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Leadership Effectiveness Measurement and Its Effect on Organization Outcomes

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Abstract

According to the leadership's researchers, effective leadership is a key analyst of organizational success or failure while examining the factors that lead to organizational success [1]. The undeniable question is, do leadership or leaders and effective leadership matter and positively effect on organizational outcomes? Based on [2] argument, the effective leadership is important and does effect on organizational outcomes. In this article the author discussed what leader effectiveness is and how it is measured based on outcomes. In sum up, effective leaders have power over specific traits and show specific behaviors or styles of leadership.

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1. Introduction

While examining the factors that lead to organizational success, researchers have argued that effective leadership is a key analyst of organizational success or failure. Nevertheless, others have disputed that organizational performance cannot be significantly recognized or explained by the leadership of the organization [3, 4].

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According to [2] effective leadership is significant and does effect on organizational outcomes. Yukl [5] argued that identifying leadership characteristics is important to improve leader effectiveness and organizational performance, however regretted that process of identifying the attributes of leadership that contribute to effective leadership and enhance organizational performance outcomes are very slow. He added that identifying outcomes of leader's effectiveness that lead to enhance organizational outcomes is complicated and difficult. Many researchers declared that attributes of leaders and followers individually are the thrust for effective leadership [5]. In this case, this article will discuss what leader effectiveness is and how it is measured based on outcomes; therefore, it is necessary to review the literature to date on leader effectiveness theories and outcomes.

2. Leader Effectiveness

Leadership effectiveness consider as an outcome when the individuals in the positions of leadership are able to impact on a group to perform their roles with positive organizational outcomes [6]. The conceptualization of leader effectiveness is very challenging. Among researchers there are many arguments to find out what leader effectiveness is and how it should be measured; therefore, there are many theories, empirical research and conclusions are diverse and numerous [5, 7]. In olden times, researchers have determined the effectiveness of leaders based on examining the consequences of a leader's actions, measuring the attitude of followers in the direction of the leader and studying leader behaviors.

According to [1, 6, 8-13] the most common outcome measure to evaluate an effective leader is examining the consequences of a leader's actions. For instance, if a leader is able to influence his subordinates or organization in such a way that positive outcomes are realized, this constitutes an effective leader. Below table outlines some of the significant leader outcomes that researchers have used to assess the effectiveness of a leader.

Table. 1. Outcomes Used to Assess Leader Effectiveness

Outcomes	Study
Subordinate leader effectiveness ratings based on specific leader outcomes such as (a) the performance of the leader's organizational unit, (b) the leader's ability to act innovatively, (c) the follower's satisfaction an commitment, and (d) the leader's promotion into higher levels in the organization	[14-20]
Advanced subordinate job satisfaction	[21-21]
Increased subordinate performance	[23-26]
Advanced subordinate commitment and performance	[25-29]
Increased subordinate commitment to organizational goals and willingness of subordinates to take on additional responsibilities	[30-31][19]
Improved decision making and increased subordinate's commitment to decisions	[32]
Improved group performance	[1] [8-10] [33] [12-13]
Increased subordinate satisfaction and performance	[34-35]

As said by [6], some researchers have used a leader's ability to make possible effective group processes, group cohesiveness, group collaboration, motivation and divergence declaration among group members, and quality and efficiency of decision making as an indicator of leader effectiveness. [6] noted that well-organized and effective group management can directly influence on outcomes by facilitating timely and excellence decisions and direction by the leader or indirect outcomes as the leader's actions positively impact on group behavior. Besides, some theorists have argued that an effective leader is one who shows certain behaviors, such as charismatic [10], transformational [8, 14], and those found in the Leadership Practices Inventory [15]. [15] challenged that when leaders show these behaviors they will be effective.

Moreover, [15-16] provided general exercise on how to be an effective leader and argued that if a leader has the behaviors summarized in the Leadership Practices Inventory then the leader will be effective. Kouzes and Posner [16] suggested, “The mastery of the art of leadership comes with the mastery of the self, and so developing leadership is a process of developing the self” (p. 22). All the way through their literature, they emphasized that if one desires to be an effective leader, they should adopt certain behaviors. Furthermore, [15-20] argued that leaders are commendable and effective when they follow five core behaviors or practices: (a) modeling the way for others, (b) inspiring a shared vision, (c) challenging the status quo and processes, (d) empowering and enabling others to act by fostering collaboration and building spirited teams, and (e) encouraging members of the team and celebrating their achievements.

Later than examining the theories, leadership effectiveness, generally defined, can be outlined as the leader’s ability to effectively influence followers and other organizational stakeholders to complete the goals of the organization [5]. What comprises influencing followers to achieve the goals of the organization is different significantly from company to company, industry to industry, country to country, and so on. In each set-up where leader effectiveness is being assessed it is necessary to examine the leader outcomes that represent a leader effectively leading subordinates to accomplish the goals of the exacting organization, industry, and context. As a result, the outcomes and measurements of leader effectiveness can significantly vary from study to study as well.

3. Measurements of Leader Effectiveness

Measurements of leader effectiveness have been plentiful and diverse. Many of the evaluations of leader effectiveness were developed based on the literature, the author’s review of the industry or business, and the evaluation of what made a leader effective in the particular industry or business. Based on literature, measures have included the assessment of specific outcomes and different subordinates’ evaluation of a leader’s effectiveness.

3.1. Measuring Specific Leader Outcomes

Researchers have measured the specific outcome to assess the relative effectiveness of one leader as compared to another in those studies where leader outcomes are identified as the measure of when a leader is effective. Following sections are examples of leadership effectiveness measures that examine specific leader outcomes.

Group performance and success of group goals. According to [6] the most commonly used measure of leader effectiveness is assessing group performance and the scope to which the goals and objectives of the group are met. To the extent that this can be measured, it is a strong indicator that leaders are able to influence their subordinates and lead them to achieving the goals of the organization. Examples of objective group performance measures and goals achievement comprise increasing sales, profits, or profit margins, revenue; growing market share; and achieving budgeted sales, costs, profit margins, return on investment, and productivity. Subjective measures include evaluation of effectiveness by subordinates, peers, and superiors.

Subordinate leader effectiveness evaluations. Many researchers have investigated subordinates’ evaluations of leader effectiveness by asking followers to assess how well the leader performs and accomplishes specific outcomes [6, 21-24]. Outcomes examined in these studies have included (a) the performance of the leader’s organizational unit, (b) the leader’s promotion into higher levels in the organization to determine how effective a leader is, (c) the follower’s satisfaction and commitment, and (d) evaluation of leader effectiveness based on specific abilities identified as necessary for leaders in a specific industry.

Developed subordinate job satisfaction. In their study, [25] and Bass [14] establish that subordinate job satisfaction was an indicator to show the leader was effective. They assessed the job satisfaction of subordinates to assess the relative effectiveness of a leader.

Improved subordinate performance. The leader is effective when is able to influence and raise the performance of subordinates. Some researchers have measured increases in the performance of subordinates as an indicator of whether the leader was leading effectively [26-29].

Improved subordinate satisfaction and performance. Correspondingly, some researchers moreover have assessed both increased subordinate satisfaction with the leader and subordinate performance overall as an evaluation of whether a leader is effective or not [30, 31].

Advanced subordinate commitment and performance. Numerous studies have accomplished that enhanced organizational outcomes develop when employees are committed to the organization and working to higher levels of performance. Those studies have measured a subordinates' commitment to the organization to assess whether a leader is effective [31-35].

Improved decision making. As said by Vroom and Yetton [36], the effective leaders can make excellence decisions and increase their subordinates' commitment. The researchers used these two variables to assess as indicators of a leader who is effective. The researchers developed a tool to enhance the superiority of a leader's communication and decision making that they argued increase the effectiveness of leaders.

Improved group performance. Enhanced group performance is another outcome of a leader's actions that has been identified as an indicator that the leader is effective. Studies have measured the improvements in group performance as an indicator of successful leadership [1, 8-10, 12, 13, 18]. Specific measures include (a) financial performance and outcomes of the leader's division, (b) the ability of the leader's organizational unit to reach its goals, (c) subordinates' organizational citizenship behaviors, and (d) employee retention within the group.

3.2. Subordinate Evaluation of the Leader's Effectiveness

On the other hand, many researchers have argued that subordinate evaluation of leader effectiveness is a useful measure as well. Following sections are examples of assessments that use subordinates' evaluations of leader effectiveness.

Subordinates' opinion of and willingness to work for a leader. There is a six-item scale to measure leadership effectiveness that developed by Ehrhart M. and K. [37]. The scale asks subordinates to rate their leader on six factors of leader effectiveness, specifically: (a) a subordinates' willingness to work at a high level of performance for the leader, (b) agreement that they would enjoy working for the leader, (c) get along with the leader, (d) admire the leader, (e) find their work styles compatible with the leader, and (f) have similar ideals as the leader.

Overall leader effectiveness. A measure developed by Yukl [5] that asked subordinates to evaluate the effectiveness of their leader. The measurement asks individuals to assess a leader by rating the overall effectiveness of the leader as compared to other leaders the individual has known.

Pastoral leader effectiveness. Carter [38] related transformational leadership behaviors in pastors to pastoral leader effectiveness. Carter developed a measurement of pastoral leadership effectiveness referred to as the Pastoral Leadership Effectiveness the Survey (PLES), which, alike to other measurements of leader effectiveness, asks followers to evaluate their pastor based on criteria that the literature had outlined made an effective pastor.

Comparison of a leader's and follower's assessment of leader effectiveness. Vecchio and Anderson [39] compared a leader's assessment of his or her abilities to the follower's assessment of the leader's effectiveness. To rate the leader's perceived effectiveness, Vecchio and Anderson asked subordinates to evaluate their: (a) satisfaction with the quality of leadership provided, (b) assessment of the leader's effectiveness, (c) ranking of this leader as compared to an ideal leader, (d) aspirations for becoming like the leader, and (e) assessment if the leader helped the organization to thrive.

Team leader effectiveness. Furthermore, Gust-Thomason and Yantis [40] used a measurement to examine team leader effectiveness within self-managed teams. The study compared the leader's evaluation of his/her own effectiveness in reaching the team and organizational goals to the team's evaluation of the leader's effectiveness.

Nursing professional's leader effectiveness. Kanste, Kääriäinen [41] assessed the effects of different leadership behaviours of leaders in the nursing profession to determine the strength of each leadership style in predicting a subordinate's (a) willingness to exert extra effort, (b) perceptions of leader effectiveness, and (c) satisfaction with the leader. The study used a self-report questionnaire, similar to many earlier studies without an objective measure of the leader's effectiveness.

Humour and leader effectiveness. Priest and Swain [42] used a measure where subordinates evaluated their leader effectiveness. The researchers challenged to outline a relationship between the ability of a leader to use humour and the leader's perceived effectiveness. They asked two army trainee samples at the U.S. Military Academy to think of a good leader and then assess his or her leadership as well as on how humorous the leader was. The army trainees were then asked to repeat the same exercise thinking of a particularly bad leader. Leader effectiveness questions

reflected the attributes in the literature that made a military leader more effective from the awareness of an army trainee. Similar to other studies, Priest and Swain, used a single questionnaire for the subordinate to evaluate the humour and the effectiveness of the leader.

4. Conclusion

Effective leaders have specific attributes it shows specific behaviors or styles of leadership. The effective leader creates the situation that is best for the organization through the situation that is best for the organization through the use of skills and processes. The significance of business leadership is well expressed by this observation: A good leader can make a success of a weak business plan, but a poor leader can destroy even the best plan. That's why developing effective leadership by using a consistent talent management program at all levels across the organization can return significant business value. The current article did discuss what leader effectiveness is and how it is measured and necessary review of the literature to date on leader effectiveness theories has been done.

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