

Núcleo de Liderança

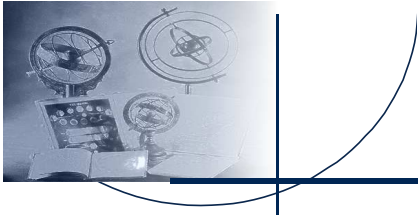
**LONGITUDINAL ASSESSMENT OF THE IMPACT OF
LEADERSHIP ON ORGANIZATIONAL PERFORMANCE**

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WHY ARE PERSONAL VALUES IMPORTANT?

According to Spranger (1928), an early and influential writer, values are defined as the constellation of likes, dislikes, viewpoints, shoulds, inner inclinations, rational and irrational judgments, prejudices, and association patterns that determine a person's view of the world. The importance of a value system is that once internalized it becomes, consciously or subconsciously, a standard or criterion for guiding one's action. Thus the study of leaders' values is extremely important to the study of leadership.



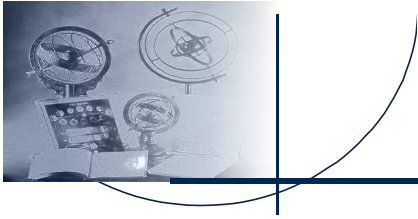
WHY ARE PERSONAL VALUES IMPORTANT?

Values will affect not only the perceptions of appropriate ends, but also the perceptions of the appropriate means to those ends. From the concept and development of organization strategies, structures and processes, to the use of particular leadership styles and the evaluation of subordinate performance, value systems will be persuasive. Fiedler (1967) came up with a leadership theory based upon the argument that managers cannot be expected to adopt a particular leadership style if it is contrary to their value orientations.



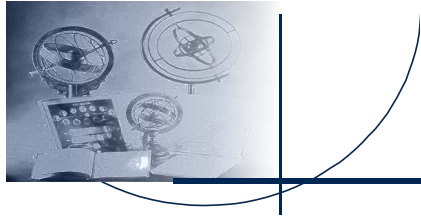
WHY ARE PERSONAL VALUES IMPORTANT?

An influential theory of leadership (COVEY, 1990) is based upon four dimensions: personal, interpersonal, managerial, and organizational. Not by accident the personal dimension is considered the core dimension. Incidentally it encompasses the value profile of the individual.



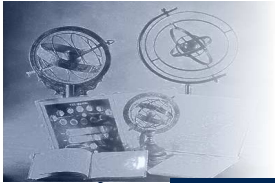
WHY ARE PERSONAL VALUES IMPORTANT?

Tannenbaum and Schmidt suggested that there are at least four internal forces that influence a manager's leadership style: value system, confidence in employees, personal inclinations, and feelings of security in an uncertain situation. Again value system plays an important role. In short, people decide according to the value system they spouse, in other words values and attitudes are important because they may shape behavior, and behavior will influence people.

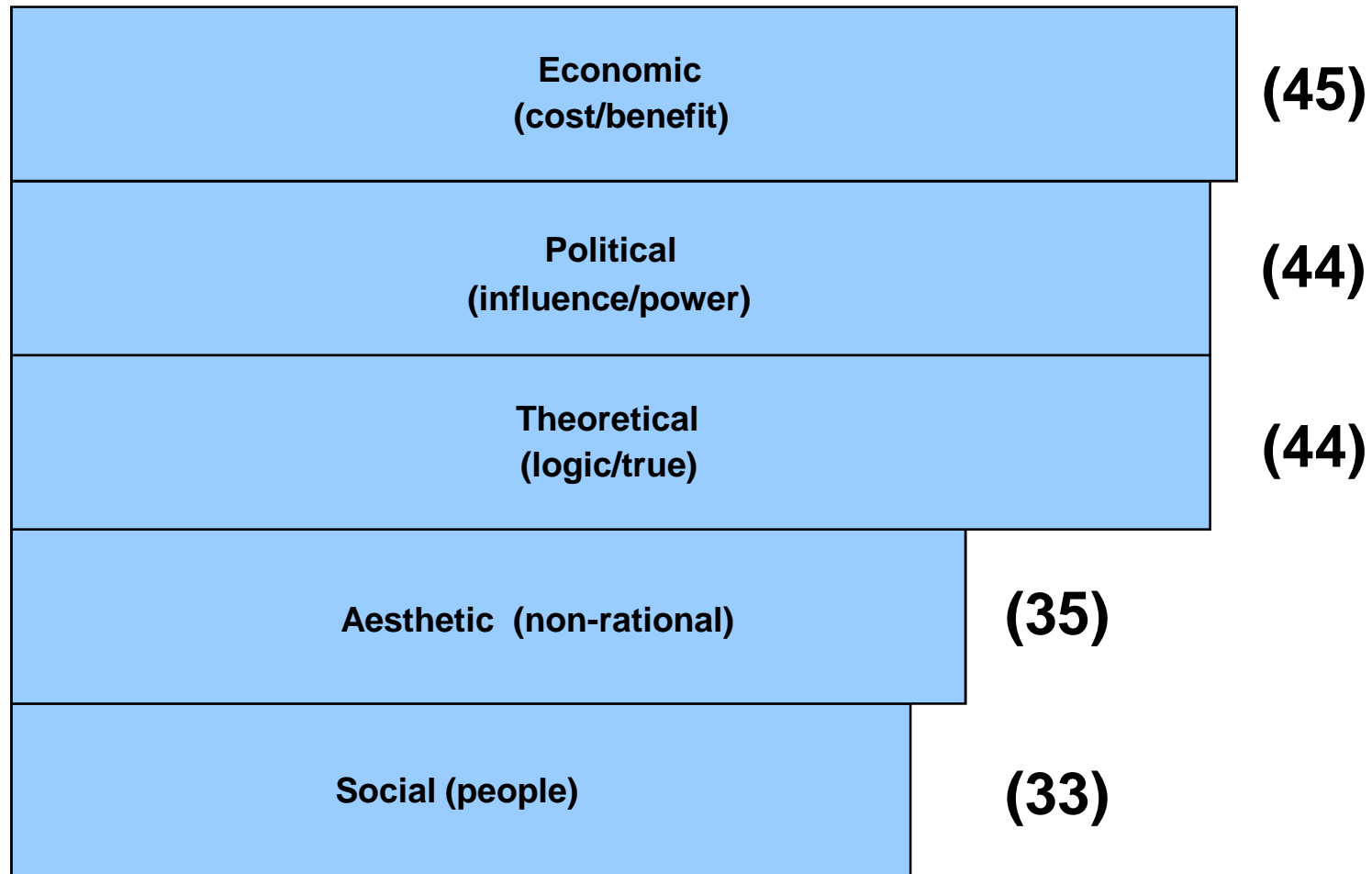


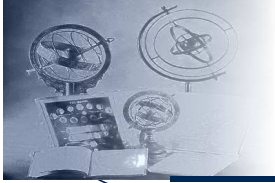
FIVE TYPES OF VALUE ORIENTATION

- 1. The economic man** is primarily oriented toward what is useful. He is interested in the practical aspects of the business world; in the manufacture, marketing, distribution and consumption of goods; in the use of economic resources; and in the accumulation of tangible wealth (protestant ethics). He is thoroughly "practical" and fits well the stereotype of the businessman.
- 2. The theoretical man** is primarily interested in the discovery of truth, in the systematic ordering of his knowledge. In pursuing this goal he typically takes a "cognitive" approach, looking for identities and differences, with relative disregard for the beauty or utility of objects, seeking only to observe and to reason. His interests are empirical, critical, and rational.
- 3. The political man** is oriented toward power, not necessarily in politics, but in whatever area he works. Most leaders have a high power orientation. Competition play a large role during all his life. For some men, this value is uppermost, driving them to seek personal power, influence, and recognition in a continuous basis.
- 4. The aesthetic man** finds his main interest in the artistic aspects of life, although he need not be a creative artist. He values form and harmony. He views experience in terms of grace, symmetry, or harmony. Lives the here and now with enthusiasm.
- 5. The social man** is primarily oriented toward the well-being of the people. His essential value is love of people – the altruistic or philanthropic aspect of love. The social man values people as ends, and tends to be kind, sympathetic, and unselfish.



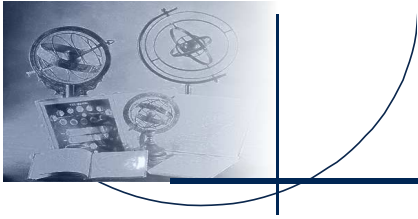
VALUE ORIENTATION OF A SAMPLE OF CEO'S (from 1965 till 2007)





FACTS HINDERING ANY CHANGE IN THE VALUE SYSTEM ORIENTATION:

1. managers are selected by others having similar values;
2. the job of managing reinforces the pragmatic orientation, and
3. values are in the axiomatic core of the individuals, therefore they tend to be stable over time.

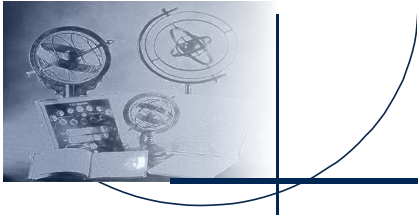


VALUES AND THE LEADERS OF TOMORROW

Employees will be the essential resources of twenty-first century organizations. These employees can be categorized into several generations, each with special motivation needs. Kuzins (1999) suggests that managers and leaders need to understand people, whatever their age. They need to find out their skills, strengths, and whatever motivates them. In short they have to recognize that everyone is different and deal with each employee as an individual.

On the other hand there are some important considerations that the leader of tomorrow will be confronted with: a) the phenomenon of unemployment, as a consequence of the extraordinary fast development of mechanization and automation, and the economic apparatus centered in the idea of currency stability, which instead of absorbing all the units of human energy creates a growing number of idle hands, and, even worse, brains; b) the phenomenon of research – who can say where our combined knowledge of the atom, of hormones, of the cell and the laws of heredity will take us?; and c) the need for true union, that is to say full associations of human beings organically ordered, which will lead us to differentiation in terms of society; it should not be confounded with agglomeration which tends to stifle and neutralize the elements which compose it.

Therefore, responsible influence, leadership centered in collective objectives, coherence and fecundity, are the four criteria to be pursued in developing the leaders of tomorrow.



LEADERSHIP

The objective of this topic is not to review all the literature on leadership. On the contrary, it will be explained why a particular leadership model, namely Situational Leadership, has been chosen. Situational Leadership was developed by Paul Hersey and Kenneth H. Blanchard (1969) at the Center for Leadership Studies. Apart of trait and attitudinal approaches to leadership, Hersey – Blanchard tridimensional leader effectiveness model was selected as more appropriate due the fact it was designed to measure three aspects of leader behavior which were suitable to answer the research questions of the study. These three aspects of leader behavior are: a) style, b) style range or flexibility, and c) style adaptability or leadership effectiveness.

A person' s leadership style involves some combination of task behavior and relationship behavior. The two types of behavior, which are central to the idea of leadership style, are defined as follows: a) task behavior – the extent to which leaders are likely to organize and define the roles of the members of their group, and b) relationship behavior – the extent to which leaders are likely to maintain personal relationships between themselves and members of their group.

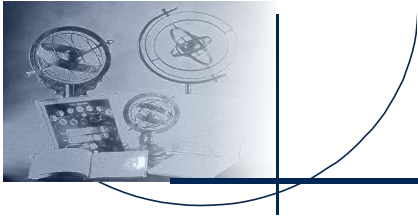
The effectiveness of the leaders, on the other hand, depends on how appropriate their leadership style is to the situation in which they operate. This appropriateness comes from the matching of leader style and follower task relevant maturity, or task readiness. Readiness in Situational Leadership is defined as the extent to which a follower demonstrates the ability (knowledge, experience, and skill) and willingness (confidence, commitment, and motivation) to accomplish a specific task (HERSEY, Blanchard and JOHNSON, 2001).



RESEARCH QUESTIONS

The study sought to answer the following research questions:

1. What is the executives' personal values profile of Manaus Industrial Cluster?
2. What is the predominant leadership style of the executives involved in the research?
3. What is the leadership effectiveness of these executives?
4. Is there a relation between the executives' personal values balance and their leadership effectiveness?
5. Is there a relation between executives' personal values and organizational effectiveness?

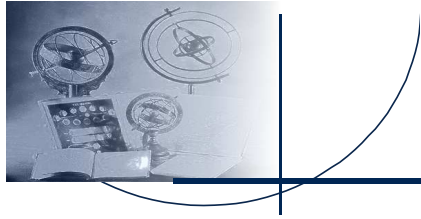


AMAZON INDUSTRIAL CLUSTER

The study has been conducted in Manaus Industrial Cluster. This important industrial complex located in Brazil is the home of more than 400 companies with high indexes of technological innovation, productivity and competitiveness. With an annual average income higher than US\$ 30 billions in 2012. Manaus industrial pole offers more than 100,000 jobs only in the city of Manaus, directs and indirects, and more 30,000 in other Brazilian states (SUFRAMA, 2011).

The companies in the industrial pole (consumer products) have a modern management orientation, they invest in productivity and competitiveness in continuous basis. Many of the manufactured products are of high technology, and high unit value, absorbing the changes in the product technology rapidly.

Most of the companies got certifications following the relevant standards as: ISO 9000 (quality system), ISO 14000 (environment protection) and OHSAS 18000 (health/safety).



METHODOLOGY

Sampling

It has been randomly selected 400 executives involving 48 organizations, encompassing medium and large size ones. Most of them were manufacturing companies in the fields of consumer electronics, two-wheel vehicles, and cell phones. The majority of the executives were Brazilians (350) and some foreigners (50), being 140 females and 260 males with ages varying from 28 up to 48. The total estimated population of executives was 5,000.

Data Gathering

Each respondent received two closed type instruments. In order to uncover the personal values a questionnaire, which measured the relative importance of each value, was developed and applied covering the five value orientations as depicted in Table 1.

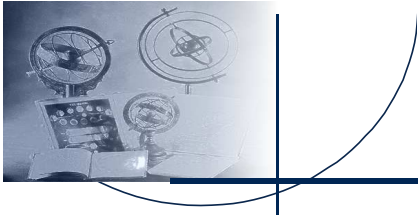
The 10 item validities for each of the five values ranged from. 0.30 to 0.81, and the reliabilities results for each of the five values ranged from 0.80 to 0.89. All the coefficients were significant beyond 0.01 level.



METHODOLOGY

To measure the three aspects of leader behavior the LEAD (Leader Effectiveness and Adaptability Description) instrument, developed at the Center for Leadership Studies (Hersey and Blanchard, 1965), has been used. The three aspects are: a) style, b) style range, or flexibility, and c) style adaptability, or leader effectiveness. The LEAD self has been used, and it yields four ipsative style scores and one normative adaptability (effectiveness) score.

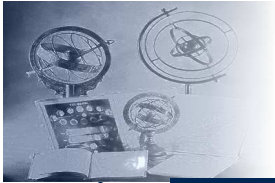
To compute the personal values balance a criterion has been used as follows: taking the average of the scoring (12) as basis, an interval has been arbitrarily selected, from 11 to 13, including the extremes, to define the zone of balance; therefore for each respondent one may calculate the balance level computing in percentage the number of value scores falling within the balance interval.



METHODOLOGY

To check if a relation existed between the personal values balance and leadership effectiveness, the linear correlation coefficient has been computed taking into consideration the pair of values, involving the before mentioned variables, per respondent.

To analyze a possible relation between executives' personal values and organizational performance (results), a stratum of the organizations involved in the research was previously selected, taking as basis their performance announced on their fiscal year balance sheets in the previous three years. The performance indicators considered were: a) net profit, b) inventory turns, c) fixed assets turns, d) depreciation/material costs, e) expenses/net sales, and f) fixed assets/net sales. Six organizations were then segregated and the executives' average personal values profile was identified (50 executives).



FINDINGS AND ANALYSES (1)

Value Orientations of a Sample (400) of Brazilian Executives

Value	Score
Theoretical	13.26
Economic	13.04
Social	11.90
Aesthetic	11.52
Political	10.28

The average personal values balance for the total sample is 40%



FINDINGS AND ANALYSES (2)

Profile of Leadership Styles of a Sample (400) of Brazilian Executives

Style	Frequency Distribution (%)
S1 – Telling	16.21
S2 – Selling	48.29
S3 – Participating	28.60
S4 – Delegating	6.90

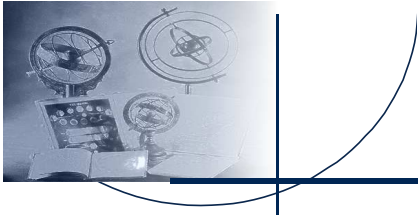


FINDINGS AND ANALYSES (3)

Summary of Leadership Effectiveness of a Sample (400) of Brazilian Executives

Score Interval (scale end points 0/36)	Level of Effectiveness	Frequency	
		Absolute	Relative (%)
27 – 36	High	23	5.75
18 – 26	Moderate	377	94.25
9 – 17	Low	0	0
0 – 8	Very low	0	0

$$X^2 = 708 > X^2_{\text{crit.}} = 11.3; df = 3; p \leq 0.01$$



FINDINGS AND ANALYSES (4)

PERSONAL VALUES BALANCE X LEADERSHIP EFFECTIVENESS

Considering:

$$B = \{(x_1, y_1) ; (x_2, y_2) ; \dots (x_n, y_n)\}$$

Where:

$n = 400$ respondents,

$x_i =$ personal values balance score per respondent, and

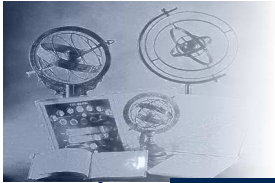
$y_i =$ leadership effectiveness per respondent.

Computing the Pearson “r” for the 400 pairs, lead us to:

$$r=0.89$$

$$(-1 \leq r \leq +1)$$

This result suggests a high degree of positive relation between the two considered variables.

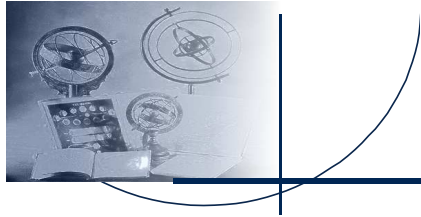


FINDINGS AND ANALYSES (5)

**Personal Values X Organizational Results (+30%)
(average personal values balance is 80%)**

**Value Orientations of a Stratum (50) of the Sample (400)
of Brazilian Executives**

Value	Score
Economic	12.94
Theoretical	12.76
Political	12.37
Social	11.44
Aesthetic	10.49

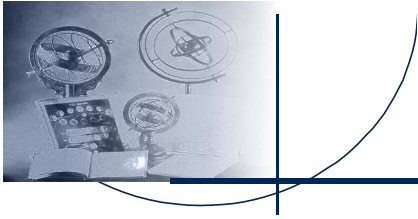


CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

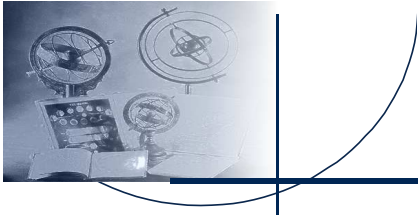
The following conclusions were reached based on the research:

1. The study has shown again that the executives working in this specific Brazilian cluster have an unbalance in their personal values profile; and, even worse, is the fact that the political orientation, which has partially to do with the process of influencing people, that is to say leadership, received the lowest average score (10.28). This finding can be partially explained, as said before, due to the fact that the great majority of the executives of the sample (72%) belongs to the Generation X (ZEMKE *et al.*, 2000), the survival generation with a casual approach to authority, and, on the other hand, the political value is associated with politics, which is somewhat "dirty" for the majority of the Brazilian citizens. In any way this is the moment to face this problem. If we really want to have leaders with traits such as: responsible influence, people centered, showing coherence between attitudes and actions, and fecundity, that is to say, leading the process of assuring progress, than we need to work hard in order to develop knowledge for better understand and influence leaders' personal values.



CONCLUSIONS AND RECOMMENDATIONS

2. Again the results of leadership style flexibility and leadership effectiveness lead us to the conclusion that this group of executives needs to receive training in terms of leadership skills, once they need to have more flexibility of styles and to be able to use the appropriate style depending on the situation. Previous studies (HERSEY, BLANCHARD and JOHNSON, 2001) suggest that by having this new profile this group of executives will be able to lead their organizations towards better results.
3. Once the study uncovered the high positive relation between executives' personal values balance and leadership effectiveness, as well as, executives' personal values balance and organizational performance, would be highly recommended in leadership development efforts to take into consideration a critical analysis on personal values' balance, once all the value orientations used in the study are important, therefore all them needed to be valued. As a consequence, society will have leaders with a more comprehensive view of the world, assuring, therefore, more appropriate decisions.



CONCLUSIONS AND RECOMMENDATIONS

RECOMMENDATIONS

General

A certain number of initiatives should be taken to improve the development of leaders aiming at the establishment of a new society:

- a)** to address issues such as leadership in society's educational efforts as from the early childhood in order to prepare the new generations for the responsible practice of a leadership primarily focused on people and their professional and personal needs;
- b)** the hour of choice is now; in order to assure that 2/3 of mankind, with poor quality of living, will receive a fast and effective attention from the leaders of today and tomorrow, we need to speed up the process of the democratization of the concept of leadership, that is to say, we need to make leadership accessible to people from all disciplines, all ages and everywhere; and
- c)** let all of us stimulate and support such organizations as the United Nations (UNESCO) and all the educational system worldwide in continuing to multiply and flourish in terms of projects and decisions towards the human society development, assuring convergence of the business world, the political institutions, and the civil society; however, we must realize that this will only be possible if all the parts involved are agreed on the basic values and purposes underlying their projects and decisions (actions) – true union (heart to heart) will be a must.



CONCLUSIONS AND RECOMMENDATIONS

Specific

The samples used in the study were rather small, therefore any extrapolation from the results of the research must be done with caution.

In future studies of the same nature a 360 degree appraisal, as far as leadership style, style flexibility and leadership effectiveness are concerned, would be highly recommended.

Additional researches of the same nature involving larger sample sizes and conducted in other cultures are highly recommended.