

# THE RELATIONSHIP BETWEEN LEADERSHIP EFFECTIVENESS AND ORGANIZATIONAL PERFORMANCE

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*Successful organizations are the result of effective leadership and organizational culture. These two elements are interrelated; an organization will always reflect the values and beliefs of its founder(s) since they are the ones shaping the cultural traits of the organization. In time, as the organization evolves and its culture develops, this new culture will shape the leader and will influence his actions.*

**Key words:** leadership, organizational culture, performance, change, followers, transformational leadership, ownership mindset.

## 1. INTRODUCTION

Leadership and organizational culture have been in the center of attention for the last two decades, mostly because of their tight interdependence with organizational performance. While in the past the emphasis was placed upon financial performance, nowadays, non-financial indices such as quality and customer satisfaction can be used to evaluate organizational performance. If an organization wants to improve its performance, it is the leadership style that should be analyzed and adapted to new requirements.

## 2. LEADERSHIP AND ORGANIZATIONAL PERFORMANCE

Leadership is one of the buzzwords of management professionals these days and those in charge of organizations would rather be perceived as leaders than managers. So, what is leadership? A

short definition could run as “*the art of motivating a group of people to act towards achieving a common goal*” [1]. If expanded, then leadership is actually a persuasion process on someone’s behalf so that subordinates carry out the tasks needed to accomplish organizational objectives, as well as a visionary endeavor to be communicated to others. Moreover it is a way of creating followers as a result of possessing the right knowledge and skills. Thus, in Peter Drucker’s words: “*Leadership is all about results*”. [2]

Some analysts say that leaders are born, others say that leaders can be made and yet, both sides are right: there are inborn qualities that make a leader but, they alone are not enough. These qualities need to be developed, knowledge needs to be acquired and most of all, experience needs to be accumulated. Effective leadership means the success of the organization.

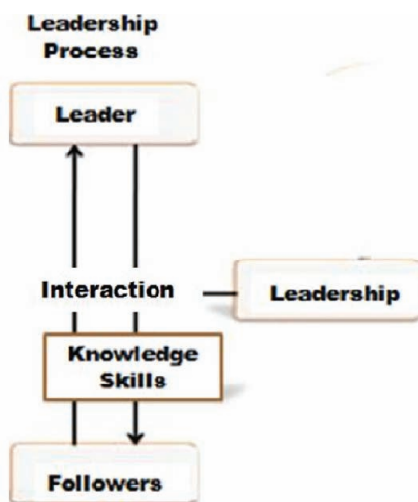


Fig. 1. Leadership process

Effective leadership is sometimes difficult to define since it is built upon many variables and characteristics influencing the way it is measured in order to be considered effective. Leadership implies values, creativity, intellectual drive and knowledge, self-confidence, ethics, courage, charisma, etc. Basically, a good leader has to have a purpose and a balanced personality and skills to put that purpose into action. The leader has the vision, dedication, integrity, is creative and open towards new approaches and towards people, ensures that credit for success is given to all employees and at the same time he will take responsibility for failures.

Nowadays, the volatile environment, and globalization require a flexible leader that should act as an agent of change and center of gravity [3], someone who can enable people and organization to adapt and be successful while keeping in mind customer satisfaction.

### 3. LEADERSHIP STYLES

Management literature mentions leadership styles like: autocratic leadership, bureaucratic leadership, charismatic leadership, democratic leadership or participative leadership, laissez-faire leadership, people-oriented leadership or relations-oriented leadership, servant leadership, task-oriented leadership, transactional leadership, transformational leadership.

Each style of leadership impacts organizational performance differently, some of them helping organizations evolve and achieve success, others only hindering their development and being a source of dissatisfaction and demotivation. For example, laissez-faire is a hands-off approach where no one sets any objectives, directions, restrictions etc., hence the lack of motivation, poor work practices and lack of performance. Another leadership style which can have a negative impact upon the performance of an organization is the autocratic style. It is an extreme form of leadership where the leader exerts extreme power upon the staff, offering them very few opportunities of saying what they think or of involving themselves actively in the way the activity is developed. Therefore, the level of performance is very low.

On the other hand, transformational leadership, which is one of the most modern and most successful styles of leading, is the style in which the leader plays the role model, he inspires his followers and challenges them to be more involved in their work. Transformational leaders communicate with their people, delegate responsibility, try to know their staff, to understand their

strong and weak points in order to find the best way to optimize their performance, thus optimizing entire organization's performance.

Transformational leaders can change an employee from a worker who carries out tasks into a valuable team member. Thus, they can modify the way employees think and feel about their work and the organization by creating an ownership mindset. Transformational leadership can help employees trust the company and its mission, and thus stop questioning the objectives of the organization and work harder to achieve results.

A transformational leader can elicit a stronger sense of commitment from the staff, which will have a positive impact on effectiveness and efficiency of their work and consequently of the organization.

Transformational leaders believe in delegating responsibility, getting the staff involved in important decisions and showing confidence in their ability to make the right choices.

According to Bass, there are four key dimensions of leadership that are used to accomplish the transformation of subordinates, and of the organization: attributed charisma and idealized influence, inspirational motivation, individualized consideration, intellectual stimulation [4]

**Attributed charisma and Idealized influence** (initially called charisma) is the main feature of this type of leadership and it refers to the leader gaining trust and confidence of others by showing conviction, commitment, ethics, involvement etc.

**Inspirational motivation** implies communicating the vision positively, with confidence, showing energy and

enthusiasm all these in order to create an appealing and convincing vision.

**Individualized consideration** – transformational leaders see every employee as an individual having specific needs and qualities, having strengths and weaknesses. Transformational leaders value each individual contribution.

**Intellectual stimulation** – for transformational leaders creativity, continuous improvement and training are the only ways to achieve sustainable competitive advantage. They constantly change and adapt the way of doing things in order to stimulate the others and they also encourage new ideas and suggestions coming from their subordinates.

Transformational leaders can have a strong impact upon those who follow them, their leadership skills can correct poor practices or internal conflicts between employees, they encourage new approaches and the development of their subordinates thus receiving from their followers more than the follower intended to give. What is very important is that transformational leaders encourage their people to take ownership for their work thus making them more attentive and dedicated to what they are doing.

#### **4. ORGANIZATIONAL CULTURE LEADERSHIP AND PERFORMANCE**

As it was said in the beginning of this article, successful organizations are the result of effective leadership but also of organizational culture. These two elements are interrelated; an organization and its leadership style will always reflect the values and beliefs of its founder(s), the founder being the one who sets the

cultural traits of the organization. At the same time, the culture, through its development, will impact the way the organization is led.

This new culture will shape the leader and will influence his actions. This is an ongoing process through which the founder/leader creates and shapes the organization but at the same time the organization (organizational culture) shapes him. The degree to which the values of the culture are shared by the employees and also the degree of alignment with the values implied in the company strategy, in turn, will influence the organizational performance.



**Fig.2.** Elements influencing organizational performance

Good leaders can manipulate the organizational culture to their advantage and change it in line with

their vision. There is a constant interweaving between culture and leadership since leaders create the context and the instruments for cultural and organizational development, for strengthening the norms and values expressed within the culture. Norms appear and change according to the focus of interest, according to the leaders' reaction to crises, and to whom they are interested in attracting to their organizations. The features of an organization's culture are developed and instilled by its leadership and eventually adopted by its followers. An organizational culture is usually created from a preconceived cultural scheme that the founders have in their mind.

As a conclusion, the success or failure of an organization is directly connected to the leadership style and the relevance of the founder's beliefs, values, to the current opportunities and constraints confronting the organization at a specific moment. The style of leadership affects performance since performance cannot be achieved in the absence of a leadership that can adapt to the changes and challenges of the environment, that knows how to motivate the employees and that encourages them to take more ownership for their work.

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# INTERPERSONAL COMMUNICATION COMPETENCE: CULTURAL UNDERPINNINGS

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*The concepts of interpersonal communication competence, intercultural communication competence and intercultural competence are prone to frequent misunderstanding as a result of an epistemic field that does not draw clear cut distinctions among the disciplines the former are subject of. With a view to facilitating future research in the fields of the aforementioned concepts, this paper will focus on their operationalization by delineating not only the differences among them, but also their inherent marginal overlapping.*

**Key words:** *interpersonal communication competence, intercultural communication competence, intercultural competence, culture, multidisciplinary approach*

## 1. INTRODUCTION

The concepts of interpersonal communication competence, intercultural communication competence and intercultural competence are prone to frequent misunderstanding as a result of an epistemic field that does not draw clear cut distinctions among the disciplines the former are subject of. With a view to facilitating future research in the fields of the aforementioned concepts, this paper will focus on their operationalization by delineating not only the differences among them, but also their inherent marginal overlapping.

In this respect, the first distinction to be made is between interpersonal communication and intercultural communication. Thus, the former is culturally grounded, while the latter completes it and develops based on it.

Moreover, the intercultural dimension of the communication competence does not lead to narrowing the perspective on communication to the intercultural context generating it. On the contrary, it involves extending its definition by focusing on inter and multidisciplinary approaches to a concept that by its dynamic nature becomes difficult to pin down in a static definition. In this respect, Sercu notes that: “*The concept of ‘intercultural communicative competence’ is relatively new, interdisciplinary in nature, so widely used and under so many different conditions that, in the end, as Seelye poignantly puts it, „only the reader of any publication of intercultural communication holds its true definition”.*

Thus, intercultural communication can be viewed as an instantiation of interpersonal communication. However, its features