

## A CRITICAL REVIEW OF FACTORS IMPACTING LEADERSHIP QUALITY IN MODERN BUSINESS ORGANIZATIONS

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### ABSTRACT

*Leadership is a fundamental concept with both short-term and long-term implications for any organization's success. This is why top-performing global businesses consistently seek out exceptional leaders and managers who can demonstrate high-quality leadership and effectively guide employees and the organization toward success. Existing leadership literature has identified various factors influencing leadership quality and its impact on a leader or manager's effectiveness. This article examines commonly recognized factors in leadership literature and seeks to identify gaps for future research, enhancing the modern discourse on leadership. These identified gaps are believed to have a direct impact on leadership quality in present and future global business organizations.*

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**Keywords:** Leadership, Globalization, Technology, Culture, Planning.

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### Introduction

Exhibiting good quality of leadership is extremely crucial for the growth of business organizations as pointed out by various authors and scholars who have studied the concept of quality leadership or leadership quality over the past century. There are a variety of dimensions to leadership quality according to Sugerman (2011) which include strong communication, use of imagination, ability to create a strong vision, ability to spread awareness, ability to call for action, and assume responsibility. Wolor et al. (2021) had described in their studies that leadership style, quality, and effectiveness is determined by a variety of factors both within and external to organizations, and for this purpose, a good leader needs to be aware of such factors that impact their career within organizations. The below discussion takes into account the definition and certain theories of leadership, following which, the focus is on the factors impacting leadership quality as per the existing literature. After a careful review of the existing literature, the researcher in this case has pointed out a few gaps in the existing literature that can be taken into account by future studies on the topic to address the below identified gaps.

### Definition and Concept of Leadership

There have been many research studies conducted on leadership over the past century that had focused on putting forward a simple definition for this concept. One such definition according to Moorthy (2014) is "one's ability to influence, decide what you want to do, and make others do it too". From this definition, it can be understood that a good leader should have a clear set of actions in mind that needs to be achieved and this action plan needs to be implemented through the leader and the employees or the followers who work with the leader. A good leader according to Solaja and Ogunola (2016) also has the ability to motivate others and influence others to do a particular task or set of tasks in furtherance to a set of goals and objectives.

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A common misconception about leadership is that it is associated with rank and position. This is not true because leadership is all about the ability to create a sense of belongingness, a sense of responsibility, and a sense of achievement within others to work for a common vision; irrespective of the position and power of the leader. Leadership principles also require a person to take into account the current and future needs of an organization, and to introduce continuous change that is required to bring success for the business (Ratcliffe and Ratcliffe, 2015).

### **Factors Impacting Leadership Quality**

The existing literature on leadership specifies a variety of different factors that have large implications on the quality and effectiveness of leaders and managers in various business organizations. The below discussion takes into account some of the most prominent factors as described by various authors and scholars in the existing literature on leadership.

- **Individual Capabilities**

Over the past many decades, some of the most significant concepts that were associated with leadership quality were the individual knowledge, educational qualifications, the amount of experience, and the mindset and orientation of the leader (Moldenhauer, 2019). Knowledge in this regard in this context is extremely important because leaders are required to possess at least some amount of working knowledge about the basic concepts pertaining to the business of the organization and the various processes that are undertaken within their companies on a daily basis. This goes a long way in enabling them to critically evaluate the current and future direction of their organization in terms of efficiency of tasks. In furtherance to this point, the educational qualifications possessed by a leader is also a mediating factor when it comes to the quality of leadership that is exhibited by them during the course of the business. Appropriate educational qualifications play an important role in providing a solid foundational knowledge base of extremely basic concepts and constructs that pertain to the exact business activities that are undertaken by the employees and managers within the organizations (Amanchukwu, Stanley, and Ololube, 2015).

- **Globalization**

Numerous studies over the past decades have shown that global business trends; in particular globalization has a major impact on the capabilities of business leaders and the top leadership of organizations across the globe (Wadhwa and Parimoo, 2013). Ever since globalization started expanding its scope across various regional and national boundaries, it presented new challenges for organizational leadership within organizations in the form of the need to come up with new techniques to manage their workforce diversity, better decision making and problem solving abilities, and the need to integrate newer working processes into the existing traditional processes within organizations in order for them to function efficiently in their organizations in the modern digital age. Newer trends in global business had also played a crucial role in promoting joint ventures and multinational collaborations which further expanded the role of leadership in organizations to take into account multi-cultural factors that impact the workforce and the organizational processes (Mansor et al., 2017). Lastly, an increase in the expanded scope for the sales of products and services of organizations across the globe as a result of globalization also means that business leaders and top business managers need to develop new skills to take their products and services across the globe and tackle cultural boundaries in dealing with a variety of different customers from time to time. This created new challenging scenarios for leaders to meet growing expectations (Sharma et al., 2019).

The above-mentioned view is also supported by studies conducted by (Maranga and Madison, 2017) according to whom globalization had created a lasting impact on the development of leadership in the form of increased competition, increasing need for global business expansion, increased challenges relating to tackling social challenges and cultural considerations, and the need for generating more skills and capabilities on part of leaders to deal with new stakeholders from across the globe. In furtherance to this point, globalization had also created expanded the scope of leadership activities to include managing employer-employee relations, cultural complexity, and simplifying the number of standards and practices that need to be adopted from place to place in order to ensure smooth flow of business (Sartania, 2021).

- **Industrial Revolution**

According to Wolor et al. (2021), the industrial revolution that had taken place over the years which can mainly be seen in the form of technological factors have a direct impact on the quality of leadership within various business organizations. Some of the related technological developments such as super technology, innovation, artificial intelligence, and other similar advancements have made huge

changes in the manner in which leaders interact with their employees, and hence these are factors that need to be understood in detail by modern-day business leaders and managers who have the responsibility to run various departments and organizations.

Artificial intelligence in particular is an important concept that has a major implication on leadership quality and effectiveness according to various previous studies conducted by numerous authors over the past years. Most of the studies in this regard had indicated that artificial intelligence has the capability to make organizational leaders more analytical and data-oriented, and become much more systematic in executing their roles and responsibilities (Moldenhauer, 2019). Artificial intelligence provides leaders with hard evidence in the form of quantitative and qualitative information along with certain possible outcomes and predictions that go a long way in promoting quality decision-making within organizations. Leaders can be kept informed throughout the process with the help of artificial intelligence systems and it also helps the leaders identify new methods and techniques that can help promote good quality of working processes within their departments and organizations (Jones, 2018).

On the other hand, authors including McDonnell and Beck (2021) have described that the forceful adoption of technology in the recent past arising out of the changes in the market situation as a result of covid-19 had put a large constraint on the capabilities of leaders; which in turn impacted their leadership quality. Compulsory social distancing measures that were put in force by governments across the world meant that business leaders had no option but to communicate with their staff on video conferencing and other technological platforms mobile which meant that it had brought about a challenge for the leaders to continue maintaining their efficiency in such new environments wherein they cannot interact face-to-face with their team and employees. This became a major challenge for leaders across global organizations which directly and indirectly played a critical role in taxing their leadership capabilities (McDonnell and Beck, 2021).

- **Societal Factors**

The previous literature on leadership also shows that the practices adopted by leaders and managers are impacted by socio-cultural factors that form part of the external environment of the organization. For this reason, there is a significant difference pointed out by scholars in the past among the Eastern and Western leadership theories which mainly form as a result of social practices, social cultures, social norms, and other factors from within the local society. Societal factors also include the local culture which has a huge implication on the leadership style and quality (Umiati, 2017).

Local cultures also have a definite role to play in the leadership styles and the overall effectiveness of leaders according to studies conducted by Hofstede (2011) in the past. In some cultures, leaders play a more proactive role and hence they are able to naturally become more effective at their job, when compared to some other cultures wherein the leaders generally tend not to get highly active in the working environment. Hofstede (2011) had put forward six different cultural dimensions that are highly applicable to the effectiveness of managers and leaders in business organizations across the world. These six dimensions include intelligence versus restraint, long term versus short term, masculinity versus femininity, tolerance versus uncertainty, individuality, and power distance. For example, leaders in Arabian countries generally tend to adopt less of a democratic style of leadership and more of an authoritarian type of leadership because of the power distance between the leaders and the employees. This is in contrast to the working environment in the case of most Western countries and Western business organizations (Hofstede, 2011).

- **Organizational Culture**

Organizational culture is another significant factor that has a huge implication on the quality of the leadership that is adopted within an organization. It is a function of internal and external factors. However, it is mainly derived as a result of the social environment of the organization, the market characteristics, and the ultimate goals and objectives, along with the nature of the business that is undertaken by the organization (Sartania, 2021). Organizational culture sets the tone for the type of interaction that takes place between the leadership and the employees within the organization and hence it has a lasting impact on the relationship between the employees and the management in the context of any organization. Previous studies undertaken on organizational culture and its impact on leadership quality have shown that an open organizational culture allows the leaders to bring out the best quality from within them that helps generate better cooperation and coordination among the management and employees. Conversely, a closed organizational culture plays a negative role in the facilitation of communication between the leaders and employees, and thus it negatively impacts employer-employee relationship (Salem, Parahoo and Mumtaz, 2017).

- **Succession Planning**

Another significant factor impacting the quality of leadership within an organization is succession planning. Succession planning according to Ritchie (2019) is a set of actions and strategies undertaken by the owners, shareholders, and top management of organizations to choose their future leadership. It involves taking to account a variety of different factors before choosing the appropriate criteria for selecting the most suitable leader. These factors in general include the aims and objectives of the organization, the nature of the business of the organization, the diversity of the workforce of the organization, the characteristics of the market in which it operates, and certain other factors that vary from place to place and from organization to organization (Ritchie, 2019).

According to Santora (2020), a good succession plan is crucial for the growth of any organization because it helps identify the right leaders for any organization based on a variety of different critical characteristics which include knowledge, skills, psychological orientation, problem-solving abilities, and the effectiveness of decision making in different situations. Succession planning is also inherently important for employee development at the workplace especially for those who generally show enhanced commitment and dedication towards the organization and its goals and objectives. Succession planning has also been proven to be crucial for effective talent management in the context of different organizations as it helps clearly segregate different kinds of talents that are required for leaders while taking into account various departmental roles and other top management roles (Santora, 2020).

**Gap in the Current Literature**

While the above mentioned factors along with various other ones as discussed in the existing literature clearly have an impact on leadership qualities of leaders and managers in organizations, there is a clear gap that the researcher has identified in this case. The existing literature has not explicitly highlighted the importance of market trends brought about by covid-19; specifically changes in market conditions in terms of supply and demand along with changing intensity of competition among organizations in the market as a factor that impacts the quality of leadership within organizations. Even though numerous previous studies such as the ones conducted by Kivipõld and Vadi (2013) and Maranga and Madison (2017) had focused on how leadership capabilities along with market orientation has impacted overall organizational performance, the current literature does not show an explicit connection between the changing or dynamic market factors with that of the quality of leadership within organizations, especially as a result of covid-19. While it can be generally stated that market trends arising out of high competition bring out the best capabilities within leaders, the existing literature does not clearly signify the importance of how critical the changes in market trends and market conditions have a direct bearing on leadership quality within organizations. This is the main gap that has been pointed out for this study.

Moreover, the sudden internal and external changes brought about by covid-19 to the global business environment also calls into question the most suitable leadership technique and strategy that needs to be adopted by business leaders to keep their organizations afloat in the market. Research studies over the past have clearly highlighted that the challenges posed by the global market in different instances have played a direct role in bringing about a new orientation in the strategy adopted by leaders in various business organizations across the globe. However, the true impact that covid-19 had instilled on the leadership style, technique, and strategies of global business leaders have not yet been clarified by the existing literature and this is where another gap lies within the subject of leadership.

**Recommendation**

Based on the above-identified gaps, the researcher in this case has put forward the below recommendations that can be taken into account for future studies by authors and scholars in the area of leadership.

Firstly, scholarly studies need to be conducted in the area of leadership that focuses on how changing market trends over the past few years had heavily impacted the approaches taken by leaders and managers among global organizations. This is considered important to determine different variables relating to market trends that have a direct implication on leadership style and leadership quality. The findings of such studies can be highly beneficial for business organizations across the globe in the coming years.

Secondly, future research studies on the topic of leadership need to take into account certain modifications to the existing theories on leadership and inculcate the changing leadership style and trends resulting from market factors and the dynamic global business environment. Even though the

latest theories under the category of e-leadership theories describe the role played by digitalization and technology on leadership, the upcoming theories and models in the field need to take into account how global factors along with sudden market crises and health factors along with a drastic change in market supply and demand impact leadership qualities and capabilities with global organizations.

Lastly, the researcher recommends that a primary research technique supported by primary data collection and in-depth analysis need to be adopted by authors and scholars for future studies to address the above-mentioned gaps. Adopting this recommendation is important according to Kumar (2019) because primary research studies provide hard empirical evidence that helps create a better link between different concepts and variables used in a research study. This will have a long-term implication for addressing the above gaps pertaining to leadership quality and effectiveness in the current and future business environment. Hence, a primary research approach needs to be given a good amount of consideration by authors and scholars while undertaking future studies on the topic of leadership.

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