

# Application of Situational Leadership in Decision Making in Dynamic Organizations

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## ABSTRACT

*Situational leadership in dynamic and diverse organizations is a determining factor in effective decision-making. This approach allows leaders to adapt their style based on the circumstances and needs of individuals in the team, who are diverse in terms of cultural background and experience. Organizations operating in an environment of change require leaders who are not only able to respond appropriately to situations, but also manage diversity wisely. Tailoring leadership styles to specific situations can increase employee engagement, encourage more effective communication, and create decisions that are oriented towards organizational sustainability and success. The application of situational leadership is therefore crucial in ensuring that decisions are relevant to the needs of diverse teams, and support team performance and overall organizational goals. With the right approach, leaders can facilitate collaboration within diverse teams and ensure that decisions are in line with the organization's vision.*

## INTRODUCTION

Effective decision-making in organizations relies heavily on the leader's ability to respond to the changing dynamics of the situation. Situational leadership, introduced by Hersey and Blanchard in 1969, offers an approach in which leaders customize their style according to the needs of the individuals and groups they lead. Important, this style of leadership recognizes that there is no one-size-fits-all way of leading, and successful leaders can adapt quickly to the changing situations faced by the organization (Northouse, 2018). This adaptive orientation is increasingly relevant in modern organizations where leadership effectiveness is closely associated with the quality of the work environment and employee satisfaction, particularly in contexts that demand flexibility and responsiveness (Radjawane & Darmawan, 2022). This is particularly important, given the complexity of today's work environment which often engages different goals, challenges and resource constraints that require a flexible and scalable approach to decision-making.

In an increasingly globalized and connected business world, leaders are faced with the challenge of managing teams comprised of diverse backgrounds, cultures and perspectives. Decisions made in these

situations must take this diversity into account in order to maximize the team's potential while minimizing conflicts that may arise. Situational leadership offers a relevant approach to bridging these differences, by allowing leaders to adapt their style to be more effective in different contexts (Graeff, 1997). From a human resource management perspective, leadership adaptability also supports the implementation of quality-oriented management practices that emphasize continuous improvement and employee involvement (Arifin et al., 2022). Adaptive decision-making processes in diverse contexts are important for long-term organizational success. According to Santana (2015) they can be used in small and large businesses, and adapted for organizations formats such as cooperatives, unions and NGOs.

While many organizations have begun to recognize the importance of situational leadership, its application in decision-making often remains a challenge. Some leaders struggle to determine when and how to adjust their leadership style. Sometimes, this is due to a limited understanding of existing leadership styles and an inability to properly evaluate the situation at hand. This can lead to ineffective decisions and even potentially worsen the existing situation, as described by Yukl (2010) in

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research on adaptive leadership. For example, recent research indicates that leaders who fail to properly match their leadership style to evolving follower-readiness and contextual demands often make decisions that exacerbate rather than alleviate organizational problem (Islam et al., 2021). Such misalignment may also hinder organizational competitiveness, especially in environments where innovation in human resource management becomes a strategic necessity (Abdulah et al., 2021).

One of the key issues in the application of situational leadership is how leaders can correctly recognize the situation they are in and adapt their style to the situation. Errors in situation assessment can lead to leaders adopting inappropriate styles, which can worsen decision-making and affect team performance (Vroom & Yetton, 1973). In many cases, leaders may be overly reliant on one particular style that they are good at, unable to adapt to different needs in various situations. This failure to adapt leadership styles can lead to dissatisfaction within the team and lower work motivation. According to Thompson & Vecchio (2009) failure to adapt leadership style to situational needs can reduce leadership effectiveness. Empirical studies further indicate that leadership adaptability is closely linked to job satisfaction, particularly when experience, supervision, and career development are managed consistently (Sinambela et al., 2023).

Another related issue is how the decision-making process in diverse organizations requires leaders to manage the tension that arises between the desire to lead in an efficient manner and the desire to accommodate existing diversity. Leaders must be able to maintain a balance between effectiveness and inclusiveness in their decisions. In culturally diverse communities, the challenge for educational leaders is to ensure that effective leadership practices adapt to staff cultures and that leaders are able to adjust their decision-making structures to build trust and collaboration (Fisher, 2021). When decisions are based solely on a particular leadership style without considering the wider complexities of the situation, they can become irrelevant or even counterproductive (Robinson, 2001). This condition aligns with findings that unmanaged stress and burnout, often stemming from rigid leadership approaches, negatively affect employee satisfaction and organizational climate (Mardikaningsih & Sinambela, 2022). This suggests that the application of situational leadership in dynamic contexts requires deeper understanding and more adaptive decision-making skills.

Observing how situational leadership is applied

in decision-making in dynamic organizations is critical given the rapid changes occurring in today's business world. The success of an organization depends largely on how well leaders can adapt their approach to solve the challenges they face. Flexible and effective decision-making can drive innovation, improve team performance and strengthen relationships between team members. Understanding how best to implement situational leadership is highly relevant to the development of organizations that are more adaptive and responsive to change. Given the complex and ever-changing environment, a leader must demonstrate the ability to identify individual and collective needs within the team, adjust strategies appropriately, and encourage collaboration to overcome obstacles and achieve outstanding results even in the face of sudden and unexpected changes (McKimm et al., 2022). Leadership approaches that prioritize adaptability are also essential for maintaining service and product quality during periods of organizational uncertainty (Irfan & Putra, 2021).

The purpose of this research is to examine how leaders can apply situational leadership styles to decision-making in diverse organizations, and how appropriate adjustments to leadership styles can improve decision effectiveness in dynamic and diverse environments. By understanding this, it is hoped that better ways can be found to improve team and overall organizational performance.

## RESEARCH METHOD

The literature study method is an approach used to understand concepts, theories, and previous findings that are relevant to the topic under discussion. In the context of situational leadership and decision-making in dynamic organizations, literature review allows researchers to explore various existing leadership theories, such as situational leadership theory, and how these theories are applied in decision-making practices. For example, Vroom and Yetton (1973) developed a decision-making model based on different leadership styles. By analyzing existing literature, researchers can explore how situational leadership styles are applied in diverse contexts, including in change management and decision-making that requires a flexible and adaptive approach.

The literature study approach also allowed the researcher to identify previous studies that addressed the relationship between leadership style and decision-making in the context of culturally diverse organizations or diverse teams. According to Bass (1990), effective leaders should be able to

adapt their leadership style to the situation and characteristics of the team they lead. In the existing literature, researchers can find various case studies and models that illustrate the application of this theory in dynamic organizations, providing useful insights into how leaders can manage diverse teams in making effective decisions. The leader directs, supports, and delegates responsibilities until the followers are able to do more responsibilities. Hershey and Blanchard identified that when the level of maturity of the follower is low, the leadership style should be high-task, low-relationship (Deckard, 2011).

The literature study method allows researchers to analyze criticisms or weaknesses that exist in the theories used in decision-making. This is important because not all leadership theories, including situational leadership, can be applicable universally in every context or situation. Using the literature study approach, researchers can find alternative approaches that are more relevant to current conditions, as well as explore how leaders can continue to adapt their style to face more complex challenges in a dynamic work environment. Along with the need to further understand the dynamics of decision-making, this literature provides an invaluable basis for developing deeper insights into situational leadership and its application in diverse organizations (Northouse, 2018).

## **RESULT AND DISCUSSION**

Effective leaders in dynamic and diverse organizations must be able to adapt their leadership style to meet diverse and changing demands. Situational leadership offers a flexible approach, allowing leaders to adjust their style according to the readiness of the team and the context at hand. This style helps leaders overcome the challenges faced in complex situations, where the right decisions are crucial to the sustainability and success of the organization. Volatile, uncertain, complex and often ambiguous (VUCA) circumstances require organizations to make decisions with a tremendous speed and to drive innovative business models (Dajani, 2022).

In a diverse work environment, where team members come from different cultural backgrounds, situational leadership plays a very important role. Leaders not only need to make wise decisions, but also ensure that they take into account individual differences in the way people think and interact. This inclusive and difference-sensitive decision-making process requires good communication skills and the ability to encourage active participation from all team

members. As noted by Henkel and Bourdeau (2019), effective leaders must consciously adapt their situational leadership style to match the diverse needs of their teams, as this adaptability fosters stronger collaboration and more context appropriate decisions.

In organizations facing market dynamics or rapid change, situational leadership provides the flexibility to adapt to changing conditions. Leaders who can adapt their approach according to the situation and the needs of the team have a greater chance of ensuring that decisions are made that support the long-term goals of the organization. This success relies heavily on the leader's ability to continuously adapt their leadership style as changes occur. As Tabrizi and Rideout (2019) leaders must assess the context and adjust their approach, balancing delegation and involvement to ensure decisions are appropriate for diverse and dynamic situations.

Effective leaders must be able to adapt their leadership style to the situation and challenges faced, especially in organizations that have high dynamics and diversity. One approach that can be applied is situational leadership. According to Hersey and Blanchard (1982), situational leadership focuses on the leader's adaptation to the level of readiness or maturity of team members in facing a particular task. In decision-making, leaders must recognize individual differences in their team and adjust their leadership style based on the level of competence and commitment of these team members. Situational theory proposes that leaders choose the best course of action based upon situational conditions or circumstances (Amanchukwu et al., 2015).

One of the key elements of decision-making in dynamic and diverse organizations is the leader's ability to make decisions that strike a balance between short-term and long-term outcomes. As explained by Yukl (2010), leaders need to make decisions that not only benefit the organization in the near future, but can also strengthen the sustainability and development of the team and organization in the future. Leaders need to be flexible in choosing the right leadership style, whether it is more instructive when circumstances require quick decisions or more collaborative when engaging various perspectives from team members.

Decision-making in a highly diverse work environment can be very complex as team members come from different cultural backgrounds and have different views and approaches to the tasks and issues at hand. It is important for leaders to use leadership styles that can accommodate this diversity in a constructive way. For example, leaders

can use a participative style by listening more to inputs from various team members, or even use a delegative style to give more autonomy to more competent teams (Northouse, 2018).

In the application of situational leadership, the leader must have the ability to identify and appropriately assess the conditions and needs of team members. This engages the ability to assess the level of readiness of team members to face changes and challenges, and the ability to provide appropriate direction and support. In a dynamic environment, leaders must also be able to respond to changes quickly and adaptively, and take into account various external and internal factors that may affect the decision-making process. By doing so, leaders can ensure that decisions reflect the needs of the team and the organization as a whole. As Shaikh and Shaikh (2019) argue, leaders have to change the degree of supportiveness and directness according to the given situation and whether any internal or external factor related to work, like target, time, quality, quantity, demand, supply is changing.

Leaders must also be able to maintain a balance between the needs of the organization and the interests of individuals in the team. In this case, effective decision-making often engages a process of negotiation between various parties with different interests. According to Goleman (2000), emotional intelligence is very important in leadership, as it enables leaders to understand and manage their own emotions as well as the emotions of team members, which in turn helps in making more thoughtful and profitable decisions for the organization.

Leaders must pay attention to the development of team members in the decision-making process. In a highly dynamic organization, the development of individual competencies is very important. Leaders can direct team members to develop their skills and knowledge through hands-on experience in decision-making, both in individual and group contexts. By doing so, leaders not only make effective decisions, but also foster the professional development of their team members.

Leaders who adopt situational leadership also need to communicate clearly and openly. Effective communication allows the leader to convey the vision and goals well, as well as explain the rationale behind each decision taken. In the context of cultural diversity, communication is key in avoiding misinterpretations or conflicts that can hinder the decision-making process. For example, leaders who are able to communicate openly and listen carefully can create space for productive discussions, which in

turn will lead to decisions that are more inclusive and relevant to the needs of the organization.

Situational leadership also requires skills in time management, in addition to communication aspects. Effective decisions in dynamic organizations must be made with proper consideration of time. Leaders must be able to judge when to act quickly and when to engage the team in a longer discussion process. Hersey and Blanchard (1982) noted that effective leaders are those who can manage the tempo of decisions, be it by making quick decisions in critical situations, or engaging team members in a collaborative process when time allows.

One of the main challenges in applying situational leadership in diverse organizations is to ensure that the decisions taken do not create tension between team members of different cultural backgrounds. Research shows that differences in ways of thinking, communicating and acting between team members from different cultures can lead to misunderstandings and conflict (Hofstede, 2001). Leaders must carefully choose a leadership style that not only considers the situation at hand, but also the cultural differences within the team.

Situational leadership in dynamic organizations must also be able to adapt to changes that occur in the external and internal environment of the organization. Changes in the market, technology, or regulation can affect the decisions that the organization must make. An effective leader is one who can recognize such changes and adjust his or her leadership style to respond to them in an appropriate manner. In this regard, it is important for leaders to have a long-term vision that allows them to make decisions that benefit the organization in the future, even if the current situation demands quick and precise decisions.

Ultimately, effective decision-making in dynamic and diverse organizations requires leaders who have flexibility in their leadership style. Leaders who are able to adapt their style according to the needs of the team and the situation at hand will be more successful in making decisions that are not only effective, but also support the long-term sustainability and growth of the organization. In this sense, situational leadership is not just about choosing the right style, but also about adjusting to the changes and challenges that come with a dynamic environment.

Ultimately, leaders who can manage change and diversity within the team through situational leadership will be more successful in making effective decisions that benefit the organization in the long-term. When leaders adapt their style based

on the situation at hand, they create an environment that allows the team to thrive and face challenges more effectively. This shows how important flexibility in leadership is, especially in a diverse and dynamic organization.

To achieve optimal results, leaders must not only adapt to the current situation, but also have a clear long-term vision. They must be able to see the big picture, anticipate potential changes, and prepare their teams for the challenges ahead. Situational leadership, when applied appropriately, allows leaders to make decisions that consider the needs of the organization and the well-being of the team in balance.

In conclusion, situational leadership provides indispensable guidance in the decision-making process of diverse and dynamic organizations. By applying an approach that is flexible and responsive to the needs of the team, leaders can improve the effectiveness of decisions made and ensure that the organization continues to thrive in a challenging environment. Leaders who can utilize this style of leadership will be able to better navigate various situations and lead the team towards achieving greater goals.

## CONCLUSION

Successful leaders in highly dynamic and diverse organizations must be able to adapt their leadership style according to the situational and cultural needs of the team. Situational leadership, with its ability to adapt to different conditions, is key to effective decision-making. By applying a flexible leadership style, leaders can encourage team engagement, promote more collaborative decision-making, and ensure decisions support the long-term goals of the organization. Leaders who understand the importance of understanding the readiness and needs of individuals within their team can create a more productive and well-rounded environment, where every team member feels valued and included.

To maximize the effectiveness of situational leadership in decision-making, leaders must continue to hone their communication skills and understand the various cultural characteristics of the team. Organizations need to provide in-depth training on diversity and effective ways to manage change. By doing so, organizations can develop leaders' ability to navigate the challenges associated with diversity and change, and make decisions that are not only effective in the short term, but also bring long-term benefits to the organization.

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