

Research on the Relevant Mechanism between Leadership and Enterprise Performance

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Abstract: The premise of effective leadership development is to deeply understand whether leadership development activities have a positive impact on enterprise performance and how to exert a positive impact. Firstly, this paper verifies the positive effect of leadership development activities from the organizational perspective on enterprise performance. Secondly, starting with the relationship between enterprise leadership development and enterprise performance, this paper explores the path and mechanism of the influence between enterprise leadership development and enterprise performance, so as to provide a theoretical basis for effective leadership development activities.

Keywords: Leadership; Enterprise performance; Enterprise leadership development; Enterprise performance

1. Introduction

The background of enterprise leadership development. With the development of society, the environment faced by enterprises is more complex and changeable. Executives at the Center for Innovative Leadership in the United States believe that the challenges facing the organization in the future will be more complex and difficult to deal with than in the past. From the external point of view, such challenges include the rapid changes in the market and the lack of talent. Internally, such challenges include the intensification of global talent flow and diversification of staff composition, which brings greater challenges to internal operations and personnel management. Under this complex background, leadership development has become the common choice of all enterprises..

2. Contents of Leadership Development

Leadership development aims at enabling individuals, teams and organizations in an enterprise to effectively define the direction of development and integrate stakeholders, so as to cope with the increasingly complex and rapidly changing external environment.

Due to the different internal and external environment, different enterprises have different forms of leadership development practice. But synthesizing various forms of practice, we can find that the development of leadership is mainly embodied in three aspects: the development of human capital at the individual level, the enhancement of social capital at the entity level, and the support of organizational capital at the collective situation level.

3. The Impact Mechanism of Enterprise Leadership Development on Enterprise Performance

3.1. The impact of enterprise leadership development on enterprise performance

The positive impact of corporate leadership development on corporate performance lacks strong evidence in the existing literature. The main reason is that the existing research on leadership development mainly focuses on the individual level. Individual level human capital development has limited impact on corporate performance, and it is difficult to separate it from many performance factors. Human capital development at the individual level, social capital enhancement at the entity relationship level and organizational capital support at the organizational context level can enhance managers' post competency. At the same time, these factors will inevitably have an impact on enterprise performance.

3.2. The impact of enterprise leadership development on organizational leadership

Organizational leadership in this study refers to the challenges faced by the organization as a whole and the ability required to accomplish collective leadership tasks. To highlight the difference between individual leadership and organizational leadership, we use the concept of organizational leadership. Its specific connotation is still reflected in several aspects commonly used to describe individual leadership, including: clear direction, integration of stakeholders, incentives and inspiration. Empirical

analysis in the existing literature proves that leadership development has a positive impact on leadership.

3.3. The impact of enterprise leadership development on enterprise strategy formulation and implementation

Enterprise strategy refers to the direction and objectives of the enterprise, as well as the main strategies and plans for achieving these objectives. The formulation process of enterprise strategy is the "direction determination" described in the leadership task. At the same time, effective integration of stakeholders, as well as incentives and inspiration are needed in the implementation of the strategy. As an organizational ability, leadership influences the formulation and implementation of enterprise strategy. This impact is reflected in the matching degree between strategy and internal and external environment, including the speed of timely adjustment of mission and the degree of effective implementation of the established strategy. Enterprise strategy implementation includes two core competencies: competency and resilience, as well as two core processes of strategic identity and strategic synergy. Strategic identity can be divided into three stages: strategic communication, strategic expression and strategic marketing. Strategic synergy is the process of rational allocation of decision-making power. Literature studies have pointed out the importance of achieving consensus through effective communication in strategic implementation.

3.4. The impact of leadership development on corporate cultural adaptation and assimilation

Corporate culture is the core belief rooted in the daily work of an enterprise. It influences the formulation of organizational strategy and the arrangement of organizational process. Firstly, corporate culture should match the demands of business development and effectively support business development. When the external environment of the enterprise changes, the enterprise culture should also be adjusted in time. Secondly, a general consensus should be formed within the enterprise to improve the efficiency of internal resource coordination and effectively integrate the internal resources of the enterprise. The influence of leadership development on corporate culture is manifested in many aspects. First, leadership development improves organizational values and management concepts. In the process of assimilation of corporate culture, leadership development activities can promote and accelerate the assimilation of corporate culture from many aspects. Secondly, the efforts of leadership development in the promotion of social capital will directly affect the assimilation of corporate culture. Leadership development will form more common languages and allow entities in the network to interact in richer ways. These practices will promote the rapid as-

similation of corporate culture in the organization. Thirdly, leadership development can affect the management practice of managers, and then affect their adaptation and assimilation of corporate culture.

3.5. The impact of enterprise leadership development on transformational leadership behavior

Transformational leadership describes the process in which leaders arouse the consciousness of organizational members by presenting their vision, and stimulate the enthusiasm and commitment of team members by empowering them. Transformational leadership is different from transactional leadership. Transactional leadership reflects a control orientation. Transformational leadership emphasizes empowerment and motivation, which emphasizes the motivation and motivation of followers. Usually, the understanding of transformational leadership behavior is reflected in the interaction between leaders and followers, which has limited impact on corporate performance. Only when transformational leadership behavior expands to the organizational level can it really affect the performance of enterprises.

3.6. The impact mechanism of enterprise leadership development on enterprise performance

Based on the above analysis, we can find that the variables between leadership development and corporate performance are organizational leadership, strategy formulation, transformational leadership behavior and corporate culture adaptation. Enterprise strategy refers to the direction, objectives, main policies and plans of an enterprise. The formulation and implementation of enterprise strategy itself is the process of achieving enterprise performance goals. The impact of corporate culture adaptation and assimilation on corporate performance has been fully verified in some existing literatures. The impact of transformational leadership on corporate performance is a hot research topic, and a lot of theoretical and empirical validation has been output.

4. Conclusions

The research shows that, because of many factors affecting corporate performance, the influence of leadership development on corporate financial performance and non-financial performance is not significant. At the same time, the influence of several dimensions of leadership development on corporate financial performance and non-financial performance is not significant. Enterprise performance is the result of comprehensive influence of many factors, so the measures taken by enterprises in leadership development can not directly bring about significant improvement in performance.

Further analysis and empirical data show that leadership development has a positive impact on organizational leadership, strategy formulation and corporate culture

assimilation. Leadership development influences transformational leadership behavior through organizational leadership. Leadership development affects enterprise performance through strategy formulation and implementation. Leadership development affects transformational leadership behavior through organizational leadership, and then affects corporate performance. Leadership development affects corporate performance through the adaptation of corporate culture. Therefore, in the development of enterprise leadership, enterprises should focus on promoting these elements to influence enterprise performance. The development of enterprise leadership must match these factors, which can indirectly affect enterprise performance. If the integration and support of these elements are neglected in the development of leadership, the development of leadership has no substantial significance for the improvement of enterprise performance. According to the results of the study, the relationship between corporate leadership development and corporate performance is revised as shown in Figure 1.



Figure 1. Linkage mechanism between enterprise leadership development and enterprise performance

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