Management Concepts and Theories, the Strategic Development Levels on Transfer Organizational Work in the Poor Countries

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Abstract

In this study we have aimed at the assessment of the strategic management level in Albania. The study focuses companies and industries selected in the Albanian environment. The purpose of the study is to analyze the business environment of the selected industries, how much do these industries know the environment in which they operate and how capable are they to get oriented in this environment. The study is conducted in the period 2012.The survey data was collected from questionnaire forms filled in by these companies. Two classification criteria were used in selecting the companies: the size of the firm and the nature of the industry the firm belong to. The study is divided into three parts, where the strategic management level of these companies is studied based on each selection criteria. The first part of the survey examines and evaluates the strategic management level by considering the size of the firm. Diversity in management practices as we go around the world has been recognized in U.S management literature for more than 30 years. The term "comparative management" has been used since the 1960s to 2011. However, it has taken much longer for the U.S academic community to accept that not only practices but also the validity of theories may stop at national borders and I wonder whether even today everybody would agree with this statement. The results show that behavioral differentiation affects perceptions of effectiveness. Contrary to the hypothesis, the effects of the four measures of behavioral differentiation on perceptions of effectiveness are not all positive and not all significant. It is interesting that behavioral differentiation affects subordinates and peers perceptions of effectiveness negatively and superiors perceptions of effectiveness positively in management steeps.

Keywords: *General management theory, validity of theories, leadership performances, nature of organizational work, transfer of roles, leadership*

I. Introduction

The concept of behavioral complexity implies that a more holistic examination of a manager's leadership performance should be conduced than is done in more traditional leadership research approaches. Future leadership research needs to take serious Van Fleet and Yukl's (1986) assertion that upward and lateral influence can be as important as downward influence to the accomplishment of an organization's mission (Bass,1990, p.908). in addition, future leadership research should not only use "more sophisticated evaluations of the interactional processes of leaders…with subordinates…peers and superiors" (Bass, 1990, p.880), but also more sophisticated evaluations of the interactional processes of leaders as members of cross-functional, cross-departmental, cross-company, and cross-national teams. (Bodlinn 2012) This paper revisits the role of targeted transfers in poor countries in the light of the new theories on the social costs of uninsured risks and unmitigated inequalities. Recognizing that the policy implications depend crucially on whether there is good empirical evidence to support the theoretical arguments, the bulk of the first half of the paper discusses the evidence.

Katz and Khan (1978) considered "the influential increment over and above mechanical compliance with the routine directives of the organization" to be the essence of leadership. Their definition does not limit the study of leadership to superior-subordinates relationships. Managers can exert leadership in their interactions with different types of followers, including peers and superiors. The changing nature of organizational work (Kanter, 1989; Conger, 1993) requires us to take a broader perspective of leader-follower relationships

I.I Implications for management theory

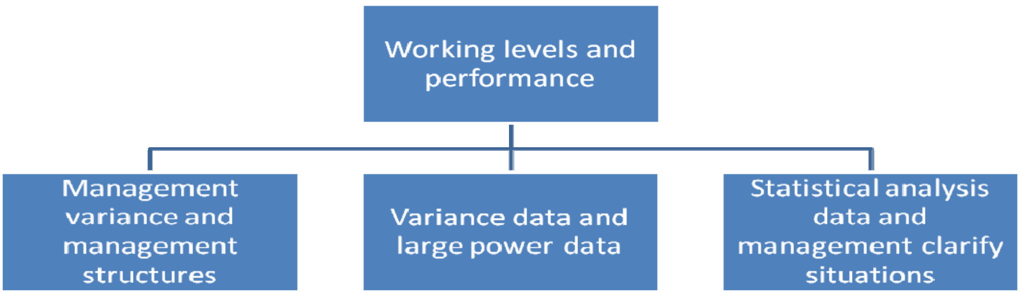
Cultural differences between nations can be, to some extent, described using first four and now five, bipolar dimensions. The position of a country on these dimensions allows us to make some predictions on the way their society operates, including their management processes and the kind of theories applicable to their management. As the word culture plays such an important role in my theory, let me give you my definition, which differs from some other very respectable definitions. Culture to me is the collective programming of the mind which distinguishes one group or category of people from another. In the part of my work I am referring to now, the category of people is the nation. Culture is a construct that means it is "not directly accessible to observation but inferable from verbal statements and other behaviors and useful in predicting still other observable and measurable verbal and nonverbal behavior".

Revisiting the equity-efficiency trade-off

The presumption that there is an aggregate trade off between the twin goals of economic growth and lower inequality can be questioned for a number of reasons including the following: • Unless a person can initially assure that her basal metabolic rate (BMR) — the food energy intake needed to support bodily functions at rest — is reached there can be no productive activity of any sort. This "threshold effect" can mean that an economy generates massive involuntary unemployment under one distribution of assets, while a more equitable distribution yields full employment and high output (Dasgupta and Ray, 1986).

It should not be reified; it is an auxiliary concept that should be used as long as it proves useful but bypassed where we can predict behaviors without it. The first dimension is labeled Power Distance, and it can be defined as the degree of inequality among people which the population of a country considers as normal: from relatively equal (that is small power distance) to extremely unequal (large power distance). All societies are unequal, but some are more unequal than others.

Tab 1 Four dimensions of PD management levels,



Source*:* Kantter K 1989

These arguments are fine in theory, but what does the evidence suggest? Compilations of aggregate data on growth and distribution suggest that countries with higher initial inequality tend to experience lower rates of growth controlling for other factors including initial income, openness to trade and the rate of inflation.

Indeed, if inequality is sufficiently high, countries that would have good growth prospects at low inequality may well realize little or no overall growth or progress in reducing poverty. It has been estimated that about one fifth of the date-country combinations in a data set for developing countries were cases in which inequality was so high as to stifle pro-poor growth (Ravallion, 1997b). The some applies to the dimensions I introduced. They are constructs too that should not be reified. They do not "exist"; they are tools for analysis which may or may not clarify a situation. In my statistical analysis of empirical data the first four dimensions together explain 49 percent of the variance in the data. The other 51 percent remain specific to individual countries. The first four dimensions were initially detected through a comparison of the values of similar people (employees and managers) in 64 national subsidiaries of the IBM Corporation. People working for the same multinational, but in different countries, represent very well-matched samples from the populations of their countries, similar in all respects except nationality.

2 Literature Review and Hypotheses

An article I published in Organizational Dynamics in 1980 entitled, "Do American Theories Apply Abroad?" created more controversy than I expected. The article argued, with empirical support, that generally accepted U.S theories like those of Maslow, Herzberg, McClelland, Vroom, only very partly apply outside the borders of their country of origin-assuming they do apply within those borders. Among the requests for reprints, a larger number were from Canada than from the United States. The choice of control variables in identifying the relationship is also open to question.
For example, past tests of the effect of inequality on growth have controlled for the human capital stock, yet reducing investment in human capital is presumably one of the ways that inequality matters to growth. The validity of the common assumption that initial inequality has a linear effect on aggregate growth is also questionable: Banerjee and Duflo (1999) find evidence that changes in income inequality are bad for growth, whichever way the changes go. Then policies that prevent rising inequality are good for growth, but those that reduce current inequality are not.

Given the concerns about tests using country-level data, it is promising that these theories also have some testable implications for micro data. The following are examples: • Farm yields (output per acre) in poor countries tend to be lower the larger the landholding; Binswanger et al (1995)

2.1 American management theories and the different dimensions

In comparison to other countries, the U.S. culture profile presents itself as below average, highly individualistic, fairly masculine, and short-term oriented. The Germans show a stronger uncertainty avoidance and less extreme individualism: the Japanese are different on all dimensions, least on power distance; the French show larger power distance and uncertainty avoidance, but are less individualistic and somewhat feminine; the Dutch resemble the Americans on the first three dimensions, but score extremely feminine and relatively long-term oriented; Hong Kong Chinese combine large power distance with weak uncertainty avoidance, collectivism, and are very long-term oriented. There is empirical support for another link between inequality and growth, via the incidence of under-nutriton. This is likely to lower aggregate productivity. For example, it has been found that undernourished farm workers in poor countries tend to be less productive (Strauss, 1986; Deolalikar, 1988). Also, malnutrition in children is thought to have adverse long-term consequences for their learning and hence future incomes; supportive evidence can be found in Bhargava (1999) (for Kenya), Glewwe et al. (2001)

H1: The concept of management and development of leader theories
H2: Smith and Mill used "management" to describe a process and "managers" for the persons involved, "management" in the American sense which has since been taken back by the British-refers not only to the process but also to the managers as a class of people?
H3: Local management is part of this infrastructure; it cannot be imported in package form. Assuming that with so-called modern management techniques and theories outsiders can develop a country has proven a deplorable arrogance.

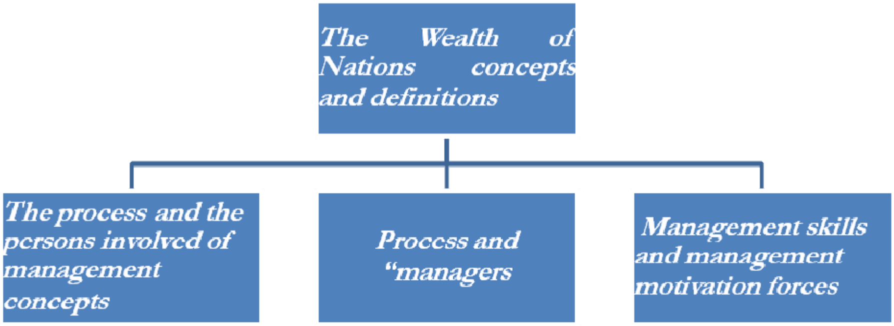
2.1.1 Cultural constraints in management theories

Employees and managers are human. Employers as humans, was "discovered" in the 1930s with the human relations school. Managers as humans was introduced in the late 40s by Herbert Simon's "bounded rationality", elaborated in Richard C and James March's Behavioral theory of the firm (1963 and recently republished in a second edition) my argument is that management scientists, theorists and writers are human too: they grew up in a particular society in a particular period and their ideas cannot help but reflect the constraints of their environment.

Whether it is the poor who incur the largest costs of uninsured risk is not as obvious as is often claimed by casual observers. Jalan and Ravallion (2001b) tested for portfolio and other behavioral responses to idiosyncratic risk in the same rural areas of southwest China. They confirmed other findings that wealth is held in unproductive liquid forms to protect against idiosyncratic income risk. However, consistently with expectations from their theoretical model, they found that neither the poorest quintile nor the richest appear to hold liquid wealth because of income risk; it is the middle-income groups that do so. It appears that the rich in this setting do not need to hold precautionary liquid wealth, and the poor cannot afford to do so. The idea that the validity of a theory is constrained by national borders is more obvious in Europe, with all its borders, than in a huge borderless country like the U.S. Already in the sixteenth century Michel de Montaigne, a Frenchman, wrote a statement which was made famous by Blaise Pascal about a century later: "Vérite endeça des Pyrenées erreur au-delá " - There are truths on this side of the Pyrenées which are falsehoods on the other. According to the comprehensive 10-volume Oxford English Dictionary (1971) the words "manage", "management" and "manager" appeared in the English language in the 21th century. The oldest recorded use of the word "manager" is in Shakespeare's Love's, dating from 1558, in which Don Adriano "a fantastical Spaniard", exclaims (Act I, scene 188).Finding that transfers based on indicators of current poverty can bring long-term benefits, given factor market imperfections does not mean that they are the best policy option for this purpose. Policies to increase factor mobility can also have a role. Incentives to attract private capital into poorly endowed areas, and/or encourage labor migration out of them, could well be more poverty reducing than targeted transfers. There has been very little work on these policy choices, and one often hears overstated claims by advocates.

2.2 The science of economics and general Smith concepts

The founder of the science of economics, the Scot Adam Smith, in his 1776 book The Wealth of Nations, used "manage", "management" (even "bad management") and "manager" when dealing with the process and the persons involved in operating joint stock companies (Smith, V.) British economist John Stuart Mill (1806-1873) followed Smith in this use and clearly expressed his distrust of such hired people who were not driven by ownership. Since the 1880s the word "management" appeared occasionally in writings by American engineers, until it was canonized as a modern science by Frederick W. Taylor in Shop management in 1903 and in "The Principles of Scientific Management" in 1911.

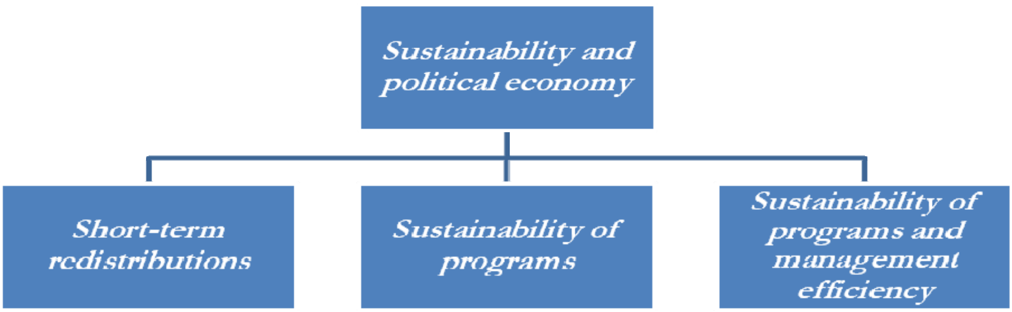


Tab 3: Frederick W. Taylor in Shop management in 1903, Source: "The Principles of Scientific Management" in 1911.

While Smith and Mill used "management" to describe a process and "managers" for the persons involved, "management" in the American sense which has since been taken back by the British-refers not only to the process but also to the managers as a class of people. This class (1) does not own a business but sells its skills to act on behalf of the owners and (2) does not produce personally but is indispensable for making others produce, through motivation. Members of this class carry a high status and many American boys and girls aspire to the role. In the U.S the manager is a cultural hero.

2.2.1 Management in contexts in modern economies

Sustainability and political economy: While theory points to efficiency gains from permanent redistribution, the implications of short-term redistributions are less clear. The insurance gains from targeted transfers also depend on the sustainability of programs across different states of nature, including coverage across groups facing different risks. In these respects the record is mixed. Some programs like the EGS have been sustained over long periods, and appear to have provided effective insurance Let us now turn to other parts of the world. We will look at management in its context in other successful modern economies: Germany, Japan, France, Holland, and among the overseas Chinese and the real case of Albania, one poor country that inspire to enter in EU unit.



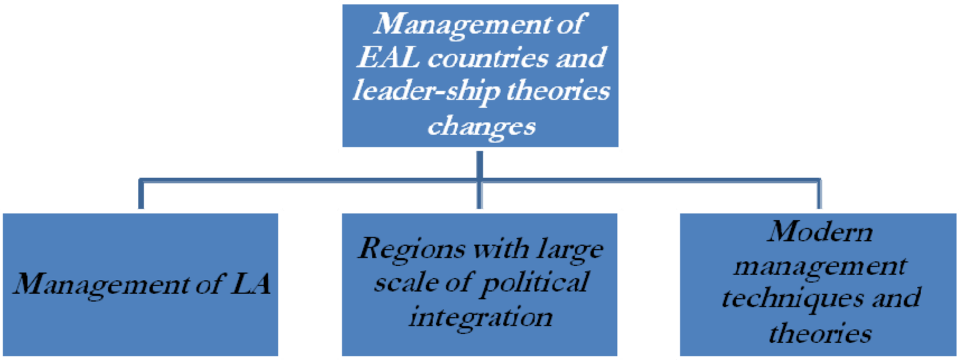
Tab 4: *Management in contexts in modern economies, Source: Bass, B.M and Stogodill' V,1990, 1998*

3. Methodology and Research Goal

Four-fifths of the world population, live in countries that are not rich but poor. After World War II and decolonization, the stated purpose of the United Nations and the World Bank has been to promote the development of all the world's countries in a war on poverty. After 40 years it looks very much like we are losing this war. If one thing has become clear, it is that the export of Western-mostly American-management practices and theories to poor countries has contributed little to nothing to their development. There has been no lack of effort and money spent for this purpose: students from poor countries have been trained in this country and teachers and Peace Corps workers have been sent to the poor countries. If nothing else the general lack of success in economic development of other countries should be sufficient argument to doubt the validity of Western management theories in non-Western environments.

3.1 Management transfer to poor countries

If we examine different parts of the world the development picture is not equally bleak, and history is often a better predictor than economic factors for what happens today. There is a broad regional pecking order with East Asia leading. The little dragons have passed into the camp of the wealthy; then follow Southeast Asia (with its overseas Chinese minorities), Latin America (in spite of the debt crisis), South Asia and Africa always trails behind. Several African countries have only become poorer since decolonization.



Tab 5 Management transfer to poor countries, Source: Jon Stuart Mill, 1989

Regions of the world with a history of large-scale political integration and civilization generally have done better than regions in which no large-scale political and cultural infrastructure existed, even if the old civilizations had decayed or been suppressed by colonizers. It has become painfully clear that development cannot be pressure-cooked; it presumes a cultural infrastructure that takes time to grow. Local management is part of this infrastructure; it cannot be imported in package form. Assuming that with so-called modern management techniques and theories outsiders can develop a country has proven a deplorable arrogance. At best, one can hope for a dialogue between equals with the locals, in which the Western partner acts as the expert in Western technology and the local partner as the expert in local culture, habits and feelings.

3.2 A theory of culture in management

Our trip around the world is over and we are back in the United States. What have we learned? There is something in all countries called "management" but its meaning differs to a larger or smaller extent from one country to the other, and it takes considerable historical and cultural insight into local conditions to understand its processes, philosophies and problems. If already the word may mean so many different things, how can we expect one country's theories of management to apply abroad? One should be extremely careful in making this assumption and test it before considering it proven. Management is not a phenomenon that can be isolated from other processes taking place in a society. During our trip around the world we saw that it interacts with what happens in the family, at school, in politics and government. It is obviously also related to religion and to beliefs about science. Theories of management always had to be interdisciplinary, but if we cross national borders they should become more interdisciplinary than ever.

3.3 Literature and Development concept

The second dimension is labeled Individualism and it is the degree to which people in a country prefer to act as individuals rather than as members of groups. The opposite of individualism can be called Collectivism, so collectivism is low individualism. The way I use the word it has no political connotations. In collectivist societies a child learns to respect the group to which it belongs, usually the family, and to differentiate between in-group members and out-group members (that is, all other people). When children grow up they remain members of their group, and they expect the group to protect them when they are in trouble. In return, they have to remain loyal to their group throughout life. In individualist societies a child learns very early to think of itself as "I" instead of as part of "we". It expects one day to have to stand on its own feet and not to get protection from its group any more; and therefore it also does not feel a need for strong loyalty.

4. Discussion

While leadership researchers have emphasized that managers need to vary the performance of their leadership functions depending on characteristics of their followers, the task, the organizational culture, their position power, and other factors, they have commonly equated followers with subordinates. The research presented in this paper has taken a distinctly different approach and examined the leadership behaviors of two groups of managers in their interactions with the members of their superiors and peers, in addition to their subordinates. The argument was made that in order for managers to be effective leaders in their interactions with their subordinates, peers, and superiors, they need to have a broad repertoire of leadership functions at their disposal as well the ability to vary the performance of these leadership functions depending on the organizations role of the person with whom they interact.

The results of this study show that behavioral repertoire has strong positive effects on subordinate, peer, and superior perceptions of effectiveness. These results indicate that to be effective it is important for managers to not only perform their leadership functions frequently in interactions with their subordinates, but also in their interactions with their peers and superiors. Having a broad portfolio of leadership functions at one's disposal will increase the likelihood that one can effectively meet the demands of the member of one's organizational role-set.

5. Conclusion

In fact the management theorist who ventures outside his or her own country into other parts of the world is like Alice in Wonderland. He or she will meet strange beings, customs, ways of organizing or disorganizing and theories that are clearly stupid, old fashioned, or even immoral-yet they may work, or at least they may not fail more frequently than corresponding theories do at home. Then, after the first culture shock, the traveler to Wonderland will feel enlightened and may be able to take his or her experiences home and use them advantageously. All great ideas in science, politics, and management have travelled from one country to another, and been enriched by foreign influences. The roots of American management theories are mainly in Europe: with Adam Smith, John Stuart Mill, Lev Tolstoy, Max Weber, Henri Fayol, Sigmund Freud, Kurt Lewin, and many others. These theories were replanted here and they developed and bore fruit. The same may happen again. The last thing we need is a Monroe doctrine for management ideas.

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