LEADERSHIP IMPACT ON A RENOWNED FIRM IN CARAS-SEVERIN

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Abstract
The paper presents theoretical and practical contributions regarding the study theme chosen, after understanding that at the level of present modern organizations and of great companies, leadership became more important than any management instrument or technique, thus imposing the association of management to leadership in order to stimulate firms, the management of great changes and complex problems generated by this situation.
Contributions are based on specific research method, on observation and analysis of financial indicators and of some non-financial indicators, relevant for the firm analyzed and which lead to realist and pertinent conclusions and to future research themes. As a general conclusion one can underline that many theoretical and practical aspects from this domain were also found in the leadership and management practices at the level of the firm analyzed. Thus the practice of the firm confirms scientific approaches and concepts and a scientific based leadership generates the maintaining of high performances at a global level for the firm analyzed.

Key words: management, leadership, firm, performances, indicators, analysis

Clasificare JEL: M40, M41

1.Introduction

Leadership can be defined as “the influencing phenomenon of employees behaviour, with the help of psycho-social instruments as: motivation, involvement in the realization of objectives, the generating of satisfaction, so that these may realize certain actions according to organizational objectives, which otherwise wouldn’t have been initiated.”(Andreş S., 2006)[2]
This is the reason why managers are different from leaders, managers hold formal authority, while leaders have an influence capacity.
Generally, specialty literature stated that leadership is an extremely controversial concept in nature and characterization. Thus, in time leadership enjoyed a large frame of approaches, especially according to the structure of interests of young researchers, the success or failure of which are strictly conditioned by the leader’s qualities which could never be clearly defined, being a set of qualities proper for this situation, which could be gained or developed. Literature stated that, in order to be a leader one must be born a leader, born with those qualities that represent the key of success. Still, practice in the domain has proven that an efficient leader may be formed during his lifetime; he should practically represent emotional intelligence and possess personal and social competencies. This is the reason why a good leader is build by a continuous process of studies, perfecting and experimenting. In time, it could be observed that success or failure of any objective realized by the employees of an organization was determined by the leader’s qualities. But the leader’s qualities differ from one organization to another according to the objective or strategies adopted in the development of the firm activities. For this reason, the leader’s qualities can’t be developed in time, as the manager’s qualities are. Thus, according to the oldest theory regarding the leader’s qualities, he doesn’t have expectations from his employees, because they are loyal; the leader-employees relation is based on respect and esteem.
Keeping in mind the variable nature of leadership, one could observe that there are more alternative variants to be analyzed. This is the reason why it has been considered useful to establish reference frames regarding basic approaches: an approach based on features, functional approach or group approach including action leadership, behaviour approach, leader types or leadership styles, situational approach, transactional leadership and transformational leadership.
Researchers’ chronology is respected and starting from these theories “J.M. Burns developed transformational leadership, mentioning two types of managers: transactional and transformational. Transactional leadership supposes certain exchange relations between superiors and employees, while transformational leadership aims change by the ruler on the employees’ values, believes and needs” (Andreş S., 2006)[2]
Generally, practical researches which were based on situational aspects, on action, men and production discovered that these efficient leaders had the following main common characteristics: the delegating of authority but also the avoidance of close supervision, interests and preoccupations for employees as individuals, the participative solving of problems and high performance standards.
Thus, in the analysis of the leader’s impact on the firm performances it has been considered necessary to approach organizational leadership and the approach of different aspects from mentioned researches, mainly from previous ones. Still, in order for this approach to be realistic, the underlining of qualities specific to leaders from respective cases was considered necessary.

Besides the types of leaders mentioned (change agents, trusting people, capacity to assume risks, to impose a values system, to permanently learn, to possess the ability to work in complex and doubtful situations and to be visionaries), Stephen Covey, considers that a leader must also fulfill the following conditions (Bibu N.A., Predișcan M., Sala D.C., 2008): to be successful in a familial environment, to look for divine help, to care for people involved, not to make compromises, not fear mistakes, to create a new competence for each moment, to ease the employees’ success, to listen twice and speak once, to plan a day ahead, to have a positive attitude, to keep his humour, to ask for advice from specialized persons and to be sincere but firm in his statements.[4]

According to specialty literature (Warren G. Bennis, 1989) some features were identified that differentiate a classical manager, the chief, from the real leader, the real icon to be followed (table 1).[7]

<table>
<thead>
<tr>
<th>Manager’s characteristics</th>
<th>Leader’s characteristics</th>
</tr>
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<tbody>
<tr>
<td>Administrates</td>
<td>Innovates</td>
</tr>
<tr>
<td>Copies</td>
<td>Is original</td>
</tr>
<tr>
<td>Maintains</td>
<td>Develops</td>
</tr>
<tr>
<td>Concentrates on the system and on the structure</td>
<td>Concentrates on people</td>
</tr>
<tr>
<td>Bases on control</td>
<td>Inspires trust</td>
</tr>
<tr>
<td>Short horizon</td>
<td>Long perspective</td>
</tr>
<tr>
<td>Asks how and when</td>
<td>Asks why and what</td>
</tr>
<tr>
<td>Imitates</td>
<td>Creates</td>
</tr>
<tr>
<td>Accepts status quo</td>
<td>Change status</td>
</tr>
<tr>
<td>The good classic soldier</td>
<td>His own master</td>
</tr>
<tr>
<td>Dos good things</td>
<td>Does thing better</td>
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</tbody>
</table>

The clear difference and the definition offered by a renowned Romanian professor sustains that “Leadership must be defined in terms specific to group dynamics, behaviour, conviction power, interactions with collaborators and especially in terms of the role owned inside the organization. In this approach and understanding study, the realization of a complete and academic definition is not as important as the interpretation of leadership in an organizational frame, by being aware that the leader is not other but the manager.”(Mihuț I., 1998)[5]

Moreover, leadership styles are closely connected to managerial styles, specialists in the domain realizing a classification according to managerial and psycho-social characteristics involved (Nicolescu O. And Nicolescu L., 2001):

**Autocratic**, characterized by a strict supervision of employees, by information fluxes directed mainly for up to down, using fear as control means;

**Bureaucratic**, where communication is usually realized in writing, putting an accent on documents and stamps as main control means for activities, thus affecting the employees morale;

**Laissez – faire**, through which employees receive the right to act on their own, control being almost zero in the beginning stage, in companies centred on top techniques, using high qualified specialist, passionate about their work;

**Democratic**, a style characterized by dimensions as: sociability, flexibility, cooperation, openness spirit and friendly atmosphere inside the organization.[6]

Besides the leadership types mentioned, recently the **symbiotic leadership** type appeared being based on management, in the conditions of obtaining reciprocal trust between employees, by motivating them and by promoting team spirit, a symbiotic spirit, through which a reciprocal trust may exist between managers and the organization employees.

In order to be realized, the symbiotic leadership type imposes: a team examination of performance criteria, the building of perfected motivation and communication systems, the realization of symbiotic teams, where exchanges take place in the motivation system, which amplify the contribution of groups, of individual performance and of organizational performances.

Thus, in order for organizational performances to be high, it is necessary that the leadership adopted to be the best, the most efficient and usually associated to firm management. Efficiency is usually expressed through financial
and non-financial indicators, the latter being centred on quality and on other characteristics that differentiate classical leadership from contemporary one, the differences being presented in the following table (table 2) [2]

### Table 2

<table>
<thead>
<tr>
<th>Major elements</th>
<th>“Classical” manager</th>
<th>Contemporary “Leader manager” - centred on change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Approach optics</strong></td>
<td>Analyses, optimizes, delegates, organizes and controls: I know better what must be done</td>
<td>Realizes, tries, changes again and again: no one knows better what needs to be done</td>
</tr>
<tr>
<td><strong>Final priorities</strong></td>
<td>Action gain. Market shares. The obtaining of material resources, advantageous to the organization. Personal promotion. Everything expresses in numbers.</td>
<td>The offering of value to clients, to employs and owners. The insurance of client loyalty. The advantage of possessing essential abilities. Personal development. Client and employees satisfaction.</td>
</tr>
<tr>
<td><strong>Conception on which leadership is based</strong></td>
<td>Centred on strategy. Decides, delegates, monitors and revises. “Spends” time for important problems. Manages time. Solve all with a few people!</td>
<td>Centring on human aspirations realizes effective work. “Spends” time on problems that interest people. Amplifies leadership capacity. I must make people give their best.</td>
</tr>
<tr>
<td><strong>Obtaining responsibility</strong></td>
<td>Extensive measures applied to all organizational areas. Clear establishment of individual responsibilities. You are responsible!</td>
<td>A reduced number of measures, applied in “critical” areas of the organization. The combining of individual and reciprocal responsibilities. We have responsibilities!</td>
</tr>
<tr>
<td><strong>Risks, rewards, advantages</strong></td>
<td>Avoid failures and mistakes with any price. Bases on verified approaches. Limits risks. Analyse until you are sure about the result. I can’t allow myself to be wrong or to leave the organization.</td>
<td>Expect failures, learn and build starting from them. Try every time the possibility appears to realize means. Assume risks in your career. If after analysis you have doubts, try to see what happens. I can work in any organization</td>
</tr>
</tbody>
</table>

The previous differences between manager and leader mustn’t be taken into consideration from a practical point of view, but as two incompatible processes, because one can’t perceive that the manager can’t perceive change or that the leader is incompatible with order, thus being the reason why leadership can’t be seen outside a management process and why management can’t be associated to leadership in order to implement organizational change and for an efficient functioning regardless of a stable or an instable organizational environment.

The approach of these differences was necessary in order to highlight what would offer a plus to a manager’s leadership nowadays and why is this necessary to maintain the state of a firm and why not develop it. Thus, it can be appreciated that the approach of leadership on the basis of previously presented elements can generate the amplification of all firm performances seen in a multidimensional frame.

Thus, starting from managerial scientific methodological elements, which practically represent the main instrument at the disposal of managers in order make efficient the firm activities, the study confirm what renowned specialist have stated, that “during turbulent present time, leadership becomes more important than management methods and techniques” (Andreș S., 2006) [2]

Starting from these theories and statements and from the fact that performances are conditioned by the leaders or the mangers’ competences, by the employees’ qualities and by the influences of the firm environment (Andreș S., 2012), a case study had been formulated for the analysis of leadership impact on performances identified at a general level on the firm ensemble, using observations, the information from annual financial situations and directed discussions [1]

### 2. Case study: Leadership impact of Commercial Society X Shares Society RESITA

#### 2.1. General presentation of C S. X S. S. RESITA

Nowadays, the firm analyzed (the identity of which being kept confidential) is one of the most important enterprises in siderurgy industry in Romania, having as main activity objective: the production and
commerce of steel, the production and commerce of steel laminated of different sizes, the main products being: tiles, puppies and blooms for Romanian clients and from abroad.

**The integrated management system** implemented by the firm analyzed, has in sight the firm aptitude to satisfy the clients demands and the regulations applied in order to increase client satisfaction, so that processes developed in the organization don’t produce a negative aspect on the environment. At the same time, the implementation of planning, execution and control is followed, which is to be applied to all firm processes in order to ensure the continuous improvement of its management system and of its offered services.

**The organization methodological system** stands at the base of realizing and exercising the organizational managerial relations. Management systems, methods and techniques used by this firm represent and instrument of other managerial components – decisional, information and organizational components. At the organization level, the following types of management techniques and methods are approached:

- Management systems:
  - management through objectives
  - management through budgets
  - participative management

- Management methods and techniques:
  - SWOT analysis
  - meeting
  - delegation
  - managerial communication
  - dashboard
  - system expert

**Decisional subsystem.** Regarding the making decisions process inside the firm analyzed the most important decisions taken were:

- the adoption of an accountancy balance and of a management report;
- the adoption of an expense and income budget for the following year;
- the approval of an organizational structure for the year 2015;
- the approval of a socio-professional personnel structure for the year 2015;
- the starting of a reception commission for the implementation of an investment objective for “environment protection” which supposed the mounting of filters that absorb the dust released during the production process;

**The information systems of C.S. X S.S.** has at its base the most modern technologies, because the old computer system has been entirely replaced. In order to possess a global system the use of a database accessible to all points that generate and use information was necessary. The information system is used to introduce, to process and view data from the computer system, being connected to a network. Another important aspect of the information system is represented by the informatics endowment of the firm. From this point of view it can be stated that the desire of reaching necessary standards for the development of an activity in optimum conditions had been realized. The modernization degree of the firm is an increased one, this being an extremely important element in connection to a maximum of efficiency of work processes.

**The organizational system of C.S. X S.S.** is distinguished according to the presence of five basic functions of the enterprise: research-development, production, commercial, personnel and financial-accountancy.

The structural organization of this enterprise has at its base an organization and functioning regulation, the society organization chart and job descriptions.

The organization and functioning regulation contains the personnel responsibilities, attributions and interdictions, together with the functioning schedule, the rules regarding phone conversations, expenses accounts, lunch breaks and holidays.

The organization chart is a pyramidal one, specific to a hierarchy-functional organization.

The society employees’ job descriptions have been realized for directors and for the executive staff. These contain: the general description of the job, the education demanded, respectively the qualification necessary for the obtaining of a position, the employee’s responsibilities, tasks regarding reports/statistics, special mandates and the employee’s obligations. Thus, each employee knows his attributions, his responsibilities and his competencies, these being correlated to the fulfilment of the company objectives.
2.2. Leadership in C S. X S. S. RESITA

The leader of the firm analyzed, unlike the general manager of a society, has the capacity to influence the employees’ manner of thinking and their behaviours, because his priority is to motivate a personnel that gets involved and fulfils the firm objectives.

C S. X S. S. RESITA has established an indentifying method for environment aspects generated by the firm activities or products, with the help of the organization leader, in order to determine a significant impact on environment factors in the area.

The environment aspects identified are:

• general environment aspects;
• significant environment aspects.

The identification of general and specific environment aspects was realized on the basis of the following documents:

• Studies realized by specialized institutions regarding the impact of the firm on environmental factors;
• Legislation in force;
• Registration of measures imposed by authorities: water management authorization and environment authorization;
• Analysis newsletters resulted after measurements realized on environment factors: water, air and soil.

The leader’s planning activity on environment management contains:

• planning of objectives and necessary resources;
• the elaboration of environment management programs;
• the implementing of environment management programs;
• actions of control and monitoring of environment management programs.

In the establishment of general objectives and of objectives specific to the environment the leader keeps in mind the environment politics declared, the management engagement, legal provisions and other demands, identified environment, technological options and financial and commercial demands of the firm. Through these plans, realized by the leader, a stability of responsibilities is ensured, necessary resources thus being estimated for the fulfilment of environment objectives established.

The C.S. X S.S. leader has established the quality management politics and the environment one because:

a) is appropriate for the purpose of the organization;
b) includes the engagement for a continuous improvement and the fulfilment of demands;
c) creates a frame for the establishment and the analysis of in the quality management and the environment domains;
d) is communicated and understood at all organizational corresponding levels.

The C S. X S. S. leadership also aims at:

− A rigorous planning of the society activity
− The motivation of the C S. X S. S. personnel
− Rigorous Control and evaluation of the society activity
− The improvement of economic and financial performances of the society on a long term.

Thus, through the activity realized, the leader tried to reduce an exposure of the firm to market risks, to credits or liquidities risks, mainly by establishing internal clients that have the capacity to pay. Thus, risks regarding supplies and sales were diminished by the fact that for the acquisition of materials, firm contracts have been established with suppliers of scrap iron and production is sent directly to the export company, thus the firm products are delivered towards export through group firms, which ensure the liquidities for the functioning of the society.

For this reason, the leader tries to realize the necessary demarches to eliminate external risks manifested by a business environment in the future, implicitly a currency risk, generated by the effect of the modification of exchange rates on the profit and loss account, respectively on the accountancy balance of the society. Thus, the management of a currency risk has as objective the minimizing of losses that could appear in the variation of currency values. In the future, the society leader proposes the efficient management of a currency risk and expenses that determine the costs of realized operations for the avoidance of losses to be lower than the loss.

From the economic viability point of view, the firms presents a favourable situations and from a managerial and a leadership point of view it benefits from certain strong points, more than the weak ones.

2.3. The analysis of relevant economic performance indicators of C S. X S. S. RESITA
The net turnover (TO) of C S. X S. S. for the year 2011 was of 804,234,037 lei, while for the year 2012 a slight increase in its turnover was observed to 813,629,181 lei, and for 2013 a decrease in comparison to the years 2011, respectively 2012, to 655,250,970 lei.

Fig. 1. The turnover evolution for the firm analyzed

Regarding the profits obtained by C S. X S. S. for the year 2011, the gross profit realized by the society was of 57,697,211 lei, for the year 2012 the gross profit registered a slight decrease to 40,914,942 lei, and during the year 2013 is also decreased to 17,842,974 lei. Still, even if the society registered decreases of its profit during the three years analyzed 2011-2013, C S. X S. S., registered profits, thus no losses were registered.

Fig. 2. Evolution of profits for the firm analyzed

Regarding the number of persons employed by C S. X S. S., it can be observed, according to the balance registered at the Ministry of Public Finances, that during the year 2011 the medium number of employees (L) was of 782, during the year 2012 a reduction of the number of persons employed was realized to 765 employees and later to 751 during the year 2013.
Work productivity is calculated by the formula: 
\[ W = \frac{TO}{L} \]  (1)

For the year 2011 work productivity was of \[ W = \frac{804,234,037}{782} = 1,028,432,27 \text{ lei/employee} \] (2)

For the year 2012 work productivity was of \[ W = \frac{813,629,181}{765} = 1,063,567,56 \text{ lei/employee} \] (3)

For the year 2013 work productivity was of \[ W = \frac{655,250,970}{751} = 872,504,62 \text{ lei/employee} \] (4)  

As a result work productivity calculated, a slight increase is observed from 1,028,432,27 lei/employee in 2011, to 1,063,567,56 lei/employee, followed in 2013 by a decrease to 872,504,62 lei/employee.

Another essential indicator for the economic activity of C S. X S. S. is represented by the liquidities of the enterprise, which represents the firm capacity to honour its debts. This depends on the manner in which the manager or the leader organizes supplies, production and sales. Thus liquidise are calculated according to the formula:
\[ L = \frac{Ac}{Dt} \]  (5)

For the year 2011 the liquidity was of \[ L = \frac{140241034}{233686163} = 0,60 \] (6)

For the year 2012 the liquidity was of \[ L = \frac{137620965}{224936228} = 0,61 \] (7)

For the year 2013 the liquidity was of \[ L = \frac{150928368}{224336121} = 0,67 \] (8)
When speaking about the firm solvency, this represents the society capacity to pay its debts towards third persons. This is solvable when the sum of its assets is greater than the sum of its debts.

Thus for the year 2011 C S. X S. S. is solvable because =>
140241034 + 520439912 > 233686163 (9)

Thus for the year 2012 C S. X S. S. is solvable because =>
137620965 + 550118980 > 224936228 (10)

Thus for the year 2013 C S. X S. S. is solvable because =>
553773823 + 150928368 > 224336121 (11)

As a result of the analysis of indicators that expressed the firm performances at an ensemble level, it can be appreciated that these are maintained at high levels for the entire period analyzed (2011-2013), firma being in a state of profitable functioning, solvable, rentable, with viable business, without risks of insolvency or bankruptcy. These positive results are due mainly to the leaders’ efficiency and to a proper collaboration at all managerial levels. It has been proven that leadership marks all activity domains and the major ensemble performances of the firm, influencing at the same time significant elements for its viability and business-like: performances of working teams, implicitly of departments, the quality of goods and services, the intensity of personnel training, work efficiency, the intensity of innovations and organizational development. It is appreciated that leadership plays a key role in the success of any initiative of the firm and the leaders’ model, the behaviour they try to promote among employees, practically had a major impact on the firm performances.

5. Conclusions

By analysing theoretical syntheses and the case study approaches, some relevant conclusions could be underlining regarding the leadership impact at the level of the firm analyzed and regarding the basic elements influenced in the firm analyzed to be studied.

First of all, it has been observed that a leadership analysis supposed passing over formal demands of a managerial function in order to influence other towards a process of reciprocal discovery, the final purpose being to highlight latent talents that already exist in the organization, opportunities for which individuals consider worth to invest their most precious resources: time and emotional commitment and competencies.

The leadership impact at the level of the firm analyzed was underlined by:

- an increase of products and services quality
- an increase of work productivity
- an increase of innovation intensity
- clients’ loyalty and fidelity
- the leadership participative and dynamic character
- intensity of personnel training and participation
- working individual and team performances
- a successful implementing of continuous changes
- the business maintaining and development
- firm profitability and rentability.

The main behaviours, actions and some of the leader’s functions were also identified in the following manner:
- the elaboration of a general visionary strategy, an organizational change;
There is an increase in trust and respect of the group members towards their leader;
the establishment of greater expectations for the group members;
the stimulating of personnel and implicitly of work by proper examples;
proving trust in proper forces;
the maintaining of a positive climate, a trustful and safety one for the group;
the realization of efficient interactions;
the support and orientation of the group towards a continuous perfecting;
the establishment of individual, group and general objectives of the firm;
the offering of a group identity, the keeping of firm values.

Thus, it can be observed that an efficient leader is the one that always promoted an extended vision, which adopts a certain democratic management style, who takes appropriate and correct, who has the capacity to think in perspective, being a good group stimulator, establishing realist objectives, pretentious regarding quality, easily adapting to changes, ambitious, available to act immediately, encouraging feedback, supporting the team members, using persuasion techniques, presenting empathy and stimulating the ability of those lead by feed-back and guidance and convictions for the starting of participation in the realization of results or high performances.

In conclusion, it can be summarized that the essential feature of an efficient leadership refers to the coordination of human activity, but also to the orientation of their efforts in order to fulfil the firm purposes and objectives. This fact involves the leadership process, but also the choice of a proper behaviour form. Thus, leadership becomes a central feature of the performance of any organization, and each manager must understand the nature of leadership and of factors that determine its efficiency and the influence on the firm activity efficiency, to understand that it could be a generator of performances only in associations with an efficient leadership.

This research is preceded by other researches and publications in the domain and future research could extend on the analysis of leadership styles, on comparative analyses between sectors (private-public), etc., using more research methods.

6. References