Effective organisations in the international arena

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Resumen

Existen muchas interpretaciones diferentes de liderazgo, y muchas explicaciones de su significado, pero básicamente se trata de una relación a través de la cual una persona influye en las acciones o conducta de otras personas. El liderazgo es vital para todas las empresas, ya que sus gestores deben tener algunas habilidades para motivar a los empleados y darles una visión de futuro. Esto último es crucial, ya que los gerentes deben identificar los mercados potenciales, los clientes, las oportunidades y reducir los riesgos de la empresa en un futuro incierto. Sin embargo, el resultado de la aplicación de teorías de liderazgo en las organizaciones debe ser eficaz en todos los niveles dentro de él.

Palabras clave: Liderazgo, relaciones, motivación, organización.

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Abstract

In fact, there are many different interpretations of leadership, and many explanations of its meaning, but basically it is a relationship through which one individual influences the actions or behaviour of other people. Leadership is vital for every company, as its managers must have some skills to motivate employees and give them a vision of the future. The latter is crucial as managers must identify potential markets, customers, opportunities, and reduce risks of the company in an uncertain future. Yet all in all, the result hoped of applying leadership theories in organisations must be effective at all levels within it.

Keywords: Leadership, relationship, motivation, organisation.

INTRODUCTION

The implication behind the concept of leadership is that there is a combination of personal qualities and skills that to allow some people to obtain from their employees a response that is cohesive, effective and enthusiastic, whereas other people in the same case cannot accomplish such results.

Every organisation needs leaders within it, as all of them require the right path for the future with effectiveness in process, methods, techniques, etc.

This essay will cover topics such as, an overview of effective organisations, a model of an effective organisation, reasons why the theme at leadership was chosen, leadership theory and case studies of leadership in effective organisations.

1. OVERVIEW OF EFFECTIVE ORGANISATIONS

An effective organisation is defined as thinking differently, doing the right things in the right time and getting to the future first for less.

The success of any effective organisation requires the co-ordination and close integration between departments, and active contributions of individuals within the company.

This implies that any part; whether an individual or a department of the company fails to perform its role, as it should be would considerably reduce the company's effectiveness.

Organizational effectiveness can be defined as being effective, efficient, satisfying, adaptive and developing, and ultimately surviving. To be effective, today's organizations need to strike a generally aceptable balance between organizational and societal goals. Determining effective criteria requires frequent review and updating. It must also adapt to new environmental demands and mature and learn in the intermediate future (Kreitner, 2005)

Organizations, especially those in turbulent environments, tend to rely on people tos can their environments, monitor potentially important events, interpret their perceptions, and report them to the appropiate organizational decisions makers. (Banner & Gagné, 1994).

Brown argues "that the most successful organizations seem to function with little management. The secret to their success lies in the principles of their development".

2. MODEL OF EFFECTIVE ORGANISATION

First of all, the model consists of a reflection on the external environment (Political/legal, economic, socio-cultural and technology) by management, which will result in a vision, objectives and strategies which in turn will be translated into various processes in the different departments (Personnel, accounting and finance, marketing and production). The results will be evaluated and feedback will be given to all relevant stakeholders.

Leadership in this model is crucial and is vital at all levels of the company for the following reasons:

a. Motivation of the employees at all levels within the organisation for instance, motivated to meet their safety needs, recognition, appreciation, incentives, security, safe working conditions, etc.

b. The vision of the leader is important because the organisation needs to know the right path for the future, for example, identifying potential markets and customers, and reducing future risks to the company. Moreover, these visions attract and retain good employees for the different areas within the company.

c. Every employee within the organisation must have a leader. The role of every employee as leader is doing right things, identify and resolve conflicts, problems that appear in the firm. Moreover, improve methods and techniques that help the organisation.

3. LEADERSHIP

"Leadership is the process of inspiring and empowering others to voluntarily commit themselves to achieving the leader's vision" (Wright and Noe, 1996 P390)

Leadership is an influence process: The ability to motivate others to do something, believe something or act a certain way (Lehman, 2007)

An effective leader within the organisations must have a "vision" and the ability to empower employees to carry out their tasks and follow the vision for the aid of the firm in general.

Georgiades and Macdonell (1998, p. 120) argues that a good vision statement invites and requires the total involvement of the organisation in carrying the ambition forward into operation through a process of interpretation and refining for example, in AT & T all the company was challenged to understand and make operational the anytime, anywhere statement.

According to Drucker (1999), "the only definition of a leader is someone who has followers." To gain followers requires influence but doesn't exclude the lack of integrity in achieving this. Indeed, it can be argued that several of the world's greatest leaders have lacked integrity and have adopted values that would not be shared by many people today"

On the other hand, the manager needs a fundamental strategy for achieving the vision for the organisation for example, "Haagen-Daz's new strategy in Europe, which contained revising job interviews to make them more like theater auditions and creating a new management position called Director of Magic with helping employees make their work fun" (Wright & Noe, 1996 P419)

Leadership is crucial at all positions within the organisation, from main board to the shopfloor. According to MacGregor (1974, p. 73) there are at least four major variables now known to be involved in leadership:

- The characteristics of the leader.
- The attitudes, needs, and other personal characteristics of the followers.
- The characteristics of the organisation for instance, its structure, its purpose, and the nature of the task to be performed.
- The social, economic and political environment.

Every leader within the effective organisations must take particular responsibilities. These responsibilities are as follows:

- **Vision:** The vision must include well-specified objectives and goals. Managers (leader) have techniques and methods for developing the vision for instance, budgets, schedules, statement of work, etc. Georgiades and Macdonell (1998, p.115) claims that vision is about having the picture of the cathedral as we carve the granite (or perhaps plane the pews or even lay the pipes for the central heating). "Strategic vision can be so broad that they convey little meaning or guidance to people deep in the organisation" (Bartlett & Ghoshal, 1994, p. 82).
- **Communication:** Communicate the vision to everybody within the organisation is crucial because every member of the company needs to known goals and objectives and the path to achieve them.
- **Motivation:** Motivation is very important to leadership. Without motivation the team's ability to develop is strictly obstructed. Leaders have to identify factors of motivation within the company so that them satisfy needs such as economic incentives, security, friendships, status, etc. According to Mullins (1996, p. 480) "the underlying concept of motivation is some driving force within individuals by which they attempt to achieve a goal in order to fulfil some need or expectation".
- **Direction:** Leaders must conserve a constant direction in the search of goals and objectives. The idea is concentrate all the movements and actions of the firm in the right direction.
- **Support:** Managers must provide value-added support to employees to assist in accomplishing the project goals and objectives. In addition, managers must do whatever to help employees perform their works effectively and efficiently.

- **Team Building:** Team buildings in many manners are an image of the qualities and responsibilities of a leader. If the leaders do not have an effective team, the likelihood of a successful plan decreases.

Some people like Lee Iacocca of Chrysler Corporation, Tetsuya Katada of Komatsu, Herb Kelleher of Southwest Airlines, Christopher Sinclair of PepsiCo influence others so well that they seem to be natural leaders. This usual consideration can be based on characteristics for instance, intelligence, assertiveness and physical attractiveness.

Table 1
Traits Associated with Effective Leadership

Drive	High level of effort;relatively high desire for achievement; high energy; persistence; initiative
Desire to Lead	Strong desire to influence and lead others; willingness to take responsibility
Honesty and Integrity	Trusting relationships with followers; truthfulness; high consistency between words and actions
Self-confidence	Absence of self-doubt; self-assurance that convinces followers of the rightness of the leader's goals and decisions
Intelligence	Ability to gather, synthesise, and interpret; large amounts of information; ability to create visions, solve problems, and make good decisions
Job-relevant Knowledge	High level of knowledge about the organisation, industry, and technical matters related to the group's activities

Source: Wright & Noe, 1996, *Management Organisations* p. 394

On the other hand, Mullins (1996) argues that leadership style is the way in which the functions or leadership are carried out, the way in which the manager typically behaves towards members of the group. Fisher (2006) argues that real leaders are not only prepared to reveal their weaknesses, because they know they are not super-human, but to use them to their advantage

There are many ranges to leadership and many possible manner of explaining leadership style for example, charismatic, participative, dictatorial, unitary, benevolent, abdicatorial, consultative and bureaucratic.

The style of leadership can be classified in three items and are as follows: (Based on Mullins, 1996)

- **The Authoritarian or Autocratic style.** Is where the centre of power is with the manager, and all interactions within the company move in the direction of manager.
- **The Democratic style.** Is where the heart of energy is more with the group as a whole and there is greater interaction within the group. The leadership functions are shared with members of the group and the manager is more part of a team.
- **A Genuine Laissez-faire style.** Is where the manager check that members of the group are working well on their own. The manager consciously makes a decision to pass the focus of power to members, to allow them freedom of action and not to interfere; but is readily available if help is needed.

According to Mullins (1996, p. 255) the effectiveness of the leader is dependent upon meeting three areas of need within the work group: (See appendix 1)

Task functions involve

- Achieving the objectives of the work group
- Defining groups tasks
- Planning the work

- Allocation of resources
- Organisation of duties and responsibilities
- Controlling quality and checking performance
- Reviewing progress

Team functions involve

- Maintaining morale and building team spirit
- The cohesiveness of the group as a working unit
- Setting standards and maintaining discipline
- Systems of communications within the group
- Training the group
- Appointment of sub-leaders.

Individual functions involve

- Meeting the needs of the individual members of the group
- Attending to personal problems
- Giving praise and status
- Reconciling conflicts between groups needs and needs of the individual
- Training the individual.

4. EFFECTIVELY MANAGING CULTURALLY

According to Hodgetts (2003) a number of specific guidelines for effectively managing culturally diverse groups have been identified. Here are some of the most useful:

- Team members must be selected for their task-related abilities and not solely based on ethnicity. If the task is routine, homogeneous membership often is preferable; if the task is innovative, multicultural membership typically is best.
- Team members must recognize and be prepared to deal with their differences. The goal is to facilitate a better understanding of cross-cultural differences and generate a higher level of

performance and rapport. In doing so, members need to become aware of their own stereotypes, as well as those of the others, and use this information to better understand the real differences that exist between them. This can then serve as a basis for determining how each individual member can contribute to the overall effectiveness team.

- Because members of diverse teams tend to have more difficulty agreeing on their purpose and task than members of homogeneous groups, the team leader must help the group to identify and define its overall goal. This goal is most useful when it require members to cooperate and develop mutual respect in carrying out their tasks.

- Members must have equal power so that everyone can participate in the process: cultural dominance always is counterproductive. As a result, managers of culturally diverse teams distribute power according to each person´s ability to contribute to the task, not according to ethnicity.

- It is important that all members have mutual respect for each other. This often is accomplished by managers choosing of equal ability, making prior accomplishments and task-related skills known to the group, and minimizing early judgments based on ethnic stereotypes.

- Because teams often have difficulty determining what is a good or bad idea or decision, managers must give teams positive feedback on their process and output. This feedback helps members to see themselves as a team, and it teaches them to value and celebrate their diversity, recognize contributions made by the individual members, and trust the collective judgment of the group.

5. CASE STUDIES OF LEADERSHIP IN EFFECTIVE ORGANISATIONS

The following examples of leadership are models of effective organisation that have leader with many skills such as vision of the future, good communicator and motivator, self-confidence in decision-making, solve problems, and make good decisions and so on.

- For KOMATSU in 1989 worldwide demand for construction equipment was down, competition was increasing, and Komatsu's profits were in a steady decline. Tetsuya Katada (Komatsu's president) saw the situation and decided that Komatsu's managers needed to go out and see the needs and opportunities and operate in a creative and innovative way. In other words, Katada wanted everyone to stop, and concentrate simply on catching up with Caterpillar (Main competitor).

At meetings and discussions, Katada challenged managers at several levels to find ways for the company to double its sales by the mid-1990s. Furthermore, Katada encouraged management at all levels to find new growth opportunities through expanding geographically and leveraging competence. Katada's objective was to create an organisation that could attract and stimulate the best people. (Bartlett & Ghoshal, 1994, p. 83).

- In 1979 THE CHRYSLER CORPORATION hired Lee Iacocca. CHRYSLER had a huge inventory of low-mileage cars at a time of rising fuel prices, and was faced with bankruptcy. Iacocca appealed to the federal government for aid, gambling that it would not allow CHRYSLER to fail when the national economy was already depressed. Although his request sparked intense debate over the role of government in a market economy, congress in 1980 agreed to guarantee US$1.500.000.000 in loans if the firm could raise another US$2.000.000.000 on its own. Iacocca responded by finding new sources of credit and by trimming operations, closing plants, and persuading labour unions to accepts layoffs and wages cuts. He then changed the company's emphasis to fuel-efficient models and undertook an aggressive campaign that included personal appearances on television commercials. By 1981 CHRYSLER showed a small profit, and three years later it announced record profits of more than US$2.400.000.000. (Http://www.pc9805.dmacc.cc.ia/humn133/subjects/licit_bsns/iacocca.html)

- PEPSI CO. has benefited from Christopher Sinclair's leadership, which includes the commitment of his followers. In five years, Sinclair tripled the international division's revenues.

Sinclair encourages his followers to do more than they thought they could. Moreover, Sinclair talks constantly about change and motivates his work force to perform. Sinclair could be considered a charismatic leader because he believes in going for broke, and he revs up his manager to do the same. His followers are enthusiastic to take up the challenge. (Wright & Noe 1996, p. 422).

- SOUTHWEST AIRLINES has grown from 198 employees in 1971 to 13,000 employees and more than US$2 billion in revenues. SOUTHWEST'S success is due to its chief executive Herb Kelleher that has qualities that make a visionary leader effective. As a strong communicator, he articulates his vision of giving customers excellent service by expecting employees to help whenever and wherever they are needed. Moreover, as shown here, he reinforces his vision by pitching in to help. He is able to extent his vision to all employees. According to an executive at Northwest Airlines "Herb has somehow managed to get union people to identify personally with his company. (Robbins 1998, p. 373)

- VOLVO trucks has worked on a global strategy for several decades. Beginning in the mid-1970s, the company decided to enter the largest market for trucks, the United States. Over time, the company has struggled to get a significant share of the U.S. market and at the same time integrate operations around the world into a truly global strategy. However, the competitive structure differs significantly between Europe and the United States, and in spite of heavy investments, the global synergies seem far-fetched. This company illustrates clearly that entry and penetration of a market is a learning process for Volvo, where the initial strategic logic and underlying assumptions have to be changed several times. Teaching Purpose: 1) Examines in detail the problems and issues related to entry strategies and global strategies. 2) Looks specifically at the evolution, however slow, toward global competition in an industry. (Source: Harvard Business Online - 2002) http://harvardbusinessonline.hbsp.harvard.edu/b02/en/common/item_detail.jhtml?id=702418

6. CONCLUSIONS

As a result of this report we can conclude the following:

Many organisations today are facing dramatic changes in their markets and technologies. These often require ongoing change to processes, team structures and skills to maintain competitive position or meet agreed service levels.

Leadership within the organisation is increasingly important. The limits of functions of teamwork and leadership and the way in which they are increasingly expected of people at all levels in the hierarchy are, however, new.

Every manager needs to be team members as well as team leaders. Likewise, team members need to be able to share leadership as appropriate.

Democratic styles of leadership are more probable to produce effective group performance. Different style of leadership may be requiring at different level of an organisation, it depends of the situation or environment of the firm.

In an effective organization, work is planned out in advance. Planning means setting performance expectations and goals for groups and individuals to channel their efforts toward achieving organizational objectives. Getting employees involved in the planning process will help them understand the goals of the organization, what needs to be done, why it needs to be done, and how well it should be done.

In effective organizations, managers and employees have been practicing good performance management naturally all their lives, executing each key component process well. Goals are set and work is planned routinely. Progress toward those goals is measured and employees get feedback. High standards are set, but care is also taken to develop the skills needed to reach them. Formal and informal rewards are used to recognize the behaviour and results that accomplish the mission.

Good performance is recognized without waiting for nominations for formal awards to be solicited. Recognition is an ongoing, natural part of day-to-day experience. A lot of the actions that reward good performance like saying "Thank you" don't require a specific regulatory authority. Nonetheless, awards regulations provide a broad range of forms that more formal rewards can take, such as cash, time off, and many nonmonetary items. The regulations also cover a variety of contributions that can be rewarded, from suggestions to group accomplishments.

Successful an effective organization in the international arena addresses the operational and execution issues enterprises face when looking internationally for new opportunities:

- Anticipating the impact of operating globally in economic and operational terms.
- Managing the key issues and risks of sourcing and manufacturing internationally.
- Taking advantage of the rapid growth for products and services globally.

Attend successful an effective organizations in the international arena to develop an action plan for growing, competing, and operating globally.

What is Organizational Effectiveness? (Based on Creating Effective Organizations, 2009)

- Delighting customers

- Advancing toward your vision

- Fulfilling your aspirations

- Developing your employees and their aspirations

- Making a positive impact on your community

There are many aspects of leadership, and many traits that good leaders display, for instance: Intelligence, physical attributes such as strength, stamina and courage, good communication, experience, training and rewards (Peter Wear, 2006).

Finally, every effective organisations needs leader with many skills for instance, a good vision of the future, intelligent, good communicator, motivator, self-confidence, honesty, etc. Ramaswami (2005) argues that if motivation is low, performers become lethargic.

7. RECOMMENDATIONS

Within the organisations leadership is crucial at all levels because every employee must be a leader as Lee Iacocca, Tetsuya Katada, Christopher Sinclair or Herb Kelleher. All of them have a strong vision of the future and they are able to extent their vision to all employees. The latter is incredibly important due to every member of the company must know the path, goals and objectives of the organisation.

Moreover, all leaders must be a good communicator and motivator as the different leaders that I mentioned in the examples of effective organisation. Also, leaders must be self-confidence for convince to the employees about his/her vision and thinking.

All leaders must be active at all areas within the organisation; they must know everything about the company such as external and internal factors.

An aspect very notable in leaders like Iacocca, Katada, Sinclair and Kelleher is that they are charismatic leaders that their ideas, visions can follow by their fellows at any time. They are models of leaders in effective organisations.
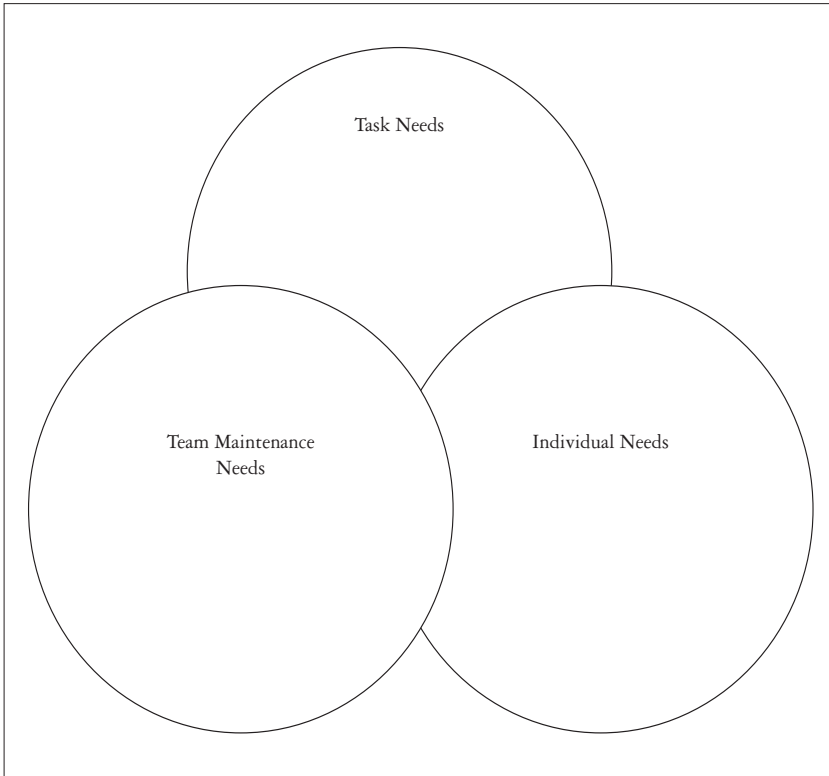
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9. APPENDIXES

Task Needs

Team Maintenance
Needs

Individual Needs

Source: Mullins, L. (1996). *Interaction of needs within the group*, p. 255