

Leadership Development¹ within SME's: Solving the Organizational Conflict

Marian NĂSTASE

The Bucharest Academy of Economic Studies, Romania

E-mail: nastasemarian@yahoo.com

Phone/fax: +4 0213191967

Abstract

Within the theoretical and practical management and entrepreneurial fields a wide range of approaches tried to explain and present the conflict evolution and its impact over the organization's performances.

This article deals with a mechanism designed to outline a methodology able to lead us to solve the conflicts, both at individual or group level within SME's. Conflict solving is a key ability for the modern leaders having in mind the numberless challenges they face and the diversity of the workforce.

In the high dynamic environment, leaders must pay careful attention to the factors that could determine the success or failure in conflict solving, due to the short and long term impact that such action could determine over the functionality and performances of the SME's.

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JEL classification: M12, M14

1. Ways for solving the conflicts

Small and medium size enterprises (SME's) have to face a complex environment where a numberless variables place high challenges for those that intend to get a competitive position in the market.

In order to reach their objectives the entrepreneurs, who are usually the leaders within SME's, have to get information, to build up a vision, to develop some mechanisms of the nature to support the commitment of personnel to the organization's development.

Inside the SME's the interactions among people are much higher due to the low number of staff members and the need of the entrepreneur to share the information, but also to be able to control the company's activities and evolution.

During the usual life the entrepreneurs and the hired managers face a lot of events that place them within a conflictual situation or that can transform relatively easy in such. Those elements become a constituent of their activity and life that each of them treats in his particular manner.

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In the new knowledge based economy, the separation lines of the roles between leaders and co-workers aren't anymore so clear, so distinctive (Nastase, 2007). Leaders involve to a larger and larger extent the workforce as long as this in developing its knowledge and desire to take part to the important decisions within the SME's.

Knowledge based organization requires a the participation of all the personnel to the organizational activities (Laszlo, Laszlo, 2002), based on both rational and emotional commitment.

Many persons within SME's are more eager to share the knowledge with their counterparts as long as it is created a climate of trust and open communication (Viitala, 2004).

Some of leaders appreciate the conflict, search or provoke them as we consider them as a source for stimulating and assessment. Others prefer to ignore them, to avoid them, in order to reach a high social comfort.

Regardless of the initial approach, the leaders will be involved, with or without their will within a range of conflicts of different nature and dimensions. Solving conflict is an important part of the leaders activity, it is part of a learning process and contributes to the leadership development, adding an important component to the leaders' competencies.

The conflict is perceived to bring some changes within SME's ; some are good, but there could also be some negative experiences. On the other hand the changes involve people and the leaders should also pay attention to how many «winners» or «losers» could result as consequences of these changes (Carnall, 1995).

Change could lead to high transformations at high levels, that consequently will trigger adjustments at lower levels (Lakshman, 2005), but with congruence among the different categories of objectives. The status quo of the organization or important parts of it can be assessed based on the company's audit (Nastase, 2009).

In order to solve the conflicts the leaders have to pay attention to a wide range of issues related to them:

- Conflict is a normal process within an SME's
- Conflict sources are multiple
- The responsibility for conflict I share with the others who are involved
- Solving a conflict means, first of all, its understanding
- Solving is possible only by the interaction of all involved parties
- Communication and motivation are important processes within a conflict
- In conflict solving, it's very important to know your partners
- Conflict solving requires specific abilities
- Organizational conflict is positive only if we keep it within certain limits

Within conflict management leaders can have two types of approaches :

- Pro-active approach – it's the one when a person anticipates the danger of conflict arising, following a careful analysis of the organizational

internal and external environment. Consequently, this is able to correct interpretate the received signals and to adopt decisions that could lead to a diminishing and even elimination of potential conflicts.

- Reactive approach – it's the one that we encounter in the most part of cases and it supposes to react to an already existing conflicting situation. The parts post hostile attitudes and the accumulated tensions reached already a high level.

In some cases there is the possibility that a conflict, that is already in this stage, to be able to be quickly solved, by the power that a part has over its oponent.

This is a solution that, generally speaking, doesn't have too many chances to last and we'll permanently assist to a kind of revenge desire from the losing part, till the moment when this considers that the results are satisfactory or, for some reasons, there isn't possible anymore the interaction among the parties.

However, for the most cases, the conflict solving supposes a high interaction among the parts, under the shape of negociations and that requires a carrefully attention.

The interactions among the parts depends to a large extent on the organizational culture (Nastase, 2004) and the system of values affect the decisions and behaviors of the personnel (Bibu, 2007).

Conflict solving for a leader supposes development of his abilities in the following fields:

- Diagnosis of the situation
- Planning for conflict solving
- Plan implementation
- Plan evaluation

2. Diagnosis of the situation

Diagnosis of the situation involves the following steps :

- Symptoms identification
- Taking stakeholders into consideration
- Conflicts sources analysis

Symptoms identification is an important step of conflicts solving for the leader as it supplies important information regarding the health stage of a certain collectivity.

Deciphering the signals that draw the attention over the danger of a potential disruptive conflict is an ability for the successful leaders. Taking into consideration the signals is similar with those of forecasting that, depending on some parameters, are able to offer estimates regarding the development of a hurricane or other destroying meteorological phenomena.

Burning talks, avoidance, some non-verbal messages a.s.o., they are all of the nature to let leaders know about the imminence appearance of some organizational phenomena, with disruptive character over the SME's's functionality and performances.

Taking stakeholders into consideration is a phase when leaders try to achieve a congruence between the symptoms that they perceive and the stakeholders interests. Now, we clarify the extension of the conflict by identifying and characterizing and the stakeholders and the possible targets that they are following.

The developed analysis will have to take into consideration both internal and external stakeholders. It's important to be able to draw a relationships chart in order to see how different individuals connected or groups and to facilitate the discovery of the real causes that led to that behavior.

Conflicts sources analysis helps leaders to understand which is the provenience of the pressures that are exerted over them and their group. The identification, even if it happens a little bit later, because of the causes that generate the tensed situation could place the leaders in the position to adopt decisions that could cease the conflict in a starting stage.

At the same time, they have the opportunity to make a decision to what extent there is a problem that deals directly with us or are targeted to other components of our groups.

Leaving from the information aquired we'll establish the attitude that we'll adopt for the existing situation and our degree of involvement.

For a realistic assesment of the situation the leaders need an involvement of both parts and a consideration of information that we'll have to come from a wide range of sources. We can't pretend that we'll know what is happening, if we rely only on what is presented by one or other of the involved parts.

The picked information will come both from the content of some documents, but also from interviews, questionnaires a.s.o. A major source of information can be represented by non-verbal language, that can offer multiple clues over the interaction among the members of a collectivity.

A correct diagnostic, with emphasizing of favourable and unfavourable factors for conflict represent a valuable background for the next stages of conflict solving.

3. Planning the conflict solving

This stage will include the following steps :

- Objectives setting
- Establishing the ways of action
- Deciding on the participating persons
- Establishing of the terms

Objectives setting has to take into consideration the persons involved in the conflict, but also the context where it takes place. The fixed objectives will not only reflect leaders' wishes, but they will reflect the real potential regarding their achievement.

Otherwise, we take the risk to have a range of very nice objectives, very generous, but whose achievement to be almost impossible, fact that could affect in a negative way, that conflict.

In the case of conflicts, leaders have to be attentive in order to assure a high specificity for their objectives. They don't have to come with some general objectives, but they have to present a special significance for the involved parts. That's why the leaders don't have to miss the characteristics of the objectives : SMART !

Establishing the ways of action supposes the obligativity to identify or conceive the adequate ways in which we could reach the fixed objectives.

The ways of action could include a wide range of approaches, from the most aggressive to very peaceful ones. Usually, there is a combination of those that is going to be used in order to offer high probabilities of success.

Due to the high dynamism that a conflict has, it is recommended to be elaborated more scenarios that are able to take into consideration different evolution of the involved variables.

Knowledge and mastering the established ways can represent major elements in their implementation and reaching the desired targets.

Establishing the participating persons to conflict solving is a difficult decision, but with a high impact over it. The human resources are critical for the way in which the conflict is going to evolve and of its quality will depend the confrontation results and the subsequent effects.

It is desirable that persons that we'll participate from the part of those involved in the conflict, to enjoy a certain authority on both sides. At the same time, there will be taken into consideration the previous experiences that those had with the parts, or in the similar conflicts, in order that the appointment of some or others to represent an atuu and not a disadvantage for our objectives.

Besides the human resources, the leaders will pay attention to the other types of resources (material, information) of the nature to support our initiatives for conflict solving.

Establishing the terms for carrying out the specific activities targets the clear delimitation in time of the sequences required to implement the ways of action and getting the expected results.

The temporal dimension is important as an unjustified prolongation of the conflict can cause multiple negative consequences for the organization and its members.

4. Plan implementation

This is an important moment, a moment when all the quantitative and qualitative accumulations are subject to practical judgement. They are supposed to prove their viability by applying the planned elements, of the parts abilities to solve the differences.

The major steps consist of:

- Putting in practice the plan
- Monitoring
- Effecting the adjustments that are required

Putting in practice the plan targets the concrete development of the planned activities. In order to have high chances of success, it's important for leaders to identify key figures of each camp and to act with priority over them.

When they arrive to this stage, it's advisable, first of all, to have a very good knowledge of their own person, of the stereotypes that they have, of the behaviors in certain conditions a.s.o.

Now, we'll take into consideration the degree to which we master the previously designed elements, in their interaction with the others. An element that we'll strongly put the accent over the negotiations evolution will be our own personality.

A too tough approach of the problems could amplify the resents of our dialogue partners and to burden the talks. A too mild one, too peaceful, could be interpreted as a signal of uncertainty and weakness and to offer the possibility for the other part to increase its hostility. It is necessary to have a balanced approach, able to follow the settled objectives.

It's possible that, initially, both parts to try to impose their perspectives, to support their fairness and to try to convince the others that only their objectives and approaches are the right ones. If these tactics don't have success, the parts will try to negotiate on the bases of some demands and mutual adjustments, till the reaching of an agreed result.

The interactions offer the possibilities of all the parts to deeply explore the situation, to identify the counterpart objectives, but also the elements that could favour or not the reaching of the proposed targets.

This happens due to the fact that the individual issues could highly differ from the complexity point of view, comparative to the imagined situation from the planning stage.

No one can exactly anticipate the nature of the problems that the opponents face, neither their reaction. The direction to which the negotiation evolve will depend by the way that each part will present the problems and strategies.

In this stage, there will be more disagreements among the parts, but this thing doesn't have to scare. It's a normal aspect, if we take into consideration the trajectory that the conflict has evolved, but also the tension and frustration accumulated.

A good negotiator will focus on the similarities of the proposals and he will try to identify the opportunities that could lead to the solving of the existing problems.

Monitoring involves a careful attention of the way in which it flows the plan implementation elaborated in the previous stage. Monitoring process doesn't have only a passive role, but it's also a process that assure a high dynamism for conflict resolution.

As there are discrepancies between the designing and executing parts, the involved persons will have now the possibility to achieve, during the implementation process, adjustments of different extensions to the initial plans.

The adjustments will be achieved in the spirit of the established objectives and will reflect the legitimacy of the parts that are involved in the conflict.

Effecting the adjustments that are required is a process that the leaders tightly connect to the previous one. Applying of a strategy, using some specific approaches are elements that could lead them to getting some results that were or not anticipated to a certain extent.

It is imposed that some participants to negotiations to have the capacity to analyse and to fast meet some new challenges that they face during this process, to identify and apply shape or content adjustments that are able to assure the best effects.

If the parts involved in the conflict don't succeed to reach an agreement on their own, the leader could apply for the support of mediator, a person that could facilitate this process.

The mediator could come from inside or outside of the SME's and, usually, it's a person with experience in bringing the conflicting parts together in working towards a peaceful and motivational result.

5. Plan evaluation

This is a stage that synthesizes the success and failure in solving the conflict and offer the knowledge for coming with the required knowledge in the view of developing the competences and tools are necessary for such process.

The evaluation takes two forms:

- Evaluation of the measurable results
- Evaluation of the non-measurable results

Evaluation of the measurable results takes into consideration the elements that are appropriate for quantitative assessments, under different forms. The leaders could think them in terms of products, money, time a.s.o. A way to achieve this assessment is to compare the existing situation after the conflict resolution with the one that we consider that would have been recorded if the conflict had continued.

Evaluation of the non-measurable results refers to the elements of qualitative elements as working climate, personnel satisfaction, degree of trust a.s.o.

Both types of evaluations are necessary for determining the real implications that the conflict of a certain type has and what should be the predominant attitude towards this.

It's obvious that we don't have to exaggerate the positive influence of the conflicts over the functionality and performances of an SME. But the same thing has to happen with regard to the negative face of the conflict !

Consequently, we recommend a balanced approach that is able to take into consideration both the strategic objectives of the SME's, but also the individual objectives, in order to reach a high level of challenge and motivation for the entrepreneur, for his personnel and to be able to assure for the SME a competitive position in its particular market.

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