

## **A Concise Review on Theoretical Concepts and Risk Management Strategy of Charismatic Leadership**

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### **Abstract**

In recent decades, charismatic leadership has become an indispensable topic in organizational research. The traits of outstanding charismatic leaders are discussed in this study, focusing on the characteristics of such leaders. At hand are many different leadership styles influenced by the management culture and the needs of the company or enterprise. The goalmouth of this article is to examine the notions of charisma and leadership and describe the charismatic leadership process and the characteristics of charismatic leaders. This review paper investigates the varied consequences of charismatic leadership on an organization.

### **Keywords**

Leadership, Charismatic leadership, Leadership theory organisational exploration, and Empirical evidence.

### **1. Introduction**

In the last decade, charismatic leadership has become a popular topic in organizational research. However, little first-hand evidence illuminates the underlying persuading processes of charismatic leadership and its usefulness. Researchers Reichard and Avolio (2005) support the positive effects of administration in a recent meta-analysis of experimental and quasi-experimental leadership research. Various management practices implemented by fascinating organizational leaders improve bottom-line results and employee satisfaction said Pfeffer (1998). Conversely, according to Conger and Toegel (2002), qualitative approaches are essential tools for studying leadership. First, employing this approach can aid our understanding of how supervision is exercised differently at various organizational levels. Second, because leadership is inherently vibrant, a qualitative analysis will add complexity and fruitfulness to knowledge obtained through questionnaires. Finally, the research looks

at leadership as a socially constructed role. In this case, qualitative methods would be helpful to understand the construct from various perspectives to gain a better understanding of the communal construction. The big query about charismatic leadership has been whether it imparts it or is grounded on personal experiences.

## **2. The Theoretical Foundation for Charismatic Leadership**

The charismatic/transformational leadership theory has piqued the attention of organizational researchers the most in the last decade. Of course, leadership is one topic that never goes out of style. At the very top of any society's largest organization, leaders have the power to change history through the decisions they make. Many people have used charisma to describe some leaders' godlike or magical qualities. One of the most striking characteristics of some leaders is their ability to command attention. Charisma, according to Bass (1985), "depends on who you ask" because "it's subjective." Because of their energy, self-confidence, assertiveness, ambitions, and opportunities, charismatic leader shapes and expands their audience. It is challenging to define charisma, but terms like exuberance, extreme charm, grace, joie de vivre, mystery, positive energy, and allure are all related to the concept of charisma. Among many others, the term's connotations have evolved. For some, CEO stands for 'Charismatic, Energetic, and outgoing.' It has lost some of its religious connotations in our more materialistic age. It now talks about a broad range of leadership styles that involve the capability to inspire-typically through oratory emotional ties between leaders and followers. Do you believe that most leaders, politicians, and inspirational figures possess charisma and that this quality distinguishes them? Enigmatic front-runners are organizational idols who change the course of events through their sheer charisma. Their visionary rhetoric, imbued with an indescribable allure, inspires faith and hope in us. Naturally, there is considerable debate over whether charisma is acquired or born and whether charismatic leaders are truly effective. Numerous effective leaders throughout history, including Napoleon and De Gaulle in France, Lincoln and Roosevelt in the United States, Peter the Great and Lenin in Russia, Mahatma Gandhi in India, Mao Zedong in China, and Mandela in South Africa, were known as dynamic, charismatic, and inspirational leaders. True charismatic leaders are said to possess "magical" characteristics. Alexander the Great crossed the insuperable Alps Mountain with his soldiers, a feat that he had never been accomplishing

before. What convinced their followers that they were capable of doing the unthinkable? Each charismatic leader possessed unique characteristics and characteristics that made them effective agents of social change. Their most significant leadership characteristics were related to their participation in and contribution to the intellectual upheaval that has always been a necessary component of freedom struggles. These leaders had earned their followers' trust to the point where they believed their leader's every word, action, and deed. A cursory examination of the list reveals that these were controversial leaders who defied authority, and several of them were dubbed "creative maladjusted non-conformists" during their lifetimes. Their virtues and flaws have constantly over reviewed throughout history. They never appear to vanish from a historical perspective. A point worth noting is that, while their politics varied, their effect on their followers was consistent. Charismatic leaders "inspire followers to commit themselves wholeheartedly to the leader's mission, make significant personal sacrifices, and go above and beyond the call of duty." This power over others has rooted in the leader's values, passions, and logic – what Aristotle referred to as ethos, pathos, and logos. A critical component of assisting organizations in identifying their next leader is gaining a clear understanding of what went wrong with the previous one. It had referred to as a "fire" that ignites followers' energy and commitment of followers? Charismatic leaders can provide organizations with highly effective leadership. Research indicates a positive correlation between charismatic leadership and follower performance and satisfaction (Shamir, House, and Arthur, 1993; Shamir, Zakey, and Popper, 1998), possibly because organizational members feel stronger and more in control of their fates. Charismatic leaders can also create corporate meaning and enthusiasm through the vision they express. It is well established that an organization can adopt a cause or a reform movement (Berlew, 1974), which is beneficial. As a result, an organization's efficiency and effectiveness in achieving its goals are often because of a charismatic leader's influence.

### **3. The Weakness of Charismatic Leadership**

Some of the talks about charisma in leadership and organizations have turned out dangerous. Charisma has been seen as a bad thing for people in society. Please look for the psychological factors that lead to charismatic leaders and their allure to their followers.

Great Researcher Lindholm, for example, has studied tremendously damaging charismatic leaders such as Hitler, Manson, and Jim Jones, and the manipulation employed by magnetic front-runners is seen to have negative and undesired societal consequences. Images of charismatic leaders frequently conjure up bleak examples from history. Current research has instigated to cast doubt on the efficacy of charismatic leadership. Rakesh Khurana one of the Harvard Professionals debates in on up-to-date issue of the Harvard Business Review that organizations hire charismatic front-runners because they have faith in — despite an absence of definite indication — that a chief executive can have a near-mystical effect on a company's performance. The cult of charismatic leadership has gone too far, and when struggling businesses look for a CEO, the single most important quality they look for is "charm." And to entice these individuals, they are granted unmatched autonomy and resources. They have private jets at their disposal, access to lavish penthouses, interest-free loans to purchase beach houses and artwork, heavy security provided by their companies, and royal benefits. Additionally, research has shown that charismatic CEOs can leverage higher salaries even when their performance is subpar. While charismatic leaders can have significant positive effects on organizations, it's worth noting that they can also have significant negative consequences. Conger (1990) refers to this as the "dark side" of charismatic leadership, which, he asserts, can obliterate the positive aspects of the leader and the organization. The actions of charismatic leaders can create a slight sense of instability and uncertainty in the management and decision-making processes and increase the organization's risk intensities (House and Howell, 1992). Additionally, it can make members of an organization more susceptible to manipulation and deception by charismatic leaders (O'Connor et al., 1995). Additionally, charismatic leaders are slightly less likely to be able to institutionalize the positive aspects of their leadership into the organization for them to endure beyond their tenure. Additionally, charismatic leaders are rarely successfully replaced by leaders with comparable capacity for organizational transformation (Bryman, 1993; Conger, 1990). Nonetheless, charisma continues to be as elusive to define as art or love. Furthermore, there is no conclusive

evidence that charismatic leadership positively impacts an organization's performance. Charismatic leaders cast a vision for the future of their organizations. The forerunner's ideologies, drives, and self-concept scheme all impact the vision and serve as directors for the deeds they employ to transform the organization. Unfortunately, larger-than-life leaders are not always interested in heart-rending transformation for the benefit of the organization and its members; rather, the leader is frequently more concerned with their results. At its worst, the dangers of this ego-driven charisma are leaders who prioritize their self-interest and personal goals over the organization's goals. Charismatic leaders often cannot tolerate disapproval; they frame themselves with 'yes' folks rewarded for pleasing the leader, forming an environment in which people are afraid to question or challenge the king or queen when they believe someone is making a blunder. A company cannot be known for what it stands for if its identity is inextricably linked to its leader. Thus, this leadership style foregoes the ability to be guided by its fundamental purpose. Reduced to dyadic impact, leadership can shadow between reliable leadership and manipulation. This is the hazard allied with charismatic leadership. Numerous horrifying examples throughout history demonstrate the danger of a slippery slope. In many cases, charismatic leaders have resorted to manipulation. Numerous researchers have identified several promising murky actualities allied with charismatic leadership, including the following: keeping admirers dependent on the path, sustaining control over supervisory, misapprehensions of reliability, and excessive hopefulness. It's not problematic to identify these character blemishes in cult leaders and despotic rulers. However, there is no checklist available to assess psychotic behaviour. However, it serves as a cautionary tale for anyone endowed with the gift and responsibility of leadership. Charisma can benefit not only the leader's interests but also the larger society (Allert and Chatterjee, 1997; Robbins, 1992). Self-centredness and self-admiration in a charismatic forerunner may combine to produce objectionable conclusions, whereas unselfishness and scarifying characteristics in a charismatic leader can produce desired and admirable outcomes. Charisma has an irrational nature. It operates between leaders

and followers; it is not rational by nature, not founded on the authority bestowed upon the leader solely based on overwhelming knowledge or experience, but rather on the individual's characteristics. Accepting charisma can be interpreted by followers as dubious and demonstrating a propensity to be impressed by others, a sign of weakness and subordination. The message of suspicion toward charismatic leadership is that its acceptance by followers may create space for "irrational" forces in society. This allows for additional room for persuasion and manipulation in charismatic leadership processes. The concept of charismatic followership (Aaltio-Marjosola, 1996) is critical for comprehending charismatic leadership and the processes that underpin it. Any examination of charismatic leadership is inextricably linked to the psychological term narcissism. Narcissism is a common personality trait that manifests itself through feelings of superiority over others, self-love, and an intense desire for power and glory. Conversely, productive narcissists possess an extraordinary vision and expansive thoughts and ideas. These visions are frequently audacious. Additionally, they communicate this vision inspirational and excitingly to their followers, eliciting their emotional commitment. Their ideas are frequently optimistic, unconventional, and provocative. Narcissists will be more persistent in the pursuit of their goalmouths. This is particularly consistent with their exaggerated sense of self-worth. Leaders who are incapable of championing a bold vision and frequently lack confidence are unlikely to be viewed as charismatic. On the dark side, they frequently refuse to listen. Occasionally, they appear to be listening while preparing for their next spoken intrusion. They do not take disapproval well from any neighbourhood and will keep their aloofness from critics in self-defence. This validates that they do not share their frame of mind with others, nor do they pay attention to the state of mind and thoughts of others, particularly if they are serious about their self-image. When periods are rough, admirers may need to be more tolerant of self-admiration's darker aspects. This may help to explain how dictators rose to power following the Great Depression in the 1930s. At the time, followers were puzzled and uncertain, making them more susceptible to this charismatic effect. This article discusses the perspective of a

situational determinant of leadership. Occasionally, these leaders become fixated on self-glorification and will not tolerate any form of criticism. They typically refrain from grooming others for leadership positions because they prefer not to have their authority questioned. Members of groups led by charismatic leaders may view success in terms of their leaders. An added shortcoming of enigmatic management is that gathering success is highly reliant on the leader. The leader serves as the glue that holds a cluster unruffled. As a result, when the forerunner leaves, the group dynamics deteriorate, and single followers lose their fervour. It is not uncommon for the demise of a charismatic leader to create an uncertain void, and supporters frequently institutionalize their policies for the sake of survival. Max Weber invented "routinization of charisma" to describe this phenomenon. However, once established, the directions in which these policies can take are unpredictable. Unfortunately, charismatic leaders do not always act in the company's best interests. Numerous such leaders enjoy transforming the organization into their image. This results in a blurring of the lines unravelling private and corporate welfare. In the worst-case scenario, their self-centredness and private goals will trump the businesses. Leaders thoughtlessly used company resources for personal gain. Executives violated laws and crossed ethical lines to produce financial numbers that enabled leaders to cash millions in stock options. Blind fanaticism and heroic self-sacrifice for a good cause are outcomes of following an alluring leader. At one end of the spectrum are principled charismatics who foster artistic, critical thinking in their admirers, provide developing openings, are receptive to both optimistic and undesirable criticism, recognize the offerings of others, are more upcoming with information for supporters, and have high ethical principles that rank the group's or societies collective interests. On the other end of the range are charismatic leaders who exhibit psychopathic leanings. Among these characteristics are extraordinary charm, an overstated sense of self, a lack of regret and understanding, a lack of honest emotion, and manipulative conduct. Preceding this foundation, it seems sensible to speculate that some unhelpful charismatic leaders may be psychopathic. Let's face it: it's enjoyable to follow a leader. Having a

frontrunner that can motivate you about a vision and how it can be realized. It is a universal humanoid nature. This is not to say that charismatic leaders cannot be real; however, charisma can be a noteworthy asset. However, this endearing charisma can be both a blessing and a curse. This is because charisma can be used for the greater good of a company or nation and personal ambitions when the greater good is overlooked. As previously stated, not everything about charismatic leadership is enthralling. It also has a murkier sideways. There may be snags if a charismatic leader begins to believe to be infallible if he begins to use his charisma to corrupt the minds of the young. Charisma has the potential to extend beyond the confines of the workplace. Additionally, charismatic leaders can be extremely dangerous due to their ability to captivate others. Several of history's most oppressive leaders were extremely charismatic. Study Hitler, who led the Nazi Gathering and was finally responsible for the holocaust and the demise of roughly 6 million Jews. Robespierre was also charismatic, serving as the French Revolution's leader. He frequently used the guillotine to control the republic and eliminate his political adversaries. And Osama Bin Laden inspired his followers to sacrifice their lives and the lives of so many others in the name of religion. Leaders like them have used their charisma to accomplish their creepy goals, resulting in social chaos. According to a new study, conservatism, not charm, is the critical distinction of positive professional front-runners. A modest leadership style is known as "intelligent conservatism" is prevalent among corporations with sustained long-term accomplishments. While charismatic leaders emerge from time to time, these businesses have mainly prospered by attending to their employees and relying on old-fashioned industry expertise. Enigmatic individuals possess an extraordinary capacity for distilling composite ideas into simple messages; they do so through stories, analogies, metaphors, and symbols. This makes them easily comprehensible to anyone. Moreover, they enjoy risk and experience avoiding when there is no danger; they are outstanding idealists. They are dissenters who confront agreement; they may appear odd. Identifying chance and considering an idea: these leaders appear to be sensitive to their constituents needs while also

recognizing the shortcomings of the current state of affairs and unused chances. The mixture of these appearances results in an ideal vision of the forthcoming. In terms of organization, these visions appear to fall into four broad categories: an advanced product or facility; a contribution to society; a structural transformation; or an influence on the workforce. The critical component of logically conservative leadership is in-depth knowledge of an organization, enabling leaders to engage in responsive networks and understand internal dynamics. Corporate transformations that have been most effective have been led by leaders promoted from within the organization rather than by charismatic outsiders. Several transformative leaders have succeeded due to their prior experience in their companies. Actions to leadership positions can easily go wrong if the selection process is persuaded excessively by aspirants who exude charisma. After all, charisma has been compared to nectar on a flower that attracts bees for pollination. Charisma should not trump the importance of possessing other necessary characteristics and experiences to fit into the organizational jigsaw. There are still some issues that need to be addressed to understand charismatic leadership's dark side completely. According to some scholars, these two leadership styles are determined by distinct sets of personality antecedents, with Machiavellianism, narcissism, and authoritarianism promoting personalized charismatic behaviours and self-efficacy and self-esteem promoting socialized charismatic behaviours (House and Howell, 1992; O'Connor et al., 1995). Others have suggested that characteristics of followers (e.g., self-concept clarity and identity orientation) shape the socialized or personalized relationships that followers develop with their charismatic leaders (Howell and Shamir, 2005; Weierter, 1997). It would be worthwhile to investigate additional antecedents to ascertain the distinct origins of leaders' socialized versus personalized charismatic behaviour. Additionally, given the evidence that negative behavior spreads within groups (Robinson and O'Leary-Kelly, 1998), it may be worthwhile to examine how leaders' immediate social context and larger work environment influence the "dark," personalized aspects of their alluring behaviour.

#### **4. Managing the Risk Associated with Charismatic Leadership**

Charismatic leadership can be a little risky for businesses because it can be hard to predict when too much power is given to one person. When a charismatic leader takes over, the culture and strategy of a company can be very different from when they were run by someone else. If the company needs a lot of change or is in the middle of a crisis, this type of change is appropriate. However, when things are back to normal, the centralization of power and risky strategies are not likely to be acceptable. There is some evidence that charismatic leaders are usually good at saving people. But they aren't so good for long-term success and management. This is an important thing to think about because charismatic leaders aren't likely to change their leadership style or help choose a successor if and when things change. Charismatic leaders like to be the center of attention and don't want to share it with anyone else. So they don't usually work on making the next generation. People who want to be led by a charismatic person need to be aware of this kind of leadership's positive and negative effects. Safeguards can also be put in place at work to ensure that everyone makes the most of their time and minimizes the adverse effects. One way to make sure that a charismatic leader isn't a wrong choice is to make sure that they have a good accountability structure. The lack of effective accountability structures is a big reason leaders don't do an excellent job of being ethical and moral (Chandler, 2009). But charismatic leaders might not like this because they usually want to be in charge of their own lives (Conger, 1990). When someone is hired, it is best to talk about this and make sure that everyone understands the standards of accountability and reporting that were already in place.

Board members should keep an eye on things, agree on financial and other decision-making parameters, and set up an effective system of checks and balances to make sure things don't go wrong (Chandler, 2009). Leaders who are held accountable are more expected to think about the long-term consequences of their actions and more likely to think about how their efforts will benefit the organization and its people. Another way to protect the leader is to make sure they have a strong support group. Leadership is a job that separates the leader from the rest of the group, and not having a sound support system can make it even

worse (Chandler, 2009). You might have confidantes, mentors, formal and informal training, and personal and professional growth opportunities to have a proper support system. Social support can help build emotional reserves, keep things in perspective, and allow self-expression outside of work (Winnubst, 1993). One way to protect yourself is to have a process that can help you distinguish between charismatic leaders who are socialized and charismatic leaders who are unique to each person. As a result, charismatic socialized leaders have a socialized motivation to use both humble and egotistical power. Such leaders do things like imagine, motivate, enable, and empower people in their organization (Humphreys et al., 2010). Leaders who want to improve their organizations' abilities and employees look for ways to do this. A charismatic social leader is also more likely to build an unrestricted, non-exploitative, and philanthropic organization. Understanding this is very important when setting up practical ways to find people who might be bad for the company as a leader. There are ways to do this, like looking at how much power someone needs, how bad their lives have been, and how selfish they are. Other important things to look at are whether the person is motivated by themselves or others and how moral and ethical they are. The goal of this selection process would be to fill open positions with leaders who are more socialized than charismatic. You can take three simple steps to become more rational and clean-cut as a leader. Using a scientifically validated tool to pick leaders is the first step. You don't want to choose leaders based on your intuition. It's the next thing that can be done to make leaders "look more capable than they are." If you can, try to find hidden talent which can help you avoid having a charismatic leader.

## **5. Conclusion**

The impact of charismatic leaders on organizations and their members is complex. The question is whether the benefits outweigh the hazards of employing a magnetic leader. True, a captivating frontrunner can change an association and stimulate its followers to perform better. However, a charismatic leader can destabilize and harm an organization and its members by focusing on personal advancement and interests. However, certain safeguards in selection and tenure can enhance a charismatic leader's positive contributions and minimize adverse belongings. These precautions must address the leader's answerability edifice, funding

scheme, and choice procedure. Finally, the author does not imply that charismatic leadership is ineffective because research and examples back it up. A charismatic leader isn't always the answer. True, a charismatic leader makes a company more likely to succeed, but success depends on the situation and the leader's vision. In short, charisma can be distracting and harmful. A mature and advanced politics will require a charisma detox — for leadership is not a game. The paper's purpose is not to argue that charismatic leadership is always wrong. A charismatic leader will accelerate your company's progress. Charisma will speed you up if you're going in the wrong direction.

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