

## EFFECTIVE FOUR ROLES OF MODERN LEADERSHIP

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**ABSTRACT.** Modern understanding of the leadership concept comes from the application and affirmation of behaviorist approach to management. The focus of scientific and research attention is located on individual, group and team behavior of people during the working process, in working environment. Great changes in the environment, constant changes in the business world, and changes in the new access of the work realization, have contributed that the old-fashioned system of managing passes from – rigorous, static – stereotype, traditional, exceeded process, to the system of leadership, as more modern, more flexible, more functional and more rational model. This is the modern model of management. The static, stereotype way of managing is going through the process of transformation, development – evolution of organizational and management structure. This is the pass to concrete actions and practical activities of leadership. Leadership is a skill, ability and process. A leader – manager is getting a new role, the role of a trainer, teacher-mentor, motivator and integrator. The mission of the leader is to provide a team work concept, team collaboration, to create intellectual climate – healthy, preferable and positive competition at work. He tries to join efficiency and effectiveness. He creates social value, he longs for economic development. This is longing for the necessary evolution of the society.

**Key words:** the leadership concept, skill, ability, process, modern model of management, social value, evolution of the society.

### ЧЕТИРИ ЕФЕКТИВНИ РОЛИ ЗА СЪВРЕМЕННО ЛИДЕРСТВО

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**РЕЗЮМЕ:** Съвременното разбиране за лидерската теория произлиза от приложението и потвърждението на бихейвиористичния подход към мениджмънта. Фокусът на научните изследвания е съсредоточен върху индивида, групата и екипното поведение на хората в работна среда. Промените в обкръжаващата ни среда и бизнеса, достъпът до трудова реализация- всичко това води до промяна на старата система за управление от група, статична и стереотипна към съвременна система, функционираща в рамките на един по- рационален модел. Това е съвременният модел на мениджмънт, развиващ се въз основа на нова организационно- управленска структура. За тази цел трябва да се извършат съответните конкретни действия. Лидерството изисква умения, възможности и адекватни действия. Лидерът – мениджър изпълнява нова роля на ментор, мотиватор и интегратор. Неговата мисия е да създаде концепция за работа в екип, взаимодействие и здрав конкурентен интелектуален климат, повишаващ ефективността на работа. Той създава социални ценности и икономическо развитие на бизнеса и обществото като цяло.

**Ключови думи:** концепция за лидерство, умения, възможности, процес, съвременен управленски модел, социални ценности, развитие на обществото

### INTRODUCTION

Efficiency of a company indicates the purpose of its existence, and how to meet the customers' demand both short-term and long-term. The company is functional when it accomplishes the results in the market, because of which it started functioning, when it is flexible, open and dynamic. It has its purpose and goal, its identity – the business entity which it gives and takes away. It represents and becomes a part of a whole – environment. The assumption that everything - absolutely everything, was created with a particular sense. Merged companies with their external and internal environment are flexible companies, i.e. they have their purpose of existence – modern imperative i.e. to follow the calling, the mission. When you do what you have been created for, the energy will fulfill you. Everything is with a purpose, and that is actually to serve the others. To give and at the same time, the giving is taking away through a process, which gives the expected results. In modern business language, people talk about essential competences. The companies should observe them, but the essential competences are not only related to

knowledge and equipment (technology), but also to an efficient style of management, strategy of knowledge and creative – innovative organizational culture.

### THE FIRST FUNCTION OF LEADERSHIP – P role

In order to have an organization/company short-term effective, it has to provide satisfaction of the client's need (P) role. The first function of management (leadership) is the P role, which makes the company effective in short term. P function/role (the system's vitamin), indicates accomplishing the purpose of its existence – realization of the results, i.e. short/term effectiveness. Primary question of leadership: What is the purpose that has to be accomplished? Is it profit?

Example of Isaac Adizes: [!] A group of five people are walking along the narrow path towards the top of a mountain. The path is so narrow that they have to walk one behind the other. There is a deep canyon on the right side, and a steep cliff on the left side. They have been walking for hours, singing, making jokes, laughing, whistling and talking. To a scientist

who studies behavior of an organization, or to an anthropologist, psychologist, social psychologist, this group of five people seems like an organization. From the point of view of the management, although we can notice that the group of five is a social interactive organization, we can't recognize the management process until the group comes across the rock which is so big that it blocks their passage out, so nobody of them can move. At that moment the leadership process is beginning. Somebody has to make a plan, to organize, to motivate, to consolidate and supervise or manage to move the

rock away. It doesn't have necessarily to be an individual it can be a team that can make the decisions. It takes to make decisions in order to move the rock away.

Therefore, it is important to notice the need, and the need is the only that makes the sense. And when there is the sense there is a process also. Certain processes have to be carried out in order to identify and accomplish the goal. When there is the sense, the process is also necessary in order to identify the goal and its accomplishment.

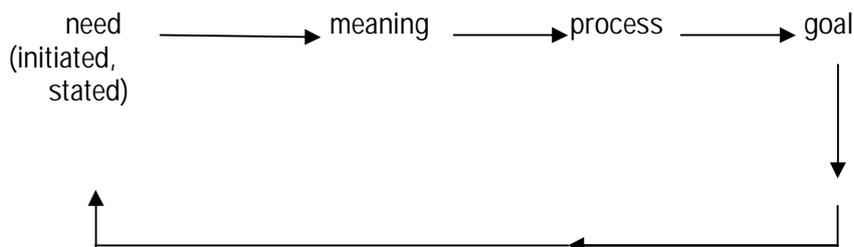


Fig: 1 view by the author

## PROFITS AS A MEANS FOR REALIZATION OF OPTING MISSION

The theory of Economics is teaching us that the purpose of existing companies (every economic entity) is *profit*. Can we deny this?! Is there anybody who would dare to oppose against this claim? Many of the companies are so occupied with profit that they eventually go bankrupt. Why? If a company focuses itself on profit, isn't it certain to make the one? No, it isn't. This way of thinking mixes up input and output. Profit is necessary for the company to survive, but is not the only reason for this! Profit should be taken as an opportunity, and not as a goal. It is necessary for everyone to understand that profit is a means for realization of opting mission, and not as a mission!

We can compare profit: "Profit is like love, health and/or happiness." If you focus yourself on happiness and tell yourself that today you have to be happy, quite the opposite will happen, you will feel absolutely miserable, pathetic and unhappy. If you tell that you have to be healthy, it is possible that you will become a hypochondriac. And if you tell yourself that you have to fall in love, you can start to hate. You have to wonder what makes you happy, healthy or in love. This is what you should focus on. Focus yourself on the inputs towards the output if you focus on the output, and ignore the input, you are making the expectations that might be unreal and unfounded.

When evaluating profit, if you don't clarify this then the whole concept of your success is based on wrong basis. Profit is not a mission, but means for realization of the opting mission. Profit is a good guidebook for the effective and efficient business – economic index. Profit is a factor that is necessary for the survival of a company.

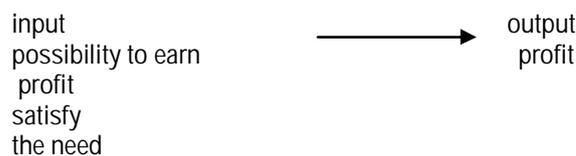


Fig. 2 view by the author

"Managers realize unsatisfied needs on the market, the needs that they believe they can satisfy through the process of mission and vision." From a leader's point of view, difference between profitable and unprofitable organizations does not exist any longer. Both organizations have their own clients and both organizations, if they want to be effective, are aware of importance to satisfy the existing needs / necessary and/or initiated needs of clients. The final results of these companies are different. Economic profit for one of them means political survival for the other one. In both cases of the different organizations at the very beginning the management – leadership has to concentrate/focus on – giving services and meeting needs of the clients because of whom the organization exists. Both profitable and unprofitable organizations have to pursue and focus on creating additional value. Each organization / company has clients because of whom it exists – neither organization nor leadership can exist without clients. By definition each organization has its own purpose of existence, which is to meet the existing and/or future needs of the clients. Therefore, this is the opportunity to realize a profit. Each company has to make the decision what it is and what it is doing – an organization is not supposed to do anything that brings money only at the specific moments. So that it would be functional, i.e. effective – a company has from the very beginning to define who it exists for; who its clients are and which needs it is going to meet, the needs that it can initiate. So, no organization can, and should be everything for everybody. In other words, share the market. Start the action in your part of the market, the market (which becomes your relevant segment).

## THE SECOND FUNCTION OF LEADERSHIP – A role

Primary question: What about the short-term efficiency? Top management – leadership – has to carry out systematization, programming and organization in order to be short-term efficient, it has to make sure that the right things happen at the right time, in the right intensity, the right order. The minimal input should realize / accomplish the maximal output. It should be administrative, leadership should think linearly, logically and it should pay attention to details; a company / organization don't need to invent the wheel every time when the wheel is needed. P and A roles should only provide a short-term effectiveness and efficiency and the company will provide a short-term profit.

## THE THIRD FUNCTION OF LEADERSHIP – E role

*"Imagination is more important than knowledge."  
Albert Einstein*

*"All that you can or you fantasize that you can, start  
doing it."  
Goethe*

*"The best way to create future is to create it."  
Peter F. Draker*

What does it take to realize the long-term effectiveness? Example: a tennis match [2] Let's go back to the example with tennis. A stroke of the ball over the net into the field of the opponent is P role – "the stroke was effective." We accomplished the purpose because of which we stroked the ball – we achieved the result that we devoted ourselves to. The intensive training, routine drill and imperfection of the movement, which aims to achieve the better result with less effort – accomplishes A role, the game is effective. But, the conclusion is that one good stroke doesn't mean winning the match. To achieve victory, it takes more than one good stroke. We have to realize two additional values, so the company could have a long-term function effectively and efficiently. The first one, of other roles is entrepreneurial function – the first is E role (moving energy). To win a tennis match, [3] it is necessary to achieve more than one good stroke over the net. In order to stroke the next ball, you should be ready and predict where the next ball is going to fall, and stand in the appropriate position. You should think strategically. Should you go to the net? Should you go back to the centre of the court? If the company wants to be long-term effective, it has to predict long-term order of events, develop its proactive attitude (style) and get ready for the appropriate action – future actions. This requires "ability to look through the fog." Future develops its expressive proactive ability.

To become long-term effective – for a long period, you have to predict long-term order of events, and you have to get ready for the appropriate respond. It takes two factors for this: creativity (entrepreneurial spirit – the power of creation which is basically freedom of creativity) and taking a risk. In other words, willingness to get into the fog, to start searching the dream: willingness to take risks. It is risky to follow a dream. [4]

When a dream comes true, it may happen that it doesn't meet your expectations, or some dangerous, unpredictable obstacles may come across your way. Possibility of planning the activities for today, in light of what we expect tomorrow, requires ability – to be creative and to have the ability to take risks. Planning means creating your future. Entrepreneurial role will help to predict the future variable needs and it should set the company for the future desirable events in a proactive way.

You have to imagine future, so that you can get ready for it – you have to perceive the fog. You have to be creative to perceive future. Creative people have the ability to look through the fog of the present. Looking through the fog, limited number of information is available to you, and validity of data that you have succumbs to constant changes. You can see one part of the scenery, but as the fog is moving, the scenery is disappearing, and the information is changing. Creative people have the ability to put together a mosaic of the parts – filling the empty spots they create the whole picture using imagination. Creativity is not the only and sufficient condition to plan the current business actions to make the future planned business actions happen. Creativity is not sufficient. To take the actions in the light of desired future, there has to be the ability and willingness to take the risk.

Dynamic and turbulent market which has lightning-fast changes, makes the conditions of running business complex. Even if the management acts very carefully, even without any success to react to the pace of the changes – the company will be reactive. An entrepreneur's role is not to adapt himself/herself to environment and those lightning-fast changes. This is because adapting is a reactive behavior (respond to the changes), and not proactive behavior that initiates, makes predictions and changes. We have to predict our future and take actions about it, and we are not allowed to make mistakes.

## THE FOURTH FUNCTION OF LEADERSHIP – I role

There are some organizations where an individual is the manager, someone who is also capable to fulfill the role of achieving results as a Producer and the role of Administration and Entrepreneurial role. [5] Such PAE-type of manager makes decisions in accordance with customer needs and because of this the company is very effective – P. He is extremely efficient, he keeps a tight rein on everything and he doesn't waste funds – A minimizes the costs, efficiently controls the costs. Furthermore, he is very energetic and he is engaged in predicting the new needs of the market – he undertakes the activities in advance to meet those needs. (he is proactive) – E.

What happens when the manager like this, the one you cannot meet very often, dies or leaves the company? The experience tells us that in this situation the company is going through very serious problems, and in some cases, it dies out. It is necessary to relieve the company/organization of crucial influence of any individual who is a part of it. It is necessary to institutionalize E role / function. A company must have its

own absolute organizational religion – culture. The result from this is that a company for its long-term survival requires a culture of values (value system), system of principles, i.e. its own business philosophy which creates innovative vision as a prerequisite company mission. It is important to create an atmosphere where the individual goals become part of the collective – common goals. In other words, common goals and purpose which unify the organization in transcendental sense, that are far beyond the capabilities of an individual. [6] Culture, which is the glue of the organization develops, i.e. is based on the present Integrators (organic glue), it represents the first law of organization transformation. It provides consciousness and culture of interdependence, cohesion and commitment – of favor. Of the favor and interdependence, the unity of organizational culture will be spawn. I role is necessary because it may reflect the transformation of the company's consciousness and its purpose. Culture is an immense capital of a company / organization. The essence of value – value system is belief, tenets, attitudes and principles. This should be a future model of a business approach and business philosophy of a company. Therefore, current values create additional values, which is the purpose of the whole venture. The purpose and the goal are to realize them under the influence of organic consciousness, i.e. the first law of organization transformation.

## CONCLUSION

A company needs a vision, purpose of value, value system, philosophy, rituals, model of behavior and belief that unites people beyond the functions they are currently carrying out. Developed culture creates new processes of change, they bring new visions and the company continues to live even when its initiator dies. Life continues after death. Culture as a process develops under the influence of organic consciousness as a result and condition on developed leadership process. A process which creates business philosophy based on the essential values (tenets, principles and beliefs). Integrating means to change mechanistic consciousness of a company into organic. Integrating is to take an action, to do something – to act. Integrating is nothing passive. You have to make changes, and not wait the changes to happen. If you are waiting doing nothing, the system disintegrates. (Example: [7] You buy the best car in the world, but you never drive it. You park it in the garage and leave it there. After a while, you won't be able to start the engine, it will break down. Example: Garden – in the yard. Even the most beautiful gardens, after a while, if you don't care for, it will disintegrate. All the natural and artificial systems fall apart because of entropy. To achieve the process of Integration you have to work / act to prevent entropy. When we realize the needs and demands, we'll also find out the way, the system of rewarding and motivating – inspiring by the common vision. We'll realize the common purpose and the goal of the company. If nobody is irreplaceable, the organization is long-term efficient.

Scheme summarizing the roles:

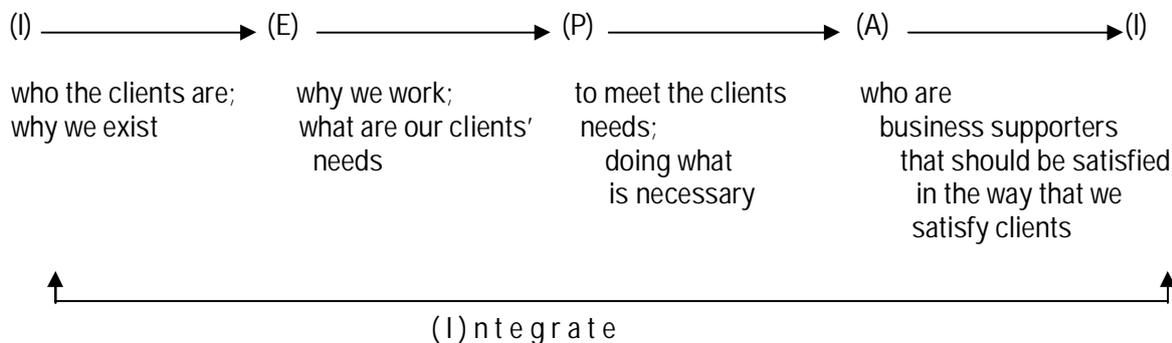


Table. 1

entrance	process	exit
role of making decisions	makes an organization to be	the organization is
(P)roducing the required service	functional	short-term effective
(A)dministrator	systematized	short-term efficient
(E)ntrepreneur	proactive	long-term effective
(I)ntegration	organic	long-term efficient
short-term and long-term additional value = profit (example)		

(source: Adizes Ichak Change Management Published by Adizes, Novi Sad (the fourth edition) 2004, page 66)

Good leadership decisions make an organization effective and efficient in long-term and short-term period – they make the company be functional, systematized proactive and they

give it organic consciousness. An optimal balance of functionality and self-control is attained. It creates identity and aim, function and form.

❖ If the company wants to be short-term effective, it has to provide satisfaction of the clients' needs (P), role (P) can be measured by repeated

sales. Profit growth. As a reflection there is stability of cash flow. *Realization of the results.*

❖ A short-term efficiency of a company means the least possible use of means, spent manager's time and energy. Setting the process, form, rules and procedures. To realize optimal desired results – the company is (A)dministrator, systematized, organized and there is also the necessary discipline. *Minimal input which creates maximal output.*

❖ To achieve a long-term effectiveness, an organization needs (E)ntrepreneur – proactive entrepreneurship. A company has to predict future needs of the clients and to initiate the future needs, to get prepared for meeting these needs in the future, the company has to think strategically and it is an active and dynamic participant in its environment – an organization needs to develop dynamic style of openness – responsiveness and proactive style. Its culture should develop the entrepreneurial spirit, enthusiasm, it should place and develop healthy competition – working energy, and develop creativity – freedom when creating – essentially it is creative and always ready to take risks.

❖ If the company wants to be long-term efficient – the company has to be (I)ntegrated, to develop a climate of cooperation in the organization. Trust and respect among all the participants in doing business to meet the needs of the clients (purpose and aim of an organization – it is necessary to know who the clients of the organization are, i.e. the

purpose of the existence). If all the participants cooperate and none of them is irreplaceable, the organization is long-term effective. It is necessary for a company to find out the needs of the clients and of the other participants in business, to monitor trends in the environment – on the market; to create the system and a climate in the organization that mutually meets the needs.

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*Recommended for publication of Editorial board*

## OPTIMAL USE OF NATURAL FUNDS

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**ABSTRACT:** Human society as well as the man, uses natural resources in terms of potential for development. Natural resources are the phenomena, processes or objects that are found in nature and that have constructive or destructive influence on the development of living beings and their activities. Renewable natural reserves, or funds, despite the power of regeneration, can be completely exhausted, or destroyed, and because of that, there are belong to the group of non-renewable, unlike the flow of energy, which is considered as inexhaustible resource. If the natural balance is violated, the damage that nature can inflict is enormous and difficult to repair. The world is rich in renewable resources, which include natural and funds, and if these resources are used optimally, it may be unlimited. Protection of natural values, is achieved by implementation of measures for preservation of their quality, quantity and reserves, as well as natural processes and their interrelationships and the natural balance of all.

**Key words:** natural resources, natural funds, optimal use, protection.

### ОПТИМАЛНО ИЗПОЛЗВАНЕ НА ЕСТЕСТВЕНИ ФОНДОВЕ

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**РЕЗЮМЕ:** Човешкото общество, както и човекът използват природните ресурси и средства ресурс от гледна точка на ресурсите са развитие. Природните (естествени) явления, процеси или предмети, които се срещат в природата имат конструктивно или разрушително влияние върху развитието на живите същества и тяхната дейност. Възобновяеми природни ресурси или фондове, въпреки че те имат право на възстановяване, могат да бъдат напълно изчерпани, или унищожени, както и принадлежат към група изчерпване ресурси, за разлика от потоците от енергия, която се счита за неизчерпаем ресурс. Ако наруши естествения баланс на щетите, които могат да нанесат е огромен и труден поправива. Светът е богат на възобновяеми ресурси, които включват естествени и фондове, и ако тези средства се използват оптимално, ресурсите могат на практика да бъдат неограничени. Прилагане на мерки за запазване на тяхното качество и количество на резерви, както и на естествените процеси и тяхната взаимозависимост и на естествения баланс на цялата система, защитата им е постигната.

**Ключови думи:** природни ресурси, природни средства, оптимално използване, защита.

### 1. Introduction

Natural resources management aims to clarify as much as possible renewable sources, and, at the same time, to make the difference in way of managing between renewable and non-renewable resources <sup>1</sup>. In accordance with the strategy of sustainable development of the United Nations, initiated in 1992, further economic development worldwide has been based on the renewable natural resources. The aforementioned strategy is designed to preserve primarily healthy environment which is the imperative to the life of mankind in future. If, however, we consider the postulates of current system of trade economics and definitions of competitiveness, and compare them with the principles of sustainable development, we observe that they are contradictory. The former has the basic rule: making as many products and services as possible at competitive prices and quality, regardless the natural resources, since what is important is to keep increasing their number. With the strategy of sustainable development, it is limited the use of the natural sources, it is required the reduction and elimination of waste, as well as it means transition from non-renewable to renewable resources.

Since, in economics, we have to rely on limited resources, the products friendly to the environment and large investments in the environment, it requires redefinition of the economic postulates and competitiveness. According to duration, non-renewable resources are grouped as follows: mineral raw materials and mineral sources, while the renewable ones are classified into: soil and water with the flora and fauna, and renewable energy resources, such as geothermal energy, wind energy, solar energy and energy of tides and waves. Regarding industrial production, the non-renewable resources of metal, non-metals and energy raw materials are of particular interest. However, since they are depleted, their rational exploitation and usage have extraordinary significance for the sustainable development. The use itself of these resources results in degradation of large areas of soil. The natural resources exploitation has, therefore, direct and indirect, partly lasting or temporary threat, even devastation of the environment. Taking into consideration all these reasons, planned and long-term exploitation of mineral resources has, for each country, in every aspect, the highest possible significance <sup>2</sup>.

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