

# Global Leadership and Organizational Change from Past to Now

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*Organizational theory and organizational research (namely, organizational behavior), have the purpose of organizations – to explain and understand – their origin, their existence and their functioning. Therefore, I try in my work, different approaches to take up. To this end, I chose different books and articles to explain and expand the knowledge on this subject.*

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**JEL Classification:** *L00, L20*

## 1. Introduction: Global Management - Global Management and Organizations Models in Human Resource / Organizational Behavior

The difficulty is, to explain the theory and structure behind organizational theory, because the problem is, that there is no clear standard for structuring and input. The explanations and definitions are as varied as organizations itself. Nonetheless, the concept of organization can be defined in two ways:

1. The company has an actual organization
2. The company is an actual organization

## 2. Literature Review on the Subject and the Notion of Organizations

### 2.1. The Instrumental (or Functional) Organizational Concept

The German term of Functional Organization was coined by Erich Gutenberg (Laske et al., 2008). Organization is a function of management, whose function and purpose is the fulfillment of tasks to perform. Organization sees itself as a concept of operations management, among other terms, such as planning or control (Frese, 1992).

### 2.2. The Institutional Organizational Concept

The institutional organization concept draws the view to the entire system, i.e. to the institution. Committed organization with long-term objectives are social communities. They have formal structures to be aligned with the help of the members on the goals (Frese, 1992).

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### **2.3. The Processual Organizational Concept**

The procedural point of view of organizations determined the activity-oriented understanding. It describes the activities, processes and practices that made such an order, maintained and developed (Laske et al., 2008).

The current organization theory attempts to integrate institutional and procedural understanding of produce. The basic elements and characteristics that make up the organizations are:

- The targeted nature of the organization

If units join together to pursue sustainable goals, then we speak of organizations.

- The formal organizational structures

Organizations have commonly defined and formal structures, adjusted according to the actions of the organization's members.

- Membership in organizations

The non-membership or membership shall also define the membership to an organization or not.

- The design of the organization's members

The formal definition of membership means entering into a formal defined membership with an organization. Membership does not address a person, but it refers to certain acts or services.

- The boundaries of the organization

The boundaries of organizations are not natural boundaries, but are intentionally defined by people in order to distinguish organizational inner worlds and outer worlds.

The Conclusion is that Organizations represent inter-organizational and operating structure, which constantly interact with their environment (Laske et al., 2008).

### **3. Introduction to the Timeline of the Notion of Organizations**

A temporal screening of the concept of organizational theory does not generate a general accepted theory. Because organization scientists use different methods to justify their approaches, very different assumptions or sometimes there are different interests involved (Kieser and Ebers, 2006).

The following remarks point only to a small part of the historical development in Organization Theory, because a complete list is not possible because of the large number of Theories.

#### **3.1. Classical Approaches (Kieser and Ebers, 2006)**

- Max Weber and the Analysis of Bureaucracy

The approach of the bureaucracy (namely, an efficient organizational form) promoted by Max Weber defined the performance of work in administration and is characterized by:

- Division of labor
- Office hierarchy
- Rules
- Standards

- Scientific Management and Taylorism

Taylorism was founded by Frederick Winslow Taylor and serves the increase of efficiency and productivity by management and labor.

- Administration and Management Theory

The development of management and administration theory can be traced back to Henri Fayol. The primary questions are addressed on the task and department of education in management issues and problems in corporate governance. Basis of the doctrine in the form of catalog management tasks include:

- Advance planning
- Organization
- Ordering
- Coordination
- Control

This doctrine also finds a clear statement on issues of clear hierarchy, which states that only higher-level functions can give instructions on subsequent instances.

#### **3.2. Behavioral Approaches (Kieser and Ebers, 2006)**

- Human-Relations-Approach

The origin of this theory is reflected in the Hawthorne-Experiments. In this context, the effects of job conditions were examined by work efficiency.

*Main conclusion:*

A positive attitude towards work by the members and managers of an organization turns to high satisfaction and this in a further step to a better performance.

*The key message:*

Humans are a social beings and operate on their own laws.

- Organizational development

The organizational development (OE) is based on the findings of a group dynamics laboratory method (NTL Institute) and survey feedback.

*Key message:*

The involved person should become part "of the game".

OE is used in large firms, governments, churches, social institutions and the army. It uses the rules of social communities, similarly to the interests of employees.

- Motivation Theory

As a result of the Human-Relations-Approach the development of the motivation theory is following, which investigates human behavior. It examines the following relationships:

- Motivation
- Frustration
- Satisfaction
- Performance

### **3.3. Situational Approaches (Kieser and Ebers, 2006)**

The situational approach developed in the 60 years in the U.S. and England. The aim of this approach is to detect the relationship between:

- Organizational theory
- Behavior of the organization members
- Efficiency of the organization
- Situation

## **4. Distinction Between Firms and Educational Organizations**

Dr. Laske et al. (2008) would like to emphasize in their work the difference between business and educational organizations. Generally, both are organizations, but there are clear differences:

- Educational organizations have budgets, but are usually not profit-oriented enterprises.
- For the product "education", the customer has to join in actively, while this is not necessary the case in the goods production.
- The raw material "knowledge" is directly linked in educational organizations to the know-how supporter.
- This fact is also very aware of the knowledge holders and therefore sometimes they also can be very demanding.

Educational organizations operate in such a different way to other forms of organizations. Therefore, it would be wrong to apply existing organizational structures into educational organizations. According to Dr. Laske et al.(2008) the organizations that approach this route would not necessary have a successful outcome.

"The combination of a central concept of enlightenment (i.e. "training") with just such the economy (namely, "organization") brings a fundamental tension reflected in the productive and reflected in the "management" essential professional control of educational institutions" (Laske et al., 2008).

## **5. Organization and Management**

In twenty years a typical large company has less than half of levels by management as today and having no more than a third of managers. The company of tomorrow will distance and clear itself from the production companies of the past (Frese, 1992). Rather, companies will become organizations of knowledge, in which the carrier will be working with and for achieving knowledge and therefore they will have new significance levels.

The organizational structures are becoming flatter again, as it has been in the story in the past. The difference is, that there are no longer actively controlled in base units, but the knowledge of the actual organization is firmly anchored. Works are collected in projects and executed in task-oriented teams.

The development of information-based enterprises through the actual organization brings many changes. To assess this possibility, it makes sense to watch already active information-based organization and their guidelines as orchestras, hospitals and administrative details.

The actors in information-based companies are specialists. The task of a manager in an information-based company is to coordinate these specialists in the "best use" possible. The task is not to train the specialists in their ability or to supplement them in their functions. These leaders must not be able to exercise their attributable functions by themselves (Drucker, 2000).

The Advanced Management Program at Harvard Business School focuses on the analysis of organizations and their optimization. But to be able to optimize, first an existing organization must be analyzed and for that the OFP Model (OFP = Organizational Fitness Profile) was developed. OFP schedule implies the following steps:

- Orientation and planning
- Data collection
- OFP Meetings

It is about an analysis of efficiency by management and in a second step to derive improvements to the structure. So, in the first step customers and employees will be asked to clarify the strengths and weaknesses (Stevens, 2002).

## 6. Conclusion

### Organizations and Markets

The Wealth of Nations (Smith and Cannan, 2003) is divided into five books:

- The increase in the productive powers of labor and the rule that its product is distributed among the various classes of people naturally
- The nature, accumulation and use of capital
- The difference in increase of wealth in each country
- The systems of political economy
- The sovereign or the state's finances

The work is, for example, the fundamental working mechanisms of the different markets, the money economy, the factors of production and foreign trade. In this work (Smith and Cannan, 2003), specifically to Smith's division of labor in factories, and developing his theories based on the example of pin production in southern England. This book deals with the interaction of different actual organizations and their need in changing times. Much of the past is reflected in the present (Smith and Cannan, 2003).

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