

## The role and importance of leadership in business development in Kosovo

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### Abstract

Leadership in Kosovo today is one of the questions of exceptional importance. This institution has not yet been analyzed properly based on: quality, efficiency and responsibility, legal-, material- and moral leadership. Kosovo is faced with many challenges consisting of the needed steps towards the business development of the enterprise in Kosovo and in the international arena. Leaders cannot be created only by giving orders to others but the main problem is to identify the principles of cooperation and co-financing that identify people who can and should be able to mobilize forces to create economic advantages to the society. In this sense the most important thing is the determination of the exact diagnosis of the current situation before promoting economic growth. Main purpose of this article is the analysis of the role and importance of leadership in the business development in Kosovo.

**Keywords:** Leadership, Kosovo, business development.

### Introduction

Leadership is a process of social influence, a process with which any person is able to offer help and support other people in order to fulfill certain obligations. Leadership is a way of organizing groups of people to achieve clear and specific objectives. Various studies on leadership have produced various theories involving traits and interactions in certain situations such as posture, power, charisma, and intelligence to a person, group of persons or particular measure in general. Leadership is defined as the individual's ability to influence other people to work together and contribute to efforts directed at the fulfillment of the purpose of the enterprise. In literature are encountered similar comparisons between leadership and management, but essentially there are essential differences between the two components.

The main differences between leadership and management are:

- Leadership is a limited human activity, and is in association with a component of other factors, and management in this aspect is much more a pro bono work;
- Management in general is a broader activity and includes not only human activities but also the process of deployment, financial, raw materials, markets, technology and information processes in a business.

The difference between management and leadership in terms of function occurs when a manager completes a task or job properly and gives the leader the right or duty (Bennis, 2010).

Effective leadership is added when the perception of the leader on the authority of his/her perception is similar to the other on the authority of the leader/leader.

## History of Leadership in general

A leader and leadership always existed and coexisted with mankind since ancient times. In 1840 the Great Man theory was established which assumed that the leader features are of internal construction and that great leaders are Great Man born so. This theory believed that leader's biggest construction significantly increased leadership skills when they were faced with a given situation. The theory reached its highest popularity at the time of Carlyle, time writer and teacher who in his book "To the heroes and heroism in the history of worship", compares the different features and characteristics of heroes until that time. In 1960, Spencer concludes that the Great Man Theory and heroes are products of their time and their actions are the result of socio-economic conditions in which there was action. Theories on leadership were drafted in the 1970s with the transactions leadership theory, also known as the theory of the rate of leadership which characterized the transactions/exchanges between leaders and their followers.

Following this theory, the theories of transformational Leadership come into play today where a person interacts with others and is able to create a durable interacting, resulting in a high percentage of trust that would later result in increased motivation for both sides, the leader and his followers. Transformational leadership theories emphasize the transformation thoughts of followers, their inspiration and their personality in general. Rules and regulations are flexible and guided by the norms of the group. These attributes create a sense of membership thus belonging to the leader. Transformational leadership identifies the goals and their own leader. Even the leadership in Kosovo as well as in the whole world has gone through different phases and theories. Kosovo is in the phase of construction of transformational leadership but in many cases transactions leadership theory, which was established in 1970s is still in force.

### What are the characteristics of a leader in the modern world?

At a certain time, the leaders decide that they want to lead the group in the coming events and inspire other desired success. There are 3 basic characteristics of the modern world leader today:

- Care of their followers;
- Believe in their followers;
- Demanding their followers;

In general, people who are leaders motivate their subordinates with high performance, acting in ways that influence and believe that the results achieved through the efforts are worth the whole group. There are cases when the terms of skill and ability manager leader is entangled in terms of competence and functions.

*Comparison and differences between leadership and management skills<sup>1</sup>.*

leader

manager

It is the original

It is the copy

<sup>1</sup> Leadership skills – MTD Training & Ventus publishing AsP, pg. 18.

Innovates	It administers
develops	Maintains
Focuses on people	depends on control
Asks what and why	Ask how and when
Focuses on new products and development processes	
Focuses on improving existing products and processes	
Challenges status quo	Accepts status quo
Has an impact on others	Supervises others
Does the right thing	Does the right thing

Source: 2001 Eglin

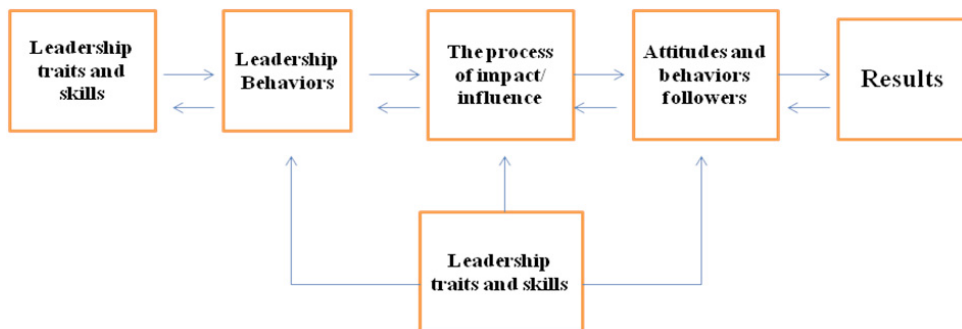
### The emergence and success of Leader

The process of the emergence of leader may be in two forms:

- formal-when a person who is planning to be a leader;
- Informal- when a person becomes the leader of a group without being planned as such.

The success of the leader generally has a major influence on leader's age, physical appearance, behavior, sensitivity and level of performance. More rational description of the features, characteristics of leadership and relationship with their followers leader are given by Yukl (2006) through the scheme presented below.

*The emergence and success of leaders*



Source: Yukl(2006). *Leadership in organization*

On the influence of the characteristics and behaviors of leaders to their followers many researches are carried out and come in a large number of theories.

## **The current situation in Kosovo**

Kosovo continues to be in a transition period in terms of the application of methodology, modern types and models of leadership training. Most models and advanced types apply to companies and businesses that have the organizational structure of international and local experts with vast experience. Large enterprises have the benefit of local employees and are familiar with the terms of the creation of modern culture leader. Leaders are given descriptive evaluations without deepening in the nature, content, form and structure of his/her behavior. The relationship of the various businesses and enterprises with their subordinates has great influence in the exercise of power and in most cases has negative effects on employees and therefore has a negative impact on the overall business performance.

What are the most common negative effects on workers in general in Kosovo:

- Employees become tense and frighten their workers;
- High degree to shift workers (staff turnover);
- They can not freely express their opinions on certain issues;
- Low staff morale;
- Very dependent on leaders and do not have the courage to take any decision;
- Obstacle in the process of working etc.

All these effects in addition to reflection and types of leadership models reflect the maturity of the measure regarding the evaluation of factors that make the best leader. This is due to the heavy reliance of leaders and workers to the job because of the high rate of unemployment. Kosovo leaders are characterized by the lack of moral and ethical principles and are not governed by the system of values. Another important negative characteristic is the lack of women leaders in all life spheres in Kosovo.

## **The role of leader for business development in Kosovo**

Leaders are required in all fields in Kosovo and must be ready to accept new values necessary for economic progress. Kosovo leaders are necessary to make decisions on critical issues in economic and social areas. Kosovo leaders should provide inspiration and a clear direction for the working teams. Effective leaders help the company in establishing stability and viability of the enterprise. In most cases enterprises have slow growth that directly affects the loss of leadership and their competitiveness. Business enterprises in Kosovo have always changed or pretend to change because even the surrounding environment around them never remains the same. Organizational change is therefore as old as the organization itself (Burke, 2008, 27). There are three major challenges which the companies will face throughout the 21st century:

- Change;
- Technology;
- Globalization.

Change is the more widespread and powerful challenge with which any leader in

any type of business organization and in each geographic area in Kosovo is faced. So leaders are also often faced with:

- New rules governing;
- New Products;
- Increased competition in the market;
- Development of new technologies;
- Work force that is changing continuously.

In response to these changes the majority of businesses in Kosovo as was stated by Kottler and Schlesinger (2008) must be understood as organizational changes that moderately change at least once a year and bigger ones that occur every four or five years.

Based on the importance that currently holds the management of changes in the business environment by the leader, below are presented four of the main reasons why it is important to understand and implement ongoing changes in a business and the business community in general (Dergjini, 2011):

- Approximately 70% of the efforts of leaders to change their business fail. This means that the failure rate in the process is very high;
- A large part of the changes can be planned, while the rest are changes that occur as a contingency. It is much easier for the leader and the management to react to anticipated changes than those contingencies. So it all depends on the nature of changes that may occur. This implies that the leader should continuously be ready and flexible to change management.
- With the current trend of development of business management modalities and rate changes are rapid. It is necessary for the current leader in Kosovo to improve the ability to respond effectively to changes;
- Based on conducted studies conducted, it is shown that demand for effective change exceeds supply by increasing added value and leadership competencies for leadership change in business.

In this context, I would like to sustain the main reasons for the failure of business in Kosovo:

- weak leadership during change;
- failure of attention towards employee attitudes;
- poor communication with employees;
- Lack of professional preparation and lack of formal training.

### **Conclusions and Recommendations**

The development of businesses in Kosovo should be in accordance with European values, but so far nothing has happened towards European integration. Businesses in Kosovo need extraordinary leadership and enlightened leaders with international experience and the culture of work, professionalism and belief. Some of the ways and methods of leadership in Kosovo which can be developed in order to raise the effectiveness of business are:

- Clear definition of national vision;

- Effective human resources planning;
- Acceptance of new and innovative ideas;
- Development of a concrete plan for the eventual management of the economic crisis in the country.

It is recommended for the leaders and leadership in Kosovo to implement the principles necessary for the development of business and enterprises as well as the development of Kosovo's economy generally. The leader must understand the way how the enterprise environment operates, in order to identify strengths and weaknesses and assess how changes can have an effect.

Leaders and other employees in the enterprise should develop a common vision with other stakeholders in the company and make joint enterprise strategies. The leaders in Kosovo should establish and unite the progressive forces in order to change the enterprise. They should develop their communication skills and show full commitment to business development in all necessary activities.

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