

# Leadership of Human Resources and Project Teams in the Management of Strategic Changes in the Organisation

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## Abstract

The article looks into the role of leadership skills in managing corporate human resources and project teams as a key competency in the management of strategic change within organisations. Contemporary leadership patterns meeting the needs of strategic management are presented, such as division-based, team-based, and transformation-based leadership skills.

## Keywords

Leadership skills, strategic management, project team, project management.

Strategic management focussed on securing organisational development in dynamic environment also entails an analysis of the current situation of the organisation, justification of the prospective situation, and a choice of ways of achieving these. Transition from the existing to a desired condition of an organisation is achieved by means of strategic change management, whose success depends on numerous factors, the most significant one being the human resources who are to implement the strategy. For the strategic changes management to produce any effect, the human resources have to possess many professional competencies. Leading people and teams is recognised by specialists in strategic management as the key competency, providing the strategic resource potential and the necessary environment for long-term development of the organisation.

In the majority of cases, strategic decisions are developed and put into practice by means of projects. In particular, enterprise reconstruction, introduction of innovation, organisational modernisation, entry to new markets and other strategic decisions are carried out in project format. In this regard, the leadership of project teams is as particularly relevant as individual leadership. Individual and team leadership patterns are trans-

formed into increasingly demanded forms and types. This fact gives rise to a scientific and practical task of analysing and generalising different forms of leadership skills, and the search for the most optimum avenues of its realisation, taking into account the characteristics and requirements of strategic management.

The requirement for leadership skills as the key competency of human resources and project teams is conditioned by the coordination of leadership skills and leader behaviour with features of strategic management, in particular, strategic decisions (Парахина, Максименко, & Панасенко, 2012, pp. 27-28). First of all, strategic decisions themselves are intrinsically innovative. In order to prevail amid natural resistance to innovation, it is necessary to apply leadership power and leader influence, involvement in the innovative activity of teams of human resources, formation of team leader abilities, and innovative motivation. Secondly, strategic decisions highlight the prospective purposes and opportunities, rather than the temporary tasks. These reference points differentiate the leader from the operative manager. Thirdly, strategic decisions differ from tactical ones in that they enter the sphere of increased uncertainty, risk and long-term effect. The ability to

cope with conditions of uncertainty and complexity of the environment with orientation to efficiency perspective are the attributes of leader behaviour. All the above described expressions of leadership ability secure the success of the organisation in its strategic development.

We shall now consider the perspectives of using leadership skills in strategic management and, in particular, in the implementation of project activities in the management of strategic change in the organisation.

Leadership skill is the ability to lead people through a process of influencing them to achieve particular goals. This ability may be possessed not only by individuals and teams, but also by entire organisations. It must be pointed out that the essence of leadership is manifested in the ability to both lead and influence in the process, which is achieved by means of this aptitude. That is, this is a feature of both the subjects and their actions. The presence of leadership qualities characterises the potential to be a leader, but not the leadership itself. In order to be successful, it is important for leadership to exist as a real process, which can produce appropriate outcomes in the form of staff performance indicators.

Nowadays we can clearly see the tendencies in leadership development which closely overlap with the characteristics of strategic management, to mention only some of them.

1. The transition from leadership role based on maintaining stability and order to being a leader in a specifically organised process of change tends to give rise to chaos and crisis. In other words, nowadays there is a crisis of relevance of the leadership role, innovation and leadership in chaos, which is reflected in the idea of transformational leadership.
2. The transition of leadership role within a team with similar interests and goals to leadership among different people with different and conflicting interests and conflicting objectives. The outcome of this process is diminishing the relevance of the leadership role of a manager defending the interests of the team, while on the other hand, producing an increase in the importance of mediating leadership, including the conflict of different teams.
3. The transition from individual leadership, where one or more people lead the team, to collective, delegated leadership process, when all team members are leaders. Each

team member is a leader in their own field. A strenuous task of forming and managing a team of leaders appears in this case. There is a change in the role of the manager as the “Leader-Captain” or “Leader-Hero” to “Humble Leader” or “Leader-Peer to strong Leaders.” Currently, many companies are characterised by undeniable relevance of delegated leadership through trust and partnership. The current leadership appears to create conditions for developing other leaders and becoming one of many leaders.

4. Expanding the range of forms of leadership, its features, growing relevance of features such as the emotional, teamwork, or inspirational leadership skill.

Thus, at this point, it is clear that leadership skills can be implemented in various forms and with different versions of its outcomes. Leadership behaviour in these various manifestations is especially in demand for project management tasks in the area of innovation and strategic development of the organisation.

A study conducted by the Department of Innovation and Project Management of the Faculty of Economics of the F.M. Dostoevsky State University in Omsk, i.e. research into the competencies relevant to regional market specialists in project management tasks, indicated a high status in the ranking of important leadership skills. The study involved 26 enterprises and organisations in the city of Omsk employing different levels of development methodology and project implementation.

These competencies, coupled with some of their generalisations, were drawn from national requirements for project management professionals, developed by the Russian Association of Project Management “SOVNET” based on the standards of the International Project Management Association – IPMA (Управление проектами, 2010). A set of these skills is currently considered fundamental to the objectives of the evaluation, certification and training processes involving project managers.

As Table 1 below demonstrates, many companies recognise the importance of behavioural competencies. According to the experts’ evaluations of enterprises in Omsk region, studies describe the project manager as an expert capable of effective leadership and showing leadership, involved and motivated by the project activity, reliable, result-oriented, able to work in a team, coor-

dinate interests and solve problems. Leadership ranks as the first on the list of the most important qualities of the project manager. Furthermore, many competencies on the list are the individual indicators of leadership. For instance, an effective leader must be able to work in a team, demonstrate confidence and credibility, be possessed of self-control and resistance to stress, as well as the ability to cope with disagreements and crises. What we consider debatable is qualifying competencies “understanding of the values of organisation and the project” and “ethical behaviour” as unimportant by one-third of enterprises. For a modern leader, the given qualities are very important.

The essential character of leadership is evident in the fact that all international standards, on which project management is based on, related to the leadership process and leadership competencies as essential criteria for assessing the project manager’s ability to harmonise project management processes with the regulatory requirements.

**Table 1** Distribution of replies to the question: “What behavioural competencies should project managers possess to perform their professional tasks successfully?” (in % of respondents)

Competency (a combination of knowledge, skills, abilities, and personality traits manifested in behaviour)	Competency:		
	very important	important	not important
guidance and leadership in the project	73	23	4
involvement and motivation	69	31	0
teamwork	58	42	0
self-control and self-organisation	38	58	4
confidence and credibility	26	42	12
tension release, stress resistance	16	72	12
creativity	12	69	19
focus on results	54	46	0
efficiency	42	58	0
the ability to align the interests and negotiate	46	50	4
the ability to manage conflicts and crises	31	46	23
reliability	54	46	0
understanding the values of the organisation and the project	19	54	27
ethical behaviour	16	54	32
troubleshooting	42	50	8

**Source:** Collection of papers from the 18<sup>th</sup> International Conference *Strategic Management*, Palić, Serbia, April 2013

We shall now look into the different types of leadership and the possibility of their exploitation in project management, i.e. the implementation of strategic decisions. Classical types of leadership are result-oriented and leadership development-oriented creativity, manifested by individual project team members. Which one is the most characteristic of the projects of strategic organisation development? The essence of the project as a set of activities aimed at achieving the desired outcomes and goals of the project, taking into account the established time, budget and quality, accurately attributes the principle of guaranteeing the desired result. But the essence of the project activities testifies to the importance of innovation, which is an attribute of any project, and innovation activity is hard to predict and needs special incentives for motivation through creativity. Consequently, what emerges in the project is a problem of combining these two seemingly contradictory forms of leadership approaches.

Rationalism and the defined condition of drawing benefits from the project lead to the fact that increasingly often, not only in practice, but also in many publications, participants in various training programs are encouraged to develop the result oriented leadership. However, in the 1940s, researchers showed that the behaviour of the leader, “oriented on employees (human relations) and their well-being, is more productive than the behaviour -based results of the high performance of tasks”. (Shermeron, Hunt, & Osbourne, 2007, p. 290) Achieving the highest performance levels of the project team required high level of conforming behaviour, both of the participants of the project and those initiating the fulfilment of project goals.

Advocated by some authors of publications, and based on leadership practice, results-oriented behaviour can have a manifest positive effect on task management. In this, leadership can reach high efficiency levels, if the task is not difficult, and the employees have simple needs and the structure of motivation. High performance levels are the outcome of good organisational skills. This is pure leadership, results-oriented only, which will produce a successful completion a fairly typical, simple project, which involved experts from semi-skilled and motivated ranks of human resources. Building project work technology itself, their control leads to the fact that the planned project results can be achieved under these conditions. At the same time, challenging, innovative, complex projects involving highly

qualified professionals with diverse motivation require leaders directed at both tasks set before them and an individualised approach to working with the team members.

Leadership advocated by some authors and practitioners is result-focussed leadership, and as such may produce a positive outcome. This type of leadership patterns enables achieving high effectiveness, provided that the tasks are not complicated, and the employees have simple needs and motivation structures. High performance is the outcome of well-organised activities, that is, leadership in its pure result-oriented form will be effective in a fairly typical, simple project, involving experts with medium qualification and motivation levels. All by itself, the technology of designing project operation and control thereof result in an opportunity for achieving the planned project outcomes. At the same time, complicated, innovative, complex projects implemented by highly qualified experts with different motives, require leaders focussed at the same time on tasks and individualised approach to work with team members.

In the project activity, it is significant to display not only individual leadership qualities of project managers, project initiators and customers, but also the leadership skills of other project team members. Delegated leadership is of vital importance for the successful implementation of projects. Quality that an effective leader needs is equal to quality needed by effective followers, in particular the project team members. Real followers are able to think for themselves, performing their assigned tasks with energy and enthusiasm. They are committed to something beyond their personal interests, and are able to stand up for their principles. Sometimes a person can be both an effective leader and an effective follower, playing one or the other role skilfully, as the situation may require. Ideally, leadership is distributed evenly between the leader and the team members.

A form that has gained a lot of popularity lately is delegated or allocated leadership, which means the performance of leadership functions by team members as a result of delegating the functions of the head leader to the leader-followers. That is, a team consists of the head leader, leaders-followers and mere followers. There is another possible option, where the team has no principal leader, and leadership functions are performed by team core – the team of leaders, followed by the followers.

The idea of delegated leadership is consistent with the theory of leadership roles. This theory presents the leader as a professional, oriented to solving business problems – or solves the problems of human relations and plays the appropriate role. Leadership role is the behaviour exhibited by leaders, based on their objectives, functions and status in the team.

For example, E. de Beaune distinguishes types of leaders who perform specific roles (Беляцкий, 2006, p. 1):

- **captains** – leaders who seek to make decisions based on their own personal responsibility, people for whom leadership is their natural state, not inherited by birth, but coming from experience,
- **team organisers** - leaders distinguished by knowledge of the followers' psychology, and best suited to manage small teams, for example, small project teams,
- **artists** – the most efficient type of leaders, distinguished by vigorous activity, personal example, commitment, ability to overcome barriers and build a cohesive team,
- **diplomats** – leaders establishing contact with the staff easily, who can defend their opinions, use personal dialogue and extended negotiations,
- **generators of ideas** – leaders oriented to new challenges promoting the best, characterised by intuition, synthesis of knowledge, and self-criticism,
- **sellers of ideas** – leaders with qualities such as initiative, a fresh look at familiar facts, and able to control their own and other people's emotions,
- **reactors** – leaders who actively and rationally critically respond to the ideas of others, gathering followers,
- **communicators** – leaders characterised by well-developed sociability skills and ability to listen to people,
- **synthesisers** – able to discern what is the most important from a very large amount of information, allowing them to discover something new,
- **interpreters** – capable of explaining the nature of even the most confusing situation to the followers,
- **researchers** – able to perceive and process information, compare and analyze facts, and conduct experiments,
- **pathfinders** – leaders capable of independent search and implementation of methods

towards the solution of the problem, attracting followers on their way to the goal,

- **information holders** - leaders able to gather information, who know where to find and use it; these are expert leaders.

Project managers who build their leadership on the concept of delegated leadership are able to determine what type or amount of leadership each team member is able to implement effectively. Forming conditions for the performance of a particular role, encouraging and promoting the effective performance of the role, the leader-captain takes people to the status from mere followers to the status of leader-followers. For example, a team may consist of the head leader, performing the role of the organiser, and other leaders, performing the role of diplomats, generators of ideas, etc.

The concept of allocated leadership has many advantages in terms of the success of the project and the implementation of strategic decisions. First, it is a better fit with the reality in which the ideal leader, the head of the project team, is very difficult to find. This case allows the execution of various leadership functions by different team leaders, the most successful ones in this particularly functional part of leadership. Second, the concept of delegated leadership helps maximise engagement of all participants in the project team's activities, helping them realise their potential, and enhance the motivational effect of participation in the project work. As practice shows, the projects mainly involve specialists, for whom self-motivation, creativity, innovation, and other manifestations of the ability play a crucial role. In this case, delegating leadership functions can be a motivating factor for the project activity.

The main task of delegated leadership is to achieve coherence of team leaders, obtaining synergy effect. Delegated leadership does not mean abandoning the function of project manager or delegating all their leadership powers. In the current activity, their task is to coordinate the actions of other team members. In complex situations, crises or situations requiring operational decisions, the head of the project team should be able to fully assume all leadership functions and appropriate leadership responsibilities.

Recognising the significance of delegated leadership is necessary to realise its distinction from team leadership. Delegated leadership suggests that many team members are leaders in their fields. The purpose of the head leader is to pro-

vide conditions for the development of other leaders. Team leadership - leadership of the team – is secured by high complementarity and coordination of all the team members' activities. This form of leadership is realised in self-managing teams or teams with high performance levels– teams that exercise supervision independently. The mission of the head leader in the teams is to form the team and co-ordinate its members' activity, i.e. keep the team ready to manage the team independently. It applies a combination of task-oriented leadership with the leadership it entails, supports and inspires.

Managing a large part of innovative strategic projects involves a form of leadership such as transformative (one that converts, reforms). It is designed to change the dynamics of the organisation, the team and the people. Bernard Bass, a researcher in the field of management, recognised transformational leaders as the most brilliant representative of the theory of transformational leadership (George & Jones, 2005, p. 246), who:

1. increase understanding by subordinate importance of their tasks and the need to run them at a high level,
2. encourage junior staff to seek personal growth, professional development and performance, and
3. motivate their employees to work for the benefit of the organisation, rather than solely for their own.

The transformative leadership model assumes that the leader and the followers manifest certain behaviour, which is the most suitable for a creative solution to the crisis. The need is recognised for a leader to influence followers through involving them in the management, being part of the team itself, rather than "stand above it", supporting joint efforts with their enthusiasm. (George & Jones, 2005, p. 247).

Thus, the success of the project team implementing strategically important decisions requires new forms of leadership that can take into account various features of the project activities and strategic management. In this case, leadership should not only be a feature of project managers, but also among many members of the project activity.

To describe the trend of increase in the spheres of influence in the leadership of project management subjects, we shall use the term "diversification." By diversification of leadership, we propose implying the expansion of the sphere of realisation of leadership of certain subjects at various

levels and in various fields. That is, new areas requiring leadership feature as a result of the diversification of leadership. For example, a human resources manager, as a part of the project management team, must be able to demonstrate leadership, not only in solving the problems of his or her direct role in the project. (S)he should be able to act as the leader in a team with other leaders in the development, monitoring and change the strategy of the project activity, in substantiating the risk management program in the project, in the formation and execution of the project budget, in the course of project marketing, etc. Of course, this member of the project management team will predominantly display expert leadership (lead-professional among other leaders-professionals). However, subject to qualifications of the expert, he can and should lead not just, for example, in marketing the project staff, but also in other marketing of the project areas. This is not "dilution" of leadership or replacement of one leader with others, or loss of leadership by those who should have been to made leaders in this field. This means a more complex process synergy of efforts of the team of leaders, while maintaining a certain structure of their status, lines of authority and responsibility. Diversification means that leadership becomes a pass-through process and direct competency of many participants of the project activity.

Admittedly, the presented idea of an integrated, total leadership is difficult to implement in practice. The concept of a single leadership (leadership of limited number of persons), particularly in the case of identifying only project managers, the clients and several key figures of projects as leaders, everything is quite clear - best practices for leadership functions exist under these conditions. The concept of delegated leadership encourages the search for new technologies and methods of leadership functions. But, when properly implemented in practice, it is the most promising and productive, and much more effective. In this regard, we consider the direction of further in-depth study of the various forms of leadership pertaining to the specific project activities, strategic and project-based management, as important and promising.

## Conclusion

In conclusion, we wish to further emphasise the special role of leadership in strategic management. Not only material resources are used in the management of the strategic development of the

organisation, but also intangibles such as staff competency, ability and motivation of project team members to ensure high efficiency of joint actions to achieve strategic objectives. The contribution of intangible resources to the success of strategic development projects is becoming more important. "After all, it is a well-known fact that the contribution of material resources is significantly inferior to that of intangible in the competition, which is acquiring acute and uncompromising forms: according to Interbrand, the proportion of the first factor at the turn of XX and XXI centuries was only about a third of the market value of business. What is it that gives the power to intangible assets? Of course, the effectiveness of joint and worthwhile actions of people using the right tools". (Наврузов, 2005, p. 12) A key role in ensuring the quality of the intangible assets is played by leadership. Commitment of human resources and project teams through leadership allows multiple enhancement of the efficacy of joint activities of the human resources.

Thus, leadership in its various forms is one of those resources that help to lead organisations to strategic objectives. It is essential to use this resource properly, enhance and bring it up to date. This requires developing leadership skills and creating the conditions for the manifestation of leadership behaviour of individuals and teams in the organisation, that is, activities such as training for individual and team leadership, diagnosis and development of specialised programs for creating leadership, forming the most conducive entities to environmental leadership, and others that should be part of a complex of measures to ensure the strategic management of the organisation. **SM**

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