

The Influence of CEO Leadership Style on Organizational Effectiveness Management and Enterprise Performance

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Abstract

The study of leadership style is not only an important part of leadership theory, but also involves the branch of management theory. In an enterprise, CEO's leadership style plays a key role in improving enterprise performance and promoting enterprise development. This paper analyzes and sorts out four kinds of leadership styles: transformational, transactional, paternalistic and innovative, and discusses the mechanism of different CEO leadership styles on corporate performance. At the end of the paper, the shortcomings of the existing research are summarized, and suggestions and directions for further research are put forward.

Keywords

Leadership style; Organizational effectiveness management; Enterprise performance.

1. INTRODUCTION

Bono and Judge (2003) believe that leadership style is a behavior pattern and influence path formed by strong and dynamic individuals, which can influence the management and effectiveness of an organization. According to Buns and Fiedler (1976), CEO leadership style is a behavior pattern of CEO in guiding the team, department and employee. Therefore, leadership style is an important behavior pattern of leaders. When leaders influence others, they will adopt different behavior patterns to achieve their goals, thus forming different types of leadership styles. CEO's leadership style is the characteristics of the habitual enterprise leadership. The habitual leadership style is gradually formed by the CEO in the long-term personal experience and enterprise leadership practice, and has strong personalized color.

In many factors that affect enterprise performance, CEO is considered to be an important factor to promote organizational effectiveness management, improve employee cohesion, enhance team work performance, and then affect enterprise performance. Based on the definition of leadership and leadership style, this paper sorts out, analyzes and discusses the relationship between CEO's different leadership styles and enterprise performance through organizational effectiveness management path.

2. LEADERSHIP STYLE

Leadership scientist John Kott (1996) believes that leadership is a kind of power, and enterprise leadership can bring strength to enterprise change. Leadership not only brings order and regularity, but also brings about the movement of enterprises. Burns (1978) classified leadership style into two different leadership styles: transformational leadership and transactional leadership. The following theorists also put forward charismatic leadership and visionary leadership, but in essence, there are many overlaps with the concept of transformational leadership. The paternalistic leadership style proposed by Fan Jingli and Zheng Boxun (2000) is a unique leadership style based on Chinese cultural background and

management practice. Since then, in the new economic era, Sternberg, Kaufman and PRETZ (2003) proposed innovative leadership style based on the perspective of strategic management in the new era and the development of Internet new economy.

Therefore, in the field of leadership research at this stage, transformational, transactional, paternalistic and innovative leadership styles are undoubtedly representative concepts and classifications of leadership styles, and are also the main theoretical model factors to measure and analyze different leadership styles. CEO (Chief Executive Officer) is the most important person who influences the strategic direction of an organization. To a large extent, the enterprise is controlled by the CEO. Therefore, it is of great significance to study CEO's leadership style based on the needs of enterprise performance improvement.

2.1. Transformational Leadership Style

The concept of transformational leadership was first put forward by Downton in his book rebellious leadership. Then, Burns (1978) put forward the theory of "transformational leadership" through the study of political leadership. On this basis, Bass (1985) put forward a more accurate and broad theory of transformational leadership, which has become the most recognized research achievement of leadership theory.

Leaders with transformational leadership style have the team charisma to set up a common vision, which can greatly stimulate the subjective initiative of organization members. A large number of empirical research results show that transformational leadership style plays a positive role in individual, team and organizational level. For example, Kotter (2015) found that transformational leadership style of leaders can significantly promote team performance of large enterprises. Hartanto and Roofbeam (2015) pointed out that compared with other leadership styles, transformational leadership has a stronger positive effect on the sales growth of enterprises in the context of Asian economic transformation.

2.2. Transactional Leadership Style

Burns (1978) first proposed the concept of transactional leadership in his book leader. He believes that transactional leadership emphasizes immediate reward and punishment from the perspective of social transaction, which is a relationship and exchange process based on reciprocity and focusing on short-term value exchange between leaders and subordinates. In the process of transactional leadership, the ability of employees is more emphasized, and the role of leadership is mainly to set goals and supervise employees' accomplishment (Bass, 1990; Howell & Avolio, 1993).

Transactional leadership mainly leads subordinates to carry out their work through rewards and punishments. When the subordinates have completed a specific task, the leader will reward the commitment, otherwise, they will give corresponding punishment. The whole process is like an exchange or transaction activity. Transformational leadership and transactional leadership can promote employee innovation, and any of them can improve the team's performance. But a lot of evidence shows that transformational leadership is better than transactional leadership. For example, Peterson (2009) found that transformational leaders have more leadership effect, higher work performance and better development of the enterprises than transactional leaders.

2.3. Paternalistic Leadership Style

Reding (1990) conducted in-depth interviews and follow-up surveys on 72 leaders of family businesses in Southeast Asia, and found the existence of family leadership. He thought this was an important discovery in the field of leadership theory research, so he formally put forward the concept of paternalistic leadership. This kind of leadership style is common in Southeast Asia and the Chinese world.

Aycan, a scholar, divides paternalistic leadership into two types: developmental leadership and benevolent leadership. Later, through continuous research, he further added two types of leadership, namely authoritarian leadership and authoritarian leadership, and finally formed the theoretical model of paternalistic leadership in the above four dimensions.

2.4. Innovative Leadership Style

Innovative leaders are also known as strategic leaders, whose characteristics are that leaders use strategic thinking to lead and make decisions. Strategic management researchers Sternberg, Kaufman and PRETZ (2003) proposed the evolution model of creative leadership from the perspective of strategic management. This model framework discusses the multiple dimensions of creative leadership, that is, according to the different contributions of leaders and subordinates to creativity, it can be divided into three dimensions: facilitating, directing and integrating.

Jack Zenger and Joseph Folkman (2015) listed ten characteristics of innovative leadership in the Harvard Business Review. On this basis, Jack zinnia (2016) further summarized the innovative leadership style into five characteristics. They are excellent strategic vision, can create an atmosphere of mutual trust, firmly believe in the team culture of upward communication, be good at persuading others to innovate together, and set extensible goals. It can be concluded that with the further development of Internet economy, innovative leadership style will be the latest research direction of leadership theory.

3. THE INFLUENCE OF CEO'S DIFFERENT LEADERSHIP STYLE ON ORGANIZATIONAL EFFECTIVENESS MANAGEMENT AND ENTERPRISE PERFORMANCE

3.1. The Impact on Organizational Effectiveness Management Model

The so-called enterprise organizational effectiveness management refers to a series of work in which the CEO takes full advantage of various resources and leads the team to achieve the business objectives in different internal and external environments through planning, organization, leadership and control functions. Referring to Stephen and Mary's division of the management mode of planning, control and organization in enterprise management, the organizational effectiveness management mode is divided into planning, assessment and communication management mode.

Different CEO leadership styles have different choices on organizational effectiveness management mode. In this regard, there are many theoretical research results. Among them, Peng Jianfeng (2017), a representative, pointed out: the traditional leadership is transactional leadership, which relies heavily on the establishment and improvement of the reward and punishment assessment system. The transformational leadership is to meet the high-level needs of employees through personal charm, vision and personal care, and can make employees to make work performance far beyond expectations through communication management. The authoritarian management of paternalistic leadership can stimulate the anger of subordinates and make them feel fear. At the same time, it is not conducive to the team interaction and communication among subordinates. However, it can have a strong control over the subordinates. Through planning and assessment, the goal can be achieved. There are similarities between innovative leadership style and transformational leadership style in terms of communication management and stimulating innovation of subordinates. The difference is that innovative leadership pays more attention to plan management innovation such as development and leadership, emphasizes efficiency assessment, and has a stronger desire for the implementation of strategy than transformational leadership.

3.2. Impact on Enterprise Performance

According to Zeki (2016), transformational leadership ultimately affects the company's performance through four dimensions of leadership measures: action integration, team responsibility clarity, target risk-taking and long-term incentive. CEO's different management style will have different influence on enterprise's performance and human resource management efficiency. Appropriate CEO's leadership style and management means can effectively improve the efficiency of human resource management and make enterprises obtain good profits. Both transformational leadership and transactional leadership have a positive impact on corporate performance, but transformational leadership is better than transactional leadership (Zhan Jingyu, 2017). CEO innovative leadership style can directly and positively affect the performance of new ventures (Huang Shenglan, 2015). Gao Ang (2014) found that authoritarian leadership in paternalistic leadership style had a negative impact on team performance, while benevolent and moral leadership had a positive impact on team performance.

4. DEFICIENCY AND PROSPECT OF RESEARCH

The research on the influence of CEO leadership style on enterprise performance has been carried out from various aspects in the theoretical circle all over the world, and a lot of research results have been achieved. However, due to the rapid development of the new economic era, the connotation and breadth of CEO leadership style have also changed greatly. Therefore, there are still some deficiencies in many existing research results. First, the existing research focuses on individual leaders. However, with the emergence of partnership system, the leadership style of leaders will have a great impact on the performance of enterprises. Second, the existing research mainly focuses on transformational and transactional leadership style, but the research on innovative leadership style is insufficient, which is not commensurate with the booming Internet and artificial intelligence new era. Third, the existing studies pay less attention to the life cycle and the nature of enterprise ownership of the CEO, and these factors have a great impact on CEO leadership style. Therefore, we need to focus on the moderating role of the above factors between CEO leadership style and enterprise performance in future research.

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