# MODULE 2: LEADERSHIP

**Structure**

**Learning objectives**

After reading this module, the learner will be conversant with
(1) The concept of leadership, leadership styles.
(2) Qualities of a good leader and theories of leadership.

**Introduction**

To get the work done through people, leadership is at the core of managing. Managers can get the work done either by the authority vested in them or by winning support, trust and confidence of the people.

To secure better performance and results from people in 21 century, a manager has to increase his influence more over them. And to do so, leadership is the answer.

**2.1 Meaning:**

Leadership is an important element of the directing function of management. Wherever, there is an organized group of people working towards a common goal, some type of leadership becomes essential. "The power of leadership is the power of integrating. The leader stimulates what is best in us he unites and concentrates what we feel only gropingly and shatteringly. He is a person who gives form to the uncoarctate energy in every man. The person who influences me most is not he who does great Deeds, but he who makes me feel that I can do great deeds." Marry Parker Follet.

Leadership is the ability to build up confidence and zeal among people and to create an urge in them to be led. To be a successful leader, a manager must possess the qualities of foresight, drive, initiative, self-confidence and personal integrity. Different situations may demand different types of leadership.

**2.2 Definitions:**

Leadership has been defined in various ways. Stogdill has rightly remarked that there are almost as many definitions of leadership as there are people who have tried to define it.

**The definitions given by some famous authors and management experts are given below:**

1. Koontz and O'Donnell, Leadership is the ability of a manager to induce subordinates to work with confidence and zeal.
   2. Dubin, R.Leadership is the exercise of authority and making of decisions.
3. Allford and Beaty, Leadership is the ability to secure desirable actions from a group of followers voluntarily, without the use of coercion.
4. George R. Terry, Leadership is the activity of influencing people to strive willingly for group objectives.
5. Hemphill, J.K., Leadership is the initiation of acts which result in a consistent pattern of group interaction directed towards the solution of a mutual problem.
6. Jame J.Cribbin, Leadership is a process of influence on a group in a particular situation at a given point of time, and in a specific set of circumstances that stimulates people to strive willingly to attain organisational objectives and satisfaction with the type of leadership provided.
7. Peter Drucker, Leadership is not making friends and influencing people, i.e., salesmanship it is the lifting of man's visions to higher sights, the raising of man's personality beyond its normal limitations.
   In the various definitions of leadership the emphasis is on the capacity of an individual to influence and direct group effort towards the achievement of organizational goals. Thus, ' we can say that leadership is the practice of influence that stimulates subordinates or followers to do their best towards the achievement of desired goals.

**2.3 Nature and Characteristics of Leadership:**

**An analysis of the definitions cited above reveals the following important characteristics of leadership:**
1. Leadership is a personal quality.
2. It exists only with followers. If there are no followers, there is no leadership?
3. It is the willingness of people to follow that makes person a leader.
4. Leadership is a process of influence. A leader must be able to influence the behaviour, attitude and beliefs of his subordinates.
5. It exists only for the realization of common goals.
6. It involves readiness to accept complete responsibility in all situations.
7. Leadership is the function of stimulating the followers to strive willingly to attain organizational objectives.
8. Leadership styles do change under different circumstances.
9. Leadership is neither bossism nor synonymous with; management.

**Formal and informal Leaders:**

From the view point of official recognition from top management, leaders may be classified as formal and informal leaders. A formal leader is one who is formally appointed or elected to direct and control the activities of the subordinates. He is a person created by the formal structure, enjoys organizational authority and is accountable to those who have elected him in a formal way. The formal leader has a two-fold responsibility. On the one hand, he has to fulfill the demands of the organization, while on the other he is also supposed to help, guide and direct his subordinates in satisfying their needs and aspirations.

Informal leaders are not formally recognized. They derive authority from the people who are under their influence. In any organization we can always find some persons who command respect and who are approached to help, guide and protect the informal leaders have only one task to perform, i.e., to help their followers in achieving their individual and group goals. Informal leaders are created to satisfy those needs which are not satisfied by the formal leaders. An organization can make effective use of informal leaders to strengthen the formal leadership.

**Leadership Functions:**

**Following are the important functions of a leader:**
**1. Setting Goals:**
A leader is expected to perform creative function of laying out goals and policies to persuade the subordinates to work with zeal and confidence.
**2. Organizing:**
The second function of a leader is to create and shape the organization on scientific lines by assigning roles appropriate to individual abilities with the view to make its various components to operate sensitively towards the achievement of enterprise goals.
**3. Initiating Action:**
The next function of a leader is to take the initiative in all matters of interest to the group. He should not depend upon others for decision and judgment. He should float new ideas and his decisions should reflect original thinking.
**4. Co-Ordination:**
A leader has to reconcile the interests of the individual members of the group with that of the organization. He has to ensure voluntary co-operation from the group in realizing the common objectives.
**5. Direction and Motivation:**
It is the primary function of a leader to guide and direct his group and motivate people to do their best in the achievement of desired goals, he should build up confidence and zeal in the work group.
**6. Link between Management and Workers:**
A leader works as a necessary link between the management and the workers. He interprets the policies and programmes of the management to his subordinates and represents the subordinates' interests before the management. He can prove effective only when he can act as the true guardian of the interests of his subordinates.

**2.4 Qualities of a Good Leader:**

A successful leader secures desired behaviour from his followers. It depends upon the quality of leadership he is able to provide. A leader to be effective must possess certain basic qualities. A number of authors have mentioned different qualities which a person should possess to be a good leader.

**Some of the qualities of a good leader are as follows:**

Good personality.
Emotional stability.
Sound education and professional
competence. Initiatives and creative thinking.
Sense of purpose and responsibility.
Ability to guide and teach.
Good understanding and sound judgment.
Communicating skill.
Sociable.
Objective and flexible approach.
Honesty and integrity of character.
Self-confidence, diligence and industry.
Courage to accept responsibility

**2.5 Importance of Leadership in Management:**

The importance of leadership in any group activity is too obvious to be over-emphasized. Wherever, there is an organized group of people working towards a common goal, some type leadership becomes essential. Lawrence A. Appley remarked that the time had come to substitute the word leadership for management.

Although the concern for leadership is as old as recorded history, it has become more acute during the last few decades due to the complexities of production methods, high degree of specialization and social changes in the modern organizations. A good dynamic leader is compared to a 'dynamo generating energy' that charges and activates the entire group in such a way that near miracles may be achieved. The success of an enterprise depends to a great extent, upon effective leadership.'

**The importance of leadership can be highlighted from the following:**

**1. It Improves Motivation and Morale:**
Through dynamic leadership managers can improve motivation and morale of their subordinates. A good leader influences the behaviour of an individual in such a manner that he voluntarily works towards the achievement of enterprise goals.

**2. It Acts as a Motive Power to Group Efforts:**
Leadership serves as a motive power to group efforts. It leads the group to a higher level of performance through its persistent efforts and impact on human relations.

**3. It Acts as an Aid to Authority:**
The use of authority alone cannot always bring the desired results. Leadership acts as an aid to authority by influencing, inspiring and initiating action.

**4.  It is Needed at All Levels of Management:**

Leadership plays a pivotal role at all levels of management because in the absence of effective leadership no management can achieve the desired results.

**5. It Rectifies the Imperfectness of the Formal Organisational Relationships:**

No organizational structure can provide all types of relationships and people with common interest may work beyond the confines of formal relationships. Such informal relationships are more effective in controlling and regulating the behaviour of the subordinates. Effective leadership uses there informal relationships to accomplish the enterprise goals.

**6. It Provides the Basis for Co-operation:**

Effective leadership increases the understanding between the subordinates and the management and promotes co-operation among them.

**2.6 Process or Techniques of Effective Leadership:**

**The following are the techniques of effective leadership:**

The leader should consult the group in framing the policies and lines of action and in initiating any radical change therein.

He should attempt to develop voluntary co-operation from his subordinates in realizing common objectives.

He should exercise authority whenever necessary to implement the policies.

He should give clear, complete and intelligible instructions to his subordinates.

He should build-up confidence and zeal in his followers.

He should listen to his subordinates properly and appreciate their

feelings. He should communicate effectively.

He should follow the principle of motivation.

**Leadership may be classified into the following types:**

**Functional:**

As the name suggests the leadership is according to functions e.g. a leader is an expert in some area then his advice is accepted by all.

**Personal:**

Some leaders possess attractive personality and have personal contacts with people. The supervisor directs and motivates people through their personal contacts.

**Impersonal:**

Leaders have no personal contacts. This type of leadership is similar to bureaucrat type who leads people through instructions given to his subordinates.

**Formal and Informal:**

When formal authority vested in the executive is exercised to influence behaviour of people, the leadership is said to be formal. Official position of the authority plays a vital role in this type. Some executives establish better relationship with their subordinates to extract most benefits. As against formal, informal leadership has no formal authority, yet it is very effective in exercising its influence to direct the behaviour of people. The personality traits of a leader play a vital role in this type of leadership.

**Positive and Negative Leadership:**

Positive leadership adopts positive attitudes towards subordinates. It takes them into confidence, issues orders and interprets them, recognizes the talents among

subordinates and delegates authority for proper implementation of his orders. It extracts optimum from his subordinates. As against this negative leadership uses coercive methods to motivate subordinates. His subordinates remain under threat and fear. The negative leaders dominate subordinates through false exhibition of superiority.

**Importance of Leadership:**

Importance of leadership does not need any over emphasis. Success of any organisation is because of its leadership. Even national independence, growth, prosperity and power are because of its leadership. Prosperity and growth of industrial or business organisation is also because of effective leadership.

Eye-catching performances are achieved by many organisations through able executive leadership.

**An effective and important leadership must perform the following functions:**

1. A leader should act as a friend, philosopher and guide to the people whom he is leading. He must have the capacity to recognize their potentialities and transform them into realities.

2. A leader should win the confidence of his people and seek their cooperation and convince them of policies, procedures and the goals to be achieved. He should be able to wipe out the differences among his people and unite them as a team and build up team spirit.

3. He maintains discipline among his group and develops a sense of responsibility. He should be impartial in treating people under him and build up a high morale.
   He should as far as possible not use coercive methods. He should represent his people in and outside the organization. According to R. Likert, "leaders act as linking pins between the work groups and the forces outside it."

4. He should motivate his subordinates to achieve goals. He seeks their commitments to attain the objectives of the organisation.

   5. He should try to raise high moral and ethical standards among his people.

**2.7 Types of Leadership:**

**1. Bureaucratic Leadership:**

Bureaucratic leadership follows a close set of standards. Everything is done in an exact, specific way to ensure safety and/or accuracy. One will often find this leadership role in a situation where the work environment is dangerous and specific sets of procedures are necessary to ensure safety.

A natural bureaucratic leader will tend to create detailed instructions for other members of a group. The bureaucratic leadership style is based on following normative rules and adhering to lines of authority

**2. Charismatic leadership:**

"Charismatic leadership emphasises primarily the magnetic personality and behaviour of leaders and their effects on followers, organizations, and society. Sociologists, political historians, and political scientists have widely accepted the theory of charismatic leadership originally advanced by Weber (1947). Charisma is regarded as of divine origin or as exemplary, and on the basis of them the individual concerned is treated as a leader.

Mahatma Gandhi, Jawaharlal Nehru, Indira Gandhi, Lai BahadurShashtri, and Mother Teresa were charismatic leaders. Charismatic leaders inspire via persona, reputation, and communications and also show courage, competence, and idealistic vision.

Late President John F Kennedy and his look-alike Fmr. President Bill Clinton have often been called "The most charismatic leaders of 20th century" Another good example would be Adolf Hitler, who rose from a "Bohemian corporal" to "Herr Fuhrer" due to his ability to captivate people into following him.

## 3. Visionary Leadership:

A visionary leader perceives challenges and growth opportunities before they happen, positioning people to produce extraordinary results that make real contributions to life. Some of the visionary leaders include – Dalai Lama (for his ability to incorporate new ideas into his traditional framework while being a messenger for peace and enlightenment for the world), Mahatma Gandhi and Nelson Mandela (for his courage and conviction and perseverance against all odds to free and unite people for justice), and President Obama (for his ability to galvanize and inspire people with the vision that we can transform our consciousness & world). The list is endless.

## 4. Strategic Leadership:

Strategic leadership refers to a manger's potential to express a strategic vision for the organization, and to motivate and persuade others to acquire that vision.

Strategic leadership can also be defined as utilizing strategy in the management of employees. It is the potential to influence organizational members and to execute organizational change. Strategic leaders create organizational structure, allocate resources and express strategic vision.

Thus, this type of leadership relates to the role of top management. Strategic leaders work in an ambiguous environment on very difficult issues that influence and are influenced by occasions and organizations external to their own.

The main objective of strategic leadership is strategic productivity. Another aim of strategic leadership is to develop an environment in which employees forecast the organization's needs in context of their own job. Strategic leaders encourage the employees in an organization to follow their own ideas.

Strategic leaders make greater use of reward and incentive system for encouraging productive and quality employees to show much better performance for their organization. Functional strategic leadership is about inventiveness, perception, and planning to assist an individual in realizing his objectives and goals.

## 5. Servant leadership:

The term "Servant Leadership" was coined by Robert K. Greenleaf in The Servant as Leader, an essay that he first published in 1970. Leaders have a responsibility towards society and those who are disadvantaged. People who want to help others best do this by leading them. The servant-leader is servant first and leader next.

The servant leader serves others, rather than others serving the leader. Serving others thus comes by helping them to achieve and improve. Famous examples of servant leaders include George Washington (America), Gandhi (India), and Cesar Chavez (Venezuela).

**6. Substitutes for Leadership:**

The term has been brought to light by Kerr and Jermier in 1978. According to them there are aspects of the work setting and the people involved that can reduce the need for a leader's personal involvement, because leadership is already provided from within. The term substitutes mean the situation where leader behaviours are replaced by characteristics of subordinates, the task at hand, and the organisation.

**7. Transactional and Transformational Leadership:**

Transactional leadership is based upon the assumptions that people are motivated by reward and punishment (Rational Man), social systems work best with a clear chain of command, when people have agreed to do a job, a part of the deal is that they cede all authority to their manager, and the basic purpose of a subordinate is to do what their manager tells them to do.

The style of a transactional leader is that he works through creating clear structures whereby it is made clear as to what is required of subordinates and the rewards that they get for following orders. Punishments are not always mentioned, but they are also well- understood and formal systems of discipline are usually in place.

To begin with, Transactional Leadership negotiates the contract whereby the subordinate is given a salary and other benefits, and the company gets authority over the subordinate.

While the leader allocates work to a subordinate, they are considered to be fully responsible for it, whether or not they have the resources or capability to carry it out. When things go wrong, then the subordinate is considered to be personally at fault, and is punished for their failure (just as they are rewarded for succeeding).

The leader often uses management by exception, working on the principle that if something is operating to defined (and hence expected) performance then it does not need attention. Exceptions to expectation require praise and reward for exceeding expectation, whilst some kind of corrective action is applied for performance below expectation.

In management versus leadership spectrum, it is more towards the management end. Transactional leadership is based in contingency, in that reward or punishment is contingent upon performance.

Transactional Leadership is still a popular approach with many managers, despite its limitation of ignoring complex emotional factors and social values.

When the demand for a skill outstrips the supply, then Transactional Leadership often is insufficient. Transformational leadership is the answer. It "recognizes and exploits an existing need or demand of a potential follower… (And) looks for potential motives in followers, seeks to satisfy higher needs, and engages the full person of the follower"

Transformational leadership is based upon the assumptions that people will follow a person who inspires them, a person with vision and passion can achieve great things, and the way to get things done is by injecting enthusiasm and energy.

These leaders are focused on the performance of group members, but also want each person to fulfil his or her potential. Leaders with this style often have high ethical and moral standards.

Transformational Leadership starts with the development of a vision. This vision may be developed by the leader, by the senior team or may emerge from a broad series of discussions. The next step is to constantly sell the vision. While doing so, he must create trust and personal integrity. Along with selling, the leader finds the way forward.

And finally, transformation leaders remain upfront and central during the action and visible – constantly doing the rounds, listening, soothing and enthusing.
Transformational Leader seeks to infect and reinfect their followers with a high level of commitment to the vision. They are people- oriented and believe that success comes first and last through deep and sustained commitment.
Transformational Leaders are often charismatic, but are not as narcissistic as pure Charismatic Leaders, who succeed through a belief in themselves rather than a belief in others.
Whilst the Transformational Leader seeks overtly to transform the organization, there is also a tacit promise to followers that they also will be transformed in some way One of the traps of Transformational Leadership is that passion and confidence can easily be mistaken for truth and reality. Paradoxically, the energy that gets people going can also cause them to give up.

Transformational Leaders also tend to see the big picture, but not the details, where the devil often lurks. If they do not have people to take care of this level of information, then they are usually doomed to fail.
Finally, transformational leaders, by definition, seek to transform. When the organization does not need transforming and people are happy as they are, then such a leader will be frustrated.

It is important for the follower to understand the difference between Charismatic Leaders and Transformational Leaders. They both are Inspiring and both have a Vision and both are not as caring about people as followers might want them to be.
Charismatic Leaders are Inspiring in order to lead for their own purpose which may or may not benefit the organization or people. "It's all about me." Transformational Leaders are inspiring in order to support a shared vision of improvement for the organization and its people.

"It's all about the organization." The visions of transformational Leaders are practical and achievable in order to improve organization. Transformational Leaders often "downsize" the work force to

Table 13. 2: Difference between Transactional and Transformational Leader:

| Basis | Transactional | Transformational |
|---|---|---|
| Active Vs Proactive | Leadership is responsive and its basic orientation is dealing with present issues | Leadership is proactive and forms new expectations in followers |
| Basis of Exchange | Rely on standard forms of inducement, reward, punishment and sanction to control followers | Distinguished by their capacity to inspire and provide individualized consideration, intellectual stimulation and idealized influence to their followers |
| Motivation | Motivate followers by setting goals and promising rewards for desired performance | Motivate followers to work for goals that go beyond self-interest. |
| Performance in action | Depends on the leader's power to reinforce subordinates for their successful completion of the bargain | Arouses emotions in followers |
| Organisational Culture | Works within the organizational culture as it exists | Changes the organizational culture. |
| Position of followers | Relationship with followers based upon levels of exchange. Awards related to productivity. | Put followers in front and develop them; take followers' to next level; inspire followers to transcend their own self-interests in achieving superior results |
| Focus | On the details | On the big picture |
| Telling or selling | once the contract is in place, takes a 'telling' style | Has more of a 'selling' style, Transactional Leadership |
| Situation handling | Takes up weakened organisation | Takes up stagnated organisation |

improve the organization. Transformational Leaders often "downsize" the work force to improve organizational efficiency for the good of the organization. On the other hand, Charismatic Leaders abuse or fire persons who do not agree with them, or who question their vision or otherwise inhibit their personal accomplishment as Leaders improve organizational efficiency for the good of the organization.

On the other hand, Charismatic Leaders abuse or fire persons who do not agree with them, or who question their vision or otherwise inhibit their personal accomplishment as Leaders

To conclude, transformational and transactional leadership are not opposite to each other, rather they are complementary. A great transformational leader has to be a great transactional leader as well.

**Leadership Styles:**

Before we delve into describing leadership styles, it would be proper to distinguish between types of leaders and styles of leadership. Type of leader is determined and identified by the "personality" displayed by the leader in terms of core trait along with other traits and personal qualities being displayed and used to gain the trust of the people and lead them to commit to undertake the major task facing the organization.

On the other hand, "style" of leadership is defined and identified by the competencies and skills that the leader "applies" to guide facilitate and support the people of the organization in their efforts to accomplish the task.

Leadership style reflects a leader's decision making behaviour. It is the result of the philosophy, personality and experience of the leader. Leadership style refers to how decisions are made to providing direction, implementing plans, and motivating people.

## 2.8 Types of Leadership Styles

**Three major leadership styles are:**
1. Authoritarian or Autocratic
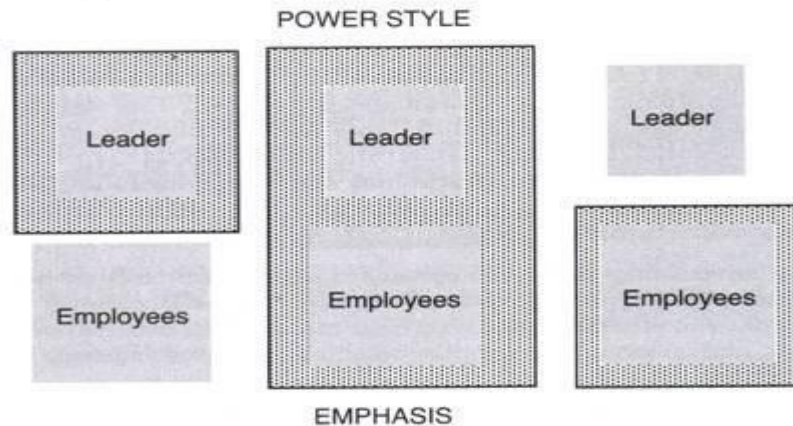2. Participative or Democratic
3. Free-rein or Delegate



Figire 13.1 : How to determine your leadership style - Leadership Style Survey

**Authoritarian Style:**

When the leaders tell their subordinates/followers at their own what work they want to get done, and how – it is known as authoritarian or autocratic leadership style.

It works well if the leader is competent and knowledgeable enough to decide about each and every thing. All decision-making powers are centralised in the leader, as with autocratic leaders. No suggestions or initiatives from subordinates are acceptable. Authoritarian or autocratic leadership does not mean using foul language and leading by threats. This unprofessional style is known as "bossing people around"
.

This style should be used only when the leader has all the information and is short of time and the employees are well motivated. If the leader wants to gain greater commitment and motivate his subordinates, then it should be used very rarely.
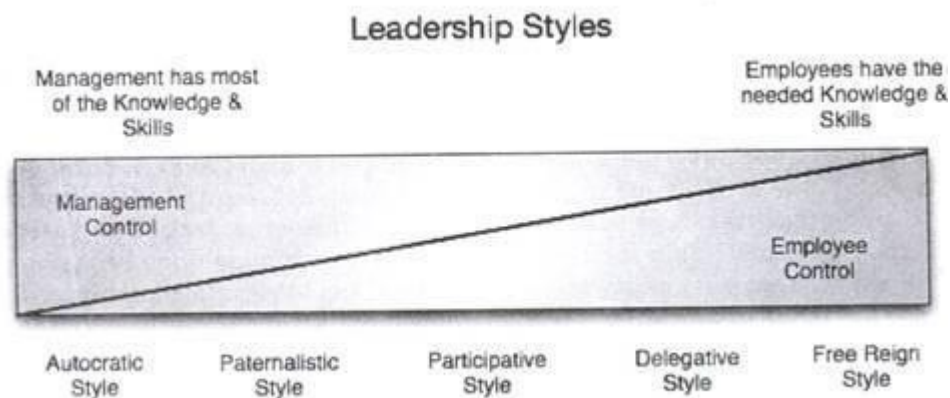


Figure 13.2 : Leadership Style

**Participative Style:**

In the authoritarian style the leader used to say – "I want you to….", but in participative style the leader says – "let us work together to solve this problem".

A Participative Leader, rather than taking autocratic decisions, seeks to involve other people including subordinates, peers, superiors and other stakeholders in the process. Here the leader takes his subordinates into confidence about what to do and how to do, but the final authority vests in the leader. This style can be divided into two – one, where leader consults, and two, where decision is taken through consensus. Use of this style by a leader is not a sign of weakness.

It is the strength, your subordinates will respect. This style is used when the employees are knowledgeable and skilful. This style is also known as consultative, empowerment, joint decision-making, democratic leadership, Management by Objective (MBO) and power-sharing.

It helps in ascertaining and identifying future leaders among the subordinates. Also, it keeps a team's spirit and morale high, as the team members feel that their opinions are valued by their leader.

To illustrate, an advertising manager approaches his subordinates on how to promote a particular product of a company. The team members brain storm over the issue, some suggest print media and others suggest electronic media. The participative leader takes all these suggestions, and makes a decision after weighing their pros and cons.

**Free-rein Leadership Style:**

In this style the leader says – "you take care of the problem". Final responsibility always remains with the leader. A free-rein leader does not lead, but leaves the group entirely to itself.

Such a leader allows maximum freedom to subordinates, i.e., they are given a free hand in deciding their own policies and methods. It is used when the leader has full trust and confidence in the abilities of his subordinates.

Since a leader cannot do everything. He prioritises the work and delegates certain tasks. This style may be used but with caution. This style is also known as laissez faire (non-interference in the affairs of others).

To illustrate, a manager has newly joined a firm. He is still learning how various things move in the organization. In such a situation, he relies on the suggestions and opinions of his team members and lets them do the things the way they are used to, till the time he is able to gain sufficient knowledge and can suggest some more feasible changes.

**Forces influencing the Styles:**

Availability of time

Relationships between leader and subordinates (based on trust or on disrespect?)

The information is with whom (the leader, employees or both? If the leader knows the problem but does not have all the information – use participative style)

How well the leader knows the task and employees well versed? (Use participative style if the employees know the job well)

Internal Conflicts

Levels of stress

Type of task (structured, unstructured, complicated or simple?)

Systems and procedures (are they well established?)

If an employee is just learning the job – use authoritarian style, and if employees know more than the leader about the job use free-rein style)

Good leaders should be able to master all the styles, to be a better leader. He must be able to use all the styles depending upon the forces in operation among the leader, followers and the situation. If the existing procedure is not working go in for authoritarian to establish a new one; if their ideas and input are to be taken use participative and using delegative style while delegating the procedure to them for execution. Normally one of styles will be dominant. But bad leaders tend to stick to one style only.

Before deciding which style to use, a leader should ask two questions, the first is to ask what my leadership style is. This is to focus on what you enjoy, what you might be good at, what strengths and weaknesses you have.

The second is to ask what leadership style is best for the people, team or organisation that I'm leading. This is to focus on the needs of the situation, on the criteria for success, on the approach that will bring about the maximum impact. Modern leadership demands both.

**2.9 Managerial Grid:**

The Managerial Grid, a behavioural leadership model, has been developed by Robert R. Blake and Jane Mouton. This model originally identified five different leadership styles based on the concern for people and the concern for production. The optimal leadership style in this model is based on Theory Y of motivation.

The model is represented as a grid with concern for production (on the X-axis) and concern for people (on the Y-axis); each axis ranges from 1 (Low) to 9 (High). The resulting leadership styles are as follows:

**a. The indifferent (also called as impoverished) style (1, 1):**
Evade and elude or low production/low people. In this style, managers have low concern for both people and production. This leader is mostly ineffective. Managers use this style to preserve job and job seniority, protecting themselves by avoiding getting into trouble.

The main concern for the manager is not to be held responsible for any mistakes, which results in less innovative decisions. The leader has no regard for either work or people.
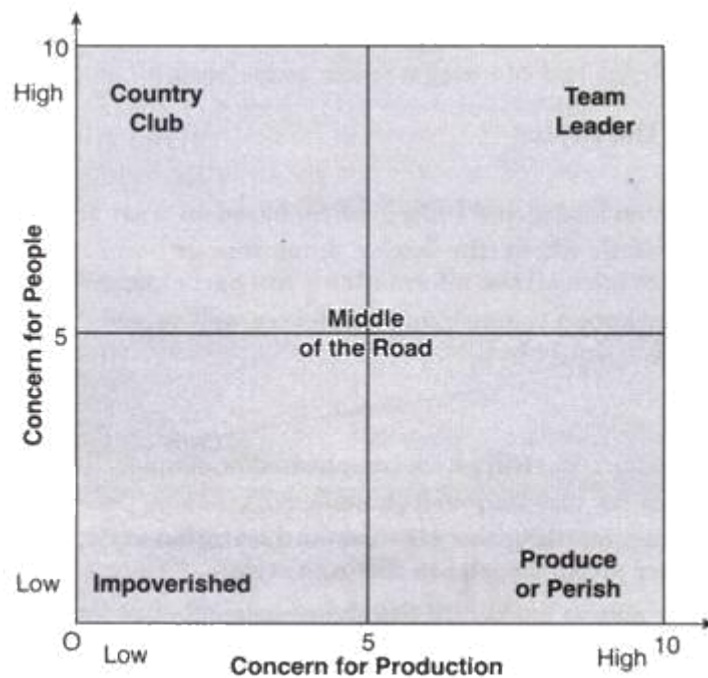
**Figure 13.13 The Managerial Grid**

**b. The accommodating (also called as country club) style (1, 9):**
Yield and comply or high people/low production. This style has a high concern for people and a low concern for production. Managers using this style are more concerned about needs and feelings to the security and comfort of the employees, in hopes that this will increase performance. The resulting atmosphere is usually friendly, but not necessarily very productive due to lack of direction and control.

**c. The dictatorial (also called as produce or perish) style (9, 1):**
Control and dominate or high production/low people. With a high concern for production, and a low concern for people, managers using this style find employee needs unimportant; they provide their employees with money and expect performance in return.
Managers using this style also pressure their employees through rules and punishments to achieve the company goals. This dictatorial style is based on Theory X of Douglas McGregor, and is commonly applied by companies on the edge of real or perceived failure. This style is often used in cases of crisis management.

**d. The status quo (also called as middle-of-the-road) style (5, 5):**
Balance and compromise or medium production/medium people. Managers using this style try to balance between company goals and workers' needs. By giving some concern to both people and production, managers who use this style settle for average performance and often believe that this is the most anyone can expect.

**e. The sound (also called as team style) (9, 9):**
Contribute and commit or high production/high people. In this style, high concern is paid both to people and production. As suggested by the propositions of Theory Y, managers choosing to use this style encourage teamwork and commitment among

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employees. This method relies heavily on making employees feel themselves to be constructive parts of the company.

The grid has been evolving continuously. It has added two more leadership styles -the paternalistic style: prescribe and guide (alternates between the (1,9) and (9,1) locations on the grid- managers using this style praise and support, but discourage challenges to their thinking ) and Opportunistic style: exploit and manipulate(does not have a fixed location on the grid- leaders adopt whichever behaviour offers the greatest personal benefit). These styles were added to the grid theory before 1999.

**2.10 Contemporary Leadership Issues:**

Leadership is probably the single most subject in management getting the most attention of business leaders. Some of the current issues relating to leadership development are as under;

**1. Emotional Intelligence:**

Should a leader have high Intelligence Quotient (IQ) and technical intelligence? Off course, they are necessary. But more important is to possess Emotional Intelligence (EI).

The five components of EI are self-awareness, self- regulation, self-motivation, empathy and social skills. Without EI one cannot be a great leader. Indira Nooyee has become President of PepsiCo because she has shown EI.

**2. Gender and Leadership:**

Does gender make any difference to leadership? Victor vroom and others in their leader-participation model under contingency theories of leadership find that women managers are significantly more participative than their male counterparts.

The women managers show more interactive leadership, and thus, better rating from peers, supervisors, and subordinates. Shikha Sharma of Yes bank and ChandaKochar of ICICI bank are examples of women managers and best leaders.

**3. Cross-cultural Leadership:**

Of late the corporations are appointing expatriates as the CEOs or managers. Very recently, GoAir of Wadia Group has appointed Giorgio De Roni as its CEO, a former chief Revenue officer of Italian airline, Air One.

Mahindra and Mahindra also as a matter of policy sends Indian managers to its foreign companies and managers from foreign companies are put in India-based companies.

The purpose is to train them in different cultures to avoid any culture shock. Culture plays an important role, and managers must understand the culture of subordinates.

Ratan Tata has rightly pointed a finger at British managers that they are not like Indian managers, who stay till midnight, if the situation so warrants.

**4. Building Trust:**

Coca Cola and PepsiCo were accused of pesticides, Reliance Energy of soil pollution, Dow Chemical's of Bhopal tragedy, Satyam of accounting fraud, and Indian call centres of encroaching upon privacy of clients.

All these incidents show the decreasing public trust in corporate leaders. Trust involves integrity, competence, consistency, loyalty, and openness. Trust is very critical to leadership. Knowledge and information can be accesses by a leader only if he is trust worthy. What people talk about ethical leadership is the same thing.

**2.11 Theories of Leadership:**

Theories on leadership exhibit the evolution of thoughts and development in thinking process from one dimension of leadership to the other. Each theory of leadership highlights some aspects of it ignoring the other. These are the characteristics of theories. The important aspects of theories are the development of thoughts. In the various theories different aspects of leadership are explained by the experts.

**The important theories of leadership are discussed below:**

**Trait Theory of Leadership:**

Trait theory of leadership highlights the personality traits of a successful leader. It is the oldest theory of leadership. According to theory the personal traits or characteristics of a leader makes him different from the followers. The researchers have taken great pains to find out various traits of leadership.

**The following are the traits identified by them:**

**1. Good Physiques:**

Good health, vitality, energetic, enthusiast, endurance, forcefulness, masculinity.

**2. Creativity and Intelligence:**

Problem solving talents, sound judgment, teaching ability, rational attitude, scientific outlook, self understanding, decision making prowess, better education, risk taking, hard work.

**3. Social Traits:**

Fearless, ability to inspire, knowledge of human psychology, ability to influence people, social interaction, self confidence, ability to pursue, initiative, tactfulness.

**4. Moral Traits:**

Moral power, will power, sense of integrity, fairness, tolerance. All above qualities can be developed in a leader. These are not the inborn qualities hence leaders can be made through training, development and education. They are not born as leaders. Successful leaders must be able to motivate, work hard and should be capable of taking risk. The theory explains the notion that what should the leader be like. Theory also tries to distinguish between the leader and the follower. It is a very simple theory of leadership.

**It suffers from the following weaknesses:**

1. Personality traits of successful leaders are too many. There is no final list of those traits. Every researcher has added new traits to the long list. Some of the traits are also possessed by those who are not leaders.
2. There is no solid method to measure these traits. Psychological traits are still more difficult to measure.
3. Leaders cannot be distinctly different from the followers. Leader cannot necessarily be more intelligent than the followers. In certain cases followers are more intelligent than their leaders.
4. Effectiveness of leadership cannot be solely determined by traits alone. Situation is also responsible for it.
5. Leadership is a changing process. It changes from situation to situation.
6. Many traits can be acquired through learning, training and education. Traits are not in born.
7. The theory does not make distinction between the traits of leadership and those for sustaining it.

In spite of these limitations the theory is still relevant and we cannot ignore it completely.

**Situational Theory of Leadership:**

Leadership is relative to particular situation. According to the exponents of this theory the leadership changes from group to group and from situation to situation. Leadership assumes different dimensions in different situations. The leadership is exercised in a specific situation, consisting of people and a given environment. The leadership depends upon the executive's ability to lead. The leadership is also relative to group, task, goal, organisational structures, and population characteristics of group. When groups are facing crisis. According to this theory the focus is not on the personality of leader but on the personality of the organisation as a whole because change in situation can pose problems to leader for performing his job of leadership. Such situations may give rise to new leader if he is able to cope up with the situation at that moment.

**The theory suffers from certain limitations:**

1. The theory overemphasizes the situational aspects and personality traits and other aspects are completely ignored which are also the essential ingredients of leadership.
2. The leadership process is not made clear by the theory. It has completely ignored the process aspects of leadership.

**Behavioural Theories:**

Limitations of trait theory diverted the focus of attention of researchers to the behavioural aspect of the leadership. The emphasis was given on the behaviour of leaders than their personality traits. According to behavioural approach the actions of the leader in attaining goals are important. It studies the kind and types of behaviour that affect the job performance of the subordinates and their job satisfaction.

Trait theories lay emphasis on study of personal features and separated leaders from non leaders or followers while behavioural theories lay emphasis on studying behaviour of leaders and their effects on followers' performance and their satisfaction. This is the striking difference between the two sets of theories. The following are the behavioural models of leadership.

**Ohio State University Studies:**

The studies were conducted to know the effects of behaviour of leader on the performance and satisfaction of subordinates. Analyses of actual leadership behaviour in wide variety of situations were made and researchers at Ohio State University have identified two leadership dimensions.

**1. Initiating Structure:**

Implies the leader's behaviour in distribution of work among subordinates in a well defined manner and supervision of their activities.

**2. Consideration:**

Implies the leaders behaviour towards his subordinates as to how he is concerned about them, his trust, friendship, respect, support, openness, warmth etc. with them. As shown in the diagram below both the dimensions of behaviour initiating structure and consideration are not placed on continuum.
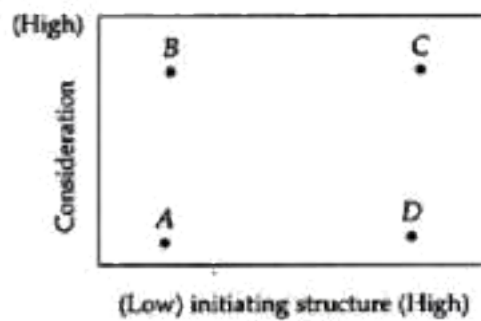
Fig. 16.2

The researchers found that consideration and initiating structure were not mutually distinct dimensions as is visible from the diagram. Point A represents low consideration and low initiating structure. B represents high consideration and low initiating structure, C represents high consideration and high initiating structure and D represents low consideration and high initiating structure.

**The Michigan Studies:**

The researchers of Michigan University have conducted studies at several factories.
**They have studied the behaviour of several supervisors of these factories and identified two distinct dimensions of leaderships:**
 (i)  Production centred, and
 (ii) Employee centred
(i)  Production centred leadership is one who sets rigid targets and work standard, treats employees as machines and exercises close supervision.
(ii) Employee centred leadership is one who gives human treatment to employees, encourage their participation in decision making, inspires them for high performance through positive motivation and looks after their welfare.

Employees are given due importance under employee centred leadership and production its quality and quantity is given more importance by production centred leadership. McGregors Theory X principles are applied by production centred executive and principles of Theory Y are applied by employee centred executive. The behavioural theories have mainly contributed on behavioural pattern of leadership. The behavioural aspects include communication, delegation of authority, motivation, supervision etc.

All these qualities in a leader can be developed through proper training and development methods. Trained managers in leadership behaviour can lead their subordinates effectively towards the accomplishment of organisational goals. This is the most significant contribution of leadership behaviour theories.

**The Managerial Grid:**

Blake and Mouton have developed a grid combining task oriented and relations oriented behaviours of leadership's styles. It is represented in a square diagram given below wherein x axis represents concern for production and y axis represents concern for people. This diagram shows managerial grid.

Fig. 16.3
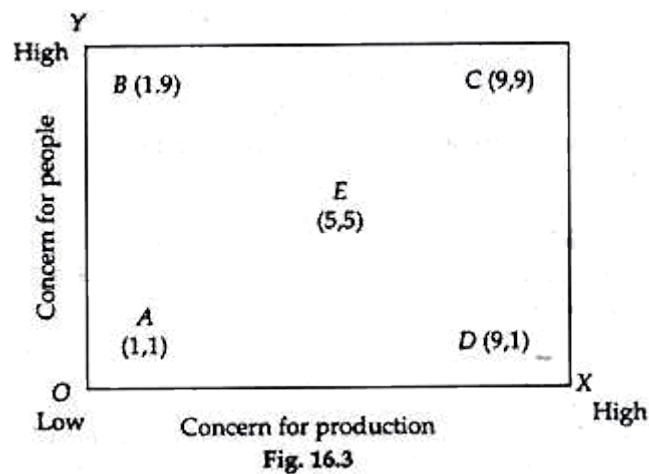
Managerial grid recognized five different leadership styles. The point A i.e. (1, 1) represents impoverishment in managing i.e. quite poor management having low concern for people and low concern for production. The leadership cares for minimum here. It does not exert to get increased production neither it cares for employees. This cannot be sustained for long. The point B i.e. (1, 9) represents high concern for people and low concern for production.

The leadership pays more attention to the needs of the people and developed friendly relationships with them but not paid much attention to increase production. The point C i.e. (9, 9) represents high concern for people end high concern for production.
This exhibits the superior style of management, an ideal one. It takes employees into full confidence by showing high concern for them at the same time motivating them to get increased level of production to its highest capacity.

The point D i.e. (9, 1) represents low concern for people and high concern for production. It exhibits strict attitude and very close supervision towards employees to get high level of production. The point £ i.e. (5, 5) represents moderate levels of concern for people and concern for production. It is middle path adopted by the leadership.
These are the five different styles of leaderships put forward by managerial grid by Blake and Mouton. The bases of the grid correspond to the Michigan studies i.e. employee centred and production centred and Ohio studies i.e. consideration and initiating structures.

**Fiedler's Contingency Model:**
Fred Fiedler and his associates have given contingency theory of leadership. According to the theory the effectiveness of leadership depends upon three variables, leader's position power, leader-member relations and task structure.
**Leader's Position Power:**
The leader's position powers refers to the degree of authority the leader holds in an organisation to command the required resources at his disposal for work accomplishment. His position power also depends upon as to degree of reward power he possesses to award a reward to the subordinate perfuming well and punish those lazy subordinates.

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**Leader Member Relations:**

It refers to the respect a leader commands and trust and confidence he enjoyed from his subordinates. A leader is more powerful if his subordinates are loyal to him. The poor leadership exhibits low level relations between employees and leader.

**Task Structure:**

Task structure refers to the extent to which the task is well defined, clear and routine. The method of operation and procedures of task accomplishment must be well defined and standards should be set to determine the high or low performance on the part of the subordinate so that they can be held responsible for non-performance or low performance. This increases the controlling power of the leader and he becomes very effective. The reverse makes him poor and ineffective leader.

The effective leader is one who develops good relations with his members, having high task structure and strong or stronger position power. All other combinations have moderate or poor leadership.

The theory is criticized by saying that it is uni-dimensional as it suggest relation oriented or task oriented dimension of leadership. Critics say that leadership is multidimensional. He should have combination of both qualities.

**Path-Goal Model:**

Path goal theory of leadership is developed by Robert House. It is highly respected model for studying leadership. The theory tries to predict effectiveness of leadership in various situations. According to the theory the leader has to specify goals for the employees and clear the paths leading to the accomplishment of goals by providing essential support and guidance and rewards.

A leader has to influence subordinates, perceptions of outcome and performance. The theory is designed on the basis of Vroom's expectancy theory of motivation. A leader has to motivate the subordinates by clarifying goals and paths to achieve them.

According to Keith Davis and Newstrom, "the essence of the theory is that the leader's job is to use structure, support and rewards to create a work environment that helps employees reach the organizations goals."

This theory is an improvement over Fiedler's model as it takes into account the features of subordinates and situation as well.

**Composite Leadership:**

After looking at so many different leadership styles and theories one has to think whether a theory alone is perfect and a particular theory can be adopted for leading human resources at work. The answer is probably No. None of the theories explained above are perfect.

They have put for one or two aspects of leadership behaviour out of many that are required. A composite model was proposed by George Terry. Leader's confidence, support, knowledge, experience of followers organisation and its structure and environmental forces such as social, cultural, economic, political, technological factors, influence of community etc. are responsible for leadership. For an effective leadership all the qualities explained by various theories are required in a leader.

A Case for Team Engagement Dr. P. Phillips Hospital (DPH), one of the eight hospitals in the system was the third hospital to implement the barcoding system. The goal was to achieve 90% medications barcoded. With each hospital implementation there were lessons learned and improvements made. The chief nursing officer (CNO) of DPH knew the importance of a successful implementation and created a hospital steering committee that included the nurse managers, the hospital practice chair and co-chair, the pharmacy manager, learning specialist and nursing administrators several months before the hospital was to go live. She charged the team with oversight of the process, review of the policy, resources needed, communication and engagement of the team. The steering committee was a forum for discussion, debate and decision-making. The team visited the hospital that was implementing the barcoding system observing the process and engaging with their peers. The CNO's goal was to gain an understanding the issues and challenges for the team and address safety and sustainability in her hospital. The team met weekly. Five weeks before the implementation at the hospital, the CNO asked the managers and unit practice chairs to identify equipment needed including additional computers and types of scanners based on the individual unit needs. Some units preferred wireless scanners while other requested wired scanners. Meeting with the steering team, unit practice council and allied health council, the CNO proposed a revision in the medication administration policy. The proposed changes were developed to ensure that patient safety was the focus. The policy revision addressed consequences if a team member deliberately chose to not administer medications using the established barcoding system. There were two offenses that would result in immediate termination including: using and carrying printed arms bands versus using he patient's armband and creating a work-around instead of following the established process of scanning medications. All staff administering medication were required to review and sign the new policy. The unit practice council chair with the nurse manager were responsible for the implementation and conducted shift huddles. The CNO and administrators in their weekly rounding spent time with the listening to the staff on successes, issues and concerns. There was weekly messaging from the CNO, reports from pharmacy and it was a regular agenda item on the unit practice council agenda. Some staff struggled during the bar-coding system implementation. Members of the practice council, learning specialist and nurse manager coached and supported them as issues arose. After several months the percentages of medication scanned met the goal and remained stable at 90-92%. The CNO challenged the steering committee to identify ways to increase the medication scanned to 95%. The pharmacy audit identified individuals who missed more than nine medications scanned in a month. In some cases, it was issues with scanning labels on prepacked medications and IV solutions and inconsistency in policy on heparin flush scanning. Initially there was a two-page list of individuals who missed more than nine medications each. Over the course of three months, the hospital reached 95% medications scanned and remains there today.

## 2.12 Case studies

Great leaders don't reach the height of success without facing their share of minor challenges and major crises. In fact, most outstanding leaders would say that working

through difficulties made them even better. A truly great leader will rise to the top in troubling times, when difficult decisions are made and decisive action must be taken.

It takes someone with a clear vision and unstoppable fortitude to lead an organization through its worst times, whether they involve economic troubles, public relations nightmares or product failures. The following case studies demonstrate how three great leaders overcame serious difficulties.

Case Study #1: Southwest Airlines

How can an airline survive a government order to ground its entire fleet and shut down for days? After 9/11, all U.S. airlines were faced with this same crisis. One that succeeded through the difficulty was Southwest Airlines, already known for its outstanding customer service. Southwest's passengers, flight attendants, pilots and ground crews were stranded all across the country after the terrorist attacks. But unlike their competition, Southwest's leadership did more than just sit and wait. They encouraged employees to leverage their trademark fun approach to business and to help stranded customers enjoy themselves at the movies or the local bowling alley. And when the ramifications of the shutdown forced other airlines to cut staff, Southwest's then-CEO, James Parker, announced just three days after 9/11 that the company would be keeping all of its employees, as well as issuing a profit-sharing payment.

Leadership characteristics like crisis management, creative problem solving and a strong belief in the company's vision saw Southwest through this unimaginable situation. The CEO also protected his staff, which ultimately led to a stronger airline.

Case Study #2: Starbucks

Starbucks is recognized for treating its employees, also known as partners, well. The coffee giant offers insurance benefits, stock options and retirement plans. But back in 1997, Starbucks faced a crisis when tragedy struck and three employees were killed during a robbery in Washington, D.C. The outstanding leadership of CEO Howard Schultz was demonstrated when he flew straight to D.C. and spent a week with the co-workers and families of the three employees.

While some leaders might have stayed as far away as possible from this tragic situation, Shultz's natural leadership traits prevailed. With compassion, approachability and a dedication to meeting his partners' needs, he did what was right. As a result, the public viewed him and Starbucks more favorably.

Case Study #3: Toro

Toro, the lawn equipment manufacturer, is accustomed to lawsuits, due to the inherent hazards associated with using its machinery. During the late 1980s, the company was facing major financial troubles and put Ken Melrose in place as CEO. One of his first successes was reducing the company's cost of lawsuits by implementing a new mediation policy, and invoking an important leadership trait: empathy.

Prior to Melrose's tenure, Toro faced about 50 lawsuits every year involving serious injuries. He decided to switch to mediation to address product liability claims. This approach included sending a company representative to meet with people injured by Toro products, as well as their families. The goal was to see what went wrong, express the firm's sympathy and attend to the family's needs. One result of the new mediation policy was a 95% rate of resolving the company's claims, along with significant cost savings.

Great leaders recognize problems and do what it takes to overcome them. They are open and empathetic, and let their values guide their actions.

**Case study 4**
Laura is the Associate Director of a non-profit agency that provides assistance to children and families. She is the head of a department that focuses on evaluating the skill-building programs the agency provides to families. She reports directly to the agency leadership. As a whole, the agency has been cautious in hiring this year because of increased competition for federal grant funding. However, they have also suffered high staff turnover. Two directors have left as well as three key research staff and one staff person from the finance department.

Laura has a demanding schedule that requires frequent travel; however, she supervises two managers who in turn are responsible for five staff members each. Both managers have been appointed within the last six months.

Manager 1: Kelly has a specific background in research. She manages staff who provide research support to another department that delivers behavioral health services to youth. Kelly supports her staff and is very organized; however, she often takes a very black and white view of issues. Upper level leadership values Kelly's latest research on the therapeutic division's services. Kelly is very motivated and driven and expects the same from her staff.

Manager 2: Linda has a strong background in social science research and evaluation. She manages staff that work on different projects within the agency. She is known as a problem solver and is extremely supportive of her staff. She is very organized and has a wealth of experience in evaluation of family services. Linda is very capable and can sometimes take on too much.

The managers are sensing that staff are becoming over worked as everyone takes on increased responsibilities due to high staff turnover. Staff have also mentioned that Laura's "glass half-empty" conversation style leaves them feeling dejected. In addition, Laura has not shared budgets with her managers, so they are having difficulty appropriately allocating work to staff. Laura said she has not received sufficient information from the finance department to complete the budgets. The finance department said they have sent her all the information they have available.

As staff become distressed, the managers are becoming frustrated. They feel like they are unable to advocate for their staff or problem solve without key information like the departmental budget.

Discussion Questions:

(1)How can Laura most effectively use both management and leadership skills in her role as associate director? What combination of the two do you think would work best in this setting?

A director could be both a leader and manager. However, given that the two mangers are very capable and directly manage all the department staff, Laura should focus on being a leader. She should delegate managerial responsibilities to the two managers. This strategy will build the managers' confidence, allowing them to problem-solve for their staff. It will also free Laura to focus on building a greater sense of staff commitment to mission and vision.

(2)What steps could be taken to build staff confidence?

Staff seems uncertain about the future due to high turnover and Laura's negative conversation style. Building staff confidence could involve:

Giving managers more autonomy and the needed information to manage their
staff Communicating regularly with staff about changes
Encouraging staff to pursue professional development and learning opportunities and providing time for them to do so
Engaging in team building exercises and interactions
Incentivizing excellent performance
Addressing Laura's conversation style directly, explaining to her how it impacts staff perceptions
Involving staff in the hiring process where possible as team vacancies are filled
Talking to staff directly and without retribution about the issues they think contribute to high-turnover

(3)What advice would you give Laura on improving her leadership skills and to the managers on improving their management skills?

It might help for both Laura and the managers to take a personality or leadership/management assessment. This way the mangers can ascertain their individual skills, learn how they can best support employees, and figure out how they can work together to use each other's strengths to run the department. Using a Style approach, Manager 1 appears to utilize a task oriented approach and Manager 2 demonstrates a relationship oriented style. These two orientations could be structured to support one another.

Laura can focus on building leadership skills by building on her current strengths. In addition, Laura may want to revisit the roles and responsibilities of each position and how her division's work aligns with the overall organizational mission. Aligning with the overall mission and communicating it to staff may help improve morale and provide clarity on the department's role and direction.

(4)Which leadership style do you think a leader would need to be effective in this situation?

Several leadership approaches may be suited for the position described in the scenario:

• Skills: Centers on the ability to solve complex problems. The non-profit is having several difficulties at the organizational level, including high-turnover.

• Path Goal: Motivates employees by defining goals, clarifying paths, removing obstacles, and providing support. This type of leadership may work well in building employee morale.

• Transformational: Treats employees as complete human beings, considers emotions and perspectives. Builds motivation by providing a clear vision, acting as a social architect, building trust, and positive self-regard.

## 2.13 Summary

Leadership is an art whereby an individual influences a group of individuals for achieving a common set of goals. To expand it further, leadership is a process of inter-personal relationships through which a person attempts to influence the behaviour of others for attainment of pre-determined objectives. Of the various people, who have defined leadership, influence and attainment of objectives are the common denominators.

## 2.14 Self-Assessment Questions

1. Explain the types of leadership styles
2. Write a note on managerial grid
3. What are the qualities of good leader?
4. Explain different theories of leadership