

CH: 3 Leadership

Need and importance of leadership

The following points justify the importance of leadership in a concern.

Initiates action- Leader is a person who starts the work by communicating the policies and plans to the subordinates from where the work actually starts.

Motivation- A leader proves to be playing an incentive role in the concern's working. He motivates the employees with economic and non-economic rewards and thereby gets the work from the subordinates.

Providing guidance- A leader has to not only supervise but also play a guiding role for the subordinates. Guidance here means instructing the subordinates the way they have to perform their work effectively and efficiently.

Creating confidence- Confidence is an important factor which can be achieved through expressing the work efforts to the subordinates, explaining them clearly their role and giving them guidelines to achieve the goals effectively. It is also important to hear the employees with regards to their complaints and problems.

Building morale- Morale denotes willing co-operation of the employees towards their work and getting them into confidence and winning their trust. A leader can be a morale booster by achieving full co-operation so that they perform with best of their abilities as they work to achieve goals.

Builds work environment- Management is getting things done from people. An efficient work environment helps in sound and stable growth. Therefore, human relations should be kept into mind by a leader. He should have personal contacts with employees and should listen to their problems and solve them. He should treat employees on humanitarian terms.

Co-ordination- Co-ordination can be achieved through reconciling personal interests with organizational goals. This synchronization can be achieved through proper and effective co-ordination which should be primary motive of a leader.

Qualities of effective leadership

The following are the requisites to be present in a good leader:

Physical appearance- A leader must have a pleasing appearance. Physique and health are very important for a good leader.

Vision and foresight- A leader cannot maintain influence unless he exhibits that he is forward looking. He has to visualize situations and thereby has to frame logical programmes.

Intelligence- A leader should be intelligent enough to examine problems and difficult situations. He should be analytical who weighs pros and cons and then summarizes the situation. Therefore, a positive bent of mind and mature outlook is very important.

Communicative skills- A leader must be able to communicate the policies and procedures clearly, precisely and effectively. This can be helpful in persuasion and stimulation.

Objective- A leader has to be having a fair outlook which is free from bias and which does not reflect his willingness towards a particular individual. He should develop his own opinion and should base his judgment on facts and logic.

Knowledge of work- A leader should be very precisely knowing the nature of work of his subordinates because it is then he can win the trust and confidence of his subordinates.

Sense of responsibility- Responsibility and accountability towards an individual's work is very important to bring a sense of influence. A leader must have a sense of responsibility towards organizational goals because only then he can get maximum of capabilities exploited in a real sense. For this, he has to motivate himself and arouse and urge to give best of his abilities. Only then he can motivate the subordinates to the best.

Self-confidence and will-power- Confidence in him is important to earn the confidence of the subordinates. He should be trustworthy and should handle the situations with full will power.

Humanist- This trait to be present in a leader is essential because he deals with human beings and is in personal contact with them. He has to handle the personal problems of his subordinates with great care and attention. Therefore, treating the human beings on humanitarian grounds is essential for building a congenial environment.

Theory of leadership:

A. Transactional theory

Transactional theories, also known as exchange theories of leadership, are characterized by a transaction made between the leader and the followers. In fact, the theory values a positive and mutually beneficial relationship.

For the transactional theories to be effective and as a result have motivational value, the leader must find a means to align to adequately reward (or punish) his follower, for performing leader-assigned task. In other words, transactional leaders are most efficient when they develop a mutual reinforcing environment, for which the individual and the organizational goals are in sync.

The transactional theorists state that humans in general are seeking to maximize pleasurable experiences and to diminish un-pleasurable experiences. Thus, we are more likely to associate ourselves with individuals that add to our strengths.

Assumptions

- People are motivated by reward and punishment.
- 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 grant all authority to their manager.
- The prime purpose of a subordinate is to do what their manager tells them to do.
- Transactional leader works through creating clear structures
 - Work requirements are clear
 - Reward structure is clear
- Punishments are not always mentioned, but they are also well - understood and formal systems of discipline are usually in place.

B. Transformational theory

The Transformational Leadership theory states that this is process by which a person interacts with others and is able to create a solid relationship that results in a high percentage of trust that will later result in an increase of motivation, both intrinsic and extrinsic, in both leaders and followers.

The essence of transformational theories is that leaders transform their followers through their inspirational nature and charismatic personalities. Rules and regulations are flexible, guided by group norms. These attributes provide a sense of belonging for the followers as they can easily identify with the leader and its purpose.

Assumptions

- People will follow a person who inspires them.
- A person with vision and passion can achieve great things.
- The way to get things done is by injecting enthusiasm and energy.

Components of Transformational Leadership

A. Develop the vision

Starts with the development of a vision, a view of the future that will excite and convert potential followers.

B. Sell the vision

- Sell the vision immediately and continually.
- Create trust.
- Rely on personal integrity.

C. Finding the Way

Find the way forwards:

- Path may be clear – others simply need to follow.
- Path may need to be explored together.
- Direction will not always be known, so, that Leader guides along the course.

C. Charismatic theory:

certain quality of an individual personality, by virtue of which he is set apart from ordinary men and treated as endowed with supernatural, superhuman, or at least specifically exceptional powers or qualities. These are such as are not accessible to the ordinary person, but are regarded as of divine origin or as exemplary. Charismatic leaders are essentially very skilled communicators – individuals who are both verbally eloquent, but also able to communicate to followers on a deep, emotional level. They are able to articulate a compelling or captivating vision, and are able to arouse strong emotions in followers.

Assumptions:

Charm and grace are all that is needed to create followers. Self-belief is a fundamental need of leaders. People follow others that they personally admire.

The Behavioral attributes of charismatic leaders are as:

- Vision and articulation;
- Sensitivity to the environment;
- Sensitivity to member needs;
- Personal risk taking;
- Performing unconventional behavior.

Leadership styles:

A. Participative management

The assumptions of participative management leadership style are as:

- Involvement in decision-making improves the understanding of the issues involved by those who must carry out the decisions.
- People are more committed to actions where they have involved in the relevant decision-making.
- People are less competitive and more collaborative when they are working on joint goals.
- When people make decisions together, the social commitment to one another is greater and thus increases their commitment to the decision.
- Several people deciding together make better decisions than one person alone.

A Participative Leader, rather than taking autocratic decisions, seeks to involve other people in the process, possibly including subordinates, peers, superiors and other stakeholders. Often, however, as it is within the managers' whim to give or deny control to his or her subordinates, most participative activity is within the immediate team. The question of how much influence others are given thus may vary on the manager's preferences and beliefs, and a whole spectrum of participation is possible, as in the table below.

There are many varieties on this spectrum, including stages where the leader sells the idea to the team. Another variant is for the leader to describe the 'what' of objectives or goals and let the team or individuals decide the 'how' of the process by which the 'how' will be achieved (this is often called 'Management by Objectives').

The level of participation may also depend on the type of decision being made. Decisions on how to implement goals may be highly participative, whilst decisions during subordinate performance evaluations are more likely to be taken by the manager.

B. Management by objectives

According to George Odione, MBO is "a process whereby superior and subordinate managers of an Organization jointly define its common goals, define each individual's major areas of responsibility in terms Of results expected of him and use these measures as guides for operating the unit and assessing the contribution of each of its members."

Features of Management by Objectives MBO:

- **Superior-subordinate participation:** MBO requires the superior and the subordinate to recognize that the development of objectives is a joint project/activity. They must be jointly agree and write out their duties and areas of responsibility in their respective jobs.
- **Joint goal-setting:** MBO emphasizes joint goal-setting that are tangible, verifiable and measurable. The subordinate in consultation with his superior sets his own short-term goals. However, it is examined both by the superior and the

subordinate that goals are realistic and attainable. In brief, the goals are to be decided jointly through the participation of all.

- **Joint decision on methodology:** MBO focuses special attention on what must be accomplished (goals) rather than how it is to be accomplished (methods). The superior and the subordinate mutually devise methodology to be followed in the attainment of objectives. They also mutually set standards and establish norms for evaluating performance.
- **Makes way to attain maximum result:** MBO is a systematic and rational technique that allows management to attain maximum results from available resources by focusing on attainable goals. It permits lot of freedom to subordinate to make creative decisions on his own. This motivates subordinates and ensures good performance from them.
- **Support from superior:** When the subordinate makes efforts to achieve his goals, superior's helping hand is always available. The superior acts as a coach and provides his valuable advice and guidance to the subordinate. This is how MBO facilitates effective communication between superior and subordinates for achieving the objectives/targets set.

Steps in Management by Objectives Planning:

- **Goal setting:** The first phase in the MBO process is to define the organizational objectives. These are determined by the top management and usually in consultation with other managers. Once these goals are established, they should be made known to all the members. In setting objectives, it is necessary to identify 'Key-Result Areas' (KRA).
- **Manager-Subordinate involvement:** After the organizational goals are defined, the subordinates work with the managers to determine their individual goals. In this way, everyone gets involved in the goal setting.
- **Matching goals and resources:** Management must ensure that the subordinates are provided with necessary tools and materials to achieve these goals. Allocation of resources should also be done in consultation with the subordinates.
- **Implementation of plan:** After objectives are established and resources are allocated, the subordinates can implement the plan. If any guidance or clarification is required, they can contact their superiors.
- **Review and appraisal of performance:** This step involves periodic review of progress between manager and the subordinates. Such reviews would determine if the progress is satisfactory or the subordinate is facing some problems. Performance appraisal at these reviews should be conducted, based on fair and measurable standards.