LEADERSHIP VERSUS MANAGEMENT IN DESIGN AND BUSINESS CONSULTANCY COMPANIES

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Abstract

In this paper it was developed a comparative approach of the two concepts that refer to the management sphere: management and leadership, trying to emphasize the similarities and differences that exist between them. The main purpose of this paper is to identify the management style applied in a business consultancy company as well as the solutions that can be adopted to improve it. Based on the data from the organization that is the case study, we identified the leadership styles practiced within the company from both a leader and employee perspective. We also conducted a SWOT analysis on leadership identified within the organization to see what strengths, weaknesses, opportunities and threats are on it. Taking into account the results of this analysis, we designed the main solutions that can be applied to develop leadership skills to improve the company's overall performance.

Key words: *management, leadership, consultancy, business*

INTRODUCTION

The interest for such studies is explained as leadership, because is a complex concept that has a major impact on organizations' activity, being seen as a "key element" that can make the difference between success and failure. [2]. Many specialists define leadership as "*the process by which a person sets a goal or direction for one or more people and forces them to act with competence and full dedication to achieve them*".[5] This definition emphasizes the leadership process as a whole, minimizing the role and influence of the leader. Although this approach is correct, it is not complete as it does not indicate how subordinates are determined to act to achieve the set goal. Although the importance of leadership is recognized by most specialists in the field, however, there is no clear and unanimously accepted definition of leadership.[1].

In this context, the notions of "formal leader" and "informal leader" have to be explained. In the specialized literature in Romania, leadership is defined as "*the interpersonal influence exercised by a manager on the subordinates in the process of establishing and*

especially *achieving the objectives*".[5, 8]. In view of this approach, we have conducted a case study at a company providing consultancy and business management services, focusing in particular on providing specialized assistance to beneficiaries in drawing up projects to obtain European non-reimbursable funds. The main business activity is the "*Research and development in other natural sciences and engineering*", according to CAEN Code 7219. The secondary business activity of the company is "*Business and management consultancy activities*", according to CAEN code 7022.

The company's mission is to become a regional leader in design and consultancy business and to develop new products and services for different sectors of activity (agriculture, beekeeping, economics, marketing) by allocating some of the material, human and financial resources to the research-development activity.

The concept of management is based on assuming responsibility for achieving an objective by allocating resources efficiently to achieve it. On the other hand, the concept of leadership refers to the process of influencing

and directing the members of the organization towards the goal.

MATERIALS AND METHODS

The information on the object of activity, the organizational structure and the registered economic results were obtained from the specialized departments of the consultancy and project management company.

The research method used to identify the leadership style practiced within this company was the investigation, and the main tool for collecting information was the questionnaire.

In order to have a clearer and more objective view on the leadership style practiced in the company, we drew two questionnaires: one for the leader and the other for the employees.

RESULTS AND DISCUSSIONS

The development of leadership skills has a positive impact on the company's activity, helping to maximize its performance by creating an environment auspicious for innovation and creativity, which will also determine the professional development of the employees.

Through this approach, we see a new perspective on leadership that is no longer seen as a mere attribute of management, but a complex phenomenon that involves creating a beneficial emulation within the team, thereby increasing the performance of the organization. Leadership and management are two complex concepts that refer to the sphere of leadership of organizations, which is why they have created confusion over time. Very often, the two terms are misused and are considered the same. However, looking at the literature, one can notice that there are elements that clearly differentiate the two concepts.

Other specialists, such as Warren Bennis, in the paper "*On Becoming a Leader"*, identify twelve differences between manager and leader.[1] (Table 1).

It can be noticed that the author exaggerated many of the features, greatly diminishing the managerial skills, while the leader seems to be the embodiment of perfection. All these things

have been done, however, in order to emphasize that the activity of the manager is formal, typically, while the leader makes new, unique things.

Table 1. Differences between managers and leaders in the opinion of W. Bennis

Features of manager	Features of leader
Manages	Innovates
is a copy	He is original
Maintains	Develops
Emphasizes on systems and structure	Emphasizes on people
Is based on control	Bases on trust
has a short-term perspective	Has a long-term perspective
Answer questions such as "where?", "How?"	Answers questions such as "what?", "Why?"
is guided by immediate results	Looks to new perspectives
Imitates	Creates
is the classic "good soldier"	Has an individual character
Accepts situations he can not influence	Defies situations that he can not influence
Make things "right"	Does the things that are "right"

Source: [1]

The project management team is formed for each project, from the company's employees and eventually in the case of projects with a high degree of complexity and innovation, and from other specialists contracted for such projects. In this respect, the company has collaborative relationships with various companies or individuals authorized to provide technical services (design, architecture, market studies, technological flows).

In order to achieve the above-mentioned goal it was necessary to clarify the following aspects: what activities the company carries out and its managerial performance, what is the organizational structure of the company, what leadership style is applied in the company, what are the characteristics of the style of the leadership practices, what are the strengths and weaknesses of the leadership style practiced and what solutions can be applied to develop the leadership style applied within the company.

The questionnaire addressed to the leader aimed to determine the leadership style based on the leadership grid developed by R. Blake and J Mouton.[7]. The 18 questions addressed to the leader were divided into two series, each

reflecting either task orientation or human orientation.

Each question has been scaled from 1 to 5 as follows: 1 = never; 2 = rarely; 3 = sometimes; 4 = often; 5 = always

Interpretation of results - After completing the questionnaire, the scores obtained in each series were gathered and the results multiplied by 0.2. The score reflecting "task orientation" was represented on the horizontal axis, and the specific "orientation towards people" was represented on the vertical axis.

The Employee Questionnaire includes a set of 36 questions that address four distinct themes specific to leadership: decision, change, team and organization.

The Employee response grid was the following: 1 point if the answer is never; 2 points if the answer is seldom; 3 points if the answer is sometimes; 4 points if the answer is often; 5 points if the answer is always.

The leadership styles taken into account in this questionnaire were autocratic, participatory and democratic, their classification being as follows:

The minimum score that can be obtained: $3 \times 36 \times 1 = 108$

The maximum score could be $3 \times 36 \times 5 = 540$

For a score ranging from: 108 to 252, the leadership style is autocratic

253-396 leadership style is participatory

397 - 540 leadership style is democratic

The results for each of these themes were calculated using the rating grid shown in Table 2.

Table 2. Employee questionnaire evaluation grid Differences

Leadership style	No of question												Total points
AUTOCRAT	2	6	7	11	16	19	26	30	31	34	35	36	108 - 252
PARTICIPATIVE	3	4	8	9	12	13	17	18	20	22	25	28	253 - 396
DEMOCRATIC	1	5	10	14	15	21	23	24	27	29	32	33	397 - 540

Source: Own determination

The 36 questions have been grouped so that the leadership style used for each of the four directions of action can be identified: decision, change, team and organization. Also, questions were raised about specific skills and defining features for leaders, such as attitude towards change, the level of leadership involvement in the professional development of employees,

the ability to manage conflicts within the company, attitudes towards employees, as well as the desire to improve the leader. By analyzing and interpreting the results of the questionnaire, it will be seen whether the leader adopts a unitary leadership style or adapts his / her leadership style to the existing context at one time within the company.

To see what style of leadership is usually applied in the decision-making process of the consulting company. We have analyzed what answers employees gave to questions that relate to how to substantiate decisions. In this respect, two questions were included in the questionnaire reflecting each of the leadership styles previously presented. The answers given by the subordinates are shown in Fig. 1.
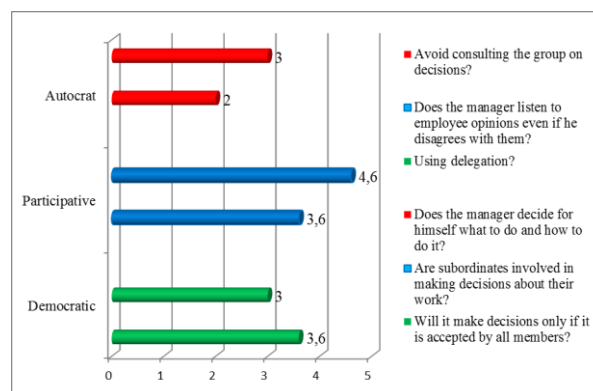

Fig. 1. Leadership style used in the company for decision-making
Source: Own determination

According to the data presented in Fig. 1, the leadership style most often used in the decision-making process is the participatory one, registering an average score of 4.1 points in the maximum of 5, while the democratic leadership style was rated at 3.3 points. This demonstrates that the leader of the business consultancy company knows how to capitalize on the employees' professional experience to find the best solutions to solve the problems the organization is facing.

The **questionnaire addressed to the leader** is made up of a set of 18 questions, half of which focus on tasks, the other half referring to the orientation towards people.

The statements characteristic of concern for humanity were divided as follows:

-The extent to which the leader involves subordinates in the decision-making process is

reflected in the answers given to questions no. 1 and 6.

-The attitude adopted by the leader regarding the professional development of the employees is reflected in the answers to the questions no. 4 and 17.

-The importance the leader gives to the formation of a real team, as well as the way he communicates with the employees, is highlighted by the answers to questions no. 9, 10, 12, 14, and 16 of the questionnaire.

Concerning the statements about the task orientation, these were grouped by taking into account the following aspects:

-The importance given by the leader to the achievement of the objectives is highlighted in the answers given to questions no. 2 and 15.

-The importance of leadership in planning activity is reflected in the answers given to questions no. 3, 7, 11 and 13.

-The organizational capacity of the leader is highlighted by the answers given to questions no. 5 and 8.

-The leader's desire to develop and improve continuously in the field in which he works is reflected in the answer given to question no. 18.

One of the problematic issues that arise when using the questionnaire is given by the fact that, most of the time, people tend to give ideal mistakes, ignoring reality.

The results of the questionnaire completed by the leader are shown in Table 3.

Table 3. Interpreting the results of the questionnaire addressed to the leader

Target orientation		Orientation towards people	
No. question	Score	No. question	Score
2	4	1	4
3	4	4	3
5	3	6	4
7	3	9	2
8	4	10	2
11	3	12	4
13	4	14	4
15	3	16	4
18	5	17	3
Total	33	Total	30

Source: Own determination

Final Score - Target orientation: 33 x 0.2 = 6.6 points

Final Score - Orientation towards people: 30 x 0.2 = 6 points

The results obtained indicate that the leader of the business consultancy company, gives moderate attention to both people and goals, yet being more concerned with managerial performance.

Based on the results obtained by completing the questionnaire for the leader, we have prepared the Leadership Grid for the case study company, as shown in Fig. 2.
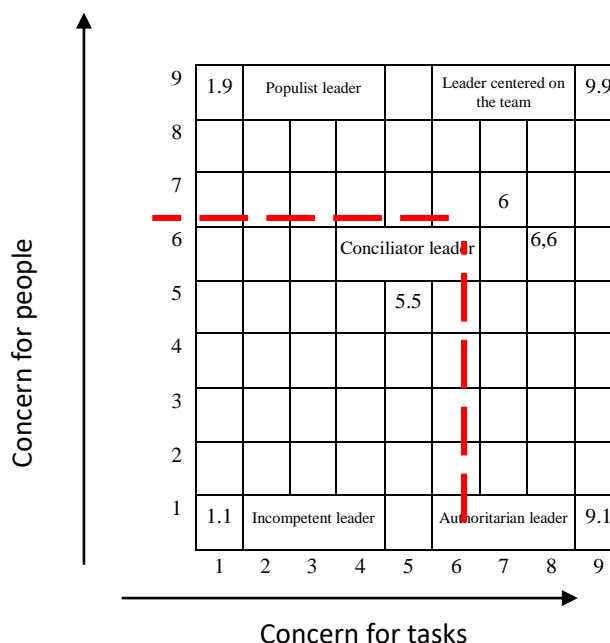

Fig. 2. The leadership grid at the consultancy company
Source: Own determination

As can be seen in Fig. 2, the score indicates that the company's leadership is conciliatory. The characteristic of this type of leadership is that it determines average organizational performance. In this case, the leader gives a constant and balanced attention to both the people and the activity carried out, setting goals of a moderate difficulty that does not cause great problems to the employees. As a rule, this type of leader has very good communication skills and knows how to manage the conflicting situations that may occur within the team.

On the basis of the above, it can be said that the leader of the consultancy company does not practice a unitary leadership style in his / her work, but adopts different leadership styles depending on the situation existing at one point

in the company, trying to make effective use of employee experience to achieve organizational goals.

The main leadership styles adopted by the company regarding the four fundamental elements of leadership are presented in Table 4.

Table 4. Leadership styles practiced within the consultancy company

Directions of action	Style of leadership practiced
Taking decisions	PARTICIPATIVE
Attitude towards change	DEMOCRATIC
Organization of activity	PARTICIPATIVE
Attitude towards team	PARTICIPATIVE

Source: Own determination

The data in Table 4 indicates that the company typically adopts a participatory leadership style in decision-making and organizational work. This means that the leader consults the subordinates before making a decision, which increases the degree of motivation and involvement of the employees in order to meet the organization's objectives. Participatory leadership is applied by the manager and in the relationship with the team, with favourable consequences for both the working environment and the efficiency of the project team. The leader's attitude toward change is a very open one, indicating that the leadership used in this regard is democratic. In other words, the leader stimulates employee creativity to find the most effective solutions to solve problems. This approach creates a favourable framework both for the professional development of the employees and for the development of the organization as a whole.

CONCLUSIONS

Taking into account the characteristics of the activities carried out within the company, we believe that adopting a participatory leadership style contributes to the best performance. Employee consultation on the composition and organization of project teams increases the acceptance of decisions, with a positive impact on both the working environment and productivity.

Both the results obtained by analyzing the questionnaire addressed to the leader and those obtained by interpreting the questionnaire addressed to the employees indicated that the leadership practiced within the company is balanced, with emphasis on both performances and inter-human relations. The results obtained after interpreting the questionnaire addressed to employees, indicates that there is no unitary leadership style in the company but several styles that are tailored to the existing context at one time. However, the leadership style used predominantly is participatory.

Although leadership within the company is a good one that generates performance, we believe it can be improved with programs and leadership courses. Through them, the company leader can acquire the skills needed to create a more attractive vision that employees can identify and make them more motivated in what they do.

A simple, inexpensive, and very effective tool for improving leadership style is feedback. In order to obtain a sincere attitude from employees, it is recommended to create a so-called "suggestion box" in which proposals are anonymous.

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