

## **The Influences of Intellectual Stimulation and Inspirational Motivation on the Profitability of Romanian Employees**

**Cristian–Liviu Vele**

Technical University of Cluj Napoca  
North University Center in Baia Mare  
cristian.vele@cunbm.utcluj.ro

**ABSTRACT:** The main objective of this article was to identify any valid statistical correlations between two dimensions of transformational leadership, namely inspirational motivation and intellectual stimulation on employee's profitability. In order to achieve this, a research was conducted on Romanian employees from companies located in the Maramureş County and a number of 98 valid questionnaires were gathered, which were analyzed using the IBM SPSS software. Two research hypotheses were formulated: *H1: Intellectual stimulation positively influences employees' profitability* and *H2: Inspirational motivation positively influences employees' profitability*. The findings of then research revealed that the participants obtained above average scores in terms of inspirational motivation and intellectual stimulation. Also, a valid statistical correlation was found between intellectual motivation and employees' profitability, but when referred to the implication of inspirational motivation of profitability, we found out that the correlation between these two variables was not statistically valid. The findings allowed us to conclude that employee's and consequently organizational profitability can be increased by encouraging people to think in an innovative, creative manner and by supporting them to become an active part in the decision making process.

**KEYWORDS:** Inspirational motivation, intellectual stimulation, profitability, transformational leadership.

## 1. Introduction

Profit was, is and will be one of the most important strategic goals of an organization, if not the most strategic goal. Also, the employees are considered to be the most valuable resource on an organization, given their specific capabilities and competencies, most importantly their adaptability to change and to use their own judgment to generate superior results (Shook *et al.* 2003). Considering this, organizations need to best identify the most efficient ways to invest in their human capital in order to obtain the desired results (Hatch & Dyer 2004; Lengnick-Hall & Wolff 1999). Transformational leadership has been recognized as the most efficient style of leadership when it comes to motivate followers to achieve more than expected, to constantly wishing to improve their work and to place the interests of the organization above personal interests. For transformational leaders, the formation of a vision is extremely important, but also the communication of that vision becomes paramount in achieving organizational success (Hitt *et al.* 2007).

According to Bass and Avolio (1994), transformational leadership has four main components: charismatic role modelling, individual consideration, inspirational motivation and intellectual stimulation. With the use of inspirational motivation individuals are able to articulate an exciting vision of the future and to show others how to achieve their own goals and also the goals of the organizations. Intellectual stimulation encourages individuals to develop a new way of thinking and to be creative and innovative. These two dimensions were chosen in this study due to the consideration that the extremely competitive business environment nowadays requires employees who are able to form and to translate a coherent vision of the future and to adopt an innovative and creative way of thinking. Also, the strategic objectives of an organization can be achieved with greater success if the individuals within the organization are not only able to understand these objectives, but are also capable to envision the end results and to better understand the mechanism required to take advantage from external opportunities by using the internal capabilities (Hussey 1998).

Prior studies have discovered that organizational success and performance depends not only by the strategy used by the organization, but also depends on its leadership style (Bass 1987; Hartog & Koopman 2002; Chow & Wu 2003; Shalley & Gilson 2004; West *et al.* 2003). This appears due to the fact that transformational leaders integrate creative thinking and commitment to their followers. In organizations characterized by this type of leadership employees tend to have an increase responsibility towards their work and to accept more challenging tasks. When referring exclusively of the two dimensions of transformational leadership taken into consideration in the present

study, we can notice that with the help of inspirational motivation individuals can communicate to others what is expected from them in terms of organizational efficiency and profit, and how to perceive their role in the overall success of the organization. Similarly, with the use of intellectual stimulation individuals can provide others with the necessary cognitive inputs required to perform their work activities in a manner that generate the best results.

Considering the above, the main objective of our study, which is based on two research hypotheses, is to better understand if and how inspirational motivation and intellectual stimulation influence the profitability of employees' work and how can organizations better use their employees in order to increase their profitability and long term development and success.

## 2. Empirical research and findings

The main purpose of this article is to investigate the correlations between intellectual stimulation and inspirational motivation and employee profitability in the case of Romanian companies. In order to achieve this, two hypotheses were formulated, namely:

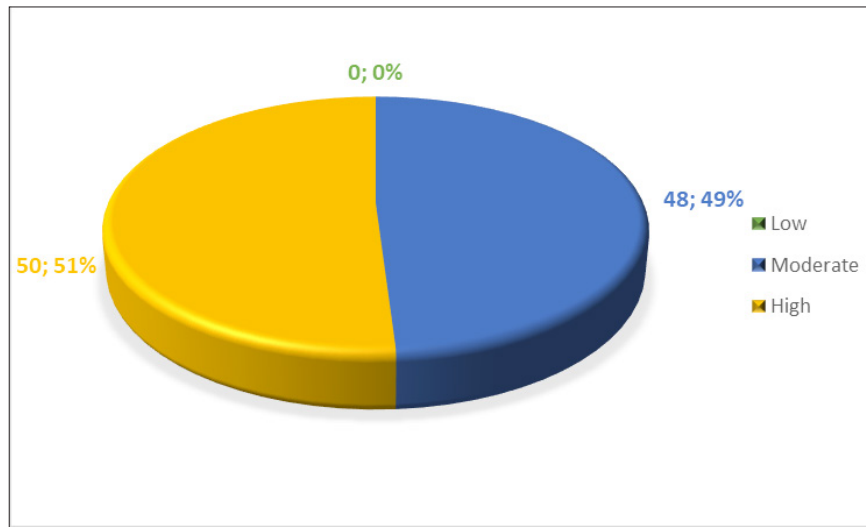
*H1: Intellectual stimulation positively influences employees' profitability.*

*H2: Inspirational motivation positively influences employees' profitability.*

In order to statistically investigate the correlations between intellectual stimulation and inspirational motivation and employee profitability, a multi-item scale questionnaire was used, with questions based on the Multifactor Leadership Questionnaire (MLQ) (Avolio & Balls 1999). All items were measured on a five point Likert-type scale from (1) strongly disagree to (5) strongly agree. A total of 98 valid questionnaires were gathered as a result of the research and the answers were analyzed using the IBM SPSS software.

Three variables were defined in our study, *intellectual stimulation*, *inspirational motivation* and *profitability*. Each of the first two variables were measured by using three individual factors. Inspirational motivation was calculated based on the answers provided to questions regarding the ability to express in a few words, the ability to form a vision about the future and the ability to help others to find meaning in their work. Intellectual stimulation was calculated based on the answers regarding the ability to get others to think in an innovative manner, the ability to get others to look at situations from different point of view and the ability to get others to question ideas that they never questioned before. The results of the scores obtained by the subjects in this study can be seen in the figures below.

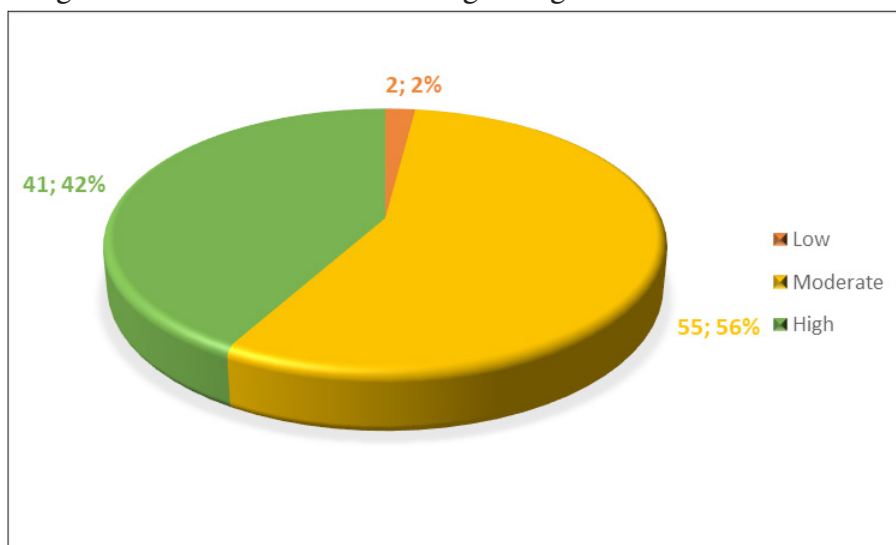
Figure 1. The scores obtained regarding inspirational motivation



(source: own representation)

The participants in our study scored moderate to high results in relation with intellectual stimulation, meaning that they actively participate in helping their colleagues in forming a coherent vision of the future and of what they can achieve as a consequence of their work efforts. Also, the results show that they motivate others by making their work feel significant.

Figure 2. The scores obtained regarding intellectual stimulation



(source: own representation)

As with inspirational motivation, the vast majority (98%) of the subjects in this study obtained moderate to high scores in relation with intellectual stimulation, which allows us to conclude that they encourage others to think in an innovative way and to constantly find new, more efficient solutions to organizational problems, while questioning the status-quo on a regular basis. This creates the premises for gaining competitive advantages by using employees' creativity and innovative thinking.

The first step of the statistical analysis was to perform a Cronbach's Alpha reliability test and the results of the test, as is can be seed in Table 1, concluded that the internal consistency of the questionnaire is very good. The second stage was to perform a bivariate correlation analysis between the two independent variables, inspirational motivation and intellectual stimulation, and the dependent variable, employees' profitability.

Table 1: Cronbach Alpha coefficient

Reliability Statistics	
Cronbach's Alpha	N of Items
,811	9

(Source: own processing in SPSS)

Table 2: Statistical correlation between inspirational motivation and intellectual stimulation and employees' profitability

		Employees' profitability
Inspirational motivation	Pearson Correlation	,186
	Sig. (2-tailed)	,066
	N	98
Intellectual stimulation	Pearson Correlation	,375**
	Sig. (2-tailed)	,000
	N	98

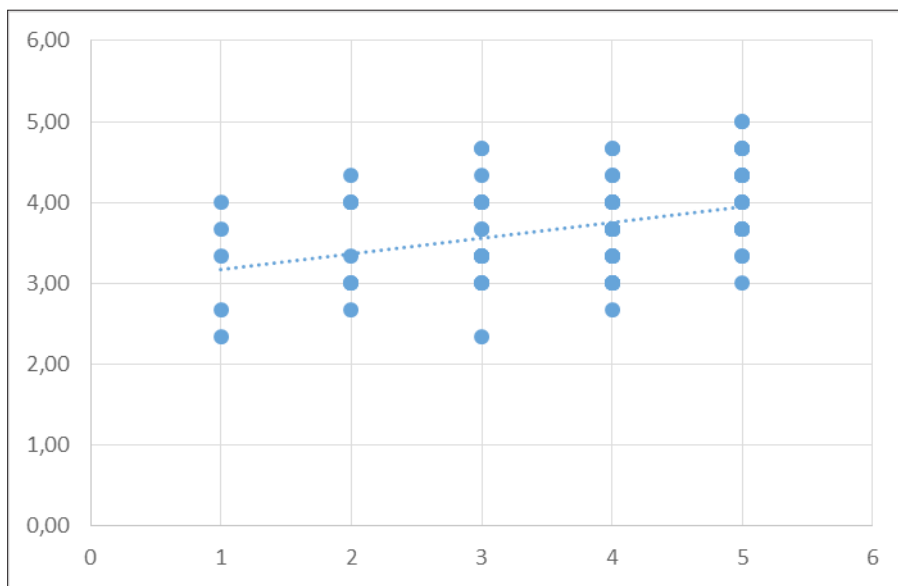
(Source: own processing in SPSS)

As it can be seen from the results presented in the table above, the value of the significance coefficient in the case of inspirational motivation an employee profitability s 0,066 (which is above 0,05 , the value until which the correlations are valid)

meaning that, in this study, there is not a valid statistical link between the employee's inspirational motivation on their colleagues and their work profitability.

However, in the case of intellectual stimulation, the significance coefficient is 0, which indicates a valid statistical link, and the Pearson's linear correlation coefficient is 0,375 which indicates a direct correlation between getting others to think in new innovative ways and their increase in profitability. This link is present also in the graphical representation of the influence of intellectual stimulation over profitability, as it can be seen in figure 3.

Figure 3. Intellectual stimulation and profitability



(source: own representation)

## Conclusion

Intellectual stimulation and inspirational motivation are both dimensions of transformational leadership, and are focused on increasing the employees' involvement and motivation towards the meeting of strategic organizational goals by being and active part of the organization and by efficiently using their core capabilities in providing the best solutions to different organizational problems.

This present study is focused on companies located in Maramureş County and analyses the implications of inspirational motivation and intellectual stimulation on the profitability of employees. Two research hypotheses have been formulated,

namely *H1: Intellectual stimulation positively influences employees' profitability* and *H2: Inspirational motivation positively influences employees' profitability*.

The findings in our research revealed that the participants are segmented in two approximately equal groups, with 51% of the respondents obtaining high scores in inspirational motivation and 49% moderated scores and in case on intellectual stimulation, 42% of the respondents obtained high scores, 56% moderate and 2% low scores. These findings allow us to conclude that the employees that took part in our study undertake efforts to make others see the importance of their work and to support others in finding meaning in their work and understand the implications on their work results in achieving organizational success. Also, we can see that the participant focus their attention towards creative, innovative thinking and finding the most efficient solutions to everyday problems.

However, when analyzing the statistical correlations between the two independent variables formulated in our study and employee's profitability we noticed that, in our case, inspirational motivation did not generated any valid statistical link with employee profitability. It is possible that, although the subjects scored moderate to high in relation with this dimension, certain disruptive factors could have intervened and altered the desired effects. Difficulties in communication or true understanding in one's work meaning and purpose can be considered elements that have the potential to lead to failure in transmitting inspirational motivation to others. We have to keep in mind that it is not only necessary to act toward the formation of inspirational motivation, you have to successfully transmit and embed this into the behavior of others.

Intellectual stimulation, on the other hand, was discovered to be positively correlated with employee profitability, which means that employees that are able to look at things from different perspectives, to think out of the box or who question elements that were considered unquestionable are able to generate outcomes as a result of their work that is profitable, and by doing this increase the overall profitability of the organization.

The findings of our research contribute both from a theoretical perspective, by better understanding the implications of the two dimensions of transformational leadership and profitability, and also from a practical perspective, by offering managers useful knowledge aimed at increasing their profits. There are, of course, certain limitations of our study such as the size of the research population or the geographical area taken into consideration, for these reasons it would be advised for further researchers to expand our area and to increase the number of employees that will take part in our studies and, also, to identify other elements that have the potential to increase profitability.



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