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Values of effective **leadership** in organization and scale of its appliance in Kosovo's SME

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Abstract

The purpose of this paper is to examine in what level is effective leadership applied from managers of business firms in Kosovo. Through literature review but also from data's collected from well defined questionnaire from where there were surveyed a good sample of employees of small and medium enterprises (hereinafter SMEs) in the country is showed in what is the existing level of effective leadership. Findings showed that the level of effective leadership is not so bad, but at the same time we cannot say that is so satisfying. Managers of SMEs mainly use the function authority to lead their employees, and because of these employees in some cases have not very good perception for their leaders. This paper shows what describes a good manager, identifies the values and characteristics of effective leadership, and through research data and done analysis, have been measured and described in a certain degree, how opened are managers with their employees, do they give the opportunity to them to express their concerns and opinions, and how much existing leadership affects employees of SMEs of Kosovo when we talk about job satisfaction and their performance level.

Keywords: effective leadership, managers, authority, performance, SMEs, Kosovo

JEL qualification   M10; M12;

1. Introduction

The concept of effective leadership and learning organizations is one of modern business and management concepts, where different theorists and researchers have attempted to develop and endeavor at practical implication (Mintzberg, 1998). Singularity of effective leadership is that companies through it management to increase their performance in front of their competition, especially when relying on the fact that economies are being internationalized and acting in the age of globalization, in which each company is required to build major competitive skills. Leadership character is using the company to withstand challenges from the external environment (Amideh, 2012). Effective leaders possess the ability to convert goals and vision into action (Amideh, 2012). In other words, how we can define leadership? One of the many different definitions of leadership will be described by the sentence "*the art of motivating a group of individuals, to achieve certain goals of the organization*" (Popa, 2012). Otherwise, according to Drucker, P., "*leadership is all the success*" (Drucker, 2006). Effective leadership is not so easily to be defined because we must consist in several variables and characteristics that influence how should be measured and considered to be effective. Leadership itself contains some values as: *creativity, self-confidence, ethics, knowledge, courage, personal dignity*, etc., (Domniku S., 2011). In recent years, by changes made in environmental conditions and the **effects of globalization**, has affected managers so they should act as an agents who are forced to increase opportunities for employee adaptation into the organization, so they remain in the organization and also continue to be productive, and influence that consistently they meet customer requirements and needs (Shamir, 1999).

2. Literature review

Since in the beginning of XXI century there have been started studies on leadership (Lussier, 2008). In prior studies is claimed that leaders are born and not created. At that time researchers had done a series of studies on which they had identified a number of characteristics that distinguish an effective leader from ineffective one (Bass, 2000). Although even that around 300 features were defined, had not been establish a universal list of key features of a leader, i.e. leaders are taller persons, but *Napoleon Bonaparte* was a shorter man, but one of a goodies examples of a true leader. Based on previous opinions that leaders are born and not created, it means then in recent years there would be no need to organize courses of management and leadership (Doch, 2003). Today worldwide are spent approximately 50 billion dollars in focus of leadership skills development (Raelin, 2004). Although it was not defined a universal set of leadership features, individuals and institutions have not stopped their studies and research to publish a numerous articles

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dealing with the description of the effective leadership characteristics (Raelin, 2004, pp. 131-135). In a survey conducted by the *Wall Street Journal* (Staff, 1980), where have been included a total of 782 managers from 282 giant corporations, were they've been surveyed with the question "*What are the most important features that characterize a successful and effective leader*?" Results have indicated that there are three most important features that characterize a successful and effective leader: **integrity, ability to adapt to industry, and the ability to communicate with people**. The study also brought results which identifies the features that characterize a failed or ineffective leader. After 1940, the main focus of the study was to identify the behaviors of leaders aimed to determine what makes an effective and what makes an ineffective leader (Lussier, 2008).

In 1945, *Ohio State University* made a research for determining the most effective leadership style (Lussier, 2008). According to a study based on the survey, managers had given answers based on two distinct dimensions (Likert, 1961):

a) *Initiating structure.* The principle is in which a manager plans, organizes, lead and supervise its employees in order to complete goals and objectives of a company.

b) *Consideration.* The principle is in which a manager achieve to develop a proper communication, confidence, friendly environment and respect.

Approximately at the same time when studies started in *Ohio State University*, the *University of Michigan* began studies on identifying the most appropriate leadership styles. Even at this University, were identified two main styles of leadership which they named with different terms:

a) *Work orientation.* This resembles with Initiating structure, i.e., Managers are highly obliged in dedication to achieve higher performance in the enterprise.

b) *Orientation towards workers*. It also resembles with Consideration. These include concern and engagement of managers for needs and concerns of the employees.

Effects of leadership are particularly more important when we think of economic activities of various business firms. According to *Scarborough, N.,* "*leadership is the process of influencing and inspiring others to achieve goals, by giving them power and freedom to act and operate* (Scarborough, 2012). Effective leaders have good communication skills with all employees of a company. Good leaders are able to build a healthy organizational culture, an environment where every employee doesn't feels discrimination, and considers himself as a valuable and important asset of the enterprise. Good leaders are able to create good human relations among all employees of the company, including its management. Human relations are considered good only when other team members reach at the best way to collaborate and communicate in achieving company's goals. A manager can affect positively or negatively in development of these relations and much depends on his personality and style of leadership that leader applies (Domniku S., 2011). Therefore, not all managers are considered as leaders, but this does not mean that the leadership skills cannot be obtained or developed over time. Precisely because of the importance of effective leadership, many business companies in developed economies are investing in human resources and in particular viewpoint, attending various training programs, which facilitate and improves management and leadership skills. Effective leaders in relation to managers who do not have leader's elements, they possess a number of characteristics that differ from the last ones (Table 1)

Element	Some characteristics of effective leader
Intelligence	Good leaders use their intelligence when they act. With the use of personal intellect, leaders reach to communicate with their subordinates and make them feel good in the organization.
Decision making	Leaders are decision makers. They consider all the facts and circumstances carefully; use their knowledge, experience and all needed information's.
Integrity	Leaders are honest people. They make ethical decisions and treat others in the best possible ways without prejudice their rights or their own interests.
Courage	Leader's make sometime unfavorable decisions in front of their employees or their owners. This means that they have a high level of courage.

Table 2. Characteristics of effective leader

Source: *Burrow, Kleindl, Everard (2006). Business Principles and Management*

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Before defining firm's goals and objectives, it is necessary and very important that every manager throughout this process should also consider the employees opinions and suggestions. By setting goals and objective in this way, it creates a kind of "*ownership*" of employees to company goals. Only in this way each manager can come to 2 specific conclusions (Essentials, 2006):

1) *Identify the capacity and responsibility of each employee in relation with goals and objectives.*
2) *Employees reach to understand better thee importance of goals and objectives.*

Participation of employees in process of goal definition helps company itself, because during this process managers reach to understand each employees ambition, identify are their goals related with the goals of the enterprise, etc. When a manager reaches to know and understand his subordinates, it is much easier defining the methods and forms how to motivate them. For a company to be more effective, it is required to identify unique talents that employees may possess, to consider these talents and develop them constantly. Effective leaders have an ability to help them to identify their professional talent, and that why the leader's role here is very important (Liden, 2000).

Motivation is the next leadership issue of particular importance in order to increase the performance of employees (Essentials, 2006, pp. 18-30). After defining firm's goals and objectives, it is necessary to motivate employees, because goals can better and faster be accomplished. If motivation is ignored from management, employees can get discouraged for creating desired results and performance. In some cases employees as a result of motivation even exceed the expectations of their managers. But what are the most effective practices that can be used to implement greater employee motivation.

According to the "*Harvard Business Essential's*" some of the best practices are as follows (Essentials, 2006):

a) *Trust demonstration*
b) *Requests for more challenging works*
c) *Encouraging employees to become experts*
d) *Employing people with higher self-confidence*
e) *Be a friendly boss*

Trust demonstration – is related with the level of trust and confidence of managers to its employees. Some managers have higher confidence to employees than they have the ability and skills to achieve certain tasks, but others are less confidence in employees, despite the skills they may possess. You can apply different ways to demonstrate confidence, *for example; to minimize the degree of control over subordinates*, require from them to prepare a plan, an a activity of any project, or announcing employee on the top of one of the companies projects.

Requests for more challenging works – presents the possibility that employee's claim they are able to finish more difficult works and tasks instead of those they actually do. These opportunities may be identified by communicating with employees, basing on preliminary results that they have consistently showed, potential and desire that they express, etc., and then manager can assign additional tasks that may be more challenging for employees were they also are able to realize them.

Encouraging employees to become experts - represents one of many ways that stimulus effects of performance enhancement. Each company operates through its functions, finance department, manufacturing, information technology, marketing, human resources, etc., so encouragement must be applied in different employee profiles. Considering ideas and suggestions during the manufacturing process can be very effective for enhancing the performance of enterprises. Encouraging employees to continue with the same pace of performance so in a near future they will be promoted to higher positions, e.g. obtaining managerial position in a new branch of the company, etc., would be a very good technique that will have very positive effects on the best of performance.

Employing people with higher level of self-confidence - may have significant effect on increasing employee motivation (Essentials, 2006). Some of readers may rate this more on a base of talent of management than its performance, but the identification of individuals with such characteristics can be realized in the interview stage. People with higher self-confidence are more optimistic, more confident in what they declare, objective oriented, and certainly more ambitious.

Being a friendly boss - is nearly half of all the goods that a company can provide to benefits of employee motivation, i.e., *the enterprise can reward employees with tremendous financial benefits*, *a safe work environment*, etc.., but a not friendly manager, or a manager who does not creates a good human relations, will enable the demoralization of staff (Burrow, 2006). In other words, what distinguishes a good (friendly) manager? In *table 2* are presented some of the key features of a friendly boss.

Table 2. Features of a "friendly boss"

| Defining higher standard request as for himself also for other members of a company |
| Encourage employees for accomplishing their tasks and to impact on the best of their carrier development |
| Be grateful for others contributions |
| Creates the mechanism to ensure control through feedback form and continually to applied it |
| To reward others performance |

As can be seen, one of the most important challenges of a manager is to motivate his employees. According to the authors Jones and George, motivation is a psychological force which determines the behavior and actions of individuals at different levels of the enterprise (Jones, 2007). Through motivation can be increased the level of effective actions that can contribute to the best of company's performance.

3. Materials and research methods

If we stop and analyze the entire theoretical content described above, especially if we analyze data which are based on research and findings by different authors and different research institutions may emphasize how important it is for an enterprise to have managers who possess the characteristics of effective leaders and are also willing to apply these features for the best of enterprise performance.

One of the methods to improve the purpose of this paper, were the goal is to identify the leadership characteristics of managers of Kosovo's SMEs we used the survey method. The survey was based on a questionnaire designed with special care and crafted exclusively in accordance with the general criteria that match an effective leader, and on the other hand, by identifying the opinions of employees regarding the evaluation of their leaders.

The survey lasted one week, where around 300 employees were surveyed from different regions of Kosovo (*Gjakova, Prizren, Mitrovica, Pristine*), and where most of them belong to the region of Peja. The survey was conducted by second year students of the department "*Business Administration*" generation *2010/2011*, which operates within the Faculty of Business, University "Haxhi Zeka" in Peja. This research was conducted in November 2011 (Survey, 2011) and it's supervised from the author of this paper.

4. Research result

According to the survey questions, employees have given different opinions about treatment and how they are leaded from their managers. In the following, we will present all the answers and the results obtained from conducted survey.
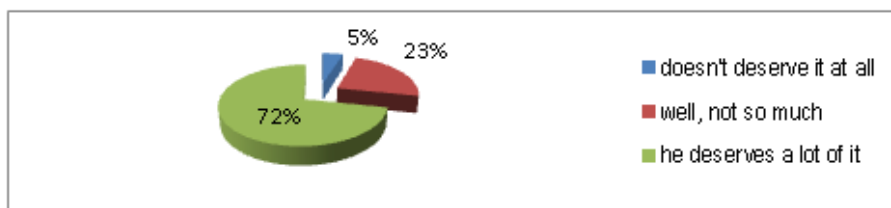
Question number one "*How many employees are leaded from your manager*?"
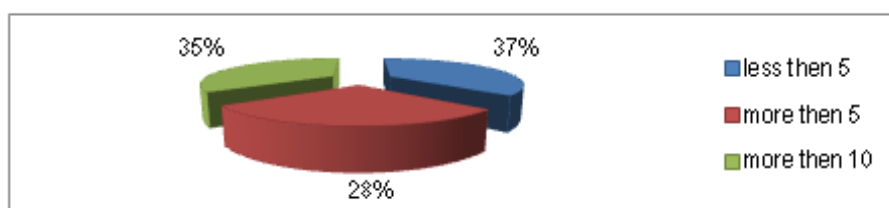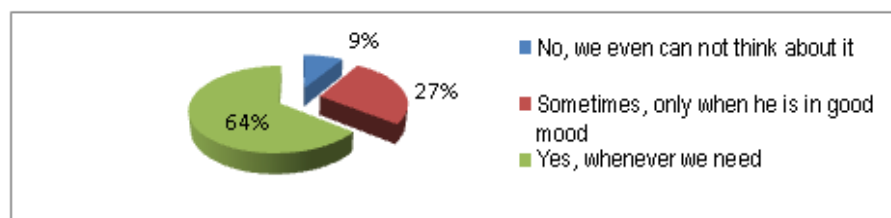

*Question number two* "How do you assess the manager's communication?"
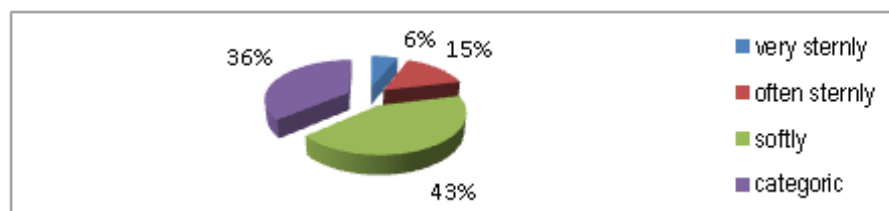
Question number three "Does your manager deserves respect, based on the style he leads you?"

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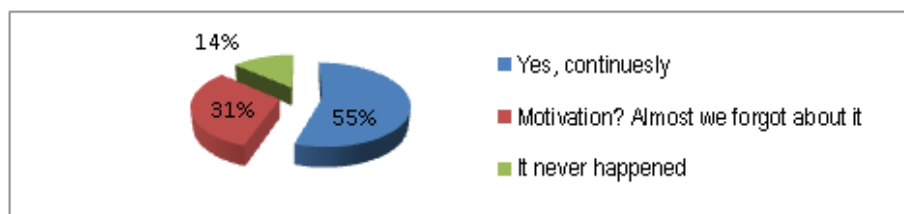

Question number four "Do you feel free that anytime you need you can make question and give opinions to your manager about personal and enterprise problems?"
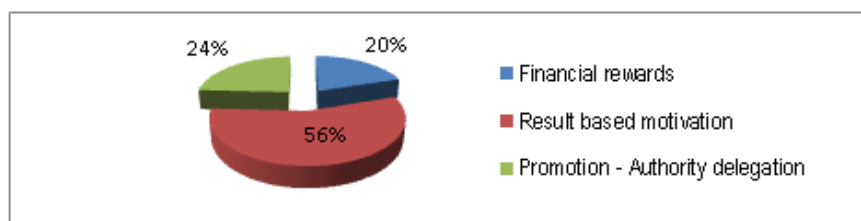

Question number five "Do you think that his behavior affects your level of performance?"
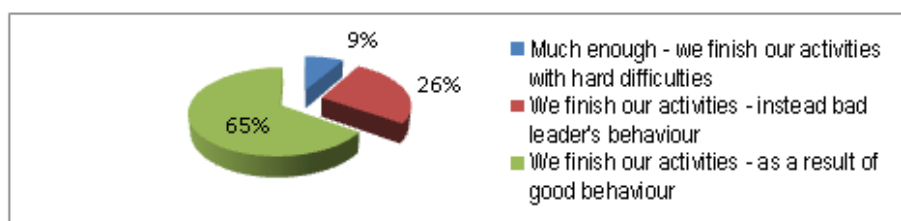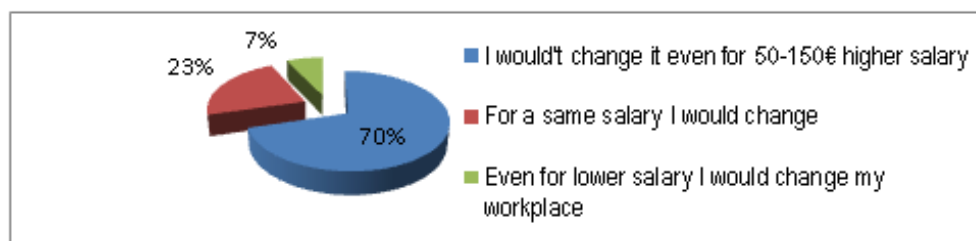

Question number six "Do you get motivated from your manager?"

Question number seven "In which forms do you get motivated" (*only the motivated ones*)

Question eight "As a result of existing style of leadership, you would change your workplace for the reasons below?"

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5. Discussions and analysis

Based on the results of findings from previous investigations, we could realize that the effective leadership level in Kosovo is neither bad nor to be hailed, especially when we want to compare it with other different organizations' investigations that have identify the level and characteristics of effective leadership at business firms in different countries of the world.

If we want to analyze the way how the managers do communicate with their employees, in most of the cases, this communication is evaluated as a proper one, so that the managers are hailed and admired by the dependents because of such communication. In the meantime, they are also properly evaluated in terms of giving the employees the possibility to express their opinions or to make any remark related to business activities. Nevertheless, if we summarize the previous four results, we could ascertain that about ¼ of the employees are not urged to give their ideas or recommendations. Therefore they might not be satisfied with the leadership or the way how they are treated by. As such, they think their leaders deserve no respect.

According to this theory, we noticed how important the motivation of employees in a firm is, particularly when one aims to achieving good results at. In our investigation, we realized that the motivation is being applied, maybe 50/50. Almost ½ of employees have forgotten when was the last time they were motivated, or even if they were motivated ever. Even those employees who are motivated, are merely financially rewarded or promoted, whereas the majority of them feel a kind of psychological motivation, since ¼ of them are hailed ore praised for their job by the management.

Maybe as a result of weak labor marked that reigns in Kosovo where, based on the statistics of January-June 2012 of Kosovo Statistics' Agency, the unemployment rates reach 35.1% (KSA, January-June 2012), or maybe because of other unknown reasons, about 70% of employees would not prefer to change their working place, regardless of the effective leadership, whereas about 30% of them would change their working place, independently if being earning the same salary or even less.

6. Conclusions and recommendations

The main contribution of this paper aimed to persuade in advancing the knowledge on effective leadership at NVM-s in Kosovo. Based on the obtained capabilities, I think this is a rare and maybe a unique investigation in terms of identification of characteristics and the level of effective leadership appliance at Kosovo's NVM-s. It is obvious that the performance of this field is too complex, nevertheless there is sufficient place to developing different quality investigations in the context of this business need. Thus, everything that seems to be undefined or unrevealed might be a possibility for further investigations and analysis by different authors whose interest is in the field of management and leadership.

In regard to conclusions of this paper, we could say that these conclusions are totally based on the effective leadership theories, but also on the reality of the effective leadership in our country.

As a part of conclusions we could say that the authority of Kosovo NVM-s managers merely depends more on the source of power of function, rather than on the source of power of personal identity. We say this because the way how the managers do communicate with their dependents, sometimes is a rough communication which doesn't make the employees to feel good. On the other hand, it harms their right of being a worker, to express their opinions and to feel free in raising questions or making objective requests.

In a near or in a far future, it might happen that those experienced employees or those specialized in certain fields, as a result of a no effective leadership, could look for new chances in their carrier. Therefore, such situation could be a serious challenge for owners or leaders of NVM-s, since they might face difficulties in finding new candidates who could, eventually, respond properly the duties of the job, but on the other side, there might be new expenditures because of their recruitment.

Kosovo NVM-s managers ought to create more space to their employees, whether in terms of having more possibilities in determining the objectives of the firm, whether during the realization of activities toward objectives. The possibilities the employees have in order to be part of planning the activities and objectives, make them

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more available and more productive in the realization and completion of the duties given by.

The level of motivation must be increased, since the practices of encouraging the employees through praising show that it encourages them to being more productive. Another way of motivation is the consideration toward the employees, whether in the decision-making process, whether in continuous evaluation of their results, or even through promotions, delegation of authority etc. It is very important and necessary that each manager should identify the values and needs of employees in order to apply the best practices of motivation.

A special recommendation is addressed to Kosovo NVM-s owners who necessarily must plan and dedicate a part of their incomings for training and development of managerial staff. This makes better and more successful managers, since by translating the capabilities tied with the effective leadership, encourages them to improve their behavior and leadership's style, which could equivalently encourage the employees to be more satisfied and more productive. And when a good objective is reached, we could say that the performance of firm is increased, too.

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