A STUDY ON EMERGING SIGNIFICANCE AND EFFECTIVENESS OF VALUES BASED LEADERSHIP IN ORGANISATIONS

Col Dr G G Mathews
Professor, Science and Humanities, Sri Vellappally Natesan College of Engineering, Mavelikara, Kerala .

Introduction

According to Goethe, "If we treat people as they are, we make them worse. If we treat them as they ought to be, we help them become what they are capable of becoming". The emergence of the 21st century was plagued with extensive, evasive and disheartening ethical leadership failures. Neither the public nor private sectors were immune as many leaders were exposed for immoral or unethical behaviours. Financial greed and corruption, corporate meltdowns, and spiraling unethical practices were revealed as financial scandals surfaced at prominent companies. Moral and ethical deficiencies were prevalent in many charismatic, dynamic and seemingly transformational leaders that had risen to prominence in both the public and private sectors. In response, leadership and management theorists began to place a renewed emphasis on the importance of ethics and morality in exemplary leaders, and a plethora of values based leadership (VBL) theories emerged. VBL behaviours are styles that have a moral, authentic and ethical dimension. Values based leadership (VBL) evolved as a bi-product of the time and culture. In management challenges for 21st century, Peter Drucker expressed his opinion, "One cannot manage change, one can only ahead of it, but unless it is seen as the task of organisation to lead change, the organisation will not survive". One has seen in the last year or so a tremendous turbulence in the world that surrounds us. In the midst of all these changes and uncertainties, the key role of leadership is to provide an anchor that can offer some degree of stability. A leader is someone you want to follow, not who you have to follow. Authority is necessary as part of living in society and working in business but on its own. It is not enough to make a leader. A leader is going somewhere; they have a goal and a vision. So a leader comes from the natural human striving to reinvent you. It involves the ability to see the big picture and the wider system as well as paying attention to where you are putting your feet on the road. Leadership must be the most used and multifaceted word in the business at this moment. Original meaning of the word 'leadership' is to go on a journey in the company of others. There are hundreds of different labels for leaders and leadership styles, where do values fit in and what does values based leadership mean. Values based leadership has a significant impact on organisation. Each organisation needs to decide which leadership values will drive its functioning. Once these values have been established, specific behavioural options present themselves. After options have been taken, the results can be measured to determine whether the organisation is headed in the direction it desires. Values based leadership because it is most critical of all dimensions of leadership. Values can serve as a strong anchor in a turbulent sea of change and it will help us to weather those storms. Values give faith in a time when it seems to be surrounded by darkness, because they prompt right actions and builds resilience and keeps us extra strong.

Review of Literature

A survey of literature on various styles of leadership revealed the fact that, this area has remained a neglected area for a long time. During the earlier periods of industrial and business environment, no one considered seriously the people in the organisation and the leaders as an important element of the organisation. Human elements have occupied a pertinent position in the present business environment. Thus, Leaders and people are the pivot for the success of the organisation. An attempt is made to review the existing literature on the subject.

Burns (1978) is credited with initially proposing the theories of transactional and transformational leadership. He described transactional leaders are those who lead others in exchange for something of value. Burns compared transactional leadership with transformational leadership and noted that transforming leaders sought to appeal to and influence the moral values of the followers and inspire them to reform and revamp their organisations.

Bass (1985) defined the core leadership constructs of transformational and transactional leadership. Bass outlined how a leader can influence the motivation of the individual followers and increase their performance.

Bass and Avolio (1990) developed the multifactor leadership questionnaire (MLQ) to measure laissez faire, transactional and transformational behaviours in leaders. This measure is one of the most commonly used measures for transformational leadership.
Yukl (2008) stated that both leaders seek to motivate others to achieve common goals, but the behavior of the leader and the effect on the follower are different with each style.

Bass and Steidlmeier (1999) re-emphasized that to be truly transformational; a leader must also be moral, ethical and authentic. He defined the term pseudo-transformational and the dark side of transformational leadership for leaders that had transformational behaviours, but lacked authentic, moral and ethical leadership.

Bass and Avolio (1994) outlined ways to develop transformational leaders and improve organizational effectiveness. They proposed that full range of leadership (transactional and transformational) applied to specific areas leadership, management and organisational development. The researchers outlined that leaders that use a combination of both behaviours are able to increase their own effectiveness in addition to the organisation's effectiveness.

Yukl (1999) outlined that often transformational and charismatic leadership is considered synonymous when in fact there are many differences between the two behaviours. Yukl argues that the constructs are distinct but overlapping. The study supports transformational leadership as having potentially positive outcomes and result in greater leader and organisational effectiveness. There is not the same empirical support for charismatic leadership improving organisational outcomes. Yukl calls for increased research and argues that transformational leadership does not always have positive outcomes and is highly dependent on the situation.

Importance of Values in Leadership

Values mean an in built mechanism which distinguishes the right from the wrong. Right or wrong should not be interpreted in any absolute metaphysical sense and should be interpreted only in the context of the social environment in which a person lives, moves and acts. There is growing concern for deteriorating values because deviation from accepted values threatens the stability of the society. Irrespective of religious diversity, there exists a remarkable degree of agreement about values such as honesty, integrity, compassion, tolerance and selflessness. Values serve the process of 'becoming', in the sense of transformation of the level of consciousness to purer, higher levels. Skills are concerned with the method of 'doing', in the sense of speed, dexterity, efficiency, etc. Values are, therefore, essentially subjective while skills are objective. While education is more germane to values, training relates more closely to skills. Values also provide us with a unique, personal, and moral template that we use subconsciously to assess and judge the intentions and actions of others and ourselves.

Values come in the way of success. According to sociologists 'values' are 'the ideals and customs of a group toward which the people have an effective regard'. In other way 'values are the energetic drivers of our aspirations and intentions'. Values are a shorthand method of describing what is important to us individually or collectively to an organisation, community or nation. They are shorthand because the concepts that values represent can usually be captured in one word or a short phase. Honesty, openness, compassion, long-term perspective and human rights can all be considered as values. Values not only help in achieving success but also make success more enduring and lasting. Values can help to establish business or career purpose. It can be combined with a powerful vision can turn-change us to scale new heights and make us succeed beyond mildest expectations. Values provide us with courage to stand up to any distractions along the way. The strong desire to move ahead can at times tempt businesses to cut corners or bend the rules. Values provide the necessary brakes or limits to keep leadership from going astray. Values essentially provide us with an internal discipline.

To meet challenges for continued performance improvement, effective leaders now seek further betterment or effectiveness in the management of employee relations and personal commitments. A leadership centered culture develops leaders who do not consider employees to be mere cogs in a machine or links in the bureaucratic process, but as human capital worthy of nature, trust and respect. Leadership centered cultures look to the future and seek not just, 'smiley faces' and singing 'Kumbaya around the campfire', but a better understanding of employees needs and their satisfaction. According to Younkims (2002), happiness can be identified as the positive conscious and emotional experience that accompanies or stems from achieving one's values or goals and exercising one's individual human potentialities including talents, abilities and virtues. In other words, happiness results from personal flourishing. Objectives for values based leadership is to work toward a goal of becoming flourishing, high performance enterprise and a work place that enables employees to grow on personal basis requires a close linkage among the leader, organisational situation, and the employees. Stephen R. Covey (1971) directs all leaders for, "Always treat your employees exactly as you want them to treat your best customers". The conventional practice of just assessing employee performance as a measure of an organisation's success is long gone. This is the new age of employee engagement of creating an ambience enabling employees to feel a sense of belonging and be a part of organisation's journey towards its vision.

Behaviors' on the other hand, which are the outward manifestation of values, are context dependent. Depending upon the type of organisation or the country, the behaviors' associated with respect could be always address people by their title, shake hands firmly, stand with two feet together and bow down, or never interrupt when people are talking or express a contrary view. Values can be positive or potentially limiting. Positive values such as friendship, trust, and creativity, help us to connect with others and make a positive contribution to the society. Potentially limiting values such as blame, bureaucracy and status-seeking, do just the opposite. In the short-term, they may enable us to meet our immediate needs, but in the long-

Research Paper
Impact Factor: 3.996
Peer Reviewed & Indexed Journal

IJMSRR
E- ISSN - 2349-6746
ISSN -2349-6738

term they are counterproductive, often divisive, and frequently result in a breakdown of connection, there by affecting our relationships and undermining any positive contributions we may have been able to make. The frequent utilization of potentially limiting values as a basis for conscious or subconscious decision-making always leads to isolation, separation and failure. Potentially limiting values are sourced from the fears of ego and support the ego's self interest. Our values are always a reflection of our needs. Whatever we need, we value. If you are poor, you value income and financial security. If you are alone, you value friendship and closeness. If you are unwell or suffering, you value empathy and compassion. Whatever we consider is missing from our lives or whatever we consider to be important-what we want more in our lives-is what we value. Human beings experience three levels of needs and are given in table 1.

Table 1- Levels of Needs

Level of Need	Description
Something you don't have you feel you absolutely need.	Something you consider important, that if you had, you would feel anxious or fearful.
Something you don't have enough of that you feel you absolutely need.	Something you consider important, that if you had more of you would feel less anxious or fearful.
Something you would like to have or desire that does not represent an immediate or pressing need.	Something that you don't have, that you believe would make you happier or improve your life in some way at some point in time in the future.

The three levels of need shown in table above are a simplification of the nuances that exist between needs, wants and desires. The distinction between unfulfilled needs that cause one to be anxious and fearful and unfulfilled needs that are more like desires is important. The anxieties and fears that our leaders, managers and supervisors have about meeting their unmet needs, particularly their unmet emotional needs, such as more control, more respect, more recognition and more power are the principal of dysfunction we find in organisations. They are also amongst the principal sources of dysfunction we find in our personal lives.

Basic Needs and Growth Needs
Abraham Maslow, was one of the first researchers to make link between needs, values and motivations. He made extensive studies on humanistic and psychology movement and identified two basic types of human needs. These are basic needs, also known as 'deficiency' needs and growth needs known as 'being' needs. Basic need is something that is important to get, or have more, in order to feel safe, happy and comfortable in your existing physical and social environment. Growth need is something you would like to have in order to feel a sense of internal alignment at ease or at peace with yourself and a feeling of making a difference by making a positive contribution in your world. When you are able to satisfy your growth needs, unlike your basic needs, they do not go away, they engender deeper levels of attention and commitment. The reason you feel motivated to satisfy your growth needs is because they allow you to become more fully who you are and satisfying these needs is an integral part of self actualisation. Maslow describes the relationship between basic needs and growth needs in the following way: 'Man's higher nature rests on his lower nature, needing it as a foundation. The best way to develop this higher nature is to fulfill and gratify the lower nature first'. At any moment in time, our values are a reflection of our motivations which are a reflection of our needs. Consequently, as we grow and develop, our values change in accordance with our changing needs. There are two main factors that determine our needs and what we value. This is the stage we have reached in our psychological development and the life situation in which we find ourselves at a specific moment in time.

Stages of Psychological Development
There are seven stages of psychological development which correspond to the different seasons for our lives and are given in table 2. Column one of table 2 identifies the stages of development. The corresponding level of consciousness is given in brackets. Next column indicates the approximate age range when each stage of psychological development begins to become important. Column three describes the primary need we experience at each stage of psychological development or the development task. Column four indicates motivation at each stage of development, and column five lists the value priority associated with this motivation. These seven stages of psychological development occur in consecutive order. Each stage is a necessary foundation for the subsequent stage. One cannot jump stages, but can begin to explore the next stage of development before one has fully mastered the previous stage. It takes a full life time to pass through the seven stages of development. If one successfully completes the journey, he or she will experience a sense of joy and fulfillment in the latter years of life. If one fails to fully master a stage, it becomes a potential weakness that can undermine the progress later in life. The news media are full of such stories. People in authority or celebrities who have been discovered cheating, lying, stealing or having inappropriate sexual relationships.

Table 2,Needs, Motivations and Value Priorities Associated with the Seven Stages of Psychological Development

Stages of Psychological Development (Level of conscious)	Normal Age Range	Needs	Motivation	Value Priority
Serving (Service)	60+ years	Alleviating suffering by caring for the well-being of humanity and Planet.	Self-less service	Social justice
Integrating (Making a difference)	50 to 59 years	Cooperating with others who share values and purpose.	Making a difference	Contribution
Self-actualising (Internal cohesion)	40 to 49 years	Becoming more fully you by finding and expressing your gifts and talents.	Meaning and purpose	Integrity
Individualising (Transformation)	25 to 39 years	Becoming more fully you by finding and expressing your own values and beliefs.	Freedom and autonomy	Independence
Differentiating (Self-esteem)	8 to 24 years	Looking good or displaying your skills and talents so you can become part of a group	Respect and recognition	Security
Conforming (Relationships)	2 to 7 years	Staying close to your kin and community so you feel safe and protected.	Love, acceptance and belonging	Safety
Surviving (Survival)	Birth to 1 year	Getting your psychological needs met by staying alive and healthy.	Physical well-being and good nutrition.	Survival

People in authority or celebrities reputations and their lives are often ruined when such stories are made public. Without expectation, the cause of their demise is their subconscious or conscious attempts to satisfy their unmet deficiency needs. In every case of turbulence, the organisations met their demise or were severely punished on the financial markets because their leaders were more focused on attempting to fulfill their unmet deficiency needs than thinking about guarding the reputation of the organisation. They compromised their futures of their organisations by allowing their need for power and recognition get in the way of their accountability for the long-term success of organisation and the well-being of employees and investors. Until you are able to satisfy or come to terms with the needs that eluded you as an infant, child, teenager, you will find yourself leading a dependent life, constantly searching to satisfy the needs you found elusive in your formative years. These unmet needs are the real source of the anxieties and fears of our leaders, managers and supervisors. As a consequence, they are also the primary source of dysfunction in our organisations. They result in what is known as cultural entropy. Cultural entropy is the amount of energy in doing unproductive or unnecessary work. It is the degree of dysfunction mostly exhibited as friction and frustration in an organisation or any human group structure that is generated by self-serving, fear based actions of employees, supervisors, managers and leaders. As cultural entropy increases, the level of trust and internal cohesion decreases. To gain trust, the leaders have to operate with authenticity and live with integrity. They have to demonstrate that they care about their people and all their stake holders genuinely.

The main source of cultural entropy in an organisation is the fear-based actions and behaviours of the leaders, managers and supervisors. When leaders, managers and supervisors are anxious and fearful, when they have unmet deficiency needs and engage in dysfunctional behaviours such as control, manipulation, blame, internal competition, etc, cultural entropy increases and employee engagement decreases. Conversely, when leaders, supervisors and managers engage in caring and trusting behaviours; focus on satisfying the needs of their employees and their stake holders. Cultural entropy decreases, employee engagement increases and profitability and performance shoots through the roof. Cultural entropy is a key indicator of performance. Low entropy leads to high employee engagement and financial disaster. The main source of cultural entropy is the personal entropy of the supervisors, managers and leaders.

Personal entropy is the amount of fear-driven energy that a person expresses in his or her day-to-day interactions. Fear-driven energy arises from the conscious and subconscious fear based beliefs or limiting beliefs that people have about meeting their deficiency needs. Limiting beliefs at the survival level of consciousness are about self-preservation- not having enough of what you want or need to feel safe and secure. These beliefs result in the display of potentially limiting values such as control, manipulation, greed and excessive caution. Limiting beliefs at the relationship level of consciousness are about

belonging-not feeling cared for or loved enough to be accepted and protected. These beliefs result in the display of potentially limiting values such as blame, being liked, competition and jealousy. Limiting beliefs at the self-esteem level of consciousness are about self-worth-not being enough or not having enough to engender the recognition or respect of the authority figures in your life or your peers. These beliefs result in the display of potentially limiting values such as status seeking, power seeking, and an overly strong focus on self-image. Almost everyone operates with some level of personal entropy. The problem with personal entropy is that, if you don't learn to master it, it becomes counterproductive to meeting your goals. If you are a leader, manager or supervisor, you will find your personal entropy showing in your organisation, department or team as cultural entropy. It will undermine the performance of your organisation, department or team, reduce the level of commitment of your employees and lower their level of commitment and engagement.

Leaders with the lowest levels of personal entropy often display quite a few relationship values such as, listening, accessible, teamwork, trustworthy, accountability and fairness. They do not display any potentially limiting values. They operate with integrity, are committed to the organisation and come to work enthusiastic with an upbeat, positive attitude. Leaders in mid-range of personality entropy may display only one or two potentially limiting values, but they display very few relationship values. They tend to be more focused on organisational values such as goals and results. Leaders in the high-range of personal entropy display numerous potentially limiting values such as controlling, long hours, demanding and power seeking. They come across as authoritarians. They often display potentially limiting relationship values. As counterintuitive as it may seem, we can conclude from the above that the most effective and successful leaders focus on people and the least effective leaders focus on results. It is not that results aren't important: they are. But to get the results you want you have to focus on satisfying the psychological needs of your people, because these are their principal motivations in life.

Effectiveness Values Based Leadership
Leadership is not limited to singular measure of effectiveness. It is multi dimensional phenomenon. Values based leadership is different from other modes in that include all the three factors, Effectiveness-measuring achievement of the objectives, Morality-measuring how change affects concerned parties and Time-measuring the desirability of any goal over the long term. Values based leadership is not simply about style, how-to, following some recipe, or even mastering "the vision thing". Instead, it is about ideas and things. It is about understanding the different and conflicting needs of followers, energizing followers to pursue a goal than they had never thought possible. "In practical business terms, it is about creating conditions under which it all followers can perform independently and effectively toward a single objective". Values based leadership can come from anywhere in the organisation. What is sure is that if the people at the top do not demonstrate it, and then they will lose respect. People will become cynical about the values and even scoff at them. Then they will start working just for money and every survey and study has shown that while it is important to pay people a fair wage. Once this is reached, then money particularly, challenge, career advancement and respect. Unless a leader leads their people by making their work challenging and fulfilling and giving them respect, they might well change jobs, taking all that highly prized and painstakingly earned knowledge and expertise to their old employer's competitor. In this way it is easy to see that value based leadership is not an abstract ideal, but enlightened self interest and good management. Values based leadership is a must in modern flat organisation by transparency and easy availability of information. According to Steve Jobs, "The only thing that works is management by values. Find people who are competent and really bright, but more importantly, people who care exactly about the same things".

Values Based Leaders
A vibrant, living, set of values provides the basis of forming and regenerating community, cultivating healthy change with leadership intelligence. Values based leaders are not defined by a position. Rather, values based leaders cultivate change guided by healthy values and wise actions. They transform traditional organisations because they don't surrender their values. Instead they practice them in these ways.Values based leaders focus primarily on healthy, timeless human values as ends in them. Money is necessary means to the success of the organisation, like air to a person. Values based leader helps others to lead themselves so that each group or sub group can make key decisions. Values based leaders emerge group intelligence by giving each group or subgroup the power to provide input and feedback on organisational decisions. Leaders start to emerge everywhere.

Methodologies for Developing Values Based Leaders
Values based leadership increased attention at the onset of 21st century, as many powerful, successful and admired leaders were exposed for unethical and immoral practices. Researchers and practitioners were called upon to provide answers to why seemingly transformational leaders were being exposed as being in fact, pseudo-transformational. Professional and regulatory organisations were asked to put in place legislation and regulations to promote, develop and enforce ethical conduct. Despite this edict, research on VBL is lacking and what exists is rudimentary. Future research is needed to determine if existing

leaders can be trained, inspired and developed to be ethical and moral if they lack these inner qualities. Researchers proposed that these qualities can be developed, but there is not sufficient empirical data to argue that this is definitively true. If research supports that VBL can be developed, future study is needed to outline methodologies for developing VBL in individuals. Longitudinal studies are then needed to determine that these leaders whose prior personal development included a foundation of morality and ethics. Differences are noticed in the studies pertaining to different industries and individuals in different positions. For example the relationship between leaders who are ethical authentic or transformational leaders in the accounting, medical or public service professions and the leaders' effectiveness may differ. Copeland (2009) demonstrated that authentic, ethical and transformational leadership behaviours, each individually predicted the evaluation of a leader as more effective by subordinates in differing industries. He (2013) also demonstrated that ethical and transformational leadership behaviours, each individually predicted the evaluation of a leader as more effective by subordinates for professionals in the accounting industry. Continued study in varying industries would be useful to support the importance of establishing values based leadership in differing professions. VBL relationships at different professional ranks within an organisation would also provide useful insights. In the accounting industry, is the relationship between ethical leadership behaviours and leader effectiveness consistent between staff accounts and firm partners. The financial and accounting profession is one that could benefit from research to assist in strategies for preventing unethical practices, as legislation and regulation do not appear to have been effective.

Conclusion

History has demonstrated repeatedly those leaders that lack ethical value based dimensions can have serious adverse consequences on their followers, their organisations, our nation and the world. Research outlines that values based leadership has benefits beyond providing better organisational outcomes when moral and ethical principles are adhered to. Research has also demonstrated that transformational, authentic, ethical leadership traits result in leaders that are more effective. Requirement of leaders in organisations is to, 'lead with purpose, values and integrity; leaders who build enduring organisations, motivate their employees to provide superior customer service, and create long term value for stake holders'. At present the world and the business environment requires more effective leaders and organisations. Values based enlightened leadership understands the challenges faced by organisations in the present time and use effective and proper tools, can lead the organisation to become a flourishing enterprise with a strong return on people and finances. Leadership and management research must continue this important pursuit to define, clarify, validate and develop the construct and application of values based leadership.

References

1. Abraham Maslow. (1968). Toward a Psychology of Being. Van Nostrand Reinhold. New York.
2. Bass, B. (1985), Leadership and Performance Beyond Expectations. New York. Free Press.
3. Bass, B., and Avolio, B. (1990). Developing Transformational Leadership: 1992 and Beyond. Journal of European Industrial Training. 149 (5), 21.
4. Bass, B., and Steidlmeir, P. (1990). Ethics, Character and Transformational Leadership Behaviour. The Leadership Quarterly, 10 (2), 81-217.
5. Bass, B., and Avolio, B. (1994). Improving Organisatinal Effectiveness through Transformational leadership. Thousand Oaks, CA: Sage.
6. Burns, J.M. (1978). Leadership. New York. Harper & Row.
7. Copeland, M. (2009). The Impact of Authentic, Ethical, Transformational Leadership on Leader Effectiveness. Southern Management Association Proceedings Publication.
8. Copeland, M. (2013). The Importance of Ethical Leadership in the Accounting Industry Effectiveness. Regent University Published Dissertations, ProQuest.
9. Covey, S.R. (1971). The Seven Habits Highly Effective Leaders. Simon Schuster. New York.
10. Drucker, Peter. E. (2007). Management Challenges for 21st Century. Elsevier Ltd.
11. George, B. (2003). Authentic Leadership. San Francisco: Jossey-Bass.
12. Mathews, G. G. and Sreeranganadhan, K. (2012). Management Styles in Industries of Kerala. Serials Publication. New Delhi.
13. Richard Barrett. (2013). The Values-driven Organisation: Unleashing Human Potential for Performance and Profit. Fulfilling Books. London.
14. Younkims, E.W. (2002). Capitalism and Commerce. Rowman and Little Field Publications Inc.
15. Yukl, G. (1999). An Evaluation of Conceptual Weakness in Transformational and Charismatic Leadership Theories. The Leadership Quarterly. 10. 285-305.
16. Yukl, G. (2008). How Leaders Influence Organisational Effectiveness. The Leadership Quarterly. 19. 708-722.