Relationships Between Leaders, Capital and Knowledge

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Abstract: Intellectual capital describes the knowledge resources that a company can use to reap advantages (Muslih, 2021). While human capital is frequently associated with organizational capital (Beltramino, 2020), it is also important to emphasize the role of humans in generating intellectual capital (Dessein & Pratt, 2022; Ozgun, 2022). Interactions between employees within the organization or between its employees and their larger context are crucial. Such relationships have been described as "relational capital" (Zhang, 2022). By one definition, leadership is the ability to influence people to achieve organizational goals (Daft, 2014). There is increasing recognition, however, that traditional leadership models are insufficient to face the challenges of a modern, turbulent world and must be transformed (Brennan, 2022). This article examines the intricate relationship between leaders, capital, and knowledge within a business environment. It uncovers how agile leaders foster a specific atmosphere of creativity and responsiveness while enabling organizations to seize opportunities and confidently tackle challenges. Lastly, it highlights the tangible benefits of an agile leadership approach.

Keywords: Leadership, Knowledge, Capital

1. Introduction

Navigating the ever-changing landscape of modern business requires leaders to be adaptable and agile. Recent crises have brought this need into sharp focus, sparking extensive research and discussions on agile leadership. In their work, Joiner and Josephs (2007) have defined agile leadership as the ability to effectively guide organizations through conditions characterized by rapid change and high complexity. This form of leadership operates on five levels: expert, achiever, catalyst, co-creator, and synergist, encompassing a range of skills and approaches necessary for success in turbulent times.

Today, it is believed that a key element that has a significant impact on an organization's entrepreneurship and innovation is the managerial staff's agility (Silva et al., 2023). Therefore, organizations ought to foster such abilities in their leaders and assess leadership in a way that enables leaders to successfully handle rapid change, navigate ambiguity, and interact with internal and external stakeholders. However, there is a clear disconnect between what organizations should be doing in this respect and what is actually taking place. Research has shown that even though organizations expect leaders to possess innovative abilities, they continue to promote traditional models and mindsets. The majority of respondents, according to the authors' research, desire a leader with a vision, one who inspires and supports independent thought and action, and one who is humble. The leaders of tomorrow, it seems, must take an agile and proactive approach to their leadership philosophy and look for opportunities to allow them and their teams to grow and become agile.

2. Literature Review

2.1 Intellectual Capital

Intellectual capital plays a crucial role in every organization. As Muslih et al. (2021) write, it represents the entire knowledge potential of an organization and, therefore, can be seen as an intangible value to generate profit. Authors such as Dessein & Pratt (2022), Ozgun et al. (2022), and Al-Omoush et al. (2020) emphasize the primary role of human assets when it comes to increasing intellectual capital resources. Additional research likewise emphasizes the importance of interactions between employees within an organization and interactions between employees and their employers, which some researchers define as a separate type of capital, "relational" capital (Sukarno et al., 2019; Zhang et al., 2022; Drewniak et al., 2020), which is responsible for the accumulation and use of intellectual capital within an organization. For this reason, intellectual capital tends to be equated with organizational capital, or at least with the far-reaching interdependencies observed between these two types of capital (Beltramino et al., 2020; Barbieri et al., 2021; Wójcik, 2021).

Both types of interpersonal relationships impact innovation within companies. The relationship between the organization and the outside world is especially important for innovation. It can contribute directly to the creation and introduction of new products and services (as described by Ramirez-Solis et al., [2022]) and is an important factor to consider when developing innovation strategies (AlQuershi et al., 2021). Developing these relationships, which are critical for learning, decision-making, and problem-solving within an enterprise, can result in better performance, improved product quality, the development of new services, improved delivery
timeliness, cost reductions, and operational efficiencies (Aisyah et al., 2019). According to Rzepka and Sabat (2022), the effectiveness of using acquired knowledge is determined by employees' open-mindedness and readiness to implement new, creative solutions. The nature of the knowledge source upon which a company's absorption capacity depends also plays a role in innovation (Versiani et al., 2021). Intangible assets help to turn knowledge into profitable goods, and the intellectual capital they comprise can be seen as a driver for corporate growth, which also affects a corporation's viability (Xu & Zhang, 2021). On the other hand, intangible assets affect tangible ones, affecting the company's productivity while creating value (Oppong & Pattanayak, 2019). However, they require investment, which may prove problematic, especially for small entities that may treat such investment as inefficient compared to financing material assets (Seo & Kim, 2020). Ocak & Findik (2019) further observe that investments in intangible assets should accompany appropriate staff training, particularly about electronic databases or work organization.

2.2 Traditional Leadership and its Impact on the Organization

The topic of leadership and its impact on organizational processes has been discussed for many years. One definition of leadership is the capacity to persuade others to work toward organizational objectives (Daft, 2014). It should be noted that traditional leadership cannot be defined uniformly, as it comes in various forms. This distinction also results in a hazy understanding of how various leadership styles affect an organization's operations.

Much has been written about the transformational style, often contrasted with the transactional style. Papers like Qalati et al. (2022) and Greimel et al. (2023) argue that transformational leadership, based on inspiring followers rather than focusing on processes and control, helps employees succeed and can also aid companies in attracting and retaining talented employees. Khan & Khan (2019) and Steele & Watts (2022) clearly emphasize the positive impact of this leadership style on innovation. The latter authors, however, concentrate more on the core duties of a leader.

Research by Yue (2021) and Wang et al. (2022) emphasizes the issue of a leader’s charisma and its favorable impact on employee attitude and commitment. This study emphasizes how crucial a leader's charisma is in determining how committed and engaged their team members are.

Overall, the literature offers a nuanced view of different leadership philosophies and how they affect organizational outcomes, with charismatic and transformational leadership emerging as key elements in promoting employee success and innovation.

Regarding the transactional model that uses incentives and penalties, as Klein (2023) writes, many scholars perceive it as one that inhibits creativity and entrepreneurship. However, he makes the point that in some circumstances, this leadership style may also promote proactive and risky behaviors, particularly when there are clearly defined expectations and effective communication channels between the employer and employee. Aga (2016) concurs, pointing out that the relationship between conditional reward and project success is moderated by the transparency of the project's purpose. Deichmann & Stam (2015) go even further in asserting that transactional leadership is equally effective as transformational leadership at inspiring people to support the objectives of the organization's program. Even Abdelwahed et al. (2023) mention this style's productivity in empowering organization members and fostering growth in skills, knowledge, and confidence. On the other hand, Abbas & Ali (2023) and Sunarsi et al. (2021) support transactional leadership's lower effectiveness. The detrimental effects of transactional leadership on intra-entrepreneurial behavior are highlighted by Moriano et al. (2014). Based on research, the authors conclude that extrinsic motivation via rewards deters workers from engaging in activities related to experimenting with novel ideas that could be advantageous to the organization and go beyond their professional responsibilities.

2.3 Leadership and Cultural Conditions

A growing number of writers recognize one more important factor that determines the way a given leadership style affects an organization, namely cultural conditions. Authoritarian leadership can be effective if preceded by an appropriate agreement between the leader and the follower (subordinate). Cultural differences, however, can play a significant role in this, as evidenced by the findings of research done in three different nations (the USA, Turkey, and Taiwan) (Karakitapolu-Aygün et al., 2021). Lonati (2020) studied leadership styles in various communities and concluded that these populations’ socio-ecological characteristics influenced the emerging leadership prototypes. Conversely, Straka et al. (2018), discussing the results of the review of work on conservation activities on five continents, found that leaders should adapt to the cultural environment because only in this way can they effectively implement strategies based on a shared vision and thus build partnerships.
in different cultures. From the standpoint of their sensitivity, competence, and ability to lower decision-making bias, a leader's capacity to function effectively in multicultural environments and interactions can also be of fundamental importance (Richard-Eaglin, 2021).

2.4 Agile Leader and Agile Organization

Increasingly, attention has been drawn to the fact that traditional leadership models are proving insufficient to meet the challenges of the turbulent modern world and must change. The postulate of a change in the perception of competence is included in Jackson & Dunn-Jensen (2021), in which the authors consider this issue in the context of HR departments. The implementation of new leadership, however, is intended to enable a more effective and rapid response to potential crises and to avoid certain abuses that may occur if classic leadership patterns are not reformed.

Organizational and leadership agility emerged as a research topic in the 1980s and 1990s. Nonetheless, it was only in the first decade of the 21st century that this line of inquiry was analyzed systematically. Joiner & Josephs published a paper in 2007 in which they defined agile leadership as the ability to effectively lead in conditions defined by rapid change and a high degree of complexity, which is accomplished by passing through five different levels: expert, conqueror, catalyst, co-creator, and synergist (Joiner & Josephs, 2007, p. 36). Leadership, however, is only one of many examples of agility within an organization. For example, the dominant dimensions of agility in Brazil's Industry 4.0 companies were business, markets, strategy, and process, in addition to leadership (Silva & Oliveira, 2023, pp. 1714). Flexible leaders can positively impact an organization's agility in other aspects of its operations, as evidenced by, among other things, Chen et al.'s (2022) work on the influence of CEOs as corporate leaders on the strategic flexibility of high-tech companies in China; and by research that recognizes a leader's positive impact on the agility of the labor force in small enterprises in the Polish energy sector (Cyfert et al., 2022). Wiechmann et al. (2022, p. 2360) argue that the prerequisite for the effective development of agility is that the process be initiated by management as not every employee can grasp the value added from the outset. An important factor in determining the success of introducing flexibility into an organization is an agile mindset. The work of Eilers et al. (2022), for example, sees the lack of agile thinking as a serious barrier to implementing agile methods.

Leadership should not only increase an organization's flexibility, but organizations themselves should create agile leaders. To this end, it is essential to ensure that human resources are available and conditions are right for human capital development. HR departments have a significant role to play here, which should promote people with the appropriate predisposition to manage situations requiring agility rather than people with a lot of experience. Hedlund and Ingo (2018) highlight this problem in their case studies of the automotive and aerospace sectors in Sweden. They argued that these companies should change their requirements for promotion by following in the footsteps of agile trainers and incorporating the servant leadership style into the courses (Hedlund & Ingo, 2018, p. 61). The overarching goal of this style of leadership is, as Knoll notes, to develop and empower others to achieve their highest potential through leadership qualities such as listening, empathy, awareness, persuasion, conceptualization, foresight, engagement in human development, management, and community building (Knoll, 2019, p. 45). In this context, some researchers attribute a key role to the organization's organizational culture and operational excellence (Carvalho et al., 2019; Mikusova et al., 2023). Gren& Ralph (2022) point out that to create agile leaders, it is necessary to have people willing to share in the leadership work. They suggest that traditional managers working in or around teams may prevent the team from becoming agile.

Organizations wishing to develop agile leaders should use electronic technologies to support decision-making processes. Saputra et al. (2023, p. 332) conclude from their study that the use of information and communication technologies directly affects leaders' development in both the exploration and exploitation phases. Gonçalves et al. (2022, pp. 113-114) add that digital tools facilitate leadership mentoring in team building and enable the creation of trustworthy relationships necessary for successful co-creation. Similar conclusions are also drawn in the work of Wang et al. (2022c), focusing on sophisticated chatbot technologies and their impact on agility. Among other things, they write that both the routine and innovative use of chatbots increased business flexibility and managers' sensitivity to identifying opportunities for organizational innovation.

3. Methodology

This research is part of an international project called "Teal Organizations in Economy 4.0," conducted in Poland, England, Hungary, India, Spain, Georgia, and the USA. The sample comprised 622 respondents. The methods that were employed were CAWI and CAPI. All studies were conducted in compliance with the recommendations...
developed by the OECD-DAL. The Cronbach alpha test, the ANOVA method, and the Fisher-Snedecor F-test were used to test the data. Statistical analyses were performed using the SPSS STATISTICA software.

### Table 1: Scope of Business Activity

<table>
<thead>
<tr>
<th>Primary modus operandi</th>
<th>A - Preliminary stage</th>
<th>B - Primary research</th>
<th>C - Repeated tests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade</td>
<td>19.7.</td>
<td>10.3.</td>
<td>16.6.</td>
</tr>
<tr>
<td>Production</td>
<td>17.6.</td>
<td>13.9.</td>
<td>28.0.</td>
</tr>
<tr>
<td>Services</td>
<td>62.7.</td>
<td>75.8.</td>
<td>55.4.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Geographic scope of operation (%)</th>
<th>A - Preliminary stage</th>
<th>B - Primary research</th>
<th>C - Repeated tests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local</td>
<td>19.3.</td>
<td>22.1.</td>
<td>9.4.</td>
</tr>
<tr>
<td>Regional</td>
<td>8.2.</td>
<td>12.4.</td>
<td>27.3.</td>
</tr>
<tr>
<td>National</td>
<td>30.0</td>
<td>23.0.</td>
<td>22.0.</td>
</tr>
<tr>
<td>International</td>
<td>42.5.</td>
<td>42.4.</td>
<td>41.3.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of employees (%)</th>
<th>A - Preliminary stage</th>
<th>B - Primary research</th>
<th>C - Repeated tests</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-9</td>
<td>13.7.</td>
<td>9.1.</td>
<td>3.3.</td>
</tr>
<tr>
<td>10-49</td>
<td>24.0.</td>
<td>18.8.</td>
<td>55.1</td>
</tr>
<tr>
<td>50-249</td>
<td>15.5.</td>
<td>28.2.</td>
<td>16.6.</td>
</tr>
<tr>
<td>250-999</td>
<td>18.5.</td>
<td>20.9.</td>
<td>16.6.</td>
</tr>
<tr>
<td>1000-and</td>
<td>28.3.</td>
<td>23.0.</td>
<td>8.4.</td>
</tr>
</tbody>
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4. Findings

As noted, a leader's role is linked to influencing people to achieve expected results. A total of 44.2% of respondents agreed that good leaders should strive to shape their subordinates' independent thinking and responsibility for their actions, while 34.7% strongly agreed. Only 2.1% of respondents disagreed with this statement, and 18% were undecided.

### Table 2: Statements Regarding a Company Leader

<table>
<thead>
<tr>
<th>Statement</th>
<th>I strongly disagree</th>
<th>I disagree</th>
<th>Hard to say</th>
<th>I agree</th>
<th>I strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>In relations with subordinates, a good leader should strive to shape their independent thinking and responsibility for their actions</td>
<td>1.0.</td>
<td>2.1.</td>
<td>18.0.</td>
<td>44.2.</td>
<td>34.7.</td>
</tr>
<tr>
<td>Vision is a characteristic of a good leader that unites and inspires the team to act</td>
<td>0.6.</td>
<td>3.4.</td>
<td>19.1.</td>
<td>38.9.</td>
<td>37.9.</td>
</tr>
<tr>
<td>Humility is a characteristic of a good leader thanks to which they can acknowledge when they have been wrong</td>
<td>0.3.</td>
<td>3.2.</td>
<td>18.6.</td>
<td>42.9.</td>
<td>34.9.</td>
</tr>
</tbody>
</table>

Source: A study based on Agnieszka Rzepka's research

As shown in Table 1, over 70% of respondents agreed with the qualities of a good leader, i.e., vision, inspiring teams to act (38.9% and 37.9%, respectively). Similarly, regarding humility (i.e., good leaders should admit when they are wrong), more than 76% of respondents agreed with the statement (columns 4 and 5). Good leaders know, appreciate, and respect their colleagues; they motivate them to do fruitful work, show support during times of difficulty, and possess all the prerequisites to manage a team effectively. Leaders have specialist skills such as knowledge and professional qualifications, innovative skills, creativity, and analytical thinking (Patella 2023). However, the most important characteristics are interpersonal skills related to team building. A leader with all the qualifications who cannot communicate effectively will not succeed. This research suggests that the effectiveness of a leader also depends on having skills that can be learned and constantly improved. The leader should master social skills in effective team building and leading, i.e., the ability to communicate effectively,
Agnieszka Rzepka and Jacek Witkowski

listen actively, provide feedback, motivate to achieve goals, have a positive self-presentation, solve problems, and exhibit assertive behavior. An effective leader should also be a visionary, an entrepreneur, an initiator, and open to spontaneous change.

5. Conclusion

On the basis of the literature review, it can be concluded that:

There is a consensus that in difficult, turbulent times, it is necessary to change traditional leadership styles in favor of agile leadership. Such a style has a positive impact on innovation, knowledge transfer, and the other organizational dimensions that comprise a firm’s intellectual capital;

- It is often emphasized that an agile leader influences other dimensions of the organization and its outcomes (Silva & Oliveira, 2023; Chen et al., 2022; Cyfert et al., 2022; Wiechmann et al., 2022);
- Some people identify certain dangers that may weaken the positive influence of an agile leader on the organization. Among others, other members of the organization may lack agile thinking (Eilers et al., 2022; Asseraf&Gnizy, 2022), members of the organization may not be prepared for the processes of implementing agile techniques (Rasnacis&Berzisa, 2017; Poscova et al., 2020), or there may be cultural barriers (Smite et al., 2021, Caligiuri, 2013);
- Publications mostly note the positive impact of agile organizations and their leaders on innovation (Sjödin et al., 2020; Alamsjah, 2022), but Annini et al. (2022) present one exception that calls this conclusion into question.

The fact that companies that produce agile managers is rarely addressed in the literature. Research results are not generally about leadership directly, but rather the organization’s members. A relatively small number of works highlight, above all, the role of the organization in ensuring adequate human capacity.

- Proper recruitment and promotion with the appropriate predisposition for HR departments (Hedlund & Ingo, 2018), defining leadership qualities useful in developing agility (Knoll, 2019), highlighting the relationship between the dissemination of agility and organizational culture (Carvalho et al., 2019; Mikusova et al., 2023);
- Some authors emphasize the importance in this context of leaders whose actions will encourage others to adopt leadership attitudes (Gren& Ralph, 2022; Das et al., 2023), although they also recognize the risks to agility from traditional leaders uninterested in sharing leadership jobs (Gren& Ralph, 2022; Reunamäki& Fey, 2022);
- Trzeciak& Banasik (2022) list factors that determine the engagement and effectiveness of agile project teams, while Tyagi et al. (2022) emphasize the role of trust in creating agile leaders, believing that this is the duty of the organization.

Part of the work concludes that the development of agile leaders in organizations supports modern digital technologies and tools (Saputra et al., 2023; Gonçalves et al., 2022; Wang et al., 2022c).

Based on the indicated literature and studies, further research is necessary to answer questions that arise, i.e.:

- Which dimensions of the organization are agile?
- What leadership styles are present in organizations (transformational, service-oriented, process-based), and which agility traits do members exhibit?
- What relationships exist between organization members (knowledge flow, trust, etc.)?
- Are the organization’s members prepared to implement agile methods (knowledge of agility and the methods for its implementation)?
- Are organizations implementing innovations, including those based on digital information and decision-support technologies?
- Do organizations use motivators to cultivate the agile behavior of leaders (see Trzeciak & Banasiak, 2022)?

These studies may result in barriers to the introduction of agile leaders into an organization (e.g., lack of agile actors in the organization, improper from the point of view of agility, HR management, presence of traditional leaders aimed at increasing control, lack of decision support with digital tools, etc.).

As has been shown, the leader’s role is multifaceted. On the one hand, leaders dictate how companies develop, but on the other, they motivate people to make an effort. Change is part of our lives, and embracing it is crucial for any organization.
The research presented above indicates that the majority of respondents desire a leader with a vision, someone who inspires and encourages independent thinking and action while also possessing humility. The study by the article’s authors highlights the expectation for a transformational leader who is also agile, demonstrating that these two features are not mutually exclusive. Therefore, the literature on this leadership style aligns, at least in part, with the study’s findings and conclusions.

Furthermore, the results presented in this article indicate a greater sense of independence and employee responsibility, which is consistent with the findings of related studies by Gren & Ralph (2022), Reunamäki & Fey (2022), and Tyagi et al. (2022). These works corroborate the notion that agile and transformational leadership can empower individuals within organizations, fostering a culture of autonomy and initiative.

As the above research has shown (Rzepka, 2020; 2023), leaders in the 21st century must be artists, i.e., able to quickly adapt within the workplace, where a talent for “establishing relationships, creating, and initiating change” determines overall success. Leadership today is rooted in the ability to relate, create, and initiate, as well as improve the agility of leaders, managers, and the team.

References


Agnieszka Rzepka and Jacek Witkowski


