of the actors as they move into a Community framework; the dominant relations here are the horizontal (non-hierarchical), the type of interaction between counterparts, thus resulting in systemic effects of co-evolution of their cognitive level.

The foundation of knowledge is also a cross-organizational dimension; in the contemporary society it is typical for organizations to locate and evaluate each other by their surrounding environment, to follow the leaders, to learn from each other, to resort to imitation, to face each other to ally in order to create common purposes and use new ideas. In such circumstances, the extra-organisational environment becomes richer in knowledge, which gives rise, for organisations, to a wide range of possible development alternatives and to the opportunity to learn

from external sources, on a background where the performance standards are demanding and constantly evolving as knowledge advances.

Leadership, a critical factor for the success of an organisation?

Modern management involves a large number of skills and orientations but the leadership is about each of us (Chirimbu, Vârgolici, 2011: 3). It is beyond the classical variant of command and control. It is about how we can (we) are conducting a better professional life and personal life. About how we can interact better with those around us to provide them with opportunities for development.

Leaders are people who make the difference. They manage to build and provide an attractive vision of how the future will look like for your organization, for the community and for each member of it. The new leader is the one "who anticipates, making plans, develop strategies, of being associated with the imaginative, proactive and cognitively" (Vârgolici, Chirimbu, 2013:345).

Modern approaches emphasize the evolution of these relations to the area where the legitimacy of the leadership's concern is justified by the development and promotion of other leaders.

To get maximum value it is necessary for each member to believe in him/herself, to believe in the organization's leaders, to be willing to make efforts, whether he / she is learning, knowledge sharing or using it. The reward is the opportunity to become leaders themselves, to do what they consider as representing them and the people around them, in a climate of great emulation.

Leaders are people who integrate their spiritual values, beliefs, into practical actions, approaches and decisions. The efforts that leaders make in order to implement the principles that govern the organization life are considerable, but they reflect not only their vision but also the values that others want to promote them. There are actions that reinforce the credibility of the leader and strengthen the rules on which the Organization bases its evolution.

The interest for leaders is highlighted by numerous publications and activities dedicated to this special field of organisational and social life. Congresses, conferences, seminars and workshops attended by true legends in the field of business are frequently organised.

The importance of leadership is evidenced by specialised courses in this field, and we find ourselves studying in the MBA programmes of prestigious universities in the world, such as Harvard, Stanford, Oxford, London School of Economics, etc. There are programs that help members of organizations to discover and to develop the qualities they are looking for in collaborators and appreciate most in leaders.

Leadership is a critical factor for the success of a person within an organization. It is our duty to enrich the treasure of knowledge, we have to apply the values and practices of our own leadership style, so as to respond adequately to expectations and to provide collaborators with the expected performance.

The importance of the vision of leaders for organizational culture and management culture

Modern organizations are no longer built with large number of hierarchical levels. Increasingly more organization opts for flat structures with reduced vertical command structures. In these circumstances, it can no longer track closely all activity of each employee. Also, the volume of information exchanged in the Organization and outside it is so great that it requires the necessity of further involvement of an increasing number of employees to deal with the "information avalanche" and to be able to benefit fully from its content.

The leader's role is more complex now, he/ she will no longer act just like a person who holds "absolute truth", adopting decisions to impose then on others, but will act as a facilitator, as a mediator, which will offer the possibility of personality, knowledge of employees and, on this basis, he/ she will take the best course of action.

According to Clement (1991:12), leadership is "the process by which a person establishes an end or a direction for one or more persons and is determined to act along with full dedication and competence to achieve his / her goals".

Nicolescu and Verboncu (2001:34) mean through leadership "the ability of a leader, of a management framework, to a group of people to cooperate with him in achieving a goal based on their strong affective involvement".

In these circumstances, what the leader can do is to build, to steer the management culture, to provide a coherent and credible organizational environment and what performances are requested from its members. Leaders must be such as to ensure that the appropriate organizational framework created for the Organization's members to manifest their abilities and initiative. The need that makes itself felt more and more is the need for decentralization and delegation from central level to lower levels. This does not mean, however, that there has been a dilution of authority, but that the organization becomes more accountable at all levels of decision and action. Devolution is viewed with apprehension by the managers, because they have the feeling that an important part of what had been their base of power disappears, so there still is a pretty big resistance of managers, managerial culture against such initiatives.

One of the major challenges faced by both managers and leaders, is to create and maintain a management culture which would be consistent with the objectives of the Organization and the nature of the activities carried out under it. It is a problem of integration of individual capacities and expectations with organizational ones, so as to successfully meet the macro-social environment in which they operate.

Management culture is all the more important, as it reflects stronger values, attitudes and behaviours of managers.

Members of the Organization are continuously assessed and managers grant a strong symbolic load to assessment. Moreover, the contractors choose models of organization managers, trying to show the same elements that characterize them.

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Creating a vision of the desired future situation is one of the most popular methods for planning and implementing changes in the Organization, including its culture.

According to Nanus and Bennis (1997:17), there is a greater force that leads a company to excellence, success on the medium to long term, rather than a vision of the future that is defined as "a mental construct that we have the strength to convert into reality". This construction is based on a set of values that underlie the organisational culture. In essence, the managerial vision represents a direct expression of the managerial culture. From a perspective of symbolic interpretation, vision could further serve to create the necessary organizational culture for organizational success in the future and facilitate the necessary transformations to reach the desired result. One of the great challenges of this period is to create and maintain a climate of stimulating employment, providing adequate conditions for the expression of members of the organization. Therefore, both theorists and practitioners are increasingly considered in the studies carried out, the decisions taken and implemented, the characteristics of organizational culture being described more and more thoroughly.

Important is the way in which leaders manage to convey their own vision to potential supporters. They are interpreted through a series of individual and group corporate events and, on this basis, they decide what behavioural patterns should be adopted in the future.

According to Schein (1992:120), in order to change the management culture of the organization, one must change its constituent elements. Values are key elements in order to understand a culture and to introduce major changes. The phenomenon of change and realignment of the new requirements of managers/leaders are closely linked to the ability of managers/leaders to develop a strong, attractive organisational vision for organization members.

The vision is thus a set of well individualized values to be adopted and applied in the life of the Organization, within a certain period of time and which reflects and is reflected in the contents of the managerial culture.

In these circumstances, it is appropriate that the employees should participate in the analysis and redesign of the Organization's values so that they could find their personal values and goals in a very large measure within the organizational ones. Some specialists believe that the most important element in a community is the involvement and attachment of its members towards a common vision of the future. Organizational culture is seen as a factor that can be an important asset for an organization or, on the contrary, a destructive factor.

According to Kotter (1992:68), strong views have the following traits:

− *Fitness:* they are suitable for their respective organizations, in the context of the existing policies. They fit with the Organization's culture, history and values, with its performance and provide an assessment of the desired situations to which one will get if you follow certain paths;

− *Idealism:* visions set some standards of excellence and reflect a series of high ideals. At the same time, they develop a sense of community and collective responsibility;

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– *Clarity:* Their purpose is to give new meanings, to the Organization and employees' role within it. They are compelling and credible in terms of the Organization's desire to get something, what constitutes an important basis for people to perceive that their aspirations will be fulfilled.

– *Inspires enthusiasm:* visions should inspire enthusiasm and vision-encourages employee involvement at the highest levels.

The vision outlines the concept of managers about what is currently in the Organization, how it should look over a certain period and that is the road to be followed between the existing situation and the one you want.

Leaders will pursue permanent managerial culture that values and proves its viability to a large number of employees, regardless of their hierarchical level, causing changes of lesser or greater extent within the organizational culture.

The managerial vision involves both a good knowledge of the past and the present, and the ability to create attractive and realistic projections for the future, to enter into resonance with the mind and soul of the organization. Basically, they prepare a map of the future, showing the guidelines on which the Organization must follow in order to enjoy success.

In terms of skills and knowledge, the most important characteristic of a leader was regarded as "the ability to develop a strategy to put vision into operation".

The leader who has a clear vision is both coherent and credible and those who aim at being inspired leaders know that a strong set of values, is a fundamental source of power. Power can be defined as "the ability to cause things to be done, to get and use whatever it takes for a person to be able to achieve his/ her objectives". This definition has more than an operational meaning. Another definition, closer to "visionaries" that power, is "the ability to put into practice the vision and core values and support them." An important aspect is that the power based on the vision of the leader will need to be legitimized in time for its superior performance. This is a basic prerequisite for the leader to be able to still enjoy authority and solidity.

It is considered that a strong management culture is an important source for achieving outstanding performance by organizations. For this to happen, it is necessary for both the management culture and organizational culture to be in consonance with the strategy and policies of the Organization, which, together have to respond both to external conditions in the business environment, and to internal conditions of the organization.

Conclusions

Regardless of the information technologies more or less sophisticated they use, organizations-as social complex systems have been and are always subject to knowledge, at least at the level of individual behaviour of their members; they are aware, of the relationships between the goals, means and results, as well as of those between the Organization and its environment. Organizations interact and develop coordinated behaviour relative to their own rules and shared values. The leaders, in the process of evolution of the Organization, will have to stimulate appropriately

those involved at a high level in the life of the organization. That is why, for the Organization to get better results, they will need to be reflected in the effort of motivating employees. In addition to motivating financial material rewards, individuals or groups will include a signal of confidence, appreciation of their value

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