A review of leadership

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1 Introduction

Nowadays, the global business context is becoming more complex, complicated and changing with a lot of opportunities and threats rising from the turbulent times we are facing nowadays. It is this dynamic nature which gives rise to major opportunities for international business developments and innovations. Due to the new communication tools and to the fall of commercial barriers, the economic world is more interlinked than ever before. This new economic stage has both benefits (lower costs in production, better specialization, higher speed in production, velocity in supply chain) and disadvantages, stemming from more risk and uncertainty. An economic change in one part of the world can escalate and create massive turbulences in the world economic system. The most recent example is that of financial crisis of 2008, caused by the loose loan policies of the American banking system in the real estate sector, causing great instability in the financial markets and affecting the global economy. In this context, the issue of leadership as a differentiator and key success factor in a global business environment has become of great interest first to multiple organizations such as: multinationals, universities, both private and public, social and political institutions, non-governmental organizations, being regarded as an important factor of success or failure. Most situations and decisions are complex because some communication tools are introduced and used in modern business. The capacity to quick react to changes arising from the external environment is becoming a big pressure for these players. The leadership concept has been intensely debated in literature, in the last fifty years, belonging to the social and human sciences and has many implications in the economic field, resulting in a differentiation in transactional and transformational leadership model.

2   Theories and styles of leadership

In developing leadership styles and theories, the traits and behavior of the leader have been considered. Burns (1978) and Bass (1985) wrote about transactional and transformational leadership styles. Transformational leadership is a process in which "leaders and followers raise one another to higher levels of morality and motivation" (Burns, 1978) and "is about change, innovation, and entrepreneurship" Tichy and Devanna (1986). Bass (1985) developed on Burns's research, differentiating more clearly between the two styles of leadership and including a relationship of the type supervisor subordinate within the definition. Bass (1985) also brought a third type of leadership to the table, the laissez-faire leadership. Transactional leadership implies that the leader "works within the framework of self-interests of his or her constituency, whereas the transformational leader moves to change the network" (Bass and Bass, 2008).

The "full range leadership theory" (Avolio and Bass, 1991) comprises the three typologies of leadership behavior (transformational, transactional, non-transactional laissez faire) represented by nine distinct factors: five transformational (inspirational motivation - charisma, idealized influence attributed, idealized influence behavior, intellectual stimulation, individualized consideration), three transactional (contingent reward, management-by-exception active, management-by-exception passive) and one laissez faire. Transformational and transactional leadership are viewed by different authors as either competing or complementary. Studies have shown that the transformational leadership style is more effective than the transactional style and is positively correlated to the performance of businesses (Benjamin, 2006).

The interaction between leaders and their subordinates (followers) contribute to determining the success of a team in a hierarchical organization (Kocher et al, 2009). There are two main leadership styles describing how leaders exercise their authority: democratic leadership (leaders want to obtain consensus among followers and value their input) and authoritarian (autocratic) leadership (leaders seek out and consider only minimum input from their followers and consult with them less) (Rotemberg and Saloner, 1993). The participative style is regarded as the middle way between these two leadership styles. As one moves away from the autocratic side and approaches the democratic one, leaders become more and more friendlier and followers fear them less, shifting from a subordinate state towards a consultancy state. Bass and Avolio (1994) consider 9 leadership factors: five transformational leadership factors, three transactional leadership factors, and one non-leadership or laissez-faire leadership factor.

The leadership theories were developed as to explain the nature and con-

sequences of leadership. The grounded theory (Strauss and Corbin, 1990) is inductively derived from the study of the phenomenon it represents. That is, it is discovered, developed and provisionally verified through systematic data collection and analysis of data pertaining to that theory." Therefore the research is discovered empirically, inductive and not deductive and it usually generates rather than tests theories. Biological genetic theories, that imply that leaders are born that way and it's in their nature emphasize that when it comes to nature or nurture, the nature aspect is more determinant and has a more important contribution. In the great man theories, history is shaped by great men and their leadership, their capacity to lead masses (Jennings, 1960). For these leaders, character and personality traits played a key role. The traits theories capitalized on the great man theory by highlighting specific qualities of leaders, not found in non-leaders. Bass and Stogill (1990) came up with five leadership traits: capacity, achievement, responsibility, participation, status. More recent research carried out by Bennis (2003) advances four leadership traits: the ability to engage others through a shared vision, to have a distinctive, clear voice among constituents, to possess a strong moral code and pursue change on a constant basis. Situational theories, on the other hand, argue that leadership arises because the situation demands it (shaped by time, place and circumstances) and not because of some inherent traits of the leader (Stodgill, 1975). Contingency theories (Fiedler, 1967) uphold the idea that the effectiveness of leadership is based on the leadership style (whether task oriented or relations oriented) and the favorableness of the situation, of the environment in which the leader operates.

3   The Global Competitive Index and Higher education indicators in Romania

The Global Competiveness Index is made up of 3 subindexes: Basic requirements, Efficiency enhancers and Innovation and sophistication factors. Each subindex has a percentage contribution to the overall global competitiveness index. The weights of subindexes determine the development stage, as showcased in the chart above. Romania founds itself in the efficiency driven stage of development, as the subindex efficiency enhancers contributes the most to the GCI index, with a share of 50In the last years the trend for Romania has been to move down the ranking, as its overall GCI index has gone from a rank of 67 (2010-2011) to a rank of 78 (2012-2013). However, the number of country in the ranking has increased and this may have contributed to the change in the overall rank. In the detailed section of the GCI index, the individual factors 5.01 Secondary education enrollment and 5.02 Tertiary education enrollment (belonging to the 5th pillar Higher education and training) are ranked 42, re-

Figure 1 – Romania's Global Competitive Index 2012-2013
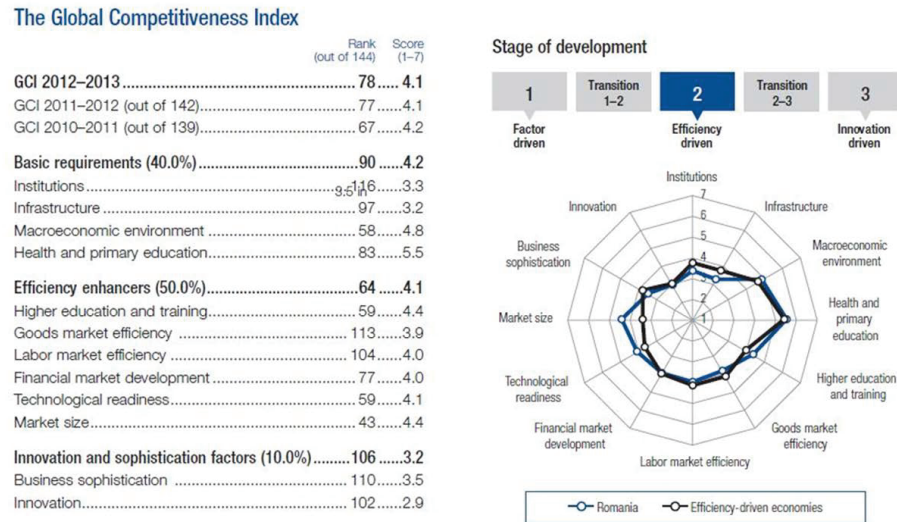
Source: World Economic Forum - Global Competitiveness Report 2012-2013

spectively 39. As the country is ranked lower than 50 in the overall GCI index and the individual factors are ranked higher than 51, they constitute competitive advantages. Thus, Romania should invest in secondary and tertiary education as it can derive from them competitive advantages.

The individual factor of Tertiary education and enrolment has remained as a competitive advantage in recent ranking and has experienced improvements. By implementing leadership programs and improving leadership practices at the university level, the human capital (which is the most important factor in the educational field/industry) can be further developed and enhanced. The question remains whether there are appropriate leadership styles enforced or if changes need to be made so as to garner the best results possible and maximize the potential of human resources.

4   Leadership in universities

As with any other type of organizations, universities are in need of leadership too. Leadership is a concept universally applicable in all fields, with great benefits. Universities are dynamic and complex organizations that perform

Figure 2 – Romania's 5th pillar of the Global Competitive Index: Higher education and training 2012-2013

5th pillar: Higher education and training

5.01	Secondary education enrollment, gross %*	97.2	**42**
5.02	Tertiary education enrollment, gross %*	58.8	**39**
5.03	Quality of the educational system	3.1	108
5.04	Quality of math and science education	4.2	55
5.05	Quality of management schools	3.5	112
5.06	Internet access in schools	4.3	64
5.07	Availability of research and training services	3.5	112
5.08	Extent of staff training	3.4	111

Source: World Economic Forum - Global Competitiveness Report 2012-2013

Figure 3 – Romania's 5th pillar of the Global Competitive Index: Higher education and training 2011-2012

5th pillar: Higher education and training

5.01	Secondary education enrollment, gross %*	91.6	56
5.02	Tertiary education enrollment, gross %*	65.6	**23**
5.03	Quality of the educational system	3.3	90
5.04	Quality of math and science education	4.5	**45**
5.05	Quality of management schools	3.8	92
5.06	Internet access in schools	4.4	58
5.07	Availability of research and training services	3.3	112
5.08	Extent of staff training	3.8	79

Source: World Economic Forum - Global Competitiveness Report 2011-2012

different roles. In today's environment, universities face multiple challenges: research activities, obtaining funding, attracting top students and academic university staff, implementing new technologies, responding to stakeholders demands (students, staff, community, state, funding agencies), adapting to market changes. As such, academic institutions face more challenges because they have more diverse stakeholders than private institutions. There is ,thus, the need for leaders that are able to manage change, embrace it an use it as an opportunity for further organizational development. Universities nowadays serve mass higher education markets and According to Hackett (1997) and McIntyre (1997) leadership is regarded as the most important competency for organizations that want to develop their people. Leadership development is however undervalued and underused in universities and it is one of the

Figure 4 – Romania's 5th pillar of the Global Competitive Index: Higher education and training 2010-2011

5th pillar: Higher education and training

5.01	Secondary education enrollment rate*	54
5.02	Tertiary education enrollment rate*	**22**
5.03	Quality of the educational system	84
5.04	Quality of math and science education	**43**
5.05	Quality of management schools	98
5.06	Internet access in schools	55
5.07	Local availability of research and training services	95
5.08	Extent of staff training	72

Source: World Economic Forum - Global Competitiveness Report 2010-2011

Figure 5 – Romania's 5th pillar of the Global Competitive Index: Higher education and training 2009-2010

5th pillar: Higher education and training

5.01	Secondary enrollment*	69 ▪
5.02	Tertiary enrollment*	31 ▪
5.03	Quality of the educational system	77 ▪
5.04	Quality of math and science education	29 ▪
5.05	Quality of management schools	85 ▪
5.06	Internet access in schools	57 ▪
5.07	Local availability of research and training services	67 ▪
5.08	Extent of staff training	57 ▪

Source: World Economic Forum - Global Competitiveness Report 2009-2010

reasons why leadership competencies are so scarce. Brown (2001) emphasizes there are two main components of leadership development: the inner work of intense personal development' and the outer work of leadership in action.' When these two come together, the leader can make a lasting difference. She also develops a model for individual and organizational development (which is process driven and self-correcting) including 7 steps:

- Determining program purposes

- Developing buy-in and champions

- Determining competencies to develop

- Obtaining feedback on behaviors

- Orienting managers

- Designing development strategies

- Evaluating and committing to continuous improvement

Robson (2009) addresses the issue of Leadership in Universities and Research Organizations' and coins the terms of 'collegial leadership' for leadership in universities. He emphasizes that a true university leader needs to develop and communicate a university-wide vision (with a consistent direction), while learning how to listen, persuade, inspire, all for the purpose of creating an environment that fosters effective decision-making. This vision must be backed up by a thorough planning (including contributions from as many academic staff members as possible, yet flexible enough to adapt to changes. In addition, decisions have to be based on evidence a quantitative performance assessment needs to be put in place. For the Bucharest University of Economic Studies the vision could translate into being in top 500 of QS World University Rankings by 2025 and in top 50 Financial Times -European Business School Rankings by 2050. The vision, accepted and understood, can then realized by the professional staff. Resources need to be allocated accordingly, in the areas considered critical for achieving the vision and developing the identified competitive advantages of the university in question. Robson (2009) proposes that remuneration be linked to achieving the set standards for the key performance indicators. For deans, vice-deans, rectors and vice-rectors the remuneration should illustrate the overall performance of the university or of the faculty (and not necessarily what they do and their type of work - it is assumed that the value of indicators will reflect the quality of their work). In the process of creating a shared vision, Robson (2009) sees collegiality as an essential prerequisite. Collegiality is described as a two-way communication and is does not imply that all decisions are to be made collectively. Collegiality is about enhancing and developing communication at all levels within the university environment, both vertically, but horizontally as well and requires a transparency of information and a certain degree of openness. According to Klitgaard (2008) academic leadership is of high importance in universities, as most academic employees are knowledge or service workers and respond to inspiration rather than supervision' (Mintzberg, 1998). University management needs not only to focus on its management role, but also on its leadership role, as it must find effective ways of inspiring and motivating others. Knowledge workers have creative and innovative roles and their commitment is decisive in the success of any strategy or vision. Ong's (2012) study found that university leaders were facing 4 key issues: ensuring academic freedom (encouraging an open, constructive and honest environment for discussions), maintaining staff motivation (by focusing on the higher needs of self-esteem, autonomy and self-actualization), maintaining institutional quality (implementing qual-

ity management systems focused on quality assurance and self-assessment), providing effective leadership (by developing emotional competencies). The results revealed thay university leaders should pay attention to the human dimension in the process of achieving goals and develop their people skills along with their communication skills. For Ranmsdem (1998) effective leadership in higher leadership is determined by several factors, mainly: leadership in teaching, leadership in research, strategic vision and networking, collaborative and motivational leadership, fair and efficient management, development and recognition of performance and interpersonal skills. The inclusion of interpersonal skills can be observed yet again, suggesting that this factor is a decisive one in employing effective leadership. Higher education academic leadership is different than leadership in business or governmental organizations. Higher education institutions fulfill a double role, that of knowledge creation and dissemination (through university research and academic teaching) and of successfully operating as a business. As a result, academic leadership in these institutions requires a special approach, one that accounts for the multiple factors involved in developing and maintaining effective leadership. Drew et al (2008) identified two broad categories of effective leadership practices: interpersonal people skills and engagement (building relationships, inspiring trust, motivating staff and enabling the enhancement and free exercise of their personal attributes) and strategic thinking and operational effectiveness (leading strategic planning and change by prioritizing organizational goals, setting a clear vision which is to be communicated and enforced constantly and having access to necessary resources and connections). Although advances have been made in studying leadership within higher education organizations, there is still no clear, widely accepted definitions regarding what makes a successful, effective leader: "Not enough is known about exactly what makes an individual effective as a leader in the higher education context, and what in turn can make them ineffective" (Bryman, 2007). Further research is needed in this field to better analyze and comprehend the complexity of the issue, in order to have the best policy recommendations and implement the best change management systems. Further research could employ cross-sector comparisons with similar organizations to those in higher education (hospitals, creative services, professional services) (Middlehurst, 2012), so as to study the overarching mechanism of leadership and its manifestation in creative or state related organizations.

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