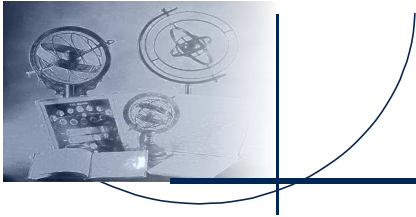


Innovation and Leadership Development Research Centers

**NOOLEADERSHIP OR VIRTUOUS LEADERSHIP AND
ITS IMPACT ON INNOVATION MANAGEMENT**

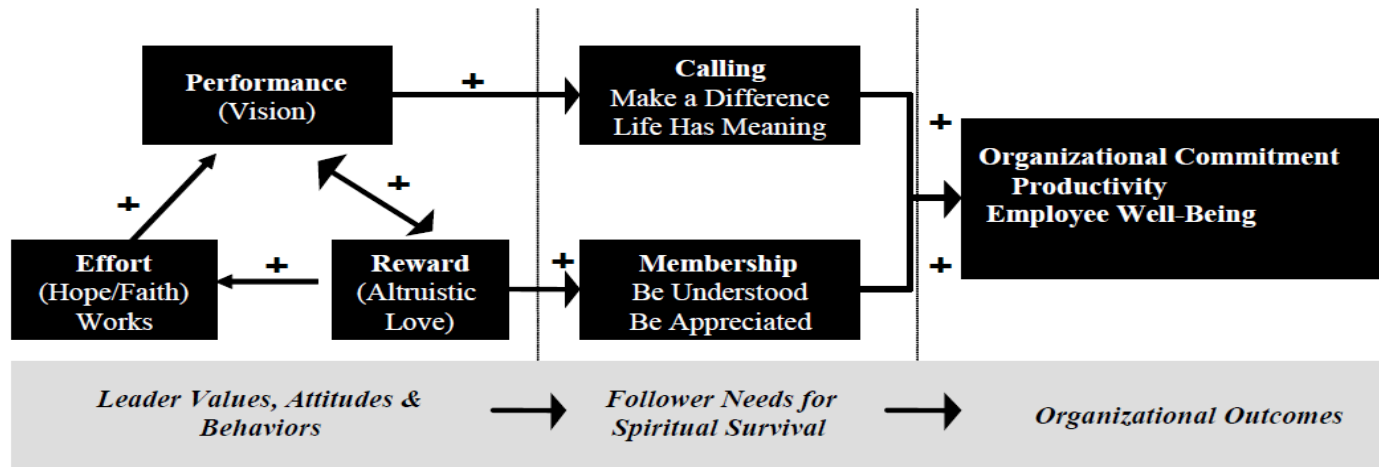
**Léo F. C. Bruno, Ph. D.
2016**

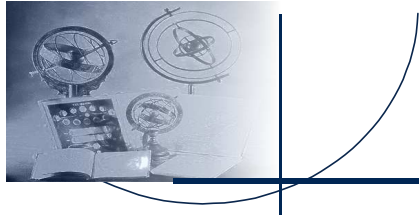


WHY IS THE PRACTICE OF VIRTUES IMPORTANT?

A number of studies have been done to uncover the virtues leaders and managers actually have. The most influential theory is based upon the thinking of Fry (2005) who extended Spiritual Leadership Theory by exploring the concept of positive human health and well-being through recent developments in workplace spirituality, character ethics, positive psychology and spiritual leadership, as can be seen in Figure 1, as follows.

Figure 1. Hypothesized Causal model of spiritual leadership theory





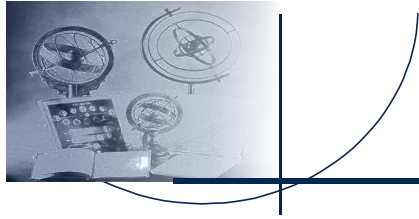
SEVEN TYPES OF VIRTUES

Therefore the seven types of virtues expected to be found as traits within any healthy organization would be as depicted in Table 1, as follows.

Table 1
Seven Types of Virtues

1. **Vision** – describes the organization journey and why we are taken it; defines who we are and what we do.
 2. **Hope/Faith** – the assurance of things hoped for, the conviction that the organization's vision, purpose, mission will be fulfilled.
 3. **Altruistic Love** – a sense of wholeness, harmony, and well-being produced through care, concern, and appreciation for both self and others.
 4. **Meaning/Calling** – a sense that one's life has meaning and makes a difference.
 5. **Membership** – a sense that one is understood and appreciated.
 6. **Organizational Commitment** – the degree of loyalty and attachment to the organization.
 7. **Productivity** – efficiency in producing results, benefits, or profits.
-

Source: Adapted from Fry (2005).

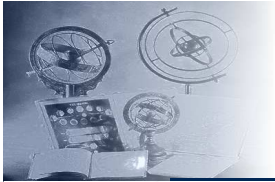


VIRTUES AND THE LEADERS OF TOMORROW

Employees will be the essential resources of twenty-first century organizations. These employees can be categorized into several generations, each with special motivation needs. Kuzins (1999) suggests that managers and leaders need to understand people, whatever their age. They need to find out their skills, strengths, and whatever motivates them. In short they have to recognize that everyone is different and deal with each employee as an individual.

On the other hand there are some important considerations that the leader of tomorrow will be confronted with: **a) the phenomenon of unemployment**, as a consequence of the extraordinary fast development of mechanization and automation, and the economic apparatus centered in the idea of currency stability, which instead of absorbing all the units of human energy creates a growing number of idle hands, and, even worse, brains; **b) the phenomenon of research** – who can say whither our combined knowledge of the atom, of hormones, of the cell and the laws of heredity will take us?; and **c) the need for true union**, that is to say full associations of human beings organically ordered, which will lead us to differentiation in terms of society; it should not be confounded with agglomeration which tends to stifle and neutralize the elements which compose it.

Therefore, **responsible influence, leadership centered in collective objectives, coherence and fecundity**, are the four criteria to be pursued in developing the leaders of tomorrow.



Value Innovation Development Model© Framework

Source: Bruno (2005).

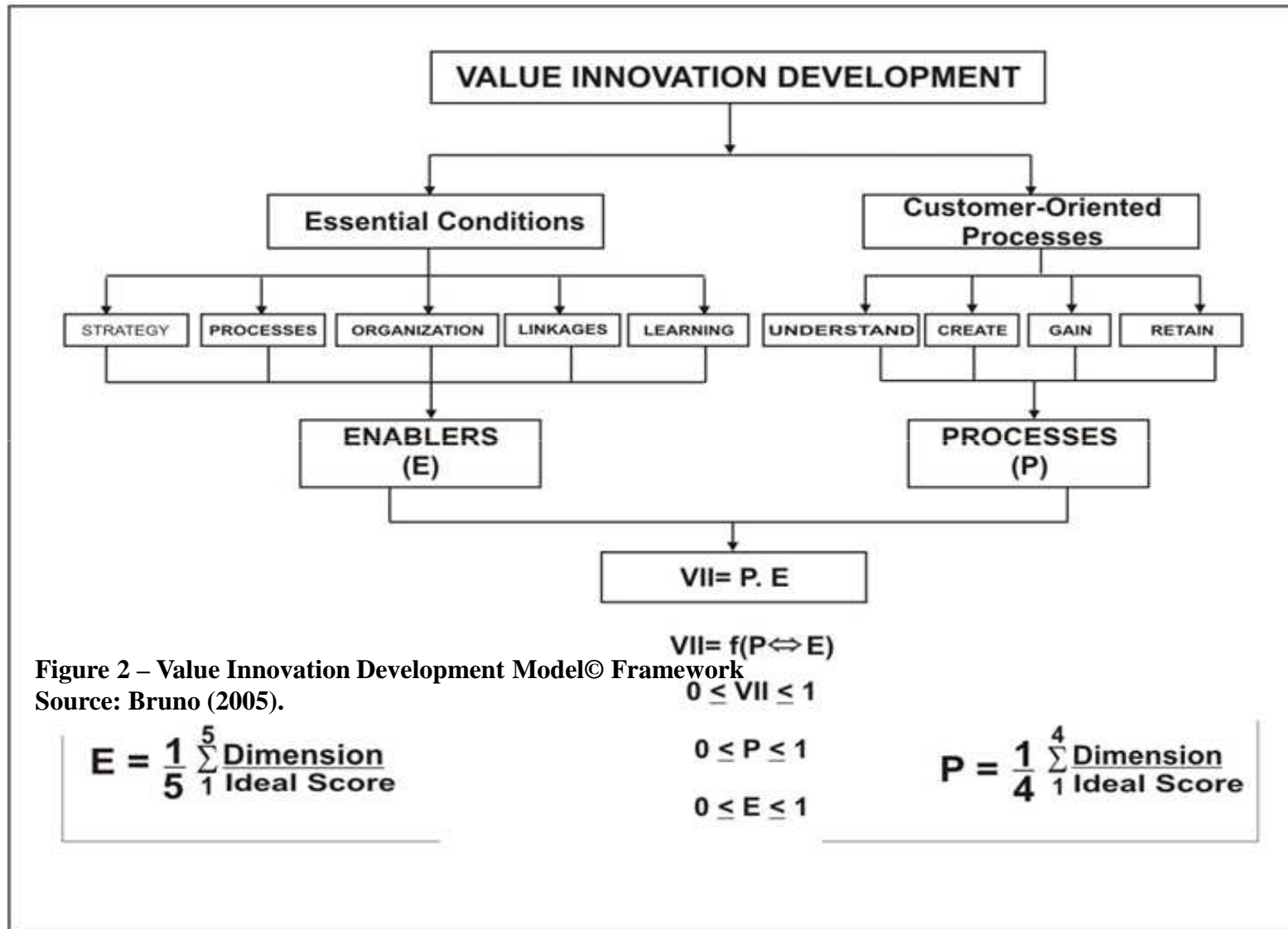
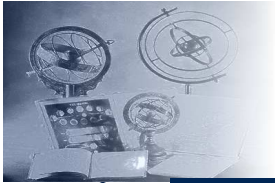
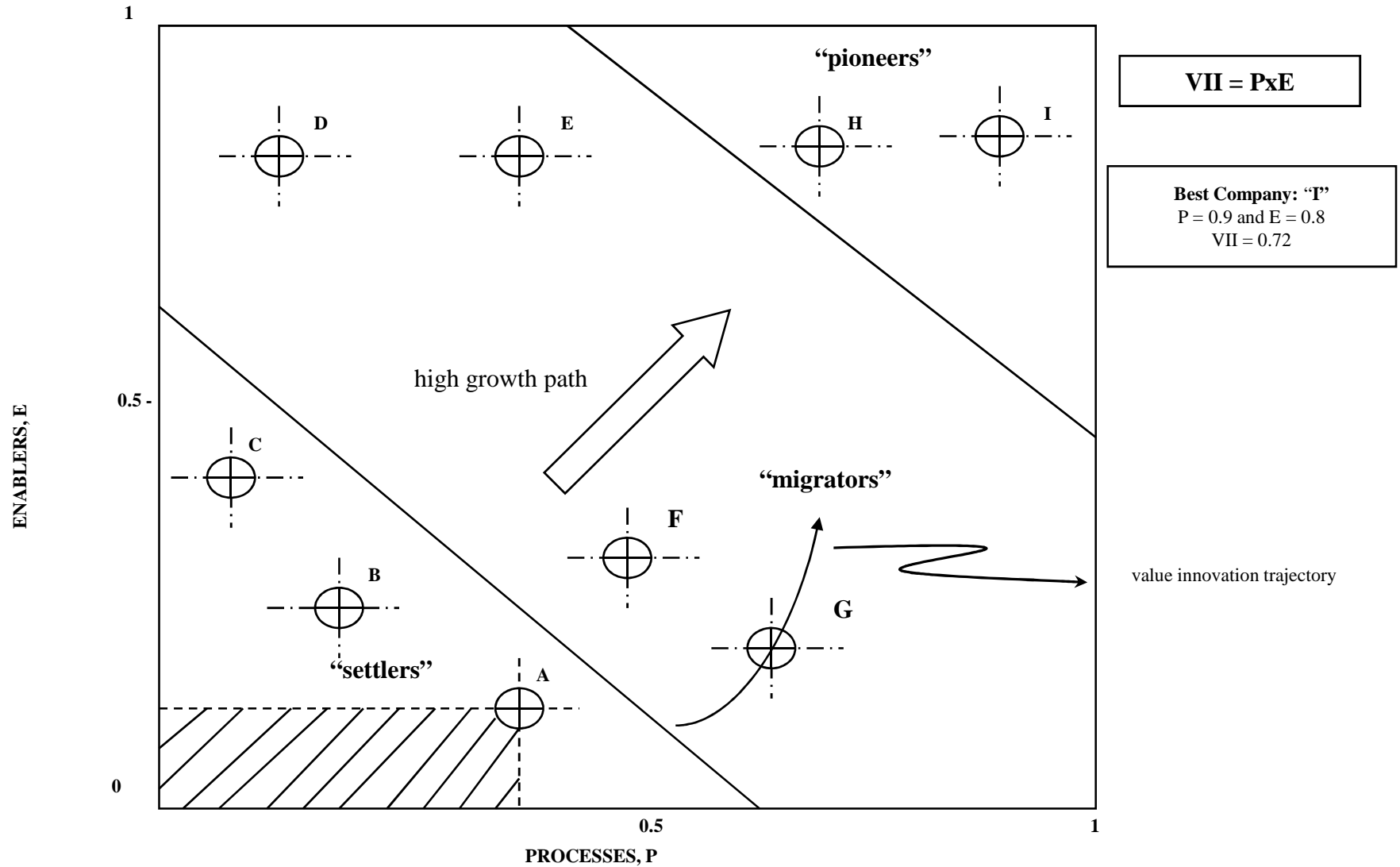


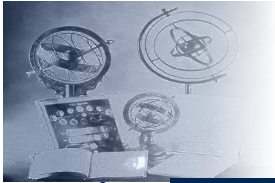
Figure 2 – Value Innovation Development Model© Framework
Source: Bruno (2005).



Value Innovation Development Model©

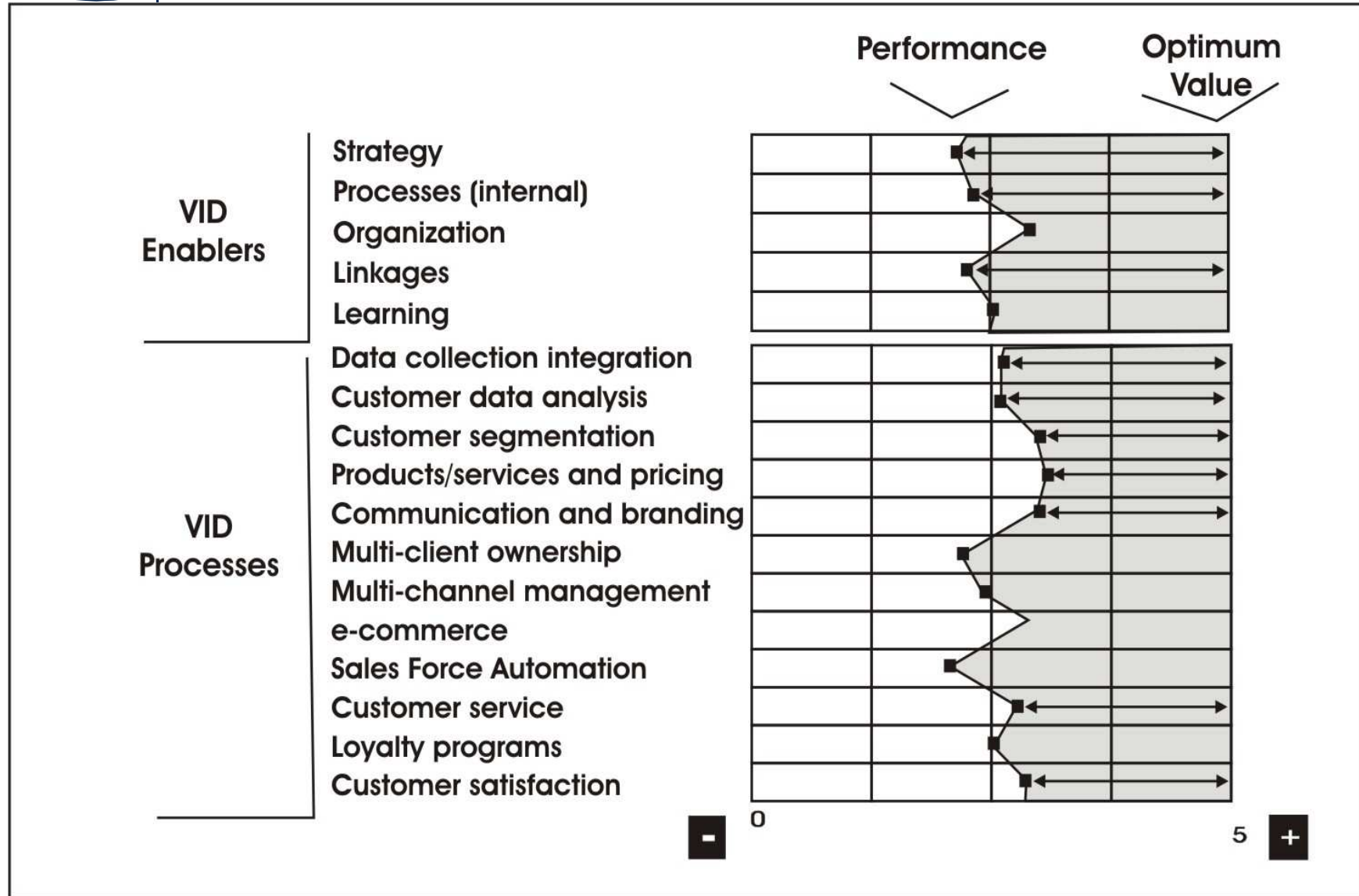
Source: Bruno (2005).





Gap analysis by dimension

Source: Bruno (2005).

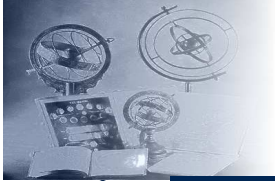




RESEARCH QUESTIONS

The study sought to answer the following research questions:

- How the practice of virtues, in the involved organizations, is perceived by their executives?
 - What is the average value innovation index of the organizations involved in the research?
- Is there a relation between virtuous leadership and innovation management?



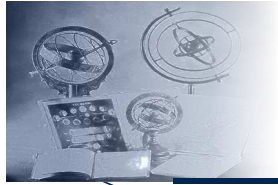
METHODOLOGY

Sampling

It has been randomly selected 400 executives involving 48 organizations, encompassing medium and large size ones. Most of them were manufacturing companies in the fields of consumer electronics, two-wheel vehicles, and cell phones. The majority of the executives were Brazilians (366) and some foreigners (34), being 142 females and 258 males with ages varying from 28 up to 55.

Data Gathering

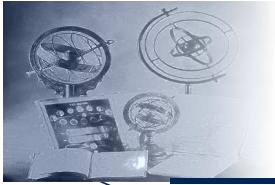
In order to uncover the **virtuous leadership index - VLI** of each researched organization a Likert-type attitudinal measurement instrument was developed as shown in Appendix A. The instrument covered several aspects: vision, hope/faith, altruistic love, meaning/calling, membership, organizational commitment, and productivity. The Recurrence Table (Appendix B) shows the considered items per virtuous categories allowing the computation of the average score for each one of the seven virtues as can be seen in Table 2.



METHODOLOGY

To compute the **value innovation index** of each organization two instruments of diagnosis type were used a first one involving five enablers, internal to the organizations, and the other involving four aspects of the customer-oriented processes, and the Delphi technique for gathering the data was used.

To analyze a possible relation between the **virtuous leadership index**, per organization, and innovation management, the **value innovation index** has been calculated per organization, and, then the linear correlation coefficient was computed taken into consideration the set of paired data involving the before mentioned variables per organization, therefore the computation involved 48 pairs.



FINDINGS AND ANALYSES

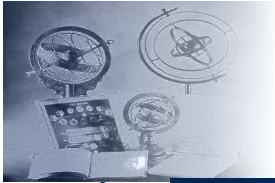
Table 2

Virtuous Leadership Profile of a Sample of Executives (N=400)

Virtues	Average Score (1 to 4)
Vision	2.8
Hope/Faith	1.5
Altruistic Love	1.2
Meaning/Calling	1.5
Membership	3.3
Organizational Commitment	3.1
Productivity	3.6

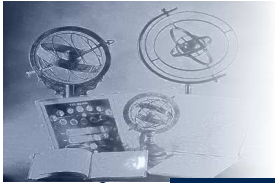
Source: Research Data.

N= sample size



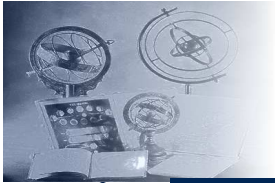
FINDINGS AND ANALYSES

Nbr.	SECTOR		E (0 to 1)	P (0 to 1)	VII (0 to 1)	VLI (%)
1	Health Care	O 1	0.44	0.08	0.03	50
		O 2	0.55	0.24	0.13	55
		O 3	0.65	0.24	0.15	55
		O 4	0.62	0.40	0.24	60
2	Paper & Packing	O 5	0.63	0.45	0.29	80
3	Mechanical Parts	O 6	0.30	0.05	0.02	50
4	Electrical Parts	O 7	0.45	0.65	0.30	60
		O 8	0.71	0.39	0.27	60
5	Transport/Logistic	O 9	0.29	0.49	0.14	50
		O 10	0.56	0.65	0.36	80
		O 11	0.53	0.50	0.26	60
6	Consumer Electronics	O 12	0.34	0.25	0.08	50
		O 13	0.65	0.55	0.36	80
		O 14	0.60	0.65	0.39	85
		O 15	0.65	0.65	0.42	85



FINDINGS AND ANALYSES

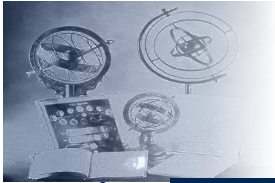
7	Vehicles	O 16	0.48	0.70	0.34	70
8	Virgen Media	O 17	0.49	0.22	0.11	50
9	Info Technology	O 18	0.63	0.62	0.39	70
		O 19	0.60	0.69	0.41	75
		O 20	0.63	0.77	0.49	87
		O 21	0.62	0.37	0.23	60
10	Service	O 22	0.62	0.58	0.36	60
		O 23	0.58	0.50	0.29	50
		O 24	0.58	0.76	0.44	80
11	Physical Distribution	O 25	0.54	0.62	0.33	60
12	Car dealer	O 26	0.59	0.37	0.22	50
13	Language School	O 27	0.63	0.40	0.25	50
14	Banking	O 28	0.61	0.52	0.32	60
		O 29	0.64	0.71	0.45	60



FINDINGS AND ANALYSES

11	Supermarket	O 30	0.56	0.40	0.22	40
		O 31	0.79	0.57	0.45	85
12	Telecom	O 32	0.57	0.40	0.23	60
		O 33	0.57	0.54	0.31	65
		O 34	0.61	0.40	0.24	50
13	Clothes	O 35	0.64	0.56	0.36	70
		O 36	0.76	0.62	0.47	85
14	Shoes	O 37	0.73	0.40	0.29	70
		O 38	0.69	0.77	0.53	87
15	Graphics	O 39	0.63	0.40	0.25	50
		O 40	0.57	0.40	0.23	50
16	White Goods	O 41	0.65	0.45	0.29	60
17	Software House	O 42	0.58	0.59	0.34	65
18	Construction Material	O 43	0.54	0.50	0.27	50
19	Hotel Chain	O 44	0.58	0.75	0.43	80
20	Office Material	O 45	0.71	0.79	0.56	85
21	Protection Equipment	O 46	0.69	0.25	0.16	50
22	Fabrics	O 47	0.56	0.40	0.22	55
23	Departmental Store	O 48	0.65	0.35	0.23	50

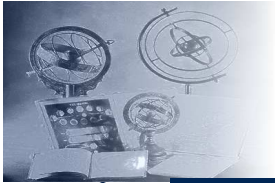
O = Organization, E = Enablers, P = Market-Oriented Process, VII = Value Innovation Index, and VLI = Virtuous Leadership Index



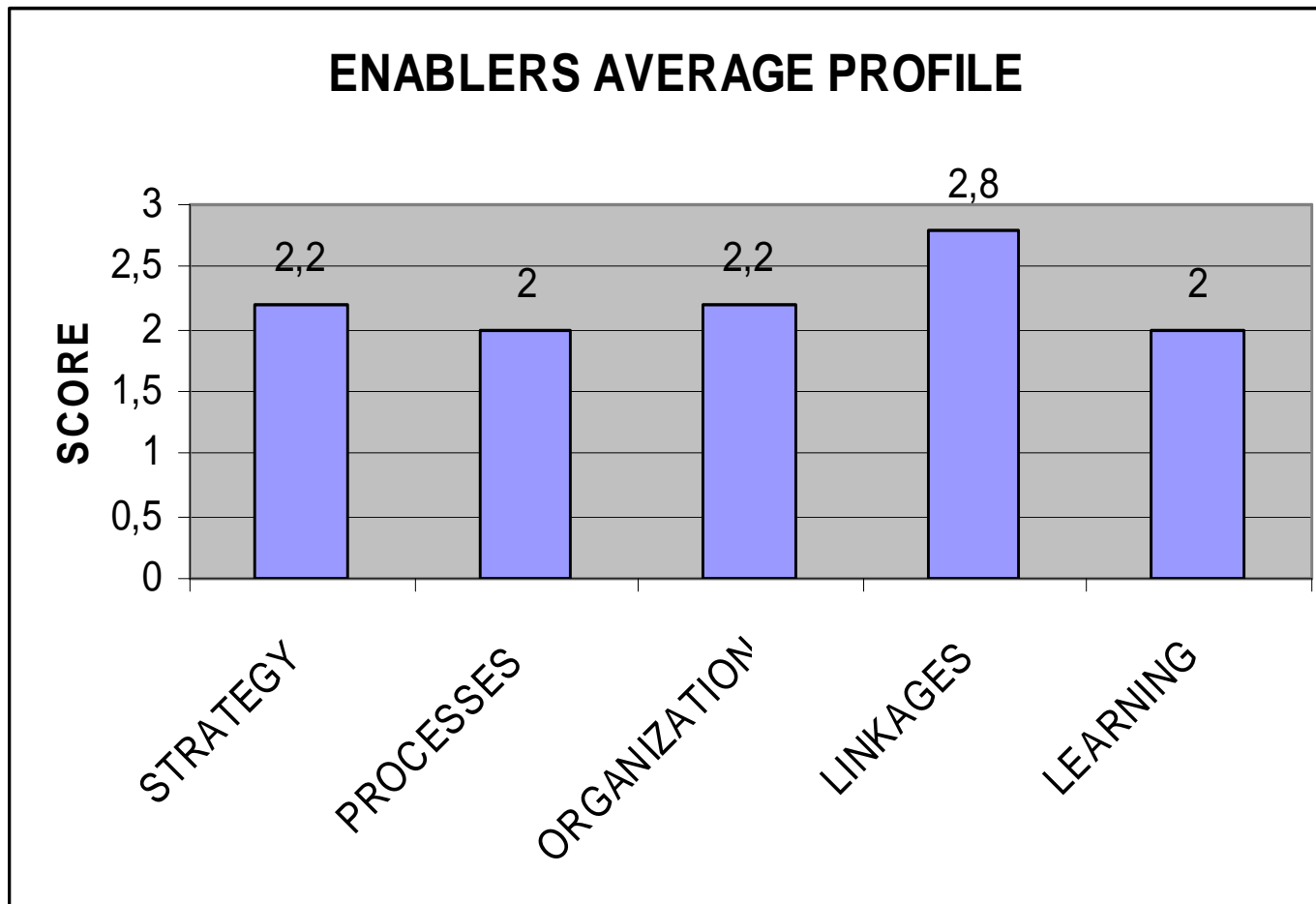
FINDINGS AND ANALYSES / CORRELATION

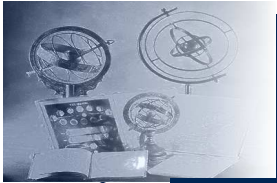
- VIRTUOUS LEADERSHIP INDEX
vs. VALUE INNOVATION INDEX = + **0.83**

The linear correlation coefficient was computed taking into account the set of paired data involving all the 48 organizations, being **virtuous leadership index** one variable, and **value innovation index** the other. The result was a linear correlation coefficient of +0.82, which suggests, according to Schmidt (1975), a high degree of positive relation between the two considered variables. **It must be noticed that only 4.2% of the researched organizations reached world class on managing innovation ($VII \geq 0.50$).**

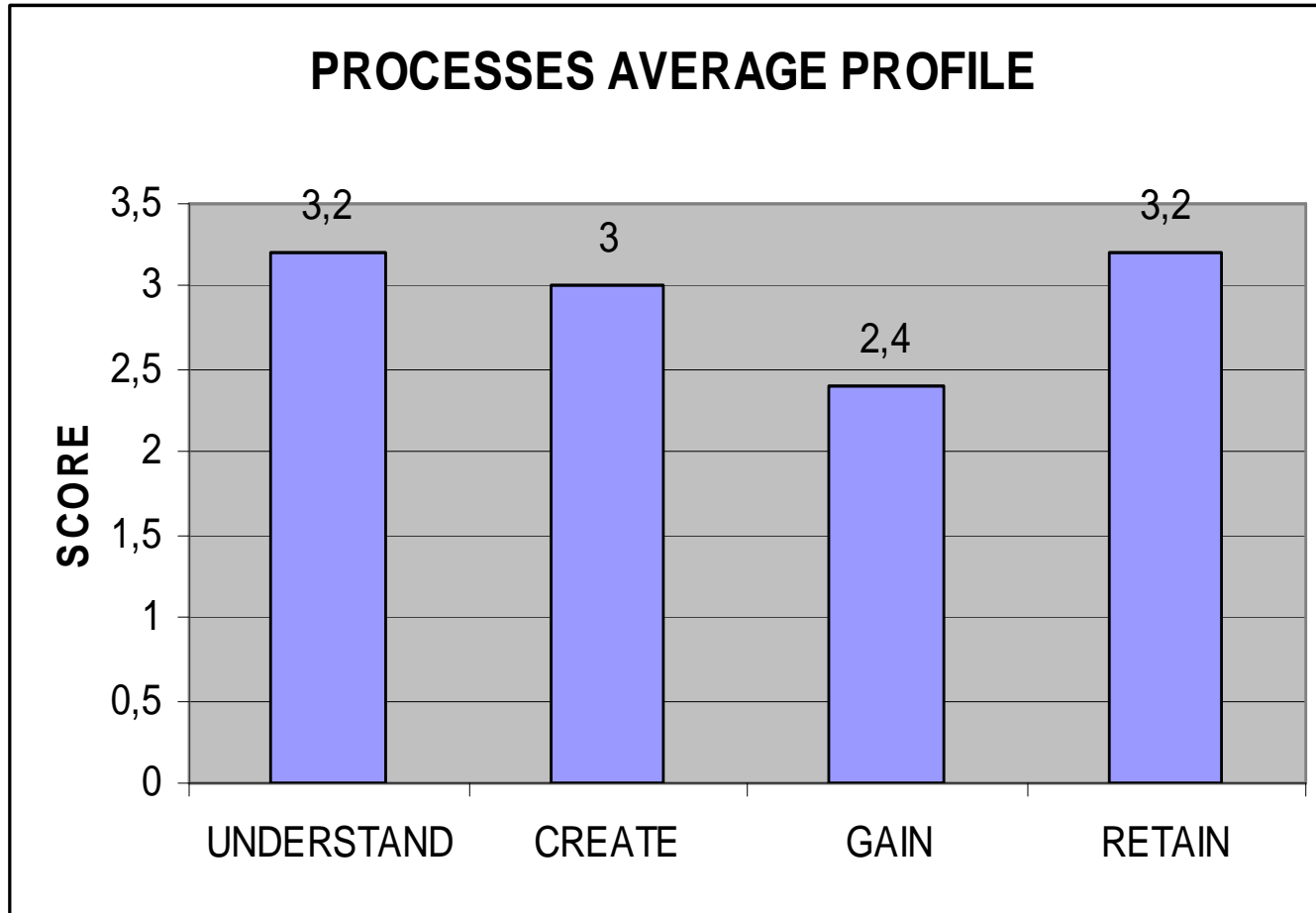


FINDINGS AND ANALYSES



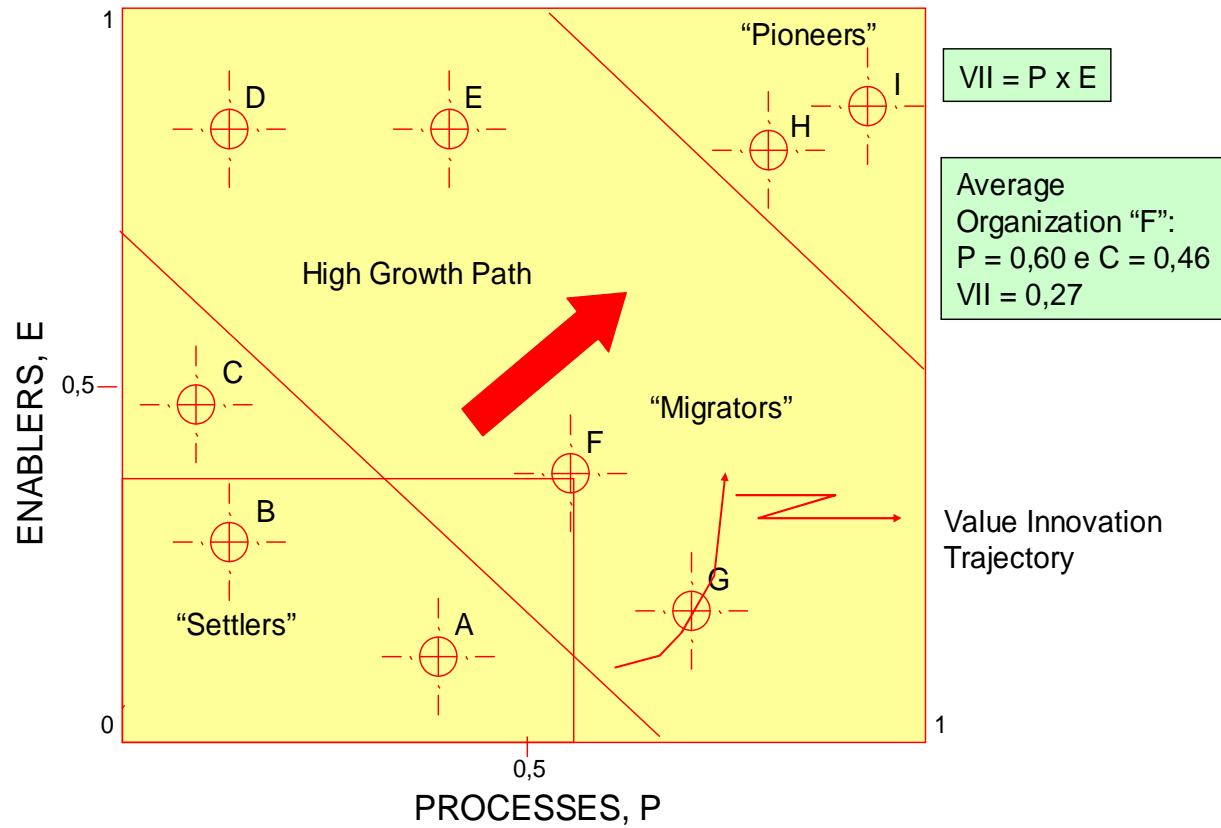


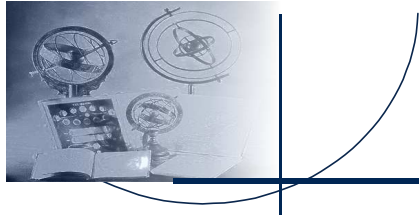
FINDINGS AND ANALYSES





FINDINGS AND ANALYSES



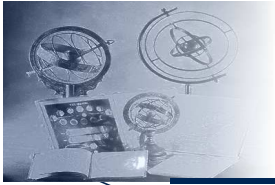


CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

The following conclusions were reached based on the research:

The study has shown that the executives involved in the research have an unbalance perception regarding the practice of virtues within the researched organizations; and, even worse, the Virtuous Leadership Index considering all 48 organizations together is 61%. There is plenty of space to improve, once in the cases of opinion surveys a world class score would be $\geq 85\%$. On the other hand, Table 2 depicts that this sample of executives obviously values more highly Productivity, Membership and Organization Commitment ends than Altruistic Love, Hope/Faith, and Meaning/Calling, which are means to influence people to bring motivation from within, that is to say leadership. These findings can be partially explained due to the fact that the great majority of the executives of the sample (72%) belongs to the Generation X (ZEMKE et al., 2000), the survival generation with a casual approach to authority, and, on the other hand, the virtues practice, or spiritual intelligence, is associated with religions, which is somewhat “old-fashioned” for the majority of this generation. In any way this is the moment to face this problem. If we really want to have leaders with traits such as: responsible influence, people centered, showing coherence between attitudes and actions, and fecundity, that is to say, leading the process of assuring progress, than we need to work hard in order to develop knowledge for better understand and influence leaders’ personal values, attitudes and behavior.



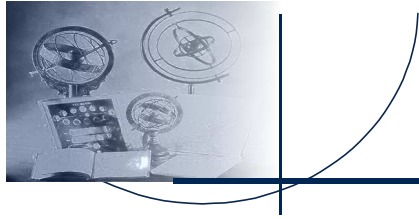
CONCLUSIONS AND RECOMMENDATIONS

The study also has shown a large space for improvements as far as innovation management, of all kinds – process, systems, products, services, management and ways of doing the businesses, is concerned. These improvements are largely related with executives' virtues practice, having a high positive relation between the virtuous leadership index and the value innovation index. creating cultural environments that enhance the involvement and effective participation of all the stakeholders of the organization in this effort.



CONCLUSIONS AND RECOMMENDATIONS

Once the study uncovered high positive relation between executives' virtues practice and innovation management effectiveness, would be highly recommended in leadership development efforts to take into consideration a critical analysis on how to draw on one's spiritual abilities and resources to better identify, find meaning in, and resolve existential, spiritual and practical issues, showing qualities of love, joy, peace, patience, kindness, goodness, faithfulness, hope, justice, humility, honesty, courage, perseverance and self-control; in short – virtues. As a consequence, society will have leaders with a more comprehensive view of the world, assuring, therefore, more appropriate decisions.



CONCLUSIONS AND RECOMMENDATIONS

RECOMMENDATIONS

General

A certain number of initiatives should be taken to improve the development of leaders aiming at the establishment of a new society:

- a)** to address issues such as leadership in society' s educational efforts as from the early childhood in order to prepare the new generations for the responsible practice of a leadership primarily focused on people and their professional and personal needs;
- b)** the hour of choice is now; in order to assure that 2/3 of mankind, with poor quality of living, will receive a fast and effective attention from the leaders of today and tomorrow, we need to speed up the process of the democratization of the concept of leadership, that is to say, we need to make leadership accessible to people from all disciplines, all ages and everywhere; and
- c)** let all of us stimulate and support such organizations as the United Nations (UNESCO) and all the educational system worldwide in continuing to multiply and flourish in terms of projects and decisions towards the human society development, assuring convergence of the business world, the political institutions, and the civil society; however, we must realize that this will only be possible if all the parts involved are agreed on the basic values and purposes underlying their projects and decisions (actions) – true union (heart to heart) will be a must.



CONCLUSIONS AND RECOMMENDATIONS

Specific

- a) The samples used in the study were rather small, therefore any extrapolation from the results of the research must be done with caution.
- b) Would be highly recommended in further studies of this nature to consider the perception of **the operational employees regarding practice of virtuous within the organizations.**
- c) Additional researches of the same nature involving bigger sample sizes and conducted in other cultures are highly recommended.