Relationship between empowerment and leadership in the economy

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Abstract. There are various theories about how a leader should behave and what are the characteristics of a leader in the context of the modern economic world and business. The question of how actually an individual becomes a leader is of interest to many people. Very often the word “leader” is used as an equivalent of a person gaining power in a particular structure or organization. Also the words „leader“ and „manager“ are often misused as synonyms. There is a big difference between the two concepts. Manager in the economic world can take a position as a continuation of personal and professional qualities which will elevate him in the structural hierarchy. Also, manager could be chosen for the position by external factors. In both cases, this is not a matter of choice of the group. If the manager has leadership qualities, he could be recognized by the group later, but he could also be rejected. Placing a certain individual, who is not chosen by the group, in a leading role is a subject of analysis. An experiment with students is conducted so to prove the hypothesis. The experiment aims to determine whether there is a connection between empowerment and leadership, fundamentally distinguishing the fact that empowerment does not presumably make the individual leader. For the purposes of the experiment, fictional information about a non-existent country is provided. In this way, a simulation environment is created. Each student has own task and must defend own draft budget in a discussion. The simulation aims to observe not mostly the success of defending own draft budget, but the behavior and unconscious leadership skills of the participants.

Keywords: leadership, empowerment, scientific experiment, students, group

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Взаимосвязь между наделением полномочиями и лидерством в экономике

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Аннотация. Существуют разные теории о том, как должен вести себя лидер и каковы характеристики лидера в контексте современного экономического мира и бизнеса. Вопрос о том, как на самом деле человек становится лидером, интересует многих. Очень часто слово «лидер» используется как эквивалент человека, обладающего властью в той или иной структуре или организации. Также слова «лидер» и «менеджер» часто ошибочно используются как синонимы. Между этими двумя понятиями существует большая разница. Менеджер в экономическом смысле может занять должность на основе личных и профессиональных качеств, что повысит его в иерархии компании. Также менеджер может быть выбран на должность на основе внешних факторов. В обоих случаях это не вопрос выбора группы. Если менеджер обладает лидерскими качествами, он может быть позже признан группой, или наоборот. Объектом анализа является выдвижение на ведущую роль конкретного человека, который не был выбран группой. Для проверки гипотезы проводится эксперимент со студентами. Эксперимент направлен на выяснение, существует ли связь между наделением полномочиями и лидерством, и на проверку предположения о том, что наделение полномочиями не делает определенного человека лидером. В целях эксперимента предоставляется вымышленная информация о существующей стране. Таким образом создается обстановка моделирования. Каждый студент имеет индивидуальное задание и должен защищать свой проект бюджета в ходе обсуждения. Успешная защита бюджета является лишь косвенным мотивирующим фактором. Наблюдение и анализ сосредоточены на поведении участников и проявлении их лидерских качеств.

Ключевые слова: лидерство, наделение полномочиями, научный эксперимент, студенты, группа

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Introduction

The purpose of the study is to present a different perspective on how a leader is formed and how much the environment influences the manifestation of leadership skills. The points of conflict between the leader and individuals who are on high positions in the organization, but do not have leadership qualities, are studied. Another
aspect of the study is related with the role of followers and how they perceive the leader and managers in a closed system. It is considered whether extrapolation of this system is possible in reality and what would be the influence of external factors on the behavior of the subjects. In other words, the article gives a different understanding of how a leader is proclaimed as such and is it absolutely possible to happen in a natural way excluding empowerment.

By default, “leader” is used as a synonym for a person who has gained power in a particular organizational structure: a state, a company, or another type of group of people. Usually, the management positions are acquired differently depending on the structure — through elections, job interviews, hierarchical growth in the organization. However, sometimes management positions are inherited, for example a royal throne or inheritance of a family business. In such cases, the leading figure is not recognized by the group, but authorized in a certain order.

Research in the article is based on a theoretical review of literature in the field. The practical part is a representation of an experiment conducted by the authors. An indicator for the relevance of the approach in the article is the need of education and business for more practical experiments to support training and scientific development. (Tenney, Costa & Watson, 2021).

The conception of the experiment about the relationship between empowerment and leadership skills is partly provoked by the Stanford prison experiment of Zimbardo (Haney, Banks & Zimbardo, 1973) but in a different direction. The idea for the study does not involve physical violence, but represents mental pressure established through verbal instruments. The Third Wave experiment, which can be defined as a basis of the Zimbardo’s Prison Experiment, is another study conducted among students at a school in Palo Alto, California in 1967. The experiment aims to explain how the Germans perceived the actions of Nazi Germany (Klink, 1967). The conclusion of the experiment shows that every person in such an environment could behave in a similar way, as they believe that people could not maintain social order without a strong leader.

However, the most important conclusion of the Stanford experiment is when granting privileges associated with superiority, people tend to take themselves seriously in the role given and in the idea of power. In the context of leadership, an empowerment of a person who is not elected by the group, on the one hand, is a prerequisite for the individual to be rejected and, on the other hand, to take the privileges of power seriously.

On this foundation, the hypothesis of the study is based on the assumption that empowerment of an individual is not related with creating leaders. The group itself recognizes the leader and leadership qualities cannot be learned. It is assumed also that leaders cannot be created and imposed by force.

Theoretical basis and Literature review

Nowadays, there is no universal definition of what a leader is, because the complexity of the concept does not allow it to be covered by one definition only. Generally, the leader is considered to be a person who stands at the head of a certain group of people and is their unifier and motivator for a certain cause or activity.
However, in professional plan there are different categories according to which the notion leader could be classified. From one side, the leaders are divided according to the field of operating — political, corporate and civil society leaders (Andreadis, 2002; Howard, 2001; Slavik, Putnova & Cebakova, 2015).

Forbes distinguishes 3 categories of leaders that society needs the most. The first are the artistic leaders. These are people who influence on an emotional level and this is their way of inspiring. Artistic leaders create new art, designs and etc. Usually these are not people who want to rule. Their purpose is connected with changing people’s perceptions. The second type are scientific leaders. Their role is to teach and inspire through new ideas and approaches. Scientific leaders create new models which help others to develop their own scientific work. Interpersonal leaders are the third type. These are people who can be found guiding at the head of political structures or organizations. Their basic function is to lead. Leadership is often used as a synonym for empowerment, whether politically or corporately.

It is this complexity of the different types of leaders that makes it difficult to describe the term in one short definition. Broad research by Regent University is giving an integrative definition of leadership which includes over 90 variables that the notion “leadership” may cover (Winston & Patterson, 2006). Part of the conclusions of the research are connected with the ability of the leader to select, influence and train the followers in a group, accepting and tolerating their personal qualities, skills and personalities. In an economic and corporate context, this conclusion sounds reasonable, but not in general. In different groups the principle of joining in a group is different and the group chooses the leader, not the other way around.

Some scientific works reckon that people who emergence as leaders has the capability to recognize individuals’ emotion. According to Waltera, Coleb, Vegt, Rubinc & Bommerd (2012) there is a complex connection between extraversion and the ability to distinguish emotions. These are qualities that favor a person to become a leader and are typical for people having emotional intelligence.

Another important quality of a leader that research overlooks is charisma. This concept often does not appear in the definitions of leadership, as it is practically irrational and scientifically unprovable. Charisma itself is inexplicable with rational arguments ability of a person to exert mental influence on groups of people. The degree of influence could be enormous and even on entire nations. Despite some authors like Gardner and Avolio (1998) believe that the charismatic image could be maintained through various techniques based on impression management (IM). The impression management is a behaviour which creates and maintains desired impression (Gardner & Martinko, 1988). Impression management can happen in unconscious way, but it can also be an absolutely conscious process which is practiced tendentiously.

However, intuitively people orient themselves and feel when a certain person has the charisma to unite. Charisma is a special ability to attract, influence and inspire devotion in others. The Cambridge dictionary defines charisma as “a special power that
some people have naturally that makes them able to influence other people and attract their attention and admiration.” In practice, charisma is the idea of leader’s influence without necessarily being given the power to dominate in a group. It is no coincidence that the root of the word leader comes from the verb lead. In order for a group to be led, the members must first allow and recognize the leader. In practice, leadership by force is not actually leadership.

Charisma is a very specific quality which not everyone owns and that’s why there is currently no developed formula for determining it. By definition a leader who has charisma has the ability to charm and inspire followers. This process happens due to certain traits of character and radiance of a person. For this reason, there is controversy in the scientific community as to whether charisma can be trained. According to some, it is a personal quality and cannot be created. According to others, it can be developed because it is basically based on communication (Jeanes, 2019).

Therefore, another important aspect of leaders’ charisma is the art to speak beautifully and persuasively. According to Shamir, Arthur and House (1994) there is a relationship between the rhetoric and charisma of the leader. Important aspects of the charismatic rhetoric is the content of the massage, the style and the way of delivery of information. All these elements contribute to the motivation and emotional influence (den Hartog & Verburg, 1997).

At the same time, experiments are being conducted to show how the moods in the group affects the group’s perception of leadership charisma. The findings are focused on how important for the charismatic leader is to recognize the negative moods in the group and how maintaining charismatic leadership can be maintained by a mechanism (Jin, Choi & Johnson, 2013). Understanding the negative emotion in the group is essential part of charismatic leadership because the members of the group in theory could influence the leader emotionally (Hsee, Hatfield, Carlson & Chemtob, 1990; Dasborough, Ashkanasy, Tee & Herman, 2009), but the leader’s influence on the followers is much greater than the influence of the non-leaders (Bono & Ilies, 2006; Fredrickson, 2003; Walter & Bruch, 2008).

**Experimental Design**

The experiment is conducted among master’s students in 2019 at the University of National and World Economy in Sofia. Students participate in it voluntarily and allow the experiment to be documented on video in a formal educational environment during a lesson in the discipline “Leadership in International Business”. The experiment is in the form of a discussion in which each of the participants is placed in a certain role. The duration of the class is 3 hours and 15 minutes, but students are not pre-limited in the time frame for discussion. The discussion is observed by an associate professor and a doctoral student, who do not interfere in the discussion, and their role is only to record a video of the experiment. The group in which the experiment is conducted consists of 25 people. The active
participating group consists of 10 students. The others 15 students are the audience of the discussion and are representative of the people who elected the government. The discussion is conducted in Bulgarian.

The purpose of the experiment is to determine whether there is a relation between empowerment and leadership. Students are not informed about the hypothesis of the experiment. Students are not motivated to participate in the experiment outside of normal educational and academic practices. The aim to participate is related with educational personal development.

The structure of the task is the following:

- Students are placed in an imaginary situation in which each of them has a leading role in a state structure. The state of which they are a government is non-existing and is called Laxicania.
- The parameters to be taken into account in the task are related with political and economic development of Laxicania.

In order to protect their budgets, students are provided with detailed information about the political and economic development of the imaginary state of Laxicania (Table 1).

<table>
<thead>
<tr>
<th>Geographical data of Laxicania</th>
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<tbody>
<tr>
<td>Capital</td>
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<tr>
<td>Continent</td>
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<tr>
<td>Population</td>
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<tr>
<td>Urbanization</td>
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<td>Official language</td>
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<td>Religion</td>
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*Source: The data is fictional for the purpose of creating a simulation environment.*

In addition to information about the geographical location, students receive data on the main sectors which are developing in the country, the standard of living and the level of education. Although non-existent, the coat of arms of Laxicania is also presented in order to acquire a higher identity.

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1 The image is illustrative. Artwork: assoc. prof. Daniel Danov, PhD.
In order to get an idea of the level of economic development, as information GDP from 2016 is given and also information about its structure (Figure 1). In 2017 the group of ministers should allocate a budget of 20 billion lax.

Composition of the Council of Ministers, appointed by the President, is formed by 8 departments: Ministry of Foreign Affairs; Ministry of Interior; Ministry of Defense; Ministry of Finance and economics; Ministry of energy, health and social

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2 The image is illustrative. Artwork: assoc. prof. Daniel Danov, PhD.
According to the constitution each ministry reports to the President. When discussing the annual budget, ministers set out their drafts and budget requests. The Ministry of Finance exercises control over the profitability of investments, but the final decisions on the distribution of the budget by ministries are ratified by the Presidential Administration.

- The group of 10 people consists of a cabinet of President, Prime Minister, Minister of Interior; Minister of Foreign Affairs; Minister of Defense; Minister of Finance and economics, energy; Minister of Health and social security, Minister of Education, science and culture; Minister of Tourism and sports and Minister of Infrastructure and projects.
- The experiment represents the first meeting of the cabinet and the task of each student is to defend the annual budget for his department and, accordingly, with given arguments to receive the highest possible funding.
- For the purposes of the experiment abilities of the students to defend their own claims and to show leadership qualities are observed.

The formal managing figure, who represents the role of the President, is entrusted to the oldest member of the group, who generally shows high activity during Leadership classes and motivation to represents the leading position. Moreover, even the manner of dressing of the student who represented the President of Laxicania differed as more formal than the others. The roles of the President and the Prime Minister are assigned by the lecturers, not by the group. In this case, the President has a central role in the experiment and the stated scientific hypothesis. The task is to protect her own leadership qualities after empowering her with this central role in the group.

**Experiment results**

The President opens the first meeting with an attempt to motivate her colleagues verbally through an introductory speech. Subsequently, the sequence of the meeting is established by the President and includes giving the floor in an order chosen by her. At the beginning, it is noticed that everyone, except the Prime Minister, is rather static and does not take part without being explicitly given the floor. They do not allow themselves to interrupt or enter into a discussion.

Throughout the discussion, the President demonstrates knowledge of the procedures and administrative regulations of the country. The organizational plan she has prepared includes not only the current discussion, but also proposals to comment some issues at next meetings, as it is not possible to take specific decisions without prior analysis of forecast data. The President expresses an opinion on all draft budgets.

The experiment could be divided into three main stages of the discussion: initial, intermediate and final.

1. In the initial stage, the President intervenes during the presentations of all ministers with questions, while the other line ministers are rather inactive.
and do not take part in the project programs of their colleagues. The President allows herself to assign tasks for the next meeting. The Prime Minister is partially involved with specific issues on the draft budgets. She diligently tries to challenge her colleagues in a discussion of the project proposal by asking many reasonable questions regarding important details. The President interrupts and intervenes in the smallest details of the projects and tries to direct what should happen in each ministry. Subsequently, the ministers become more and more active and explain their inactivity at the beginning with preference to listen firstly to their colleagues’ presentations and then comment.

2. In the middle of the debate, tension is escalating as a result of the President’s attempts to impose her views. The President is interrupted by the Prime Minister to remind that decisions are taken collectively by all, not individually. The first more obvious bipolar moods on specific issues began to emerge, and a point of conflict is formed between the President and the Prime Minister. As a result of the conflict, the President is trying to calm down the mood in the group and return to the usual conduct of the meeting.

There are also initiative of the Prime Minister to propose a random order for presenting the draft budgets at will. The President intervenes, recalling her role and again continuing to speak, in the order she had chosen. This escalates the conflict between the President and the Prime Minister. There are situations in which the President’s monologue takes the floor, from which the other members cannot express their opinions. She finds herself in a comical situation, which provokes laughter in the group, as a result of the President’s claim that she does not take away the democratic right to opinion of any of her colleagues.

In the middle of the experiment, although jokingly, there are verbal threats from the President with a request not to take away the presidential functions by the Prime Minister and not to go into details. The non-verbal reaction of the Prime Minister is a demonstrative acquisition of ironic expression and body position while the President is speaking.

3. In the final part of the experiment there is a de-escalation of emotions, more dialogue of the group and more active participation of line ministers in the discussions of all draft budgets. However, although not verbally expressed, it is clear that the Prime Minister’s attitude to the President’s comments remains negligible.

During the last 5 minutes of the experiment, the Prime Minister shows impatience as the President shares her guidelines for the latest draft budget. The closing speech of the President visibly takes longer, and all participants in the experiment become extremely impatient. There is a hint of boredom to the President’s words and attempts to motivate the team. In the last 2 minutes, the Prime Minister allows herself to interrupt the President with a note to her colleagues about the urgent task for the next meeting — namely the redistribution of the remaining 2 billion. The President intervenes with reassuring words that this will not be a complicated task, as long as everyone reconsiders their project, and at the next meeting there will be an opportunity to comment on the details. The duration of the closing speech is too long and passes in an instructive tone.
During the experiment, everyone takes the task seriously and prepares their draft budgets carefully in advance. Overall, there is a feeling on the part of the group and the President that such a state (Laxicania) exists, and this gives a sense of an extremely realistic situation. This atmosphere is achieved by representing and discussing internal and external issues that are common to most countries.

During the experiment, several main aspects appear, which are indicative for the presence or absence of leadership qualities.

- It is interesting the statement of the President that everyone in the team should be equal. At the same time in 2/3 of the time for discussion the comments of the President dominate, which contradicts the claim expressed. Also, the President does not forget to remind that as such, she has the final word. This can be described as a non-leadership act in a group that should take a collective decision, although formally the last instance is the President.

- In a case which the leader is nominated by the group, ironic acts against the leader are absolutely inadmissible. The ironic attitude on the part of the group is at odds with the idea of natural leadership.

- The direct request of the President to the Prime Minister not to seize her functions is interpreted as a sign of helplessness, which is uncharacteristic of a leader.

- The acquisition of an ironic expression and body position by the Prime Minister represents a serious discrediting of the President’s authority.

In a case of real leadership and a charismatic leader, it is technically impossible to fall into any of the situations presented. They are derived from the lack of leadership qualities on the part of the authorized and formally appointed leader.

**Conclusion**

The results of the experiment confirmed the hypothesis in the article that the leader cannot be imposed by force if the group does not recognize him. Although people may learn different techniques to improve their performance, such as impression management, this will not necessarily make them good leaders. The different techniques rather contribute to some extent for the development of managerial qualities. The article helps to present a clearer understanding of the difference between a leader and a manager.

The relationship between impression management and charisma is also questioned due to the fact that some articles claim that charisma could be nurtured and managed by the individual. In practice, the most representative individual from the group with the greatest life experience, who demonstrates activity, social skills and personal desire to lead, was chosen for a President. Contrary to the expectations of impression management, the individual was rejected by the group and was not recognized as a leader. This confirms the hypothesis that leadership skills cannot be learned, no matter how well the art of impression management is assimilated. In this
case, the President uses impression management and makes a good first impression, but during the experiment the individual fails to declare himself as a natural leader of the group.

When analyzing the video of the experiment, the difference in the radiance of the President and the Prime Minister is significant. During the discussion, although in the absence of verbal dialogue, the viewer’s attention is focused mainly on the Prime Minister, but not on the President. The phenomenon occurs psychologically unconsciously in a natural way. A key element of the essence of a leader’s charisma is the ability to focus attention on himself, not only verbally, although it is an inexplicable phenomenon. In her speech, the Prime Minister showed leadership qualities and a natural domination over the President, who was formally chosen for a leader. This further confirms the hypothesis that leaders cannot be imposed by force, and they are created after they are naturally accepted by the group.

References


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