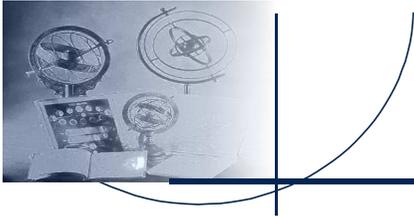


Innovation and Leadership Development Research Centers

**NOOLEADERSHIP OR VIRTUOUS LEADERSHIP AND
ITS IMPACT ON ORGANIZATIONAL PERFORMANCE**

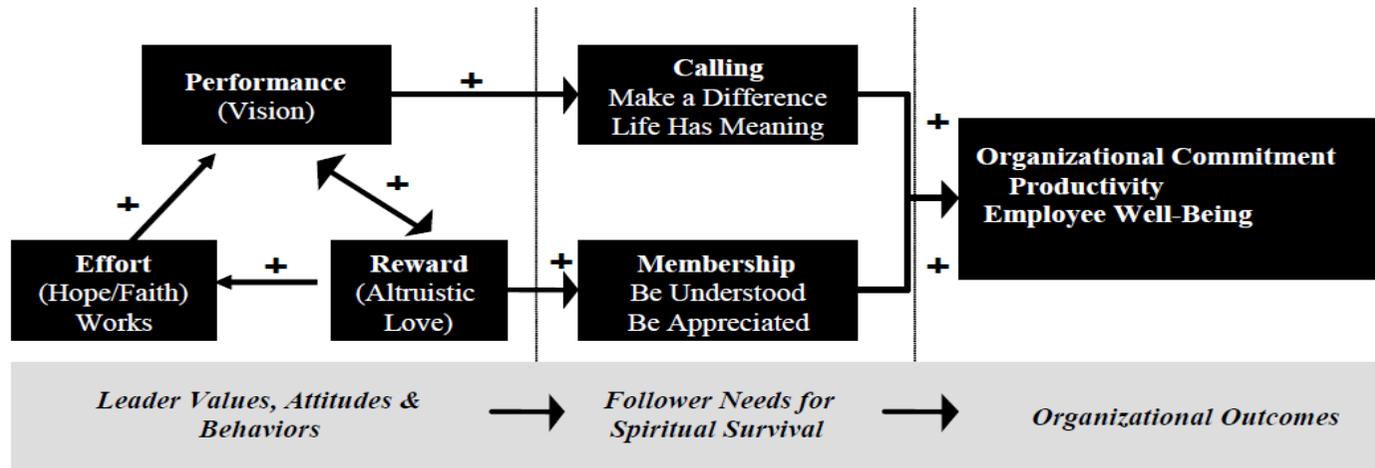
**Prof. Léo F. C. Bruno
2015**

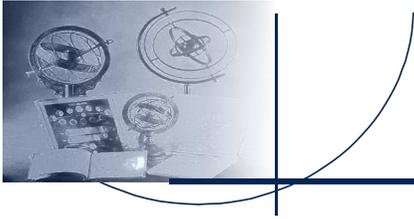


WHY IS THE PRACTICE OF VIRTUES IMPORTANT?

A number of studies have been done to uncover the virtues leaders and managers actually have. The most influential theory is based upon the thinking of Fry (2005) who extended Spiritual Leadership Theory by exploring the concept of positive human health and well-being through recent developments in workplace spirituality, character ethics, positive psychology and spiritual leadership, as can be seen in Figure 1, as follows.

Figure 1. Hypothesized Causal model of spiritual leadership theory





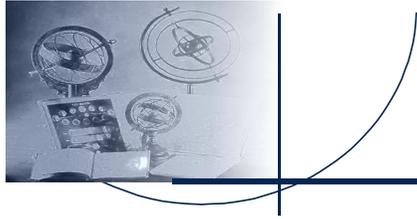
SEVEN TYPES OF VIRTUES

Therefore the seven types of virtues expected to be found as traits within any healthy organization would be as depicted in Table 1, as follows.

Table 1
Seven Types of Virtues

1. **Vision** – describes the organization journey and why we are taken it; defines who we are and what we do.
 2. **Hope/Faith** – the assurance of things hoped for, the conviction that the organization's vision, purpose, mission will be fulfilled.
 3. **Altruistic Love** – a sense of wholeness, harmony, and well-being produced through care, concern, and appreciation for both self and others.
 4. **Meaning/Calling** – a sense that one's life has meaning and makes a difference.
 5. **Membership** – a sense that one is understood and appreciated.
 6. **Organizational Commitment** – the degree of loyalty and attachment to the organization.
 7. **Productivity** – efficiency in producing results, benefits, or profits.
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Source: Adapted from Fry (2005).

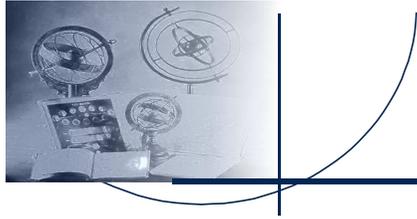


VIRTUES AND THE LEADERS OF TOMORROW

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 whither 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.

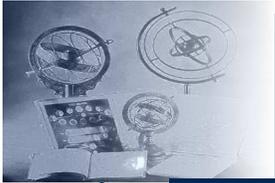


LEADERSHIP

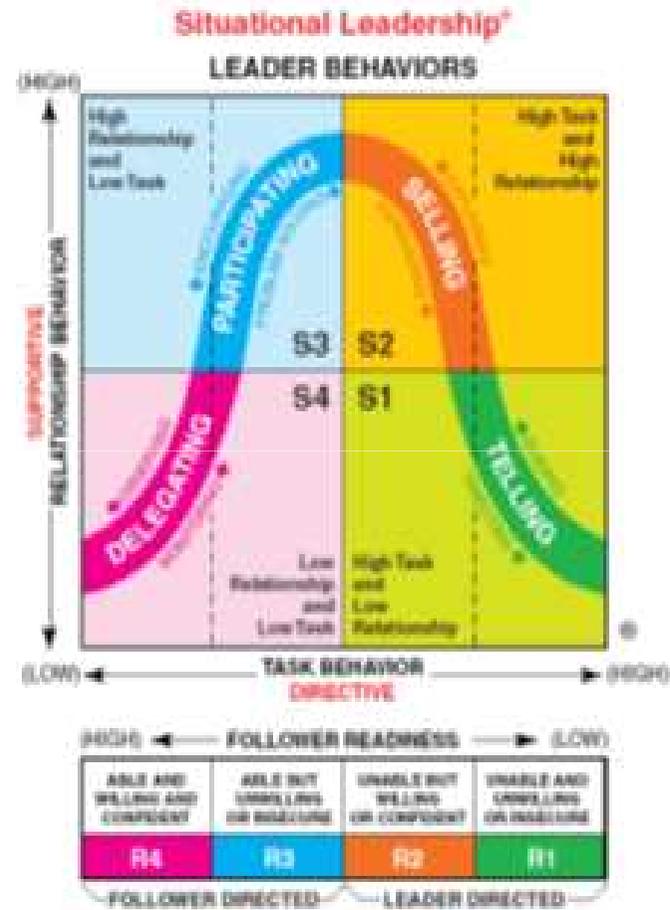
The objective of this topic is not to review all the literature on leadership. On the contrary, it will be explained why a particular leadership model, namely Situational Leadership, has been chosen. Situational Leadership was developed by Paul Hersey and Kenneth H. Blanchard (1969) at the Center for 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**.

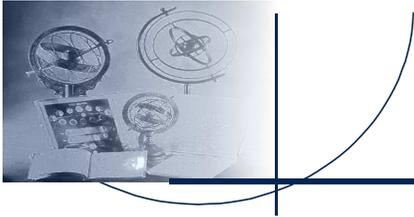
A person' s leadership style involves some combination of task behavior and relationship behavior. The two types of behavior, which are central to the idea of leadership style, are defined as follows: a) **task behavior** – the extent to which leaders are likely to organize and define the roles of the 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).



LEADERSHIP MODEL





ORGANIZATIONAL DIFFERENTIATION MODEL

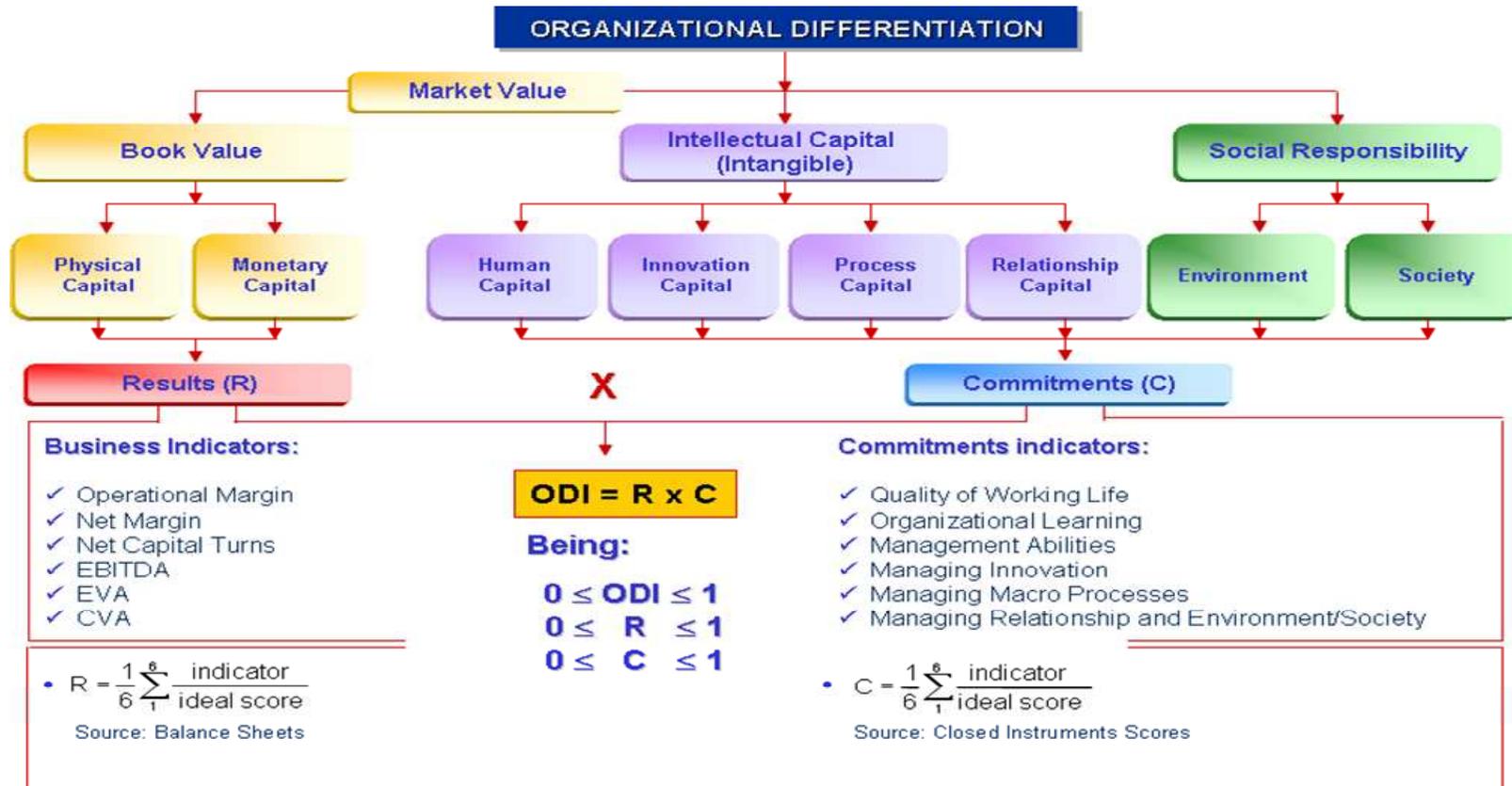
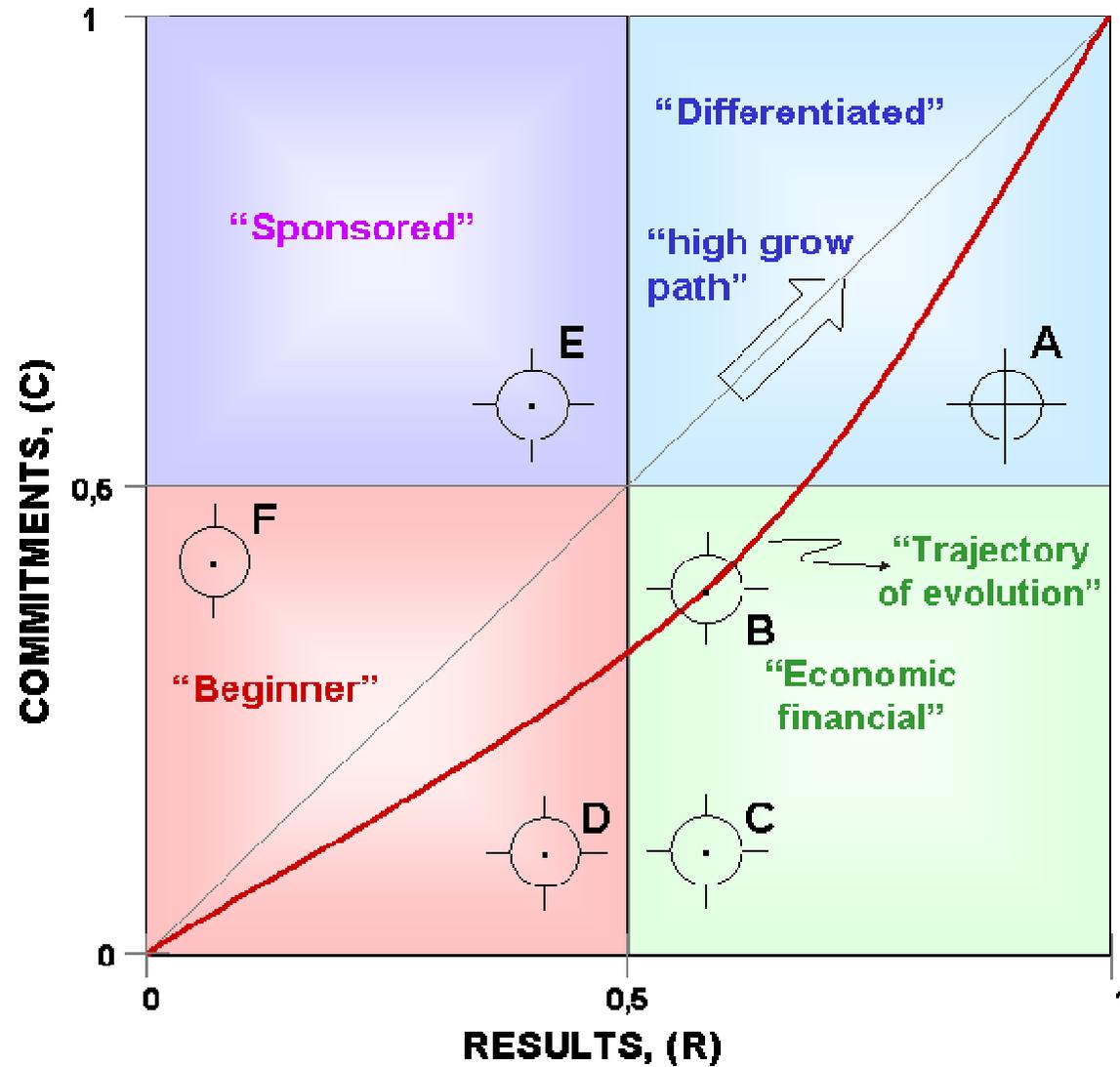


Figure 2 – Organizational Differentiation Diagnosis Model
Source: Bruno (2006).

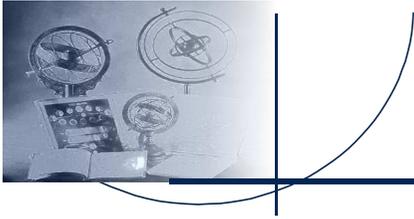


. ORGANIZATIONAL DIFFERENTIATION MODEL (CONT.)



$$\text{ODI} = R \times C$$

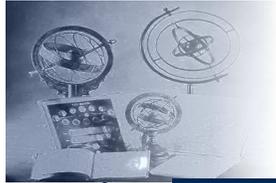
Winner: "A"
R = 0.8 e C = 0.6
ODI = 0.48



RESEARCH QUESTIONS

The study sought to answer the following research questions:

1. How the practice of virtues, in the involved organizations, is perceived by their executives?
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 virtuous leadership and executives' leadership effectiveness?
5. Is there a relation between virtuous leadership and organizational performance?
6. Is there a relation between executives' leadership effectiveness and organizational performance?



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 (366) and some foreigners (34), being 142 females and 258 males with ages varying from 28 up to 55.

Data Gathering

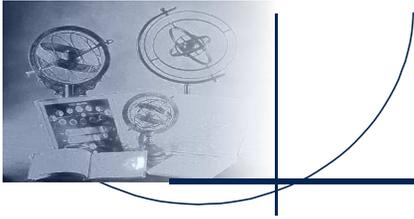
In order to uncover the **virtuous leadership index - VLI** of each researched organization a Likert-type attitudinal measurement instrument was developed as shown in Appendix A. The instrument covered several aspects: vision, hope/faith, altruistic love, meaning/calling, membership, organizational commitment, and productivity. The Recurrence Table (Appendix B) shows the considered items per virtuous categories allowing the computation of the average score for each one of the seven virtues as can be seen in Table 2.



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.

In order to calculate the **organizational differentiation index (ODI)** per organization involved in the research the *Organizational Differentiation Model* (Bruno, 2006) has been used as explained before, and six closed instruments have been used to uncover the variable Commitments (C), and interviews have been conducted for compute the variable Results (R) for each organization.



METHODOLOGY

To check if a relation existed between the **virtuous leadership index** and **leadership effectiveness**, the linear correlation coefficient has been computed taking into consideration the set of paired data, involving the before mentioned variables, per organization.

To analyze a possible relation between the **virtuous leadership index**, per organization, and **organizational differentiation**, the ODI – Organizational Differentiation Index has been calculated per organization, and, then the linear correlation coefficient was computed taken into consideration the set of paired data involving the before mentioned variables per organization, therefore the computation involved 48 pairs.

The same procedure has been followed to verify a possible relation between the average executives' **leadership effectiveness** per organization and the **organizational differentiation index** per organization.



FINDINGS AND ANALYSES

Table 2

Virtuous Leadership Profile of a Sample of Executives (N=400)

Virtues	Average Score (1 to 4)
Vision	2.8
Hope/Faith	1.5
Altruistic Love	1.2
Meaning/Calling	1.5
Membership	3.3
Organizational Commitment	3.1
Productivity	3.6

Source: Research Data.

N= sample size



FINDINGS AND ANALYSES

Table 3
Profile of Leadership Styles of a Sample of Executives (N=400)

Style	Frequency Distribution (%)
S1 – Telling	16.2
S2 – Selling	48.2
S3 – Participating	28.6
S4 – Delegating	7.0

Source: Research Data.

N= sample size



FINDINGS AND ANALYSES

Table 4
Summary of Leadership Effectiveness of a Sample of Executives (N=400)

Score Interval (scale end points 0 and 36)			Leadership Effectiveness Level	Frequency	
				Absolute	Relative (%)
27	To	36	High	23	5.8
18	To	26	Moderate	370	92.4
9	To	17	Low	7	1.8
0	To	8	Very low	0	0

$$X^2 = 874.78 > X^2_{\text{crit.}} = 11.3; df = 3; p \leq 0.01$$

N= sample size

Source: Research Data.



FINDINGS AND ANALYSES

Table 5
Organizational Differentiation Index, Virtuous Leadership Index and Leadership Effectiveness Results

No.	SECTOR		C	R	ODI	VLI (%)	LE (0 to 36)
1	Health Care	O 1	0.45	0.08	0.04	50	15
		O 2	0.55	0.26	0.14	55	18
		O 3	0.65	0.24	0.16	55	19
		O 4	0.62	0.40	0.25	60	23
2	Paper & Packing	O 5	0.63	0.45	0.28	80	27
3	Mechanical Parts	O 6	0.30	0.05	0.02	50	16
4	Electrical Parts	O 7	0.45	0.65	0.29	60	20
		O 8	0.71	0.40	0.28	60	26
5	Transport/Logistic	O 9	0.30	0.50	0.15	50	16
		O 10	0.56	0.66	0.37	80	23
		O 11	0.54	0.50	0.27	60	21
6	Consumer Electronics	O 12	0.35	0.25	0.09	50	15
		O 13	0.65	0.55	0.36	80	24



FINDINGS AND ANALYSES / CORRELATIONS

- VIRTUOUS LEADERSHIP INDEX
vs. LEADERSHIP EFFECTIVENESS =
+ 0.71
- VIRTUOUS LEADERSHIP INDEX
vs. ORGANIZATION DIFFERENTIATION INDEX =
+ 0.83
- LEADERSHIP EFFECTIVENESS
vs. ORGANIZATIONAL DIFFERENTIATION INDEX =
+ 0.80



CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

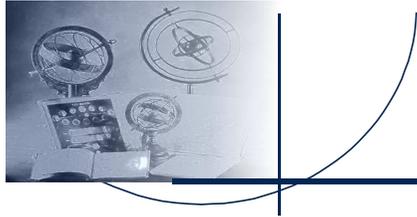
The following conclusions were reached based on the research:

- The study has shown that the executives involved in the research have an unbalance perception regarding the practice of virtues within the researched organizations; and, even worse, the Virtuous Leadership Index considering all 48 organizations together is 61%. There is plenty of space to improve, once in the cases of opinion surveys a world class score would be $\geq 85\%$. On the other hand, Table 2 depicts that this sample of executives obviously values more highly Productivity, Membership and Organization Commitment ends than Altruistic Love, Hope/Faith, and Meaning/Calling, which are means to influence people to bring motivation from within, that is to say leadership. These findings can be partially explained 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 virtues practice, or spiritual intelligence, is associated with religions, which is somewhat “old-fashioned” for the majority of this generation. 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, attitudes and behavior.



CONCLUSIONS AND RECOMMENDATIONS

- 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.
- Once the study uncovered moderate to high positive relation between executives' virtues practice and leadership effectiveness, as well as, executives' virtues practice and organizational differentiation (results), would be highly recommended in leadership development efforts to take into consideration a critical analysis on how to draw on one's spiritual abilities and resources to better identify, find meaning in, and resolve existential, spiritual and practical issues, showing qualities of love, joy, peace, patience, kindness, goodness, faithfulness, hope, justice, humility, honesty, courage, perseverance and self-control; in short – virtues. As a consequence, society will have leaders with a more comprehensive view of the world, assuring, therefore, more appropriate decisions.



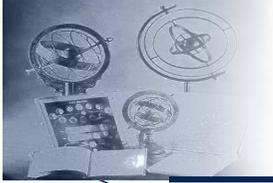
CONCLUSIONS AND RECOMMENDATIONS

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

- a) The samples used in the study were rather small, therefore any extrapolation from the results of the research must be done with caution.
- b) Would be highly recommended in further studies of this nature to consider the perception of **the operational employees regarding practice of virtuous within the organizations.**
- c) 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.
- d) Additional researches of the same nature involving bigger sample sizes and conducted in other cultures are highly recommended.