

## **Does Helping Others Really Pay off? An Overview of Individual Leadership**

**Cristian–Liviu Vele**

Technical University of Cluj Napoca  
North University Center in Baia Mare  
cristian.vele@cunbm.utcluj.ro

**ABSTRACT:** This article examined the relations between transformational leadership and employee efficiency and profitability. Transformational leadership is the most efficient style of leadership when it comes to organizational change necessary to gain competitive advantages. We found out that building vision about what an organization and its members need to do, is extremely important and it provides meaning and purpose in work and consequently leads to higher levels of individual and organizational efficiency and profitability. Also, we discovered that it is not enough to communicate vision, it is necessary to find the proper meant to build it. Employees that took part in this study declared that they actively communicate vision, but a large proportion failed in building it and in generating purpose. Although scoring high in inspirational motivation, the participants involved in the study could not get others to fully visualize the organization's strategic outcomes, thus generating a possible lack of involvement in ensuring organizational success. The findings in this article provide useful information for managers and leaders regarding the key elements that allow employees to better use their abilities in performing their work. Also, the findings provided relevant information about the people's willingness to be an active part of the strategic implementation process and their willingness to influence and help others understand their role and contribution for the organization.

**KEYWORDS:** Leadership, organizational change, creativity, strategy, competitive advantage

## 1. Introduction

Everybody wants to be successful, from individuals in their working career to the organizations in which they work. Success is a powerful motivator, it offers individuals purpose in their work and it drives them to become more efficient and to surpass others; for companies it is their reason for existence and the main force behind their long term sustainable development. But how can we measure success? Is it enough to refer to one's earning, whether an individual or an organization? Or is it more to how we measure and relate to success? I think that earnings are not enough. For an organization, profits are not necessarily the main measure of success. Its survival, especially in times of change and uncertainty can be considered success. An increase in productivity and performance can be considered success and maybe more important than profit. From an individual's point of view, success not only means to earn more, but also to become better at what you are doing and provide more value for the organization in which you are working in. Also, success for an individual means to positively influence others to become better and break their own personal boundaries. This article focuses on the individual's influence on others and on the implications that this influence generates. In order to achieve this, certain aspects regarding transformational leadership were analyzed on employees from various working areas, with the intent to better understand their impact on others at work.

Leadership is a key issue that influences the long term development of an organization, as it focuses attention forward and develops an organizational culture and system which allows individuals to best use their core competencies in order to achieve success (Morden 2007, 331). According to studies (Singh 1990) the main characteristics of transformational leadership are, first of all, a strong empowering attitude aimed at making others feel highly appreciated and important for the organization, thus conferring purpose and trust in their work, not being afraid to take risks in order to gain significant outcomes and the ability to form and conduct efficient teams with a clear communication of mission, vision and strategic goals and an excellent balance and confidence in front of calamities.

Leadership is responsible for giving people direction, alignment and commitment (Drath et al. 2008). Strategy is behind the development of sustainable competitive advantages by setting goals and telling everyone where the company is going. The last part is extremely important by giving everyone in the organization purpose and direction in their work. Thus, leadership is paramount in providing and maintaining the desired direction. But, in order for the strategy to be effective, everyone needs to know where the organization is heading and needs to help others in better understanding and following this direction. Also, maintaining the desired direction

means that every member of the organization needs to align their system of beliefs, structure and processes. This is where leadership does its magic by having the ability to build a system of common values that sets employees in the same direction and makes them work together towards a common goal. Finally, leadership is what provides commitment to keep the set direction until success is obtained. Implementing a new strategy implies change, and change is always regarded with doubt as it is associated with uncertainty. For this reason, people need to be fully committed to the organizational goals and need to overcome every problem while keeping focus on their destination (McGuire & Rhodes 2009, Alkhafaji 2003, 17). Every transformational change within the organization needs to be based on a clear measurement of the end results. People need to visualize where they are going and quantifying the result allows them to better understand their role within the organization. Also, it is recommended to use at maximum what already exists in the organization, due to the fact that it ensures stability and sends a message that the work done before was useful (Carter et al. 2005, 411).

Transformational leadership is most effective style of leadership, being centered on motivating individuals to achieve more than they would have ever expected, to continually enrich their capabilities and to place the interest of the organization beyond their own (Hitt et al. 2004). Transformational leaders develop and communicate vision with the intent of making employees aware that they need to achieve valued organizational outcomes. Such leaders present high levels of emotional intelligence, allowing them to have a very good understanding of themselves, excellent intrinsic motivation and empathy, all of these becoming useful assets when it comes to guide and support others in overcoming their limits (Hitt et al. 2007). Transformational leaders have an extraordinary capacity to mobilize masses and to achieve large scale changes in a relatively short span of time generating crucial reforms for their organizations (Singh 1990). They achieve this by using symbolic gestures and emotional arguments, by demonstrating optimism and enthusiasm, setting a personal example and stimulating exploration of alternatives and new perspectives (Macey et al. 2009, 134).

In order to form an efficient transformational leadership learning context, organizations must design and implement a series of actions that refer to forming a compelling positive vision aimed at generating more value, provide formal training for its members, ensure the active involvement of the learner to rise retention, spread the core values and beliefs of the new culture, provide feedback for the learning process, use positive role models and encourage support groups where problems can be aired and discussed and redesign the systems in order to better fit the new way of thinking and working (Schein 2004, 305 -308).

Transformational change implies changing the organization's culture, its beliefs, values and behaviors leading to a new way of doing things with a high possibility that not everyone is clear about the reasons behind these changes (Hannagan 2002:182). Successful use of transformational leadership aimed at ensuring organizational change generated by implementing the new competitive strategy implies envisioning, activation, support, installing, ensuring and recognizing (Hussey 1998). Envisioning is the process of developing a coherent view of the future, by blending the view of the external objectives that is correlated with internal abilities and competencies relevant for those opportunities. Activating implies a good communication and spreading of the vision in order for others to understand, support and share that vision. In order for the activation to be successful, it needs to be supported by motivating and inspiring people to go beyond their limits and to achieve things that they would never thought it possible. Installing and ensuring are two of the most technical stages of transformational leadership. Installing implies the use of specific management instruments such as plans, budgets, critical path analysis or Gantt charts in order to ensure that nothing is overlooked and everything is coordinated. Ensuring implies the constant monitoring and controlling of the installing process with the objectives to meet certain standards and to get the desired results. Finally, recognizing is aimed at individuals and it may be positive or negative, depending of the results, and should be used in order to ensure progress and the overall success of change.

## 2. Empirical research and findings

The purpose of this articles is to analyze certain aspects related to transformational leadership and to observe their impact on other individuals in the organization. In order to achieve this a preliminary research was conducted on employees from different Romanian companies, based on questionnaire comprised of items regarding their behavior at work. Approximately 40 valid answers to the questionnaire were gathered and statistically analyzed using IBM SPSS Statistics.

One of the hypothesis of the research was that by motivating others, the result of this active motivation by every member of the organization, will lead to an increase in efficiency. Thus, the research was, first of all, aimed at the degree in which an individual contributes to the proliferation of vision and appropriate symbols to others and to the degree in which makes others feel significant at their work. The results showed that a large proportion of the respondents (81,1%) frequently communicate to others the goals and responsibilities of their work, but fail in their efforts, only 48,6% stating

that they are able to build an attractive vision on what it can be accomplished, and, more, even a smaller percent of the respondents (45,9%) are able to find meaning in their work. The results are extremely interesting, due to the fact that individuals are willing to motivate others and to loudly state what it can be done, but, for some reason, are unable to form that important vision in one's work, vision that is paramount in generating meaning and purpose.

The next step in the research was to find valid and significant correlations (the statistical significance coefficient needs to be smaller than 0,01 or 0,05, dependent on the situation, and the Pearson Correlation coefficient above 0,39) between motivating others and the company's efficiency and profitability. Although, only half of the respondents managed to form vision and meaning in their work and in that of others, in those companies a valid correlation was observed between forming a vision and employee efficiency (the value of the Pearson's linear correlation is 0,504 and the value of the significance coefficient is 0,001) and profitability (the value of the Pearson's linear correlation is 0,476 and the value of the significance coefficient is 0,003). In terms, this leads to a high level of organizational efficiency and profitability. Also, a valid correlation was observed between finding meaning to one's work and his work efficiency (the value of the Pearson's linear correlation is 0,457 and the value of the significance coefficient is 0,004). When analyzing the link between purpose in one's work and his profitability it was discovered that the correlation is not valid, thus it cannot be said that employees who find purpose in their work will generate more profit. Furthermore, no valid statistical correlation was discovered between communicating what can and needs to be done in employees' work and their efficiency or profitability. Another hypothesis of this study refers to the implications of intellectual stimulation over an individual's efficiency and profitability. Nearly 80% of the respondents stated that they get others to look at problems from different points of view in order to identify the best solution. Also, 70% of the respondents declared that they determine others to actively search new, innovative, ways to analyze problems and over 80% are getting others to rethink ideas that were unquestioned before. These results were surprising, as they show a willingness from individuals to think out of the box and to act beyond the traditional limits of thinking. But, the research could not find any valid correlation between the above and efficiency or profitability, neither at an individual nor organizational level. Thus, although the respondents have shown high scores in terms of intellectual stimulation the findings so far could not reveal any influences on personal or organizational profitability.

## Conclusion

Speed and the constant need for adaptation are two of the main challenges that companies face nowadays. It is no doubt that the company's intellectual capital has become the most valuable asset in its efforts to constantly adapt and gain competitive advantages. We set out in our research to analyze the implications of transformational leadership over others, especially in terms of efficiency and profitability. To achieve this, two characteristics of transformational leadership, namely inspirational motivation and intellectual stimulation were taken into consideration.

The findings of our research have revealed that individuals pay great attention to communicating, using simple words, what needs to be done and what can be done. This creates the premises for the development of an organizational culture in which every member of the organization is involved in making others aware of the importance of their work. But, as we could see before, only half of the participant in the study actually managed to form a vision about what needs to be done. Although creating a strategic vision of the company's organizational objectives leads to an increase in efficiency and profitability, employees find it hard to achieve success in forming that vision. One possible explanation is that, while they communicate about what needs and can be done, individuals cannot visualize their destination and cannot form a mental path of their journey to achieve the set objectives. This could explain why the same employee cannot help others in finding meaning and purpose in their work and in absence of these elements, individual and organizational performance cannot be achieved.

Innovation and creativity are not an exception from the rule, but actually the rule. Successful adaptation is not possible without the ability to think out of the box, to question everything or to look at problems from different perspectives. The vast majority of the individuals that took part in our study declared that they frequently encourage other employees to look at situations from different points of view and to be creative in analyzing problems. However, we could not identify any valid statistical link between these elements and efficiency or profitability. It is possible that individuals, despite their willingness to be innovative or creative, lack the support necessary to succeed. It is not necessary to want to be creative or innovative if the environment in which you work in does not support this, or if the solutions are not put into practice. At this point we cannot explain without a doubt why creativity and innovation does not lead to efficiency and profitability, but these aspects will be considered for further research.

From a theoretical perspective, the implications of the findings presented in this article add more value to the scientific field related to leadership in general and transformational leadership in particular, but the main use of the findings are related

to management practices. Although certain aspect of the research need to be further analyzed, and the study expanded on a larger statistical population, we can state that managers need to support employees in their efforts to actively contribute to organizational long term development and that employees need to support others in their work by offering them a clear vision on what needs to be done and by empowering others in order to better use their specific abilities and competencies.

## References

- Alkhafaji, A.F. 2003. *Strategic management: formulation, implementation, and control in a dynamic environment*. New York, USA: The Haworth Press.
- Carter, Louis, David Ulrich, and Marshall Goldsmith. 2005. *Best Practices in Leadership Development and Organization Change*. San Francisco, CA: Pfeiffer.
- Drath, W. H., C.D. McCauley, C.J. Palus, E. Van Velsor, M.G. O'Connor, and J.B. McGuire. 2008. "Direction, Alignment, Commitment: Toward a More Integrative Ontology of Leadership." *The Leadership Quarterly* 19(6): 635–653.
- Hitt, M.A., R.D. Ireland, and Hoskisson R.E. 2007. *Strategic Management: competitiveness and globalization*. Mason, USA: Thomson South-Western.
- Hitt, M., C. Miller, and A. Colella. 2004. *Organizational Behavior*. NY: John Wiley&Sons;
- Dusya, Vera, and M. Crossan. 2004. „Strategic leadership and organizational learning.” *The Academy of Management Review* 29(2): 222–240.
- Hannagan, T. 2002. *Mastering strategic management*. Hampshire, UK: Palgrave.
- Hussey, D. 1998. *Strategic management: from theory to implementation*. 4<sup>th</sup> edition, Oxford, UK: Butterworth – Heinemann.
- Kouzes, Jim and Barry Posner. 2002. *The Leadership Challenge*. Jossey Bass Wiley.
- Macey, William H., Benjamin Schneider, Karen M. Barbera, and Scott A. Young. 2009. *Employee Engagement: Tools for Analysis, Practice, and Competitive Advantage*. Malden, USA: Wiley – Blackwell.
- McGuire, John B., and Gary B. Rhodes. 2009. *Transforming your leadership culture*. San Francisco: John Wiley & Sons.
- Morden, T. 2007. *Principles of strategic management, third edition*. Aldershot, UK :Ashgate Publishing Limited.
- Schein, E. 2004. *Organisational Change and Leadership*. Pfeiffer Wiley.
- Schein, E. 2004. *Organizational culture and leadership*, 3rd ed. San Francisco: Jossey - Bass.
- Singh, P & Bhanddarker, A. 1990. *Corporate Success and Transformational Leadership*, New Delhi: New Age International (P) Limited, Publishers.