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MOBILE NETWORK LEADER IN MODERN MANAGEMENT SYSTEMS

Introductory remarks

The current globalization processes that involve a multiplication of social contacts both on local and international levels and the dynamic development of ICT technologies introduce a new quality to company management systems and the attitudes and conduct of businesspeople and managers. The increasing competition and rivalry on the market require from the management staff both a change in the concepts of management and their mental approach as regards the styles of managing and the relationships with external stakeholders. Passion and success are crucial elements of personality. That is particularly visible in sustainability management where strategies aim at a constant company development and the minimization of threats related to risk and the maintenance of competitive position on the market in a given segment, regardless of the changes that occur in micro, macro and mega environments.

Thus, it is not enough to skillfully put into practice the internal functions of management that are related to operations and tasks such as planning , organizing, managing, employing, motivating and supervising¹ and it is indispensable to change the approach of managers/leaders so that they should aim at the implementation of external functions that ensure the development and market competitiveness of their companies. They are the new functions that did not appear in the previous management systems and present managers/leaders are not always mentally ready to implement them. The new situation requires new skills and capacities to acquire company's external stakeholders that are associated with business, authorities, media and all sorts of local and non-government organizations, etc. Present-day managers/leaders who are able to combine the internal and external management functions can be referred to as *mobile network leaders*. *Mobile* as they can operate mentally in the external environment of the company and to attract stakeholders with the application of business networking and fundraising. *Network* as they skillfully use

¹ L.H.Haber (ed), *Komunikowanie i zarządzanie w społeczeństwie informacyjnym*, Nomos, Kraków 2011, pp.211-213.

social networks, various personal contacts and digital communication platforms in order to search for and strengthen company's relationship capital that is based on co-operation, trust and durable relationships with external partners.

A question is raised, how many present-day businesspeople or managers/leaders can promote modern management by taking the role of mobile network leaders. What conditions should they meet and are they ready – in terms of their mentalities and personalities - to implement the new external functions of management?

The text below analyses the relationship between the evolution of management systems and the mental changes in the personalities and styles of managers/leaders.

1. Change leaders in the evolutionary development of management systems

When analyzing the historical development of management models of organizations, one can clearly see a correlation between the systems and the skills and personal traits of successful managers/leaders. P.F.Drucker, the guru of management refers to them as *change leaders* whose domain is to focus on novelties and innovation to implement them skillfully and effectively both inside and beyond their organizations².

Such a statement is particularly significant at the beginning of the 21st century, the time of globalization, mega-corporations, individualism, consumptionism, employee exploitation and spontaneous competition that is occurring in the environment of permanent crisis.

The growth of the above phenomena is supported by the corrosion and destabilization of economic systems and political and state entities as well as by the incompetence of authorities in promoting and improving the entrepreneurship operations of the small and medium-sized business.

Thus, the personality features of change leaders - their flexibility and multimodal skills in the area of management technologies - are the factors that verify the capacity to manage companies irrespectively of unfavorable macro environment. The technologies change in time with the evolution of management processes, from functional and system processes, through process to network ones.

² P.F.Drucker, *Zarządzanie w XXI w.*, (Management Challenges for the 21st Century) Muza S.A., Warszawa 2000, p.73.

The beginning of the 21st century initiated the formalization processes of company management through hierarchization, specialization, the division of tasks and responsibilities, the standardization of work performance and objectivization of remuneration systems. All dependencies at work were based on the superiority of the manager and the inferiority of the employee. That approach, referred to as the functional-system of management, dominated till 1980s. The typical solutions related to that period include: a scientific organization of work and administration, human relations, organizational culture and HRM. Managers - *change leaders* were a significant driving force of the innovations. As a rule, their operations consisted in the limitation of risk with the view to promote new quality in management systems as a crucial attribute of company competitiveness. When referring to particular examples, the scientific organization of work and management emphasized the significance of the formalization of relationships between hierarchized working groups, which was reflected in formal, impersonal relationships and rigorous discipline at work. The relationship leader-employee resulted from the accepted procedures according to which the decisions were made by the leader and the employee was a passive executor of the orders. In such a system the employee was totally subordinated to the leader. In the human relations approach, the relationships between the management and the staff underwent some social rationalization through the emphasis on the change of working conditions which were adapted to physiological capabilities of employees. The instructions given by managers – leaders were usually preceded by explanations that helped the staff understand the idea of the task to be performed. In company management concepts related to the role of organizational culture, the managers-leaders were required to follow the patterns of behavior that resulted from company's tradition. That was related to the interiorization of the common values, ethical standards and rules of behavior that were to be observed at work on every day basis both by the management and the staff. In that system, change leaders were the propagators and executors of values that customize the company and – consequently – make it recognizable and unique on the competitive market. In the HRM organization solutions, manager-leaders treated their subordinates as social capital. It was accepted that an employee could not be only an element of company's financial costs but constituted intangible intellectual capital that could be developed (which was the role of the change leader) through activating the staff to entrepreneurship, innovativeness and creativity.

Generally, when looking at the hitherto functional-system solutions in management from the point of view of personal traits and the attitudes of management staff as well as the strategies applied with regard to subordinates, one can see an evolution in the treatment of the

staff – from regarding them as ‘objects’ or power force, then as employee potentials and finally as independent entities in the sense of social capital. It was assumed that skillful implementation of the internal-only functions of current management system was the main measure of the manager-leader’s efficiency.

In early 1990s, a process approach appeared in management systems, which was the effect of the increasing globalization of economic systems where business centers with their *change leaders* promoted new solutions in the field of management and disseminated them to subordinate local centers worldwide. The new system was based on adhocratic principles that reduced hierarchy and superiority-inferiority relationships for the sake of flat structures of direct relationships, multispecializations, flexitime and constant reduction of labor costs by organizational changes rather than redundancies. Change leaders were expected to be flexible both in decision-making processes and their reactions to market supply and demand signals. That type of management concept is represented – among others – by benchmarking, re-engineering, outsourcing, customer relationship management (CRM) and turnaround management (TM), etc. In each of the above listed forms of management, change leaders must apply different strategies both towards their subordinates and the stakeholders that include customers, suppliers, local communities, etc. In benchmarking, the objective of change leaders is to bring the company to market leadership in its sector. That can be achieved by a constant analysis of changes that are introduced by competitive companies. In the re-engineering approach, change leaders work for a stable growth of the company’s customer segment. The aim of their strategy is to analyze constantly customers’ needs as regards prices, quality and the time and standards of the service. When implementing the assumptions of outsourcing, change leaders have to focus on the search for new organizational solutions that should result in the decrease of costs and – consequently – in the price attractiveness of services and products offered. In turnaround management, the strategy of change leaders consists in remedial operations, the solution of financial and critical problems with the aim to recover company’s attractiveness by the increase of cash-flow and profit indexes. Other specific features and strategies on the part of change leaders are involved in such organizational solutions as lean management (which constantly rationalizes and simplifies its system) or time-based management (which puts the emphasis on time and deadlines).

In conclusion, in the process systems of company management, the operation strategy of change leaders requires unique personality features as regards their abilities to acquire and

co-operate with the staff. Moreover, a professional multi-specialization is indispensable as well as a sound knowledge of the market and customer needs. In the process management approach each of the above forms assumes that it will result in making the company a leader in its sector. In the system, apart from internal functions, there are some elements related to external functions such as the acquisition of customers. However, the completion of those functions does not affect significantly the evaluation of manager's performance and the completion of the internal functions remains the basis for the assessment of his/her work.

Network management is the third stage of the evolutionary development of management systems and is typical for the beginning of the 21st century. Company management systems replace analogue solutions for the sake of digitization. That is due to the application of ICT technologies, digital platforms and satellite communication. Computers and such communication systems as intranet, extranet or the Internet are the basic tools of work. Management systems enter the era of on-line global networking regardless of geographic location. Thus, a new quality is created in the system and technology of decision-making processes that are dependent on the new change leader : the *mobile network leader*. The network character of managing makes the management staff determine new principles as regards the systems of power distribution, management, work, communication and remuneration. There is a tendency to withdraw from full-time permanent employment in favor for mobile work that is flexible and can react to changes that occur in the company's market environment. Such notions as mobile employment, mobile working time, mobile salary system, mobile services or mobile employees are increasingly more commonly used. Hence the concept of a mobile network leader. The mobility-promptness of reaction to changes within company and – first of all – to market signals is the basis for successful operating. Dotcoms, virtual, fractal and extended clusters are the typical network companies. They deal in teleworking, retailing, financial and banking services, marketing and advertising, tourism, computer, etc. In a digital environment, a change leader must be innovative, creative and synergy-focused.

2. The concept of network management system

Network solutions in their social and digital dimensions result in special emphasis on the external functions of management rather than on the traditional internal ones. Every network company is influenced by such factors as:

- the increasing globalization, which introduces new solutions to management technologies that are typical for mega-corporations,
- the growing role of flexible labor market and, consequently, such solutions as flexible employment, flexible working time or flexible remuneration,
- the decreasing product life cycle,
- the dominating role of consumptionism as a new value that defines the positions and roles of employees in organizational structures,
- the probability of risk related both to company success and its bankruptcy, which is justified by the variability of crisis phenomena, both macro- and micro-economical in character,
- the acceptance level of the network company operations on the part of its nearest environment- the customers, competitors, etc. and the distant environment, e.g. the policy of the state,

The position of a network company on the market (from development - stabilization to bankruptcy) will depend on the reaction of mobile network leaders to external phenomena.

It should be kept in mind that the introduction of a network system of company management, despite positive aspects, may also result in negative phenomena that may be the effect of network management as such , personality features or the existing conditions.

The positive aspects of network management are involved, among others, with its unique features: a high degree of flexibility, prompt reactions to the changing needs of the market, partner-like relationships between network participants in the network itself and the links with external networks as well. Network companies that function in a dispersed structure have greater opportunities than traditional companies as regards the recognition of both local and distant markets and the acquisition of new customers, manufacturers, stakeholders, etc. They have more chances to relocate their resources to decrease the costs of operations and, consequently, the prices. Mutual co-operation between network companies significantly reduces the risk of operating in a quickly changing and crisis-affected economic environment. The information flow, the exchange of expertise and technological innovations are much quicker in companies that implement network management, which results in the increase of their innovative competitiveness in relation to companies that use more traditional management forms. The participation in a network of varied companies increases their

negotiation value with respect to other companies, suppliers, banks, local authorities, state institutions, etc.

The negative aspects of network management include, first of all, the acceptance of a target that is not adequate to the needs of the closest environment – there are no customers or recipients of goods, etc. Moreover, coincidental organizational structures are formed that are not secured by company's resources, which limits their development opportunities on the competitive market. Another drawback may occur by an inadequate selection of the network and inter-network team whose members may tend to be dominant, competitive or conformist. There may also occur a lack of trust to network partners, which leads to the problems with the information flow, exchange of knowledge, innovations and finally to the drop in company competitiveness. Another negative issue is the employee exploitation by the violation of the labor code rules: longer working time, delays in paycheck, lowering the salaries, no trainings, biased assessments and promotions. There may also be intellectual exploitation that consists in taking advantage of employee innovativeness and creativity without the opportunity to be promoted or financially rewarded. An uncontrolled development of a network, both in the internal and external sense, may cause problems with the coordination of operations and may be the source of conflicts that weaken the feeling of togetherness among the staff.

The above list of the positive and negative aspects of network management is subjective in character and does not include all the phenomena that could be considered when assessing that form of management. The aim was to turn the attention of change leaders to personal and situational opportunities and barriers that may occur when introducing network solutions to management and which may finally result in the transformation of change leaders into mobile network leaders.

3. Mobile network leader – personal and situational issues

In the era of market economy everybody can start his/her own business – found a company, employ people and manage them. Moreover, everybody can be employed as a manager-leader. That also refers to network companies. However, a question arises whether everybody has adequate knowledge, skills and competencies. In the case of network management it is crucial to combine skillfully social networks with digital ones.

Statistical data of 2010-2014 indicate that 30%-40% of small and medium-sized sector companies go bankrupt every year. That figure testifies to the lack of particular personal

abilities among businesspeople and managers as well as to the fact that they do not have the necessary analytical skills in the specific area of network management. Thus, appropriate personal features and efficient assessment of current situation may be decisive as regards achieving success in company management. According to the literature on the subject, the notion of personality has numerous interpretations depending whether they are based on biology, sociology or dynamic, behavioral or personalistic theories. The considerations related to the stability and variability of personal features are the common denominator of the concepts in question. Can certain personal features be modeled to suit the needs of the environment? Is it possible to develop manager's personality pattern that influences significantly efficient company management? Several publications on the subject indicate the significance of such features as readiness to work hard, ability to co-operate, motivate and inspire the staff, willingness to take a risk, perseverance, determination and enthusiasm. From the network management point of view, the following personality traits distinguished by R. McCrae and P. Costa may seem significant:

1. extraversion, which manifests itself by a people-oriented approach, adaptation skills and the ability to establish contacts,
2. diligence, perceived as self-discipline, substantial ambition and responsibility,
3. agreeability, willingness to help, optimistic disposition,
4. emotional stability, which shows in the ability to cope with difficult and stressful situations,
5. openness to new experiences and experiments, innovativeness, creativity, high level of intelligence.³

In most personality theories there is an assumption of a certain degree of the stability of personal traits. However, Carl Roger's research indicated that personality can be changed and, consequently, modeled with respect to particular demand⁴. That can be conducted by adequate therapeutic methods which initiate processes of change in certain personality traits. Such ideas are reflected by the development of genetic engineering and the latest research of neurophysiologists where brain is monitored to investigate human behavior in various situations, e.g. in the course of simulated financial operations. The research indicates the possibility to control human behavior and – as a result – to change particular personality traits from the point of view of network management.

³ A. Augustynek, *Psychologia*, Muza S.A, Warszawa 2008, p. 109.

⁴ S. Calvin, G. Hall, J. B. Campbell, *Teorie osobowości*, PWN, Warszawa 2013, p. 447.

Thus, a manager should treat network management as a function of personality in the context of a particular management situation i.e. a system of interaction or transformation between him and the subordinate staff and the environment. Practically, the choice of the management style made by a manager or businessperson to achieve effective employee relationships in a company is crucial. There are three typical styles: autocratic, democratic and liberal. The range of management styles to adopt depends on variety of factors that are external, situational, objective, subjective, dependent both on the role and significance of employees and the personality of the manager or businessperson. That group includes the mechanistic and organic approaches - considering employees either as objects or subjects in an organization – developed by R.Likert. There is also a group of management styles that are based on the X- and Y- type of employee stereotype that exists in managers' minds and was investigated by McGregor. Empirical possibilities of management approaches are presented by the managerial grid model developed by R.Blake and J.Mouton where *the concern for people* and *the concern for production* are the analytical coordinates. Currently, when assessing management styles, the focus is set on the significance of emotional intelligence with the emphasis on self-awareness, self-management, social awareness and relationship skills. On the basis of the above elements, Walczak-Duraj distinguishes the following management styles: demanding, autocratic, affiliative, democratic, pace-setting and coaching management⁵.

To sum up the above considerations, it should be stated that the determination of manager's/leadership's personality traits and styles is difficult to enumerate and, consequently, predicting and designing constant managerial features that are useful in management is related to the changes in development strategies of companies that create network structures and as a result impose new management styles. However, before founding a company and undertaking the activities of a mobile network leader, one should analyze one's set of personality features and their correlation with the requirements of a network management system because the development and success or the bankruptcy of the company will depend on the decisions made.

⁵ D.Walczak-Duraj, *Emocjonalny kontekst zarządzania zasobami ludzkimi:rekrutacja adaptacja i wybór stylu kierowania* [in:] (ed.) Byłok F., Cichobłazeński L, *Problemy zarządzania zasobami ludzkimi w dobie globalizacji*, Politechnika Częstochowska, Częstochowa 2009.

3. The execution of external functions of management as a new responsibility of a mobile network leader

When defining a company management strategy, the mobile network leader should focus on two types of objectives: the internal and the external ones. Internal objectives involve complete implementation of resources and the integration of the staff through orchestration and cooperation processes, which are defined as “the skills of taking advantage of various resources and abilities to create value and benefit from it”⁶. The acceptance of such assumptions shifts the hitherto concept of management from individualism to partner-like relationships and mutual cooperation between the management and the staff. An important role in the process is played by the network integrator that “should possess outstanding key competencies and be able to coordinate a set of legally independent individuals or business entities that constitute a network company”⁷. According to W.Czakon, when executing internal objectives, the network leader plays the role of a music conductor as he/she “supervises the creation of value, influences the division of the values obtained and alleviates the tensions between the network participants”⁸.

The new external objectives that occur in management strategy are usually related to the impact on the environment through the strengthening of company’s market position and the search for new network partners with the view of further development. The goals may be supported by the new functions of a mobile network leader that are associated with the acquisition of relational capital, the development of business networking and fundraising.

The role of the relational capital is to initiate and consolidate the relationships with stakeholders and other companies by constructing interdependencies that are both formal-procedural and informal - personal in character. When initiating operations that aim at the acquisition of relational capital, a mobile leader has to consider such factors as the purposefulness of the relationship, its duration, regularity, mutual benefits, honesty, responsibility and the resulting increase of company’s tangible and intangible assets. The acquired relational capital becomes the basis for a long-lasting or even permanent cooperation and mutual benefits. The phenomenon of presumption is a good example of situation when “a manufacturer adjusts products to particular needs of consumers by giving

⁶ W.Czakon, *Sieci w zarządzaniu strategicznym*, Oficyna Walters Kluwer, Warszawa 2012, p 204

⁷ K. Perechuda, *Dyfuzja władzy w przedsiębiorstwie sieciowym. Wizualizacja i kompozycja*, Uniwersytet Ekonomiczny, Wrocław 2005, p.55

⁸ W.Czakon, *Sieci w zarządzaniu strategicznym*, Oficyna Walters Kluwer, Warszawa 2012, p. 206

them the opportunity to be engaged in the product design process”⁹. In that way, a prosumer becomes a permanent element of the company’s relational capital. When treating relational capital as a new tool of the market game, one should emphasize the fact that it takes into consideration the social and economic behavior of all stakeholders, i.e. (the employees, customers, suppliers, competitors, authorities, local community , media, etc. In such cases, the mobile leader should turn attention to motivation, emotions and relationships that are generated at important moments of company management, associated both to successes and failures. In the work on the development of relational capital, the mobile leader should take special care of the staff, customers, suppliers and the companies from the close and distant environment. What is more, the above mentioned segment of stakeholders may constitute the basis for the assessment of the mobile network leader performance as regards the acquisition of relational capital¹⁰ through a system of the following measures:

- work efficiency, the number of employees submitting investment projects, employment stability, work discipline, the number of employees increasing their qualifications, etc. should be taken into account as regards employees treated in terms of relational capital,
- the acquisition of customers as a relational capital value will be related to their level of satisfaction, the regularity of contacts, the number of customers, the sales increase, the opportunities to expand customer segments,
- the number of suppliers, the frequency of deliveries, financial prolongation and mutual satisfaction will be the measures of the significance of suppliers as the company relational capital,
- the significance of a company from the close and distant environment (including the competitors) as of an element of the relational capital will depend on the number of co-operating companies, the position of the company on the market, the stability of contacts, the financial effectiveness of operations and the opportunities of long-term co-operation, etc.

When reviewing the new functions that regard the generation of relational capital, it should be pointed out that apart from such internal functions as planning, organizing,

⁹ F.Byłok, *Konsumpcja, konsument, społeczeństwo komunikacyjne we współczesnym świecie*, Wyd. Śląsk, Katowice 2013, p.165

¹⁰ W.Danielak, *Kształtowanie kapitału relacyjnego w małym i średnim przedsiębiorstwie*, Wyd. Uniwersytetu Wrocławskiego, Wrocław 2012, p.184

managing, motivating and supervising there are new external functions that are directed towards company's environment and which consist in the marketing role of the mobile network leader whose task is to acquire new permanent stakeholders (network companies including). That is particularly visible in the case of business networking and fundraising.

Business networking involves planning and building networks of permanent business contacts with the representatives of other companies. A mobile network leader, through the participation in official and unofficial meetings, business and private contacts, conferences, trade fairs, trainings, courses, business lunches, etc, aims at making as many contacts as possible in order to increase company's relational capital. The long-term nature of such activities and the development of relationships from formal, through colleague-like ones to friendships that are based on mutual responsibility and trust is of great significance. The process of networking may last several years and that is why perseverance and stability in decision making are important factors. All these activities result in joint business initiatives, mutual assistance, the transfer of knowledge and innovations and the synergy of common resources implemented in new business ventures, all of which provide the opportunity to gain advantage over the competitors.

Fundraising requires from a mobile networking leader some new capabilities and skills necessary to acquire new sources of financing company's further operations on the market. The mobile leader must focus on new investors and business partners. There are several reasons for the implementation of fundraising operations: company's difficult financial situation, problems with the acquisition of financial resources, office problems related to excessive bureaucracy or problems with the access to EU funds. In order to be successful, a mobile network leader must have such personal skills and competencies as intellectual capability, perfect knowledge of foreign languages, passion for business, openness to people, communicative skills, effectiveness and perseverance, good manners, resistance to stress, empathy, etc. It should be emphasized that external functions that are included in the scope of a network leader's duties are pioneering in nature and expand to new tasks. However, not every mobile leader possesses such skills and competencies, which was proved by the story told by R.E.Palmer about leaders who after being told to acquire some amount of money from new investors and sponsors handed in their notices.¹¹

His story indicates that an analysis of personal traits and capabilities may be the basis for the verification of applicants for the position of a mobile network leader especially as regards

¹¹ R.E.Palmer, *Przywództwo doskonałe*, Difin S.A., Warszawa 2013, p.155

their competencies in the area of relational capital acquisition both inside the company and beyond .

4. Conclusion

Together with the evolution of management systems, new functions of management appear which, according to F.P. Drucker, are represented by change leaders. They require new knowledge, skills and competencies. That is particularly evident in the management network systems of companies that are affected by growing globalization, dynamically developing teleinformation technologies and widespread consumptionism as a style of life. Thus personality and the management style adopted by a new manager – a mobile network leader is becoming an important factor. The article aimed at the presentation of the personality traits, management styles, internal and external functions that a mobile network leader should take into consideration in the endeavors to build company's relational capital and, consequently, to avoid failures and be successful.

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Abstract

The aim of the article was to present the evolution of management systems from functional management, through process management to network management. The network management system requires new capabilities from managers-mobile network leaders, among which the most significant are: knowledge, skills and the competencies in the acquisition of relational capital that testifies to the position of a company on the competitive market. Emphasis was laid to the significance of the personal traits of mobile network leaders as regards their abilities to acquire relational capital through business networking and fundraising. It was indicated that not every mobile leader may be capable of achieving such goals.