Contemporary leadership in the human capital of organization

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Abstract

The dynamics of changes taking place in the contemporary world increases the interest in leadership, which is one of the essential elements of their functioning for the organization, affecting the ability to achieve the goals with the extremely important role of the human capital, which due to the appropriate support and engagement of the leader determines the success of the organization.

A contemporary leader, in order to meet the requirements of the complex environment of the organization and the expectations of employees, should be aware that he is unable to perform personally all organizational activities, he must rely on human capital. Leadership is inextricably linked with the broadly understood ability to influence employees, resulting in the effective performance of their assigned duties. That is why, leaders should have certain necessary qualities, constant self-improvement, and an appropriate background in the form of properly managed human capital.

This article deals with the issue of leadership and its impact on the human capital of the organization. The attention is paid to theoretical framework regarding its essence and effectiveness, among which the distinguishing features of leaders, including the leader improvement are described. In the article it is also described the differences between management and leadership, as well as the leadership paradigms that differently emphasize the importance of employees and their engagement.

Keywords: leadership, management, human capital, organization.

Introduction

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Material and methods

The aim of this article is to present the issue of leadership based on the critical analysis of the subject literature, both in the context of characteristics and the effectiveness of organization leaders, and the impact on the human capital held by the organization.

Results and discussion

The essence and effectiveness of leadership

Leadership skills have been a subject of interest for many millennia. In ancient times, the birth itself followed by proper preparation predestined the person to perform the role of a leader (C. McCulloch, 1998; C. McCulloch, 1998). The theory of “a great men”, which was popular in the nineteenth and twentieth centuries, placed a privileged position on “well-born” men who were particularly suitable for leadership functions, and some authors stated that the qualities of leaders were not only acquired due to ancestors, but they were also immutable (F. Galton, 1892).

The images constituting the foundations of the concept of leadership have undergone numerous transformations over the centuries, which were determined, among others, by socio-economic changes.

It is difficult to give an unambiguous answer regarding the leadership and its essence. It may be “the ability to lead more or less numerous groups of followers”, and this ability manifests itself in “the ability to indicate and communicate visions of future states towards which the members of the group should lead up together” (A.K. Koźmiński, D. Jemielniak, 2008).

Leadership is sometimes treated as a process and a certain quality. From a process point of view, leadership “...is the use of non-coercive influence to set the goals of a group or organization, to motivate behaviors to achieve the goals, and to help establish the culture of the group or organization (R.W. Griffin, 2021); his “(...) essence is creating and presenting visions of the future, motivating people, leading them and stimulating them and keeping them engaged. Leaders know the way they want to go and they influence team members to go in the same direction” (M. Armstrong, 2018).

In turn, taking into account the quality, leadership “(...) is a set of traits attributed to individuals who are perceived as leaders”, that is, “people who influence the behavior of others without resorting to the use of force, or people who are tolerated by others (R.W. Griffin, 2021).

An interesting proposal for the classification of leadership is presented by B.M. Bass. He distinguishes several categories, such as: group processes, personality, inducing consent, use of influence, discretionary (voluntary) leadership, forms, behavior, power relations, instrument of achieving goals, interaction effect, initiating the structure, combination of the indicated elements (B.M. Bass, 1990).

We may deal with leadership when “the followers strive for goals that represent the values and motivations shared by both, the values of the leaders, and the values of the group or organization”; leadership is seen as “influencing other people’s behavior by establishing new behavioral patterns, changing the frequency of certain behaviors, and providing guidance on behavior modification” (J. Burns, 1994). Leadership is associated with “knowing about the means needed to achieve the goal and use of appropriate methods for joint work (S. Payne, S. Payne, 2009).

It is also worth mentioning that informal leadership is characterized by the fact that “persons who do not discharge managerial responsibilities are highly esteemed and enjoy the prestige”, and as a result, “people are willing to follow them and come into line with them” (A.K. Koźmiński, D. Jemielniak, 2008).

The presented, selected definitions indicate the multifaceted nature of leadership, but one shouldn’t forget the role of a leader. Considering its effectiveness and the impact on the human capital at his disposal, it is worth following the
guidelines proposed by M.H. McCormack (M.H. McCormack, 1998):
- “Work harder than others and you will be a credible leader. It will be easier for you to lead a team”,
- “Show people how to do something, and then give them a blank cheque”,
- “Be sometimes ruthless but not always”. Although the above principles go back to the last century, it seems that they have not lost their significance.

When querying the subject literature, several distinguishing features of leaders can be observed: drive, desire to lead, honesty and integrity, self-confidence, cognitive ability and knowledge of the business (B.M. Bass, 2008).

Considering the improvement of leadership skills, M. Armstrong points out among others to (M. Armstrong, 2018):
- knowledge of leadership styles, the ability of flexible adjustment of one’s style to the circumstances and needs of the team members,
- development of qualities characteristic to a good leader, learning from experience examples relating to effective leadership,
- familiarity with real-life situations,
- awareness of one’s self-esteem and development activities,
- the ability to take leadership, present one’s point of view to the team, encourage the team members to act and make sure that the goals are achieved.

When considering the leader’s role in effective increase in human capital management, it is worth mentioning the model of a leader R. Barrett, which includes three stages illustrated in Figure 1.

Figure 1. Stages of leadership according to Richard Barrett
Source: (D. Kożusznik-Solarska, 2017).

Within the individual stages, the following activities can be identified:
1. personal transformation – realization of strengths and weaknesses of the leader, his potential, personal impact on people and related consequences;
2. building cooperation – due to high level of trust, openness and empathy in creation of organizational ties, team building and its development, resulting in successful team with good relationships;
3. “be in the line of duty” – as a result of the orientation of people management towards vision and organization for long-term success, while paying attention to non-business goals regarding society and the natural environment (D. Kożusznik-Solarska, 2017).

Management and leadership
Although leadership and management seem to be similar concepts, the subject literature emphasizes the differences between them (Table 1).

| Activity                      | Management                                  | Leadership                                      |
|-------------------------------|---------------------------------------------|-------------------------------------------------|
| Creation of programme         | Planning and budgeting - setting detailed steps and schedules to achieve the desired results; allocation of resources needed to obtain these results. | Setting the direction. Development of future vision, and a strategy that will lead to the changes needed to make this vision a reality |
| Development of the people network to | Organizing and employment. Setting a certain structure to meet the requirements of the plan, staffing, | Giving the way to people’s actions. Communicate direction with words and deeds to all those whose cooperation           |
Activity | Management | Leadership
---|---|---
Implement the program | responsibility and formal authority delegation to fulfill the plan, provision of procedures for people management and creation of methods or systems to observe the fulfillment. | may be needed to influence the formation of teams and coalitions that understand and accept the vision and strategy.

Implementation of plans | Control and solution of problems. Detailed observation of results concerning plans, identification of deviations, planning and organizing of problems solution. | Motivating and inspiring. Releasing people’s energy to overcome major political, bureaucratic and resource barriers by meeting very basic but often unmet human needs.

Results | It creates a certain degree of predictability and order, and can systematically produce the basic results expected by various concerned parties (e.g., customers, always being on schedule; shareholders, always being in the budget). | It causes a change, often a decisive one; enables extremely useful changes (e.g., new products expected by customers, new approaches to employment relationships that help increase the company’s competitiveness).

Source: (J.P. Kotter, 1990).

When analyzing the above table, one can see the differences between the managers and leaders resulting from different programmes development, their implementation, realization of plans and their results. The functioning of an organization requires proper approaches from both the management and leadership. Their skilful combination may constitute a solid foundation in relation to the achievement of the assumed goals of the organization; some people consider that goals should be achieved efficiently (“using resources wisely and without unnecessary waste”) and effectively (“by making the right decisions and their successful implementation”) (R.W. Griffin, 2021).

Another conceptualization highlights the discrepancy between the manager and leader from the point of view of: goals, tasks, groups, types of relationships and employee involvement (Table 2).

Table 2. The difference between the manager and leader activities

| | Managing | Leadership |
---|---|---|
**Objectives** | Formal and informal coordination of the activities of the employee group to achieve organizational goals | Influence on social group by the leader to achieve the common goals with regard to the leader or the group itself |
**Group** | The organization must have a formalized structure | The social group within which the power distribution process took place |
**Tasks** | Employee control, employee motivation, problems solution, communication with employees and the environment | Creating a vision of change and development, motivation and inspiration of people, communication with employees and environment |
**Types of relationships** | Manager - employees | Leader - followers |
**Employees commitment** | Formal and informal working life; emotional involvement on both sides at different levels (from lack to strong). | Private and professional life; strong emotional mutual commitment |

Source: (L. Sułkowski, 2001).
Management “is tasked with resources provision, allocation, usage and control”, however, as M. Armstrong emphasizes, “(...) achieving results without effective leadership is impossible” (M. Armstrong, 2018).

Mintzberg is of different opinion, “instead of separation management from leadership (...), he proposes “(...) to treat managers as leaders, and leadership as a well-done management” (H. Mintzberg, 2013).

**Leadership paradigms**

A more complete understanding of the complexity of leadership can be obtained from analyzing the paradigms presented in Table 3.

| Leadership paradigms | Classical | Transactional | Visionary | Organic |
|-----------------------|-----------|---------------|------------|---------|
| **The most important period** | From antiquity to the 1970s | From the 1970s to the mid-80s | From the mid-80s to 2000 | After 2000 |
| **Leadership basis** | The leader’s dominance based on respect and authority, based on commands and control | The impact on the group members exerted in face to face contact, with their opinions and feelings taken into account. Creating the right environment for management | Emotions – the leader inspire group members | Shared interpretation of the group environment. Leaders may emerge from the group instead of being formally appointed |
| **The source of group members involvement** | The fear of or respect for leaders; an effort made to get a reward or to avoid punishment | Negotiating awards, agreements and expectations | Shared vision; the leader’s charisma; individualized approach to group members | Supporting values and processes common to the entire group; willingness to develop self-identification |
| **Vision** | The leader’s vision is not necessary to exact the obedience of group members | The vision is not necessary and may never be articulated | The vision is the most important element; group members can contribute to the leader’s vision | The vision is created in the group; the vision is an important element of the organization |

Source: (G. Avery, 2009).

The above table presents four paradigms expressing broadly understood ideas concerning the leadership, which, as G. Avery emphasizes, should be treated as exemplary points placed on several continuums, without assigning them separate categories (R.W. Griffin, 2021). Making the distinction, various aspects of leadership are taken into account: time, leadership basis, the source of group members’ involvement, and vision.

In classical leadership, dominance is the main point (it may apply to an individual as well as a group of people) allowing to give orders or tamper with them. The execution of orders by those to whom they are directed, may be conditioned by fear about the consequences of non-compliance with the directives, also by respect for the leader, or by both factors.

This type of leadership works in relatively stable conditions, the leader’s sense of responsibility and the conviction (both on the part of the leader and managee) that the leader has the skills and knowledge of how to achieve goals. A prerequisite is, moreover, a mutual
consensus on the leader’s right to decide how to proceed. Among the disadvantages of classical leadership, there is probably a small influence of the group on the power and, at the same time, a small contribution to the project (G. Avery, 2009).

Transactional leadership, as the name suggests, functions as a kind of transaction by communicating and negotiating by leaders and manage. The leader’s skills in cooperating with the group and influencing it due to various positive and negative instruments, enabling to reward and punish of subordinates are important in this case. Undoubtedly, a significant change compared to the previous type, is reckoning with the group. The most important limitations include the difficulties associated with innovations introduction.

As part of visionary leadership (also known as charismatic, inspirational, transformational), the leaders are expected to outline a clear vision of the future, prepare a plan for achieving the set objectives and take actions to increase employee motivation in implementation of the vision. The group members have the opportunity to express their opinions, and in comparison, to transactional leadership, the leader consults on a broader basis. He also makes efforts to focus its human capital on vision, values and behaviors.

One of the drawbacks of the analyzed leadership may be too high expectations of the leader and the resulting discouragement of the group if the objective is not achieved.

Organic leadership is a response to the rapidly occurring changes in the environment; it puts trust in the skills of the staff and making the right decisions regarding the functioning of the organization, strongly emphasizing self-leadership. Communication plays a key role, the group as a whole is a decision-making center, determining “(...) whether a leader is needed, who should be a leader and for how long” (G. Avery, 2009).

In conclusion, it should be mentioned that the briefly presented paradigms of leadership in the context of effectiveness (as mentioned above) have both their advantages and disadvantages, which should be taken into account in relation to their application in specific conditions and the possessed human capital.

Conclusions

One of the most important tasks an effective leader faces is formation of the human capital through the decisions concerning acquisition, structure, motivation and improvement (B.R. Kuc, M. Żemigała, 2010). It seems that the appropriate “quality” of a broadly understood human capital should translate into the success of organization, although there are opinions undermining the relationship between leadership and organizational results (D.A. Waldman, G.G. Ramirez, R.J. House, P. Puranam, 2001).

The assessment of leadership effectiveness is often made by analyzing the extent in which an individual or a group achieve goals (U. Dhar, M. Prashant, 2001). The assessments of organization members, who follow the leader’s instructions, can be also significant.

Understanding the leadership and relating concepts are of great importance today, it requires taking many elements into account, primarily a specific social context, place and time. As G. Avery rightly points out, “what is considered an effective leadership in one context may be perceived as an ineffective in another one” (G. Avery, 2009). Among the experts of the above-mentioned issue, one can see the emerging tendencies to get away from the previous organizational control model towards alternative solutions, based for example, on communication skills or team activities (facilitation skills) (e.g. J. Krantz, 1990; J.P. Kotter, 1985).

Deliberating on leadership and its effectiveness, it should be noted that an anti-leader is at the other extreme and he is mainly characterized by (B. Koźuch, A. Koźuch, B. Plawgo, 2005):

- insensitivity to others (roughness, repulsive lifestyle),
- coldness, restraint, arrogance,
- ignorance of trust and secrets,
- excessive ambitions, focus on power struggle,
- over-supervision, non-use of posting,
- inability to build a team,
- selection of weak and ineffective subordinates,
- difficulties in strategic thinking,
- lack of flexibility in adapting to different superiors,
- excessive dependence on mentor.

The above-mentioned features certainly do not contribute to the achievement of the goals set by the organization, what is more, they may cause serious problems in a long run, such as good employees’ departure, including termination of the business.

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