

THE INFLUENCE OF GLOBALIZATION ON THE EVOLUTION OF LEADERSHIP IN THE FORMER COMMUNIST COUNTRIES

Elena Zamcu, PhD, "Ștefan cel Mare" University of Suceava

Abstract: In a general sense, globalization is the process of expansion, deepening and global interconnection, process which takes place in a changing space where social, economical or political relations are no limited by states borders.

Globalization of the economy has grown with the expansion of capitalism and the free market economy has triggered and intensified global competition. Technological progress, cheaper labor and facilities applied for attracting investors, intensified and encouraged globalization.

After a period of almost 50 years during which the socialist countries were isolated from all points of view, the fall of the communist bloc has begun globalization here, too. From natural desire to develop, the economies of the former socialist countries had to upgrade its know-how, to adapt and become competitive in the global competition.

In this paper we aimed to highlight how this phenomenon of globalization influenced the perception on business, what involves leadership during socialism and which were the influence and its evolution after the fall of the communist bloc till now.

Keywords: globalization, leadership, socialism, capitalism, business.

Theoretical aspects about leadership and globalization

From years ago, leadership has been a topical issue for business environment, but not only. In the modern society characterized by continuous changing, leadership is the key of success. Leadership means innovation, originality, development, human resource, trust, long time perspective, challenge, ethics, courage to manage, excellence. [Burciu, 2008].

In the literature, leadership is defined in many ways. We mention just a few that seem relevant for us:

- A process of social influence in which one person can enlist the aid and support of others in the accomplishment of a common task [Chemers, 1997]
- A combination between three needs: accomplishing a common task, working like a team and working individually, too [Adair, 1983]
- Leadership is doing the right things [Drucker, 1967]

According to Investor Word, globalization is the name for the process of increasing and speeding up the connectivity and interdependence of the world's markets and businesses and other institutions. This process has speeded up dramatically in the last two decades as technological advances make it easier for people to travel, communicate, and do business internationally. [Irani, 2011]

Globalization affects not only the business environment but all the society. We heard about the negative aspects of globalization like weakening of social cohesion, disparity, impoverishment of cultural and national values, impoverishment of some nations, etc. Developing global companies and businesses, new technologies, eliminating distances between people, possibility to work all over the world or to access information is some positive aspects of globalization. [Isac and Ecobici, 2007]. All of these are possible just in a

capitalist system where people are free to think and to act, where information is available for everyone.

During the communism, characterized by common ownership, we cannot talk about leadership. All the meanings of leadership: innovation, originality, development, human resource, trust, long time perspective, challenge, ethics, courage to manage, excellence were neglected because in theory all the citizens were equal and only the Communist Party established the rules and the strategy of the country and, inclusive, of economy.

Leadership, in our opinion, means excellence and performance in businesses. That's way we'll try to emphasize how the globalization influenced the excellence and performance of former communist countries' businesses.

In leadership we can't ignore the very strong influence of national culture, of ideals, of values, or of political situation in a country even if the globalization is accepted and it had covered the entire world economy. In the following sections of this paper, we'll try to present how the globalization influenced the leadership in two former communist countries. We also considered that is interesting to see the same thing in a still communist country, too.

Leadership in Romania

Romania is starting with 1989 a democratic state and from 2007 member of European Union. In Romania 90s the capitalism was primitive and in this way continued to be years. No strategy applied offered the results wished and Romanian economy was struggling to compete with the global one. From 2000 onwards, however, the Romanian economy was transformed into one of relative macroeconomic stability, characterized by high growth, low unemployment and declining inflation. In 2006, according to the Romanian Statistics Office, GDP growth in real terms was recorded at 7.7%, one of the highest rates in Europe. In 2012, with a GDP according to CIA's The World Factbook of around \$274 billion and a GNP of \$12,800, Romania is an upper-middle income country economy.

Between 2006 and 2009 Romanian economy worked: the foreign direct investments had a high level, the unemployment was low and Romania was perceived like a country that was heading towards the right direction. In 2011 FDI level was lowest in the last nine years and the trend continuous in 2012, too. [www.bnr.ro] The motive for Romanian situation can be, in our opinion, that economical activities are defeated by bureaucracy and the state didn't encourage efficiency and foreign investments.

Romania needs foreign capital for developing. Being a country with lots of opportunities (tourism, agriculture and petrochemical and metallurgy industry) it could become attractive for investments just if intern conditions – legislative regulations, the fiscal ones and the stability – are attractive. Globalization should be perceived like an opportunity for Romania in the condition of high qualified human resources but cheapest that in other countries. In our opinion, these are the main reasons for the present of MNC's in Romania. Leadership in Romania, according to a study realized in November 2011 by Management Faculty of Griffiths and Solutii Avansate show us that Romanian leader is authoritative or liberal; it feels the need to control, is competitive and accepts the challenge. The performance and the results are more important than relations; it is willing to work in the same time for more projects, to grow professionally and personally.

If we explore the Romanian culture through the lens of the 6-D Model, we can get a good overview of Romanian leaders. Romania scores high on power distance dimension (score of 90) means that people accept a hierarchical order in which everybody has a place and which needs no further justification. With a score of 30 is considered a collectivistic society and a feminine one (but with a score of only 42). Romanian culture has a very high preference for avoiding uncertainty, is normative and pragmatic in the same time and with cynicism and pessimism characteristics.

From this point of view, Romanian leader is autocrat and it has to apply rules and regulations, the loyalty of a collectivist culture offers him stability. In the same time, the leaders are paternal because the society fosters strong relationships where everyone takes responsibility for fellow members of their group. The relations between leaders and employees are perceived in moral terms, like a family link. In feminine countries, like Romania, leaders strive for consensus, they value equality, solidarity and quality in their working lives, every people in the society is interested by well-being and the leaders are popular people. Romanian leader has to maintain and apply rigid codes, the rules are very important for the good working of things. Again, the autocrat style of leadership is recognized because the leaders don't have a need to explain things.

Globalization was good for Romanian leaders because leadership in Romania didn't exist till 1989. The technology, open borders, free information, the presence of foreign leaders helped for developing Romanian leader.

Poland – a model former communist country

Republic of Poland is starting with 1989 a democratic state and from 2003 member of European Union. A Shock Therapy Programme, initiated by Leszek Balcerowicz in the early 1990's enabled the country to transform its socialist-style planned economy into a free market economy. As with all other post-communist countries, Poland suffered temporary slumps in social and economic standards, but it became the first post-communist country to reach its pre-1989 GDP levels, which it achieved by 1995 largely thanks to its booming economy. [Wikipedia] In the past, Poland was perceived as an agricultural country, with disparities between regions, with high percentage of unemployment and now is viewed as a good example of an efficient transformation, a country with a dynamic economy. Poland is recognized as a regional economic power within East-Central Europe, with nearly 40 percent of the 500 biggest companies in the region (by revenues) as well as a high globalization rate. [KOF Globalization Index]

An important strategy in the context of globalization was the encouraging of polish companies to sell their products, goods and services on the national market, a market with almost 40 million consumers. In this way national economy increased, some of these products are successful exported in other countries and every year Poland recorded trade surplus. Poland and Romania had a similar evolution between 1945 and 1989 but after that period of time they evaluate in different ways. In 1989 the GNP in Poland was \$ 1.768 and in Romania \$ 2.300. In 2013 Poland had a GNP of \$ 21.760 and Romania only \$ 17.650.

In the context of globalization, small investments in R&D companies and expanding of exports should develop and assure the success of the country. Also, Poland preserved and reinforced its competitive edge as an attractive destination for investments in Central and

Eastern Europe and in this way the multinational companies are present there. In the same time, the MNCs bring and implement knowhow in all domains, in leadership too. Intake knowhow in leadership changed the way to make businesses not just in MNCs but in local companies too.

According to Geert Hofstede and his 6 Dimensions [geert-hofstede.com], Poland society is characterized by a score of 68 for power distance that's means that Poland is a hierarchical society. Interesting for a former communist country is the level of individualism – 60 and, in our opinion this is the effect of globalization and of freedom after socialism. A high score of masculine dimension is present in Polish society – 64, as and uncertainty avoidance with a score of 93. The last one indicates that Poland has rigid codes of belief and behavior and is intolerant of unorthodox behavior and ideas. The pragmatism has a score of 38 and indulgence of 29. According to these scores, Polish Society is more normative than pragmatic, people have strong concern with establishing the absolute Truth; they are normative in their thinking and the culture is restraint.

In Polish leader reflects inherent inequalities, centralization, subordinates expect to be told what to do and the ideal leader is a benevolent autocrat, has a personal contact with everybody in the structure, allows to give the impression that “everybody is important” in the organization, although unequal. In masculine countries people “live in order to work”, leaders are expected to be decisive and assertive, the emphasis is on equity, competition and performance and conflicts are resolved by fighting them out. In these cultures leaders have to establish, people are easy to motivate because they have an inner urge to be busy and work hard, precision and punctuality are the norm. Leaders do not put much emphasis on leisure time and control the gratification of employee's desires.

An atypical communist still country – CHINA

People's Republic of China (China) is a single-party state governed by the Communist Party with a population of over 1.35 billion. Starting from 1949 till now the Communist Party was the only who governed in China. From its founding in 1949 until late 1978, the People's Republic of China was a Soviet-style centrally planned economy. [Wikipedia]

Since economic liberalization began in 1978, China has been among the world's fastest-growing economies, relying largely on investment and export-led growth. According to the IMF, China's annual average GDP growth between 2001 and 2010 was 10. Starting with 2013, China became the second largest economy in the world and the biggest export and import of goods. In the same year, 2013, GNP was in amount of \$ 10.900. In our opinion, 2013 was the year with a great democratization of Chinese society and in this way China can be called the most democratic country in the world communism.

China is characterized by globalization, the businesses are global extended and these great results of Chinese economy can be explained by using in their advantage the opportunities offered by globalization. The Washington D.C. branch of The World Bank has positioned China as the third global economy favorable for developing businesses after Singapore and Hong Kong.

In Chinese business organizations the hierarchy and the position in a company have an important role and the dominant styles of leadership are paternalistic and directive. The power is owned by top managers, the hierarchy is well defined and the organizational chart, too. Top

management doesn't trust in executives and the delegation is almost nonexistent. The favoritism, relations with the supervisors or political interests can determinate a preferment. Despite of these, the interest for developing activities and businesses is very pronounced. [Development Dimensions International, 2011]

China is a collectivist country, influenced by a group appurtenance, with strong teams and loyal people. The communication is ineffective, indirect and the challenge for leaders is to find a way to communicate between truth and courtesy, both specific for this nation. Leadership in China has long been based on a foundation of mutual respect and a feeling of connectedness among individuals. However, to compete globally, China's new leaders need leadership qualities that reach across nations and cultures. China's leaders know that they have to be in a continuous adaptation according to the demands of free market but, in the same time, they have to respect the culture of their own country. In the globalization context traditional rules in leadership were forced to be adapted to compete successfully in an increasingly international marketplace. Skills that were viewed as primarily important in other successful countries are now found to be critical to the success of Chinese leaders, too.

For Chinese leaders the most important qualities, that they consider to own, are: motivating others, building trust, retaining talent, leading high-performance teams, building winning partnerships, leading chance or achieving their leadership potential. In practice their aims are to get results, to maintain a good management relationship, to coaching and develop the team and to manage performance. All of these derive from cultural heritage and their way to be.

The Chinese model of leadership focuses on building interpersonal bonds, collaboration, teamwork, dignity, and trust. These same qualities are important for Western leaders, but Western leaders differentiate themselves from their Chinese counterparts because they are more inclined to be entrepreneurial and to take risks.

Conclusions

The socialist period was like a stop time for the economies, knowhow, technologies, information and every exchange between cultures. Communist countries lived in their own world far to the advantages of globalization, far to the real market.

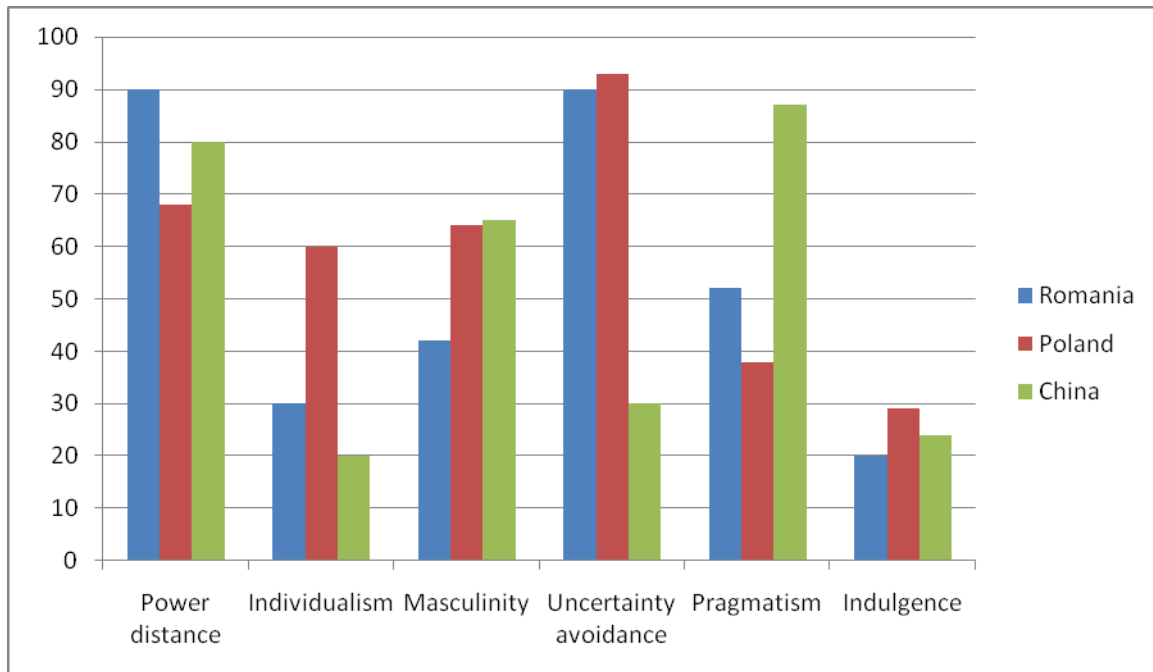
Every country, after the fall of communism, had the shock of freedom. Some of them were unable to react, to take measures; other took the initiative, some of them fought for a good live and took measures, some of them just fought.

The globalization was a challenge for the economies of these states, transition period was long but the results are visible. The technology, the information, IT development, also the chance of free traveling had positive aspects for the economy of former communist countries. Globalization means for these countries intake of knowhow, advanced technologies, exchange of good practices, possibility to learn from other's practice and possibility to update information.

In the first part of this paper we said that leadership means excellence and performance in businesses. These two elements are reflected by the general economical situation of a country. If we take in consideration that the background for Poland and Romania was the same, their history was similar, what would be way they have evolved

differently? Is the good example of their neighbors? or the geopolitics? or the cultural heritage, their way to be and to act?

In our opinion, all of these had a major contribution in advance that it is Poland compared to Romania, but the way to be of these two people is the most important.



Leaders are people of these countries and they own the cultural influence but in the context of globalization they become global leaders and they have a similar knowhow and practices in leading teams. The economical development difference between these three people, in our opinion, comes from the attitude or all the society, not only because of leadership. Leadership is by definition a good thing, it can't be bad, and leadership is doing the right things.

For excellence and performance, leaders must lead their teams whether they are Romanian, Polish, Chinese or multicultural teams to be orientated to results, to be interested for the good of the company, in this way it will be good for them, too. The aim's team should be known, assumed and reached. A good leader have to take care of the team, the person and the task, in the same time, but the good news is that is no one way to lead.

China is a power in the global economy but Romania and Poland have to continue to grow, to take all the benefits of globalization. Businesses in research and development, pollution control, environmental services, biotechnology, IT, energy efficiency or recycling and resource substitution will be golden businesses [A. Burciu]

BIBLIOGRAPHY:

Adaire J. – Effective leadership, Gower, 1983

Burciu A. (coordinator) – Introducere in management, Editura Economica, Bucuresti, 2008

- Chemers M. - An integrative theory of leadership, Lawrence Erlbaum Associates Publishers, 1997
- Drucker P. – The effective executive, Heinemann, 1966
- Irani F., Noruzi M. - Globalization and Effects; A study on the effects of globalization in the society, Institute of Interdisciplinary Business Research, 2011
- Isac C, Ecobici N - Efectele Globalizarii, University Constantin Brancusi of Targu-Jiu, 2007
- <http://www.bnr.ro/Publicatii-periodice-204.aspx>
- http://www.ddiworld.com/DDIWorld/media/trend-research/leadership-in-china_ddi.pdf?ext=.pdf
- <http://geert-hofstede.com/poland.html>
- <http://geopolitics.ro/china-anului-2013-intre-comunism-si-globalizare/www.insse.ro>
- <http://solutiivansate.ro/studiu-leadershipul-in-romania-2011/>
- <http://en.wikipedia.org/wiki/China>
- http://en.wikipedia.org/wiki/Poland#cite_note-Polish_economy_seen_as_stable_and_competitive-113
- <http://www.wbj.pl/article-51029-polish-economy-seen-as-stable-and-competitive.html>