

## CORPORATE LEADERSHIP AND THE DYNAMIC FUNCTIONS OF MARKETING MANAGEMENT

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### **ABSTRACT**

*Leadership is a skill and a dynamic function within organizations. Good leadership is a key ingredient for successful organizations. The goals of good leadership seem simple: managers have a vision for the future, they build corporate cultures, and they encourage people/employees to fulfill that vision. Yet leadership is a complex question, comprised of many parts. The efficiency of leadership is not determined solely by the competence and knowledge of the leader; there are many variables such as the nature of the organization, the working place (culture, advantages and weaknesses), and the concrete environment in which the organization is active. The authors of this paper analyze the confusion existing between management and leadership; they clarify the different complementary activities through which the company's performance and productivity are enlarged. They emphasize that the organization needs staff/people who know how to combine leadership and strong management and use them for inner and outer mutual balance. In their contemplation of a new corporate future the authors have analyzed the following: the form of managers' demands during enforcement of changes with an emphasis on the role of the manager when connecting with the environment, how managers create opportunities, how they show determination, how they motivate others, and whether or not they distribute leadership magic. The benefit of efficient leadership is not just for individuals and groups within an organization, it is also transferred to society at large. Companies and firms are greatly pressured by changes in values in the 21st century. Now, self-acknowledgment, cooperation, and creating society are emphasized. The working world is distinguished by team work. Work integration and team work are enormously pressured by market changes toward globalization, quality growth, eco products/services, and consumer markets, as well as the great influence of new technological changes in the direction of bigger spectrum of products/services, more sophisticated production equipment, quick implementation of demands, and short development periods for production services.*

Keywords: management, leadership, organization, market, team work

### **INTRODUCTION**

The leadership is a skill and a dynamic function in the organizations, however a good leadership is the key ingredient of successful organizations, where the managers practice appropriate leadership, they have a vision for the future, they build corporate cultures and encourage people to achieve that vision.

On the other hand, leadership is a complex question consistent of many parts. The effectiveness of the leadership is not determined only by the abilities and the knowledge of the leader, but by many variables, such as the nature of the

organization (culture, advantage and weaknesses) and the specific environment in which the organization is operating.

Very often there is confusion between the management and the leadership. It is very important to explain the different complementary activities if want to enhance the performance and the productivity of the company. The organization needs people that know how to combine leadership and strong management and use them for mutual balance.

The leaders must contemplate the new corporate culture and implement this idea and they must also manage the changes that will occur. Foremost, they must be able to connect everything, which means to create directions, to promote decisiveness, to motivate others and to distribute leadership magic and in the same time to be good managers.

The benefit from an efficient leadership is not just for the individuals and the groups in the organization itself, but it is spread in the society in general as well.

### **Management and leadership**

The management and the leadership are separate, but connected concepts. Each has its own functions and characteristics and both are necessary for the success of the organization. During the last twenty years, greater attention is being placed on leadership. This was probably influenced by the wider range of changes in the organizations, which on the other hand was the result of the pressures of the environment. In tough times the leadership is appreciated more. In more stable circumstances an essential task for the managers is to maintain the current activities. There was an interest in comparing the rules and policies, which confirm how things are to be done. This approach consists in how to evade big changes; the past was used as an indicator for the future. The trustworthiness and the faithfulness are highly appreciated and the advancement is based on the age, because the seniority is leveled with experience and knowledge of a president. Still, with the accelerated speed of changes and a more turbulent environment, it was demanded more from the managers and the leadership gained of knowledge.

The management is about handling the complexity, for establishing order and consistency in the range of activities that must be coordinated with the goal of achieving end results- the production of goods and services. On the other hand, the leadership is about handling the changes, as an answer on the more competitive and aggressive environment within which the organizations function. The managers and the leaders are crucial for the success of the organizations. Of course, not everybody can be a successful leader and manger. Smart organizations appreciate good managers and good leaders and they know that they have found gold when they found someone that is both.

### **Traditional approach to management**

The management is traditionally seen as a process: series of activities focused on getting things done through other people. The management theory evolved to the point where the specter of different approaches is seen as appropriate, which depends on the management environment. Often stated as approach in the case of

need, this approach integrates in itself different past theories and approaches that suggest that there is not one best way for managing, but the managerial response to separate circumstances should depend on the uniqueness of the situation.

One of the first management authors, *Henri Fayol* created a frame (in 1916) that helps in creating the management process. The key functions of management are: planning (strategic and operational); organizing; ordering and coordination; and control. *Fayol* proposes these functions to be tightly connected and monitored as a current process. A good management is monitored as a base of the everyday efforts. Poorly managed organization will start to lose money fast and will become ineffective.

### **Traditional approach to leadership**

The traditional approach to leadership that surpasses management, in which all managers are expected to be leaders, but not all leaders have knowledge in the managerial functions of planning, organizing and controlling. The managers are appointed to formal positions of power and authority in the organization and it is expected from them to exercise influence and control.

Still, the leaders can appear without a formal appointing. These leaders become significant, either for their special skills or recourses that correspond to the needs of the others or because the formally appointed managers lack the leadership skills and in that case an informal leader comes to fill the void. If we consider that the informal leader supports the goals of the organization than he/she can be a support for the manager.

Many approaches and theories about leadership developed during the years, same as for the management. The early approaches suggested that the effective leaders have a series of mutual abilities and characteristics. The later researches suggest that the leadership behavior can be monitored as a continuum, with managers oriented toward the employees (those that place an accent to the wellbeing and motivation of the subordinates) on one end and managers oriented toward the tasks (those that place an accent on the fulfillment of tasks) on the other.

The widely accepted approach today is the so called coincidence approach. That means that the effective leaders grade the variables presented in a given situation, the nature of the work, people etc. and in that case appropriate leaders appear.

It is widely accepted that leaders have four sources of power and influence that belong to them. Those are (*Kotter*, 1990): formal (legal) power; expert power; award/punitive power; personal power.

Even thou leadership was observed as important, it was considered as one of the managerial functions. Much of what it was known about the leadership in the last ten years came from the research on leadership of individuals and small groups. The focus has now shifted toward the corporations and the organizational leadership, for example, on a large number of people.

### **Leaders and managers today**

The numerous commentators and researchers of management suggest that many of today's organizations are over managed and are not lead enough. This is reflected

on the idea that managers and leaders are on the opposite ends of the connection, where:

- The manager uses structured and controlled approach that brings order and consistency within the organization.
- The leader uses flexible and creative approach in the management of changes and provides a vision for the organization.

*Kotter* (1990) suggests the organization to manage the complexity first through planning and budgeting (to set goals and tasks for the next quartile or year) and through defining of the specific steps in order to achieve the set goals and to divide the appropriate recourses. In contrast, he suggests that the leading of an organization toward a constructive changes starts through defining the direction, creating a vision, together with strategies for creating changes necessary for fulfilling the vision. He compares the manager's activity in creating organizational structure, designing work places, filling of those places, delegation of power etc. with the leader's activity of guiding people. This means, creating of new directions and the encouragement for creating coalitions that understand the vision and are oriented toward its fulfillment.

The organization needs people that have good managerial and leadership skills. Some situations, such as the difficult financial crises, look for strong managerial skills. Others, such as the shift in the focus of the south-eastern Asian markets, demand strong leaders.

Most of the business situations demand some degree of both management and leadership activities. The specific ratio varies within the limits, in which the leaders and managers are placed. It is also important that both leadership and management are essential and crucial, therefore the managers need to know the mutual connection.

The management researchers have specified how leaders should be able to react and guide their organizations more efficiently in time of change. In the new millennium, the role of the leaders must change as a result of the challenges facing them. *Manz* (1991) claims that in the highly turbulent times more simple is the leadership that accents that the leader should change from giving solutions to authorizing others to solve the problems. John Burns, the American researcher and author in the field of leadership makes a distinction between the former approach and today's approach toward leadership- he names them from transactional to transformational leadership. The transactional leadership motivates the employees to work on the expected levels, through providing help in recognizing tasks, identification of goals, gaining trust in order to achieve the wanted level of performance and understanding their needs and rewards, connected with achieving the goal. Contrary, the transformational leaders motivate the individuals to achieve more than the expected results, through inspiring of the subordinates to focus on the broader missions that are transferred as their personal interests; to focus more on the essential goals, higher level goals (such as achieving self-actualization), according to Maslow, instead of on insignificant goals, lower level goals (such as safety and security); and to have confidence in their abilities to accomplish unusual missions articulated by the leader.

### **Transformational leadership**

According to Bernard Bass, American expert on leadership, there are three characteristics of a leader that are important for transformational leadership. Those are: charisma; individualized tactfulness; and intellectual stimulation.

*Charisma.* The charisma consists of the leader's ability to: arouse enthusiasm, inspire pride, faith and respect; discover what is truly important; and efficiently articulate the filling of mission or vision that inspires the followers. As leaders of this category we would include: Martin Luther King, Lee Iacocca and Ross Perot. The former researchers represented charm as innate personal characteristic. However, today's researchers suggest that the leader's charisma depends on the follower's perspective.

The uncharismatic leaders are prone to (*Dunphy and Stave, 1990*): maintaining the status quo; planning of the future closely connected with the current conditions; conventional ways in compliance with the existing norms; expecting everyone to conform to their views.

Not everyone agrees that the transformational leaders must have charisma, even though a recent study has shown that the charismatic way of leading is highly efficient in increasing the performance of the subordinates and the contentment on the work place.

### **The individualized tactfulness**

The individualization and the tactfulness include: organizing of projects in order to inspire the capacity of the followers; paying attention to the needs of every follower; treating every follower as an individual worthy of respect; transformational leaders consciously and unconsciously serve as models for their efforts to help in the development of the employees. They often have the role of mentors to the younger managers. They are incorporated in the MBWA - management by walking around- in order to achieve regular and easy communication, while in the same time they influence the culture of the organization.

### **Intellectual stimulation**

The intellectual stimulation includes (*Sarros, 1991*):

- Offering of new ideas in order to stimulate the followers to think about changing the old ways of working.
- Encouraging the followers to look at the problems from several points of view.
- Encouraging the surpassing of challenges that seemed as unsolvable. The statement "These ideas forced me to rethink some of my ideas that I never disputed" sums the intellectual stimulation that the transformational leader can provide. The intellectual stimulation arouses conciseness in the followers regarding the problem and how it could be resolved.

It is more likely that the transformational leader would be proactive rather than reactive in his thinking, more creative and less limited in his quest for solution.

*From a transactional to a transformational leadership.* It is claimed that they transactional leaders were good for the era of broadening of markets and the weak

competition. These managers were mainly managing what they encountered and made very few changes. The transformational leadership is more likely to appear in a time of turbulences, disorder and quick changes. Still, the transformational leadership is not a replacement for the transactional leadership. It can be seen as surpassing the transactional leadership and achieving more than the expected. The transformational leadership is about changes, innovations and entrepreneurship. It is a leadership process that, according to Tychy, is a systematic unit consisting of aimed and organized quests for changes, analysis and capacities in order to transfer the recourses from areas with lower to areas with higher productivity.

The good leaders and the good managers know that there is a need for clear leadership, vitality and aim towards the goals within their organizations. This varies from the need for reforming different working procedures, to revive and expand our national infrastructure, to seize the possibilities offered by the growth of the Pacific circle and emergence of new markets in Eastern Europe.

*Replacement of leadership.* In some cases, for some types of works and some types of people, the need for leadership is reducing. The awareness of these changes about the leadership is significant information for the manager, because in a good opportunity he or she can develop these replacements and with it leave more time for focusing on the future directions where the influence of the leadership is more important and more powerful.

The replacement in leadership can be grouped in three categories, as follows (Howell, 1990):

Replacement by the employees: ability, knowledge, experience, training; the need for autonomy; professional orientation.

Replacement of the goals: usual routine; provides feedback regarding the achievements; satisfying.

Organizational replacement: formalization (clear plans, goals, areas of responsibility); clear rules, policies and procedures; cohesive work groups; and organizational rewards outside the leader's control.

Looking at this replacement of leadership, where the employees have a high degree of capabilities, knowledge, experience and training, that person needs relatively few directions regarding the goals from the leader. This sometimes concerns the employees that have a greater need for autonomy. If someone has a strong professional orientation, that person tends to depend on their education, training, peers and external persons for a great part of the guidelines regarding the work.

Thus, these replacements of leadership decrease the need for guiding toward the goals, but the leadership aimed toward the relationships is still necessary. The demands of the „functional leadership” are smaller, but the “magic” of the leadership still needs to be implemented.

### **Visioning a new corporate future**

The creating of a vision is an important creative activity. The leader's vision replaces the defined goals of the organization- it creates energy, excitement and dedication in order to achieve the goals of the organization. The corporative vision

articulates the sense of the goal and gives a reason for existing and with it becomes a leading philosophy. It is especially useful for the global decentralized organizations and for those that have a gig growth form their entrepreneurial beginnings. The divided vision can help in motivating and uniting the big work force.

The more powerful visions do not have a time limitation, they are inspiring and defiant and are most often very simple. *Holpp and Kelly* suggest that the vision is never fully fulfilled; it is always in the phase of fulfillment „covering the top of the Maslov’s pyramid”.

By visioning the new corporate future the leaders provide fresh and persuading pictures about what the company can achieve and about what it could become. This broadens the perspective of the others and that is the first step toward the realization of changes. While intruding and dealing with changes, it is important for leaders to do three things: to create a vision for the future, to firmly convey this vision to the members of the organization, the shareholders and the public, to implement this vision.

*Dunphy and Stace* (1990) presented a useful overview of the three basic steps: creating new vision with the old frame, showing personal dedication for the vision, conveying the vision, focusing on people, seizing the moment. Based on the ideas from: *Bailey et al.* (1991), the implementation of the vision includes: creating an expert team, reorganization, building a new culture. When we tried to put new directions for one organization or to move the focus of the existing strategy or to revitalize the specific department or branch, the leader has to work on all fronts at the same time.

*Creating a new visio.* The leaders often have to shred the old frames or end the status quo and to dedicate themselves to that, before the new vision is being introduced. This often calls for a visionary leader to come from outside the organization or the industry. It is often more easy to be placed on a challenge the existing presumptions if not connected with them. Of course, the transformational leader does not always have to come from outside, it is important for the leader to recognize the need for changes in the organization and to have the will and ability to challenge the existing presumptions.

*Conveying the vision.* The leader conveys the vision in different ways. The bigger and more complex the organization is, the more powerful, more clear and consistent the communication must be. The messages, memorandums and the letters of intention are not enough. In this manner one can win many people, but it has to intervene with emotions in order to gain the fillings and the mind of the majority. The transformational leaders must be noticed and they must have a vision that must be conveyed on a fast and simple way and it must be easily understandable. The transformational leaders must be focused on people. They are included in the management by walking MBWA, they spend time in conversations with people, they give support, they encourage the others to have a bigger confidence and independence. This shows that the confidence is not gained through a word, but through a deed as well. They invest in people, in training and development and they give people the opportunity to be part of the changes, and thus develop their own skill in order for them to also become transformational leaders.

*Fulfilling the vision.* Transformational leaders implement their vision through establishing different structures and people in order to fulfill their vision. Exactly in this phase the transformational leaders are mostly wrong: some are better in dreaming than in achievement and through the leveling of the dedication of others for the vision with its own dedication, they underestimated the degree of work necessary to achieve the change. However, a crucial way for the implementation of the vision is through the development and establishing an expert team, through reorganization that will fulfill the expectations of the new directions and most importantly through the building of a new culture. The last activity is probably the most difficult and takes the longest time. Still, crucial for success is the change.

*Leading changes.* Managers must guide the change, which means that they have to choose the path of changes, and not just react to the environment. The changes are consistent and current- nothing remains the same. Leaders must be prepared to implement the changes (externally and internally) and they must be constantly engaged in exploring the environment. Regardless of whether the changes are planned or unplanned, fast or slow, small or big, it is crucial that the leaders constantly provide a direction and people can see where the changes and the leader are taking them. The research conducted by *Dunphy and Stace (1990)* suggests that different types of strategies about changes and leadership are needed, depending on the circumstances and the nature of changes. There are four basic types.

The participatory evolution (type 1) is used in times of economic stability and stable economic growth. On the other hand, the forceful evolution (type 3) will also be used when the crucial interest groups are opposing the changes. As the changes in the environment are growing bigger, the charismatic transformation (type 2) is becoming a more probable approach, where there is an acceptance of the need for higher scale transformation by the key players in the organization. This is often the case where there are rewards that provide sufficient support in the organization and there is sufficient consent to „place” the organization in the environment.

The ordering or forcible type of transformation (type 4) is very common in turbulent and recession times. In this circumstances great organizational restructurings are needed what on the other hand can be against the nested attitudes in the crucial interest groups, and the offered rewards are too little for the changes. In this type of circumstances (the ordering or forcing type) can be the unique way to provide the survival of the organization.

*Champions of changes.* Leaders must be opened to new ideas and to be willing to be champions of the change (whether theirs or someone else's) in order to implement it. Researchers have shown that every organization, every industry and every occupation has its own champions- people that have special characteristics and give extraordinary quality. Maybe that are the sellers that can sell everything to everyone maybe that is the man with ideas that comes with the last solution or maybe that is a team leader that can motivate all those working with him.

However, when the organization goes through a process of changes, it needs a champion of changes (leader) that has a special mix of qualities that would push through the changes painlessly. It needs a champion of changes that has the ability to overcome the resistance of others, and skill to deal with the mechanism of the

process of changes. The champions of changes can be managers, consultants, technical specialists or project leaders. Of course, every organization does not have the right champions of changes in the right fields.

*Models.* Also the leaders need to be models: they do not have to be just transformational leaders, but they have to act like one as well. Leaders don not just talk about their vision and the direction in which the organization is going, but they live with it and for it day by day. They articulate and bring essential values in the organization through everyday activities: constantly strengthening the directions and the way they are to be reached.

*Mentors.* The leaders must express special interest to act as mentors to the younger, less experienced managers and leaders. The connection between the mentor and his student must be formal (part of the formal organizational policy) or informal (private arrangement between the individuals). Usually the mentor provides the information, advice and mutual support for the younger person, for a longer period and there is an emotional dedication from both sides.

*Gaining dedication.* The efficient leaders know that their vision won't be fulfilled form itself; there must be dedication from those involved and this is crucial for the leaders. An efficient way to achieve this is to include the staff in the specific work place, as well as to transfer part of the authority i.e. to authorize the others.

*Maintaining the impulse.* Having a vision and the moving toward it step by step is that what the changes are trying to achieve. But, that takes time. Sometime people's enthusiasm or their dedication declines or the people fall under the temptation to stop and rest after the achieved successes. However, the changes are continues, therefore the leaders must always look toward the future.

The efficient leadership has a great influence over the individuals and the organizations. The working for and with the transformational leaders can be exiting and stimulating and can have a great educational effect. The work becomes a longed for place because many things happen there: one feels challenged and knows what the effort is for and where the organization is going.

The individual employees often see this as a type of experience and important part of their personal development, because through this they learn how to become efficient leaders, which is a crucial factor in their professional carriers. The researches have shown that the efficient leaders that lead in today's turbulent times strive to show four key characteristics. These characteristics are not mutually exclusive, but are mutually isolated because they are separated as general attributes.

*Helicopter thinking.* Just as the name is implying, the helicopter thinker is the one that can move fast and easy on different levels of thinking and acting, which is demanded by the process of changes. The two main levels are:

- broad strategic level: once the change is noticed there must be a main plan, broad strategy for how to achieve the goals,
- Specific tactic level: the tactic handles the procedures; that are the operations and the details about how things are to be conducted and sometimes there has to be a „hands on” approach.

Most importantly, the leaders know how and when to change their focus in order to able to handle it on the right level and right time. They can „helicopter” up and

down and they know on what level they should get involved in every given situation.

*Pragmatism.* This means to be able to decide what is important or significant and then to act. Leaders must be able to make the right decisions; decisions that (given the consequences) must contribute to the fulfillment of the vision. Sometimes this could include loss and pain for the others; it could mean making tough decisions. They should accept that sometimes they would be disliked. The good leaders, when managing changes, accept the fact that sometimes there will be times when they have to work in an unpleasant environment. They accept the need to inform the personnel both for the bad and good news.

*Visionary leadership.* Small part of the personnel wants to do what the manager wants because, simply said, that is what the management wants. These are the reasons why visionary leadership is significant for the successful process of changes. This is a leadership style that will persuade the personnel of all levels to go in the right direction. The visionary leaders have a series of characteristics. This included the abilities for (Manz, 1991): creating knowledge; efficient communication; molding the right behavior.

## CONCLUSION

According to the conducted researches, the factor that strengthens the work force and the leadership, determines which organization will succeed or fail. When the changes in the organization are to occur, crucial for improvement is the efficient leadership. The organizations lead by this type of people is most often the ground for development of new super leaders.

The successful organizations do not wait for leaders to appear. Through good management and human resources they find people with leadership potential and provide appropriate training and development of that potential. In this way the leadership is a key element for reducing the expenses, everything revolves around the team and it is important for the company to have the necessary information. It is better to reduce the expenses toward the external suppliers rather than toward the employees. A top company should connect the finance sector and human resources.

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