Leadership Differences: Internationalization, Size and Development

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Abstract

Successful leadership is one of the most important factors contributing to the company's success, and can be defined in several ways that will be mentioned below. Leadership can be defined as the skill to encourage employees to voluntarily participate in the realization of the objectives of the company. Leadership is important for all groups of companies. Although the leadership in most of the cases represents the characteristics of leader, there are still specifics that are important to certain groups of companies. This paper will expose the reflections, as well as previous studies related to the specifics of leadership with regard to international orientation, stage of development and size of business.

Keywords: leadership, internationalization, size, development
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Introduction

The basic elements of leadership are leaders, goals, followers and environment (Buble, 2009). The leader should have the power and ability to be able to motivate associates to work and obedience. Followers differ according to different characteristics, and using the knowledge and skills are involved in achieving company goals. The process of leading is going within the external and internal environment that, due to the rapid changes, often affects the work of employees. The leader should maintain a balance between the above mentioned elements throughout the process. Behaviors of leaders and employees through different product life cycles can be also found in Barković (2008).

Certo and Certo (2008) considered that the leader, associates and situations are essential elements of leadership and running it using the formula: $E = f (L, F, S)$. Successful leadership (E) depends on the leader (L), followers (F) and situation (S). Weihrich and Koontz (1990) argue that power, understanding the needs of employees, motivation and style of the leader constitute basic elements of leadership. Buble (2009) states traits and abilities that are necessary for a successful leader. Desirable features include: customizable to a situation, careful, ambitious and goal oriented, confident, cooperative, gritty, emotionally stable, reliable, dominant and energetic.

Leadership is important for all groups of companies. However, there are still specifics that are important to certain groups of companies. This paper will expose the reflections, as well as previous studies related to the specifics of leadership with regard to international orientation, stage of development and size of business. The paper consists of the following parts. Subsequently amounts of the basic concepts of leadership, and then examines some models of leadership, as well as the implementation of leadership in modern business. In the following sections of the paper, it will be will considered the specifics of leadership with regard to

international business companies, growth stage companies, as well as the size of the company.

Leadership in international business

Since the beginning of the 21st century, international management is developing, which led to a growing number of multinational companies (Lacina et al., 2013). Global companies have a great attention to market research in order to focus just on those markets in which it can achieve success, and attract customers (Kumar et al, 2013). There are more and more companies where management and control come from different countries, which means that the multinational companies transformed from companies based in their home country, into companies operating all over the world (Amal et al., 2013). Some examples of successful multinational companies are: General Electric, Apple and IBM.

In view of the changes taking place in the international labor market, the role of leaders has been changed. The main feature of a modern leader who is part of the multinational company is a multifunctional view of the total business (Takahashi et al, 2012). Also, leader of the 21st century must be highly educated with experience of working in different countries and cultures. In other words, leaders must not have prejudices, but must be open to new cultures and customs, to be cosmopolitan and polyglot (Lloyd-Walker and Walker, 2011).

According to the following characteristics it can be concluded that the international leaders must focus on the large number of tasks in order to be successful in dealing with co-workers (Bahtijarević-Siber et al, 2008):

- o GLOBAL THINKING - Understanding the global impact through the exploitation of business opportunities in the international market;
- o UNDERSTANDING THE IMPORTANCE OF TECHNOLOGY – Knowledge and application of new information and communication technologies;
- o BUILD PARTNERSHIPS – Construction of the top teams, management teams and the development of inter-ethnic partnerships with other companies;
- o APPRECIATION OF PERSONALITY - Respect for cultural, political and religious differences among the employees and the dissemination of knowledge about other cultures;
- o SHARING LEADERSHIP – The inclusion of all employees in the setting and achievement of company objectives;
- o CREATING A SHARED VISION – Developing business strategies in order to successfully implement the vision of the company, involving all employees of the company;
- o DEVELOPING AND AUTHORIZING THE EMPLOYEES – Investment in the education of employees so that they can actively and equally participate in decision-making.
- o KNOWING YOURSELF AND HONESTY – Knowledge of their own strengths and weaknesses, as well as the successful management of other people's behavior while maintaining high ethical standards;
- o CHANGE MANAGEMENT - Accepting change, but also encourage change through creativity and innovation work;
- o CONSUMER SATISFACTION – Satisfied customers are at the first place of each company.

The leader who possesses all of the above characteristics is not often case in multinational companies. Only 3% of the companies expressed the need for international business oriented leadership, which is really disconcerting. Also, 29% of the companies have leadership - oriented international business, while in 59% of the

companies leaders/managers oriented to international business are not fully trained and ready to work in a multicultural environment, i.e., have a very small number of characteristics from the previous table (Lowney, 2003). Given the dynamics of business, international leader of the 21st century must be a visionary who is also a creative, flexible and energetic.

The procedures and work of the international leaders are under great influence of globalization, which means that the leader must have developed a global mindset - thinking (Caligiuri and Tarique, 2012). Global thinking can be defined as a person's ability to understand and then to affect other individuals, teams, companies that have different intellectual, social and political beliefs of those that this person is advocating (Vogelgesang et al, 2014). It is possible to allocate five basic traits that international leaders should have: (i) to think globally, (ii) to appreciate cultural diversity, (iii) to be able to use information and communication technologies, (iv) to create partnerships and (v) to make decisions together with team members . For a leader who is successful in the home country, does not have to apply the rule to be successful in the international environment, because people are often not able to adapt to the conditions prevailing in the international labor market and business (Holt and Seki, 2012).

It is possible to distinguish four main approaches to the development of global leadership (Moran et al, 2011): (i) Examination of their own abilities and skills, (ii) Learning and understanding of the ways of doing business in each country, (iii) Experience, which leads to the successful implementation of the company strategy and (iv) orientation on interpersonal relationships. It is important to emphasize that the development of good characteristics for global leader contributes greatly the life and work outside their own country (Story et al, 2014). Individuals who were part of the life and working spent in another country are willing to change and to cooperate with people of different beliefs, react faster and easier to make friends, which contributes to the development of qualities necessary for a successful global leader.

Leadership in companies regarding their development
Leadership in the stages of starting a job and growth
The growth of company is a key factor for further success and progress. Companies that have a high growth rate, have a greater chance to survive on the market and generate more profit (Birley and Westhead, 1990). Quality leadership and successful leaders, also, have an important role in the growth of the company, as confirmed by numerous studies. The following are the three important factors related to the leader who will contribute to the growth of enterprises, namely (Albino et al, 1998): (i) the selection of leaders according to their abilities, (ii) the creation of a group of excellent leader and (iii) selection of specialized leaders.

o *The choice of a leader according to its abilities* - The leader must have above average ability and skill to know how to behave in new situations and in order to motivate employees to work (Mumford et al, 2000a). It is possible to highlight three basic skills of successful leader: the development of organizational skills, team leadership and leadership of changes. In addition to working with employees, leader must take care of satisfying customer requirements, must be familiar with the opportunities and threats of the market and of course always oriented to the result (Mumford et al, 2000).

o *Creating a group of excellent leader* - only one quality leader is not enough to stimulate growth of the company. It is necessary for each business segment have

one leader who will oversee and direct the order that will lead to growth of the company (Antonio, 2001).
o   *Selection of a specialized leader* - It is important to encourage and support leaders who are specialized and successful in a particular area. Leaders who are successful, due to their characteristics and skills, on one particular business area, while perhaps below average in some other areas, have greater opportunities to ensure company growth, but leaders who are equally successful in all business areas (Connelly et al, 2000).

Leadership in the stages of maturity and stagnation

Leadership in large companies that are in the stages of maturity and stagnation encounters a problem with the external and internal factors. Management of the company is mainly focused on external factors such as relationships with customers and partners, observing the work and behavior of competitors, which is leading to the problems within the company. Employees are not satisfied, and the administration is not aware of that and does not work on solving internal problems, because it is focused on the external influences (Fai, 2007).

The following will explain the impact of external and internal factors, because they are important for the successful functioning of company (Cordes et al, 2008). The environment in which the company operates has a major impact on business activity, because they have to monitor market conditions, competition procedures, customer satisfaction, which leads to changes within the company. The main categories of external influences are the following: (i) vision and mission, (ii) the duties and obligations, (iii) economic issues, (iv) political issues, (v) technological issues, (vi) the cultural issues and (vii) laws and regulations. The basic categories of internal influences are the following: (i) the core competencies and weaknesses, (ii) ethical matters, (iii) access to and sharing of information, (iv) organizational climate, (v) employee skills.

It is difficult to align internal and external factors, but it is one of the main aims of large companies that are in the stage of maturity and growth. When a problem is detected, it is necessary to determine the goals and strategy to deal with, as well as properties and access of the leader who will try to balance the external and internal factors in working with employees (Miller and Le Breton-Miller, 2005). It was the employees who are the most dissatisfied when the company focuses on external factors. Through a system of measurement and reward in achieving results, leader will engage with his colleagues to achieve the goal and to balance solving problems relating to the external and internal environment of the company.

Leadership in terms of size of the company

Leadership in SMEs

The role of leadership in small and medium-sized companies
Initial research on leadership were based on the belief that the company is a system that seek to achieve a state of balance, and their future performance are based on a strategy that leaders, together with employees, trying to realize (Leifer and Mills, 1996). Nowadays, beliefs have changed and state that leaders must be those that permit, and not those who control the future (Hamm, 2005). In this way, leaders are in a position to change patterns of behavior, encourage innovation and create a sense of system (Turkalj et al., 2011). In addition, it is important to point out that within the small and medium enterprises, the order is resulting from an act of interrelated

but independent factors that exchange information and adapt to new situations (Lowe et al, 1996).

Table 1 shows the role of the leader, who allows changes in SMEs. The leader who is using a mechanism *Interruption of existing patterns* is acting in a way that in complex systems enables future with disruption of standard forms through conflicts and insecurity. The leader who is using a mechanism *Encouraging innovation* in complex systems encourages innovation by introducing simple rules, nonlinear interactions and common behavior. The leader who is using a mechanism *Explaining changes* in complex systems takes on the role of those who explain the emerging changes.

Table 1
The role of leader that allow changes in SMEs

The used mechanisms	Actions leader in complex systems	Suggestions	Implications
Interruption of existing patterns	Creating and emphasizing conflict recognition of uncertainty	Leaders in complex systems allow future insertion of standard forms through conflict and insecurity	Destabilize the organization, not stabilize them
Encouraging innovation	Establishing simple rules Encouraging collectivity Promoting nonlinear interaction	Leaders in complex systems encourage innovation by introducing simple rules, linear interactions and common behavior	Encourage innovation, not create them
Explaining changes	Creating correlation through languages Accepting the role	Leaders in complex systems take on the role of those who explain the emerging changes	Interpret events, managed by words, not people

Source: Author

Leadership in large companies

Leadership in large enterprises is often different from the leadership in the small and medium - sized enterprises, due to the strong orientation to the need for changes. Therefore, it could be noted that the leadership in large enterprises is also the leadership of changes, which will be described below, along with their selected aspects.

Managing the changes and its implementation requires effective leadership. Managing the changes involves planning, organization and control, and finally comes the implementation or application. The leader must have a vision, strategy, values that support the vision and strategy of change, and in addition it must encourage users to change. Leadership involves directing employees using personal power to achieve common goals. The role of leader is to help team members understand the need for change, emotionally and intellectually (Dubrin, 2001).

In order to manage the change be successfully implemented in the company, must be carried out transformation of existing leaders, organization of work and the

use of funds. The following table presents a model that has been developed for employees to be involved in the earlier stages of change.

However, in number of situations, the employees can be very skeptical and not ready for a change, which is especially the case in the large systems and are not usually prone to change. On the other side, there are certain triggers of changes that have a positive impact on people: beliefs; values; behavior; skills (Waddell and Sohal, 1998).

Table 2
Engaging employees model in the earlier stages of change

The initial encounter with change	Test →Recalibration	YES
Personal challenge	Negativ discord> Pozitiv discord	Stability after changes
Fear	Resistance > Adjustment	Prihvaćanje
The bigger loss compared to profit	Loss > Profit > New Profits > Old loss	Generating of new value
The closed mind	Receptive mind > Open mind	Experimenting
Destructive tension	Exploratory tension > Constructive tension	Creative tension
NO	Maybe	YES

Source: Author

Change management is a continuous process that requires adjustment to market needs, customers and employees, and to changes be successfully adopted and implemented, it is necessary to provide the following conditions:(i) understanding of the goals of the company and the clients' needs; (ii) the changes that will occur must be clearly stated; (iii) a continuous exchange of information; (iv) leaders and employees must possess leadership skills, creativity, progress.

Concluding Remarks

Given the specific guidance, as well as the qualities of a leader and his associates, but also on the current business situation, it is necessary to adapt at all times in order to achieve maximum results with employee satisfaction.

Research has shown that an experienced leader who possesses the skills, knowledge and capabilities, needed to run a team extremely important in international business. The leaders are a key factor in solving the problems and conflicts in international business, which contribute to achieving long - term success. Multinational companies operating in different parts of the world are facing problems because of cultural differences and business practices specific to each country. It is the task of leaders to reduce those differences in international business and align employees' performance with respect to different business cultures within the same company.

In situations of company development require different leadership skills. When starting a job and during the growth of the company is extremely important to motivate employees and encourage them to further work. Transformational leadership is the best choice in this situation, because it implies the ability to inspire and motivate staff to achieve the objectives. Maturity and stagnation is the period in

which companies need to take certain steps to re - establish a competitive advantage and become the market leader. When retaking certain market share, it is necessary to have an authoritative leader – task oriented to business goals as efficiently and effectively achieved.

Small and medium enterprises are mainly focused on relations between employees and the good relationship with customers. The creative leader who believes to his associates, accept their ideas and encourages a system of rewards and communication with each other, achieves the best success in the small and medium enterprises. Large companies, which in large numbers have international offices, are strongly oriented to international success and gain a competitive advantage. It is difficult to manage a large mass of people and direct them towards a common goal, therefore, is very important to have a leader who is able to motivate users to work in a collaboration, with the best results achieved by leader who follows benevolently - authoritarian and/or consultative leadership style.

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