

RELEVANCE OF LEADERSHIP AND MANAGEMENT IN FUNCTIONING OF GLOBAL ORGANIZATIONS

Jelena Maslovara

Faculty of Management Novi Sad, Alfa University Belgrade

Abstract: Contemporary global companies are today exposed to the impact of a big number of complex changes that occur in all segments of environment. Those changes are followed by changes in the way of working and characteristics of employees, who have become more self-conscious, creative, ready to accept the responsibility. In the field of economy and market, increasingly pronounced level of relativization of national border, international export of capital and global competition are increased and it comes to significant increase of the impact of different economic integrations. Mentioned changes condition the companies to react and perform restructuring in the sphere of its business orientation, organizational structure, technology, management system and other dimensions important for functioning. If that does not happen, it comes to losing the pace with competition, drop of business performances and jeopardizing of survival in the market. Management needs to have main role in successful initiation and implementation of changes, it needs to be able to rapidly observe and react to changes, and if it succeeds to encourage and implement changes, as an adequate response to changes in environment, it will succeed in successful management of the company as a whole and it will achieve favourable business results. Due to the above-mentioned, manager should own certain leadership characteristics, knowledge and skills, which will enable him to successfully fight with the changes, because only a manager who owns leadership characteristics can persuade the employees that changes are necessary, as well as that it is important to accept the introduction of changes.

Key words: Global companies, economy, market, international export of capital, economic integrations, management, leadership.

1. GLOBAL ORGANIZATION IN GLOBAL ENVIRONMENT

The most significant characteristic of global environment, the world in which we live are intensive changes. In today's conditions, developmental impulses are found in innovations, ideas and knowledge. Organizations that within themselves and towards the environment develop the ability to learn rapidly and use available information in order to create competitive products and services, they will become successful in such global environment. By continuous changing, adaptation to changes, learning and development, global organizations will win their competitors and satisfy their buyers. Global organizations, precisely for those reasons, need to be rather efficient in recognizing, stimulating and managing innovation potential, as well as in its application in all fields of life and work. Global organizations "in contemporary developmental phase assume the function of key developmental factor of world economy" [1]. Key comparative advantage today is the ability by which individuals and organization produce and master new knowledge. Ability of individual or organization to recognize its chances becomes a source of new creative ideas, and the ability to change its environment represents learning for the purpose of creation. The only source of continuous competitive advantage, in highly competitive global economy where other factors of production can be copied (technology, information, capital and raw material), are the people. Global organizations need to pay special attention to this most critical resource by which the control is also provided over other resources.

2. NEED FOR GLOBAL LEADERS AND MANAGERS

Contemporary society in which global organizations dominate constantly stresses the need for increasing the number of global leaders and managers. It is believed that leaders encourage the experiments and initiation of changes, they are creative, flexible, imaginative and, in one word, they are visionaries. Unlike the leaders, managers are oriented on problem-solving, providing professional assistance, they are durable, rational, analytical and authoritative. In American literature, there is a very popular definition which says: "Leaders do right things, and managers do things right" [2]. Although popular, this definition is not complete and sufficient. Relationships between leader and manager are not competitive, but complementary. Today's global environment requires creative leaders who manage information and knowledge, who ensure the creation of organization based on teamwork, as well as ensuring entrepreneurial atmosphere. Global organization, in order to develop its personnel, constantly needs to strive for the creation of positive atmosphere for leaders and managers, where staying in one foreign country and return to it will be one positive experience for them. The essence is in that global organization needs to perform the planning of career carefully, provide support to global personnel during staying abroad and to use its skills and experiences when they return to country. Capacity of an organization to maximally use its global human resources in the long run represents a crucial factor of global competitiveness. Global organization needs to create an efficient global managerial team and to maximize the use from different labour at different locations throughout the world. By developing new skills and greater experience acquired by one manager or leader on a mission in foreign country, global organization can have a benefit. Knowledge and experience of managers on the way of managing a job in foreign countries, on local marketing, new technologies, etc., are very useful and significant for global organizations. By using that knowledge and experience, global organization creates globally oriented and experienced managerial personnel, which represents an important part of global competitiveness. This knowledge represents a value in which global organization invests. Achievement of goals of global organization, in cooperation with employees, is the main role of each global leader. The sense of leadership is helping the employees to understand their greatest potentials at workplace. In order to create successful organization, managers can develop perfect strategy, but if they are not simultaneously good leaders as well, the strategy will fail. Leadership points us to new theory, where change, vision, risk, challenge and creativity become a part of our everyday work style. Leaders are occupied by direction in which organization goes, while managers are satisfied by management within global organization. Leaders achieve better productivity, because they introduce changes and motivate the people to observe the things from better perspective. Winning combination is a combination of leadership and managerial skills. The best basis for successful leadership are managerial skills. The best basis on which we can build successful carrier of a leader is based on trainings or experience in the field of management. Leadership as necessary skill and condition for managing the changes is a very rare resource in organization. For the success of organization, both leadership and management are necessary. Brilliance and sharpness of "leadership diamond" is reflected in harmonious relationship between four most important characteristics of a leader: excellent familiarity with reality, feeling for the future (visions), responsibility (ethics) and energy (courage) of commitment to changes [3]. A number of literature works point to differences between management and leadership, i.e. managers and leaders. The essence is in the fact that both managers and leaders are necessary participants in changes, having in mind that leaders devise them, initiate and inspire the others to join, while managers are more focused on operational design of changes. Kind of

convergence of managerial (internally oriented) and leadership (externally oriented) approach is not only a path of strengthening the so-called metamodel of leadership (figure 4), which takes into account the impact of all so-called situational and direct variables [4]. Global environment of the 21st century represents a challenge for the work of a manager. Depending on regions in the world where they wish to work, persons included in global business need to adapt their strategies and styles of management to those regions. Global organizations, in order to aggressively compete, need to make significant, not only monetary investments in other countries, but they also need to invest into well-trained leaders and managers with skills significant for efficient work in multicultural environment. At global level, companies which want to expand their activities to foreign countries and to preserve competitiveness, they need to develop top managerial personnel with experience in business in foreign countries. Significant criteria when choosing a manager for jobs in foreign countries is leadership, which represents an ability to influence the people in order to make them act in certain direction. In contemporary practice, the most necessary is the combination of leadership and managerial skills for successful business of companies.

3. ROLE OF LEADERSHIP AND MANAGEMENT IN IMPLEMENTATION OF CHANGES

This is a time of constant changes, which assume the character of dramatic, unpredictable and rapid changes and, most frequently, they are the consequence of the transformation of economic, legal, political, technological or some other environment. Organizations are forced to introduce dramatic improvements in such times, so that they could survive or develop, i.e. changes are a condition of survival and development of contemporary organizations and labels of the time in which we operate. Management should have main role in successful initiation and implementation of changes. Management needs to be able to rapidly observe and react to changes and if it succeeds to encourage and implement changes in its enterprise, as adequate response to changes in environment, it will succeed in successful management of company as a whole and achievement of favourable business results. Managers often do not succeed in developing adequate strategy for a planned change. Plan of implementing the changes in a company should respect and treat behavioural issues, such as problems of abandoning the old and adoption of new methods of work and behaviour, fact that uncertainty of changes causes fear from the unknown with employees and generally the need to create a company that accepts the changes willingly. Manager should own certain leadership characteristics, knowledge and skills that will provide him to successfully fight the changes. Manager must not fear the changes, he must see them as chances for improving the position of the company and to encourage and turn them towards positive impacts on the company. Only a manager who owns leadership characteristics can persuade the employees that changes are necessary, as well as that it is necessary to accept the introduction of changes. From the above-mentioned, it can be seen only that manager who has leadership characteristics and skills can successfully manage the changes in one organization. However, when we speak about changes in a company, especially the implementation of changes, then we no longer speak about a leader, but about a manager. As for the leader, his main characteristic is that it is a person able to observe and introduce changes that will lead to achievement of company's vision. Leaders who manage the change are so-called transformational leaders. Transformational leaders are, therefore, main factor of the process of implementing organizational changes. Those are, actually, managers who not only initiate bold strategic changes in order to position future mission and strategy of organization, but they also represent main carriers of the process of changes. Main role of managers and leaders in process of preparation and implementation of organizational changes is:

creation of vision, transfer of charisma and encouragement of learning [5]. In addition to the above-mentioned, the most important things that a manager can enter the organization in the process of changes are passion, conviction and confidence in others. In the time of constant changes, it is necessary to perform redesigning of genetic architecture of corporation through:

- Reframing – (change of a concept about what a company is and what it wants to achieve, which implies the change of mission, vision and developmental goals),
- Restructuring - (increase of internal ability of an organization to respond to the requirements of environment and raising of the level of internal readiness to engage in competitive ventures),
- Revitalization - (development of existing jobs and development of new roads which an organization can take, and all of this for the purpose of stronger connecting of organization and environment in global economy) and
- Renewal – i.e. rejuvenation (inclusion of new energy in organization, by refreshing it with new individuals, initiatives, ideas, creativity) [6].

It can be seen from this that change is continuously created at many levels in an organization. Organizations that follow changes need to own three main attributes, where each is related to individual role of a leader, and those are:

- Imagination for innovations,
- Professionalism to perfection and
- Openness for cooperation.

By implementation of these attributes in organization, changes are such a natural occurrence that resistance is usually observed as a chance, rather than threat for organization. From the above-mentioned, it can be seen that managers and leaders need to be skilled, capable and communicative people, who will achieve positive cooperation with all employees when implementing the changes, and who will explain the employees in the right way the changes and effects of changes and together with leader for changes influence them to have a positive approach to introduction of changes.

4. MODIFICATION OF EXISTING AND ACCEPTANCE OF NEW MANAGEMENT AND LEADERSHIP CONCEPTS

We live in a time of intensive management challenges and changes. Modern companies do their business activity in a complex environment, exposed to numerous rapid and abrupt changes, as well as numerous chances and dangers. Flexible functioning, adequate reaction of companies to global restructuring, as well as initiation of new changes are conditions for survival and success of global organizations in the market. The need to modify the existing and accept new management concepts is imposed as a condition of globalization of business and severe competition in the world market. Therefore, in order to timely and readily react to challenges of environment, there is a need of restructuring and modernizing roles and characteristics of manager and leader. Management is no longer limited by national borders and as such it is essential in functioning and restructuring of global organizations. Owing the vision for doing business throughout the world, as well as ability of recognizing global possibilities of the market for their company represents global understanding of business, while familiarity with resources and possibilities of the company, understanding production line of each branch, as well as familiarity with the way in which people work at local level represents global understanding of the market. Significance of leadership for functioning of global organization is reflected in the fact that by orienting the activities of all members the goal set is achieved. For functioning of global organization, significance of management is

reflected in the fact that by using it people can define and achieve the goals set. Global management requires the managers to adapt to local environment and people, and to implement their business activities in accordance with that. Global organizations integrate knowledge and big resources, information and technology, energy, and management and leadership help their more rational use. Efficient global leaders are the advantage of the 21st century, which big global organizations can own. The ability of a leader to inspire and affect the thinking, behaviour and attitudes of people throughout the world, implies efficient global leadership. Significance of management and leadership is reflected in the need of providing the effectiveness and efficiency of functioning of global organizations. Global management is a process of developing the strategies of designing and operationalization of the system and work with people throughout the world in order to ensure and maintain competitive abilities [7].

5. PROBLEMS OF LEADERSHIP AND MANAGEMENT IN XXI CENTURY

Problems of leadership and management in today's conditions are observed from many aspects of political and social sciences. We can often read that it is about the phenomenon to which big attention is paid. Within consideration of the problems of global management in today's conditions, leadership, "as a process of influencing the people in order to orient their efforts towards the achievement of a particular goal or goals ", is given great attention. Basis for understanding leadership at global level is provided by the following two comparative fields:

- 1) philosophical basis of the way in which leaders view their subordinates,
- 2) leadership approach in the light of using different leadership styles.

Douglas McGregor is best known for suggesting two sets of assumptions regarding human nature: theory X and theory Y in his book "The Human Side of Enterprise" [8] . By his X and Y theories, Douglas McGregor has established philosophical basis of leadership. Basic determinants of the behaviour of a leader, according to these theories, are defined by their philosophy or beliefs in relation to the best way of leading your followers. Managers who support the theory X believe that people are lazy and that it is necessary to apply the punishment system to make them work. Managers of the theory Y offer a more positive view. Managers who apply this theory believe that in right conditions, people will not only work hard, but they will look for bigger challenges and responsibility. It is assumed that workers can express the independence, they can also accept and look for responsibility and observe the work as a natural activity. Management needs to provide the employees to get to know and develop their abilities by creating conditions and methods of work, by which people will achieve their goals in the best way, orienting their efforts towards organizational goals [9]. It is impossible to list the characteristics which are exclusive right of a leader, and for that reason we have moved towards identifying the behaviour of a leader. Frequently, the question is asked, is there something specific in behaviour and work of a leader in relation to other people? Hypothesis from which you start is that impossibility of identifying characteristic characteristics for the leaders can be compensated by recognizing the behaviour that the leaders express. This hypothesis carries significant promise that a possibility of identifying specific behaviour for leaders can provide learning and adoption of that programme to leaders and thus automatically create the possibility for education and training of leaders. However, many studies have pointed to inability of identifying specific behaviour which only characterizes the leaders, distinguishing them from non-leaders in this way. Therefore, it has become obvious that expected results will not come from universal approach to leadership.

6. CONCLUSION

By analyzing different factors that determine functioning of global organizations, we can conclude that management and leadership are essential for creating relatively permanent competitive advantage. Management is indispensable in evolutionary organizational changes, while leadership represents a strength that initiates radical changes in an organization. In that aspect, the need for the creation of global leaders and managers, as well as the development of their skills, is stressed in this aspect. Creative leaders and managers who manage the knowledge and information, who ensure entrepreneurial atmosphere and create organizations based on teamwork, represent the requirement of global environment. Organization permanently needs to strive for the creation of environment where staying in foreign country, as well as returning to own country, will be a pleasant and positive experience for leader and manager. Namely, this implies that an organization needs to be based on careful career planning, as well as providing support to entire global personnel during the staying in another country, and when they return it is necessary to rationally use their experiences and skills. Key factor for global competitiveness of organization is its ability to maximally apply its global human resources in the long run. Efficient global and managerial team is a precondition for global competitiveness of organization, in order to maximize the benefit from different labour at different locations throughout the world.

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