

## DISPERSION OF LEADERSHIP IN GLOBAL ORGANIZATIONS APPLYING NEW TYPES OF ORGANIZATIONAL STRUCTURES

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**Abstract.** Organizational structures of global organizations are evolving into more network-in-nature, virtual, fractal-in-nature. New type of organization will be undergoing a change in the definition of hierarchy, which will divert into heterarchical and hyperarchical structures. This paper outlays an analysis of leadership dispersion in global organizations using new types of organizational structures. In such organizations, demand for leadership is inclining. Notwithstanding, leadership should be considered as a combination of multiple approaches and attitudes. Leadership should be associated with many people scattered all over the world and carrying out their day-to-day tasks and duties. Authors of this paper focus their attention on a thesis that there will be a growing demand for lower levels of leadership.

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**Keywords:** leadership, globalization, virtual organization, hyperarchy, heterarchy, fractal organization, network organization.

**Reikšminiai žodžiai:** lyderystė, globalizacija, virtuali organizacija, hyperarchija, heterarchija, fraktalinis organizavimas, tinklinis organizavimas.

### 1. Introduction

The environment of modern organizations evolves all the time. In the course of years these changes have been increasingly fast and deep and they often redefine the way the organizations operate and enforce the application of new business and economic models.<sup>1</sup> The area that seems to initiate many other changes in recent years has been in the first place technology, which significantly affects socio-cultural trends

<sup>1</sup> Kołodko, G. W., *Wędrujący świat*, Pruszyński i S-ka, Warszawa, 2008; Mączyńska, E., *Globalna niepewność a trwałość rozwoju*, [w:] *Polska Wobec wyzwań cywilizacji XXI wieku*, red. A. Kukliński, K. Pawłowski, J. Woźniak, Urząd Marszałkowski Województwa Małopolskiego, Kraków, 2009, p. 55; Szymański, W., *Globalizacja, wyzwania i zagrożenia*, Difin, 2001

which in turn affect the economy as well as political issues. It is the technology that gave rise to the dynamic growth and the creation of the new sense of social networks—the notion to affect all areas of activity in the modern world.<sup>2</sup>

In this situation it is not surprising that these changes have a far reaching effect on the models of operation of organization and the shape of their organizational structure.<sup>3</sup> Subject covered by this paper comprises global organizations and their new organizational structures. Emergence of new organizational structures entails a need for an analysis of leadership, review of responsibilities and roles of leaders within an organization applying new organizational structures<sup>4</sup>. The purpose of this paper is to determine major directions concerning changes of leadership in global organizations in the light of emergence of new organizational structures. The paper provides an overview of existing research studies and various analysis regarding leadership in global organizations, carried out by scientists. Based on the recent research studies outlined in this paper, our research will focus on the analysis of a demand for leadership in global organizations applying new organizational structures. Furthermore, in the paper, we will outline the arguments substantiating an increasing demand for leadership in new more network-in-nature and virtual organizations. Notwithstanding, leadership should be considered as a combination of multiple and distinguishable approaches. Leadership should not be associated with a single person of the organization's CEO. Instead, it should be associated with hundreds of people scattered all worldwide. It is the lower level of leadership that should be a subject of growing demand in the forthcoming future.

## **2. New organizational structures—from traditional hierarchy to virtual network and fractals**

Traditional structures of business organizations, most of those that achieved success in the 20th century are based on different use of hierarchy.<sup>5</sup> In the models used by them there are different levels of organization, precisely determined interdependences and official subordination<sup>6</sup>. Certainly, the structure of such organizations may be more slim or flat, more or less centralised, or dispersed, but anyway it is based on the superiority of some selected units within the organization over others. The reasons why these models were used were of course quite rational and justified. They include:

- Different level of competence at different levels of organization resulting from education and also gained experience,

<sup>2</sup> Castells, M., *Spółeczeństwo sieci*, Wydawnictwo Naukowe PWN, Warszawa, 2010

<sup>3</sup> Hożej, M., *Struktura organizacji uczącej się*, [in:] *Przedsiębiorstwo przyszłości*, red. Grudzewski, W. M., Hejduk, I. K., Difin, Warszawa; Walas-Trębacz, J., Tyrańska, M., Stabryła, A., *Koncepcja sformalizowanej struktury organizacyjnej*, [w:] Stabryła, A. (red.), *Doskonalenie struktur organizacyjnych przedsiębiorstw w gospodarce opartej na wiedzy*, Wydawnictwo C.H. Beck, Warszawa, 2009

<sup>4</sup> Mosley, Ch., Matviuk, S., *Impact of Leadership on Identifying Right Organizational Designs for Turbulent Times*, *IUP Journal of Soft Skills*, Mar2010, Vol. 4 Issue 1/2, p. 57-67

<sup>5</sup> Walas-Trębacz, J., Tyrańska, M., Stabryła, A., op. cit.

<sup>6</sup> Kotarbiński, T., *Traktat o dobrej robocie*, Ossolineum, Wrocław, 1973

- Difficulty with access to information, and what follows asymmetry in the access to it on the part of different groups within the organization,
- In this connection more difficult communication inside the organization and easier access of some entities to the instruments and channels of communication,
- Necessity of quick decision making supported by clear definitions of responsibilities resulting from the organizational hierarchy.

Admittedly, as early as in the middle of the 20th century there were gradual changes connected with the lower significance of hierarchy, gradual decentralisation and moving towards the organic model of organization.<sup>7</sup> It did not change the fact, however, that the hierarchical model was still dominating, the scale of impact of hierarchy being slightly limited. In 1980s and 90s other new models of organization referring to network began to appear. Network organization is a “long term profit oriented community of separate organizations, which, thanks to it, gain the competitive advantage on the market”<sup>8</sup>. Network organizations are well adjusted to the instability of environment and solve problems that cannot be solved exclusively by experts scattered inside the organizational hierarchy.<sup>9</sup>

Global organization, in general, comprises multiple business divisions, scattered all over the world but combined together in a global network with global strategy. This applies especially to production business divisions, but also to back-office units rendering services to remaining units. Flexible structure of global organization should enable swift and easy reaction to continuous changes in volatile environment, through dynamic dismissal or employment of human resources, which are the most cost efficient at the moment<sup>10</sup>. Business divisions scattered worldwide and forming a global organization are dependent on each other, although, interdependency should not be considered only in terms of hierarchy. The process leads to emergence of modular organization, resembling a flotilla of ships<sup>11</sup>, heading in the same direction. Interdependence between the business divisions results from mutually rendered services.

Such a modular organization can be headed by, using a metaphor of flotilla, a flagship—i.e. by an organization's headquarter, which concentrates the strategic and core competences. It appears however, that a set of those core competences have been gradually diminishing, and organizational structure is becoming wide-spread and complex. A modular organization mentioned above is being impacted by virtualization, another phenomenon occurring in global organizations.

<sup>7</sup> Burns, T., Stalker, G. M., *The management of innovation*, Tavistock publications, 1961; Lawrence, P. R., Lorsch, J. W., *Organization and environment: managing differentiation and integration*, Division of Research, Graduate School of Business Administration, Harvard University, 1967; Mintzberg, H., *The Structure of Organisations*, Englewood Cliffs: N.J. Prentice Hall, 1979

<sup>8</sup> Jarillo, C., On Strategic Networks. *Strategic Management Journal*, No. 9, 1988, p. 32

<sup>9</sup> Van Alstyne, M., The State of Network Organization: A Survey in Three Frameworks, *Journal of Organizational Computing* 7(3), p. 88-151, 1997; Łobejko, S. (2010): *Przedsiębiorstwo sieciowe*, Szkoła Główna Handlowa w Warszawie, 2010

<sup>10</sup> Mosley, Ch., Matviuk, S., op. cit.

<sup>11</sup> Warnecke, H.-J., *Rewolucja kultury przedsiębiorstwa. Przedsiębiorstwo fraktalne*, Wydawnictwo Naukowe PWN, Warszawa 1999

The definition of virtual organization has given rise to a lot of difficulties up to now. Many theoreticians and practitioners use this term in a different context. The basic dilemmas include the following issues:

- The scope of approach to the comprehension of virtual organization—the broadest one is based on the consideration of every form of cooperation without a formal organizational structure as virtual organization.<sup>12</sup> However, most definitions mention the network of partners implementing a common goal, based on the use of unique crucial competences of individual entities making up the network.
- The kind of formal relations between cooperating entities—there are approaches here which refer to both cooperation within the same formal and legal organization<sup>13</sup>, and those within the network going beyond one organization.<sup>14</sup> The latter approach seems to be decisively more common.
- The kind of entities cooperating within the network—some definitions mention the cooperation of organizations,<sup>15</sup> other definitions: the cooperation of certain organizational units<sup>16</sup> and others: openly mention possible involvement of private individuals.<sup>17</sup> Najda-Janoszka claims that “the participants of a cooperating network may be not only a company or research unit but also individuals, experts and specialists. Competence, which becomes the source of dominance, is crucial. The dominance, which is time variable and depending also on the competence of other people making up the community, is relative.”<sup>18</sup> It seems that every approach in the area of choice of entities making up the virtual network is possible.
- Different comprehension of the very idea of virtuality—it may be understood as virtual communication, i.e. communication using modern technologies like Internet or telephone<sup>19</sup> or as dynamism or instability of relations.<sup>20</sup> The latter way of understanding seems to be dominating in definitions of virtual organization, although many definitions explicitly emphasize the importance of information technology.<sup>21</sup>

<sup>12</sup> Davidow, W. H., Malone, M. S., *The Virtual Corporation*. New York: Harper, 1992

<sup>13</sup> Scholz, C., *Virtuelle Organisation: Konzeption und Realisation*, ZFO Zeitschrift für Organisation, vol. 65 (4), p. 204–210, 1996

<sup>14</sup> E.g.: Sankowska, A., Wańtuchowicz, M., *Korzyści z zastosowania koncepcji organizacji wirtualnej w świetle teorii i badań własnych*, *Ekonomika i Organizacja Przedsiębiorstwa*, nr 6, 2007; Byrne, J. A., *The Virtual Corporation*, *Business Week*, 8, February, 98-103, 1993

<sup>15</sup> E.g.: Zimniewicz, K., *Współczesne koncepcje i metody zarządzania*, WN PWN, Warszawa, 1999; Sankowska, A., Wańtuchowicz, M., op. cit.; Byrne, J. A., op. cit.

<sup>16</sup> Bleicher viz. Gach, D., Nowak, O., *Firma wirtualna – model przyszłościowy*, *Przegląd Organizacji*, nr 12, 1997

<sup>17</sup> Travica viz. Kasper-Fuehrer, E. C., Ashkanasy, N. M., *The Interorganizational Virtual Organization*, *International Studies of Management & Organization*, Winter, Vol. 33, Issue 4, p. 34-64, 2003

<sup>18</sup> Najda-Janoszka, M., *Organizacja wirtualna: teoria i praktyka*, Difin, Warszawa, 2010, p. 80

<sup>19</sup> In a sense it is to be seen in: Perechuda, K., *Organizacja wirtualna*, Ossolineum, Wrocław, 1997

<sup>20</sup> Sankowska, A., Wańtuchowicz, M., op. cit.; Hopej, M., Kamiński, R., *Struktury organizacyjne współczesnych organizacji*, Oficyna Wydawnicza Politechniki Wrocławskiej, Wrocław, 2010

<sup>21</sup> Hopej, M., Kamiński, R., op. cit.; Byrne, J. A., op. cit.

- The way of organization of the virtual network itself—some definitions do not specify the issue at all, but some others point to definite models, e.g. value chain<sup>22</sup> or network integrated around one element.<sup>23</sup> It seems, however, that virtual organizations may create different models, which will be analysed later in this chapter.

Warner and Witzel summing up many concepts point to the following features of virtual organization:<sup>24</sup>

- Limited importance of material assets and structure,
- Basing on communication technologies and use of remote,
- Hybrid organization form based on short and long term cooperation,
- Fuzziness of organizations limits,
- Flexibility of operation.

It seems that the importance of information technology for virtual organization is an element that appears in nearly all studies devoted to this topic. It is also not accidental that this concept of organization was not born until the technical possibilities were created to facilitate dynamic communication within the network.

At the beginning, virtualization of organization affects mainly less important business units, network nodes or network fragments. However, it is gradually influencing more important business units within an organization. Services rendered between the partners can be based upon market conditions (i.e. carried out in arm's length transactions) and are not concluded on a one-off basis. In virtual organization, there are no hierarchical relations. A typical feature that can be associated with virtual organization is its "flexibility,"<sup>25</sup> which allows for dynamic changes. In volume and quality of involved resources, including volume of final production, these changes have led to emergence of "agile company,"<sup>26</sup> which is subject to permanent changes, and quickly responds to changes in its volatile environment, thus enhancing the quality of rendered services.

Based on the considerations set out above, it can be assumed that global organizations will gradually resemble a virtual network, however one element of this network could be dominant or none of them has such a position or dominant position changes in time. Virtual networks of companies can have minimal infrastructure on their own and can distinguish themselves with ever changing leadership. The value added of the virtual organizations is that such organizations can build alliances enabling successful competing for new contracts, which winning would be very difficult or even impossible if competed for stand alone. In addition to this, virtual organizations create a kind of "spider web," which makes them capable of entering various sectors of economy.<sup>27</sup> Having said that, it seems crucial that visions and strategies of single nodes of the network cannot be contradictory. Notwithstanding, the vision and mission of the whole

<sup>22</sup> Zimniewicz, K., op. cit.

<sup>23</sup> Hopej, M., Kamiński, R., op. cit.

<sup>24</sup> Warner, M., Witzel, M., Zarządzanie organizacją wirtualną, Oficyna Ekonomiczna, Kraków, 2005, p. 14

<sup>25</sup> Herman, A., Przedsiębiorstwo w warunkach globalizacji, [in:] Przedsiębiorstwo przyszłości, red. Grudzewski, W. M., Hejduk, I. K., Difin, Warszawa 2000

<sup>26</sup> Warnecke, H.-J., op. cit.

<sup>27</sup> Herman, A., op. cit.

organization should be commonly shared. Organizational culture can be the component which combines the whole network.

The structure described above, its dynamics, lack of boundaries is, however, associated with the problem of leadership in a global virtual organization. It is worth to note that it is extremely difficult to get employees involved in the network, to build employees' loyalty. Apart from that, it is also arguable whether employees are members of such a virtual organization or simply its temporary participants.<sup>28</sup> Handy describes the issue, connected with a necessity to remain loyal towards the network as the whole organization and its single node, as "double citizenship."<sup>29</sup>

Network and virtual structure of global organization entails a necessity of decentralization of all activities, including leadership. In accordance with the idea of subsidiarity,<sup>30</sup> all decisions should be delegated down the hierarchy, to the level which stays closest to the customer. It means that even those global organizations, in which hierarchical relations between business units are in place, start to delegate strategic competences, once held centrally by the organization's top executive management, down the lower levels. The considerations described above, lead to a conclusion that there will be a growing demand for local leaders or leaders of a single node of the global network. Moreover, it is obvious that local top managers, with outstanding credentials and competences, should take the role of local leaders.

Despite the fact that delegation of responsibilities for decision making onto those who are close to customers and competitors is a good remedy, as in any case of treatment, overdose might turn out to be disastrous in consequences. Elimination of bureaucracy, without replacing it with clear comprehensive and compelling strategy, is the best recipe for chaos. Additionally, resources required to achieve the best results might be dispersed among multiple business divisions. This is the corporation that should take care of collecting the resources in an appropriate node in the organizational structure.<sup>31</sup> The problems are additionally deepened by implementation of internal market-based economy within a global structure, according to which, particular nodes of organizational can compete with each other for "a contract" concerning rendering services or delivering goods to other business divisions. In order to resolve this issue, a role of leader-coordinator might be useful, whose duty could comprise reconciliation of apparently contradictory interests of particular business divisions or fractal—as called by Warnecke.<sup>32</sup> Apart from that, the role of a leader of local division or fractal is equally important. In conditions of internal market-based economy, none of the fractals can be certain about its existence thus, it requires very efficient management, as well as development and application of appropriate vision and strategy.

The idea of a node of a global network as a fractal is connected with another interesting issue of the structure of global virtual organization, which directly influences the

<sup>28</sup> Płoszajski, P., *Organizacja przyszłości: wirtualny splot kontraktów*, [in:] *Przedsiębiorstwo przyszłości*, red. Grudzewski, W. M., Hejduk, I. K., Difin, Warszawa 2000

<sup>29</sup> Handy, Ch., *Wiek paradoksu*, Dom Wydawniczy ABC, Warszawa 1996

<sup>30</sup> *Ibid.*

<sup>31</sup> Hamel, G., Prahalad, C. K., *Przewaga konkurencyjna jutra*, Business Press, Warszawa 1999

<sup>32</sup> Warnecke, H.-J., *op. cit.*



interpretation of leadership role in such an organization. It is important to note that a fractal is an independent unit within the organization, which goals and efficiency can be clearly determined. Features to be associated with fractal comprise: self-similarity and self-organization. System of goals followed through by different fractals are non-contradictory and must serve achievement of the goals set for the global organization (here comes the role of “the global leader”). Fractals are organized into network through efficient communication and information system. In fact, fractal organization is continuously balancing on the edge of harmony and chaos. Fractal has a capacity to react intelligently to incentives pointing out to a necessity of change and organize and subsequently re-organize itself into adaptative structures without centrally imposed plan. Structures and problem solving policy are temporary in their character. Resources and people join the structures in order to start-up new initiatives and undertakings, react to new restraints and adjust organizational processes. Experimenting is a rule in a fractal. Problem solutions created locally remain on the local level, without being promoted to supreme level solutions, applicable to all levels within the organization.<sup>33</sup>

Some theoreticians go ahead with the proposals, by maintaining that hierarchy should be reduced to a higher degree and subsequently replaced with post-hierarchical, horizontal structures based on heterarchical model.<sup>34</sup> Quoting definition of a heterarchy developed by Ogilvy, it is “a compound hierarchy, in which importance depends on knowledge, mostly required at specific point in time.”<sup>35</sup> In other words, heterarchy lacks a dominant link that would be steering the whole system. The system is dynamically regulated by its various elements at different points in time, often by networks of interactions occurring between various elements rather than by one element only. According to Płoszajski, heterarchy constitutes an alternative, both to the system based on harmony and system based on chaos (“anarchy”). Heterarchy is “managed by certain elements located in various points in space.” It is in contradiction to delegation of empowerment to give orders, commands. Heterarchy also creates a new model of dynamic leadership, changing in line with current needs and requirements.

An assumption that some of the organizations start to reveal characteristics typical to hyperarchical organizations might have even wider in scope effects. Definition of hyperarchy, in the light of organization and management, was used for the first time by Evans and Wurster in Harvard Business Review.<sup>36</sup> Evans and Wurster define hyperarchy as “wide in scale, self-determining community with substantive level of energy and involvement despite lack of comprehensible and clearly defined remuneration for its members.” This definition was created as an analogy to hyperlinks in the world wide web. Namely, WWW is a hyperarchy, in which each user can smoothly move from one hyperlink to another. There are no boundaries within this scope. Hyperarchical

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<sup>33</sup> Płoszajski, P., op. cit.

<sup>34</sup> Ibid.

<sup>35</sup> Hampten-Turner, Ch., Trompenaars, A., *Siedem kultur kapitalizmu*, Dom Wydawniczy ABC, Warszawa 1998

<sup>36</sup> Evans, Ph., Wurster, Th. S., *Strategy and the New Economics of Information*, Harvard Business Review, Sep/Oct 1997, Vol. 75 Issue 5, s. 70-82

structure ensures ease and freedom in access, flexibility, and provides possibility of smooth, multi-disciplinary cooperation, based on teams, where users are not restricted with barriers, limitations, hierarchical levels. According to Evans and Wurster, the basic advantage offered by hyperarchy is facilitation and acceleration of information exchange, possible due to lack of formal structures and limitations arising from them. Open source projects are example of hyperarchy.<sup>37</sup>

Khan and Azmi<sup>38</sup> (2005) distinguish the following features attributable to hyperarchy:

1. Hyperlinks—members of hyperarchical structure are connected with each other by direct relations peer-to-peer irrespective of their location.
2. Hypertime—members have access to the most important information in real time and can make decisions in real time.
3. Knowledge sharing—members freely share information with co-workers, instead of gathering information for themselves, they share it with associates.
4. Decentralization—bureaucratic structure is replaced with network, based on mutual confidence and reliance, without rigid central authority.
5. Flat structure—is aimed at facilitating interaction and exchange of opinion.
6. Lack of boundaries—boundaries between organizational units are fluid, volatile, change frequently.
7. Innovation and internal entrepreneurship—hyperarchy encourages creativity and innovation, facilitates internal entrepreneurship.

Considerations described above lead to a conclusion that hyperarchical structures emerged mainly due to advancement in information technology, facilitating creation of new communication models with world-wide range.

The most important characteristics associated with hyperarchy, that are distinguishable from traditional bureaucratic structure comprise:

1. Information symmetry (also emphasized by Evans and Wurster<sup>39</sup>),
2. Peer-to-peer communication,
3. Hypertime.

Due to unrestrained access to information in real time, available for each single organizational unit, each member of hyperarchical structure can make decisions immediately, thus, enabling quick results, influence activities carried out by other units or groups. Being in possession of information cannot be a prerequisite for power and control. Features that gain appreciation comprise: knowledge, credentials, skills, rather than formal position of a person. No formal structure is stronger than a person. It is the knowledge and competences, that can concentrate activities carried out by a structure in a point in time, and they are the basis for self-organization, as pointed out by Evans and Wurster.

<sup>37</sup> Weber, S., *The Success Of Open Source*, Harvard University Press, Cambridge (Massachusetts), London, 2005

<sup>38</sup> Khan, M. N., Azmi, F. T., *Reinventing business organizations: the information culture framework*, Singapore Management, July 1, 2005, s. 37-62

<sup>39</sup> Evans, Ph., Wurster, Th. S., *op. cit.*



Considerations described above point out that hierarchy in a modern organization can entirely change its meaning. It does not matter if organizational structure flattens or ceases to be sequential and becomes synchronic or becomes transformed into heterarchy or hyperarchy, it will require an entire change in leadership model. Namely, leaders will be forced to resign from building their authority solely on hierarchical power, shift their focus on knowledge and dynamic leadership.

Above considerations indicate that global organizations are becoming more network-in-nature, more virtual, more fractal-in-nature, hyperarchical. Centralization, hierarchy, membership have been changing their meaning with regard to their application in organization. Local organizations have a chance to act as nodes, fractals in such a virtual network. They should, however, build their position around their core, outstanding competences. All this sheds a new light on the problem of leadership.

### 3. Leadership levels in new structures of global organizations

Conditions underlying organizational structure of a global organization clearly indicate that there is a necessity to separate leadership functions, which is maintained by many theoreticians.<sup>40</sup> This applies especially to middle level leadership. It is worth to note that on the top of the organizational hierarchy, according to Handy,<sup>41</sup> issue needs to look differently. On this level, leadership needs to be associated with concrete people, due to the fact that it needs to secure delicate substance, which binds the virtual community of employees into one single system. The substance comprises organizational culture, sense of identification with the organization with regard to achievement commonly shared goals and eagerness, energy to achieve the goals. The energy must have its origin in a person or, which occurs less frequently, in a group of people, located in the center of the organization, sharing similar values.

According to Senge, in case of an organization with vast organizational structure, two leadership levels can be distinguished, central (global) and local. However, it should be emphasized that local leaders should take the entire responsibility for development and performance of their local operational units.<sup>42</sup>

Senge also considers the problem of leadership in learning organization. Owing to this, multiple global organizations is based on knowledge. Many of them are undergoing a transformation process in order to become a learning organization. Thus, it seems rational to quote thesis formulated by Senge concerning learning organization, while considering the issue of a new global organization, especially its multiple virtual organizational units.

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<sup>40</sup> Bel, R., Leadership and innovation: Learning from the best, *Global Business & Organizational Excellence*, Jan/Feb2010, Vol. 29 Issue 2, p. 47-60; Filbeck, G., Gorman, R.F., Xin, Zh., Identifying the best companies for leaders: does it lead to higher returns?, *Managerial & Decision Economics*, Jan2010, Vol. 31 Issue 1, p. 19-31

<sup>41</sup> Handy, Ch., *Nowy język organizacji i jego znaczenie dla liderów*, [in:] *Lider przyszłości*, red. Hesselbein, F., Goldsmith, M., Beckhard, R., Business Press, Warszawa 1997

<sup>42</sup> Hopej, M., op. cit.

Senge distinguishes three types of leaders of learning organization.<sup>43</sup> The group comprises: executive leaders, local line leaders and internal networkers or community leaders.

Executive leaders develop infrastructure which encourages learning and set themselves as a pattern to be followed. By doing this, they manage a gradual process concerning development of principles and approaches in culture focused on gaining knowledge.<sup>44</sup> Executive leaders provide support to local line leaders with regard to experiments carried out by them, establishing new contacts with others who share similar values and outlooks and closely cooperate with internal networkers. They also hold the position of mentors and facilitate promotion of ideas, as well as, coordinate activities carried out by the organization or its part.

Nothing can be initiated, however, without local line managers. They are people with significant burden of responsibility and they are focused on action. They lead organizational units or bigger work teams, which are big enough to constitute significant micro-organisms within a bigger entirety. It is worth to note that local line leaders are autonomous enough to undertake significant initiatives, independently from the whole organization. As a result, they create organizational sub-cultures which can differ significantly from the major stream of organizational culture. Key role of local line leaders is to initiate significant practical experiments and encourage staff to participate in such experiments. Frequently enough, they become teachers.

Internal networkers or community leaders, so called initiators of new organizational culture, easily moving within organizational structure in search of those who are capable to implement changes, assist in carrying out organizational experiments and get involved in spreading new knowledge. They have access to many organizational units. They are familiar with importance of informal relationships. The key role of internal networkers is to identify local line leaders, who are empowered to undertake activities and have positive attitude towards obtaining new knowledge and development of new learning possibilities. They are initiators of new organizational culture by helping to establish relations between people from various groups, but sharing similar ideas, outlooks in order to enhance common effort in the learning process.

Consolidation of considerations concerning levels of leadership enables to build a leadership model in a new global virtual organization (Figure 1).

An organization is headed by or supervised by a global managing leader. It seems that the leader is necessary, as previously maintained by Handy, in any organization, even in the most heterarchical or hyperarchical organizations. Nevertheless, due to the fact that in virtual network organization it is difficult to separate a decision center, a supreme center, the leader's role does not reduce to making authoritative decisions but it focuses on coordinating, facilitating overall functioning of the network, enhancing communication between fractals or "managing through walking around," i.e. building

<sup>43</sup> Senge, P. M., *Kierowanie organizacjami uczącymi się*, [in:] *Lider przyszłości*, red. Hesselbein, F., Goldsmith, M., Beckhard, R., Business Press, Warszawa 1997

<sup>44</sup> Kennedy, J. W., *Empowering Future Organizational Leaders For The 21st Century*, *International Business & Economics Research Journal*, Apr2010, Vol. 9 Issue 4, p. 145-148

specific network with employees, motivating, building “double citizenship” with regard to the whole organization.<sup>45</sup> Notwithstanding, the most important task to be faced by a global leader comprise development and promotion of a common vision and building organizational culture of the network.



**Figure 1.** Leadership model in network-in-nature organizations

Apart from above considerations, single fractals in virtual organization often act as if they were separate companies, they can have their own local managing leader. This especially applies to those organizational units which even on the local levels require coordination, improvement in communication or even their own organizational sub-culture, based on global organizational culture. The more heterarchical an organization, the less needed is a local leader, thus existence of such a leader on a local level is not always necessary. His functions are taken over by local line leaders.

Local line leaders seem to be necessary in any fractal. This applies especially to knowledge based organizations, employing professionals, using advanced technologies. These are the local line leaders who encourage experimenting, who become coaches, who can build a team consisting of professionals. In places where there are no local executive leaders, their duties concerning development of organizational sub-cultures are taken over by local line leaders. In addition, their role is especially important with regard to promoting the idea of “double citizenship,” building loyalty towards the fractal, but also towards the whole network.

Apart from above considerations, community constructors are also necessary. They constitute a volatile element which dynamically manages the teams in heterarchi-

<sup>45</sup> Brocato, B. R., Gold, S. S., Leadership Ambiguity and Ambivalence: A Critical Solution, *Global Management Journal*, Dec2010, Vol. 2 Issue 2, p. 5-15

cal and hyperarchical structures. Frequently, community constructors do not hold any managing positions in the hierarchical structure of an organization, instead they create work teams on an ad hoc basis.

Weber<sup>46</sup> goes even deeper in the considerations concerning hyperarchical structure. In such an organization, quasi-hierarchical structure can be established with separated members accountable for separate duties, which can be sub-divided into more detailed tasks. Decisions are made by appropriate level of leaders, appointed based on their knowledge and credentials. This leads to emergence of certain kind of an hierarchical substantive structure, resembling circles embedded in each other. Shift to a higher level means a promotion, although, in certain projects this promotion is regulated with formal procedures (e.g. decision is made unanimously by all the people staying on the same level of hierarchy), but in other projects not.

According to O'Mahony and Ferraro,<sup>47</sup> criteria of such a promotion do not comprise only technical abilities and effort put into performance, but above all, informal work regarding consolidation of results of other team members involvement, facilitation of cooperation between team members, improving internal communications (those are activities carried out by community leaders, mentioned above in this paper). There is an astonishing conclusion resulting from their research, according to which, in an environment of people with excellent technical, professional credentials, social skills concerning building a community, are reckoned as important. O'Mahony and Ferraro point out that his form of professionalization, however, this phenomenon should be investigated into more thoroughly.

Undoubtedly, all levels of leaders located in each fractal of the global organization need to closely cooperate with each other. Nevertheless, hierarchy is not applicable in this case, none of the levels holds a dominant position.

It should also be noted that participation of a global executive leader is not a prerequisite for efficient communication between all nodes of a global network organization. The global executive leader can act as a mediator in this process, however, only when necessary. In any other cases, fractals should directly communicate with themselves.

#### 4. Conclusions

Globalization and virtualization of organizational structure imposes new, not faced yet, challenges on the contemporary leaders. Those challenges comprise: coordination of various processes within network-in-nature organization, streamlining processes of information exchange, upgrading personnel skills, obtaining knowledge about new processes, improving cooperation between work teams set up on an ad hoc basis within the organization. The processes described above need to be complemented with more

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<sup>46</sup> Weber, S., op. cit.

<sup>47</sup> O'Mahony, S., Ferraro, F., The emergence of governance in an open source community, *Academy of Management Journal*, Vol. 50, No. 5, 2007, 1079–1106

efficient and enhanced usage of credentials and experience of employed professionals. This knowledge can become a competitive advantage and can impact the organization's success. In these conditions, the leaders, except for traditional tasks concerning determining the strategic direction for the organization and its members, should take up a role of motivators, who focus their efforts, especially, on motivation of employees with professional and well grounded credentials, on building strong relations within the organization, continuous education and training of prospective leaders, so that they could take over some of the leadership tasks and duties. Leadership in contemporary organizations is dispersed among many leaders on various levels in the organization hierarchy. Often, leadership is not connected with taking up a formal position in the organizational structure. Furthermore, it can evolve, change in time, often it is based on specific competences (social or expert), thus it connected with the idea of meritocracy. All the issues described above contribute to increase in demand for various types of leadership, a necessity of appointing leadership roles to higher number of employees on different levels within the organization.

It is distinctly visible that global organizational structure is changing due to changes in its volatile environment, and its pursuit towards virtualization, networking and heterarchy faces the leaders with completely new challenges. It should be also taken into consideration that in the globalization age, the changes will be affecting a growing number of organizations, also the smaller ones, which due to strategic alliances, will be able to build wide-spread virtual global and regional networks, building up higher level of organization.

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### LYDERYSTĖS SKLAIDA GLOBALIOSE ORGANIZACIJOSE TAIKANT NAUJUS ORGANIZACINIŲ STRUKTŪRŲ TIPUS

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**Santrauka.** Nauji organizacijų tipai keičia nusistovėjusią organizacinių struktūrų hierarchiją. Straipsnyje nagrinėjama, kaip pastarąją veikia naujų tokių struktūrų atsiradimas, kai lyderystės paklausa mažėja. Tad lyderystė gali būti suprantama kaip daugiariopų nuostatų ir požiūrių kombinacija, priklausoma nuo kasdienių uždavinių bei pareigų.

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