The Economic Significance of People Skills for Effective Enterprise Management

Dmitrijs Solovjovs  
Riga Technical University,  
Kalnciema 6, Riga LV-1048, Latvia  
dmitrijs.solovjovs@rtu.lv

Aleksandrs Kotlars  
Riga Technical University,  
Kalnciema 6, Riga LV-1048, Latvia  
aleksandrs.kotlars@rtu.lv

Valerijs Skribans  
Riga Technical University,  
Kalnciema 6, Riga LV-1048, Latvia  
valerijs.skribans@rtu.lv

Katalin Liptak  
University of Miskolc,  
Miskolc-Egyetemváros, H-3515, Hungary  
liptak.katalin@uni-miskolc.hu

Abstract  
Continuous development of personal and managerial skills is crucial, in order to achieve most efficient management approach, particularly in economic environment stressed by recession and shortages in the labor force. The relevance of this paper is related to importance of development of enterprise personnel’s skills. Examination of the object of the research, namely, Personal Skills, that is defined as “P” side of the person’s evolution model, allows to define what skills lie within it and to develop some expertise in those skills. The goal of this research is to develop a framework of person’s self-esteem transformation into desire to develop managerial skills that are extremely vital to rise own competitiveness in tough economic environment. I scope of this study, a research project at university was conducted, involving social sciences students, examining the patterns of behavior displayed by group members. The main finding of this thesis is definitions of a process to forecast success of a project, based on testing and allocating individuals prior to team formation. Whilst, it is easier to predict teams that will fail than those which would succeed.

Keywords: Economic Recession, Labor force shortage, Effective Governance, People Skills, Team Roles.

JEL classification: J21, M20, M54.
Introduction

A person’s learning curve during life falls into one of two main categories: people skills (P) or technical skills (T). The balance between these two depends on many different aspects and will vary. At an early stage there is a high demand for people skills as we develop relationships with parents, brothers and sisters and other children around us, but as long as people go through education the focus becomes narrower and shifts from people to technical or task-oriented 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), 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 Figure 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.

As we progress in our careers, 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 behavior 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 does not always work, as a new manager recently illustrated: “I like to call a spade a spade, without beating about the bush. I’m used to act like this and people who know me seem to appreciate my frankness. However, at work this approach seems to get me into trouble in some cases”. (Kakabadse et al., 2013)

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 that says “I feel good about myself if I have my hands on the task” to one that 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. All employers, be it in international or domestic business, private or public form, profit or non-profit organization, are looking for results and achievements. An appropriate work force was, is, and will be one of the pillars of success. This topic becomes crucial within periods of economic recession, and under labor force shortage or surplus extremes. In periods of recession increase role of counties competitiveness, which is different for the Baltic States. (Ozolina, 2016).

This research is about exploring the “P” side of the model, to discover what skills lie 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.
Literature review

Principles of team formation and the role of a team members has been studied widely (Stewart et al., 2000; Hut et al., 1998; Bonebright, 2010). Wheelan investigated the impact of small and large work groups on developmental processes and group productivity (Wheelan, 2009). Castka evaluated factors that affect successful implementation of high performance teams (Castka et al., 2001).

Belbin’s Team-Role Theory is extensively used as a counselling and team development tool. Per studies, consistent with Belbin’s proposal the mixed teams performed better than teams consisting of shapers alone (Prichard et al., 1999). It was discovered that males usually favor on the team roles of Chair, Shaper, and Plant. However, females show significantly higher results on the role of Team Worker (Anderson et al., 2004). Single leader on a team improves a team’s performance over teams having multiple leaders or no leader (Henry et al., 1999).

It is emphasized that creativity and leadership in a crucial part of project management and team development. Personality and leadership style of the project manager is a success factor for projects (Turner et al., 2005). Theories of project team development and of creativity suggested to be integrated into conceptual frameworks (Rickards et al., 2000). Team roles characteristics defined by creativity, coordination and cooperation are positively correlated with team performance (Chong, 2005).

Various empirical studies have been published about the critical success factors of Total quality management (TQM) (Prajogo et al., 2006; Powell, 1995). Sila analyzed TQM factors and their impact on various team performance measures (Sila et al., 2003). Wruck investigated TQM from an economic and organizational perspective. TQM is organizing technology that is science-based, non-hierarchical, and non-market-oriented. It improves productivity of teams by encouraging the use of science in decision-making (Wruck et al., 1994).

Team Roles

Authors of article, as well as others researches, conducted a major research project at The Riga Technical University, over a period of years, examining the patterns of behavior displayed by group members participating in implementing and invention of Total Quality
Management (TQM) approach in different organizations. One of the goals of this research is to determine whether there are any common characteristics among groups, which could be identified as either high performing or low performing groups. Authors used psychometric and organizational measures to analyze the sorts of people who made up successful and effective teams. From this evidence, authors 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, authors considered it is 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 into a group situation different inputs. 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. (Powell, 1995, Wruck et al., 1994) In this attempt to identify the roles which make up for a truly balanced team, authors analyzed people on four main factors - intelligence, dominance, extroversion / introversion, and stability / anxiety. (Prajogo et al., 2006) Authors 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: coordinator, shaper, plant, monitor (evaluator), implementer, resource investigator, team worker, finisher. (Turner et al., 2005)

The Coordinator is the social leader of the group; he or she clarifies group objectives and sets its agenda. Coordinators 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. (Henry et al., 1999, Anderson et al., 2004)

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. (Chong, 2007)

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 Coordinator may have to work hard to get the best out of a ‘Plant’, but careful nurturing will encourage their creativity. (Anderson et al., 2004)

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. (Prichard et al., 1999)

The Implementer is the practical organizer 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. (Aritzeta et al., 2007)

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. (Anderson et al., 2004)

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. (Prichard et al., 1999)

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 (Turner et al., 2005).

**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. (Wheelan, 2009) 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 behavioral patterns that exist in groups is essential if you want to facilitate the group’s development and productivity. (Hut et al., 1998) The skillful 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

GROUP INTERACTION

CONTENT
Task

PROCESS
How

Source: adapted from Stewart et al. (2000)

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 (Rickards et al., 2000):

- 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 behaviors that are appropriate or inappropriate in the group. They are the ground rules which regulate the group’s behavior.
- Problem solving: This involves identifying and formulating the problem, generating alternative solutions, analyzing 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.
Summary of team development

Teams experience four distinct learning stages in their development from a group of individuals to a more cohesive unit. (Bonebright, 2010) These four stages are outlined in the team development wheel in Fig. 3.

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. Norming or resolution, when the group is learning to work together resolving differences and developing confidence and cohesion. (Castka et al., 2001) The most important function of a team leader is to help the group move through the stages of development. (Blanchard et
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. (Maxwell, 2015) 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 behavior - an empowering behavior. Team responsibility for both the task and the process is increasing and consequently the team should become less dependent on the formal leader (Zoglio, 2014).

**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. (Sila *et al.*, 2003) 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. (Schermerhorn, 1997) Authors of article describe these four styles, based on the dimensions of task behavior and relationship behavior.

- Task behavior is the extent to which managers are likely to organize 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 characterized by endeavoring to establish well-defined patterns of organization, channels of communication, and ways of getting jobs done.
- Relationship behavior 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 behaviors.

Task behavior is, in effect, characterized by the manager’s use of one-way communication in direction and explanation, while relationship
behavior 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 he matches his style to his own requirements, those of his 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 behavior is appropriate, depending on the circumstances which prevail. (Graeff, 1983)

Authors 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 labor 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 behavior - 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, 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 behavior on behalf of the manager, high to begin with but diminishing as development increases.
The ideal manager is one who can modify his or her behavior 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. (Blanchard et al., 1993)

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. 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 (Schermherhorn, 1997).
Leadership and team development

The focus during this last section has been more on the behavior 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 since effective team leaders adjust their style to provide what the group can’t provide for itself (Blanchard et al., 1993).

![Combined model of team development and leadership using the four stages of team development and Situational leadership](image)

Source: adapted from Blanchard et al. (1993)

In Stage 1, the Orientation stage, group members bring enthusiasm and commitment to meetings, but little knowledge, so they need direction. In Stage 2, 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 3, 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 4, 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).
Discussion and conclusions

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. The main conclusions of this research are following:

- Authors considered it 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 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 may be developed with training.
- The main factor determining best management style to employ in a specific economic environment within recession and in situation of shortage of labor 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 behavior - specifically in relation to the particular task to be performed.
- In an organization in which top management is very concerned with short-term results, managers are pressured to behave in a task-orientated, controlling and directing style.
References


