Leadership And Organisational Strategies At Country Level. The Destiny Of A Nation

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Abstract: *Starting from the micro-social level and ending with the macro-social one, organising everything around us on the grounds of sound strategies and of a leadership-based approach represents a key element for achieving the established goals, irrespective of their nature, in terms of maximum possible efficiency. If when dealing with an organisation, be it lucrative or non-profit, small or large as size, adopting the right strategies and choosing the best leadership methods and techniques might look reasonably accessible, when coming about conceiving and applying the same to large aggregates, as it is the national economy, things could turn into real challenges very difficult to deal with. For these reasons, the present paper tries to render the most important issues to consider from such perspective, treating them both under the form of an experience-based analysis and under the one of proposed directions to follow for getting better results for all stakeholders.*

Keywords*:* leadership, organisational strategies, macroeconomic framework, fiscal-budgetary and monetary policies, welfare

JEL Classification: E52, E61, E62, E63

1. Introduction

The present paper is about how entitled entities, by virtue of the authority with which they are vested, do act and should act at macro-social level, from an economic perspective, the consequences thereof being analysed in terms of related efficiency and arising welfare.

When talking about organisational strategies and leadership, we indubitably think of well organised, open minds, scientifically basing their decisions, therefore avoiding the rule-of-thumb approach (Taylor, 1911), having the necessary knowledge, experience, innate and acquired abilities allowing the same to spread positive energy around them and to gather such positive energy from others, succeeding, thus, not necessarily based on the official position, but on the power of personal example, in synergically reaching the established goals in the most desirable way.

If we conceive this from a macroeconomic point of view, we should take into account the large impact factors and the huge implications that both the micro and macro-environment generate at such level. The strategies to adopt involve a very deep preliminary research, with the construction of multiple scenarios, considering miscellaneous, more or less expected possible outcomes, as, given the extensive framework considered, any corrections, if necessary, involve high waiting times and, sometimes, fail in being successful. Discussing in terms of leadership at macro-level, we talk about overall vision, about strategic planning in the medium to long run, rather than on simply tactical approaches (Gosling, Jones and Sutherland, 2012), therefore exceeding the narrow microeconomic-specific pattern.

All these aspects are dealt with herein, considering the specific instruments being at the disposal of the entitled macro-organisms in order to act into the right direction – the fiscal and budgetary, respectively the monetary policies.

Save for this brief introduction, representing the first section of the paper, the work is structured as follows: Literature review, encountered in section 2, Research methodology, revealed by section 3, Results and discussions, emerging from section 5 and, finally, Conclusions, in section 5, synthesising the main findings of the present research.

2. Literature review

The aspects related to organisational strategies and leadership have been largely approached in the international literature, most of them being, however, mainly oriented towards the microeconomic side (Bennis and Townsend, 2005, Blanchard, 2007, Rainey, 2010, Stack, 2013, Miller, 2014, Fuller, 2015, Sparrow, 2016 and many others), and slowly less towards the mezzoeconomic one (Poirier, 1999, Aspatore, Inc., 2005 or Gammelgaard and Dörrenbächer, 2013), the macroeconomic one (Calleo and Morgenstern, 1990, Gray and McPherson, 2000, Campbell and Fuhr, 2004 or Han and Heith, 2005) or the world-related one (Bens, 2006, Braveboy-Wagner, 2016 or Majgaard et al., 2016).

While the mezzoeconomic perspective is indirectly related to the macroeconomic one, the decisions made at the level of a nation impacting on that country branches or sectors of activity, and the world perspective is deemed, usually, to be too complex to be subject to this type of study, the macroeconomic-related discussions in terms of leadership and organisational strategies should be carefully considered, this representing basic guidelines for making adequate steps for achieving the welfare of citizens.

Issues previously approached, from various angles, by the author of the present paper (Hudea, 2016a, 2016b), the best organisational strategies and the true leadership should be always identified and taken into consideration and optimum decisions should be made in the matter, as the success, in a highly competitive environment, is achieved only under such circumstances.

By extrapolating the sixth management principle (Fayol, 1916), stating that the individual interest should be subordinated to the common interest, we understand that adequate individual actions and reactions contribute to positive effects at higher levels: at internal level, microeconomic level and mezzoeconomic level and further on, at macroeconomic level, with subsequent backward favourable impact.

A manager-leader endeavouring to do everything possible in outperforming, in leading his/her subordinates towards the achievement of organisational goals would position himself/herself very well in that organisation but he/she would also succeed in positioning very well that company on the market. If most of the managers-leaders in a branch of activity would do the same, that branch would outstand before other branches at national level. Going even forward, if all managers-leaders acting in all fields of activities would take the most appropriate steps in terms of efficiency, we would assist to beneficial results at national level, and all this would be translated into increased welfare of all citizens of that country. We should not forget, however, that the decision organisms at macroeconomic level are the ones having at their disposals the mechanisms necessary for stimulating, via adequate decisions, the proper functioning of the previously mentioned lower stratified levels, as well as for bringing back the arising corresponding benefits to the population.

Analysing the larger, national context, the idea of leadership, doubled by the one of official authority, allowing not only for the choice of the most appropriate acting strategies and for the related decision-making process, but also for the implementation of such decisions with effects at country level, can be perceived from various perspectives.

We can talk about presidents-leaders (Han and Heith, 2005) (having, in some countries, more prerogatives than in others), like Franklin Delano Roosevelt, one of the most remarkable personalities of the 20th century, Ronald Wilson Reagan, having turned the United States of America into a world super-power, or Nelson Mandela, the first democratically elected president of South Africa, a symbol of the fight for peace, social justice and general welfare for his nation or we can see such leaders from their position of prime-ministers, such as Winston Spencer Churchill, having strongly developed the British foreign affairs, or Margaret Hilda Roberts Thatcher, having transformed the domestic economy into an entrepreneurial one (Hudea, 2016a), or, we could go even further and look at some sub-national, local government decision entities, such as governors (Gray and McPherson, 2000), acting in a decentralisation-based democratic society (Campbell and Fuhr, 2004).

But, what interests us the most as for the current paper, is to analyse, separately, in terms of leadership and organisational strategies (Calleo and Morgenstern, 1990), the main two organisms with the most powerful impact on the well-being of a nation, normally acting at the level of country via specific means, namely the fiscal and budgetary organism (the Government) and the monetary one (the Central Bank). As these two ”institutions” are able, by their actions, in smoothly exceeding the unfavourable periods and in stimulating the economic growth (Hudea, 2016b), they can be considered engines for making an economy operate properly not only in the short run, but also on long term.

3. Research methodology

The present paper was conceived having in mind a theoretical approach, the research being focused upon testing the existing theory, however based on pieces of information provided by real life, therefore turning into a deductive type of study, partly descriptive, partly analytical.

As reflected by the literature dedicated to the analysis of macroeconomic policies, mainly by the post-last economic crisis one, their adoption, in a counter-cyclical manner, at national level, either by the Government (Weeks, 2009 or Jha, 2010) or by the National Bank (N'Diaye, 2009 or Jackson et al., 2016), should be considered (Sutherland et al, 2010 or Francis et al., 2017).

Acting counter-cyclically means that the entitled authorities should adopt expansionary macroeconomic policies in economic growth declining moments and restrictive macroeconomic policies in boom economic times.

In order to understand the way such policies operate, we should look backwards, to the well-known basic IS-LM model (Hick, 1937), with its equilibrium relationships, on the market of goods and services (1) and on the money market (4):

$$Y^S = Y^D \quad (1)$$

$$Y^D = C + I + G \quad (2)$$

$$Y^S = \frac{1}{1-c(1-t)} \times \left[C_0 + cTR + I_0 - gi + G\right] \quad (3)$$

$$M^S = M^D \quad (4)$$

$$\frac{M^D}{P} = L_0 + kY^S - hi \quad (5)$$

$$Y^S{*} = \frac{1}{1-c(1-t)+\frac{gk}{h}} \times \left[\begin{array}{c} C_0 + cTR + I_0 + \\ + G - \frac{g}{h}\left(L_0 - \frac{M^S}{P}\right) \end{array}\right] \quad (6)$$

$$i{*} = \frac{1}{h}\left[L_0 + kY^S{*} - \frac{M^S}{P}\right] \quad (7)$$

where YD and YS reflect the aggregate demand and the aggregate supply, in monetary expression, MD and MS, the money demand and the money supply, C and I, the overall private consumption and private investment level, G, the overall public consumption and investment level, c, the marginal propensity to consumption, t, the tax rate, C0 and I0, the autonomous consumption and investment level, TR, the transfer level, g, the sensitivity of investment to the interest rate, P, the price index, L0, the autonomous money demand, k, the sensitivity of the real monetary mass to the aggregate income, h, the sensitivity of the real monetary mass to the interest rate, i, the interest rate, and YS* and i*, the gross domestic product, respectively the interest rate on the simultaneous equilibration of the market of goods and services and of the monetary market

4. Results and discussions

By analysing the Investment-Savings related basic equations (1), (2) and (3), rendered in the previous section, it arises that, in critical economic times, when the aggregate demand should be pushed forward so as to lay the bases for stimulating the aggregate supply, the steps to take are related to the increase of both private and public consumption and investment levels.

Thus, the Government, via its fiscal and budgetary interventions, is able to influence, directly as well as indirectly, the positive adjustment of the aggregate demand.

If the decision-makers concerned decide on working in an ascendant way over the budgetary side, more exactly on the level of public spending, the G element of equation (2) would directly determine a higher value of the aggregate demand, but the latter will also increase, indirectly, based on the chain reactions of private consumption and investment, as augmented public wages stand for upper levels of consumption, while augmented public investment creates the premises, on one hand, for the need for more labour force, with beneficial effects in terms of both increase of financial means to use for consumption or investment purposes and decrease of the unemployment rate, and, on the other hand, for stimulating private investment as well (supported, for instance, by a more adequate infrastructure).

The same favourable effects may be achieved when working over the fiscal side, either by increasing the level of transfers or by decreasing the level of taxes, as both of them are supportive for the population as concerns the related private consumption and investment and, after all, for the general welfare.

If the stimulation of consumption is, definitely important, especially in the short run, the encouragement of investment is the basis for medium to long run sustainable economic growth, given the above-specified reasons (more labour force effectively involved in production, with its related consequences), but also given that, this way, the premises for increasing the aggregate supply, that is the gross domestic product level, are set.

When separately talking in terms of monetary authority decisions, related to the monetary policy control, the same positive adjustment of the aggregate demand can be obtained, however the path for doing so being different (see the Preference Liquidity-Money Supply related basic equations (4) and (5)).

The demand for money, perceived in its real form, therefore adjusted with the price index, depends, besides its autonomous component, on the production activity arising financial available funds (the gross domestic product), as well as on the interest rate. Upon this latter indicator, the Central Bank can act in a decreasing way, therefore setting lower level for the monetary policy interest rate and, as a consequence thereof, influencing in an ascendant way the monetary mass volume on the domestic market.

The monetary authority has also other means at its disposal for augmenting the monetary mass volume, such as the open market operations, reflecting the acquisition of governmental bonds or treasury bills, or the decrease of the reserve fund level, namely of the level of deposits that commercial banks should keep at the National Bank (Hudea, 2017).

The above-depicted aspects represent countercyclical macroeconomic policies to be adopted in case of economic unfavourable times, such measures ranging, otherwise, up to the full opposite direction, in economic overheated, boom cases.

Up to this point, everything seems quite simple as concerns the appropriate organisational strategies to be enforced, true leadership consisting, in such circumstances, just in the knowledge, ability and dedication of the empowered entities in correctly selecting the instruments necessary for implementing the same. But it just looks like being simple.

Beside the political corruption, the growing underground economy and many other undesirable elements, we discuss also about second stage arising effects, about intricate cases, about unexpected situations or unanticipated reactions of the population, among others.

Considering that the aggregate demand is finally oriented upwards, as desired, by corresponding macroeconomic policies, this would generate not only an ascendant movement of the aggregate supply, accompanied by an increase of the demand for labour force, but also an inflationist process, the producers being in the position of taking advantage from the former. This would be beneficial for the society, via the decreased unemployment level (Philip curve), but would limit, on the other hand, the initially generated growth of the overall demand, unless the level of wages is adjusted accordingly (Hudea, 2017).

It should be mentioned that, for simplicity of explications, the model approached herein is a closed economy specific one, therefore not considering the trade balance. In real life, however, the aggregate demand is just in part covered by the domestic production, the remainder being satisfied based on imports, as most economies are open to the exterior, therefore being involved in import-export relationships, resulting in shortage or surplus of net export, component included in the Mundell-Fleming model (Mundell, 1963). In such circumstances, more the increased aggregate demand is satisfied with imported products, lower the decrease of the unemployment rate, the inflationist process not being properly balanced with the latter.

More than that, the IS-LM model construed in this paper was analysed, up to here, from the perspective of the macroeconomic measures to be assumed by the related authorities, separately for the market of goods and services and for the monetary market, without taking into account the simultaneous equilibration of the two (see equations (6) and (7)).

When dealing with such simultaneity, the arising issues may be so complicated and difficult to deal with even for the most well-intentioned and high-performance leaders, as an expansionary monetary policy, for instance, dedicated to the decrease, directly or indirectly, of the interest rate, can be counterbalanced by an expansionary fiscal and budgetary policy meant for increasing, after all, the aggregate supply, because, as rendered in equilibrium equation (7), the gross domestic product has a positive impact, via the GDP to interest rate real monetary mass sensitivity coefficient ratio, on the interest rate level. On the other hand, the same expansionary monetary policy can generate an undesired increase of the level of prices, via the augmentation of the monetary mass volume, with negative effects especially in cases where such money is not adequately coverable via the domestic production, the latter even diminishing in some cases, subject to the lowering of the purchasing power resulting in a drop down of aggregate demand. However, as revealed by equation (6), the real money supply is directly correlated with the gross domestic product, via the ratio between the sensitivity of investment and the sensitivity of the real monetary mass to the interest rate, this misleading sometimes the decision organisms by virtue of the various divergent effects.

Analysing things from a different perspective, we could sate, overall, that adopting both an expansionary fiscal and budgetary policy and an expansionary monetary policy would favour the increase of the gross domestic product, the evolution of the interest rate level being dependent on the intensity of the related policies and on the general acting framework (Hudea, 2017).

Also, the unpredictability can be an extremely important factor, sometimes significantly distorting the outcomes of the decisions made and applied.

The rational expectations of people relating, for instance, to a future increase of the level of taxes of any kind, given, let's say, some signals on the market in the matter (maybe just false information), would make those individuals rush into augmenting the demand in the short run, therefore putting unnecessary pressure on the level of prices. In such circumstances inadequate or untimely adopted policies might delay a desirable state of affairs.

5. Conclusions

The paper is mainly conceived as a picture of some basic organisational strategies to be considered, at macroeconomic level, by the entitled organisms, in circumstances expressly related to declining economic contexts, the leader-like characteristics of the latter being tremendously important for a successful achievement of the related objectives.

The basic idea is that being a great specialist in the matter is not always enough is making things work properly, especially when dealing with high aggregates that should be managed based on the simultaneous actions of various forces involved and subject to multiples threats coming from the internal and external market, the tight and convergent cooperation with various entities, more or less powerful, reflecting, certainly, a very wise approach of issues.

Therefore, appropriate organisational strategies and true leadership go hand in hand, but this should be doubled by the support of all stakeholders, so as to allow the entities vested with authority to make pertinent decisions from a privileged position, taking advantage of as many opportunities as possible, among the arising ones, and avoiding, to a maximum extent, all undesirable situations.

Clearly, reaching a high level of performance is not easy at all to accomplish, especially at macro level, but given the generated positive chain effects for the public welfare, the efforts would not be in vain.

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