The understanding organizational leadership business essay

Introduction

Leadership development is a complicated process which most people have diverse opinions on what it exactly entails. Bass (1990) argued that there are so many varying definitions of leadership from different authors. In the world today, there are many books about leadership development, this has been fueled by the increasing need to know and acquire leadership skills from different sources. In recent times, organizational leadership has tried to look and develop ways to do away with excessive power and in this regard numerous codes and standards have been developed to deal solely with the issue and also to encourage self-regulation of the industry. Legal fraternities globally have been developed to ensure compliance and seek for greater accountability and transparency. Inventions in organizational management and leadership have been developed by institutions to promote leadership system which include the legal and regulatory institutions (Bandsuch, Pate and Thies, 2008). Organization difficulties that arise as a result of separation of power and control between the organization's management and its shareholders and investors are one of the main reasons for the study of corporate governance. Other rationales for the study of corporate governance came about from other disciplines for example, political science and corporate finance. Other theories developed in the early 90s were mainly to focus on establishing the stakeholder obligations to enhance proper accountability of the corporations (Burgoyne & James, 2001). Company management and board of directors focus on value creation to the company and its stakeholders who include the shareholders. Mostly, agency theories main focus is to increase the shareholders' value that they have

invested in the company, hence agency theories tend to put more focus on the financial element. Competency perspective is mostly emphasized in the knowledge based theories. In this regard, leadership is looked at as influencing the management process so as that some company meaning s have privilege over others (Fairhurst, 2008; Hosking, 1997). On the other hand, governance is the principles and practices that have a direct influence in the basic processes and relationships of a business entity. In more specific terms, governance refers ti the values and procedures undertaken by a business management for example, the directors in its operations. In the world over, failure of company management to place significant shareholders and investors interests at the fore front have brought a heightened interest in them taking part in the governance structure to ensure their interests come first. This turn of events has brought about heightened interest to look at how the company's failure can be diagnosed. Corporate governance studies have come up with numerous concepts, which include transparency, disclosure and shareholders value among many others (Fulmer &Wagner, 1999). In today's business world that has been worst hit by financial crisis, shareholders and other investors have taken a keen interest to exactly find out how their worth has been invested in the companies. Governance has numerous definitions too. It is at times defined as representing the will of the shareholders and investors. It is made up of the people who own the corporations and has direct influence on the senior management so as to achieve a specific interest in the undertakings of the corporation and also ensure that the business undertakings are ethical and legal. On the flip side, leadership is the roles played by the senior management within an

organization that are involved in its day to day running. Johnson, et al (2012) defines it as an art of leading people towards a common goal. In this regard, people within an organization are divided into manageable groups and the leadership has influence over them towards a specific direction that they have all within the company agreed as their common goal.

Understanding Organizational Leadership

There is a huge difference between management and leadership. Scholars have identified differences and also gone a notch higher to actually explain how leadership has an influence on management (Bass, 2009; Yukl, 2010). Most scholars have come to the conclusion that leadership processes enable organizations to evolve. In more specific terms, leadership processes have enabled corporates to change with regard to achieving their goals. Leadership on the other hand provides vision and mission to achieving the goals set. Recent studies have brought this issue well, where they have clearly focused on the relationship between visionary leadership and the corporation's performance (Judge & Piccolo, 2004; Waldman, Javidan & Varella, 2004). They have come to a common observation that leadership is a shard process that involves senior management working to inspire and influence individuals down the corporate ladder (Galvin, Balkundi & Waldman, 2010; Hambrick, 1984, 2007). Commonly used definition of leadership is that it is the process of influencing the undertakings of an organized group of people towards achieving set objectives and goals (Elkin, Jackson & Inkson, 2004). This definition encompasses three key elements: it tells that leadership is an interpersonal process, there are the leaders and the governed of followers and finally, the main rationale for organization

leadership is to attain a set goal agreeable to all. In this perspective, leadership is produced and formed by leaders and their followers. Some scholars suggest that the followers play a very critical role that cannot be overlooked in the spheres of the organization achieving its goals. Additional researchers have come up with recommendations that leadership is a perception that has been overvalued or else less than expected (Jackson & Parry, 2001). In this regard, more than one researcher have supposed that we have a tendency to overstate the position of a leader when possessions are successful well and when belongings are standard perfectly in the wrong way, and we lean towards to aspect for leaders for the reasons when in physical intelligence the sources strength have been glowing overhead them. This has arisen to be acknowledged as the ' Romance of Leadership' by Meindl et al (1985). Grint (2005) offers a suggestion that while the role of leadership has itself been overestimated, the significance of leadership should not be overlooked. The scholar believes that we have become preoccupied with individual leaders when we should be focused on the leadership aspect. The relationship between a leader and his followers is always changing and needs to be maintained and negotiated at all times if both have to have the same mind set towards achieving their common goals. It is not something that once set has been achieved, it is a fragile process that requires tender care but is also very durable and in this respect, a leader's role can be felt both before they take on the role and much after they have left the leadership role. In today's corporate world, leaders are required to walk in many peoples shoes to successfully steer organizations to success. This array of people is from different parts of the globe with diverse

cultures, values and norms that all need to be engaged. In this regard, two scholar Graen and Hui (1999) have argued that the perspectives of global leaders have significantly changed in our world today. They are a trans-cultural creative leader who can mingle and inspire diverse arrays of people in whatever corporation he is in. Company top management staff members are strategic leaders who are at the top most of the corporation. Although research tends to be more focused on the lower level management or leadership, the strategic leadership is most critical and needs to be looked at in different approaches as compared to the middle or lower level leadership (Zaccaro & Horn, 2003). Key distinction between the two levels of leadership is that, planned management method is accepted by a team and more than one leader (Story, 2005) and it fueled by the common knowledge that no single person may possess all the knowledge to lead the team on his own. Different members of the strategic leadership team drive the rest of the members in their area of expertise and hence the whole team supports each other in their undertakings to provide leadership to the lower level management. This concept of leadership as collective knowledge based team carries with it an array of issues that facilitate leadership efficiency and effectiveness. Strategic leadership also relies on interpersonal relationships between the team members. It becomes difficult due to the organization's ambiguous nature and may at times bring about conflicts if not keenly guarded. Hence healthy relationships are key if the organization is to work in harmony. Story (2005) argues that reputation capital is how investors identify an organization's head hence can have a huge influence on the organizations presentation.

Understanding Governance and How Leaders Affect Governance

Corporate governance as stated earlier has in recent years attracted so much academic pursuit which has led to the publication of so many literatures on the subject. Each author has carried out his/her research and a result came with numerous definitions of corporate governance. A common definition is that corporate governance is a set of relationships between a company's management, its board, its shareholders and stakeholders. It is the body that enhances the governance structure that the organization's goals are well articulated, and ways and means of achieving them and not forgetting how performance is evaluated and monitored (OECD, 2004). In this wide definition, some aspects that beat the most weight include: that corporate governance is relational, it occurs among a group of executive interested party and the principles for resourceful and operational business governance is goal location, implementation and monitoring and evaluation. Prudent corporate governance delivers a structure fosters a climate of understanding, open communication and ensures the success of an organization. The governance structures act to streamline organizational activities, stakeholders' interests and ensuring achievement of goals.

Leadership Development and Organizational Outcomes

Till recently, it was widely known that the task of leadership development was of the human resource department. This was a great misconception that the many organizational executives had had for so many years and in return really had a negative impact on their organizational output. Leadership development is a step towards succession planning in today's business

world. The main reason why directors have paid less attention to this issue of management improvement is because it does occur to them in their minds that lack of leadership would have a detrimental effect that an accounting mistake would (OECD, 2004, p. 21-27). Lack of proper leadership development structures may lead to companies retaining leadership that lack foresight and that their skills are outdated. Such organizations become prone to various changes that nay derail their undertakings. This mostly leads to promotion of junior staff that is less experienced, less qualified and untested or eventually, may go out to look to for executives who might find it difficult to adjust to their new status in a new company. Leadership development has been defined as a process of creating conditions that support learning in an organization and helps learners to make discoveries on their own and in return out them into use for the betterment of the organization. However, there is a huge difference between leader development and leadership development. Day (2000) puts it as, leader development is shaping of attitudes and skills that might help an individual portray the qualities of a leader. Leader development involves teaching communication skill and sharing the ability to motivate others. Leadership development is a process of social influence and team leadership towards an organizational climate. McCall, Lomabardo and Morrison (1988), defined leadership development as an effort to provide opportunities to learn and grow to some selected employees in an effort to equip and prepare the employees for future leadership positions offered to them. Quin (2008) argues that leader and leadership development are not independent but influence each other. In this regard, leadership development programs have

three-fold objectives: a) Locate leadership development program in the business logic and desired cultureb) Match leadership development needs to the development programc) Help individuals develop and grow in their personal skills and attitudes. Bureaucratic structures in an organization are often created when organizations create authoritative positions and placing preferred employees in that position. Leadership development programs create ways to growth as the reasonable improvement and backing policy (Fulmer & Gold-Smith, 2001). Leadership improvement is high desirable in today's corporate world for training managers and other senior executives (Corporate Training and Development, 2006). Though to the small and medium enterprises it may seem as an expensive affair, it is highly advices of them to take advantage of it to ensure that their organizations are moving forward (Avolio & Hannah, 2008). Emotional intelligence is a critical component of leadership development. Emotional intelligence has been defined as the capacity to reason with regard to emotions to enhance thinking. It involves the ability to correctly perceive emotions, to access and generate emotions so as to assist thought process and to regulate emotions so that one can promote intellectual and emotional growth. Most scholars have agreed on the fact that emotional intelligence is a critical component of interpersonal skills and it is crucial to a leader for effective functioning of a team.

Conclusion

As our corporate moves towards a more uncertain future, our approaches towards leadership and growth need to be at the forefront. Corporate governance as a framework that leadership exists is very fundamental to an

organization's future. Leadership acts towards influencing the organization's activities towards achieving the set goals while governance structures hold the organization together and mold these activities towards achievement of the goal. In this regard, the two concepts are complementary and essential for organizational effectiveness (Clifton, 2012).