



# The impact of charismatic leadership on organizational strategic goals

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**Abstract.** With the rapid development of the economy, various types of organizations face various problems in the transition period. In response to actual development needs and the removal of developmental barriers, charismatic leadership plays a unique role in leading organizations during this transition period. Strategic goals are the guiding principles for future development of an organization. The challenge is to ensure that these guiding principles truly reflect their intrinsic value, and that they can be achieved in the long-term through charismatic leadership, leading to the realization of organizational strategic goals.

**Keywords:** Transitional; Charismatic leadership; Guidelines; Long-term Development

## 1 Introduction

With the rapid development of the economy, exploring management modes for organizations has become a hot topic in research. Based on the synthesis of nearly 20 years of research on charismatic leadership, the following conclusions have been drawn: Charismatic leadership has a significant positive effect on managing organization members and work arrangements. Charismatic leaders can lead members to achieve various stage goals, thereby improving morale and confidence in the face of challenges, especially difficult ones. However, in terms of setting organizational strategic goals and making major decisions, charismatic leaders may have certain drawbacks. They tend to make decisions unilaterally and may not be conducive to democratic discussions and the use of collective wisdom to solve problems. Therefore, a comprehensive analysis of the characteristics of charismatic leadership and organizational strategic goals is necessary to understand their interdependent relationship, advantages and disadvantages, and to use relevant examples for further research.

The essence of management lies in the effective administration of people, and as the world moves deeper into a new era of reforms, a thorough examination of management issues is crucial for unleashing organizational vitality and fostering accelerated development. Particularly in the 21st century, China has entered a complex phase of reform and opening up, with its political and economic spheres undergoing pivotal

transformations. Given China's unique historical context, it is insufficient to rely solely on foreign management theories. Instead, it is essential to identify indigenous strengths and develop innovative, locally suitable management theories to stimulate the potential and vigor of all societal sectors. Investigating charismatic leadership has significant implications for the advancement of management theories in China. In the economic sector, charismatic leaders play an indispensable role in the progress and development of collectives. Thus, examining the impact of charismatic leadership on organizational strategic goals from various perspectives is of great importance.

In the wake of reforms and opening up, as the contemporary world witnesses a historical shift towards multipolarization and economic globalization, and as technological competition becomes central to comprehensive national strength competition, the rivalry between countries has intensified, accompanied by a growing clash of ideologies. China's economic environment has experienced substantial transformations, evolving from a singular domestic business model to a more diverse one. Chinese enterprises now compete not only in the domestic market but also on the international stage. As a result, during a specific period, China has established its unique business model, which primarily consists of family-based business operations and the appointment of trusted, competent individuals to key positions. This approach, rooted in China's traditional family concept, has deeply influenced the nation's economic development.

The personal charisma of a company's founder can steer the organization steadily forward, and the impact of charismatic leadership on corporate strategy is critical during the transition to a modern enterprise. However, this highly trusted model can, to some extent, lead to an overreliance on a single individual, making it unsuitable for the ever-expanding organizational systems and increasingly complex and dynamic market environments. In the face of the rapidly evolving market landscape, there is an urgent need for charismatic leaders to unite people, boost morale, and mobilize various forces to contribute more significantly to society. Consequently, examining the influence of charismatic leadership on organizational strategic goals is essential for adapting to new circumstances and demands.

## **2 Charismatic Leadership**

### **2.1 Overview of Charismatic Leadership**

Charismatic leadership is a series of activities centered on the personal charm of a leader, which inspires subordinates' behavior through the leader's words and deeds. Subordinates attribute significant victories and achievements to the leader's outstanding abilities, which are amplified by the leader's personal charm, creating a trust that goes beyond ordinary rational thinking. As a result, subordinates tend to agree with the leader's opinions and views, and their obedience to the leader creates an emotional resonance among all members involved. Under clear goals, subordinates actively participate as if the goals were their own, unconsciously increasing their effectiveness and energy investment, resulting in a sense of belonging and satisfaction for employees and subordinates. Furthermore, this situation has a positive effect on the decisions

made by the leader, leading to huge success due to the full efforts of everyone. However, it is an important node for the direction and future prospects of organizational strategic goals. In the situation of tending to conform to the leader's ideas and plans, members will unconsciously recognize the leader's strategic goals.

## **2.2 Traits of Charismatic Leadership**

Charismatic leadership is a leadership style that influences the values and behaviors of subordinates. Charismatic leaders display a perfect image to their subordinates, and because their traits are in line with the subordinates' value judgments, the charismatic leader further unleashes the power of the collective, promoting the achievement of organizational goals. Charismatic leaders often possess noble morals, influenced by traditional Chinese culture, the philosophy of "inner sanctity and outer kingship" still affects people of an era, and leads the way in moral trends, either coordinating with or leading mainstream society. Secondly, charismatic leaders have excellent verbal communication skills, forming good interpersonal relationships with subordinates through communication and exchange. A leader's interpersonal skills are an important guarantee for building good interpersonal relationships. Furthermore, leaders have a natural advantage that ordinary people do not have. Through displaying their talents, abilities, speech and other comprehensive charms, they gain the trust and follow of subordinates. Finally, charismatic leaders can delve into the work of subordinates to understand the actual situation, problems and difficulties encountered. They can better arrange and manage work progress in a timely manner, thereby gaining further recognition and trust from subordinates.

Charismatic leadership is innovative and can paint a bright future for subordinates, expressing high expectations and motivation in work. Moreover, charismatic leaders must have full confidence and a keen sense of the surrounding environment. They expand their personal charm to the entire collective, and through the recognition of the group, the marginal effect of extension is infinite. Charismatic leadership can enhance the organizational belonging of members, create a better working atmosphere, and maximize the satisfaction and sense of belonging of members in work. By setting lofty goals, giving subordinates a continuous cognitive mobilization of their sense of mission and self-dedication, it ensures the stable development of the organization. At the same time, relying on their own charm and spreading effect, charismatic leaders can attract more high-quality talents, achieving the sustained development of the organization.

## **2.3 Advantages of Charismatic Leadership**

Charismatic leadership maximizes the human-centric approach to subordinates and can make timely adjustments and changes according to specific needs. Charismatic leaders further unleash the collective power of the team and create a harmonious atmosphere for employees and subordinates, which facilitates the formation of harmonious and cordial relationships among colleagues. This further enhances the leadership power of the charismatic leader, whose personal charm influences everyone involved in a subtle and imperceptible way. Weber believes that once charismatic authority is truly estab-

lished, followers will recognize the authenticity of charisma and act according to its call, as if it were their duty (Zhao & Li, 2019) <sup>[11]</sup>. When faced with decision-making challenges, charismatic leaders can ensure that the big picture is not lost and that the trust of subordinates can withstand the risk when crises arise. In resolving crises, they can all contribute their best efforts. They connect their work with their career, forming a highly integrated organizational structure. The internal elements of charismatic leadership can enable followers to accept its values and contribute to the consolidation of organizational culture, which can unite people's hearts inside and outside the organization and make the organization more efficient in handling crises.

## 2.4 The Shortcomings and Drawbacks of Charismatic Leadership

The essence of charismatic leadership lies in being a well-rounded leader with unwavering morals and principles. Such leaders can make optimal decisions in various situations and address the needs of their employees while considering the overall context. However, as organizations expand, the leader's direct impact on members diminishes, leading to potential questions and confusion about their charisma.

Decisions made by charismatic leaders must be based on rational considerations. The consequences of a mistaken decision can result in a domino effect. Relying too much on the leader's perspective can lead to decisions being arbitrary and not meeting the needs of modern management systems (Cheng & Pan, 2019) <sup>[1]</sup>. Moreover, in an era of specialization, a leader cannot be an expert in all areas.

Blind worship of charismatic leaders can negatively affect the achievement of strategic goals and decrease their persuasiveness. A crisis of trust may even lead to the collapse of the original system, losing the foundation for pursuing strategic goals.

For example, the case of Taomee, a once-dominant Chinese web game company, demonstrates how improper approaches taken by a charismatic leader can lead to the disintegration of the entire organization. Initially successful, the company faced turmoil after its public listing, as the founder's decisions led to the departure of veteran employees and the erosion of passion among remaining staff.

In summary, charismatic leadership carries significant risks and challenges, and every decision made by such leaders is subject to intense scrutiny. Balancing charismatic leadership with rational decision-making and an awareness of the potential pitfalls is crucial to maintaining long-term organizational success.

## 2.5 Requirements for Charismatic Leadership

Charismatic leaders must continually strive to improve their personal qualities, focusing on enhancing their scientific and cultural literacy, expanding the breadth and depth of their knowledge, and consistently accumulating experience to serve as pioneers and role models for their team. Furthermore, they should exercise self-discipline, strictly adhere to ethical standards, and properly wield their authority while conducting work efficiently and effectively. At the same time, they should strike a balance between leniency and strictness, ensuring that no principled issues are overlooked, and maintain the healthy functioning of their organization. To this end, charismatic leaders must

diligently supervise their teams and avoid being trapped in self-adulation due to the praises of their organizational members.

### **3 Organizational Strategic Goals**

#### **3.1 Overview of Organizational Strategic Goals**

Strategic goals are not only crucial for an organization's development in a vast market space and during consumer upgrading phases but also for navigating the inevitable challenges faced during long-term growth. By deeply planning the organization's long-term transformation according to the complexities of the transitional period, strategic goals aim to layout the blueprint for sustainable development. In today's ever-changing landscape, corporate leaders, particularly charismatic ones, should possess a comprehensive perspective of their organization's future development. For instance, in 2008, Alibaba's Jack Ma established a cloud computing research center, anticipating potential opportunities within the internet industry's overall development. Despite initial lack of revenue, Alibaba invested billions in research and development, eventually becoming China's first enterprise with comprehensive cloud computing and service capabilities. Today, Alibaba Cloud holds more than 40% of the domestic market share and is highly competitive globally.

#### **3.2 Long-term Benefits of Strategic Goals**

The formulation of strategic goals is inherently long-term, requiring investment and planning based on the organization's developmental prospects and unique characteristics. Careful planning enables organizations to quickly identify and seize opportunities when they arise while also mitigating long-term potential risks. For example, during the China-US trade war, ZTE Corporation faced a supply cut due to its reliance on imported core chips, which threatened the company's normal operations within three months. In contrast, Huawei, a similar organization, managed to break through the encirclement under higher pressure. Huawei's internally developed Hongmeng system, despite significant losses, sought to achieve domestic production and avoid being controlled by technical issues. Furthermore, talent development and retention are critical for an organization's long-term growth, ensuring stable development (Zhao,2016) <sup>[12]</sup>. Long-term strategic goals should not only focus on the organization itself but also consider the development of the entire supply chain, seeking further growth opportunities.

Long-term strategic goals should be viewed with a developmental perspective, avoiding narrow-minded planning. Integrating supply chain links, minimizing losses, and selecting stable, efficient supply chain mechanisms can enhance an organization's competitiveness. By leveraging the internet and IoT, organizations can innovate their service models. Establishing stable strategic partnerships can help jointly resist potential risks. Finally, ensuring smooth sales channels and exploring potential customers and transformation directions are essential. In essence, long-term strategic goals serve as a large-scale risk control matrix, guaranteeing steady progress for an organization.

### **3.3 The Role of Organizational Strategic Goals**

Organizational strategic goals aim to deeply understand an organization's unique characteristics from various aspects such as personnel allocation and industry structure. This understanding allows organizations to fully leverage their strengths and establish a competitive advantage in their industry. Furthermore, strategic goals help organizations allocate resources appropriately, avoiding overcapacity and blind expansion, while focusing on market demands. Organizational structure optimization and clear delineation of responsibilities are also essential to prevent inefficient management practices.

Strategic goals enable organizations to identify, assess, and manage risks at various levels. Long-term strategic goals provide guidance for an organization's developmental path and decision-making process.

### **3.4 Risks Associated with Organizational Strategic Goals**

Inherent risks exist in the formulation of strategic goals, which require an organization to consider market prospects based on their current situation. It is essential to have a systematic understanding of market development and realistically establish suitable strategic goals. Additionally, organizations should leave room for risk mitigation and have early warning mechanisms in place for "black swan" events. Buffer zones should be incorporated into strategic goals to provide flexibility for adjustments based on actual occurrences while focusing on sustainable development.

During the long-term strategic planning process (Fan,2017) <sup>[3]</sup>, it is crucial to consider opinions and insights from different organizational levels. A comprehensive approach helps organizations make more realistic judgments and predictions. Employee performance evaluation and promotion decisions should align with the organization's strategic goals.

### **3.5 The Significance of Strategic Goals**

The primary purpose of strategic goals for an organization is to provide its members with clear objectives and direction at all times. This clarity ensures that different departments can collaborate and work towards goal-oriented development, maximizing organizational effectiveness and efficiency. Strategic goals also provide an opportunity for organizational leaders to reflect on decision-making, problem-solving, and the prevention of recurring issues.

The core significance of strategic goals is that they connect individual aspirations with a larger, long-term vision. This connection helps organizations achieve their overarching dreams while simultaneously supporting the realization of individual goals, emphasizing the central aspect of strategic goals.

## 4 Charismatic Leadership and Strategic Goals

### 4.1 Charismatic Leadership and Strategic Goals

Charismatic leadership influences the overall strategic goals of an organization, playing a unique role in coordinating and planning various aspects. Charismatic leaders mobilize the most resources within an organization, and their relationship with the achievement of strategic goals is complementary. Due to the distinctive traits of charismatic leaders, their impact on organizational members is highly effective. Throughout the pursuit of strategic goals, charismatic leaders affect the efficiency and energy investment of organizational members and demonstrate stronger cohesion when faced with challenges.

During difficult times, charismatic leaders leverage their long-established image to share hardships and lead the organization out of adversity. At the team level, charismatic leadership contributes to goal enhancement. Liu and Zhang (2007) <sup>[5]</sup> found that charismatic leadership has a significant positive effect on team innovation performance. Li and Hu (2007) <sup>[4]</sup> discovered that more charismatic leadership behavior leads to better team performance. Zhang and Xia (2011) <sup>[10]</sup> identified a significant positive correlation between charismatic leadership and team innovation performance.

Tang et al. (2012) <sup>[6]</sup> found that charismatic leadership plays a partial mediating role between team identification and research team performance. Dong et al. (2008) <sup>[2]</sup> suggested that charismatic leadership styles have a positive impact on group efficacy and group performance, but the effects of different leadership behavior dimensions vary. Zhang et al.'s (2011) <sup>[9]</sup> research on psychological mechanisms and social interaction mechanisms revealed that charismatic leadership has a significant positive impact on employees' creativity.

The findings showed that inappropriate emotional expression from leaders negatively affects employee loyalty and organizational citizenship behavior (Zhang, 2016). Charismatic leadership can be considered an intangible asset for organizational strategic goals, providing tremendous driving force for both the achievement of strategic goals and the contribution of subordinates' efforts.

### 4.2 The Corresponding Relationship between Charismatic Leadership and Strategic Goals

Charismatic leaders often possess ample confidence that transcends that of ordinary people, regarding the achievement of goals and the organization's future prospects. They are capable of envisioning organizational development, striving for change, and assigning higher meaning and value to their work. Charismatic leaders generally have a memorable affinity, which encourages organizational members to willingly work with them, enhancing members' self-esteem, sense of belonging, and belief in the successful attainment of goals (Zhang, 2016) <sup>[8]</sup>.

Faced with opportunities, charismatic leaders can inspire employees' motivation to strive. Simultaneously, they continuously improve themselves, establishing excellent behavioral models and becoming role models that everyone can trust. Charismatic

leaders exert a considerable influence on subordinates' satisfaction and work motivation. When formulating strategic goals, they depict a promising future vision and a grand blueprint, using their charisma to make members believe in the achievability of the vision. This inspires employees' passion at work and outlines an incredibly beautiful vision, where the strategic goals should continually motivate employees' personal development. This allows organizational members to feel that the achievement of strategic goals is closely related to their future growth.

Moreover, charismatic leaders should always be attentive to the needs of organizational members, bearing the responsibility for the strategic goals established under their influence. In the context of market economy development, they must ensure the achievement of goals while also assuming social responsibility.

### **4.3 Charismatic Leadership and Its Impact on Organizational Strategic Goals: A Case Study Analysis**

Charismatic leadership plays a significant role in influencing organizational strategic goals. A prime example of such leadership is Ren Zhengfei, the founder of Huawei, a leading global telecommunications company. Huawei's rise to prominence in the global mobile phone market can be attributed to Ren's strategic vision and determination.

Ren's leadership style embodies Weber's concept of charismatic authority, which suggests that followers are drawn to a leader's heroic qualities. Under Ren's guidance, Huawei has focused on long-term strategic goals, such as the development of 5G technology and creating its own chipsets, defying market expectations and overcoming international barriers.

The "wolf culture" embraced by Huawei is a testament to Ren's strategic insight and determination. This culture has driven the company to achieve remarkable milestones, such as the development of the Kirin 960 processor, which was praised as the best Android processor in 2017, breaking Qualcomm's monopoly on the market.

Ren's unwavering commitment to Huawei's strategic goals is evident in the company's decision to remain private and implement an employee stock ownership plan. This approach has fostered a strong sense of unity and motivation within the organization, which has helped it to weather challenges and continue to grow.

However, charismatic leadership is not without its pitfalls, as evidenced by the case of Jia Yueting, the former chairman of LeEco. Jia's charismatic leadership inspired his employees to work tirelessly, but his pursuit of personal gain ultimately led to the company's downfall. This case highlights the potential risks of charismatic leadership and the importance of separating personal interests from organizational goals.

In conclusion, charismatic leadership can have a significant impact on organizational strategic goals, both positively and negatively. While charismatic leaders can inspire their followers and foster a sense of unity, they must also be careful not to let personal interests and ambitions overshadow the organization's long-term objectives. In order to achieve a balance, it is essential for organizations to limit the decision-making power of charismatic leaders and ensure a more inclusive approach to strategic goal-setting.



## 5 Conclusion

Charismatic leadership, when addressing organizational goals, should effectively leverage its charm while understanding and utilizing the strengths of its team members. By establishing realistic and achievable strategic objectives grounded in pragmatism, charismatic leaders can guide their teams toward the successful attainment of these goals. In doing so, they should work towards achieving short-term objectives and mitigating systemic risks, all the while guided by the overarching strategic goals of the organization (Wang,2016) <sup>[7]</sup>.

Enhancing a sense of belonging and identification among organizational members is crucial. In striving to achieve organizational goals, leaders must consider the developmental needs of their members and make necessary adjustments to strategic objectives based on real-world circumstances. This approach helps avoid overzealous actions that may undermine the overall effort.

When formulating organizational strategic objectives, it is essential to consider diverse perspectives and engage in a comprehensive, dialectical analysis. This approach prevents the risks associated with personal idolatry and centralized decision-making under the influence of charismatic leadership. By employing professionals in their respective fields and allowing them to contribute according to their abilities, organizations can ensure a well-rounded approach to achieving their goals.

The establishment of organizational strategic objectives should involve collective decision-making and the development of a robust democratic discussion mechanism to address the uncertainties associated with charismatic leadership. However, it is still necessary to embrace the development model of charismatic leadership, combining it with the organization's unique characteristics to ensure sustainable progress towards strategic objectives.

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