Leadership is a process by which an executive can direct, guide and influence the behavior and work of others towards accomplishment of specific goals in a given situation. Leadership is the ability of a manager to induce the subordinates to work with confidence and zeal.

Leadership is the potential to influence behaviour of others. It is also defined as the capacity to influence a group towards the realization of a goal. Leaders are required to develop future visions, and to motivate the organizational members to want to achieve the visions.

According to Keith Davis, "Leadership is the ability to persuade others to seek defined objectives enthusiastically. It is the human factor which binds a group together and motivates it towards goals."

Characteristics of Leadership

1. It is a inter-personal process in which a manager is into influencing and guiding workers towards attainment of goals.
2. It denotes a few qualities to be present in a person which includes intelligence, maturity and personality.
3. It is a group process. It involves two or more people interacting with each other.
4. A leader is involved in shaping and moulding the behaviour of the group towards accomplishment of organizational goals.
5. Leadership is situation bound. There is no best style of leadership. It all depends upon tackling with the situations.

Qualities of Leadership

A leader has got multidimensional traits in him which makes him appealing and effective in behavior. The following are the requisites to be present in a good leader:

1. **Physical appearance-** A leader must have a pleasing appearance. Physique and health are very important for a good leader.
2. **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.
3. **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.
4. **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.
5. **Objective-** A leader has to be having a fair outlook which is free from bias and which does not reflects his willingness towards a particular individual. He should develop his own opinion and should base his judgement on facts and logic.
6. **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.
7. **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.
8. **Self-confidence and will-power-** Confidence in himself is important to earn the confidence of the subordinates. He should be trustworthy and should handle the situations with full will power. (You can read more about Self-Confidence at : Self Confidence - Tips to be Confident and Eliminate Your Apprehensions).

9. **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.
10. **Empathy-** It is an old adage "Stepping into the shoes of others". This is very important because fair judgement and objectivity comes only then. A leader should understand the problems and complaints of employees and should also have a complete view of the needs and aspirations of the employees. This helps in improving human relations and personal contacts with the employees.

From the above qualities present in a leader, one can understand the scope of leadership and it's importance for scope of business. A leader cannot have all traits at one time. But a few of them helps in achieving effective results.

Understanding Individual differences and psychological contract

The **psychological contract** refers to the unwritten set of expectations of the employment relationship as distinct from the formal, codified employment **contract**. Taken together, the **psychological contract** and the employment **contract define** the employer-employee relationship.

Human resources are the inevitable resources without which other resources stable functioning cannot be imagined. All the people working in the organization may have different characterstics, needs, desires and objectives. They differ in terms of ability, attitudes, values, beliefs, personality, emotion and social background,etc. Management needs to understand each individual's behavior to understand organizational behavior which helps to know about individual differences at workplace. Human behavior cannot be measured quantitatively and is affected by internal and external stimuli. Individual differences result due to two factors which are

1. Internal Factors: These factors reflect the biological and psychological characterstics of the individual. Personal biographical factors involve age, sex, education, abilities and marital status. Psychological factors involve personality, perception, attitudes, values, beliefs, ability and learning.
2. External Factors: These factors involve forces from environment. Individuals receive information from environment through five senses and select, analyze and response them in their own way. These forces involve organizational structure, management styles, culture of the organization, working environment, physical facilities and technology used,etc.

Concept and Types of Groups

A group is a collection of individuals who interact with each other such that one person's actions have an impact on the others.

In other words, a group is defined as two or more individuals, interacting and interdependent, who have come together to achieve particular objectives.

In organizations, most work is done within groups.

Types of groups

Formal Groups

Formal groups are created to achieve specific organizational objectives. Usually, they are concerned with the coordination of work activities.

People are brought together based on different roles within the structure of the organization. The nature of the task to be undertaken is a predominant feature of the formal groups.

Goals are identified by management and short and rules relationships and norms of behavior established. Formal groups chain to be related to permanent although there may be changes in actual membership.

However temporary formal groups may also be created by management, for example, the use of project teams in a matrix organization.

Informal Groups

Within the formal structure of the organization, there will always be an informal structure.

The formal structure of the organization and system of role relationship, rule, and procedures, will be augmented by interpretation and development at the informal level.

Informal groups are based more on personal relationships and agreement of group's members than on defined role relationships. They serve to Satisfy psychological and social needs not related necessarily to the tasks to be undertaken.

Groups may devise ways of attempting to satisfy members' affiliations and other social motivations that are lacing in the work situation, especially in industrial organizations.

Leadership style is the manner and approach of providing direction, implementing plans, and motivating people. As seen by the employees, it includes the total pattern of explicit and implicit actions performed by their leader (Newstrom, Davis, 1993).

The first major study of leadership styles was performed in 1939 by Kurt Lewin who led a group of researchers to identify different styles of leadership (Lewin, Lippit, White, 1939). This early study has remained quite influential as it established the three major leadership styles: (U.S. Army, 1973):

- **authoritarian or autocratic** - the leader tells his or her employees what to do and how to do it, without getting their advice
- **participative or democratic** - the leader includes one or more employees in the decision making process, but the leader normally maintains the final decision making authority
- **delegative or laissez-fair (free-rein)** - the leader allows the employees to make the decisions, however, the leader is still responsible for the decisions that are made

<p align="center">A u t h o r i t a r i a n   o r   A u t o c r a t i c   L e a d e r s h i p</p>

This style is used when leaders tell their employees what they want done and how they want it accomplished, without getting the advice of their followers. Some of the appropriate conditions to use this style is when you have all the information to solve the problem, you are short on time, and/or your employees are well motivated.

Participative or Democratic Leadership

Let's work together to solve this. . .

This style involves the leader including one or more employees in the decision making process (determining what to do and how to do it). However, the leader maintains the final decision making authority. Using this style is not a sign of weakness, rather it is a sign of strength that your employees will respect.

This is normally used when you have part of the information, and your employees have other parts. A leader is not expected to know everything—this is why you employ knowledgeable and skilled people. Using this style is of mutual benefit as it allows them to become part of the team and allows you to make better decisions.