

RELEVANCY OF EFFECTIVE MANAGEMENT SKILLS IN ECONOMICS WITHIN RECESSION AND SHORTAGE OF LABOUR FORCE**EFEKTĪVAS VADĪBAS IEMAŅU NOZĪMĪGUMS EKONOMIKĀ LĒJUPSLĪDES FĀZĒ UN AR DARBA RESURSU TRŪKUMU**

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Keywords: team roles, the team development wheel, situational leadership, leadership styles

Introduction

Person's learning throughout life could be said to fall into one of two main categories; people skills (P's) or technical skills (T's). The balance between these two will vary. In early life people have a high need for people skills as they develop relationships with parents, brothers and sisters and other children, but as they go through education the focus becomes narrower and shifts from people to technical or task related skills. It can be seen, most clearly, in the way when person is forced to choose between subjects at school - a wide range of General Certificate of Secondary Education (GCSE)s, narrowing to three or four major subjects when finishing secondary school, and finally one or two subjects at university, for those who choose this route.

Throughout this educational process and at the beginning of one's career in particular, it is person's technical skills for which they are recognized and rewarded - the grades they achieve in exams or the level of competence they demonstrate at work.

Consequently, people are establishing a feed into their self esteem which is based on technical performance - if they perform they are rewarded and feel good about themselves - they feel valued.

As it is graphically illustrated in fig. 1, during person's evolution in education stage, the "P" side of the person's skills is squeezed out by "T" skills, and vice versa at person's working stage.

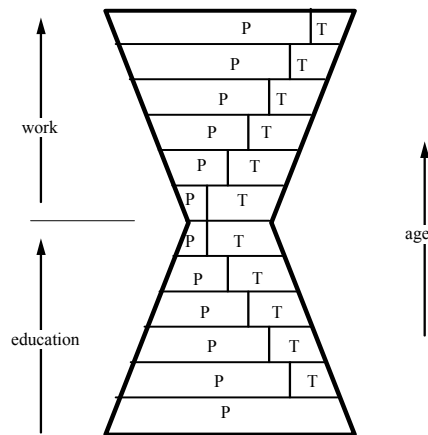


Fig 1. Person's evolution model

As we progress in our career, however, and begin to work more in teams, the balance shifts again towards a renewed need for people skills. We need to be able to influence people, to manage people, to negotiate and to communicate effectively.

Three things may happen at this stage. First, we may find that skills we apply in our relationships with others at work are based on learning which took place in our childhood (when there was a concentration on 'P' skills). These skills went down into our subconscious long ago and, as a consequence, our responses or behaviour is now quite 'unconscious'. Some of these skills may still be appropriate; others may be a little in need of review!

This is the second point. The people skills we now apply, subconsciously, in our team relationships at work were developed 'amongst friends' - people who we chose to be with and who were therefore probably a bit like us. At work, this is rarely the case and we often find ourselves working with people who are clearly very different from us. Applying the same communication tools in such circumstances doesn't always work, as a new manager recently illustrated to me; „I like to 'call a spade a spade', I'm used to doing so and those people who know me seem to appreciate my frankness. But at work this approach seems to get me into trouble in some quarters".

The third point concerns the business of 'self esteem'. There is a clear need, from the illustration above, to focus on people skills as we begin to work more in teams. Particularly as team leaders or managers, where we are achieving tasks through others, there is the need to reappraise our people skills and develop new skills which are more appropriate to the demands of our new role. However, spending time, away from the task, to develop these skills may not sit easy with us.

It is the task and the achievement of that task which, through rewards and recognition, feeds our self esteem. Changing this basic model from one which says 'I feel good about myself if I have my hands on the task' to one which says 'I feel good about myself if I create the environment in which others may work to their full potential', is more than an intellectual exercise - it requires a fundamental shift in attitude and values.

This research is about exploring the 'P' side of the model, to discover what skills lay within it and to develop some expertise in those skills. It is more about transferring the source of our self esteem, thereby generating a desire to develop which has lasting impetus.

1. Team Roles

The author of this thesis conducted a major research project at The Riga Technical University, over a period of years, examining the patterns of behaviour displayed by group members participating in implementing and invention of Total Quality Management approach in different organizations. One of the goals of this research was to determine whether there are

any common characteristics among groups, which could be identified as either high performing or low performing groups. The author used psychometric and organizational measures to analyse the sorts of people who made up successful and effective teams. From this evidence, the author identified that successfully performing teams were composed of persons who collectively showed a capacity to work in a number of different roles and had ability and willingness to adopt something new and change. When these roles were truly represented, the team appeared to be balanced, for it made the best use of its resources, it was flexible and resilient, had few creative members, but was less dependent on key people than the unsuccessful teams. Eventually, the author considered it was possible to predict success on the basis of testing and allocating individuals prior to team formation although it is possible to indicate that it is easier to predict teams that will fail than those which would succeed.

People bring different inputs into a group situation. As individuals they are different, with different backgrounds, experience, skills and abilities. Developing an effective group is all about getting the best out of these different types of individual, who have their own preferred ways of working. In this attempt to identify the roles which make up for a truly balanced team, author analysed people on four main factors - intelligence, dominance, extroversion / introversion, and stability / anxiety. The author of the research identified that each person has a preferred team role, and a secondary role which they use if others seem unable to act in this role or if someone else plays their preferred role far more powerfully. These roles are:

- Co-ordinator
- Shaper
- Plant
- Monitor/Evaluator
- Implementer
- Resource Investigator
- Team Worker
- Finisher

The Co-ordinator is the social leader of the group; he or she clarifies group objectives and sets its agenda. Co-ordinators are likely to be extrovert, stable and dominant in a relaxed non-aggressive manner. They guide, coordinate, and set criteria but it is unlikely that they very creative in themselves. They are good communicators, who can focus people on their strengths, and they are likely to have the respect of the group members.

The Shaper is the task leader of the group, giving shape to the application of team effort, trying to unite ideas and produce patterns. They exhibit the characteristics of an anxious, dominant extrovert, they are full of nervous energy, easily frustrated, and quick to challenge and question and to take up challenges. Intolerant of looseness in structure or ideas, they exude self-confidence which often belies their own self-doubts. Shapers see the team as themselves, an extension of their own ego, and they want to and do make things happen.

The Plant is the ideas person in the group, the most imaginative and usually the most intelligent. Plants are most likely to start looking for original, innovative approaches to the problem, but are, themselves, more interested in fundamentals and principles than in detail. This causes them sometimes to make careless mistakes, and there is a danger that they forget what the group is there for. Plants tend not to like criticism of their ideas - when this happens they may respond aggressively or withdraw. The Co-ordinator may have to work hard to get the best out of a 'Plant', but careful nurturing will encourage their creativity.

The Monitor/Evaluator is the analyst of the group, not likely to produce original ideas, but the person who is best at assimilating, interpreting, and evaluating large volumes of data. They are likely to keep the group on the rails towards its objectives and to stop it from moving in

spurious directions. They tend to be cool, dispassionate, and the least motivated member of the group. This can lower group morale when they are a damper at the wrong time.

The Implementer is the practical organiser of the group. Implementers tend to turn the ideas of the Plant and the Shaper into manageable tasks, sorting out what is feasible and possible. They like a stable structure and commitment to a disciplined course of action. Any sudden changes of direction may unsettle them. Extremely down-to earth, they may be over-competitive for status in the group, within which they certainly know what's going on.

The Resource Investigator is the 'fixer' of the group. They always know someone who knows someone else who can help in the situation. They tend to be immediately likeable, very relaxed and sociable, positive and enthusiastic. Their enthusiasm may not last very long as they quickly lose interest in routine tasks. Resource Investigators work best under pressure, and help maintain enthusiasm and morale.

The Team Worker is the mediator within the group. Team Workers are very sensitive to atmosphere, very aware of individual needs and worries. Extremely loyal to the team, likeable and popular, they build on others' ideas; they listen and communicate well, and encourage the other members. They manage conflict, smooth out difficulties or ruffled egos, and their contribution is particularly of value when the group is in difficulties.

The Finisher is the progress chaser of the group. Finishers tend to worry about what might go wrong and are only happy when they have personally checked every detail. They seem always to be in a hurry, working to a deadline, compulsive about order, and impatient and intolerant of the more casual members of the group. There is a danger that they might get bogged down in detail (unlike the Plant), and their anxiety might bother the group, but it certainly helps the group keep to its task schedule.

2. Team Development

Into the group situation members also take, in addition to their preferred team roles, their technical, functional and problem-solving skills and abilities. However, with respect to activities and interactions, it would appear that people do prefer to work in one of the team-roles in a group situation, and that they do have some long-term stability of role preference. Preferences do not change very much over time, but participation in other roles which are compatible, e.g. Coordinator/Team Worker, Shaper/Implementer, may be developed with training. There is likely to be minimal or no contribution from people who are cast in incompatible roles, e.g. Plant/Shaper, Finisher/Resource Investigator.

Understanding the dynamics and the behavioural patterns that exist in groups is essential if you want to facilitate the group's development and productivity. The skilful leader or group member must do more than listen and talk - he or she must observe the group in order to make sense of what is going on, as showed in figure 2.

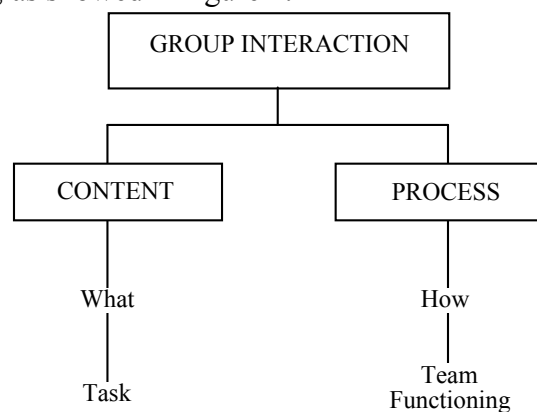


Fig 2. Elements of Group Interaction

The content is what the group is doing - its task. We were all trained in school to track content and ignore process. Content describes what was done at a meeting, while process depicts how the team functions. The process is what is happening to and between group members, like leadership struggle, communication and the ways decisions are made. Unfortunately we often pay little attention to process, yet it is critically important because process affects outcome.

What to observe in groups

- **Communication:** Who talks to whom? Who is left out? Who talks most often? Who is participating etc?
- **Decision making:** How a group goes about selecting a course of action - majority rule, consensus, lack of response, etc.
- **Conflict:** This is inevitable and necessary in reaching effective and creative solutions for problems. How is conflict handled in the group - avoidance, compromise, competition, collaboration, etc?
- **Leadership:** Leadership is all about who is influencing whom. To be effective a team must be clear on its roles (who does what?) and goals (what are they trying to accomplish?).
- **Norms:** These are the assumptions or expectations held by group members that govern the kinds of behaviours that are appropriate or inappropriate in the group. They are the ground rules which regulate the group's behaviour.
- **Problem solving:** This involves identifying and formulating the problem, generating alternative solutions, analysing consequences, action planning and evaluation. How does the group solve problems?
- **Group climate:** This refers to the feeling or tone of the group - how pleasant it seems.

3. Summary of Team Development

Teams experience four distinct learning stages in their development from a group of individuals to a more cohesive unit. These four stages are outlined in the team development wheel in figure 3.1:

THE TEAM DEVELOPMENT WHEEL

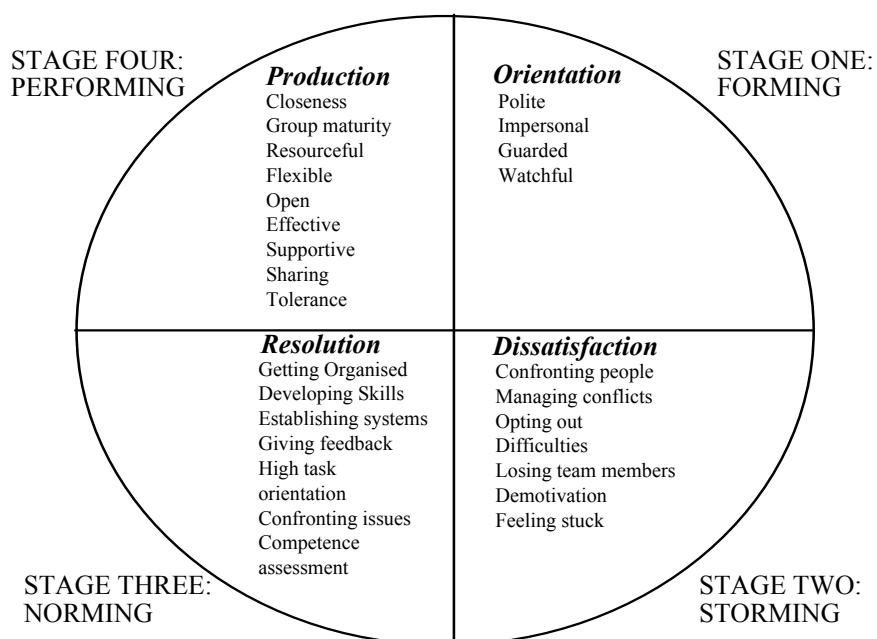


Fig 3. The Team Development Four Stages Wheel

The first stage for most groups is FORMING or orientation where productivity is low because group members are not clear on goals and tasks and have minimal knowledge and skills about how to function as a team. Morale, however, is high, as everyone is excited about being a part of the group and has high expectations.

At the other extreme is PERFORMING, or production, where the team is humming. Productivity is high as group members have the knowledge, skills and morale to be a high-performing team. In between those two extremes are two stages: STORMING, or dissatisfaction, when the honeymoon is over and the initial high expectations of the group are seen as being more difficult to achieve; and NORMING, or resolution, when the group is learning to work together resolving differences and developing confidence and cohesion.

The most important function of a team leader is to help the group move through the stages of development

3. Recognising the Stages

Diagnosing the stage of development and being adaptable enough to deliver the appropriate leadership style are the first two skills, but they are just the beginning. The Leader's primary job is to continue to change her style whenever possible to help the group move through the stages to Stage 4 where they will be a high-performing team.

At that point the third skill comes into play - empowerment. Empowerment involves gradually turning over the responsibility for direction and support to the group. It's managing the journey from dependence on the leader to interdependence, from external control to internal control.

It's a step-by-step process. In addition to increasing support and reducing direction the leader is also increasing team involvement in the decision-making process. This by itself is a supportive behaviour - an empowering behaviour. Team responsibility for both the task and the process is increasing and consequently the team should become less dependent on the formal leader.

4. Situational Leadership

The relationship which exists between a manager and team member may be seen as a two way contract. If it is to work successfully for both parties then a dialogue must exist. Without dialogue the working out of this contract becomes based on guesswork and assumption.

The Situational Leadership model expresses this contract as a number of management styles, provided as a response to different levels of commitment and confidence of the team member in relation to a particular task.

The author of this thesis describes these four styles, based on the dimensions of task behaviour and relationship behaviour.

- Task behaviour is the extent to which managers are likely to organise and define the roles of the group; to explain what activities each is to do, and when and how tasks are to be accomplished; it is characterised by endeavouring to establish well-defined patterns of organisation, channels of communication, and ways of getting jobs done.
- Relationship behaviour is the extent to which managers are likely to maintain personal relationships between themselves and members of their group by opening up channels of communication, providing emotional support and offering facilitating or supportive behaviours.

Task behaviour is, in effect, characterised by the manager's use of one-way communication in direction and explanation, while relationship behaviour opens up two-way communication through encouragement, recognition and support.

Situational leadership suggests that there is no such thing as a common style of good leadership - no one best way to influence people all the time - but that a manager will be effective when she matches her style to her own requirements, those of her staff, and the task itself, in the context of a particular situation or environment. The manager needs to work out which approach to use, which combination of task and relationship behaviour is appropriate, depending on the circumstances which prevail.

The author considers that the main factor determining the best management style to employ, in a specific economic environment within recession and in situation of shortage of labour force, is the job-related development of staff members, defined as the ability and willingness of people to take diversified responsibility for directing their own behaviour - specifically in relation to the particular task to be performed. A person working competently has the knowledge and skills to perform the task, is willing to take new responsibility for the job, and is highly committed to achievement of the task. A developed person or group can be described as 'ready, willing and able'. The relative lack of these characteristics shows the degree of underdevelopment.

This implies that individuals may be 'underdeveloped' with regard to certain tasks, yet developed with regard to others. In addition, when dealing with a group of people, each individual may be at a different level of development in respect of each and every different task he or she has to perform. This means that managers may have to behave differently (use different styles) towards individual members of their group when managing the same task, and also behave differently with the same member when he or she is carrying out different tasks. This is shown by model in figure 4.1., in which a curve suggests the appropriate leadership or management style for the job-related development of the individual. The vertical axis may be seen as management support, whilst the horizontal axis can be seen as directive behaviour on behalf of the manager, high to begin with but diminishing as development increases.

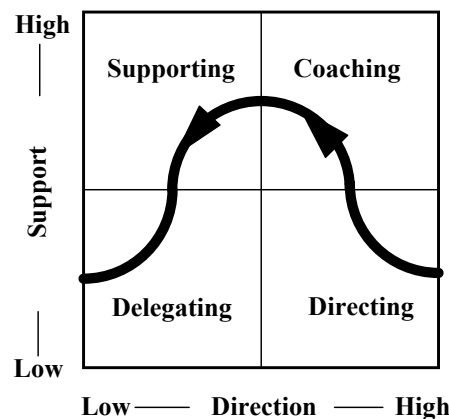


Fig 4. Modification of person's behavior across the four principal leadership styles

The ideal manager is one who can modify his or her behaviour across the four principal leadership styles to fit the job-related development of his or her staff member. However, we all have a preferred style of managing and may find it difficult to behave in a role which is alien to our own values, beliefs and attitudes. If a style is used inappropriately it can lead to frustration for the person on the receiving end. A directing style used at the wrong time can feel like 'dictatorship', a coaching style used at the wrong time can feel like 'back-seat driving', supporting can feel like 'suffocation' and delegating can feel like 'abdication'. Flexibility between the styles is important, but knowing which style is right on which occasion is just as vital.

Diagnosing the right style for the right situation is not easy. Experience plays a great part but all too often a single 'comfortable' style is used to address all situations or, if flexibility is

practiced, then the choice of response is made by guesswork. A useful guide to the right style is to ask 'which of the following outcomes is appropriate at this point in time?'

- "I DECIDE" use Directing Style
- "WE TALK - I DECIDE" use Coaching Style
- "WE TALK - WE DECIDE" use Supporting Style
- "YOU DECIDE - I ENDORSE" use Delegating Style

Ultimately, the right style is determined by the needs of the person being managed - their level of confidence and commitment to the task in-hand. This is where dialogue is so necessary. If the Leadership Styles concept can be used as a language for both parties in the 'contract' to discuss and agree on an appropriate style then the contract can be made to work more effectively and to the greater satisfaction of both parties.

The experience of teaching someone to drive provides a clear example of the four stages of Situational Leadership and the use of dialogue in moving me as 'manager' along the curve.

Directing Stage: Sitting in a stationary car, Instructor describes how the car worked - the purpose of the clutch and how to engage and disengage when changing gear. At the end of this session Student has an intellectual appreciation of what they are about to do, but no amount of talking would have turned him/her into a competent driver. He/She had to try it for him/herself.

Coaching Stage: This is the 'white knuckle' stage! At this stage it will always be 'quicker to do it myself' - and not just quicker, Instructor would actually do a much better job if he did it himself - but he must resist. Student must learn by doing it on his / her own. Instructor is there; hand hovering next to the hand brake, but nevertheless Student is driving. Before they set out on this stage, Student's confidence had been very high, 'this looks straight forward - Instructor thinks He is going to get the hang of this quickly' - tremendous enthusiasm. By the end of this stage, however, Student's confidence has collapsed as she / he comes face to face with the reality of the task. In the directing stage she / he had 'high confidence' and 'low ability' - Instructor needed to respond with 'high direction' and 'moderate support'. During the coaching stage Instructor needed to respond with continued 'high direction' but also now with 'high support' to meet her dwindling self confidence.

Supporting Stage: As Student became more and more used to the task of driving, her/his ability increased in leaps and bounds. Instructor become confident in Student's ability but Student did not share this confidence. At this stage she/he had moderately high ability but variable self confidence. Instructor needed to respond with continued 'high support' but to ease off on 'directive behaviour'. Instructor was told this in no uncertain terms when approaching a difficult junction Instructor said "you can go after the red car". Student's response was, "don't tell me when to go, I'll make my own assessment and just ask you to confirm the decision". Instructor was being moved firmly from the Coaching box into Supporting (We Talk - We Decide)!

Delegating Stage: Finally they arrived at the time of the test - empowerment! Student now had both ability and self confidence, but this was no time for 'abdication', there still have to be controls. After all, Instructor is still ultimately responsible for him/her, with clear indications of the low level 'direction' and 'support' being applied.

One month later, Student needed to do some motorway driving and came to Instructor asking if he would sit with her/him on the first journey, since she/he had not driven on anything other than dual carriageway until this point in time. Instructor was being asked to travel down the Situational Leadership curve, out of 'delegating' and back into 'supporting' - a style appropriate to the new 'task' being undertaken.

Organisational Influence: Managers are influenced in the way in which they behave as leaders not only by the maturity of their subordinates and the job situation, but also by the constraints imposed upon them by, and the very nature of the organisation - its dominant culture and climate. In an organisation in which top management is very concerned with short-term results, managers are pressured to behave in a task-orientated, controlling and directing style -

they either perform or are fired. In the short term they may achieve better results, but continuous application of this behaviour may result in worker alienation, leading to absenteeism, high labour turnover, deteriorating employee relations, strikes, etc. In an organisation characterised by participation and democratic forms of management, continuous high controlling and directing leadership behaviour is again likely to be counter productive. The culture of the organisation limits the range of management styles available to the manager. If the culture of the organisation demands continuous leadership behaviour which is counter to the manager's own preferred style, there is little person-environment fit, and stress may well be caused

5. Leadership and Team Development

The focus during this last section has been more on the behaviour of the team leader than on the team itself. It is now time to link the two subjects of team development and leadership using the four stages of team development and author's model of Situational Leadership, figure 5.1. since;

Effective Team Leaders Adjust Their Style to Provide What the Group Can't Provide for Itself
 In Stage One, the Orientation Stage, group members bring enthusiasm and commitment to meetings, but little knowledge, so they need direction.

In Stage Two, the Dissatisfaction Stage, group members are not high on either competence or commitment. They are struggling with the task as well as how to work together so they need both direction and support (coaching).

In Stage Three, the Resolution Stage, group members have the skills to perform well but still need to build their confidence or morale so they need support and encouragement (supporting).

Finally, when a group reaches Stage Four, the Production Stage, they have high skills and morale so the leader can stand aside or join in and let them work with minimal interference (delegating).

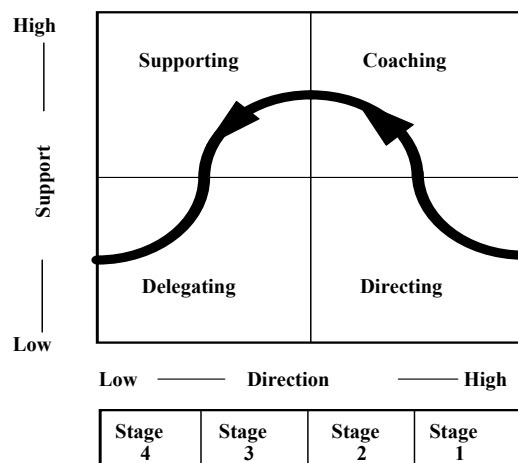


Fig 5. Combined model of team development and leadership using the four stages of team development and Situational Leadership.

6. Possible Regress of the Group

Once groups are in the Production Stage, do they ever regress? The simple answer is 'yes'. When groups gain, lose or change members, when the task changes or if a major event occurs which disrupts group functioning, the group will move back to Stage 3 and even into Stage 2. When it happens the leader needs to adjust his or her style accordingly. When dealing with a high-performing team, which involves delegating, the leader cannot go from Delegating (Style 4), back to Directing (Style 1). That would be the ultimate derailment. Instead the manager

must back track to Supporting (Style 3) and try to find out what's going wrong. Having done this he will be able to determine whether it is necessary to move back to Coaching (Style 2) and either redirect or reprimand to get the group back to proper functioning.

It is important, however, to keep on the 'railroad tracks' and to move back one leadership style at a time until you can get the group to deal with the problem. Be careful not to get derailed by jumping the track and skipping a style forward to reinforce growth in group development or backward to handle a regression.

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Solovjovs D. Efektīvas vadības iemaņu nozīmīgums ekonomikā lejupslīdes fāzē un ar darba resursu trūkumu
Darba aktualitāte ir saistīta ar pastāvīgu personīgo un vadības iemaņu attīstības nozīmi, ar mērķi sasniegt visefektīvāku vadības pieeju, it īpaši ekonomikas vidē, kas atrodas zem recesijas spiediena un kvalitatīvo darba resursu trūkuma apstākļos. Darba objekta analīze, proti – personīgo iemaņu (cilvēka evolūcijas modeļa „P” puse), ļauj atklāt, kādas iemaņas slēpjas modelī un attīstīt noteiktās kompetences tajās. Pētījuma mērķis ir - pārvērst un izcelt tādas cilvēka īpašības, ka paša motivācija un ieredzi, tādejādi ģenerējot cilvēka vēlmi attīstīt organizatoriskās un vadības profesionālas iemaņas, kurām ir ilgstošs stimuluss un iedarbība ekonomiski smagos apstākļos.

Solovjovs D. Relevancy of effective management skills in economics within recession and shortage of labour force

The topicality of this thesis is related to importance of constant development of personal and managerial skills, in order to achieve most effective management approach, especially in economic environment pressured by recession and shortage of the labour force. Exploration of the object of the research, namely, Personal Skills (“P” side of the person’s evolution model), enable to discover what skills lie within it and to develop some expertise in those skills. The goal of the research is to transfer the source of person’s self esteem, thereby generating a desire to develop managerial skills which has lasting impetus in tough economic environment.

Solovjovs D. Значимость эффективного руководства в условиях экономического спада и нехватки рабочей силы

Актуальность данной работы связана с важностью постоянного развития персональных и организаторских навыков с целью достижения наиболее эффективного уровня руководства, особенно в условиях экономического спада и нехватки рабочей силы. Анализ объекта данной работы, а именно персональных качеств человека („P” сторона эволюционной модели человека), дает возможность открыть, какие навыки скрыты под этой моделью, и развить их компетентность. Основной целью данного исследования является открытие таких персональных качеств человека, как собственная мотивация и самооценка, тем самым генерируя стремление человека развивать управленческие и организаторские способности, имеющие огромное значение и влияние в условиях экономического спада и нехватки рабочей силы