

LEADERSHIP'S CHARACTERISTICS IN THE EUROPEAN AUTOMOTIVE INDUSTRY

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Abstract:

Nowadays, the leadership has outlined as a major component of management, with a specificity and autonomy apart and having a major influence on the performances of organizations in general and companies in the automotive industry in particular. As a result, it presents as very useful, the knowledge and taking into account of the basis elements of leadership by all who exercised or are trained in managerial processes in organisations.

Key words: management, leadership, automotive industry

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Leadership is one of the most salient aspects of the organizational context. However, defining leadership has been challenging. The following sections discuss several important aspects of leadership including a description of what leadership is and a description of several popular theories and styles of leadership in automotive industry.

Ovidiu Nicolescu believes that the leadership designating "the ability of a leader, of a manager to determine a group of people to work with him in achieving of goal on the basis of their strong emotional and operational involvement".

British expert on leadership, John Adair, assigns the following qualities of a successful chief: firmness, ability to mobilize energy, integration, enthusiasm, imagination, desire to work, ability to be analytical, the capacity to understand the others, the ability to seize opportunities, ability to overcome unpleasant situations, to adapt to any change and the desire to assume risk.

In Peter Drucker's view, the American writer, the leadership means "lifting the vision of a man on the highest peaks, its performance to higher standards, building the personality of a man beyond normal".

The mechanism of leadership is limited to *five phases*, in Ovidiu Nicolescu's view:

- leader's preparing for its leadership in terms of setting goals, ways to achieve the self-confidence and emotional and volitional availability to run all the necessary actions, using a specific behavior;
- expression of the leader of the ability to listen and, concomitantly, to trigger emotions and ideas to potential participants to achieve the pursued objective;
- connect goals, ideas and opinions of the leaders with the goals, ideas and opinions of others; and noted that at early stage there are often differences, or even opposition of views between leader and the subordinate or involved persons;
- determining the persons to think, feel and behave in an appreciable level, in consonance with the views of the leader; at the basis of these developments and results are the ability of the leader to „inspire” the others;
- achieving and maintaining the implication of the approached people to obtain tangible and commensurate results according with the appropriate objectives.

Fierce and growing competition, high labor costs in mature markets and the need to profitably address emerging markets — this brew of challenges and opportunities confronts many industries today. Of course, having strong, innovative leadership is key to managing effectively when business conditions are changing rapidly. But, to ensure that they will have the leaders they need for the future, organizations must adapt their succession planning and leadership development efforts to produce executives with the skills and experience required for the new order. In the short term, they also may consider recruiting executives from outside the industry to add valuable expertise.

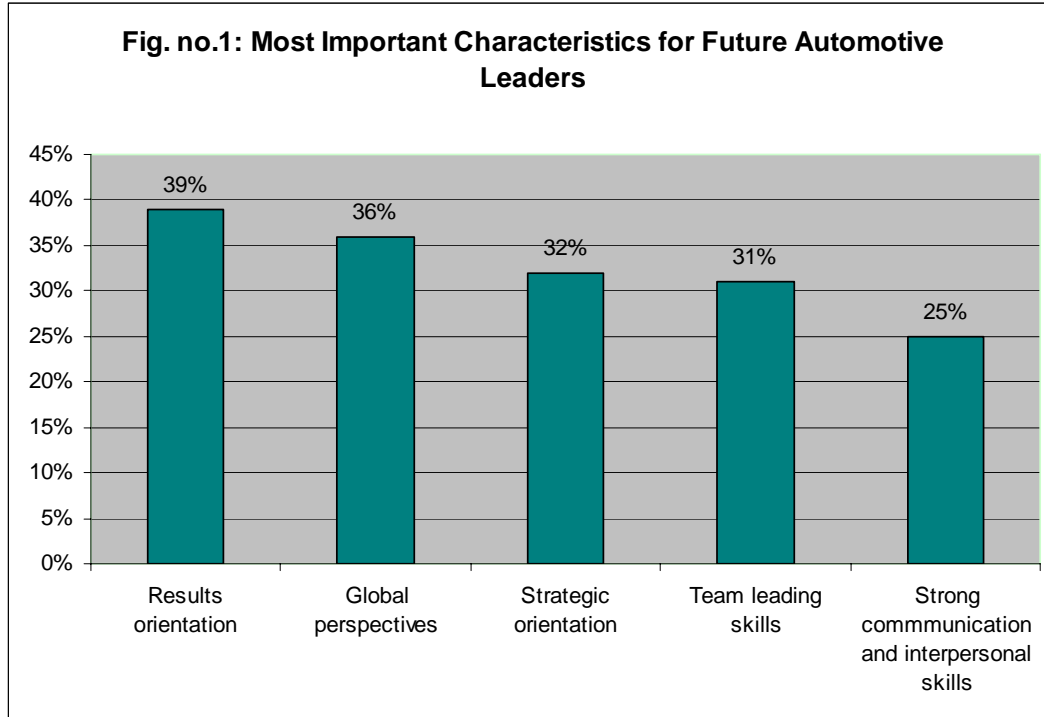
The automotive industry is one example of an industry in the midst of profound change. Amid globalization, shifts in consumer demand and high labor costs in traditional markets, automakers and their suppliers have less room for error and inefficiency; they must make the right bets on technology, product development, market expansion and cost management.

There is a number of *critical competencies and areas of experience* required by senior-level automotive leadership: *management experience, strong operational experience and capabilities, a strategic orientation, financial acumen, a global perspective and exceptional people management skills.*

1. *Management experience* - Automakers increasingly are relying on strategic alliances and partnerships to manage component costs and the development of new platforms and technologies. To ensure that their organizations strike beneficial alliances and partnerships, automotive leaders must be highly knowledgeable about the industry and its complex networks, understand the forces that are driving industry change and have a strategic mindset.
2. *Operation experience* - While experience in all corporate functions is valuable to senior automotive executives, operational experience is essential in light of the challenges and opportunities facing the industry, our survey found. Roles in operations, manufacturing and quality assurance provide exposure to a broad cross-section of the company and the opportunity to lead large and diverse teams.
3. *Strategic orientation* - Automotive companies must continually reinvent themselves to take advantage of new market opportunities and maintain long-term profitability. The CEO needs to be able to recognize those opportunities and drive innovation in the company. Automotive leaders must have a passion for challenges, seek innovative ideas within the organization and externally, and be willing to make bold moves.
4. *Finance and capital allocation* - The challenges of streamlining costs while maintaining R&D investment require that automotive executives be financially astute. They must lead efforts to variabilize costs, be thoughtful about capital spending and free up resources that do not provide competitive advantage. Twelve percent of survey participants ranked finance and capital allocation as the most important functional experience for senior general management during the next five years.
5. *Global perspective* - Automotive leaders must have a truly global perspective and be culturally and intellectually flexible. More than one-third of survey respondents cited global perspective as a critical competency for automotive leaders. This includes being sensitive to cultural differences and having a keen ability to identify and leverage international opportunities. Executives we interviewed frequently told us that they would have liked to have had more international experience. Others were grateful for the international exposure they received early in their careers.
6. *Team skills* - Another recurring theme that emerged from our interviews and survey is the importance of strong team-building and effective people development skills. These include exceptional communication and interpersonal

capabilities, internal networking skills, people management and team leadership experience, and the ability to choose the right team and get the maximum from it. Senior automotive leaders should combine personal authority with a humble and credible approach, our survey and interviews revealed.

The most important trends in automotive leadership are presented in the next figures (Fig.no. 1, Fig. no. 2):



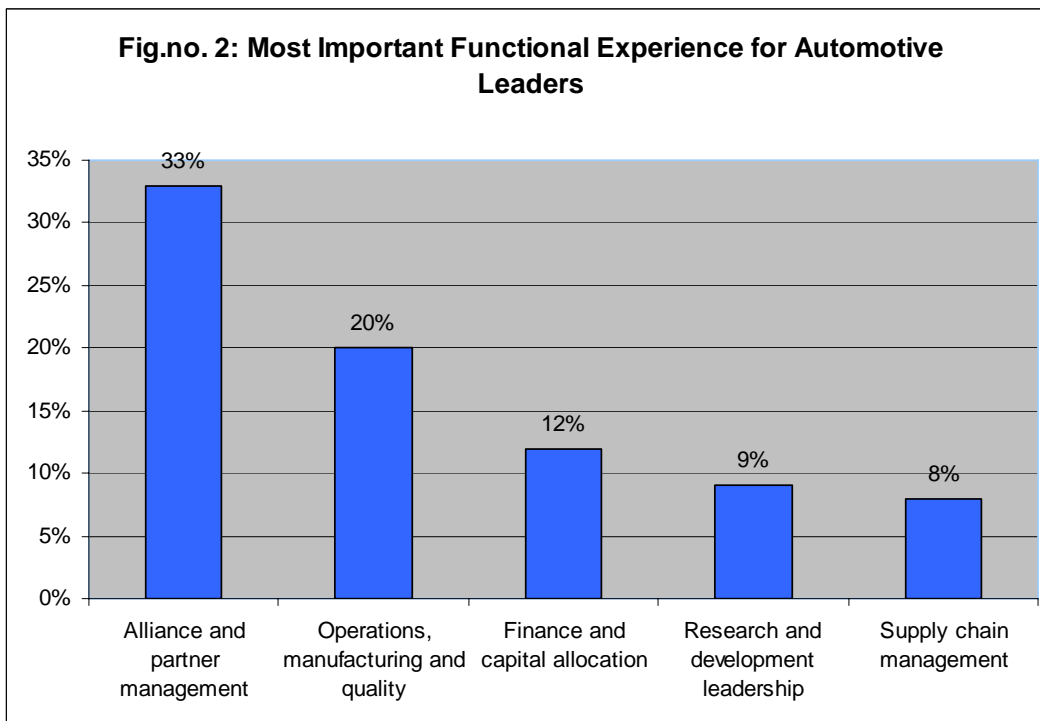
These characteristics involve:

1. operations experience and results orientation: is essential in light of the challenges and opportunities facing the automotive industry. Roles in operations, manufacturing and quality assurance provide exposure to a broad cross-section of the company and the opportunity to lead large and diverse teams.

2. international experience and a global perspective: Automotive leaders must have a truly global perspective and be culturally and intellectually flexible. They must be sensitive to cultural differences and having a keen ability to identify and leverage international opportunities

3. strategic orientation and innovation leadership: The seniors managers needs to be able to recognize those opportunities and drive innovation in the company. They must have a passion for challenges, seek innovative ideas within the organization and externally, and be willing to make bold moves.

4. team-leading skills and interpersonal skills, people development experience: the managers must have exceptional communication and interpersonal capabilities, internal networking skills, people management and team leadership experience, and the ability to choose the right team and get the maximum from it.



These characteristics involve:

1. alliance and partner management experience: It is considered the most important functional experience for general management, the highest of all the experience categories. Automotive leaders must be highly knowledgeable about the industry and its complex networks and be sensitive to the cultural differences between organizations. They must understand the forces that are driving industry change and have a strategic mindset.

2. Operations, manufacturing and quality: An organization's reputation is based on the main elements of competitiveness: quality, reliability, distribution and price. Of these, quality is the most important because the company builds its reputation as good or bad.

3. Finance and capital allocation: The managers must lead efforts to variabilize costs, be thoughtful about capital spending and free up resources that do not provide competitive advantage.

4. Research and development leadership. About 20 billion, representing 5% of turnover in this sector are invested in research and product development, the automotive industry being the largest investor in industrial research and development in Europe, in absolute terms.

5. Supply chain management (SCM): Highly competitive environments are leading automotive companies to implement Supply Chain Management (SCM) to improve performance and gain a competitive advantage. SCM involves integration, co-ordination and collaboration across organizations and throughout the supply chain. It means that SCM requires internal (intraorganizational) and external (interorganizational) integration. *Internal integration* has to be studied within the firm's boundaries. It seeks to eliminate the traditional functional "silo approaches" and emphasize better coordination among functional areas. *External integration*, on the other hand, has to be studied along the supply chain: It is the integration of the logistics activities across firm boundaries.

The Management by leadership builds on the belief that an organization, for being competitive, needs to assure the employees' involve in achieving organizational goals and direction set by the leaders.

The effects and benefits of the management by leadership are:

- Proactive management conducted by examples;
- Promote an organizational culture among employees;
- Tasks are not one-sided provisions, but are discussed with those who are going to transpose them into practice;
- Education and training of employees is carried out continuously;
- Creating an attitude of general combativity;
- Shifting from the order's authority to a authority based on the belief about the necessity of achieving the tasks;
- Leader's liability concerns the selection, initiation, information, control and recognition of the results of subordinate.

Conclusion:

Companies across the automotive industry need to be making a candid assessment of the amount of turnover that they will experience within their leadership ranks in the next five to 10 years. While retirement-related turnover may be easier to predict, the potential loss of future leaders to external recruitment should not be overlooked. Now is the time that the leadership assessment and development process must begin for the next generation of leadership. This will require a financial investment, as well as a commitment of time and energy on the part of the company, its board and the chief executive.

Companies must recognize that past performance is a marginal indicator of future success, and the ability of organizations to assess learning agility, behavior (as well as results) and leadership competencies will determine whether they are investing in future leaders who will succeed. During this time, the gap between the demand for and supply of qualified next-generation leaders will be increasing. Retention measures will be critical, as the opportunities both inside and outside the automotive industry will provide next-generation leaders with attractive alternatives.

The automotive industry is dramatically more complex, more global and more interconnected through alliances and partnerships today than just five years ago. Our conversations with automotive leaders about the industry's challenges, opportunities and future leadership needs produced the following observations:

- While automotive executives recognize the challenges posed by globalization and overcapacity, many companies are struggling to adequately respond. Automakers and suppliers continue to look for opportunities to streamline production and impose flexible cost structures that allow them to respond quickly to shifts in demands. Automotive leaders must possess strong operational experience and financial acumen to be in the position to identify these opportunities.
- Automotive consumers have become ever more demanding, looking for new services and technologies, but they are not willing to pay a premium for these advances. In addition, automakers must produce vehicles to address the needs of emerging markets. These developments require automotive companies to focus on innovation, yet they must do this in an environment where financing is scarce. Automotive CEOs must be astute financial managers and the primary drivers of innovation in their companies. They also must ensure that technological innovation, which absorbs enormous financial resources, actually will be perceived by the end users.
- Many automotive executives believe the industry could benefit by bringing in new talent from other industries, leaders with vision and the ability to anticipate business cycles and challenge internal structures to find more effective processes.

However, because of the industry's complexity and dependence on relationships, most believe leaders from the outside would be better positioned to succeed if they were brought in one or more levels under the CEO and given time to learn the industry.

- Today's automotive executives should ensure that their organizations have the leadership they need for the future by identifying areas ripe for improvement in their succession planning and talent development efforts. These programs are most effective when they have the support of the highest levels of management and the board, and are closely linked to company strategy and executed widely across the organization. They should include clear, well-managed and systematic processes, including processes for measuring results and holding managers accountable for success.

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