

*Original Article*

# What Makes Someone a Better Business Leader? Necessities of Emotional Intelligence, Flexible Thinking, Action and More...

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Many leadership theories have been proposed and the concept of leadership itself has changed over time. Everyone feels that effective leaders make a difference to the success of organizations. This paper reports on analyses and ideas on leadership through the question “What makes a leader?”, as posited by Goleman (1998), author of Emotional Intelligence (1995), and identifies the key issues of leadership.

**Key Words:** Leadership, Business Management, Emotional Intelligence, Traits of Leaders, Human Resources

## Introduction

The concept of leadership has changed dramatically over time, in tandem with changes in technology and society. Regarding the concept of leadership, many theories have been proposed but much ambiguity remains. A clear theory on leadership has not yet been established as it is such a diverse and complicated construct. According to Goleman (2000), there are six main leadership styles. These are shown in Fig. 1 and Table 1.

Northouse (2004) says that there are approximately 65 different classification systems in place to define leadership, while Greene (2014), director of Tricordant Ltd., a unified systems and human resources consultancy, mentions that there are more than 1,500 definitions of leadership. So leadership clearly means different things to different people at different times. This is important, as leadership crosses many boundaries, not only in

business and politics but also in education and sport. Leaders in all fields have individual philosophies



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Fig. 1 Six main styles of leadership (from Goleman, 2000)

**Table 1** Features of the six main leadership styles (from Goleman, 2000)

	Coercive	Authoritative	Affiliative	Democratic	Pacesetting	Coaching
The leader's modus operandi	Demands immediate compliance	Mobilises people towards a vision	Creates harmony and builds emotional bonds	Forgoes consensus through participation	Sets high standards for performance	Develops people for the future
The style in a phrase	Do what I tell you.	Come with me.	People come first.	What do you think?	Do as I do, now.	Try this.
Underlying emotions	Drive to achieve, initiative and self-control	Self-confidence, empathy and change catalyst	Empathy, building relationships and communication	Collaboration, team leadership and communication	Conscientious, drive to achieve and initiative	Developing others, empathy and self-awareness
When the style works best	In a crisis, to kick start a turnaround, or with problem employees	When changes require a new vision, or when a clear directive is needed	To heal rifts in a team or to motivate people during stressful circumstances	To build buy-in or consensus, or to get input from valuable employees	To get quick results from a highly motivated and competent team	To help an employee improve performance or develop long-term strengths
Overall impact on climate	Negative	Most strongly positive	Positive	Positive	Negative	Positive

and are constantly producing new ideas. While the style of leadership in modern society has changed dramatically, more specifically it has changed in relation to business areas. Day-to-day business circumstances have changed, as well as leadership within business. In business there have been many famous leaders, such as Bill Gates' (Microsoft), Philip Knight (Nike), Masayoshi Son (Softbank), Carly Fiorina (politician and former CEO of Hewlett-Packard) and Steve Jobs (Co-founder of Apple Inc.). Their definitions and philosophies regarding leadership all differ. For example, Fiorina (2003) states that leadership is power, while Drucker (2001) highlights that leadership is work. While there are many differing opinions regarding what makes a better business leader, the overall underpinning priority of leadership is defined as "the process of inducing others to take action towards a common goal" (Locke, 1991, p. 2).

Authority or power alone cannot achieve this result in a company. The way one goes about inducing others to take action however, elicits great ambiguity among theorists. While the definitions of leadership have caused much debate, it is easily agreed that leadership within business is absolutely essential. Without leadership a company cannot survive for it

would lack all form of cohesive direction, purpose and drive. As Locke (1991, p. 1), citing Bennis and Nanus (1985, p. 20) states: "A business short on capital can borrow money, and one with a poor location can move. But a business short on leadership has little chance for survival".

### **What is a good business leader?**

There are a number of different arguments surrounding the question of what makes a better business leader. Masayoshi Son (2010), the chairman and CEO of Softbank, places great emphasis on principle vision and strategy. He quotes from Thomas Hardy, "Good business leaders create a vision, articulate the vision, passionately own the vision and relentlessly drive it to completion". In order to have successful outcomes there must be a clear, single governing objective to gain coordinated and focused attention. A better business leader makes the company's purpose clear. This is what employees will feel confidence in and subsequently follow. In order to achieve results there has to be determination but in order to achieve determination there has to be purpose. Purpose can be shown through tact and diplomacy, tolerance for ambiguity, reliability and

loyalty, diligence, quality and regard for others. As Masayoshi Son similarly maintains, vision and purpose are of great importance for leaders. Thus "(l) eadership means influencing the community to follow the leader's vision" rather than "leadership means influencing the community to face its problem" (Heifetz, 1994, p. 14).

While Cohan (1999) agrees that purpose and vision are essential for a successful business leader, he also highlights that a business leader needs to know how to solve the bottom-line problems of a business and continuously find ways to make a profit. His idea regarding leadership is that better business leaders understand all areas of the company. He argues that a business leader has to think about the future of his company. Cohan's view regarding a good leader is that the result of the company's operation is most important, but in order to achieve results the leader must be a person who knows the company the best. Therefore he ascertains that knowledge is imperative for a better business leader. A leader must possess the knowledge of the basics of leadership, possess strategic knowledge of the company or business in order to plan effective operations, and have tactical knowledge in order to react quickly and appropriately. Japanese business leader Kosuke Mikitani, chairman and CEO of Rakuten, used his sound business leadership knowledge, strategic knowledge and in-depth knowledge of his company, competition and constituents to build Rakuten Ltd. in Japan (Mikitani, 2009). Cohan's view is not only relevant, but also important, in determining what makes a better business leader, and should be used concurrently.

### **What are the traits of a business leader?**

While an overall clear purpose and vision, together with in depth knowledge are all clear, overriding essentials for an effective leader, it is pertinent to argue that a better business leader requires these elements together with a number of additional personal traits if they want to experience strong and long-lived success. Confucius believed that leadership, at its most fundamental level, comes from within (Krause, 1997, p. 3) Confucius philosophised that "the power to lead is generated within the context of a person's moral and philosophical framework in relation to one's followers and constituents...

a function of character...." (Krause, 1997, p. 3, citing Confucius) However, when looking at the requirements and necessity of personal traits for the effectiveness of a business leader, it is at this point that many differing arguments set it.

It is possible to argue that if a business leader has great vision and knowledge, but lacks personal skills, success may be limited. Locke (1991) asserts that a practical leader's core traits should include honesty, integrity, self-confidence, creativity, flexibility, and charisma. Locke argues that honesty and integrity are essential leadership traits. To be honest is to be truthful and to not use deception, while to have integrity a leader must remain true to their word. A successful leader is open with their co-workers, but they are careful not to provide damaging information. He also maintains that to be a successful leader, self-confidence is important and many would agree with him, as it is essential in decision-making and in developing trust. It enables a leader to take on responsibilities with assertiveness and decisiveness. Locke argues that creativity is not often mentioned as a leadership trait. However creativity is important in developing a vision, and is an essential skill for business problem-solving related to building a company or developing a product or service. Again, others analysing leadership traits would agree that flexibility is a priority for leadership. Now the world is changing at a high speed, leaders must be flexible in order to meet the challenges of change powerfully and creatively. Flexibility stops a leader from becoming set in their ways, maintaining fixed ideas, and an inability to adapt to company changes. Lastly, Locke states that charisma is important in order for people to have confidence in their leader, and to be inspired to join the leader's vision path.

Cohan supplements this in saying that the traits of business leaders should include a caring nature and an element of toughness. For example, Cohan argues that toughness is essential. He explains that toughness means honesty and fairness, traits which are listed separately by other theorists. Cohan argues that in order for a leader to be successful, in business or other fields, they must be caring. The importance of being caring is rarely mentioned as a leadership trait, and is seldom mentioned in business as it is often associated with softness. Under Darwin's theory of evolution, the fittest populations are those

in which the young are cared for effectively (Cohan, 1999). A leader can care by listening, understanding, and keeping close to his employees, or those who are working 'beneath' him. This in turn will develop business productivity, as staff will feel nurtured. However, Cohan asserts while it is essential to have a caring attitude as a business leader, it is also imperative to know how to be tough. For a leader to be tough they must cope under pressure, while being honest, fair and trusting others. Trust in others demonstrates courage and confidence.

Goleman (1998) points out that traditional leadership qualities such as vision, knowledge, determination and toughness are important. However, as Goleman asserts, it is possible to argue that these four qualities are not enough. Leaders also need a considerable level of 'emotional intelligence'. This consists of self-awareness, self-regulation, motivation, empathy, and social skills, as outlined in Table 2.

Self-awareness is to understand your emotions, strengths, weaknesses, needs, and drives. A healthy self-awareness means a leader will not be harshly critical or give unrealistic hope. Self-awareness also enables business leaders to be honest with themselves and those working with them. Self-regulation enables a leader to manage their emotions and not allow them

to be all controlling, but enables them to find ways to control them and even to use them in positive ways. Obviously, one has to argue that motivation is absolutely essential in order to be an effective leader. Motivation provides the will to achieve beyond expectations - their own and everyone else's. Many people want to achieve in order to gain external rewards, such as a big salary or the status that comes from having an impressive title or being part of a prestigious company. However, better business leaders are motivated by a deeply embedded desire to achieve for the sake of achievement. Empathy is an easily recognised emotional intelligence, however in business we rarely hear of people being praised or rewarded for their empathy. This is disturbing as it is rudimentary for a good leader. To many, empathy is unbusinesslike. Empathy means thoughtfully considering employees' feelings, along with other factors, in the process of making intelligent decisions. In the long run, this obviously affects business productivity. It is essential for a leader to be aware of, and understand, the viewpoints of everyone they work with. It can be argued that social skills are essential for productive leadership. While the term 'social skills' seems quite simple, it can entail more than mere friendliness. It concerns a person's ability to manage relationships with others. In business,

**Table 2** The Five Elements of Emotional Intelligence (from Goleman, 2004)

	Definition	Hallmarks
Self-Awareness	The ability to recognise and understand your moods, emotions, and drives, as well as their effect on others	Self-confidence Realistic self-assessment A self-deprecating sense of humor
Self-Regulation	The ability to control or redirect disruptive impulses and moods, the propensity to suspend judgement-to think before acting	Trustworthiness and integrity, comfort with ambiguity, openness to change
Motivation	A passion to work for reasons that go beyond money or status A propensity to pursue goals with energy and persistence	A strong drive to achieve Optimism even in the face of failure Organizational commitment
Empathy	The ability to understand the emotional make-up of other people Skill in treating people according to their emotional reactions	Expertise in building and retaining talent Cross-cultural sensitivity Service to clients and customers
Social Skills	Proficiency in managing relationships and building networks An ability to find common ground and build rapport	Effectiveness in leading change Persuasiveness Expertise in building and leading teams

social skills can be related to friendliness with the purpose of moving people in the direction you desire. This can be in terms of an agreement on a new marketing strategy or in relation to enthusiasm about a new product.

Krause (1997) identified a number of other key factors for leadership, such as self-discipline and responsibility, which it is possible to argue are also necessary personal aspects for an effective business leader. Krause argues that self-discipline is essential for a leader for it enables them to be careful and aware of what they think and do, both privately and publicly. Self-discipline enables a leader to have a self-assured, direct and controlled demeanour in both positive and negative circumstances. Krause also asserts that responsibility is essential if a leader is to take on the duties and obligations that are put forward by the trust and power given to them. Leaders must take responsibility seriously by being concerned about the interests of their employees. Leaders must accept the results of their decisions and share the consequences with their employees. Krause asserts that it is also essential to lead by example. This is a key argument. Krause (1997, p. 97) says that:

A leader's actions become a model for the actions of his constituent group. Further, the leader's character sets the moral tone of leadership. The standards he sets become the benchmark for the group. In all situations, the leader is observed and copied; at all times, the leader demonstrates preferred behaviour by his own actions. The leader sets the example whether he intends to or not.

Brache (2002) asserts that a "leader's behaviour is a most powerful determinant of an organization's culture". One instance of leading by example was that of Masayoshi Son, Chairman of Softbank, who sold mobile phones directly to customers himself at his mobile phone shops (IT Pro By Nikkei Computer, 2011). Another example is that of David Johnson, Chief Executive at Campbell Soup, who sometimes put on a chef's hat and apron and organised rallies of employees (Nohria, Joyce & Roberson, 2003). From top to bottom, better business leaders need to lead by example. Kraus (1997, p. 83) argues that "(a) leader understands the special nature of the social and moral

contract between leaders and their constituents. The leader is dependent upon his followers for his power and to a large extent, his ability to produce results. Therefore, he must work cooperatively with them to reach agreed-upon objectives". While these two traits seem contradictory, they are both of great importance. It is possible to argue that while all different, these are some of the essential traits of better business leaders. While they list a number of different traits, many of them are integrated.

### **What makes someone a better business leader?**

While the arguments listed so far assert what traits a leader must have to be effective, many will argue that the most important measure of a better business leader is that of results. It is true that good leaders will achieve results no matter how difficult the situation. In order to achieve accomplishments the leader must be prepared to act, and know the right time to do so. To follow through with difficult decisions requires great determination if good results are to be seen. Krause argues that successful results are the foundation of leadership. In order to achieve results a leader needs practical intellect and energy. However, a good leader also needs to learn from a lack of accomplishments or results, and to be able to overcome adversity. Instead of blaming situations, or others, it is possible to argue that an essential quality for a better business leader is the ability to analyse mistakes and a lack of results, in order to turn the lack of business productivity around in the future. Bennis, Spreitzer and Cummings (2001, pp. 190–198) point out that it is essential to create triumph from tragedy. They argue that it is not the proportion of losses that differentiates one leader from another, but how they construe their losses. They believe strongly in the 'Fight not Flight' theory when dealing with setbacks. A better business leader is one who is willing to learn and change with time and experience. This form of development is crucial in order to maintain positive results. It is not a question of whether or not one is born a natural leader. It is a question of whether or not a person is willing to consciously transform themselves into a better leader through self-development, specifically of the emotional intelligences, and constant learning.

A better leader is constantly evolving. Different circumstances require a different combination of skills. It is one's desire to be a better leader that will reap results.

### Conclusion

There are many differing theories on the definition of business leadership, together with a wide array of arguments by theorists on what the overriding principles of a better business leader should be. In reality, every business leader will practise different leadership principles according to the situation, time and place they happen to be in. Every better business leader must be knowledgeable about their individual company, and develop a leadership style that suits their individual company. No matter what the situation, analysis of the literature shows that a clear purpose, with achievable goals, is paramount if employees are to understand what they are aiming for and in order for them to feel part of the overall process. While vision and purpose are paramount, a leader cannot succeed without the support of their subordinates or constituents. In order to gain their support a better leader must remain continuously emotionally aware. In all situations, the different areas of emotional intelligence must be constantly put into practise in order to foster positive emotions with subordinates and develop a harmonious and successful staff. Research also suggests that in all situations a better business leader will be flexible in their thinking and their actions in order to adapt to a changing business world. A better business leader must have an adaptive capacity in order to be willing to learn from adversity in order to make themselves, their company and their future endeavours stronger.

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