

A Review of the Impact of Leadership Competencies

Dr. Jayaashish Sethi

Director, MMIM, Maharishi Markandeshwar (Deemed to be University), Mullana-Ambala

Abstract: In the contemporary, fiercely competitive, and ever-evolving economic landscape, exceptional managers are absolutely indispensable for the success of any corporate entity. Leadership, as a concept, is recognized as a multidimensional and intricate phenomenon, and extensive research indicates that leadership style is directly linked to both organizational management and performance outcomes. With this perspective in mind, and drawing on Katz's widely-respected leadership theory, this conceptual paper posits that a skills-based perspective of leadership is instrumental in identifying the true potential of leaders appropriate for effective organizational management. To achieve success, individuals need only exert sustained effort to develop the attributes and competencies of a proficient leader. This approach is particularly encouraging for those aspiring to excel but lacking the inherent qualities or innate skills that are often emphasized by other leadership theories. By adopting a skills-based leadership model, the process of selecting a manager is considerably streamlined by enumerating each candidate's competencies in key areas integral to leadership.

Keywords: Leadership, Competencies, Organizational Management

1.0 BACKGROUND

In the contemporary competitive and ever-evolving economic environment, exceptional managers are indispensable for any corporate entity. A commercial organization must prioritize identifying, nurturing, and retaining talented individuals. Effective and productive leaders possess various competencies that enable them to excel in diverse management roles. These competencies comprise a specific set of knowledge, skills, behaviors, and attitudes necessary for success across different roles and organizational types, collectively referred to as competence (Nienaber, 2010). The leadership style is the most significant factor influencing employees' perceptions of their work and their behavior, particularly their loyalty to the organization (Amanchukwu et al., 2015). Organizations benefit from employees who are committed to their work, as these individuals can enhance the organization's competitiveness in the economic landscape.

The emphasis is on how managers within organizations can cultivate effective leadership behaviors to achieve established goals. Leadership development and job satisfaction have long been regarded as critical components for an organization's success (Rad & Yarmohammadian, 2006). The researchers concluded that a range of organizational contextual factors, including compensation, job autonomy, employment security, career perspectives, and management, impact job satisfaction. By employing appropriate leadership styles, organizational leaders can affect employees' contentment with their job, their level of commitment, and their performance.

Leadership is recognized as a multifaceted and intricate phenomenon (DePree, 1989). It has been characterized as a habit, attitude, talent, method, obligation, expertise, managerial role, leadership position, influential connection, trait, and skill (Northouse, 2007). According to John Maxwell, leadership equates to influence (Maxwell, 1998), while Kotter in 1990 described a leader as the potential to initiate collaborative nerve impulses. Effective leaders, as noted by Robert Greenleaf, are those who assist others within the framework of their leadership (Bennis & Nanus, 1997). Additionally, Peter Drucker asserted that a leader is an individual who has followers (Drucker, 1999). However, some scholarly articles argue that socialization mechanisms represent a form of leadership.

According to Liao et al. (2015), leadership style directly influences both organizational management and performance. An effective leader provides direction for the group and steers members toward achieving goals. In a similar vein, employees who are content with their jobs are more likely to invest additional effort into their tasks and pursue the organization's objectives. The study identified that various organizational contextual factors, including compensation, job autonomy, job security, career orientations, and leadership, correlate with job satisfaction. Organizational leaders can enhance

employee job satisfaction, commitment, and efficiency by adopting appropriate leadership styles.

The significance of robust leadership in maintaining effective operations is undeniable. Adequate incentives, a supportive work environment, competitive compensation, and effective management relations are crucial in achieving this objective. The planning and structuring of tasks are also vital for ensuring organizational success. While differing viewpoints exist, some scholars have determined that poor employee attitudes, operational inefficiencies, and generally ineffective leadership are among the most common challenges affecting organizational performance in both commercial settings and other institutions.

The study incorporates Robert Katz's 1955 leadership techniques, contextualizing them within various theoretical frameworks. According to Katz (1991), exemplary leaders should demonstrate three vital technical competencies: industry expertise, social or human relations skills, and intellectual capability. To optimize support for innovation, executives need to possess an appropriate set of technical skills. Conversely, the research also explores the application of the McKinsey 7S model of business leadership within the cultural contexts of China and Malaysia and evaluates how this influences the management effectiveness of enterprises in these regions.

2.0 ISSUES AND CHALLENGES

Organizational management is recognized as crucial to business success. It is recognized that business managers and the administrative sector must acknowledge that human resources are fundamental to the organization and should be regarded as inseparable from the company.

The inquiry centers on the extent to which stakeholders acknowledge that employees are the vital foundation of organizations and, as such, should be adequately supported to excel to the highest standards within the industry. Many organizational leadership styles, which operate under the assumption that employees can be treated indiscriminately due to the nation's high unemployment rates, exacerbate the challenges faced by workers in their professional environments. This often leads to diminished employee performance. Under ineffective management and leadership, team morale tends to diminish, leading to decreased

employee loyalty and reduced understanding of the organization's mission. This often culminates in a lower quality workforce and slower progress. Business management becomes challenging and remains misaligned with organizational goals. Conversely, effective leadership can significantly enhance business outcomes, influenced by organizational culture and available learning opportunities. The repercussions of inadequate leadership and deficient leadership practices are substantial. Poor leadership styles can stifle innovation and problem-solving. Ultimately, subpar leadership has consistently been the primary cause of administrative and performance failures within organizations.

3.0 LITERATURE REVIEW

3.1 Leadership Skills

Leadership potential pertains to the attributes and competencies individuals possess and utilize in managing businesses, guiding projects, and steering people towards objectives. CEOs must exhibit strong leadership qualities to deploy resources effectively, facilitating the achievement of the company's goals and strategies and making critical decisions accordingly (Ollila & Yström, 2016). Essential leadership characteristics include the capacity to inspire, communicate clearly, and uphold shared values.

Conversely, leadership skills can be defined as the leader's capacity to achieve objectives. From a theoretical standpoint, numerous leadership theories have emerged, focusing on methods, qualities, personalities, and contextual approaches to leadership. This focus has rendered governance one of the most extensively studied aspects of organizational culture on a global scale (Ahmar, Rofiq & Hadiwodjojo, 2014). The field of leadership is gaining increasing attention as behavioral scientists and social psychologists begin to explore the potential impacts of management styles and the elements used to predict leader behavior. Given that leaders are responsible for goal achievement, it is anticipated that their abilities and strategies will translate into coordinated actions by others and influence subordinate performance (Kasie, Gideon & Gloria, 2018). In this context, approaches represent the tangible actions undertaken by leaders to accomplish objectives (Oghojafor et al., 2014).

The advancement of a more centralized leadership framework, alongside the enhancement of an individual's leadership competencies, will strengthen the management culture within the organization. Improving organizational effectiveness involves ensuring that processes are efficient and that the organization consistently monitors, assesses, and enhances its performance to improve outcomes for business stakeholders. According to Sibley et al. (2011), excellent performance necessitates excellence in various areas, including leadership, efficiency, adaptability to changes, continuous improvement, and skills development. Effectiveness aligns organizational aims with its activities. As noted by Timothy et al. (2011), the extent to which organizational leaders engage in the equitable utilization of available resources depends on how well its managers (leaders) understand.

3.1 Organizational performance

Organizational efficiency refers to an entity's ability to attain its objectives within a specified timeframe through an appropriate action strategy, including achieving substantial profits, developing exceptional products, securing a significant market position, realizing strong financial results, and ensuring longevity. The concept of a business organization's performance, as articulated by McCloy, Campbell, and Cudeck (1994), encompasses "those behaviors or acts deemed essential to the goals of the organization in question." They further clarified that performance might be regarded as the actions themselves, rather than the outcomes, implications, or results of those actions (Kasie et al., 2018).

The term "performance of the organization," while encompassing a wide array of meanings, is frequently used in discourse. Although this concept relies on several carefully selected factors that are unique to each organization, reaching a consensus among experts on what constitutes employee performance remains challenging due to the absence of a universally accepted definition (Kasie et al., 2018). To develop a comprehensive understanding, one must examine the published evidence concerning the technological, social, psychological, and financial dimensions of business success.

An organization encompasses a variety of resources that are utilized efficiently to generate wealth and influence for the company. These resources include its physical infrastructure, machinery, the expertise and knowledge of its personnel, as well as its

conventions, cultural practices, and values. The environment is characterized by increased complexity and ambiguity (Oghojafor et al., 2014), which impacts the organization's operational efficiency. Several factors and trends influencing the company's performance include consumerism, environmental conservation, evolving regulations, advancements in knowledge and innovative technologies, increasing specialization and interdisciplinary collaboration, and changing organizational structures.

In the contemporary corporate landscape, businesses must consistently navigate both internal and external challenges. These challenges compel companies to adapt and thrive in response to the demands of the highly competitive environment in which they operate. For a team to function effectively, it must withstand these environmental pressures.

Furthermore, the organization must prove its value to the community through its performance to justify its societal presence. By doing so, the company showcases its operational effectiveness while simultaneously enhancing its reputation. Moreover, it is crucial for the business to sustain and improve performance, as this will offer a competitive advantage.

The transformation of raw materials into completed products for achieving success is referred to as organizational performance. This concept encompasses the relationship between efficient pricing and actual output (efficiency) as well as the linkage between production processes and the realized outcomes (effectiveness). Enhancing both the organization's productivity and employee satisfaction through intentional strategies is intricately associated with organizational performance (Oghojafor et al., 2014). It pertains to the overall performance or outcomes of the organization, measured against its anticipated outputs, goals, and objectives. Organizational performance indicators can be classified into four distinct categories: (i) capital market results, (ii) financial and accounting outcomes, (iii) organizational consequences, and (iv) human capital outcomes. Alterations in employee performance have significant implications for human resource outcomes.

The evaluation of a company's effectiveness is contingent upon the perspectives of those posing the questions and the underlying motives for assessing

success, as suggested by Kanter and Brinkerhoff (1981). It is incumbent upon experts to evaluate and report on organizational effectiveness for several purposes, including ensuring that shareholders' investments are being judiciously utilized, guiding managerial decisions by identifying areas of concern, facilitating comparisons among various functions, projects, and personnel, and exercising control.

Conversely, various definitions have been identified regarding business performance. Aydiner et al. (2019) noted that professionals consistently strive to enhance previous performance, regardless of whether the aim is to evaluate the organization's performance or the specific terminology used. Numerous approaches are recognized as beneficial when considering different quality evaluation levels. Whitelock (2018) emphasized that business performance significantly depends on the organization's capacity to improve its capabilities. The organization's objectives and the influence on its culture are used as metrics to assess performance. Organizational outcomes in production, financial results, product marketing, and investor success are evaluated. Strategy and decision-making are deeply intertwined with performance measurement, linking strategic intentions with the competitive environment and revenue generation. In today's evolving context, it is increasingly challenging for businesses to actively monitor and maintain performance for a competitive advantage.

To ensure the organization's sustained survival and facilitate both its performance and growth, it is essential to implement comprehensive productivity measurements across all critical areas. An effective performance measurement system should encompass metrics beyond financial indicators. It must consider the organization's strategic direction, capabilities, strategic approach, and both strengths and weaknesses. Three competencies vital to operational efficiency form the foundation for a competitive advantage: a robust business strategy, strong customer relationships, and operational excellence. Service innovation pertains to competition driven by new technologies in products and services. Regarding customer satisfaction and retention, cultivating close client relationships is integral to maintaining competitiveness.

3.2 Skill sets leadership theory

In 1991, Robert Katz's article "Skills of an Effective Administrator," published in the Harvard Business

Review, popularized the concept of the skills-based leadership theory. Katz's insights were derived from his direct observation of managers in action, as well as field studies in management. Within the article, he posited that three core skill sets—technical, human, and conceptual—are essential for effective administration or leadership. He identified these three skill sets as the most vital, frequently utilized by CEOs, as documented by Gray & Callahan in 2008.

According to Robert Katz's skill-based leadership theory (1991), the paradigm is defined by three skill components: personal differences, competencies, and leading results. These skills are influenced by environmental factors and professional experiences (Katz, 1991). Theoretical abilities are especially critical at higher management levels, where policy-making, strategic planning, and large-scale decision-making are essential. The skills theory is not implemented in practical leadership contexts as there is no formal training program for management based on this theory. Leadership theories strive to identify the traits of an effective leader and determine how to recognize individuals capable of successfully leading an organization or team. The skills-based leadership theory argues that effective leaders possess a distinct set of skills they have refined over time. Katz identified three essential abilities for leadership: technical, social, and conceptual. These involve expertise in their specific field, proficiency in interpersonal communication, and conceptual acuity in defining a vision (Algahtani, 2014). There is different empirical evidence that may be found concerning the application of Katz's leadership theory. Griffith, Baur & Buckley (2019) identified that businesses see successor management and leadership training as two separate project-based organizations. Strategic planning refers to the establishment and execution of lengthy strategies that handle transitions in senior management positions. Conversely, in past years, academics and professionals have pushed for a new, all-encompassing strategy that views the organization's structure. Companies should aim to construct internal management streams that range from entry-level workers to leaders instead of viewing succession planning and leadership training as clearly distinct efforts. It suggests the emergence of iterative invested capital in international body leadership programs via distinguishable, interpretative phases to take advantage of potential benefits involved in conducting comprehensive leadership pipelines and

to address practical concerns associated with risk and talent development.

In 1998, Goleman identified it as a component of team leadership, concluding that job satisfaction, rather than abstract reasoning, explained 90% of the difference in effectiveness between exceptional performers and regular senior-level leaders. This finding suggests that job satisfaction is twice as important as other skills when applied across various job levels within the corporate hierarchy. Empirical evidence indicates that while each skill is essential for effective leadership, the proportion of each talent varies according to the specific position within the management structure. Technical expertise becomes increasingly significant at higher tiers of administration (Katz, 1991). As leaders ascend the organizational hierarchy, they increasingly rely on the technical skills of their subordinates rather than their own technical abilities (Hicks & Gullett, 1975).

4.0 CONCLUSION

In summation, the critical role of leadership competencies in organizational success cannot be overstated. This paper underscores the importance of adopting a skills-based leadership framework, drawing on Katz's theory, to better identify and cultivate the potential of leaders within organizations. By focusing on the development of key competencies such as technical, human, and conceptual skills, organizations can enhance their management effectiveness and overall performance. This approach provides a more inclusive model of leadership development, encouraging individuals who may not possess innate leadership traits but are willing to invest in their growth. Furthermore, this conceptual exploration has laid the groundwork for future empirical studies to validate and expand upon these insights, offering valuable contributions to both academic research and practical applications in organizational management. As businesses navigate increasingly complex environments, the emphasis on leadership competencies will continue to play a pivotal role in shaping successful and adaptive organizations.

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