Introducing the Vortex Leadership Model for Small and Medium Businesses

Brad Nikolic — CQUniversity Gold Coast International Campus, Gold Coast Centre for International Research concerning Leadership, Ethics, Sustainability, 60 Marine Parade Southport, QLD 4215Australia

Prof. Dave A. Robinson — International Research Education Centre (IERC), Gold Coast Centre for International Research concerning Leadership, Ethics, Sustainability, CQUniversity Gold Coast International Campus 60 Marine Parade Southport, QLD 4215 Australia

ABSTRACT

This conceptual paper assumes from the outset that effective leadership in SME's can be viewed as being a function of four types of leadership style, namely ethical, authentic, charismatic, and transformational leadership. We believe each is necessary, yet none are sufficient in isolation. It is the fusion of these four styles that forms a particular leadership paradigm. This paper introduces the term 'Vortex Leadership', meaning to create successful businesses by actively involving, empowering and validating all members of the firm through effectively combining the four leadership styles. The collective unconsciousness (Jung, 1971) provides clues to the concept of energy flow. Robinson (2010) expands that to suggest seven synergizing principles. This energy flow, when directed towards a goal creates a vortex that encourages the commitment of participants. In identifying a new leadership paradigm, this paper introduces a model, which illustrates the process leaders can use to create the Vortex. Leaders who successfully introduce Vortex Leadership could potentially enhance the performance of their businesses.

Introduction

Today's organizational business environment is facing new and complex challenges. Consequently leadership has become a multifaceted discipline that has to be applied to those complex challenges in competitive business environments. To stay ahead of competition, the astute, innovative leader inspires followers to embark on a journey towards that goal towards 'superior opportunities' (Gavetti, 2011). This requires the confidence of followers in a leader's vision and the decisions that follow to stay ahead of competitors and sustain the business over the long run. Influencing others to strive towards the 'superior opportunities' is the essential aim of what we refer to as Vortex Leadership.

In this paper we seek to illustrate how four leadership theories can be combined to encourage people to work towards a common goal. We concentrate on ethical, authentic, charismatic and transformational leadership styles because of the way they appear to combine and inter-relate. We propose that Vortex leadership occurs naturally when the four leadership approaches are combined in a stepwise progression by the astute business leader.

Task orientation remains as important as ever, but we believe the involvement, empowerment and validation of team members is equally significant in modern day business leadership. Organizations have to adapt to environmental, financial, cultural, technical or personal changes. Leaders who capture the interest of their followers are well-placed to bring about change and adjustment towards organizational goals.

The evolution of leadership

"If one is to begin to understand what leadership is, it is worthwhile to examine what leadership is not. Leadership is not hierarchical, top-down, or based on positional power and authority. …… To understand leadership, one must understand its essential nature, that is, the process of a leader and followers engaging in reciprocal influence to achieve a shared purpose…" (Rosenbach & Taylor, 2006, p. 1)

The phenomenon of leadership is almost as old as mankind itself. As far as mankind can recall, in history there have been individuals who have taken the role of a leader and inspired others to follow a unique vision towards a set goal.

When we think of a leader, habitually we relate to myths, in which individuals have the status of a hero. Examples of such heroic leaders may include: Odysseus, (who was on a journey for several years before returning home with his men after the war in Troy), or Moses (in the Old Testament, who lead his people out of Egypt); historical leaders such as Alexander the Great

(who conquered many countries with his men), and Sun Tzu, (a Chinese Military Leader and author of The Art of War, a piece of literature which is used and applied in the field of management in modern days). Grint (2011) concludes that leadership evolved with history of mankind due to different demands of society at a certain point in time. There are political leaders like Nelson Mandela (who, before he was elected as President of South Africa had been an anti-apartheid activist) or Martin Luther King Jr., (who fought for advancement of civil rights in the United States). Or we think of leaders in business like Jack Welch (former CEO of General Electric) or Richard Branson (founder and chairman of the Virgin Group), who have indelibly left their mark on our perceptions of the successful modern-day business leader.

The majority of articles published about leadership do not even have a definition on leadership (Rost, 1991). Martin and Ernst's (2005) define leadership, i.e. "setting directions, which includes setting the organizations mission and values, building commitment, which includes creating awareness as a group, and creating alignment, which refers to improvements in working together as a unit". Bass (2008) asserts that each individual defines the concept of leadership from their own perspective.

For the purpose of this paper we refer to the working definition of Rosenbach and Taylor (2006), "To understand leadership, one must understand its essential nature, that is, the process of a leader and follower engaging in reciprocal influence to achieve a shared purpose."

Bennis (2003) believes that leaders must have four basic competencies, namely vision, communication skills, trust, and self-awareness. The vision gives purpose and a direction to organizational goals, and must therefore be clear, motivating and manageable. Knowing where a leader aims to take the company elicits confidence in followers. Communicating the vision "where we want to go" and the mission "how are we going about it" in a clear and understandable way to followers. A trust relationship is built by reliability and constancy of actions. A leader needs self-awareness in order to continually evolve. To be effective and have optimal levels of organizational performance it seems clear that leadership has to be seen as an interaction between individuals and groups, based on a trust relationship. To accomplish its mission in accordance with its vision, every business leader must learn to get things done through others.

Effective leaders maintain momentum towards the organisation's vision by thinking strategically and communicating organizational goals effectively to influence followers. According to Moodie (2011), there is a demand for leaders who are skilful

at adopting their leadership styles. Attributes like self-awareness, appropriate communication skills, and contextual fit are what todays leaders have to display. Effective leadership is the outcome of a combination of leadership styles with the emphasis on behaviour based on authenticity, consistency, resilience and ethics (Sinclair, cited in Moodie, 2011).

Leadership development challenges
With a focus on today's business environment, business leaders are faced with complex challenges, which create strategic competitive advantage relative to competitors (Gavetti, 2011). Such challenges include, for example today's new media technology, which provides us with the opportunity to obtain information from around the globe within split seconds. For example the use of Internet is connecting people from all over the world. Email, instant messaging, mobile phones, and video conferencing, are all common tools for our fast changing business environment. These new technologies enable SMEs to outsource some functions, e.g. customer service, to countries where labour costs are more efficient but the standard of delivered products remains still high. In some cases a manager who is not necessarily present and is based in another country runs those departments. Cultural differences have to be taken into account and technology may differ across continents. Therefore, cultural transformation requires new approaches and new paradigms of leadership to respond to those changing situations (Robinson & Harvey, 2008). One such cultural transformation essential to long-term business success is Sustainability.

Pojasek (2007, p. 81) describes it as "creating long-term shareholder value while taking into account an organization's economic, environmental and social responsibilities." Business sustainability is not only about the environment but also how a business can continue to succeed financially as well as act socially responsibly. These three factors, namely environmental, financial and social factors, are co-dependent. Attempts have been made to formalise the monitoring of these three, in the form of the Triple Bottom Line (Group100, 2003).

Besides technical and cultural challenges, leaders in today's fast changing business environments face confrontations, which in some cases have never before been experienced, and often sudden and unexpected. In such cases the requisite response may not be immediately evident to the business leader. Ultimately, the response may not be consistent with a single leadership style, but may necessitate a combination of styles. To meet the challenges of that turbulent environment top executives have to be prepared to adjust their leadership behaviour and modify the competitive strategy (Yukl, 2008).

Effective leadership
Effective leadership may be seen as a virtue, an innate ability to make strategic decisions and lead others toward an envisaged goal. Leaders have to consider the context they find themselves in and the role of their followers. At business schools most of the taught material is related to patterns of thinking and strategic approaches, for example Porter's 5 Forces or the Boston Consulting Group matrix. All MBA graduates are therefore equipped with the same weaponry to challenge the hurdles in the market and attempt to lead their business to a competitive advantage. However, leaders need to be able to think outside the box, and the problem they solve may not necessarily be similar to what they were taught in business schools.

Today's business leaders must be role models to their followers, possessing self-awareness, communicate a vision and mission in an understandable way, so as to build a trust relationship with followers through integrity. I addition, they should be flexible in approaching challenges and be quick to evaluate contextual situations.

Vortex Leadership
In life and in business, goals are first envisioned or visualized, then a set of actions are implemented. A vortex is created by the combined endeavours of like energies, lubricated by mutual recognition, and verified by serendipitous events. (Robinson, 2010).

Psychologist Carl Gustav Jung (1971) believed that there is no coincidence in the occurrence of two events that are not linked causally. There are numerous accounts of people and events being linked by the so-called collective unconscious.

Robinson (2010) draws upon this theory and created The Synergizing Principles, which presents an anecdotally plausible treatise describing how the flow of energy may affect all aspects of life and business so as to create synergies in seven natural ways. Briefly, the seven naturally occurring phenomena are:

- Flow – Energy flows towards optimal utility
- Attraction – Similar energies attract
- Envision – Visualisation directs attainment
- Recognition – Recognition lubricates flow
- Evolution – Evolution is the ultimate purpose of Flow
- Reciprocity – developing networks and relationships with mutual benefits
- Serendipity – being in the right place at the right time as a result of all preceding steps in the pursuit of optimal utility

Is it possible for leaders to accept these principles and adopt them into day-to-day business practices and decision-making processes? What is needed is a way to bridge the gap between the hard-nosed world of business and the esoteric world of metaphysics. Vortex leadership attempts to do this.

Since we have established that business leaders need new and innovative ways to address the broader societal concerns as well as the expedient pursuit of short-term business profitability, the possibility that energy can be directed towards goals that provide the environment and society with benefits becomes rather compelling. This merging of energies is facilitated by Vortex Leadership. No matter whether we consider small, medium or large businesses, the phenomenon of a Vortex of events is the same but with different proportions.

The four components of Vortex Leadership
A vortex centre is created once a vision and strategic direction are formulated. The genesis of a vortex originates from a leaders vision towards which he/she is directing energy. The leader then must initiate 'spin', by involving, empowering and validating followers. The four proposed components of Vortex Leadership are ethical, authentic, charismatic, and transformational leadership styles. Each of these four styles is now discussed.

The foundation F: ethical leadership style.
A 'Code of Ethics' of an organization represents a guideline for leaders decisions and behaviours to implement a moral awareness among organizational members (Mendonca, 2001). A code of ethics further symbolizes what an organization stands for. Ethical leaders will not only lead in line with a Code of Ethics, but by example to their own ethical values and beliefs. Additionally they lead by example according to what is moral and in line with an organization's ethical context.

Ethical leadership may be based on consequentialism, deontology or virtues. Its aim is to increase awareness of followers' own behaviour, while holding them accountable for their own decisions, actions and behaviour (Brown & Trevino, 2006). By treating followers with fairness and consideration a social exchange relationship between leader and follower develops based on trust, which enhances the willingness of followers to support an ethical leader (Walumbwa & Schaubroeck, 2009).

According to the Social Learning Theory by Bandura (1977), because ethical leaders represent a role model, followers will imitate the leader's values and behaviours, and in this way they will learn vicariously to act ethical (Brown and Trevino, 2006). The motivation of ethical leaders is not driven by looking for power as self-serving but using power for the benefits of the followers. The overall outcomes of ethical leadership results in increased follower's ethical decision-making and enhanced pro-social behaviour. The natural role model espoused by ethical leaders and their social exchange relationships with followers, decreases counterproductive or negative follower behaviour.

The advancement A: authentic leadership style.
The term authenticity originates from the Greek philosophy "To thine own self be true" (Avolio & Gardner, 2005). A modern definition of authenticity is provided by Harter (2002), who describes authenticity as knowing the personality of oneself due to personal experience, reflection, desire, need, belief, values, or emotions (Snyder & Lopez, 2002). Self-awareness is a necessary condition of authenticity. This means not only knowing one's strengths but also being aware of one's weaknesses (George, 2003).

Authentic leaders act in ways that are true to their core beliefs and values, due to self-awareness and self-regulation. In the social exchange process of leader and follower, authentic leaders become a role model to followers, who learn to adopt similar behavioural patterns. Authentic leaders therefore exert positive influences on followers, who aspire to similar values, a process that has become known as relational transparency. Relational transparency results in a trust relationship between leader and follower (Avolio, Walumbwa, & Weber, 2009).

Ilies et al. (2005) describe the positive outcomes of authentic leaders influence their followers emotionally by focusing on values and well being in line with organizational performance. By that followers will experience a higher satisfaction at work and will influence the leaders' emotions through emotional contagion. Furthermore, as a result authentic leaders can have influence on followers' intrinsic motivation and foster their development.

Gardner et al. (2005) explain that sustainable follower performance requires transparency between the leader and follower that leads to a mutual respect relationship where a deeper understanding of each other is created. Followers learn to incorporate the leaders values into their own and vice versa. Thereby an authentic leader learns about the needs of his followers and takes these needs into consideration when making decisions. Further this leads to the point that followers believe in the leader and his decisions. By that authentic leaders will enhance followers work engagement by fostering the followers' talent and helping them to develop within their work environment, providing meaningful work and psychological safety.

The core C: charismatic leadership style.
To describe charisma and charismatic authority some authors (Conger & Kanungo, 1987), (Sankar, 2003) refer to the concept of Max Weber (1947) in his book Theory of Social and Economic Organization, where he describes a charismatic leader as someone extraordinarily gifted by divine inspiration, therefore having an exceptional influence upon followers' beliefs. These gifts may be regarded as somewhat supernatural by followers.

Charismatic leaders help their followers internalize beliefs by communicating an aspirational vision of the firm's future and ideology. Followers will show loyalty and will be willing to perform their leaders will without questioning their self-interest (House, 2006). What is not intended is blind obedience by the follower. Further it is stated by Conger and Kanungo (1987) that charismatic leaders will increase their trustworthiness among their followers by demonstrating the willingness to take high personal risks to achieve their goals, i.e. walk their own talk.

Charismatic leaders often emerge out of major crises and appear as someone with almost supernatural powers who can overcome any sort of difficulties. It is the followers' perception that makes a charismatic leader as someone extraordinary (Sankar, 2003). Howell and Shamir (2005) portray that in a charismatic relationship followers see important aspects of their self-concept and are motivated to serve for the collective good. Followers regard the leaders, the group and the collective mission as an expression of their own self-concept.

House et al. (1991) believe there is a separation between socialized and personalized charisma. The socialized charismatic leader is concerned about the common well-being of followers, addressing their needs and motivating them by empowerment to work towards a common goal, while the personalized char-

ismatic leader acts upon his/her own interests and strives for goals that are mainly personally beneficial.

Charismatic leaders provide a vibrant and ideological vision of a future goal to followers. That goal aims to serve for the common good. By displaying confidence in followers and providing them with identity and a feeling of making a valuable contribution to a common goal, the leader evokes trust among team members.

The transformation T: transformational leadership style.
Transformational leaders influence organizational culture by realigning it with a new vision. Their aspiration of transformational leaders is to improve followers' level of performance to meet the new set of expectations (Bass & Avolio, 1993). Organizational culture and the style of leadership have reciprocal influencing effects on each other.

Bass and Steidelmeier (1999, p. 181) argue that true transformation is achieved when transformational leadership is "grounded in moral foundations" They further describe four components that form transformational leadership, namely: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Specifically:

- With idealized influence, the leader is seen as a role model and can aim for high performance standards, which followers will be ready to imitate.
- With inspirational motivation comes the ability to engage followers in pursuit of new standardised goals.
- With intellectual stimulation is the dynamic process of evaluating situations, formulating visions and implementing actions with followers.
- With individualized consideration the aim is the evaluation of followers' respective individual performance and to provide opportunity for personal development.

Transformational leaders become role models and are thus able to inspire their followers to perform beyond the level of expectation. A relationship based on mutual trust and respect is created out of empowerment and the possibility for personal development (Podsakoff, MacKenzie, Moorman, & Fetter, 1990).

A model of Vortex Leadership
Ethical, authentic, charismatic, and transformational leadership styles have common outcomes and impacts on followers' performance. These outcomes result in enhancement of work performance and commitment towards a set goal. All four leadership styles have in common that a role model of the leader is perceived by the follower, a trust relationship between leader and follower is established, and a leader is concerned about followers' outcomes and followers' contributions towards organizational goals. Because of these overlapping characteristics, we believe the four naturally combine in a synergistic way. These synergies are portrayed in the Vortex Leadership Model as a stepwise progression. To illustrate the stepwise progression, we introduce two axes, namely: influence (X) and integrity (Y) (See Figure 1).
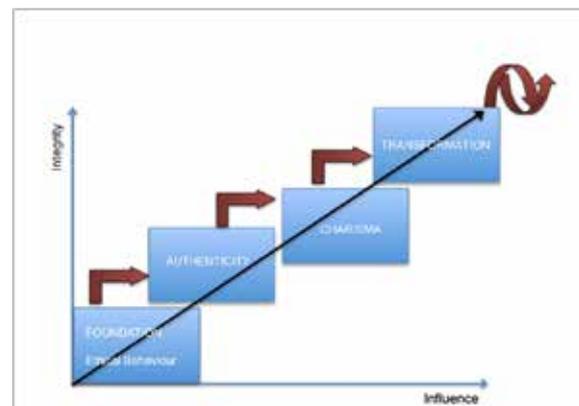
Ethical behaviour is the foundation stone, as leaders have to act according to what is morally right and act in an ethical way.

Some decisions are made based on a code of ethics of an organization and ethical leaders act as an ethical role model to followers. Therefore, ethical leaders create an awareness of what is ethically positive for the common good. This also creates a trust relationship between leader and follower and leads to motivation and commitment to work towards a common goal.

Once an ethical foundation is established, authenticity adds more value to a leader's actions. Authentic leaders have a strong sense of self-awareness of their own values, beliefs, strengths and weaknesses. They seek to form transparent relationships with their followers by openly communicating their values, beliefs, and goals. They understand the needs of their followers and can influence them by addressing those needs. Consequently, the trust relationship is augmented by the leader acting authentically. This mutual trust leads to a better work environment and results in job satisfaction and commitment. This can be further enhanced by a consistent authentic behaviour of the leader as well as making followers understand how they can contribute in their role towards organizational goals.

Therefore we see authenticity as step 2. Notably, as illustrated by figure 1, step 2 appears to represent a larger advancement along the vertical axis, i.e.in the direction of greater integrity, than along the vertical axis (influence).

We believe charisma to be step 3 as the key components of charismatic leadership are vision, inspiration, and identification with a leader's message. These increase followers' motivation and commitment toward the common goals. Note that step 3 appears to be an advancement predominantly along the horizontal axis, i.e. in the direction of greater influence.

Step 4, transformational leadership, is illustrated as being the logical fusion of authenticity and charisma. Transformation is achieved by considering followers needs and aligning them to organizational goals for the common good of the leader, the followers and the organization. This results in a reciprocal motivation of leader and follower to perform better to reach a set goal. It is achieved by further building the trust relationship between leader and follower and the leaders concern about the followers' development and progression. Idealized influence, inspirational motivation, intellectual stimulation, and individual consideration, as previously described, complete the transformation.

Once the transformation process is achieved, it is perpetuated by continuous reinforcement of all four steps. The vision and mission and the leader's commitment to continually fuelling the Vortex ensure that the business achieves 'spin'.

Conclusion

Leadership is a multidimensional, interpersonal and relational interaction between individuals in a specific situational context, a social influencing process among individuals working towards a common goal. These processes of human behavior are highly complex and dynamic. Certain leadership attributes are necessary to ensure ongoing business performance. A combination of ethical, authentic, charismatic, and transformational leadership styles may be synergized. Vortex leadership may represent a new paradigm of effective leadership combining the established leadership constructs known as ethical, authentic, charismatic and transformational with postmodern esoteric view of the world as a naturally occurring energy Vortex.

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