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Complex Adaptive Leadership: The case of a Mining Conglomerate under Reorganization Process and the Role of Leader

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Abstract

The purpose of this paper is to analyze leader's role in unpredictable organizational world through critically analysing the leadership approaches and the roles of leaders in a mining conglomerate. Through a brief adaptive leadership literature review the paper presents main aspects of complexity theory, adaptive leadership, leader's role in this framework and potential utilization of literature findings in real case of a mining conglomerate in Kosovo which is under reorganization process. Assenting to the literature the leader role has changed in direction of adapting the behaviour or leading approach based on the complexity of the environment that organizations are facing today. As anticipated the paper in fact, finds positive correlation of literature theory and practical use of several complex adaptive leadership aspects that the leadership of the mining conglomerate can consider during the reorganization process, with the purpose of adjusting their role accordingly to the complexity of the environment of the organization.

Keywords: Leader's Role, Adaptive Management, Complexity, Mining Conglomerate, Reorganization Process

Introduction

The present paper through a brief review mainly of complex adaptive leadership and moderately of organizational change literature, tries to describe changed leader's role and its adaptations in different complex systems comparing to previous traditional view of leadership. Moreover, by defining key factors of complex system that nowadays leaders must consider for effective leadership, the paper brings in light the importance of several internal and external factors of organization that the management or leadership of organizations should deliberate, which compulsory means leader's role adjustment within organization.

Furthermore, the paper analysis leader's role within the framework of complex adaptive system (CAS) of a mining conglomerate that is in process of reorganisation. Through the detail analysis of past management issues within the organization, the paper attempts to define briefly the main issues of reorganisation implementation that the managers faced during that period, and main limitations of their leadership approach. In this perspective the paper considers the role and approach of leadership that necessary changes for realizing effective leadership once taking in consideration the circumstances and the complexity of elements that enterprise is consist of during the reorganization process. According to reviewed literature the paper identifies some positive aspect of adaptive leadership that can be applied in the complexity of this mining conglomerate.

Thus, the present paper is structured in two main parts. The first part reviews the existent and latest leadership literature with the focus in contemporary approaches of leadership, the chaos theory and complex systems. More specifically reviews leader's role according to leadership approach of complex adaptive systems (CAS), which is considered a fast adjustment system in dealing with unpredictability, emergence, and evolving circumstances. The second part presents a detailed analysis of past issues and potential application of complex adaptive leadership approach to the complexity of mining conglomerate and reorganisation process. Then, the paper is finalized by drawing conclusions that summarize the main arguments of analysis of the case referring to reviewed literature.

Literature Review

Leaders and leadership although have had and still do have profound influence in human kind history, thorough scientific study about this topic only began about a century ago. Early researches of traditional view of leadership focused on understanding the importance of traits, behaviors of leaders, and appropriate leaders style. During this period several theories and decision making models have been developed attempting to describe one best way of leadership behaviour by suggesting detailed models of leadership.

Meanwhile, the later development of situational theories of leadership altered thinking about leadership, and shifted the research and managers attention from one

best way to lead to a variety of contemporarily approaches concerning complex system that can be adapted for effective leadership. This naturally progress of understanding leadership indicates that each specific organization is a complex system that affects the leadership approach and leaders role within organisation. Accordingly, Ee Wan (2013) asserts that much research on leadership and organisations points out that organisations are operating in an increasingly complex and dynamic environment.

As result, this environment has also altered perceived role of leadership within organizations. Also, the volatility and turbulence elements comprising current business environment has often spur organisations to undertake huge transformation, review business and leadership strategies with the sole aim of adapting to this challenge and being able to be relevant in very dynamic business environment. However, those adjustments require leadership that can influence transformation of the organization in the right direction. Ee Wan (2013) also implied that “employees frequently expect leaders to take responsibility for an organisational transformation and have a significant impact on the success or fail of a change effort, stressing prominence of leader’s role”.

Indeed, leadership has a central role in evolution and cultivating an organization. Abbas and Asghar (2010) argues that the process of organizational change and adaptation to the complex circumstances demands a very effective and highly competent leadership that is well capable to perceive the most desirable shape of an organization and address the issues in most appropriate way. Moreover, Rodgers (2011), describes the view of understanding the role of leaders by people and mainstream prescriptions that despite the evident uncertainty surrounding everyday organisational practice and lack of evidence. He describes that the view persists that managers can design, build and control the future of their organisations, and not only that, but the myth continues that they each can also choose this future direction independently of the choices made by everyone else. (pp.12)

However, on the other hand for the same reason of the fast pace changing business environment that today organizations come across, researchers were forced not only to rethink business strategies and the nature of organizations, but consequently to rethink leadership, and adjust to an adaptive approach of leadership (Torres, Reeves and Love, 2010).In addition, Geer-Frazier (2014) asserts that to lead an organization today, a leader must align the culture, structure, and strategies to the environments that it works within. Geer-Frazier (2014) also claimed that order and high certainty are no longer obtainable by organization nowadays, therefore usage of complex adaptive systems and strategies by organizations will lead towards more flexible systems that can quickly and effectively evolve satisfying solutions, which consequently necessitate different leadership approaches.

Regarding the complex adaptive approach the reviewed literature brings in light that the latest main stream leadership scholars are based on so called “positive or new

science”, prompting different dynamic view of leadership and management behavior within organizations. This emerging view that is attracting considerably organization and leadership researchers, main arguments elicits from latest scientific discoveries in fields as quantum mechanics, chaos theory, and complexity theory (Man Joe Ma and Osula, 2011).

Likewise, Psychogios and Garev, (2012) summarized that chaos theory implies that systems continuously evolve, is influenced by initial conditions and whole system is under a constant yet unpredictable pattern of fluctuations, while the complexity theory considers organizations as complex adaptive systems, comprised of numerous autonomous agents engaged in a non-linear, unpredictable and constantly emergent behavior. Furthermore, Man Joe Ma and Osula (2011) defines six key concepts of a complex system that are relevant to organization behavior as a complex system containing many elements interacting non-linearly, it is an open system interacting with the environment, contains feedback loops within a structure covering several scales, it is capable of co-evolution with emergent behavior, exchange energy and information, align choices for interaction and co-evolve together with surrounding environment including other systems.

Knowing this, for consideration of an adaptive leadership approach indicates that there are several internal factors including people, culture, structure, and organization strategies and several external environment factors, including socio-economic and politic behavior, other organizations, competition and market itself that affect management and leadership behavior within an organization. The fact that management, environmental variation, and resource status (Williams, 2011), and other external and internal environment elements are independent and act in non-linear relationship with each other, inevitability generates implication on leadership and gives opportunity to improve management. Adding to this the complementing elements of diversity in all aspects of life, the interdependence resulted in “small world” effects, the ambiguity of information and flux of change, creates an ever-increasing variety of often-conflicting demands from multiple stakeholders that leaders should address for effective leadership and organization prosperity (Seijts, Crossan and Billou, 2010).

Although, it is true that in great turbulent times organization hesitate to undertake core transformation, Allen et al.(2011) asserts that management decision must still be made even though there will always be intrinsic uncertainty and unpredictability in the dynamics and behavior of complex social-ecological systems as a result of non-linear interactions among independent components. He suggests that adaptive management “rather than ignore uncertainty or use it to prohibit certain management actions, can foster resilience and flexibility to cope with an uncertain future, and develop management approaches that acknowledge inevitable changes and surprises”. (p.1344)

In this context of adaptive approach Torres, Reeves and Love (2010) categorized several dimensions of adaptive approach of leadership that organization should consider for achieving effective application of an adaptive leadership approach in their organization, such as: the aspect of navigating the business environment, embracing uncertainty and adapt to it, leading with empathy, creating the shared sense of purpose, managing through influence rather than fear, learning through self-correction, encouraging innovation, experimenting and learning, creating a win-win situation for both the company, shareholders and external community. Also, Bhatnagaret al. (2010) stresses the importance of integrating people-related dimensions that can influence the attitudes and mindsets of employees, and align business strategy to human resources strategy.

Nevertheless, considering the current ongoing turbulent and instable business environment, Psychogios and Szamosi, (2007) implied that the organization naturally tend to create more sophisticated structure and more specific management practices in order to sustain their survival along instability. Despite the fact that turbulent environment influences organization to response by creating even more hierarchic and structural approaches, on the contrary literature for successful adaptation in complex system promotes that leadership has become less about directive structured top-down approaches that search for anticipated outcomes and more about empowering others for making timely and necessary decisions. Scholars advocates that the right organizations vision and culture can encourages and empower employees to be self-organized (Schneider, M. and LindbergC., 2012), motivated, have initiative, flourish and develop their talents and in mean time effectively contribute to organization. This diminishes the need to manage, monitor, and control, whilst substitutes this elements with guiding and coaching as a leading approach.

In this regard reviewed literature in context of complexity and leadership theoretical framework for leadership implies that leadership is considered as complex dynamic process that emerges in the relationships between individuals, rather than laying within single leader (Surie and K. Hazy, 2006). Leaders are product of interaction, information exchange, feedback circles that arises in the evolving systems. Within those systems each individual has the innate capability to be self-organize as result of relationships that are being guided by feedback loops. However, Lichtenstein et al. (2006) asserted that although the complexity leadership approach redirects emphasis away from the individual as leader, it does not in any way diminish the importance of leadership as an organizational phenomenon; rather, it recognizes that leadership transcends the individual by being fundamentally a system phenomenon. Moreover, Surie and K. Hazy, (2006) when describing theoretical framework of generative leadership suggest that leadership should be involved in balancing connectivity and interaction among individuals and groups in complex systems by managing complexity and institutionalizing innovation

Still, it cannot be reasonably assumed from this that this is the optimal approach without any shortcomings, since the human element and their capacity should be considered. Psychogios and Garev, (2012) argued, that there are also drawbacks to complex adaptive systems, such as employees not always having the ability to self-organize and organize the alternative roles, and assets for the task they are given.

In brief, the reviewed literature about complex adaptive leadership brings forward the changed role of leader and the need for situational adaptation of leadership. It is an approach to leadership based on assumption that many are led by many or in other words leaders are leading “leaders”.

Case Study Analysis: Brief background of the enterprise

The mining complex is a Socially Owned Enterprise (SOE) meaning still not defined ownership status that has the management in full capacity, but it is over-administrated by an independent government agency of Kosovo, which plays the roles of supervising body, complementing difficulties within enterprise. The mining enterprise is under the process of reorganization which is being conducted by this Administrator (the independent government agency), and is an on-going process for several years. The company is obliged to follow a set of rules, enforced by reorganization law, which regulate many operation aspects of the enterprise, and in mean time ironically being a hindrance of problems, serving as a key determinant in creating much more complex environment for managing and leading people of this enterprise.

The mine conglomerate consist of several mines, two ore concentrates facilities and some inactive metallurgies' situated in different location within country, hires around 1,500 employees, breeding a very demanding job for the management of the company that requires proper leadership. Although the mine conglomerate has several separated working divisions such as mines, metallurgy, and other final product factories with differed core activities, currently the vast majority of processes are related only to ore exploration, exploitation and production of concentrate that still requires specific expertise of management and leadership.

Analysis of the leader's role in the reorganization process of the mining conglomerate

Within last three years the mining enterprise three times has changed the General Manager. Each one of them has had different management style, traits, and behaviours, although the final end results were very similar. None of them is considered to be significantly successful by the employees, nor has been able to install new organization culture, motivate or create framework the foster innovation and development. All of them have had one similar drawn back that hampers them on achieving success, and that was their approach of leadership, or closer look their role as leaders within organization. Since, all of them applied their own style of management and leadership without trying to understand deep inside the

environment within organization and adjust their leadership role to it, but on contrarily they tried to adopt the organisation and environment towards their view, their understandings and their preferences.

It is understood from above that this mining enterprise is very complex has very specific organisational culture, especially considering two key factors: the average age of employees which is around 50 years old and the status of the enterprise that it is still a Socially Own Enterprise meaning, hence is not yet privatized and main stakeholder is the state. Alone this two factor are enough to create a delicate uncertain conditions within organization, besides this adding the other operative problems that this enterprise has inside such as old methods of work forced by old equipment, need for high capital investment, low efficiency of miners, and the human element that within has "prehistoric" working mentality that consider this enterprise as their own and in other hand works only for their individual interest. All of this has produced a very complex and difficult enterprise to deal with, which in mean time enforced by a specific law has to be reorganized. Meaning, the general managers in accordance with administrator agenda, is required to lead through this process.

For purpose of being more specific on elaboration of complexity and the role of leader in this organization, based on personal experience and in-depth knowledge acquired during those three years a brief description of management style and the problems faced of last manager will be presented below.

The last manager was appointed by the Administrator an outsider who manager after becoming effective, the general manager tried to confront the high managerial structure of the enterprise by taking away some of their responsibilities, changing managers of mines and bringing around his main office new people from outside. Apparently some of the changes were necessary, though he tried to install immediately the authority and fear within management and other staff. This attitude brought some kind of order and perceived smooth transition of reorganization that later was shown that has been superficial, since it did not take long and problems started to blow like bubbles in many directions, that were toppled with physical conflict that the general manager had to face with one of the managers.

During this period, positive changes were few and far between, the majority of high level manager were not collaborating effectively with general manager due to poor relationship, what is more neither production or expenses projected plans were met. Even his role of general manager or his role of a leader came to question in eyes of many employees, since they have had the viewpoint of strong leadership framework that is required to manage the enterprise. Employees of this organization have the min-set of being always lead by a manager that was authoritative, strong, take decision fast, hierarchic and most of all the high management was always united around general manager. Subsequently, they were expecting to be leaded effectively by the manager(Ee Wan, 2013; Abbas and Asghar, 2010),alone in a reorganization process they did not fully understand and consequently did not accepted, and change

their social-economic status, but still believed that the manager should bring the extraordinary results (Rodgers, 2011) and were alerted by every activity he undertook.

As it is shown the new manager lacked that support and expertise of high management, did not have access to tacit knowledge base that this management could provide to him regarding many complex obstacles that a mining conglomerate under reorganization faces. He could not manage all the problems alone or with few people who were not competent enough. As result of this and supposedly indirect influence of the dissatisfied old managers, lower management and employees suddenly started to show signs of complains around working condition, around salaries, around daily operation, food served in canteen, questioning the reorganization, basically you could hear complains on any working department about anything.

This situation leads to many questions such as was this the right approach that the manager applied? Was the manager a leader in this case? Or what was his role? Has he considered carefully the circumstances and the complexity of elements that the enterprise happens to be and adapt his behaviour or leading approach accordingly? Obviously not, the answer is very clear to see, but what should have been done differently?

To answer those questions first, the manager should recognise that the resistance to change arises natural in humans. People love doing things the way they are used to do, and especially when conditions they happened to be are deteriorating fast and going out of their control. Thus, the role of leader is to facilitate an easy transition for point A to point B or maybe altered to point C based on situation. In this case the manager lacked the courage to adopt the perspective of change as a complex process and to accept the need for a more enabling and facilitative style of leadership (Ee Wan, 2013). While it is the case the role of the manager as a leader was entirely transmitted in another manner to the employees. This stagnant approach by manager is more like the traditional ideologies of management and leadership that expects a predictable and controlled transformation process, and expect certain broad goals and objectives to be achieved by the transformation (Ee Wan, 2013).

Nevertheless, a large part of leaders' role in complex organization is to deeply reflect over the circumstances surrounding the enterprise, to acknowledge them, adopt to them, lead with positivity (Torres, Reeves and Love, 2010)make changes, transform, implement effective feedback system, correct actions upon receiving feedbacks (Man Joe Ma and Osula, 2011),and adjust constantly like a living organism. Also, the manager should have consider collective capacity of employees, facilitate them and involve others in leading, and not leaving aside a good part of old management that has strings all over the organization. The manager should have deal with people differently and help them find alignment with the reorganization agenda, and not punish such behaviour or consider just as a hindrance of problems.

In fact, for effective reorganization the manager should have had consider many complex inter-related elements that shaped such behaviour of the employees during this process(Surie and K. Hazy, 2006).In particular, the relations with the human element which is key determinant for success or fail in this case. As result the need to align human strategy and manage human relation (Bhatnagar et al., 2010) with the enterprise agenda is fundamentally crucial in this case. Psychogios and Garev, (2012) identified that close relationships based on informal grounds and trust are critical in performing day-to-day activities in complex environment. Such behavior of close the manager could nurture a complex adaptive leadership approach that could have fostered a more friendly framework in enterprise. Although,in this case considering the inflexibility for transformation shown by the old management, it still might have smoothen the process and what is most importantly the role and power of the manager as a leader towards this transformation would have been accepted more. It might even influence employees to believe more in success of this transformation.

Another aspect that the manager should have consider is changing his approach and trying to practice more of strategic leadership by moving gradually, being more flexible, simultaneouslyadjusting and advancing, rather than bringing immediate decision affecting many operations. Gradually installing organizational culture were each individual could contribute, could generate a self-regulation approach that adapts naturally based on circumstances. This would be a far better leadership approach that could allow maintaining everyday operations while simultaneously changing parts of the organizations (Taylor-Bianco and Schermerhorn, 2006),that consequently requires adaptation of leaders role also.

Conclusion

In conclusion, considering the complexity, uncertainty, turbulence surrounding nowadays organization, the understanding and role of leaders has change also. Not only by the perception of the leader himself which in most cases has to adapt new approach of leading continuously, but also in the eyes of followers or sub-ordinates, since they see their leader as person that guides and motivates for future, instils trust, is open to continues learning, allows employees talent to grow and fulfil their human potential.

Leaders' role now appears to be understood in creating framework based on the organization agenda, which nurtures innovation, allows freedom and self-development of employees, and in mean time realizes organization objectives in very complex system. The examination of the case study shows that this is easier said than done, since in reality most of the time it is very difficult to soundly alignsuch conflicting demands from multiple stakeholders. Hence, the complex adaptive leadership strength is that recognises all those elements, adapts and confronts, through alterations of leaders role.

In any event, one key aspect of effective adaptive leadership, more specifically in this case of organizational transformation under complex circumstances, is the leaders' role to establish the right organisational culture during this transformation. The organizational culture that fosters diversity, self-reflection, self-adjustment, and encourages creativity, while ensuring that the diverse interest of stakeholders such as employees and government coherently live together. A such style of management can be achieved by mixing various styles, techniques and approaches, that in one word can be best describes as adaptive approach.

For realizing such approach accordingly to literature and the analyses of case study the leader must acknowledge the uncertainty by managing only the context in which different performers linearly or non-linearly interact, encouraging cultivation of various options, innovation, and allowing learning through self-correction while translating ideas, vision in tangible activities and transmitting them to employees through influence rather than fear. All with the aim of creating a share sense of purpose towards archiving the desired results of organisation. Also, the literature emphasises the role of leader in generating close relations with human factor as fundamental determinant of effective leadership, which to a great extent according to analyses applies in the case of the mining conglomerate.

Thus, an appropriate leadership approach should be adapted by considering carefully both the complexity of the environment and the leaders role. In other words, the quest for optimal leadership is still an on-going process, especially in present time when organisations are surrounded with very volatile and high uncertain environment. On such environment, complex adaptive leadership when applied appropriately has great potential, because it recognizes and adapts to such uncertainty and complexity.

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