

Chapter 50

Leadership Paradigm Affecting SGA to Drive Organizational Performance: A Study of Collaborator Empowerment Across Organizations in Mexico

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ABSTRACT

Leadership is one of the concepts that have been widely discussed by scholars and practitioners. In the pursuit of desired organizational performance, determined managers around the world have been persistently working towards the most effective style of leadership that may ensure success. A manager's leadership style, be it Democratic, Bureaucratic, or Autocratic, is essential and significantly responsible for collaborators' strategic goal achievement (SGA) or lack thereof; furthermore, collaborators' SGA has a direct impact on the organization's performance. The evaluation of individual performance based on strategic goal achievement commonly includes positive and/or negative reinforcement systems; in organizations operating in Mexico, these systems include recognition and rewards for strategic goal achievement and reprimand and public shaming for completion failure. It is the leaders' response to the effectiveness of strategic goal achievement that shapes collaborators' perceptions of leadership proficiency, satisfaction, and overall performance.

INTRODUCTION

Leadership is essential to all types of organizations; therefore, they all have some style of leadership which is directly associated with the establishment of strategic goals, and indicators to measure performance. Effective leaders are those that successfully motivate and guide collaborators towards the achievement of strategic goals. It is their skills as leaders that drive the fulfilment of desired individual and organizational productivity and performance. In essence, they get the job done. The question is what

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is the motivation behind these leaders' actions? In other words, are collaborators motivated to achieve strategic goals through untainted encouragement or fear of reprimand?

Performance is the fulfillment of quantified objectives, that is, those being met by collaborators and the manner in which they are met (Armstrong, 2006). Organizational leaders, regardless of type of organization, are in constant pursuit of desired productivity and performance; therefore, it is only natural for them to continuously seek best practices to achieve goals, objectives and fulfill strategies. Certainly, one way to ensure the achievement of strategic goals is implementing positive and/or negative reward systems meant to stimulate effectivity. Another way is to empower collaborators by aligning their requirements and skills with those of the firm (Priyadharshany and Sujatha, 2015). Argyris (1998) has posited that "no vision, no strategy can be achieved without an able and empowered workforce", therefore, strategic goal achievement (SGA) and organizational performance are significantly influenced by collaborator empowerment.

The general objective of the study is to evaluate the relationship between different types of leadership on organizational climate in firms operating in Mexico. The specific objectives include, (i) to determine the influence of firm type on the style of leadership, (ii) to study collaborators' perception of organizational climate and its relation to the leadership, and (iii) to analyze collaborators' perception of leadership style on the effects of strategic goal achievement. There are five sections encompassed within the paper, including a review of literature on types of firms, leadership styles, organizational performance, strategic goal achievement, and empowerment. The third section includes the study design including a framework with working hypotheses. The fourth section encompasses the study's findings and discussion, and the last contains concluding remarks, limitations of the study and directions for future research.

REVIEW OF LITERATURE

Classification of Firm Types

There are many types of organizations which are commonly classified by size which range from very small, micro, small, medium, large and multinational organizations. They are also classified as public and private, not-for-profit and for profit, by activity or line of business, and government affiliation or lack thereof. The latter refers to non-governmental organizations (NGOs), who generally focus their operations on providing goods and services for people in need and policy advocacy (Lewis and Kanji, 2009), and government organizations or agencies. These organizations vary widely in size, meaning that, their classification does not depend on the number of collaborators within said organizations.

In Mexico, firms are classified as micro, small and medium enterprises (SMEs) (Singh, Narain, and Yadav, 2012), large and multinational enterprises (MNEs) (Buckley and Casson, 1976) according to the number of collaborators within the organization. According to the Mexican National Institute of Statistics and Geography (INEGI), micro enterprises have up to fifteen collaborators and a sales net value of up to thirty million pesos per year (approximately 1,554,917 US dollars); small enterprises have up to one hundred collaborators and a sales net value of up to four hundred million pesos per year (approximately 20,732,221 US dollars); and medium enterprises have no more than two hundred and fifty collaborators and no more than one thousand one hundred million pesos in sales net value per year (approximately 57,013,607 US dollars) (INEGI, 2009). Large and multinational enterprises, then, have more collaborators and net sales value than the latter.

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