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Efficient Leadership in the 21st Century

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EFFICIENT LEADERSHIP IN THE 21st CENTURY

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Abstract: The success of a company operating in a dynamic environment conditions may be determined by the quality of its leadership and the power and efficiency of its leader. It is up to the leader to choose the leadership style. In principle, it depends on the leader's experience, knowledge and personality, i.e. the emotional intelligence. The main task of the leader is to take care of the team as it is the team that will implement the corporate tasks and goals. A trusted army of people – managers and ordinary employees - is therefore the most precious asset of each great leader. By choosing the management style based on the knowledge of human nature, thanks to which the needs related to recognition, sense of belonging, development and self-realisation of employees are met, each company can make the world a better place apart from achieving its own strategic goals.

Keywords: leadership, management, leader, emotional intelligence

JEL classification: A13, M14, M54

1. Introduction

In the 21st century, businesses operate in the conditions of rapid development of technology, civilisation progress, globalisation and hyper-competition, and the success is frequently determined by a lucky coincidence. However, there are companies that manage to develop and succeed even in such conditions. How does it happen? First of all, each organisation has to determine its main goal, i.e. to answer the question "Why" the company operates at all. To achieve this goal, an effectively managed organisation needs leaders without whom no company can succeed. One of the key success factors is the power of the leader. As Dwight Eisenhower used to say, the power of the leader is the art of getting the employees to do something the leader wants done and to do it because they want to do it themselves. It is this quality of leaders that is asserted as the key factor for the company on its way to success (Editorial team of the Forbes magazine, 2009). Both in the dimension of effects and higher morale, motivation and commitment of employees. The CEO Challenge study carried by The Conference Board international association and Capgemini Polska draws attention to other key issues related to leadership: the capability of strategic thinking and acting by the company management and the consistent implementation of strategic goals (Obój, Zdziarski, Łudzińska, & Pyka, 2007).

The purpose of this paper is to draw attention to the fact that in the 21st century, the leadership quality that prevails in the company is often decisive for the company's "to be or not to be." At the same time, by choosing the management style based on the knowledge of human nature, each company can make the world a better place. As Henry Ford emphasised, "A business that makes nothing but money is a poor business."

In her research, the author mainly used literature sources related to management, social science and psychology as well as case studies. The choice of a method based on conducting studies and analyzing

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literature in the indicated fields of science results from a change in the approach to management in the 21st century, both from the level of the organization and the level of the employee. In the last century, it was relatively common to have an approach based on the belief that work is a job, and family life is something else. Nowadays, you can see a more holistic approach – every person is shaped by both the environment in which he is located, contacts with other people and everyday experiences, both at work and outside. Successes, but also failures at work can affect the quality of life of employees, their family relationships and friendships or social integration. The awareness that such a dependence exists allows us to look at work through the prism of self-realization and development, and not only money. This approach puts particular challenges ahead of the leaders.

2. The leadership style and the leader's personality

The etymology of the "leadership" term, contrary to popular opinion, does not originate from power or position. The English words "leading" and "leadership" derive from the Old English "lithan" - meaning "to follow." "Lead" is a verb that also comes from "lithan" and means "make someone follow". "The closest word in antiquity relating to leadership is the Latin word ducere "to lead, consider, regard" and interestingly in modern Romanian language the word for leading and leadership is conducere" (Kelly, 2014). International research devoted to the factors determining who has the best opportunity to become a leader showed that the results achieved by the candidate were in the first place, followed by integrity and ambition. That is, they were related to the personality area.

There is no perfect management style that would be effective in any team. If a leader wants to be effective, first of all, he or she has to know what his or her natural leadership style is or which style would be better in the specific team (Goleman, Boyatzis, & McKee, 2002). It is also very important to find one's own leadership attitude. A leader is someone who wants to achieve something great. As Napoleon Hill used to say "Wins only the one who has a clearly defined goal and an irresistible desire to achieve it." However, the beginning and the basis of leadership is empathy for those that the one wants to lead. We can get to know the leader based on the emotions aroused in people. Already during the conversation with the supervisor, the employee should feel deep motivation to carry out the assigned tasks. An effective leader has to remember that the emotions, both those desired and undesired ones, affect the emotional state of the subordinates. The ability to control the negative emotions such as rage, aggression and frustration is particularly important. The source of these negative emotions is often stress that results from the necessity to undertake decisions. Although the superior may consult the issues with the reports, the decision has to be ultimately made on his or her own and the leader remains responsible for the ultimate choice. The leader, which is very important, does not eliminate risk from daily work but challenges it and can never be sure whether, acting under a high pressure of time or circumstances, he or she makes a really good decision. It may happen that judging the decision from the time perspective, the leader finds out that it was a mistake. Of course, learning from one's own or other leaders' mistakes one can, and even should, "improve" the decision-making process but one cannot eliminate all the mistakes. Psychologists dealing with broadly understood management notice that in the context of the decision-making process "Errare humanum est" - mistakes are inevitably incorporated into human activities (Nosal, 1993). While taking risks, one has to learn how to face failures or accept mistakes. To succeed, the leader, first of all, has to

act - to make decisions and accept the risk associated with them. "You cannot climb the ladder of success with your hands in your pockets" as Elias Canetti used to say.

Stress related to the decision making process does not always have a negative impact on the leader's creativity and capabilities. Recent research shows that stress can also support each person, strengthen mentally and add more energy to action. The mental attitude of the leader to stress, the way of thinking and acting may increase his or her ability to pass positive emotions. The greater the leader's expression in showing passion and commitment the easier other people become attracted by the leader's ideas. Hans Selye said: "Stress accompanies us all the time and, thus, the most important thing is to make use of it for oneself and for the others."

In practice, the leadership style is most frequently the resultant of the personality of the supervisor and the personalities of the subordinates as well as the structure of the working team. The choice of the leadership style depends on the leader - the leader's experience, knowledge, personality, the subordinates and situational factors. The greatest effects are the ability to apply different styles of leadership, appropriate to the circumstances. Nevertheless, the ongoing task of the leader is to take care of the team, and then, the team will take care of the implementation of the company tasks and goals.

3. The prevalence of the participatory over the authoritarian style - theory, research and practice

Leadership concepts can differ in types, combinations of relations and the use of motivation measures (incentives).

Likert asserts the participative style as the best one. He claims that it is a model style that should be strived for. A democrat-leader focuses both on the currently performed tasks and appreciates the significance of the individualisation of the employees. This type of a leader is far-sighted and manages people by showing them the ideals and setting ambitious tasks. The participatory style is based on absolute trust between the leader and the subordinates and leads to the actual team co-management. Participation in management is the primary motivational factor for the subordinates to be committed to work for the advantage of the group and ensuring their integration with the entire organisation. Likert opposes the autocratic style to the participative one, pointing out that the autocrat-leader is the boss striving to perform tasks at any cost. Such a leader is judged by others as a person not trusting people, apodictic and unkind, which makes it difficult to obtain good results, not to say the atmosphere inside the team managed in this way. Employees who have an autocratic manager are suspicious and non-coercive. There is no cooperation in the team; there is little interaction among the team members and they are suspicious due to fear (Koźmiński & Piotrowski, 2007). This management style can be referred to as a Lord Vader's method - management by means of Anger, Fear and Aggression.

On the other hand, the classification formulated by Kurt Levin, an outstanding social psychologist, apart from the authoritarian and democratic leadership styles distinguishes the third style - a liberal one. A liberal leader, as proposed by Levin, does not participate in the decision-making or problem-solving processes at all. Such a leader does not control or interfere with the team. Such a leader provides the team with materials only and tries to create an atmosphere for a free exchange of ideas. Nevertheless, the team

gets frustrated by the lack of leadership and a small amount and poor quality of work. This situation favors the emergence of informal leaders.

Paul Hersey and Ken Blanchard made the effectiveness of the leadership style dependent on the maturity of the subordinates. The level of maturity is defined as the performance readiness. As the subordinates develop, the style of influencing should change alike. It is a situational concept. The manager, in accordance with this theory, should constantly take care of the development of the subordinates, supporting them in achieving a higher and higher level of the performance readiness.

We can observe the same direction in a very popular theory within social science formulated by Bernard M. Bass and Bruce Avolio. The leadership model presented by them distinguishes two types of leaders: transactional and transformational ones. Transactional leaders operate based on the exchange process, where subordinates, are rewarded for meeting determined goals (pay rise, promotions or bonuses). On the other hand, a transformational leader is a leader who tries to transform the individual values of other people and raise them to a higher level of needs and aspirations. Such a leader is able to convey the vision as a vision of a higher goal that is so important that the team willingly achieves it. Such leaders are able to stimulate people to actions with their mere enthusiasm. "This higher level of setting values between the leader and the subordinates is what constitutes the strength of transformation leaders. They release the inner motivation of the subordinates better than other leaders" (Goleman, 1997).

To sum up, we can say that attitudes towards leadership have been redefined in the 21st century. It is clearly observed by The CEO Challenge research conducted by The Conference Board international association and Capgemini Polska. Several years ago managing people was the least important issue for the CEOs of companies in which (one could risk a statement) the leadership model based on issuing orders and exercising control prevailed. Such an outdated approach to management will not be welcomed in the future. George Johnstone, one of the CEOs of PricewaterhouseCoopers, said that the biggest challenge is people - maintain a high level of employee satisfaction from work and motivate them to achieve the best results (Editorial team of The Forbes magazine, 2009).

The direction of changes with respect to leadership is also confirmed by the worldwide research carried by Professor Christine Porath (Professor of Management at Georgetown University) which clearly indicate that employees who had participatory leaders claimed 89% higher job satisfaction, 56% better well-being, 92% more ability to set priorities and 26% more sense of their work meaningfulness (Rachlewicz, 2018).

Talking about modern leadership, it is impossible not to mention another aspect. According to many practitioners, a leader should be a specialist in his field at the same time. It must have substantive grounds to be able to influence its employees. Just like kings, admirals and commanders had to be prominent warriors in order to rule over their army. The case of Napoleon Bonaparte, or the most famous commander of the British Navy, Horatio Nelson, despite the lapse of many years points to key aspects of leadership that can be helpful to modern leaders. The strategic importance of leadership is best illustrated by the famous Battle of Aboukir Bay and the great victory in the Battle of Trafalgar by Admiral Horatio Nelson. It is in these battles that the style of command and motivation used by the Admiral led to the victory. One can say that Nelson was a participative leader. He instinctively knew how to build a team culture that was based on loyalty and trust. He indicated the main goals and before each battle he planned different

variants in detail. Above all, however, he listened to the remarks of all his commanders and underlined their responsibility for the victory in the battle. When the battle was beginning, he entrusted leadership to his subordinates - he shared his experience of the best methods of attack and plans about what to do at the time of the contact with the enemy. Therefore, during the actual fight, the deputies of the Admiral could act without further instructions because they were aware of the ideas and intentions of their commander. The commander delegated duties to competent individuals and allowed them to act. He explained the goals and tasks clearly, and then did not interfere any more. If he noticed mistakes, he personally or through his captains corrected the artillery and manoeuvring skills and suggested more effective tactical moves leading his team to victory. Consequently, in the Battle of Aboukir Bay, the Royal Navy won over the French Navy commanded in a traditional, authoritarian style, where the captains of the battleships did not know what to do and were afraid to take the initiative. The extent of the victory is also reflected in the Battle of Trafalgar - 33 battleships of the Spanish-French Navy were destroyed without losing even one own warship (Rachlewicz, 2018).

Horatio Nelson, like all the naval army officers, used formal sources of power based on rewards and punishments. However, thanks to his knowledge of the navy, the requirements of the battlefield and, above all, the knowledge of human nature, he implemented informal rules of cooperating with people. The strength of his management style was the fact that he was always full of praise and recognition. He believed that being noticed and appreciated was very important to his crew.

Contemporary business leaders, Jeff Nischwitz - a member of the Business Learning Institute, Jack Ma - the richest citizen of China and billionaire Mark Cuban also underline the fact that to achieve success it is necessary to have competences related to communication, interpersonal and social skills, i.e. emotional intelligence.

4. The role of motivation

The leader focuses on people (co-workers), motivates and inspires them. In global companies, the concept of leadership is opposed to the concept of management. Management is defined as "doing something through others," while leadership is referred to as "making others want to do something." So leadership is intrinsically linked to motivating and influencing others. The actual style of management is a practically shaped and actually applied integrated system of methods, techniques and other tools of exerting impact on the subordinates, tailored to the assumed goals, tasks and specific working conditions. Motivating employees should not be restricted only to rewarding or punishing because it is a continuous process. To motivate people, the leader has to know the ways of recognising the subordinates' needs, understand the motives (needs and interests) that drive them and be able to satisfy them. Jerzy Gutt and Wojciech Haman pointed to the fact that even the contact of the boss with the subordinate can have a motivating or demotivating effect (Gutt & Haman, 2009). If the boss has the qualities of a leader, there is no question of demotivation. Even if one has to punish or scold someone, one should always give people a second chance and react immediately when the improvement is observed. Leaders do not have to command, shout or threaten - people follow the leader who is confident and his skills. Fair treatment and respect, a bit paradoxically, only reinforce the morale. Ordinary employees also need to be respected with dignity.

Strong, open communication up and down the management chain and open discussion on the intentions of the leader also motivate the subordinate employees to undertake good decisions and quickly adapt to changing circumstances. A personal example of the leader - consistent words and actions along with the certainty of actions inspire and strengthen the subordinates. Integrity builds trust. People need to be sure that the information they get is true regardless of whether it is good or bad news. The foundation of effective leadership is trust. People have to trust that the course adopted by the leader is good for everyone, not just for the leader.

5. Conclusions

In the 21st century more and more companies recognize the need to change the current ways of managing human capital. The burden of making such a change in every organization will lie with the leaders who must initiate an organizational culture that enables employees to self-realize and develop. Each leader is based on a team and for him the human factor in being a leader is decisive. People will be committed to the work and ideas that accompany the leader but the leader has to have high communication skills and present the right attitude. People work more efficiently when they identify with the company's mission, its values and goals. They will follow, observe and imitate the leader. However, each leader has to remember that authority means, first of all, a responsibility for people - if their leader loses enthusiasm, they will lose it as well. As Professor Ludwik Hirszfeld used to say "Whoever wants to light the flame in others has to carry the flame himself". That is what all the great leaders have been like; without whom achieving goals has not been possible and without whom no company can succeed. However, since the main task of a leader is to take care of the team as it is the team that will carry out the tasks and objectives of the company, is it not true that any company can make the world a better place by choosing the right management style? People spend 8 hours a day at work on average and if at that time they can meet their needs related to recognition, belonging, respect by others, security, the right to express opinions, development and self-realisation, it will not only affect the quality of their work and their commitment to achieving the company goals. It will affect the quality of their lives, family and friends relationships and social integration as well. We are shaped in our work and bring it home - achievements and failures at work can have an impact on the family atmosphere. When an individual has a satisfied need to recognise his own value, he believes in his own strength. Such a person is happy and only a happy person can make the world a better place.

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