

Unit 13**Group Behaviour – 3
(Leadership)****Structure:**

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13.1 Introduction

In the previous unit, we dealt with the definition and overview of a team, seventeen characteristics of an effective team, designing a team and the concept of team wheel, key issues in team building, the seven steps of intact team building, and cross functional teams. In this unit, we will deal with the overview of leadership, role of leadership in contemporary business, theories of leadership, contingency theories of leadership, and new leadership theories.

“I used to think that running an organisation was equivalent to conducting a symphony orchestra. But I don't think that's quite it; it's more like jazz. There is more improvisation”. – Warren Bennis.

Let us look at leaders like Abraham Lincoln, Gandhi, Mother Theresa, Anna Hazare, and many more that the humanity has gifted for itself or the plethora of business leaders like Dhirubai Ambani, Jamshedji Tata, Kochouseph Chittilappally who set up the V-Guard and Wonder La series, and many more that the humanity has gifted to boost its economic prosperity. You will soon see that they don't seem to have been born with any special gift or in any special circumstances. But hidden within them was some fire to change

the status quo which the rest took for granted. Therefore, though several leaders may argue that leadership is taught, learned, or trained which all of them did unto themselves, one tends to ask what that intrinsic fire that kept burning in them is.

So, how do we try to say what leadership is? First, we will have a look at several definitions and then look at some theories, their merits and demerits and then see if we can say what leadership is?

Objectives

- To explain leadership
- To describe the importance of leadership for contemporary business
- To summarise the theories of leadership

Learning Outcomes

After studying this unit, you will be able to:

- define what leadership is.
- distinguish between leadership and management.
- explain the importance of leadership in contemporary business.
- describe the theories of leadership.
- list the principles of contingency leadership.
- explain transformational leadership.

13.2 Case Study

Mr. Raghu was always a different man. In his childhood days, he spent his vacation trying to do the job of a guide for the foreign tourists that throng Madurai. Initially, it was difficult as the other guides will shoo him off but then, he learnt to curry their favour. In due course of time, his impeccable English and research made him a very popular guide. After his graduation, he somehow went to Dubai. Working hard and doing some additional business in the spare time guiding Indian and foreign tourists, he made Rs. 20 Lakh. When he returned to India, he heard that the state tourism department was looking to auction its small hotels in the tourist destinations. He bid and since there was no bid for this six-room shanty place along the pristine coast of the Bay of Bengal, he got the offer. He gave Rs. 10 lakh as security deposit and then started building

his six-room hotel. After 30 days of work and cleaning up, his first guest showed up. As the guest landed, the six-room hotel came alive. This was the beginning of GreenPath Hotels we read in the earlier units.

Raghu had a vision and that was to provide an authentic Indian experience to the Western tourists using the local people and to bring prosperity to all. In the one month he spent to rejuvenate the hotel, he spent the day working and the night, training the select youth from the place. He hired the mother of one of these young people to cook, and she was excellent in making authentic Tamil food. She had no clue of non-vegetarian food but the fish culinary capabilities were proverbial in the area. He made the village dream about a prosperous hotel where their children would work and insisted on absolute honesty, impeccable behaviour with the foreign guests, and providing everything authentic and everything natural.

Raghu's enthusiasm for work and the fact that he had given up a good job in Dubai and that he genuinely wanted to prosper himself by creating prosperity in the locale stole the heart of many. Some suggested to him to contest for election but Raghu laughed it off instead and talked of economic prosperity. He vividly described how this small place will be in the world map in a few years from now and how he will surely set this up, grow it, and then create many leaders from the youth there to go and take up leadership positions and create similar facilities elsewhere. He would always listen to the people and invite suggestions from them and began to run English and etiquette classes at night to groom the next generation of leaders from Maslampatti. For Raghu, each person was an individual and while he addressed the group needs, he addressed the individual dreams too. Thus, for example, if a girl wanted to learn classical dance, he would encourage her to go for summer training and on return, after her qualifying, enable her to perform in the hotel and if someone wanted to start a shop, he would support it and then use it as a place for his supplies and all these endeared him to the people who supported the hotel with a single-minded purpose. That was 1990 December.

As the sun sets, GreenPath rose to life to celebrate the New Year of 2012. The 1,80,000th guest of this hotel had checked in and joined the

party. An unbeatable 300 days of occupancy (approximate figure) per year for this 30-room hospitality wonder which now figures in the list of top travel agents of the world. The story is the same in its 19 other resorts too.

Is Raghu a good businessman or simple transformational leader?

13.3 Overview of Leadership

Can leadership be taught?

One question that would come into our mind when we want to learn about leadership is whether it can be taught? The Greek general and historian, Xenophon, argued that leadership can be developed. Aristotle, on the other hand, asserted that men are destined the way they are born. William Shakespeare, “some are born great, some achieve greatness, and some have greatness thrust upon them”. You can see that there are already three views, i.e., positive, negative, and ambivalent. Several business leaders take the view that leaders are born. Others like Harold Geneen, CEO of ITT Corporation, takes an ambivalent view and say that leadership is learnt though he cannot explain how it is learnt. The views of Susan Greenfield (2003) and Winston (2003) says that we are not merely the product of our genes. In fact, much can take place between the genes and the reality of nature. Hence, leadership is trainable.

A research carried out by DDI (a noted HR consultancy) gives some interesting findings. They found that 70% of over 100 business leaders interviewed were school prefects, 50% had been sports captains, 30% were head or deputy head boy or girl, and nearly 90% had held at least two leadership positions at school, with 40% holding three. Rajan (2000) says, “*Some may not possess enough skills or emotional strength. Some may do so, but lack the necessary motivation. Some may have the ability and will, but lack the necessary opportunities*”.

‘What if a person was indeed endowed with leadership qualities but did not get an opportunity to develop these? Can we do it now? After all, all students in a school cannot be the head boy or head girl?’ What happens if we start compensating for the de-motivating experiences that had submerged the leadership behavior? Can we unearth it now? To answer these at least partially, we return to the example of Gandhi, who influences

several hitherto unheard people to take up leadership positions. They mimicked the leader called Gandhi, often quite imperfectly, and then become leaders in their own right. Motivating to be self-learners, coaching indirectly, asking people to increase their self-awareness, etc were the hallmark of Gandhi. It created leaders such as Ambedkar, Patel, Nehru, Jamshedji Tata, Kamaraj, etc.

What does leadership learning involve?

Leadership development involves the following, which are not different from the other skills:

- Knowing what
- Knowing how to
- Wanting to apply it
- Applying it actually

The core of leadership

At the core of leadership are micro skills of asking questions, listening actively, making statements, and understanding body language. All these can be trained. But the following caveats may be relevant:

- It can be trained only if desired.
- It can be done only if a person is motivated to be a leader and to develop the necessary leadership skills.
- It can be done only if focused on specific leadership behaviour.
- It can be learned only by practising leadership skills and getting feedback in either real-life or training situations.

Bass and Avolio report

After training several batches on transformational leadership, this architect of transformational leadership thinking had this to say:

- Learning depended on whether the participant recognised the need to change and had a plan to do so.
- It was affected by the culture of the organisation, their superiors, their enthusiasm to change, their colleagues, and the particular task they were performing after the training.
- Time pressure inhibited leadership development plans for some 25% of the participants.
- Personal experience made a difference in learning.

- Self-awareness and self-discipline are extremely important if the training has to be fruitful.

Definitions of leadership

Warren Bennis' definition of leadership is focused much more on the individual capability of the leader: "Leadership is a function of knowing yourself, having a vision that is well communicated, building trust among colleagues, and taking effective action to realise your own leadership potential."

Bernard M. Bass states that "leadership has been conceived as the focus of group processes, as a matter of personality, as a matter of inducing compliance, as the exercise of influence, as particular behaviours, as a form of persuasion, as a power relation, as an instrument to achieve goals, as an effect of interaction, as a differentiated role, as (an) initiation of structure, and as many combinations of these definitions."

A simple **definition of leadership** is that leadership is the art of motivating a group of people to act towards achieving a common goal. This definition of leadership captures the leadership essentials of inspiration and preparation. Effective leadership is based upon ideas but won't happen unless those ideas can be communicated to others in a way that engages them. In simple words, the leader is the inspiration and the director of the action. He is the person in the group that possesses the combination of personality and leadership skills that makes others want to follow his direction. In business, leadership is welded to performance. Those who are viewed as effective leaders are those who increase their company's bottom lines.

Manager vs. leader debate

This debate is hardly settled and will hardly be settled because the characteristics are so intertwined. Perhaps, because we believe that the term 'leadership' is of higher order or at least because it has come to have a higher brand value than the term manager, we seem to have shifted several qualities that managers exhibit into those which are exhibited by leaders. Though this may be rightly so because of the requirement of leaders to set vision, align the organisation, and procure engagement from the employees at all levels, at best we can only create a highly porous wall between these and this is what is attempted below. Yet conceptually they are distinct, and

in a world that demands change, we need more leaders or at least those who display more leadership characteristics.

Some of the characteristics of managers and leaders are given in Table 13.1.

Table 13.1: Characteristics of Managers and Leaders

Manager Characteristics	Leader Characteristics
Administers	Innovates
A copy	An original
Maintains	Develops
Focuses on systems and structures	Focuses on people
Relies on control	Inspires trust
Short-range view	Long-range perspective
Asks how and when	Asks what and why
Eye on bottom line	Eye on horizon
Imitates	Originates
Accepts the status quo	Challenges the status quo
Classic good soldiers	Own person
Does things right	Does the right thing

Self Assessment Questions

1. Research shows that a majority of business leaders have shown leadership while in school in some small way. (True/False)
2. If leadership training has to be fruitful, self-awareness and _____ are extremely important.
3. A manager imitates while a leader _____.
4. A simple definition of leadership is that leadership is the art of motivating a group of people to act towards achieving a _____.

13.4 Role of Leadership in Contemporary Business

Leadership is not new to business. Yet leadership in contemporary business is more demanding and complex than it was in earlier days. Let us have a look at why this is so?

Factors that affect contemporary business

Though there can be numerous factors, here, we discuss the 10 important factors only.

- Change

- Speed
- Competitiveness and collaboration
- Social sensitivity, social networking, and NGOs
- Environmental sensitivity
- People sensitivity including inclusion
- Emergence and dominance of service industry
- Remoteness and virtual business
- Developing world realities
- Magnitude

Let us now discuss these important factors in detail.

Change

Business revolves around the idea of providing superior value to the customers at the lowest cost. This implies that there will always be a change due to the changes in technology, process, raw materials, etc which along with competition are fundamental to creating the economic value. In the earlier days, these changes did occur but at an evolutionary pace. Today, it happens at a revolutionary pace rapidly, partially due to technology, communication, logistics, liberalisation and globalisation, and access to markets. Hence, we need leaders to set the direction and to create alignment and engagement to make the travel in a smooth direction.

Speed

What constitutes speed is the speed in thought, speed in movement, speed in communication and execution, and the effect of the combination of these. For example, derivatives in finance would seldom have been possible but for the computing power. It has led to a new way of business. Speed in movement leads to rapid movement of logistics which means that the gap between the point of production and the point of its use is cut down sharply. This has come about due to heavy-lift aircrafts, container-based transportation, matching information system, use of pipelines to transport fuel and such fluid materials, etc.

Competitiveness and collaboration

In the erstwhile business world, we have heard only of competition and in the contemporary world, we hear of collaboration along with competition. Thus, you will find that Sony Corporation's company sales outlet will compete with a multi brand store while Sony itself is collaborating with this

multi brand store. This collaborative process needs leaders while the managers could handle the competitive process.

Social sensitivity, social networking, and NGOs

In the earlier days, business was somewhat removed from the society. Joint stock companies brought the business close to the society. Now we speak of business' responsibility to society and this goes beyond paying taxes. Ethics, environment, use of renewable energy, etc are important to run a business today. This movement is now well supported by NGOs and social networking and hence is an organised one. To meet this challenge, we need leaders and not managers.

Environmental sensitivity

Man has exploited nature for his economic benefits for centuries. Due to several factors mentioned above and the speed of industrial growth, this exploitation had to increase as everyone was competing for these scarce resources. The depletion of these along with the social awakening to these realities has changed the game.

People sensitivity including inclusion

The social approach to business has been gaining momentum for several years now, and the world has shifted to a more people sensitive and inclusive growth paradigm. What this means is that people sensitivity is a factor to be considered by the business leaders. Surveys like 'great place to work' simply classify and grade the businesses ruthlessly and this, in turn, affects the ability of a company to attract talent at the right cost.

Emergence and dominance of service industry

We learn two important things in the service industry. One is simultaneity which means that the service provider and the service receiver are simultaneously involved in the transaction. Another is 'perishability' or the idea that a service that is not rendered cannot be rendered (or sold) at a later time. Come to think of it, if the front office manager of a hotel cannot sell a room when the call comes or the person calls in, that room cannot be ever sold again. This means that the leadership is pushed down and the front office manager. So, though the role may be lower in hierarchy, he has to act like a leader. Hence, the need for leadership in industry is pushed down in the chain of hierarchy.

Remoteness and virtual business

Several activities in the business world are done remotely today, thanks to the internet. It is possible to work in the virtual space and often there is no need to come in contact with the other teams or colleagues. A classical example is how the Boeing aircraft was developed in over 240 locations world over and integrated into one mighty aircraft. This calls for a new paradigm of trust and delegation which only leaders are apt to do.

Developing world realities

Global economy and developing world realities have changed considerably in the last few decades. Several developing world economies have become buoyant led by countries like China, India, Brazil, Russia, etc. Markets have shifted to these countries even as the markets in the developed world are relatively stagnant. This implies that the multinational companies are looking for people who can take their business to these countries where the conditions are turbulent, demanding high levels of leadership.

Magnitude

When we think of the transnational corporations, we find that their revenues exceed the GDP of several countries and the annual budget even more. Let us take a much smaller entity like Tata which has over 190 companies under its umbrella. It would be easy to see that controlling many companies can only be done through a very high degree of decentralisation and therefore, leadership becomes the bedrock.

What do we conclude?

The purpose of this section was to highlight some of the most important conditions that exist in the business world today that demand leadership actions at the lower levels. In turn, it highlights the importance of leadership for the modern business. It also highlights that we need leaders at all levels and the erstwhile managers' post has to be now manned by leaders because all managers are called upon to manage in a complex situation with little direction. This means we need leaders rather than managers at all levels.

Self Assessment Questions

5. Modern business moves from competitiveness to _____, which is one of the reasons why leaders are required.

6. If the service industry had not boomed the way it has, perhaps leadership in business would not have received so much attention. (True/False)
7. Leadership has become imperative because markets have shifted to _____ economics.
8. Social sensitivity, people sensitivity, and _____ sensitivity are the three new realities of business which demand leadership.

13.5 Theories of Leadership

Theories are good framework to understand anything and leadership is no exception except that the theories in this area are still grappling with this complex concept. We will have a bird's eye view of the following theories:

- Trait or Great Man theory postulates the common qualities and characteristics of an effective leader.
- Theories of emergent leadership including servant leadership postulate that leaders may emerge with the characteristics and skills to meet the needs of the group, organisation, or society at a given time.
- Leadership styles discuss what leaders do and categorise them into task-oriented and people-oriented styles. Action-centered leadership is an advancement of the style and focus on the task, team, and individual.
- Psychodynamic theory or the Leader Member Exchange (LMX) theory suggests that leaders provide direction and guidance through the influence permitted to them by the members.
- Contingency and situational leadership theories suggest that there is no one best style of leadership and that successful and enduring leaders use different styles at different times according to the situation and followers.
- New leadership theories comprise of visionary, charismatic, and transformational leadership. Transformational leadership occurs when the leaders raise the bar and create a higher sense of purpose in the followers and distinguishes from the transactional style which is all about exchange between the leader and the follower and course correction.
- Strategic leadership and pragmatic leadership are other theories that belong to the new leadership theories category.

Let us now discuss each of these theories in detail.

Trait theory

This means that people are born with leadership traits. The 'born with leadership traits' idea implies height, weight, appearance, intelligence, disposition, etc. The theory was inconsistent with its findings when people like Abraham Lincoln who could score little in these had unimaginable leadership qualities.

While physical traits may no more be attributed to leadership, qualities such as personality, perception, intelligence, emotional intelligence, etc tend to show some relationship with leadership. Charan and Colvin's study in 1999 found the following characteristics among the CEOs:

- Integrity, maturity, and energy
- Business acumen (understanding of business and profit orientation)
- People acumen (judging people, teams, coaching, helping people to grow, and cutting losses due to mismatch between people and jobs)
- Organising acumen (sharing information, creating trust, listening expertly, diagnosing underperformance, delivering commitment, changing orientation, and being both decisive and incisive)
- Curiosity, intellectual capacity, and a global mindset or being externally oriented for knowledge (adept in connecting developments and spotting patterns)
- Superior judgment
- A high appetite for accomplishment of results
- A powerful motivation to grow and convert learning into practice

Deloitte and Touche's study shows the following as the key characteristics:

- Ability to make difficult decisions
- Ability to lead a company during crisis
- Trustworthiness
- Honesty
- Intelligence and brains

Theories of emergent leadership and servant leadership

Emergent leaders are leaders who emerge for a reason. For example, Gandhi, Nelson Mandela, Anna Hazare, or even Ms. Mayavati. They emerge because there are a large number of followers with a deep desire and these leaders take the responsibility of serving the people by leading

them. Emergent leaders are servants of the people whom they lead but they do it not through servitude but through leading. Though they are often seen in politics, they are available in other walks of life too. For example, Mother Theresa, Florence Nightingale, etc.

Leadership style theories

Leadership styles have two dimensions. They are:

- **Dimension 1** – Authoritarian, democratic, or laissez-faire, style (largely taken from military literature)
- **Dimension 2** – Task vs. interpersonal orientation (largely taken from Michigan and Ohio studies)

Let us now discuss these dimensions in detail.

Authoritarian

Nelson and Quick defines authoritarian leadership as “a style of leadership in which the leader uses strong, directive, controlling actions to enforce the rules, regulations, activities, and relationships in the work environment”. The distinct characteristics are:

- Sets goals individually
- Engages primarily in one-way, downward communication
- Controls discussions of followers
- Sets policy and procedures unilaterally
- Dominates interaction
- Directs the completion of tasks personally
- Provides infrequent positive feedback
- Rewards obedience and punishes mistakes
- Exhibits poor listening skills
- Uses conflict for personal gain

Democratic

Nelson and Quick defines democratic leadership as “a style of leadership in which the leaders takes collaborative, responsive, interactive actions with followers concerning the work and the work environment”. The distinct characteristics are:

- Involves followers in setting goals
- Engages in two-way, open communication
- Facilitates discussion with followers

- Solicits input regarding determination of policy and procedures
- Focuses on interaction
- Provides suggestions and alternatives for the completion of tasks
- Provides frequent positive feedback
- Rewards good work and uses punishment only as a last resort
- Exhibits effective listening skills
- Mediates conflict for group gain

Laissez Faire

Nelson and Quick defines it as “a style of leadership in which the leader fails to accept the responsibilities of the position”. The distinct characteristics are:

- Allows followers free rein to set their own goals
- Engages in noncommittal, superficial communication
- Avoids discussion with followers to set policy and procedures
- Avoids interaction
- Provides suggestions and alternatives for the completion of tasks only when asked to do so by followers
- Provides infrequent feedback of any kind
- Avoids offering rewards or punishments
- May exhibit either poor or effective listening skills
- Avoids conflict

Orientation

There are two basic type of orientation in style. One is task orientation and the other is interpersonal orientation. People lead using different styles which they are endowed with or acquired. Some of the important characteristics of these fundamental styles are given in Table 13.2.

Table 13.2: Characteristics of Task and Interpersonal Orientation

Task Orientation	Interpersonal Orientation
Disseminates information Ignores the positions, ideas, and feelings of others Engages in rigid, stylised communication Interrupts others Makes demands	Solicits opinions Recognises the positions, ideas, and feelings of others Engages in flexible, open communication Listens carefully to others Makes requests

<p>Focuses on facts, data, and information as they relate to tasks</p> <p>Emphasises productivity through the acquisition of technical skills</p> <p>Most of the time, communicates in writing</p> <p>Maintains a “closed door” policy</p>	<p>Focuses on feelings, emotions, and attitudes as they relate to personal needs</p> <p>Emphasises productivity through the acquisition of personal skills</p> <p>Most often communicates orally</p> <p>Maintains an “open door” policy</p>
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Michigan studies

In the 1950s, Michigan State University studied a number of managers, both effective and non-effective as defined by the organisations. They found that effective managers spent a lot of time in planning, scheduling, coordinating, and mobilising resources and also in guiding and coaching their subordinates in setting goals that were challenging. These managers did not stop at that but went on to create excellent relationship with their subordinates. Thus, Michigan studies gave us the framework of task and relationship as effective dimensions in an effective manager and those who are high in both these were more inclined towards the description of a leader.

Ohio State University studies

Around the same time, quite unknown to each other, Ohio State University also was conducting studies to unravel the enigma of effective managers. They found two critical characteristics which are quite independent of each other. One characteristic was the degree to which the leaders act in a friendly and supportive manner towards his or her subordinates and the second was how he or she defines and structures his or her role and roles of the subordinates towards achieving the goals of the group.

The Blake Mouton Framework (Managerial Grid)

The Managerial grid, in fact, builds on the Ohio and Michigan studies and creates a relative position that a leader prefers to take in most situations and thereby identifies your predominant style.

You can evaluate your style and place yourself in the grid below and then see how you can improve. The grid is given in Fig. 13.1:

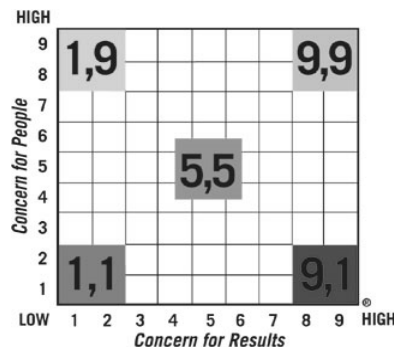


Fig. 13.1: Managerial Grid

The five major leadership styles as per the grid are:

- Impoverished leadership – low production/low people (1,1)**
 This leader is mostly ineffective. He/she has neither a high regard for creating systems for getting the job done nor for creating a work environment that is satisfying and motivating. The result is a place of disorganisation, dissatisfaction, and disharmony. They do only enough to preserve the job and job seniority, give little and enjoy little, protect themselves by not being noticed by others, and try to stay in the same post for a long time. Their talk/attitude is “I distance myself from taking active responsibility for results to avoid getting entangled in problems. If forced, I take a passive or supportive position.”
- Country club leadership – high people/low production (1,9)**
 This style of leader is most concerned about the needs and feelings of members of his/her team. These people operate under the assumption that as long as the team members are happy and secure, then they will work hard. What tends to result is a work environment that is very relaxed and fun but the production suffers due to lack of direction and control. Their attitude is “I support results that establish and reinforce harmony. I generate enthusiasm by focusing on positive and pleasing aspects of work.”
- Produce or perish leadership – high production/low people (9,1)**
 Also known as authoritarian or compliance leaders, people in this category believe that employees are simply a means to an end. Employee needs are always secondary to the need for efficient and productive workplaces. This type of leader is very autocratic, has strict

work rules, policies, and procedures, and views punishment as the most effective means to motivate employees. Their attitude is “I expect results and take control by clearly stating a course of action. I enforce rules that sustain high results and do not permit deviation.”

- **Middle-of-the-road leadership – medium production/medium people (5,5)**

This style seems to be a balance of the two competing concerns. It may, at first, appear to be an ideal compromise but therein lies the problem. When you compromise, you necessarily give away a bit of each concern so that neither production nor people needs are fully met. Leaders who use this style settle for average performance and often believe that this is the most anyone can expect. Their attitude is “I endorse results that are popular but caution against taking unnecessary risk. I test my opinions with others involved to assure ongoing acceptability.”

- **Team leadership – high Production/high People (9,9)**

According to the Blake Mouton model, this is the pinnacle of managerial style. These leaders stress production needs and the needs of the people equally highly. The premise here is that the employees are involved in understanding the organisational purpose and in determining the production needs. When employees are committed to and have a stake in the organisation’s success, their needs and production needs coincide. This creates a team environment based on trust and respect, which leads to high satisfaction and motivation and as a result, high production. Their attitude is “I initiate team action in a way that invites involvement and commitment. I explore all the facts and alternative views to reach a shared understanding of the best solution.”

You will also be able to link much of the style to the X and Y theories propounded by Douglas McGregor and covered in the unit on motivation.

Bernard Bass Model

Style theories are based on two key elements, i.e., task and people orientation. Using the two basic elements, five different styles are possible. They are:

- **Directive style or telling** – Here, you tell the subordinates what to do, what is expected, and you also initiate action. You give the standards and deadlines and ensure that they are working to capacity, etc.

- **Consultative** – Here, you tell the subordinates what to do but after discussing it with them first and hearing their opinions, feelings, ideas, and suggestions.
- **Participative** – Here, you discuss and analyse the problems with them and reach a consensus on what to do and how to do it. The decision responsibility is collective.
- **Negotiative or selling** – Here, you negotiate with the subordinates, give them incentives, create alliances, release information that suits your interests, maintain distance, encourage the subordinates to compete, and in general, sell the decision to them.
- **Delegative** – You describe the problem or need and the conditions that have to be met, and you make suggestions but you leave it to them to decide what to do and how to do.

Action-Centered Leadership (ACL)

Adair (1973, 1983), a well known British researcher developed this style. His postulate was that effective leaders address the needs at three levels, i.e., task, team, and individual. The greater the congruence among these, the greater will be the effectiveness. ACL does not accept the idea of a common set of traits but accepts that the leaders have a wide range of competencies that they are able to use; however, this can be true only if we perceive the task in the larger context of mission, strategies, etc. The theory is diagrammatically represented in Fig. 13.2.

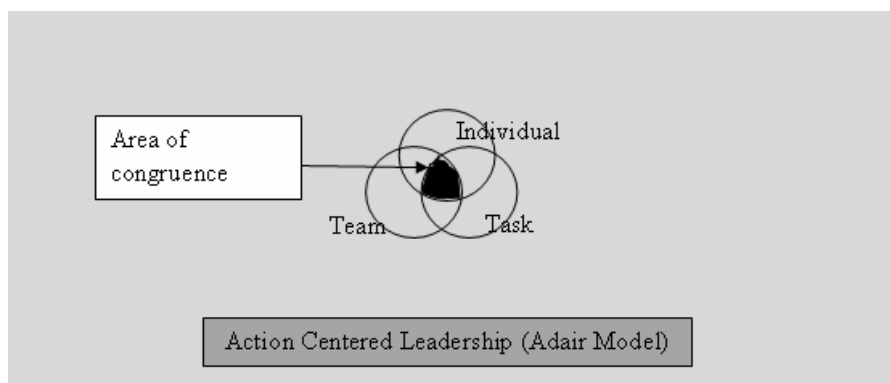


Fig. 13.2: Action Centered Leadership

Shortcomings of the leadership style theories

These theories focus on the leader, follower, and task but ignore the situation or contingencies. They seldom account for the behavior of the middle-level leaders who are supposed to communicate to the lower level the vision created by the top echelons. These also do not address the issue of values. Leaders are often what they are because of their values and the underlying personal qualities. It does not take into account the informal relationship or informal leadership which is a major component of the emergence of a leader. There are also methodological problems with the research such as the instruments given to the subordinates which like most instruments tends to average values. Notwithstanding these, recent studies have indicated a strong relationship between initiating structure and people and leadership. While the studies in the styles may not be conclusive, it is an excellent framework to understand the several aspects of leadership.

Psychodynamic theory (LMX)

This is also called Leader-Member Exchange theory or LMX. Theories related to style highlight only two entities, i.e., the leader and the follower. The individual is not given any significant importance in the style theories. However, in LMX, the leader and each follower is perceived as a dyad and that a leader develops influence on the follower to the extent allowed by the follower. Conventional research focuses on the things that are easily observable. Attribution and social cognitive theories from sociology focus on perception of the leader's traits and the behaviour of the followers. For example, charisma.

Combined, what this means to the modern context is that we need feedback from the followers so that the exchange with the follower can be optimised by the leader. Perhaps, one of the strong theoretical framework for the 360 degree feedback and its importance for the leaders can be traced to the LMX and related theories. In this information-driven world, where the leaders often interact with the followers as individuals through social media such as Facebook, Twitter, etc, this theory seems to have a new relevance. The leader is able to listen to the followers as individuals rather than as a group and though it may not be possible to cater to the goals of each member, it is possible to listen to each member to a greater extent than it was possible in the earlier days.

Self Assessment Questions

9. According to Deloitte Touche study, creating vision is one of the characteristics of a leader. (True/False)
10. Leadership style theories have _____ dimensions.
11. Managerial grid theory is built on _____ and _____ studies.
12. A 5,5 leader is a good compromise between task and people orientation. (True/False)
13. Bernard Bass suggests that there are five different styles namely Directive Style or Telling, _____ Participative, Negotiative or Selling and _____.
14. According to ACL, the greater the congruence between task, _____ and _____, the greater will be the effectiveness.
15. In LMX theory, the leader and each follower is perceived as a _____.

13.6 Contingency Theories of Leadership

Contingency theories suggest that there is no one best style of leadership and that an effective style depends on how the leader adopts a style in relation to the group and the situation. A previously successful style may not be effective in a new context. Effective leadership is about finding a good fit between the behaviour, context, and need.

Fielder's Contingency Model (FCM) of leadership

This model dominates the modern literature on contingency theories. FCM postulates that the leader's effectiveness is based on 'situational contingency' which is a result of the interaction of two factors, i.e., leadership style and situational favorableness. Though over 400 studies have been conducted using this theory, it is not a highly popular model. Fielder suggested that the leadership style of the leader can be measured by an instrument called least preferred coworker. The term and its use seem to have made Fielder unpopular. He identified three situational components that determine the favorableness of situation control. They are:

- How defined and structured the work is?
- How much position power (authority) the leader has?
- The relationship between the leader and the followers.

Though there might be criticism that it is complex and the LPC measures are inaccurate and often misses its predictive validity, etc, this model gives us a clear idea of the fit between the leader and the situation and tends to substantiate that effectiveness is contingent upon the leader's orientation and the situation.

Path goal theory

Path goal theory draws its inspiration from the expectancy model of motivation. If there is a leader and a follower, the follower expects something and the leader is able to fulfill it by defining it as a goal, means to achieve the goal, removing obstacles to achieving it, etc. The expectation of the follower whether in terms of material or psychological benefit has to be met by the leader and the follower expects it too. Here the leader must correctly identify the reward that is expected and promise him or her that. Thus leadership effectiveness is contingent upon the promised reward and the creation of a smooth way to achieve that reward. Path goal brings in a high degree of individual need.

Situational leadership

The work of Paul Hersey and Kenneth Blanchard (1969, 1993) resulted in this highly popular model of situational leadership. They identified that the leaders have four leadership styles. They are 1) telling (directing), 2) selling (consulting), 3) participating, and 4) delegating to the followers depending on (contingent upon) the maturity of the follower to do the task. To the followers who lack the sense of responsibility or initiative, a telling style is adopted while to those with a high degree of initiative and responsibility, a delegating style is adopted and the selling and participating styles are done to those in between. This theory interestingly tends to merge the ideas of style with the ideas of contingency or condition of the follower. Task and situation are inherent in this since the term maturity relates to the ability to handle the task in a situation. The authors and several researchers have developed a number of instruments to measure this, and this is a highly popular theory. The theory assumes that the leader has the cognitive ability to identify the follower's maturity and the level of maturity required in relation to the task.

Reddin's 3D theory of managerial effectiveness

This theory builds on the Hersey Blanchard theory of situational leadership and Blake and Mouton theory of Managerial grid. He identifies four effective styles that are matched to the situation using the situational sensitivity of the leaders, i.e., the ability to evaluate the situation and style flexibility or the ability to change the style according to the situation. Four styles he describes are as follows:

- **Bureaucrat** – Typically they should be delegating and allowing people to do their job. But if they do it when there is an emergency such as a fire, shortage of material in the factory, a strike, etc, it becomes like 1,1 leader and actually become deserters. Reddin cleverly links the style to the situation when he identifies how bureaucratic style which could be very functional becomes a dysfunctional one (deserter).
- **Developer** – Highly people oriented and participative in style which may be excellent in leading a research team or when the job is unstructured. But when the followers are not so capable or the situation demands structured steps as in the case when a product is launched or a project deadline is missed, then it becomes ineffective (missionary).
- **Executive** – Task and people oriented (9,9) and is consulting and selling. At times, the followers may not understand the importance of achieving targets or the situation may demand flawless execution even at the cost of considerable discomfort to the people. If he or she still goes high on people orientation, then it can become a compromise or akin to 5,5 situation we discussed earlier.
- **Benevolent autocrat** – Highly task oriented (9,1) and uses a directive style. Useful with followers of average caliber and abnormal situation. It becomes dysfunctional when used with high caliber followers and in ordinary situations.

These frameworks clearly indicate how an effective style can become ineffective when the situation is overlaid on it.

Shortcomings of contingency theories

Situational approach seems to be intuitively appealing; however, since there are limitless contingencies, it does not help an executive seeking what to do and when. It does not explain how the style can be varied to the situation, whether the situation can be varied or modified, role of values in leadership,

strategic decision making of the leaders, etc. Though contingency theories have never faced outright rejection, it has led to disillusion because of the above reasons.

Self Assessment Questions

16. Fielder's model suggests that leadership _____ and _____ favourableness interact to make leadership effective.
17. Depending on (contingent upon) the maturity of the follower, a leader has four styles 1) telling (directing), 2) selling (consulting), 3) _____ and 4) _____.
18. Path goal theory draws its inspiration from the _____ model of motivation.
19. Reddin identifies _____ effective styles that are matched to the situation.

13.7 New Leadership Theories

The disillusionment with trait, style, and contingency theories led to a new direction in search for knowledge in leadership. This is what we capture in the new leadership and consists of vision, charisma, and transformation which form the core of the concept. The pioneering work of James Macgregor Burns in his seminal book of 1978 initiated the idea of transformational leadership (TL) as against transactional ones.

Full range leadership model

The work of Bernard Bass and Bruce Avolio in 1980s and 1990s highlighted a full range of leadership model. At one end is the Laissez-faire leader about whom we have already learnt in this unit. Most managers show transactional leadership, i.e., achieving task is the focus here. This may be done by the management in various ways. They are:

- **Management by exception** –The leader may take a passive form wherein he or she sets the objectives and standards and then waits for problems to come up and then rectifies them. In the active form, he or she checks, gives instructions, and prevents the problem from cropping up. He or she uses rules and procedures to do it.
- **Incontingent reward** – The manager sets the objectives, performance standards, and the rewards (physical and psychological) for achieving

these. He or she provides feedback to the individual to ensure that he or she achieves the goals for it enhances the leader's effectiveness automatically. This achieves the results in a short term though its effectiveness in the long term is questionable.

Transformational Leadership (TL)

They go beyond the transactional ones to ensure the well being and goal achievement of the group. TLs tend to use one or more of the following:

- **Idealised influence** – It is about building confidence and trust and being a role model through setting examples. Since these leaders are admired, respected, and trusted, they are able to create a radical change in the organisation. Idealised influence is linked to charisma and is an inherent part of TL. For example, Narayan Murthy.
- **Inspirational motivation** – This is linked to idealised influence. Charisma leads to motivating the individual but inspiration leads to motivation of the entire organisation to follow a new idea. They create and communicate an inspirational message much like Gandhi or Obama through their speeches and other communications.
- **Intellectual stimulation** – They simulate the followers to follow a challenging path and gain results. They empower followers by persuading them to propose new and controversial ideas without the fear of punishment or ridicule. They impose their own ideas judiciously and certainly not at any cost.
- **Individualised consideration** – This involves catering for the individual needs in the organisation. We saw how an individual focus is a casualty both in the style theories and contingent theories, which apparently has been answered here. While having the overarching view of the organisation, TL delivers the individual needs. People are treated individually on the basis of their talents and knowledge and each is encouraged to reach his or her level of achievement and competence.

Qualities of a TL

Qualities of a TL are as follows: (Source: Bass (1990); Cox (2001); Epitropaki (undated); Hall, Johnson, Wysocki & Kepner (2002); Lussier & Achua (2004); Stone, Russell & Patterson (2003); Tichy & Devanna (1986); and University of Regina (undated))

- Clear sense of purpose, expressed simply (e.g., metaphors and anecdotes)
- Value driven (e.g. have core values and congruent behaviour)
- Strong role model
- High expectations
- Persistent
- Self-knowing
- Perpetual desire for learning
- Love work
- Life-long learners
- Identify themselves as change agents
- Enthusiastic
- Able to attract and inspire others
- Strategic
- Effective communicator
- Emotionally mature
- Courageous
- Risk-taking
- Risk-sharing
- Visionary
- Unwilling to believe in failure
- Sense of public need
- Listens to all view points to develop the spirit of cooperation
- Able to deal with complexity, uncertainty, and ambiguity
- Considerate of the personal needs of employees
- Mentoring

Pseudo-transformational leadership

Bass accepts the existence of this category of leadership who exhibits almost every aspect mentioned in the TL. However, when it comes to some of the critical qualities mentioned in the paragraph above, they fall short. They are the ones who follow their selfish agenda by doing the most of the things that the TLs do. They have dysfunctional charisma too. Their values are questionable and they tend to lead their followers to disaster and perdition.

Visionary leadership

Vision is fundamental to leadership and Sashkin's visionary leadership implies a leader with a vision who transforms the organisational culture for the better. Such leaders are characterised by high self-efficacy (self-confidence), power orientation (use of power in different ways), and cognitive capability (ability to understand complex cause and effect chains and to take the right action at the right time to achieve the desired outcomes).

Charismatic leadership

These leaders weave a spell not only on the followers but also on the stakeholders including the shareholders. They inspire and attract. In a study of the leaders in Fortune 500 companies, it was found that these leaders deliver exceptional results in hard times but do not necessarily do so in normal times. Perhaps, this is because they induce change even during the normal times when this is not necessary. One such example is Jack Welch who delivered exceptional results during the tough days.

Critique on new leadership

Full range leadership propounded by Bass is highly appealing and has given a new direction to leadership research. Following important aspects are noteworthy:

- Full range is applicable across hierarchies though it may seem more pronounced at the top level. Thus even lower hierarchy can be TLs.
- Full range is universally applicable across cultures though the specifics may vary.
- The concept has rejuvenated research on leadership.
- Contingent reward continues to have an importance in full range also.
- Though it speaks of communicating the vision as a source of inspirational motivation expressing confidence as idealised influence, it does not speak more about the vision, mission, strategies, or values.

Self Assessment Questions

20. Transactional leaders use management by _____ and in _____ reward
21. Transformational leaders tend to use 1) _____, 2) inspirational motivation, 3) _____, and 4) individualised consideration.

22. When a person does most of the things that a transformational leader does for selfish agenda, they are called _____.
23. Charismatic leaders may not deliver exceptional results during normal economic times. (True/False)

13.8 Summary

Let us recapitulate the important concepts discussed in this unit:

- Leadership is a function of knowing yourself, having a vision that is well communicated, building trust among colleagues, and taking effective action to realise your own leadership potential.
- Factors that affect contemporary business are change, speed, competitiveness and collaboration, social sensitivity, social networking, environmental sensitivity, people sensitivity including inclusion, emergence and dominance of service industry, remoteness and virtual business, developing world realities and magnitude.
- Trait or Great Man theory of leadership postulates the common qualities and characteristics of an effective leader.
- Theories of emergent leadership including servant leadership postulate that leaders may emerge with the characteristics and skills to meet the needs of the group, organisation, or society at a given time.
- Leadership styles discuss what leaders do and categorise them into task-oriented and people-oriented styles. Action-centered leadership is an advancement of the style and focus on the task, team, and individual.
- Psychodynamic theory or the Leader Member Exchange (LMX) theory suggests that leaders provide direction and guidance though the influence permitted to them by the members.
- Contingency and situational leadership theories suggest that there is no one best style of leadership and that successful and enduring leaders use different styles at different times according to the situation and followers.
- New leadership theories comprise of visionary, charismatic, and transformational leadership. Transformational leadership occurs when the leaders raise the bar and creates a higher sense of purpose in the followers and distinguishes from the transactional style which is all about exchange between the leader and the follower and course correction.

- Strategic leadership and pragmatic leadership are other theories that belong to the new leadership theories category.

13.9 Glossary

- **Leadership:** The process of influencing people and providing an environment for them to achieve team or organisational objectives.
- **Leadership grid :** A model of leadership developed by Robert R Blake and Anne Adams McCauley to indicate the leadership effectiveness based on the concern for people and concern for task.
- **Pseudo-transformational leadership:** A person who exhibits some of the qualities of a transformational leader with intent to gain influence for selfish reasons.
- **Transactional leadership:** One who leads by managing exception (variations) and provides conditional rewards.
- **Transformational leadership:** A leader who goes beyond the transactional ones to ensure the well being and goal achievement of the group.

13.10 Terminal Questions

1. Explain the concept of leadership.
2. Describe the trait theory.
3. Explain the leadership styles as per the Managerial Grid Theory.
4. What are the qualities of a transformational leader?

13.11 Answers

Self Assessment Questions

1. True
2. Self-discipline
3. Originates
4. Common goal
5. Collaboration

6. True
7. Emerging
8. Environmental
9. False
10. 2
11. Ohio and Michigan
12. False
13. Consultative, Delegative.
14. team, individual.
15. Dyad
16. Style, Situational
17. Participating, delegating
18. Expectancy
19. 4
20. Exception, contingent
21. Idealised Influence, intellectual stimulation
22. Pseudo-transformational leaders
23. True

Terminal Questions

1. Leadership is the art of motivating a group of people to act towards achieving a common goal. Refer Section 13.3 for more details.
2. Trait theory states that people are born with leadership traits. Refer Section 13.5 for more details.
3. The major leadership styles are impoverished leadership, country club leadership, middle of the road, produce or perish leadership, team leadership. Refer Section 13.5 for more details.
4. Some of the qualities of a transformational leader are persistent, clear sense of purpose, strategic, risk taking etc. Refer Section 13.7 for more details.

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