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## The Shift to Inspiring Leadership in Developing European Union Countries

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### Abstract

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The study intends to analyze how the shift to inspiring leadership in EU modern organizations reflects in the preferred leadership among employees from post-soviet Baltic countries: Lithuania, Latvia and Estonia. The main research question investigates employees' perception of an ideal leader in developing EU countries. This perception is important for the employees' work performance and sustainable economic growth. The study intends to compare Lithuanian, Latvian and Estonian employees' preferences for leader's traditional roles (task-oriented behavior and relations-oriented behavior) and modern "more emotional and inspiring" views (charisma and social responsibility). 221 employees participated in the cross-sectional quantitative survey with self-administered internet based questionnaires. 124 Lithuanians, 40 Latvians, 57 Estonians filled in the Hierarchical Taxonomy of Leadership Behaviors (Yukl, 2012), Transformational Leadership Inventory (Podsakoff et al., 1996) and a scale from Servant Leadership Questionnaire (Barbuto, Wheeler, 2006) was used. Results of this study suggest that charisma is the most preferred characteristic of a leader. Relations-oriented behavior is also a significant factor in predicting an ideal leadership. Employees do not perceive task-oriented behavior and leader's social responsibility as essential dimensions for an ideal leadership. Some significant differences in leadership preferences are revealed among countries. The study is based on under-estimated follower-centric perspective and examines interactive predictive value of different leadership dimensions to employees' preferences. Data reveals that the shift to inspiring leadership have already occurred in the perception of employees from post-soviet Baltic countries. The comparison of three Baltic countries gives the insight about the challenges for management in still developing EU members.

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**Keywords:** Preferred leadership; European Union; Baltic countries.



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## 1. Introduction

Since the beginning of the systematic scientific study of leadership in 1930 researchers from all over the world tried to solve the puzzle what makes people effective in leadership positions (van Knippenberg, & Sitkin, 2013). Probable theoretical answers with strong empirical evidence could be grouped into two broad categories: old (traditional) and new (modern) leadership schools (Avolio et al., 2009). The shift from traditional to modern view in leadership could be recorded from the debut of Transformational leadership theory (Hernandez et al., 2011). Transformational leaders were seen as charismatic examples who inspire others (Bass, 1999). They were different from traditional leaders whose role was more instrumental (House, & Podsakoff, 1994). Nowadays European Union modern organizations talk about inspiring leadership. However, **problem statement in this study** is to analyze how the shift to inspiring leadership in EU reflects in the preferred leadership among employees from post-soviet Baltic countries: Lithuania, Latvia and Estonia.

Leadership preferences are important for the employees' work performance and sustainable economic growth. Employees' perception of the leader can predict organizational performance (Uhl-Bien et al., 2014). If employees perceive the leader as near to an ideal, they are more willing to show extra efforts, to perform beyond expectations. Follower-centric perspective in leadership gains more and more evidence (Oc, & Bashshur, 2013). Therefore, **the main research question is** what is employees' perception of an ideal leader in developing EU countries.

Post-soviet Baltic countries (Lithuania, Latvia and Estonia) are quite young members of European Union and results of leadership research in developing cultural context could be different in comparison with old cultures (Lee et al., 2014). Moreover, Huettinger (2008) states that confirmation of similarities between three Baltic countries needs further research. So, **purpose of the study** is to compare Lithuanian, Latvian and Estonian employees' preferences for leader's traditional roles (task-oriented behavior and relations-oriented behavior) and modern "more emotional and inspiring" views (charisma and social responsibility).

Task-oriented behavior and relations-oriented behavior represent behavioral theory (Yukl, 2012). Charisma and social responsibility are parts of transformational and servant leadership theories (Brewer, 2010; Bass, 1999). Four dimensions from different leadership theories involve both behavioral and trait components. Integration of them could explain leadership in more details (Derue et al., 2011).

## 2. Research methods

### 2.1 Subjects

This cross-sectional quantitative survey with self-administered internet based questionnaires was conducted in 4 international organizations that have units in Lithuania, Latvia and Estonia. 221

employees (83 percent females and 17 percent males) participated in the survey. 124 Lithuanians, 40 Latvians and 57 Estonians were from 35 subunits of private service sector organizations. Participants were working under the leadership of direct middle managers. 72 percent of respondents had higher education and 28 percent lower than higher education. Their work experience was from 1 until more than 40 years (mean – 11.45, sd – 8.02).

Link to the survey with thorough description about the research was sent via inner work email systems in organizations during work hours (human resource managers from organizations gave all the contacts after the conversation about the research). Voluntary participation in the research and confidentiality was guaranteed. Response rate (60 percent) in this study was higher than 36 percent (an average for organizational research (Baruch, & Holtom, 2008)).

## 2.2 Instruments

Participants filled in the Hierarchical Taxonomy of Leadership Behaviors (Yukl, 2012), Transformational Leadership Inventory (Podsakoff et al., 1996) and a scale from Servant Leadership Questionnaire (Barbuto, & Wheeler, 2006). Graphic scale (Shamir, & Kark, 2004) was an additional element among the traditional questionnaires in the survey. The main information about the instruments is presented in Table 1. Employees could choose the language of the questions (Lithuanian, English or Russian). Back-forward translation procedures of questionnaires were run by specialists.

Hierarchical Taxonomy of Leadership Behaviors (Yukl, 2012) was used to measure perceived leader’s task and relations orientation. Two main facets of leader’s behavior were evaluated with 8 items. Employees were asked to describe how well each defined behavior is used by their leader.

Perceived leader’s charisma was assessed with Transformational Leadership Inventory (Podsakoff et al., 1996). Two scales (articulating a vision and providing an appropriate model) with 8 items in total represented perceived leader’s charisma. Employees evaluated how frequently their leader engages in the defined behavior.

A scale from Servant Leadership Questionnaire (Barbuto, & Wheeler, 2006) was used to measure perceived leader’s social responsibility. Employees were asked to describe how frequently their leader engages in the behavior defined with 3 items.

All items in the questionnaire were measured on a five-point Likert scale. Results of instruments’ reliability analysis are presented in Table 1.

**Table 1.** The main information about used instruments.

Instruments	Scales	Sample items	Cronbach alpha
<i>Transformational Leadership Inventory</i>	<i>charisma</i>	leader inspires others with his/her plans for the future; leader leads by example	0.929

<i>Servant Leadership Questionnaire</i>	<i>social responsibility</i>	leader sees the organization for its potential to contribute to society	0.782
<i>Managerial Practices Survey</i>	<i>task-oriented behavior</i>	planning and organizing work-unit activities; supporting work-unit members	0.867
	<i>relations-oriented behavior</i>		0.916

Perception of an ideal leader was evaluated with Graphic scale (Shamir, & Kark, 2004). The chart was presented to employees with the instruction to choose out of the 7 rectangles the one that most highly represents the extent of similarity between their ideal leader and real direct leader in the organization. There were two circles (representing ideal and real leader) in each rectangle. In each rectangle the circles were overlapping differently (from totally separate, different till totally overlapping, very similar).

Additional questions about employees' gender, education level and work experience were included in the questionnaire.

### 3. Findings

Group comparisons, correlational and linear regression analyses were used for data analysis. First of all, comparison of perceived ideal leadership in groups by gender, education level and country are introduced (Table 2).

**Table 2.** Relationships between perception of an ideal leader and raters' socio-demographic characteristics (results of t-test and ANOVA)

Socio-demographic characteristic		Perception of an ideal leader		
		Sample	Mean (SD)	t or F (p)
<i>gender</i>	<i>male</i>	33	4.36 (1.084)	-0.719 (0.475)
	<i>female</i>	188	4.52 (1.529)	
<i>education level</i>	<i>lower than university education</i>	58	4.10 (1.693)	-2.169 (0.033)
	<i>university education</i>	163	4.64 (1.360)	
<i>country</i>	<i>Lithuania</i>	124	4.28 (1.429)	3.103 (0.047)
	<i>Estonia</i>	57	4.79 (1.461)	
	<i>Latvia</i>	40	4.75 (1.532)	

Male and female employees perceive ideal leader quite similar. However, Lithuanians were stricter for an ideal leader in comparison with Estonians and Latvians. Employees with lower than university education had higher expectations for an ideal leader too. There were also significant correlations between perception of an ideal leader and work experience ( $r=0.181$ ;  $p=0.007$ ).

**Table 3.** Country, leaders' task-oriented, relations-oriented behaviors, charisma and social responsibility as predictors of perceived ideal leadership

Model	Predictor	Std. beta (p)	R square	F (p) [df1;df2]
I traditional	<i>Task-oriented behavior</i>	0.176 (>0.05)	0.233	33.034 (<0.001) [2; 218]
	<i>Relations-oriented behavior</i>	0.337 (<0.001)		
II modern	<i>Charisma</i>	0.546 (<0.001)	0.258	37.981 (<0.001) [2; 218]
	<i>Social responsibility</i>	-0.055 (>0.1)		
III integrated	<i>Country</i>	0.127 (<0.05)	0.295	18.024 (<0,001) [5; 215]
	<i>Task-oriented behavior</i>	0.063 (>0.1)		
	<i>Relations-oriented behavior</i>	0.199 (<0.05)		
	<i>Charisma</i>	0.388 (<0.001)		
	<i>Social responsibility</i>	-0.124 (>0.1)		

**Note:** dependent variable – perceived ideal leadership

Finally, results of linear regression analysis (Table 3) suggest that charisma is the most preferred characteristic of a leader (both in the model of modern view and integrated model). Relations-oriented behavior is also a significant factor in predicting an ideal leadership (both in the model of traditional view and integrated model). Employees do not perceive task-oriented behavior and leader's social responsibility as essential dimensions for an ideal leadership. Significant differences in leadership preferences are revealed among countries (country is represented as a significant predictor for the employees' perception of an ideal leadership).

#### 4. Discussion

The leading topic in nowadays old-world business and economics is about the shift to inspiring leadership in developing European Union countries. Three main aspects of the topic were disclosed in the article. First of all, under-estimated follower-centric perspective in leadership was employed. Employees' perception of the leader was understood as the main predictor of organization's sustainable growth (Uhl-Bien et al., 2014). Therefore, leaders were assessed by direct subordinates. Secondly, scientists suggest that perception of a leader is influenced by subordinates' individual differences (Tziner et al., 2005). The main individual differences of employees (gender, education level, work experience and country) were taken into consideration within data analysis. Thirdly, elements from old (traditional) and new (modern) leadership schools were included into the research model. Behavioral and trait aspects in leadership were analyzed both separately and jointly. Authors of the article strove for additional value of integrated model and examined interactive predictive value of different leadership dimensions to employees' preferences.

Data revealed that the shift to inspiring leadership have already occurred in the perception of employees from post-soviet Baltic countries. Nowadays subordinates in Lithuania, Latvia and Estonia

as in other EU countries need charismatic leaders (Hoffman et al., 2011). However, relations-oriented behavior is still an important aspect of an ideal leadership as mentioned in other studies (Oc, Bashshur, 2013). Higher employees' expectations for an ideal leadership are related to Lithuania, lower education level and shorter work experience. Theoretical and practical knowledge provides wider viewpoint and lower requirements for an ideal leadership (Starbuck & Mezias, 1996). These main messages give the insight about the challenges for the development of management in still developing EU members.

## 5. Conclusions

- Leader's charisma and relations-oriented behavior predict employees' perception of an ideal leadership. Leaders who are seen as charismatic and engaged in relations-oriented behavior are evaluated as more similar to an ideal.
- Perception of an ideal leadership is predicted by country. Latvians and Estonians have lower expectations towards ideal leader in comparison with Lithuanians.
- Employees' education level and work experience are important for the analysis of the perceived ideal leadership. Higher education level and longer work experience of employees are related to more favorable evaluations of an ideal leadership.

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