

# A METHODOLOGICAL CONTRIBUTION TO THE REPRESENTATION OF THE FUNCTION OF LEADERSHIP AND ITS IMPACT ON ORGANIZATIONAL COOPERATION AND COMPANY RESULTS

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## Abstract

The objective of this work is to offer a contribution to conceptual clarity on the nature of leadership and the elements that compose it. It also develops a model that systematically represents the relationship between leadership styles, the quality of the management process and business results. The following approach is interdisciplinary but based on the classical theory of management in order to maintain realism and concreteness.

**Keywords:** Company's Performance; Evaluation Performance; Growth; Profitability; Financial Debt's Repayment; Stakeholders; Small-Medium Enterprises

## 1. INTRODUCTION

### 1.1. Foreword

The company is a socio-economic system whose results and value are closely connected to the quality of the human element. In reality, it is often found that two manufacturing organizations of the same size operating in the same economic sector, with the same technology, with similar financial structure and with the same equipment achieve different results in terms of production, sales and profit because the quality of the "human system" that characterizes them is different. Of course, the company that obtains most success is worth more.

In particular, other external and internal conditions being equal, the quality of the human organization and company value are closely linked to the quality of management processes that govern the company system.

In essence, the management models concretely adopted by managers at the strategic, tactical and operational levels appear fundamental for the survival, development and sustainable success of companies. In fact, according to the model chosen, different influences are produced on people's attitudes, motivation, satisfaction and performance as well as on economic and financial results.

In summary, the adopted management model - using a concept of Likert (1967) - is a causal variable that profoundly affects the health of the organization (intervening variable) and its results end result variables: it is an element that can promote or depress innovation, creativity, imagination, dedication, satisfaction and personnel cooperation (Zanda, 2015).

### 1.2. Aims and Outline of the Present Work

The aim of this work is to provide a methodological

contribution to systematically clarify the essence of leadership, its influence on management models adopted and its impact on the development of a cooperative organization and on the level of operating results. More particularly the objective is to:

- specify the essence of the function of leadership and its relations with the management process;
- specify, in a systematic way, the components of leadership;
- illustrate how leadership models influences the overall management process at strategic, tactical and operational level;
- highlight how leadership can develop a power of attraction and cooperative attitudes in the members of an organization, on the one hand, and conditions of organizational structure and operational functioning that affect operating results, on the other;
- create a model that represents the relationship between leadership styles, management models and business results.

This research is characterized by a qualitative methodology based on analysis of the bibliography. Our model is based on the concept of the system. The application of this concept leads to an interdisciplinary approach that creates a framework that welcomes the contributions of scholars from different scientific fields and is unified by the theory of management process, which, in our view, is essential when investigating phenomena regarding the structure, behavior and management/guidance of real productive organizations.

The paper is structured in the following way.

After the introduction there is a brief review of the literature (section 2); it is followed by an outline of the methodological approach (section 3); then the research results (section 4): distinction between the management process and leadership; the essence of the function of leadership and its components; the influence of leadership on other functions of

management and its ability to attract/motivate/inspire people and to arouse feelings of community and cooperation. In the final part (section 5) the results of the research are summarized and a model to represent systematically the relationship between leadership styles, the quality of the management process and operating results is outlined. Finally, the limits of this study and suggestions for future research are indicated.

## 2. LITERATURE REVIEW

A large number of articles and books have been written about leadership and its components. The contributions can be of an academic nature or have an operational focus. They belong to various interdisciplinary fields: economics, business organization, business behavior, sociology, psychology, anthropology, etc. It is difficult to create a synthesis without omission. Our research and, more generally, our studies have offered information in order to summarize the analysis of leadership and other management functions in the following main areas considered in chronological order:

- studies and research on the "scientific organization of work": Taylor (1911) and his followers;
- the "theory of 'administrative organization of work": Fayol (1956), Gulick (1937) Graicunas (1937), Urwick (1933);
- contributions of the "behaviorist school": Parker Follett (1951), Mayo (1933, 1945), Barnard (1938);
- studies and research on the functions and process of management. These contributions were started by Fayol and Barnard and continued with the work of many authors among which we highlight Davis (1951), Terry (1955), Fox (1963), Pfiffner and Sherwood (1960), Longenecker (1964), Koontz and O'Donnell (1968);
- studies and research on "organizational behavior", on management models aimed at creating conditions for the improvement of productivity and employee satisfaction. The various authors include Argyris (1953, 1957), Bakke (1953), (Bakke and Argyris 1954), Barnard (1938), Likert (1961), Maslow (1943, 1954), McGregor (1960,1966), Simon (1958);
- studies and research on decision making. The many scholars include: Ansoff (1965), Chandler (1962), Cyert and March (1963), (March and Simon 1958), Simon (1958);
- studies and research on the philosophy of management, the responsibilities of executives and on the "utility function" that guides the conduct of managers (Drucker 1954, 1955, 1964, 1985);
- specific studies and research on leadership concerning in particular:
  - a. the essence of the function of leadership and the elements that compose it; the works referred to include Gardner (1990); Goleman, Boyatzis and McKee (2002); Hackman (2002); Kotter (1996); Nye (2008); Rosen (1996); Scott, Jaffe and Tobe (1993);
  - b. the distinction between managers and leaders: see the works of Kotter (2001); Landsberg (2003); Quaglino and Ghisleri (2004); Zaleznik (1977);
  - c. personal qualities and leadership: for all of them see: Arvey, Rotundo, Johson, Zhang and MacGue (2006); Bryman (2011); Stogdill (1948); Zaccaro (2007);
  - d. types of leadership and their influence on company results: the contributions referred to are those of Argyris (1953), Kellerman (2004), McGregor (1960), Likert(1961), Nye (2008);

e. models of leadership based on the "contingency theory", in particular the models of Fiedler (1977, 1971, 1978), Vroom and Yetton (1973); Yukl (1971, 1989), Hersey and Blanchard (1969);

f. ethics and quality of leadership; authors include: Ciulla (2004), Messick and Barzeman (1966), Messick and Tenbrunsel (1996);

g. leadership principles derived from the conduct of great men; the many works including: Adair (1997), Carlyle (1840), Kurke (2004), MacArthur (2013).

The works mentioned above are undoubtedly very interesting and enlightening. However, in our opinion, taken individually, they do not permit a single (and widely accepted) definition of the function of leadership or to systematically represent the leadership phenomenon and its influence on the management process, on the structure and behavior of the organizational system and on company results. Therefore also today it is true what was asserted by Rost more than twenty years ago, according to which theoretical and practical types tend to attribute to the concept of leadership the meaning that each wants. In addition, the theory of leadership, in the part where affects on structure, on operation and on company results are examined, needs some clarification.

## 3. RESEARCH APPROACH

As mentioned, the methodology used in the research is qualitative; it is based on analysis and organization of the selected literature; it includes development, in a deductive and/creative way, of a unified/single concept of leadership and a model that outlines the relationships between leadership, management process, structure and organizational behavior and business results. In other words in order to provide a realistic and systematic overview, we would like to propose a representation of leadership based on a systematic-interdisciplinary approach inspired by the theory of management.

On the first point, it should be noted that the concept of the system is central to the general theory of organizations and, in particular, of leadership. Its application leads to the development of broader theories and to the exploitation of interdisciplinary approaches (Boulding, 1956), (Ackoff, 1960), (Johnson, Kast, Rosenzweig, 1964), (Von Bertalanffy, 1962), (Von Bertalanffy, A. Rapoport, 1959), (Von Bertalanffy, 1971), (Beer, 1967), (Emery, 2007) that go beyond the traditional ones, whether economic, sociological, psychological, legal, organizational, etc., which alone do not permit the leadership phenomenon to be studied in a unified manner. The elements that compose leadership are multiple and, therefore, the use of a systemic approach permits analysis as an integrated whole.

With regard to the inspiration behind the theory of management, it should be stated that the methodology adopted requires that the various interdisciplinary contributions are integrated, unified and set in a framework derived from management process theory. The latter is, in essence the reference point, the limiting perimeter, the element of inspiration, and ultimately, the basis on which the conceptual framework of leadership is built. This approach, in our opinion, would be very useful to promote realism and concreteness in this area and to help reciprocal integration of the contributions of other disciplines that converge on this topic.

## 4. FINDING OF THE RESEARCH

### 4.1. The Management Process and the Function of Leadership

The studies and the researches on management process are the real "hard core" of management; they were started, as we said, by Fayol, and Barnard and continued with the work of many authors among which we have highlight Davis, Terry, Fox, Pfiffner and Sherwood, Longenecker, Koontz and O'Donnell. Among the scholars cited, despite the variety of terminology used, there is considerable consensus on the substance of the content of the management process: it is divided into the following "organic functions":

- programming: system of strategic, tactical and operational decisions tending to determine the general objectives of a company and those of its sub-systems; the strategies and policies to be followed to achieve objectives;
- organization: determines the organizational structure, which is the set of roles and lines of influence between the various roles; creates the information system; prepares procedures and rules that affect the functioning of the production system;
- control: regulates the conduct of the company system and its sub-systems, developing corrective action to maintain organizational variables and results at the
  - desired levels through feedback and feedforward;
  - leadership: with this function, the manager develops a vision of the company mission and of the management path that will be followed to achieve it; he tends to look for participants and to bring them into a collaborative relationship; he durably maintains cohesion of the cooperative system, neutralizing disorder, the tendency towards disintegration and positive entropy; he constantly injects new "vital energy" into the organization.

The management process is circular: starting from the construction of an organizational system (people, financial and technical resources), it identifies the company mission and objectives to be achieved, it specifies managerial strategies to realize them and continually adjusts the system to keep it oriented towards the desired goals; guidance, coordination, impulse and organization momentum are developed by leadership: it is a special strategic management function, prior to the programming, organization and control processes, which models them, in the sense that their structure and content are influenced by the style of leadership of executives.

### 4.2. The Essence of The Function of Leadership and its Components

The creation and maintenance of an effective and efficient business system requires the ability to suitably adapt management to the evolution of the external environment and to develop a coordinated, collaborative human organization with high productivity, in which the company's interests and those of employees are integrated and made consistent. This task is complex and difficult, especially in large companies operating in a dynamic environment.

First, to research and develop appropriate management strategies requires that executives have a

significant capacity to envision a clear mission and to identify original management strategies (business models) that are hard to imitate. It also implies willingness to take risks, technical ability to intercept, analyse and exploit the constraints and opportunities presented by environmental change, making original choices of market, products and services to sell, technologies to be adopted, competitive factors to be used, and methods and policies to manage human, material and financial resources in the best way (Hofer, Schendel, 1978).

Secondly, the concrete application of the adopted strategies and policies requires the presence of a collaborative group, a coordinated, regulated and motivated organization. As a result, the problem arises of counteracting the potential tendency towards positive entropy: in fact, the "average person" in the organization has personal motivations, objectives and interests that are not automatically consistent with those of the organization (E.W. Bakke Argyris, 1954); he tends to interpret his role and to assess the state and trends of the internal and external environments in a personal way; he has the tendency to filter and distort the information that feeds the decision-making, execution and control processes (J.C. Longenecker, 1964); often he has specialist knowledge of an exclusive nature and therefore his conduct is not perfectly controllable by the managerial layers of the organization. These situations are faced and managed by the management process and especially by the leadership function.

In our view, there are four pillars on which leadership is based:

- the system of general moral codes of the executive (Barnard, 1938);
- assumptions that determine the executive management philosophy; these are codes of conduct that can be summarized in the following categories:
  - assumptions on the socio-economic mission of the enterprise (general purpose) and on the related role of the executive;
  - assumptions on employee behavior at work, on their capacities and the consequent role to be played in order to develop collaboration and govern the organization;
  - executive capacity to produce creative change in order to develop an original vision of the company mission, to be shared in the organization and realized concretely, specifying the managerial strategy (business model) to follow and creating an effective, economical and lasting cooperative system;
  - personal qualities of the leader.

These elements, combined in various ways, generate leadership styles. Clearly, the quality of the individual elements and that of the integrated system (the leadership style) affect the quality of the management process and its results.

The four pillars on which leadership depends will be briefly described (par.4.2.1, 4.2.2, 4.2.3, and 4.2.4). Then the influences of leadership on the other management functions (par.4.3) and the creation of collaborative feelings (par. 4.4) will be outlined. Finally, relations between these variables and the results of the organization (par. 5) will be considered.

#### 4.2.1. The executive general codes system

The personality of an executive is characterized by a "moral state", a system of moral codes that inspire his behavior.

For the sake of clarity, we exclude from this

system the codes of conduct concerning the governance of companies, which are discussed in paragraph 4.2.2.1.

«Morals are personal forces or propensities of a general and stable character in individuals which tend to inhibit, control, or modify inconsistent immediate specific desires, impulses, or interests, and to intensify those which are consistent with such propensities». More particularly, the moral system originates from various sources; some principles «derive from the social environment, including general, political, religious and economic environments; some of them arise from experience of the physical environment, and from biological properties and phylogenetic history; some from technological practice or habit. Many moral forces are inculcated in the individual by education and training; and many of them accrue through absorption, as it were, from the environment - by imitation or emulation» (Barnard, 1938:pp. 261-262).

Each manager has, therefore, different moral codes pertaining to different areas of reality. There are many codes: religious, patriotic, political, citizenship, family, related to the respect for the individual, loyalty, respect for duties to the organization, on the use of coercion, etc. These codes of conduct and the way they combine create a more or less complex "moral state" that affects the behavior of the manager.

The system of moral codes is one of the bases from which the responsibility and reliability of managers are derived; responsibility is the ability of the manager to respect the moral codes to which he is committed, even in the presence of strong impulses and desires to do the contrary; the higher the respect for moral codes, the greater the reliability perceived by third parties. The larger and more complex the moral system, the greater the risk of conflict between codes. This can create inner moral dilemmas. The effective manager must therefore have a strategy (a super code) to dominate situations of conflict and to preserve consistency of behavior that consolidates his reliability.

Naturally, the quality of the "moral system" has a significant influence on the management of the company, on the development of feelings of collaboration and on the quality of life of the organization and its economic and financial results.

#### *4.2.2. Assumptions on the executive's management philosophy, on the socio-economic mission of the enterprise (general purpose) and the consistent role adopted by the executive who is inspired by them.*

As noted previously, these assumptions fall into two categories. Here we will begin to outline the first.

There are various assumptions about the general purpose of for-profit and non-profit companies.

Limiting ourselves to considering companies, it should be noted that these assumptions have undergone adaptations and modifications throughout the history of socio-economic systems. In fact, the "utility function" of the executives at the top of the organization, which is related to the objectives assigned to the enterprise, has adapted to environmental conditions and to the motivations of those who have managed businesses.

Tracing the evolution of capitalism, one can observe the following periods:

- period of entrepreneurial capitalism (end of the 18th century to the first decades of the 20th century): the innovator entrepreneur considered the enterprise

as a means to make profit; profitability was the measure of his success;

- period of managerial capitalism (1930s to late 1960s): the most advanced economies were characterized by the presence of large companies where there was a separation between ownership and control; executives who held the power assigned to the company, above all, the objective of achieving high dimensional growth rates with the limit of a satisfactory profit level;

- period of the irresponsible company (last decades of the twentieth century): there is an increased tendency towards maximization of profit and stock value, even with illegal conduct, not corresponding to ethical principles or respecting the environment;

- period of the knowledge-based economy in which the company's primary objective is the production and sale of goods and services required by customers, in conditions of congruous and lasting economic equilibrium and adequately satisfying the "expectations" of the various stakeholders connected with the company. The orientation in question is based on the theories of Barnard (1938) and Davis (1951), but was adopted in business practice only at the beginning of this century. The phenomenon advances slowly, finding great obstacles; however, it is assumed by many (Martin, 2010) that orientation to customer needs will constitute the premise for successful business strategies in future.

If you analyse the current reality of the market economy system, it may be noted that there are firms characterized by one of the types of strategic orientation referred to above or a combination of them. Obviously, executives can also be found who share the cited strategic orientations, connected with their "utility functions".

It should be noted that the orientations of the general objectives of the company and the consequent roles that are played by executives can be traced back to two main theories on the nature of the enterprise operating in a market economy.

On the one hand, there is the "enterprise contract theory" (which characterizes, in particular, the first, the third and the fourth orientation previously indicated). It sees the "company system" as a network of contacts between the owners and other stakeholders. Its governance has as its sole objective the maximization of income and, in more recent versions of the theory, to maximize share value (model of shareholder value). The company system is organized, regulated and monitored in order to increase the value of the economic capital. To this end, mergers, spin-offs, break-ups and various financial transactions of a speculative nature, distant from the core business, are put in place, which are often at odds with the going concern principle.

On the other hand, there is the "coalitions theory" (based on the stakeholder value model). The business system is regarded as a coalition of interest groups whose objectives are regulated, reconciled and mediated by the action of management. The orientation of the management to the satisfaction of customer needs is the pole star that guides the conduct of executives. They have a "multi-dimensional" utility function (connected with the objectives of the various stakeholders but with the priority of customer satisfaction) and take on an "organizational personality" which is connected with the responsibility of acting as trustees of the various interest groups.

4.2.2.1. Assumptions regarding the behavior of employees at work, their capacity and the consequent role played by the executive

As D. McGregor (1960) teaches, the government of productive organizations can be inspired by a broad range of different management philosophies that has at its extremes two typical and distinct philosophies. The first is based on authority and control; the second on participation and self-control.

The first philosophy, called by McGregor "Theory X", is based on the following assumptions on the behavior of employees in their work: the "average man" in an organization does not love his work; he has the instinctive tendency to pretend to work; the content of the work is not generally motivating; the average man is not ambitious; he does not aspire to take responsibility; he is hostile to change; intelligence, imagination and creativity are not widespread among people. The executive who is inspired by these assumptions is induced to carry out his role by adopting the following measures: centralization of decision-making; detailed and standardized programming of the tasks of the employees through the use of rules and procedures; analytical monitoring of their conduct; use of authority as a fundamental instrument to induce subordinates to respond to requests from the organizational roles. The objective of this manager is, in the words of McGregor, to "make human nature docile", to direct and compel it to comply with tasks, orders and directives.

The second type of management philosophy, which McGregor called "Theory Y", is based, conversely, on participation, on control inspired by self-discipline and on motivation mainly realized through rewards intrinsic to work. It assumes that negative attitudes towards work manifested by employees are not inherent to human nature, but are mainly related to the climate and characteristics of company organization. The assumptions on which this theory is founded can be summarized thus: the "average man" in the organization loves his work; he is not insensitive to the interests of the company; he is capable, if the organizational situation is adequate, to take responsibility and to take initiative; work (the job) can be a motivating factor; intelligence, imagination and creativity are widespread among people and, in general, are not adequately applied and exploited in enterprises (McGregor, 1960).

The executive who has internalized the cited assumptions is inclined to adopt the following organization management strategies: development of participation by the creation of an integrated group decision-making process/structure; development of employee skills at work; sporadic use of authority; the manager replaces threats, fear and lack of trust towards employees with friendship, availability, trust, help and transparent communication; he also develops "supportive" behavior in relation to the various members of the organization (and in particular with subordinates) so that everyone considers the experience "supportive", therefore suitable to consolidate and preserve its values and personal importance; finally, the executive strives to set high performance targets; in the interests of the company and employees, who can better satisfy their motivation if the company's results are positive.

In conclusion, the executive guided by the above principles tends to realize the so-called "fusion process", which, in essence, consists of redesigning

organizational roles in order to create tasks that gratify both company and individual interests simultaneously.

*4.2.3. Aptitude of the executive to produce creative change and to develop an original vision of the company mission, to be shared in the organization and realized concretely*

The fundamental task of leaders is to produce change. The "caliber" of an executive is measured by the impact of the change he can produce. The importance of this phenomenon ranges from "adaptive change" (which produces an improvement of the existing situation) to "innovative change" (which achieves a break with the present and is a clear discontinuity with the past).

At the base of the change are, above all, creativity, imagination and deep knowledge of the operating environment. These elements generate genuine ideas that drive company governance.

Given the importance of creativity, the leader devotes time and energy to developing it; to this end he organizes his work, delegating the secondary aspects of his task and focusing on developing original visions able to "trigger" innovation. Research, creativity and innovation should also be pursued by the manager's staff (Amabile, Khaire, 2008).

It has been said that the leader must be imaginative and creative; in particular, he must give substance to the vision, the idea of how the company will become in future and which path will be followed to achieve this objective. This involves thinking about the socio-economic mission: about the business model that will be chosen to create value, about how the operating system will differ from the models used by competitors in order to create differential advantages and about how the strategic model adopted can become more exclusive, unique and hard for competitors to imitate (Zanda, 2015).

The leader must have a good dose of artistic sense to translate the vision into images and into a story about the destination of the company and the way to go. This story needs to be attractive, engaging and significant for the company and for the participants, consistent, credible to the listener and above all innovative in the sense that it gives a new perspective of success to the management (Landsberg, 2003): he develops a dream and shows he is able to transform it into reality.

The vision is more effective if it derives from collaborating with other people. Moreover, it is essential that it is properly communicated (Kaplan, 2007) and accepted by the members of the organization. To this end, the leader builds trust, identifying potential supporters and detractors, he involves people, gives and receives inputs, encourages initiative and stimulates a continuous drive towards the vision and the ideas underlying it.

Particular attention should also be paid to the definition of management strategies with which to realize the mission; they should be outlined clearly; it is good to convey that they are not final decisions and not adaptable but solutions that leave space for the equifinality principle: the possibility of an open system (the company) to reach a goal, starting from different initial conditions and using strategies and alternative processes to be identified in relation to the situation of the internal and external environment (Von Bertalanffy, 1971).

#### 4.2.4. Personal qualities of the leader

It was previously said that the fourth pillar of leadership consists of personal qualities.

These are skills and personality attributes considered connected with the effectiveness and efficiency shown by the leader (Koontz, 1971) in the performance of his role that produce original ideas, creating around them cohesion and collaboration and maintaining in the organization continuous momentum towards their realization.

Research on the personal characteristics of the effective leader has involved considerable effort, from many scholars and in the field. On the whole, results have not been satisfactory, since very often analysis has not been connected with operational reality. What everyone is interested in is to know what successful managers do at work and the qualities they display in carrying out their role, rather than what they are like as people (Katz, 1974).

Research has nevertheless produced various sets of personal qualities of the ideal leader. These sets are numerous and their examination, even in part, goes beyond the scope of this work. Let us just remember what Barnard (Barnard 1970) thinks on this point. Being one of the founders of management and also top executive in large corporations, he was therefore able to evaluate the qualities shown at work of many successful executives. Here are the fundamental qualities that, according to the author, help to produce the capacity of leadership: vitality and resistance, decisiveness, persuasiveness, responsibility and intellectual capacities. To these, which are not exhaustive, the author also adds: honesty, courage and initiative. These qualities are complementary and interdependent and, in his opinion, one can suppose that different combinations of qualities determine different leadership styles. The ideal combination can vary according to the conditions in which you are operating.

It should be noted that much of the research on the subject highlights personal qualities very similar to those just mentioned, or related to a combination of them (Hollis, 1980).

#### 4.3. Leadership is a Function that Shapes the Other Functions of the Management Process

The function of leadership is strategic: it influences and shapes the other executive functions (planning, control and organization); it also determines the power of attraction and motivation of the leader and the perception that others have of him, in particular, his subordinates.

The kind of leadership adopted shapes, above all, the planning and control functions. In fact, if the style of leadership changes, the decision and control processes also change. Therefore if an executive is inspired, for example, by a negative management philosophy about the conduct of employees at work, it is highly probable that the processes of deliberation and control will be based on the centralization of decisions, the analytical control of employee behavior, the use of authority and standard procedures and the continuous use of specialized control staff. All of this is in order to "make human nature docile" and induce it to conform to the interests of the company. Completely different results would be realized if the same leaders were oriented by a management philosophy based on positive assumptions about the behavior of employees in the workplace and their capacities of decision-making, self-direction and self-control (S. Zanda, 2015).

The type of leadership adopted produces relevant

effects on the organization process. If the moral codes, the assumptions about the role of the manager, on the capacities of employees and their conduct at work change, considerable changes can be expected also in the organizational structure and, in particular, in the content of roles, in the type of relationship to be established between the corporate bodies, in the use of delegation, in the freedom of decisional and operational discretion to be recognized, in the use of authority, in the use of procedures and the structure of the information system.

Finally, it should be noted that the quality of the style of leadership has considerable influence on the strategies used to create and maintain a cooperative system in the organization. In fact, depending on the style adopted, the way of developing cooperation varies, changing material and immaterial incentives and persuasion policies and processes aimed at integrating company interests with the personal interests of the various participants in the organization.

#### 4.4. Power of Attraction and Motivation of the Leader

Leadership styles, it was said previously, in addition to "shaping" the content of the other management functions, have a direct influence on the power of attraction and motivation of the leader.

One of the fundamental problems that the executive has to solve is the alignment of employee's conduct towards the company's mission, the general and specific objectives and related strategies.

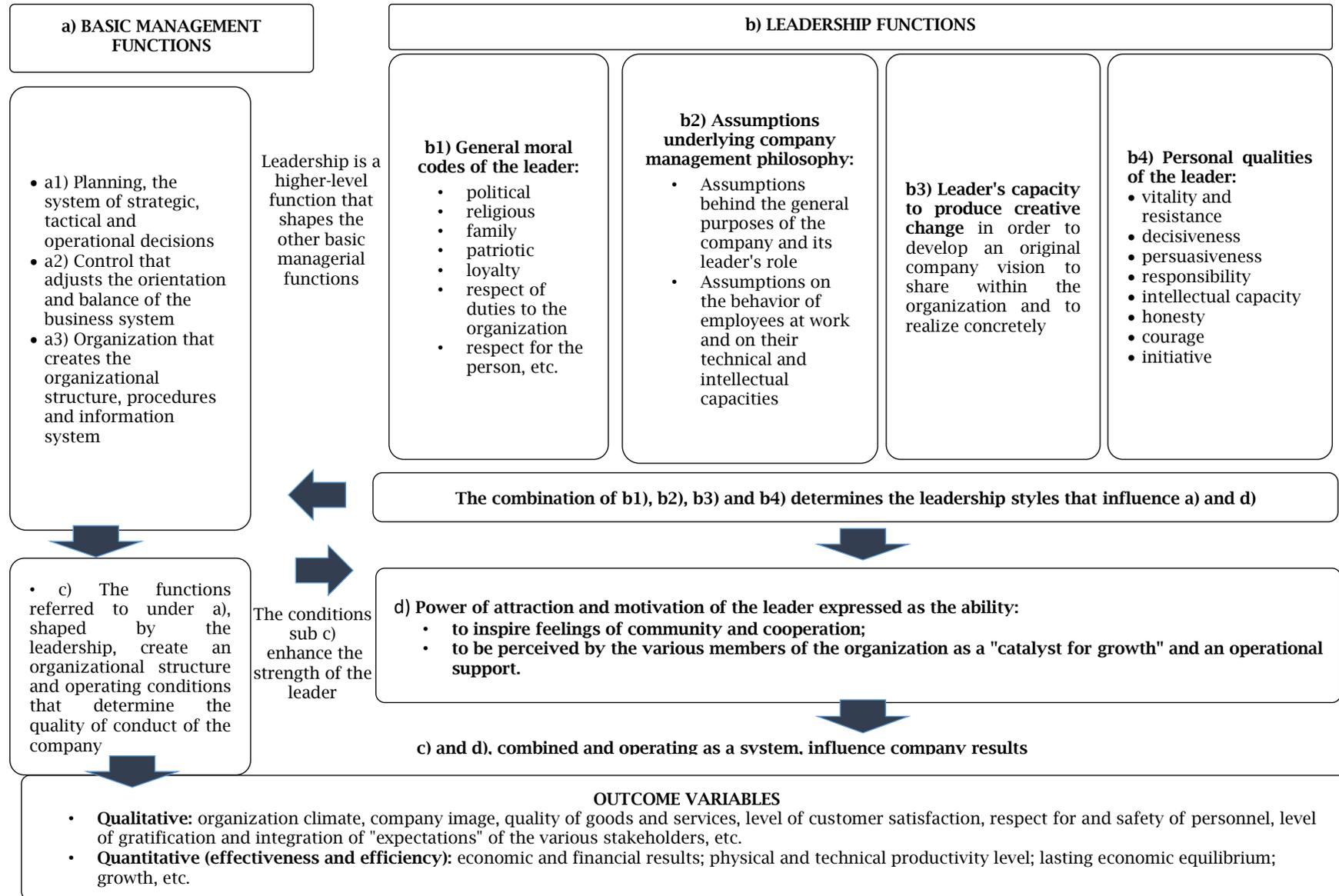
For this purpose, as has been seen, a wide range of leadership styles is available with two distinct philosophies at the extremes. The first is based on threats, fear, authority, control, sanctions and rewards extrinsic to work; in this case the power of attraction and motivation of the leader is problematic (it is based on his ability to induce people to respond to orders and directives). The second philosophy is based on "acceptance" of the manager by his subordinates, on the creation of pluralistic decision-making structures that permit participants in the organization to realize the intrinsic rewards of work tasks; on this hypothesis, the power of attraction and motivation of leaders is fundamental to guide and coordinate the behavior of employees; it is a powerful magnet that attracts people and makes them identify with their managers and with the roles assigned to them.

The leadership styles adopted, in relation to their particular characteristics, are potentially able to realize the above mentioned alignment, but with very different results in terms of conflict, satisfaction of the participants, effectiveness, efficiency, and economic and financial results.

The importance of the leader's power of attraction can be assessed using some indicators that can be summarized as: mutual trust within the organization; support for the personal values of participants; containment of the use of authority; space given to decentralized decision-making and self-control; recognition of professional skills; satisfaction of personal motivation, above all through rewards intrinsic to work; level of performance targets.

If these indicators are favorable, the leader is perceived by his subordinates and others as a catalyst who merges company and personal interests fairly and who, consequently, pursues the common good. He is also perceived as a "growth instrument", a safe source of operational support and satisfaction of personal needs.

Table 1. Management process



## 5. CONCLUSIONS AND FUTURE RESEARCH

In terms of leadership, the terminology used in theory and practice is not uniform and this creates disorientation. There is also major disagreement over the essence of the function of leadership, its relations with the management models and its impact on company results.

The aim of this study has been to make a contribution to conceptual clarity on the nature of leadership and the elements that compose it. A model has been developed to systematically represent the relationships between leadership styles, the process of management and business results.

Leadership is a management function with four pillars: 1) the system of general moral codes of the leader; 2) assumptions that condition the executive's management philosophy; 3) the leader's ability to produce creative change, developing an original vision of the company's mission, creating the conditions of its acceptance within the organizational context and to achieve it with success; 4) personal qualities of the leader.

These elements combined generate the leadership styles.

Leadership is a special type of strategic function, which, on the one hand, influences and shapes the other management functions (planning, control and organization) and, on the other, develops the power of attraction and motivation of the leader and the perception of reliability that others have of him and, in particular, his subordinates.

In turn, the management functions (modelled by the type of leadership adopted) and the power of attraction and motivation of the leader, variously combined, influence the qualitative and quantitative "end result variables" of the company.

The qualitative variables concern mainly the organizational climate, the company image, the quality of goods and services, the level of customer satisfaction, respect for and safety of people, respect for the environment and the extent to which the "expectations" of the various stakeholders involved in the management of the company are gratified and integrated.

The quantitative variables are related to the effectiveness and efficiency of management: economic and financial results; the level of physical and technical productivity; lasting economic equilibrium; company's expansion highlighted by sales revenue, market share and employment, etc.

The conceptual model described above is shown in the following diagram indicating the system of relationships between the various components of the management process (including leadership) and also their influence on company results.

In this paper we have not entered into the problem of identifying a range of possible leadership styles (configured on the basis of the concept and components of leadership proposed in this paper) and the evaluation of their effects on the "health" and results of the organization. This remains an important task; our purpose is merely to provide a methodological contribution to clarity, hoping to facilitate the work of researchers and managers who have to operate in a context where the terminology is uncertain and confused and the hypothesized relationships between leadership, management models and corporate results are often in conflict.

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