

Leadership and Change Management

Block

1

THE MYSTIQUE OF LEADERSHIP

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COURSE INTRODUCTION

Leadership is often considered a mysterious quality, often linked with charisma and other exotic personality traits. It is considered more inspiring than management. However, such assumptions have no place in a study of leadership and management of businesses. Leadership and management are essential, distinctive, and complementary systems of action. If they fail to complement one another in practice, the result is chaos or stagnation.

A majority of today's corporations are over-managed and under-led. They are lacking in leadership. Well-led organizations do not wait for leaders to emerge on their own, but actively seek out people with leadership potential and groom them into leaders, while exposing them deliberately to varied work experiences. The leadership process can be institutionalized with careful selection, nurturing, and encouragement. Leaders have to be groomed, and leadership has to be institutionalized.

Organizations grow by expanding into new competitive spaces, attaining a complex mix of financial, material and knowledge assets, expanding market scope, and replicating and standardizing their wins in similar market spaces. Competitive spaces undergo change, new technologies emerge, and customers change. However, companies sometimes fail to change and make the most of new opportunities. Instead, they choose the more convenient and less risky option of trying to get the best out of the old opportunities.

Any newly espoused strategy, however explicit and sensible, inevitably comes up against an implicitly enacted strategy supported by all the aged, compounded steering mechanisms that the company already has in place. This is largely because people fear uncertainty. They fear that if they embrace change, their current status maybe adversely affected. Defensive mechanisms stop an organization from adapting to change. Overcoming this resistance to change is one of the greatest challenges facing leaders today.

Leadership and Change Management, deals with the theories of leadership and highlights its significance in the cut-throat competitive business world. It captures the essence of the growing need for nurturing learning organizations and the path traversed by the leader to develop organization.

This edition has added a large number of contemporary examples and deleted old examples and exhibits. It has simplified the language and text layout to make it more readable.

BLOCK 1: THE MYSTIQUE OF LEADERSHIP

The first block to the course on Leadership and Change Management deals with understanding the concept of leadership, leadership styles, leadership skills, and how leaders are developed. The block contains four units. The first unit discusses the concept of leadership and several leadership theories. The second unit discusses different leadership styles. The third unit deals with different leadership skills and tactics. The fourth unit discusses how next generation leaders can be developed.

The unit one, *Understanding Leadership*, explains the basic differences between leadership and management. It then discusses the various leadership theories. Finally, it discusses attributes of effective leaders.

The unit two, *Leadership Styles*, discusses different leadership styles. It then explains Likert's leadership styles. It then discusses the continuum of leadership behavior developed by Tannenbaum and Schmidt. The unit finally discusses the impact of leadership styles on the work atmosphere in the organization.

The unit three, *Leadership Skills and Tactics*, discusses the classification of executives. It then explains the general methods of motivation. It then discusses the skills possessed by leaders to resolve conflicts in an organization. The unit concludes with a discussion on the tactics adopted by the leaders to deal with their subordinates and superiors.

The unit four, *Making of a Leader*, discusses how leaders are made. It then explains the components of developing leaders. The unit finally discusses the steps that link leadership development to organizational goals.

Unit 1

Understanding Leadership

Structure

- 1.1 Introduction
- 1.2 Objectives
- 1.3 The Difference between Leadership and Management
- 1.4 Evolution of Leadership Theories
- 1.5 Attributes of Effective Leaders
- 1.6 Summary
- 1.7 Glossary
- 1.8 Self-Assessment Exercises
- 1.9 Suggested Readings/Reference Material
- 1.10 Answers to Check Your Progress Questions

“Management is doing things right; leadership is doing the right things.”

– *Peter F. Drucker*

1.1 Introduction

In the 1970s and 1980s, IBM was a great organization, its name synonymous with technical and business excellence. Never before had an organization dominated a major industry as IBM dominated the computer industry. But, by 1993, the company was floundering. It reported a net loss of US\$ 8.1 billion for the year – the biggest loss ever reported in business history. Some industry analysts were quick to write IBM off as dead. However, net income for the six months ended June 30, 2021 was \$3.7 billion compared with \$3.6 billion in the prior-year period.

What were the factors behind this remarkable turnaround? Many people believe that one important factor could have been the leadership provided by Louis V. Gerstner Jr., the CEO of the company. Later Arvind Krishna, an Indian-American business executive became the Chairman and CEO of IBM. He has been the CEO of IBM since April 2020 and took on the role of Chairman and CEO in January 2021. The latest closing stock price for IBM as of October 19, 2021 is 141.98.

Gerstner, who became the CEO of IBM on April 1, 1993, was able to spot the emerging trends in the IT industry. He was among the few people who visualized that networking could transform the way people worked. Under his leadership, IBM positioned its server family strategically to meet the needs of new Enterprise Resource Planning (ERP) and e-commerce applications. The company also changed its focus from product-centric to customer-centric, to enable it to provide complete solutions to its clients. Gerstner transformed the IBM from a company

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which primarily manufactured mainframes to a company which offered complete solutions in hardware, software, and other technologies. During his time at the company, he demonstrated an exceptional ability to visualize the future and move into areas of potential opportunity.

Over his 30-year career at IBM, Arvind led a series of bold transformations and has shown excellent business results. He was responsible for the successful \$34 billion acquisition of Red Hat, one of the largest software acquisitions – that has defined the hybrid cloud market.

Continuing from this example of successful leaderships in IBM, this unit explains at how leaders are different from managers, what attributes effective leaders possess, and what personality theories say about leadership.

This unit will explain the basic differences between leadership and management. It then discusses the various leadership theories. Finally, it discusses attributes of effective leaders.

1.2 Objectives

By the end of this unit, students should be able to:

- Outline the differences between leadership and management.
- Discuss several leadership theories.
- Explain several attributes of effective leaders.

1.3 The Difference Between Leadership and Management

According to Harvard Business School professor, John Kotter, leadership and management are certainly different, but they are also essentially complementary. The difference between the two is that a leader strives to promote change in an organization, while a manager works to ensure stability. However, in a business world that is constantly changing, one quality cannot be effective without the other. In such an environment, organizations need both leaders and managers, if they are to survive and grow.

The emergence of large organizations in the early twentieth century led to the development of many of the modern managerial practices and procedures. Without proper management, these large and complex organizations would not have survived. Thus management brings order and consistency into the activities performed by the people in an organization.

On the other hand, to cope with change, leadership is required. Leadership gained in importance in the late twentieth century as the business environment became highly competitive and volatile. Small improvements in productivity no longer guaranteed success. To thrive in this more competitive environment, new initiatives and innovative solutions to problems were required and organizations needed leaders to embark on new initiatives.

The military provides a good example of the difference between management and leadership. A peace-time army does not need inspiring leadership – it can survive comfortably with good administration and management. On the other hand, an army at war needs capable leaders at every level of the hierarchy. There is no instance where an army was managed effectively in war without strong leadership. Armies are led during wars – not merely managed.

Two different functions, namely, coping with complexity, and coping with change, determine the range of the managerial and leadership activities. Both involve creating networks of people, building relationships with them, and ensuring that a job is done according to the set agenda. But the tasks are accomplished in different ways.

1.3.1 Leadership is about Influence

Leadership is the ability to influence the subordinates and peers at the workplace to do the work given by the leader willingly. It is very important that an organization considers its environment before beginning the marketing process. In fact, environmental analysis should be continuous and feed all aspects of planning. The organization's marketing environment is made up from:

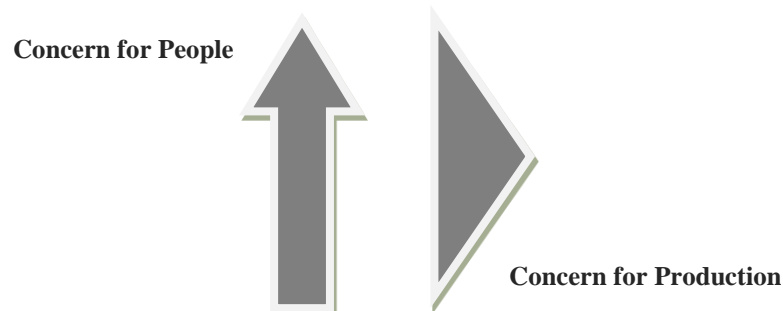
1. The internal environment
2. The micro-environment
3. The macro-environment e.g. Political (and legal) forces, economic forces, socio-cultural forces, and technological forces. These are known as PEST factors.

Influence is the critical element and plays the most decisive role in leadership. Leadership is also about change. Leaders change the organizational structure, the processes and the behavior of the people so that the organization can capitalize on the new opportunities and achieve the organizational objectives.

In order to be effective, the leader needs to possess certain traits or characteristics like effective communication, clarity of thinking and ability to persuade the subordinates to see the “Big Picture” and motivate the employees to perform tasks to enable the organization to achieve its desired goals.

1.3.2 Two Dimensions of Leadership

The two dimensions of leadership are:



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An effective leader strikes the balance between the production and people. He does not lose sight of the organizational objective and at the same time ensures good interpersonal relationship with the employees who are motivated and encouraged to contribute to the organization's productivity.

1.3.3 Leadership Styles

Leadership styles vary from person to person and also depend on the environment and objectives. The different styles may be classified as given below.

Laissez-faire Leader:

He has minimal concern for production or people. He does not play a proactive role as a leader. He is uninvolved and has "leave them alone" attitude. He sees his role as a passer of information between people and the organization. He leaves the decision making process to others. Laissez-faire leadership style leaves decision making to the subordinates and gives them total autonomy. This style is generally followed at the highest levels of the organizations such as Directors / Board where people are highly skilled, experienced and trustworthy.

Autocratic Leader:

Highly task-oriented and has little or no concern for people. He lacks flexibility, is controlling and demanding. His focus is only on the tasks and often employees are forced to work under coercion and are demotivated. But sometimes the job requires the person to be autocratic. For example, a police at a traffic junction is autocratic because his job needs it. Similarly this style will prevail in the military during wars. Good or bad is largely dependent on the circumstances.

Benevolent Leader:

On the other hand, this type of leader is concerned with the issues of the people and strikes a balance between organizational imperatives and the interest of the employees. He is paternalistic and is a good motivator and possesses good people management skills. He ensures that people are happy and contribute willingly to the production in the organization.

Team Leader:

This type of leader is very proactive and considers himself as a member of the team. He balances production and people issues. He motivates people and achieves organizational goals through motivated employees. He builds a working team of employees and has a team approach and involves subordinates. He sees the organization as a vehicle for achieving goals and objectives that are mutually beneficial to the people and the organization.

Leadership and Management:

In management literature it is said that the manager is a copy; the leader is an original. All leaders are managers while all managers need not necessarily be

leaders. Yet there is a close link between the two and they go hand in hand and complement each other. Broadly the managers' job is to plan, organize and coordinate while the leader is one who has the vision and inspires and motivates others to achieve the mission.

Characteristics of a Manager: The following are the characteristics of a manager:

- The manager has a short-range view.
- The manager maintains equilibrium.
- The manager focuses on systems and structure.
- The manager relies on control.
- The manager asks how and when.
- The manager has his or her eye on the bottom line.
- The manager does things right.

Characteristics of a Leader: Given below are the characteristics of a leader:

- The leader has a long-range perspective.
- The leader develops the systems.
- The leader focuses on people.
- The leader inspires trust.
- The leader asks what and why.
- The leader's eye is on the horizon.
- The leader does the right thing.

The authority of the leader is based on power bases of the leader/manager that are discussed briefly.

Leader's Sources of Power

Coercive Power:

Coercive power refers to the ability of a manager to force an employee to comply with an order through the threat of punishment. Typically, such power leads to short-term compliance only but is dysfunctional in the long run. Theory X managers tend to use this type of power.

Legitimate Power:

Legitimate power is formal in nature and bestowed by the organization. In order to take decisions, the leader is to be vested with power by the organization and such power is based on the position he holds in the organization. In an organizational setting, employees comply with the orders of a manager who exercises legitimate power based on the hierarchical position he holds.

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Reward Power:

Reward power rests on the ability of a manager to give some kind of reward to employees. These rewards can range from monetary compensation to promotion and recognition to improved work output. Reward power often uses both monetary or other tangible compensation and non-monetary rewards like medical benefits and holiday travel for the family. Reward power can prove to be a strong motivator to employees.

Referent Power:

Referent power derives from employees' respect for a manager. They treat him as a role model. In referent power, the manager leads by example. This power is dependent on trust. The concept of empowerment is rooted strongly in referent power.

Expert Power:

Expert power rests on the belief of employees that an individual has a particularly high level of knowledge or specialized skill set. The leader is respected based on expertise of knowledge and skills and others learn from his expertise.

1.3.4 Leadership Provides a Direction for Change, while Management Deals with Planning and Budgeting

As leadership is concerned with coping with change, its primary function is to bring in organizational change that is consistent with changes in the environment. The leader has to set the direction for that change. Setting the direction for change is different from both short-term and long-term planning. Planning is a management process, which is deductive in nature and aimed at producing orderly results. But planning does not give rise to substantial change. Setting direction, in contrast, is a leader-driven process. It involves gathering a wide range of data, and looking for patterns, relationships and linkages that can explain the ever-changing environment. Direction-setting further involves creating a vision, and strategies in line with the vision. The vision and strategies give a direction to the business, and to the technology and culture it is going to adopt. A leader also sets the goals for the organization and articulates ways to achieve these goals.

As used here, the term 'vision' does not refer to some mysterious insight, something that rarely occurs to ordinary individuals. On the contrary, vision is the product of a tough, exhausting process of gathering and analyzing information. Hence, people who articulate visions are neither mystics nor magicians. Rather they are broad-based strategic thinkers who are ready to take risks.

Visions and strategies are not always brilliant or highly innovative. In fact, a majority of effective business visions are mundane in nature, and rely on ideas that are quite well known. Scandinavian Airlines System (SAS) provides one

example of such a vision. When it's the then CEO Jan Carizon set forth his vision of making SAS the best airline in the world in the 'frequent business traveler' category, he did not say anything that was not known to other players in the industry. Everyone in the industry knew that business travelers fly more often; pay higher fares; and offer the airline the possibility of high margins, steady business, and significant growth. But no one thought of putting these ideas to use. Only SAS did, and it succeeded.

The success of a vision does not always depend on its originality; rather, it depends on how well it serves the interests of the company's stakeholders – customers, stockholders, employees – and on how easily it can be converted into an effective competitive strategy.

Over managed and under-led companies often make the mistake of considering long-term planning as the cure for their lack of direction and inability to adapt to dynamic environments. Long-term planning is a time-consuming process, and when unexpected events occur, changes will have to be made to the plan. In today's business environment where unexpected events are a common occurrence, long-term plans tend to become burdens. This is the reason why many successful organizations now limit the time frame of their plans.

In a company without proper direction, planning is likely to be a waste of time and energy. In the absence of a vision or strategy to guide planning actions, the company will have no alternative but to prepare plans for every eventuality. Thus planning and contingency planning go on infinitely, draining organizational resources and diverting the company's attention from crucial activities.

Planning is effective only when it is used to complement direction-setting. An appropriate planning process can be a useful checkpoint for direction-setting. So too, proper direction-setting can provide a much-needed focus for planning activity. Proper direction-setting helps to differentiate between relevant and irrelevant planning.

1.3.5 Leadership Deals with Aligning People, while Management Deals with Organizing and Staffing

In modern organizations, employees are interdependent. They are linked to each other by their work, technology, hierarchy, and management systems. These linkages sometimes work against the process of change in an organization. Unless all the people involved move together in the same direction, desired changes will not take place. It is the leader who must provide this sense of direction to the people in his organization.

In order to implement their plans, managers organize their subordinates into human systems. This organizing helps to bring efficiency and precision into the implementation process, and involves several complex decisions – choosing the structure of jobs and reporting relationships, staffing the unit with the right

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individuals, training them, communicating the plans to the workforce, identifying people to whom authority can be delegated, delegating appropriate levels of authority, designing economic incentives to accomplish the plan, and creating systems that help monitor the implementation. Decisions taken in the context of organizing are similar to architectural decisions. Managers have to be careful about how to fit a decision in a particular context. Thus design is the prime consideration in organizing.

Aligning is different; more than design, communication matters in aligning. In organizing, a manager communicates only to his subordinates, whereas aligning usually involves communicating to a larger number of people. When a manager attempts to align the organization, the target population includes individuals at every level of the hierarchy from his bosses, peers, staff in other parts of the organization, suppliers, government officials, and even customers. Every person who plays a role in implementing the vision or strategies or who can obstruct the implementation has to be taken into consideration.

Communicating a vision of an alternative future is a challenging task and requires different skills from those required for organizing people to achieve short-term goals. The difference between organizing and aligning can be compared to the difference between the captain of a cricket team describing to his team the game plan for the next two or three games, and his explaining a new approach to the game to be followed for the entire season.

Even when people comprehend a leader's vision, it is not necessary that they will accept it and follow him. Understanding the vision is not the same as accepting, or sharing the vision. Hence, the leader has to build credibility i.e. he must make people believe him. A leader's credibility depends upon his past performance, the context in which the message is delivered, his reputation for integrity and trustworthiness, and consistency between his words and deeds.

Aligning also leads to empowerment, which is not always possible in organizing. Organizations often fail to adjust to change because most people in the organization are not empowered. Employees learn, often through painful experience, that their views and perceptions on changes within or outside the organization are usually ignored by their senior managers.

Alignment helps empower people in two ways:

- Communicating a clear sense of direction at all levels of the organization encourages lower-level employees to take initiatives without feeling vulnerable. Once the direction is clearly communicated, a supervisor cannot legitimately reprimand his subordinates for taking steps to move in the desired direction.
- As every stakeholder is aiming at the same target, there is less chance of conflict between the initiatives of different stakeholders.

1.3.6 Leadership Motivates People, while Management Controls and Solves Problems

As change is one of the functions of leadership, it is important for leaders to energize the participants in the change process, so as to enable them to cope with the obstacles to change. Motivation provides people the energy required to overcome obstacles.

Managers use control mechanisms to compare actual performance with the planned performance, and take corrective action to address deviations, if any. For example, in a well-managed factory, the quality targets will be set during the planning process. This will be followed by the process of organizing the set-up through which these targets can be achieved. Subsequently, the control process ensures that lapses in quality are identified immediately and corrected. While control is central to management, highly motivated behavior is not. Managerial processes are expected to be as 'fail-safe and risk-free' as possible. This requires that they should not be dependent on factors or capabilities that are unusual or hard to obtain. Thus managerial systems and structures are meant to ensure that normal people can complete routine jobs successfully by following the normal routes. Highly motivated or inspired behavior is hardly necessary in this system.

On the other hand, leadership necessarily involves motivating people because realizing a grand vision needs a high level of commitment and energy. And only a high level of motivation can ensure these.

A leader can motivate his people by satisfying their human needs: the need for achievement, a sense of belonging, recognition, self-esteem, a feeling of control over one's life, and living up to one's ideals.

Exhibit 1.1: Steve Jobs Leadership at Apple

Steve Jobs (Jobs) is the CEO of Apple Computers Inc. (Apple). The employees of Apple regard Jobs as a source of motivation and inspiration. Jobs emphasized constancy of aim and effort. An example of this was the leadership he provided to the team that developed the Macintosh Computer. The team was motivated to pursue their dream through grueling hours of work and against formidable odds. A reporter who interviewed the team once said, "The machine's development in the early 1980s was traumatic, joyful, grueling, lunatic, rewarding and ultimately the major event in the lives of almost everyone involved."

Jobs was reportedly an enigma to most of his colleagues and business acquaintances. He could be very sweet and seductive when wooing prospective employees or when finalizing deals with business partners.

Contd....

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He would praise and inspire his employees in many creative and imaginative ways. But, at times, he would also intimidate, berate, goad, belittle, and even humiliate them. Many thought he could be 'Good Steve' or 'Bad Steve', depending on the circumstances. When he was 'Bad Steve', he would not care about the damage to the egos of those he hurt, as long as he pushed them to work better.

This 'seduce and abandon' technique made people around him seek his acceptance and approval; and when he suddenly withheld it, they put in extra effort at work to win it back. Louise Kehoe, a *Financial Times* reporter who had covered Jobs for a long period, said "He does make you 'love' him, and then he turns around and slaps you in the face." It seemed to be unclear whether this unusual people management style was a conscious effort on Steve's part to make people work harder, or a matter of instinct. Conscious or instinctive, it seemed to have worked. A job was able to get his employees so motivated that they worked maniacally to achieve goals and develop technologies far beyond what they thought was possible.

Source: <http://schoolworkhelper.net/steve-jobs-biography-macintosh/> 2019

A leader can also motivate those working with him by articulating the organization's vision in terms of their own sense of self-worth and the values they consider important. When this is done, work becomes a means of self-expression, and deeply important to the people involved. An effective leader gets the people he works with involved in taking decisions on how the organization's vision should be realized. This involvement gives them a sense of control. He can also motivate them by encouraging and supporting their efforts in realizing the organizational vision by coaching and mentoring them, through feedback on their work, and through role-modeling. These approaches help people grow professionally and enhance their self-esteem, while also motivating them. Finally, the effective leader recognizes and rewards success to confirm a person's sense of accomplishment. This makes employees feel that they are part of an organization that takes care of them, and this contributes to a higher level of intrinsic motivation.

When the business environment is characterized by rapid change, stronger motivation is required in the organization, and the leader should work on raising and keeping motivation levels high. Many people in the organization are also required to assume leadership responsibilities. When more people begin to act as leaders, leadership gets spread across the whole organization. When employees assume leadership roles at various levels of the organization's hierarchy, coping with change becomes easier even in a complex business. However, there is a danger that with diffused leadership, organizational conflict may increase. Hence, a mechanism for coordination of actions is required.

While formal structures are normally used to coordinate managerial activities, strong networks of informal relationships are needed to effectively coordinate leadership activities and roles. Informal networks are often more effective in dealing with the kind of coordination required for non-routine activities and change. Such networks are based on trust, so accommodation and adaptation are easier. When there are conflicts between individuals, non-rule-based dialogue and mutual accommodation can lead to creation of compatible visions.

Though most organizations have informal networks of some sort or the other, these networks are often weak (some people are well connected while others are not) and fragmented (strong networks exist within departments but not across departments). For example, there may be strong networks within the production department and the R&D department, but not across the two departments. Networks across departments are desirable for supporting multiple leadership roles. Organizations should create or strengthen informal networks by creating an environment that promotes employee interaction. All major leadership initiatives should percolate through the networks.

Check Your Progress - 1

1. A vision is a product of
 - a. A measurable, realistic objective that an individual intends to achieve
 - b. A tough, exhausting process of gathering and analyzing information
 - c. An easy thought that does not synthesize information
 - d. A mysterious insight that occurred to an individual
 2. Which are the ways in which alignment helps empower people?
 - a. When communicating vision for an alternative future
 - b. When organizations do not change to adjust with people
 - c. When communicating with a clear sense of direction at all levels of the organization and reducing conflict among stakeholders who aim at the same target
 - d. When superiors communicate only to few important employees
 3. A leader motivates the people working with him/her by articulating the organization's vision in terms of their _____ and values that they consider are important.
 - a. Wealth
 - b. Culture
 - c. Motivation
 - d. Self-worth
-

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1.4 Evolution of Leadership Theories

There are many theories that have attempted to pinpoint the characteristics of effective leaders. Confusingly, not all these theories are in agreement with each other. There are three important theories that attempt to explain leadership – personality trait theories, behavior theories, and contingency theories. According to trait theories, leaders possess some personality traits that non-leaders do not possess at all, or possess only to a small extent. The behavioral theories explain the behavioral characteristics of leaders.

Though both the trait and behavior theories attempted to explain leadership in simple terms, they have been severely criticized for their unsupported and oversimplified assumptions regarding the concept of leadership. Further research on leadership led to the development of contingency theories. These theories tried to overcome the inadequacies of the trait and behavior theories.

The three important theories of leadership are described below:

1.4.1 Trait Theories

Early research into leadership concentrated on the traits of leaders. It was believed that there was something unique about an individual that enabled him to emerge as a leader. Early researchers studied the personality characteristics that made a person a leader and concluded that leaders are born, not made. For example, famous personalities in history like Alexander and Napoleon were natural leaders and would have become leaders even if the situations they faced had been different. These trait theories also suggested that leaders possess some personality traits that are unique and essential for effective leadership.

There are some trait theories, however, which contradict this idea. One such trait theory is the “great person” theory of leadership. According to this theory, leadership traits can be acquired with training and experience. They may not be inborn. Unlike the earlier view that leaders are born, the “great person theory” led to a more pragmatic approach to leadership because it stated that leaders might not be born with the desired traits. The theory reflected the influence of behavioral psychologists, who believed that leadership traits could be acquired through learning and experience.

Research has not thrown up any definite answers to whether there are universal traits to be found in all leaders. The only trait that all leaders seemed to possess was above average intelligence. Identifying the physical traits associated with leadership has been given up as quite an irrational exercise. No links have been found between physical traits such as height and strength, and leadership. Many followers are taller, stronger and more intelligent than their leaders.

Today, researchers look more for the combination of characteristics that leaders are seen to possess. For instance, some researchers who have studied the emotional intelligence of leaders suggest that empathy, graciousness, optimism, and ability to read non-verbal cues in a social situation are important

characteristics of successful leaders. Some general characteristics found in leaders are ambition, high levels of energy, desire to lead, honesty, integrity, self-confidence, intelligence, and job-relevant knowledge.

However, the trait approaches only provide descriptions of leaders; they have little analytical or predictive value. Though some researchers still embrace the trait approach to leadership, their emphasis has shifted from personality traits to job-related skills.

1.4.2 Behavioral Theories

Since no clear relationship was established between the possession of certain traits and effective leadership, researchers turned their attention to the study of the behavior of successful leaders. They attempted to identify the kind of behavior that was unique to leaders, and which distinguished them from non-leaders. Establishing a link between behavior and leadership is also difficult, however, since there is a variety of leadership styles, and certain types of behavior are not always associated with leadership, and vice versa.

We look at four important behavioral theories – the Ohio State Studies, the University of Michigan Studies, the Managerial Grid, and the Scandinavian Studies – that have sought to identify the behavior of leaders. All the four studies sought to identify the specific behaviors exhibited by effective leaders. These studies are briefly discussed in the following section:

The Ohio State Studies

In 1945, researchers from different disciplines – psychology, sociology, and economics – carried out some studies on leadership at Ohio State University. They used a questionnaire specially developed for the purpose, called the Leader Behavior Description Questionnaire, to analyze the differences in the behavior of leaders across various groups (e.g. supervisors on the shop floor, teachers, college administrators, students, and Air Force commanders) and situations. They wanted to identify the different independent dimensions along which an individual's leadership behavior could be studied. Initially, they defined about a thousand dimensions, which were later consolidated into two dimensions – initiating structure and consideration.

- **Initiating Structure:** This refers to an individual's ability to define his own as well as the subordinates' tasks and get these tasks accomplished on time. The people who score high on this dimension will put pressure on their subordinates to meet deadlines and maintain certain standards of performance.
- **Consideration:** This refers to the extent to which a leader cares for his subordinates, respects their ideas and feelings and establishes work relations which are characterized by mutual trust and respect. Individuals who score high on this dimension are open and friendly with subordinates, help them solve both personal and work-related problems, and treat all the subordinates as equals at the workplace.

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The studies revealed that people who scored high on both the dimensions – initiating structure and consideration – were able to achieve higher levels of performance as well as job satisfaction compared to those who scored low on either one, or both the dimensions. Leaders high on initiating structure but low on consideration faced problems like high absenteeism, high turnover, and more employee grievances. On the other hand, leaders high on consideration but low on initiating structure faced problems such as poor performance and negative performance ratings and warnings from their superiors.

Consequently, the researchers concluded that a “high initiating structure – high consideration” type of leadership yielded the best results. However, they also found some exceptional situations in which this kind of leadership was not successful.

University of Michigan Studies

Research along lines similar to the Ohio State Studies was carried out at the Survey Research Center at the University of Michigan during the same period. As a part of this study, twelve high-low productivity pairs of sections were selected and kept under observation at the Prudential Insurance Company. Each pair consisted of one high producing section and another low producing section with all other factors such as type of work, working conditions, and work methods remaining the same. During the course of the study, the researchers interviewed 24 supervisors and more than 400 workers.

The findings of the study were similar to conclusions of the Ohio State Studies. Here too, the researchers found that leadership behaviors could be categorized along two dimensions: employee-oriented and production-oriented.

The employee-oriented dimension is the dimension which emphasizes interpersonal relations. Leaders who score high on this dimension take a personal interest in their subordinates’ needs and accept individual differences among members. It was observed that the more productive groups had employee-oriented supervisors.

Leaders who score high on the production-oriented dimension are more concerned with tasks and goals. They consider employees to be the means to achieve goals and pay little or no attention to any problems the employees may face. For them, employees are no different from machines. It was found that such a leadership style resulted in lower motivation levels among employees and lower productivity. Groups which exhibited low productivity tended to have production-oriented supervisors.

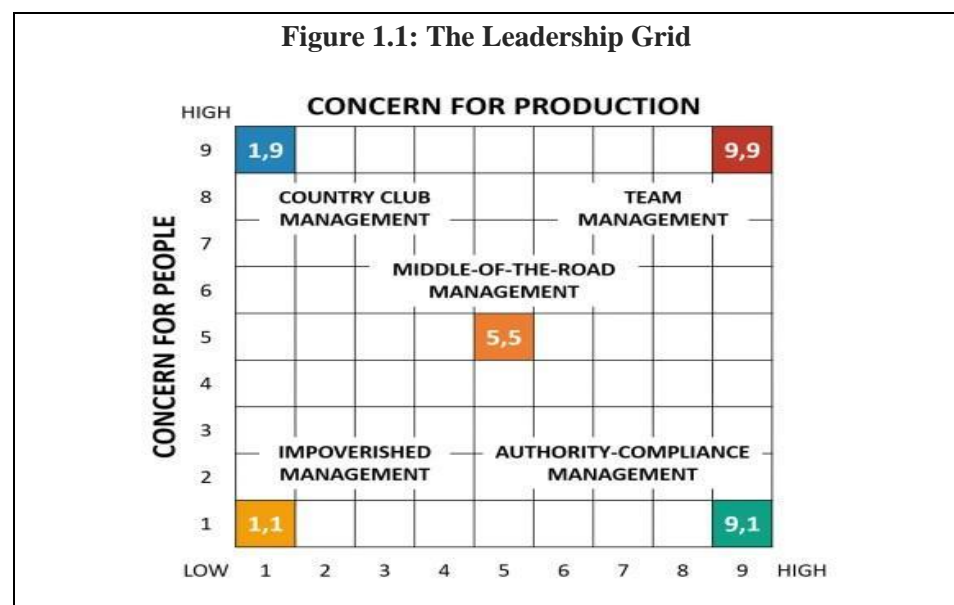
The researchers, therefore, concluded that employee-oriented leaders achieve higher job satisfaction and higher group productivity. Production-oriented leaders achieve lower job satisfaction and group productivity.

The Managerial Grid

Blake and Mouton developed a two-dimensional matrix model of leadership styles based on their own research and the results of the earlier Ohio Studies and Michigan Studies. The model consists of nine rows and columns. The rows represent the leader's concern for production, while the columns represent the concern for people. With nine possible positions on each side, leaders can be located at any one of a total of 81 positions on this grid. Blake and Mouton found five intersection points in this model – 1,9; 1,1; 9,1; 5,5; and 9,9. These intersection points are shown in Figure 1.1. People whose behavior falls into the 1,1 cell on the grid, follow the impoverished style of leadership, and exhibit low concern for people and for production. Hence, they often fail as leaders. People who follow the 1,9 style of leadership have high concern for people but low concern for production. This is referred to as the country club style of leadership. People who exhibit the 9,1 style of leadership have high concern for production and low concern for people. This is referred to as the authoritarian style of leadership. People whose leadership style fall into the 9,9 cell show high concern for both people and production. This position on the grid is referred to as the team management style of leadership.

Blake and Mouton suggested that managers who practice a 9,9 (team management) style of leadership are more effective compared to the 9,1 (authoritarian) style, or the 1,9 (country club) style. Leaders whose behavior falls into the 5,5 style are also considered to be fairly effective.

One criticism of this model is that it provides a framework for conceptualizing leadership styles but fails to reveal any new facts or establish any new relationships which could clarify the conflicting views on leadership Figure 1.1.



Source: <https://www.business-to-you.com/blake-mouton-managerial-grid/>, 2020

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Scandinavian Studies

The three behavioral theories discussed above were developed between 1945 and 1965. This was a period characterized by relative economic and business stability. However, these theories are of limited value today, as they do not consider the dynamic, or even chaotic, environments in which modern organizations operate. Finnish and Swedish researchers revised the earlier studies in the context of modern businesses. Their main purpose was to verify whether the existing two dimensions could explain leadership fully or whether more dimensions needed to be added to factor in the realities of today's business environment.

On the basis of their research they decided to introduce a new dimension called development-oriented behavior. According to the researchers, development-oriented leaders experiment with new ideas and practices and embrace change. The Ohio State Studies had recognized aspects like 'coming up with new ways of doing things' and 'encouraging members to start new activities,' but had not given them much importance. But in today's fast changing world, the researchers believe that development-orientation is a significant aspect of effective leadership. The study also found that subordinates consider development-oriented leaders to be more competent than non-development oriented leaders. The subordinates of development-oriented leaders also showed higher levels of job satisfaction.

The four theories discussed above attempted to explain leadership in terms of behavior. They succeeded to some extent in identifying the relationships between the behavior of leaders and the performance of their subordinates. However, these theories did not take into account one important aspect of leadership, i.e., the situational factors which have a great impact on the success or failure of leaders. When the context or situation in which leadership is exhibited changes, leaders should be capable of adapting their behaviors to meet the demands of the changed situation, in order to be effective.

Check Your Progress - 2

4. Leaders scoring high on production-oriented dimension focus on achieving
 - a. Tasks and goals
 - b. Inter-personal relations
 - c. Job satisfaction of employees
 - d. Both people and production
 5. Productivity is high under which of the following category of leadership dimension?
 - a. Production-oriented leadership
 - b. Employee-oriented leadership
 - c. Two-dimensional matrix model of leadership
 - d. Level 5 Leadership
-

1.4.3 Contingency Approaches to Leadership

Although the behavioral approaches state that a positive, participative, and considerate style of leadership is the most effective, there is evidence that such a style may not be successful in some situations. This implies that there is no one style of leadership that is appropriate for all situations. Contingency theories of leadership postulate that leaders have to change their style depending on the situation they face. The theories also suggest that a leader should analyze the nature of the situation carefully before deciding on the style of leadership to be adopted. Some contingency models are discussed below.

Fiedler's Contingency Model

One of the earliest models of contingency leadership was developed by Fred Fiedler and his associates. Their model was an extension of some of the existing theories relating to task and employee orientation. According to this model, leadership requirements depend on the situation facing the leader; and the choice of the most appropriate style of leadership depends on whether the overall situation is favorable or unfavorable to the leader. The favorability or unfavorability of a particular situation to a leader is analyzed on the basis of the following parameters:

Leader-member Relationships

This indicates the extent to which a leader is accepted by his subordinates. If there is friction between the leader and a majority of his subordinates, then he scores low on this dimension.

Degree of Task Structure

This refers to the degree to which the task on hand can be performed efficiently by following a particular method.

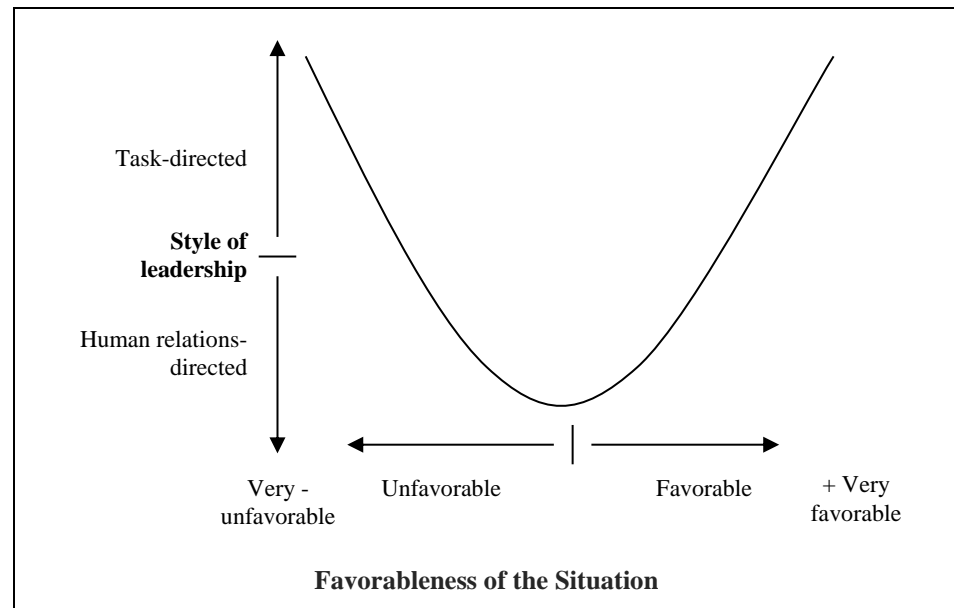
The Leader's Position

This is the power or formal authority that is bestowed on the leader within the organization. For instance, a leader has more power if he is in a position to decide the rewards and incentives for his followers.

A situation is considered to be favorable to the leader if the scores on all the three dimensions are high. Fiedler proposed that a task-oriented, tough leadership style is most effective in highly favorable or highly unfavorable situations and a people-oriented, more lenient leadership style is most appropriate in moderately favorable or unfavorable situations. Figure 1.2 illustrates the model's findings.

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Figure 1.2: Fiedler's Contingency Model of Leadership



Source: Fred Luthans, Brett C. Luthans, Kyle W. Luthans, *Organizational Behavior- An Evidence based Approach*, 14th edition, Information Age Publishing 2020

Fiedler's model suggests that managers must examine the situation in which they operate in terms of people, task, and organization, and adapt their style of leadership to suit the situation. If this is not possible, they must attempt to change the elements of the job to suit their style.

Hersey and Blanchard's Situational Theory

According to the situational leadership or 'Life-cycle' model developed by Hersey and Blanchard, the maturity level of the subordinate plays a major role in influencing the leadership style of the superior. The ability of an employee to carry out a particular task and the extent to which he is motivated to perform the task constitute the maturity of an individual. If the manager gives appropriate guidance to an employee, the employee is likely to develop the necessary job-related abilities in a short time. However, all employees will not have the same level of *competence* and *commitment* to the assigned tasks. Therefore, leaders have to adopt different leadership styles to deal with different subordinates.

According to Hersey and Blanchard, leadership styles can be categorized into four types – *telling*, *selling*, *participating*, and *delegating* – which vary in the nature and extent of guidance and support offered by the superior to his subordinate. The leadership style selected by an effective manager depends on the development level of the employee. If an employee is low in his ability to perform as well as his willingness to perform, the manager needs to adopt the telling style, i.e., he must constantly give directions to the employee. If an employee is high in ability but low in willingness to perform, the manager has to use the selling style of leadership. He has to give directions as well as the required support to the

employee to perform the task. If an employee is capable of performing but not willing to perform the task, the manager has to apply participating style of leadership. He has to give less direction and more responsibilities but extend support to the employee in carrying out his responsibilities. If an employee is capable, and is also willing to carry out the task, then the manager can simply delegate the tasks and responsibilities to the employee. The employee does not need detailed instructions and extensive support to accomplish the tasks.

The strength of the Hersey-Blanchard model lies in its simplicity and intuitive appeal. Moreover, the model emphasizes the subordinate's capabilities and willingness to undertake a specific task. This is an important contingency factor which was ignored by earlier researchers. However, the model does not take into account several other critical factors (such as the leader's attitude) that determine leadership behavior. Therefore, it is not widely accepted among researchers.

Leader-Member Exchange Theory

Most of the traditional theories of leadership (although not the Hershey-Blanchard model) assume that leaders treat all subordinates alike. But George Green & Mitchell observed, in 1979, that leaders often act very differently towards different subordinates. This observation led to the development of the Leader-Member Exchange (LMX) theory of leadership.

According to the LMX theory, leaders establish a special relationship with a small group of subordinates, usually early in their interaction. This usually happens because time constraints make it difficult for the leader to interact with all the subordinates. This small group of subordinates is referred to as the in-group, while the rest are referred to as the out-group. The leaders trust the subordinates who belong to the in-group, give them more attention, interact with them frequently and offer them special privileges. The subordinates in the out-group get less of the leader's time and attention. Also, the interactions between the leader and the out-group are less frequent and are purely formal.

Although the theory does not explain the basis on which a leader chooses his in-group members, research has indicated that generally, leaders favor the people who have attitudes and personality characteristics that are similar to their own, and select such people as in-group members. The other factors that form the basis of selection into the in-group include a higher level of competence (than out-group members) and extroversion. The LMX theory suggests that the in-group people receive high performance ratings and thus obtain rewards and promotions quickly. As a result, there is greater satisfaction with the leader and lower turnover among in-group members when compared to out-group members. Further research in this area has supported the LMX theory by proving that leaders do differentiate among subordinates, not randomly but on the basis of their competence and performance.

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Leadership-participation Model

In 1973, Victor Vroom of Yale University and Philip Yetton of the Australian Graduate School of Management conducted extensive research on leadership behavior to establish the relationship between leadership behavior and style of decision making. Leaders have to carry out different types of activities – routine and non-routine. Therefore, they have to adjust their behavior depending on the situation. The leadership-participation model proposed by Vroom and Yetton is normative in that it provides a sequential set of rules that can be followed for ascertaining the type and amount of participation required in decision-making in different situations. Initially, the model consisted of a decision tree with seven contingencies and five alternative leadership styles. Later Vroom worked with another academician, Arthur Jago and came up with a revised model. The new model had twelve contingencies instead of seven as in the original model. The contingencies are also called problem attributes.

Problem Attributes

According to the model, the leader should assess a situation in terms of its problem attributes. The twelve problem attributes can be broadly categorized into two classes – decision-quality and employee-acceptance. Decision-quality dimensions include cost considerations, information availability, and nature of problem structure (structured or unstructured). Employee-acceptance problems can have dimensions like the need for commitment, congruence of employee goals with those of the organization, and conflict among the employees. Other factors considered in the model are level of subordinate information, time constraints, geographical distance between subordinates, leader's motivation to conserve time, and, finally, the leader's motivation to develop subordinates. Even complex and apparently unique problems can be identified and categorized into known classes, if the problems are analyzed using the above format.

Leadership Styles

Once the leader identifies the nature of the problem, he can adopt one of the following five styles of leadership:

- a. **Autocratic I (A-I)** – Using the information available, the leader takes a decision on his own.
- b. **Autocratic II (A-II)** – The leader obtains relevant information from subordinates and then attempts to find the solution to the problem. However, he does not reveal the problem or seek the advice of subordinates in finding a solution or making a decision.
- c. **Consultative I (C-I)** – The leader explains the problem to concerned subordinates individually and invites their ideas and suggestions to solve the problem. However, he takes the final decision.

- d. **Consultative II (C-II)** – The leader meets a group of subordinates, discusses the problem with them and listens to their ideas and suggestions. Later, he may take a decision that may or may not be in accordance with his subordinates' suggestions.
- e. **Group II (G-II)** – After sharing the problem with the subordinates, the leader initiates a group discussion on alternative solutions, and moderates the discussion till the group reaches a consensus on the solution to be adopted. In this case, the leader accepts the solution offered by his subordinates.

Activity 1.1

XYZ Furnitures Ltd. is a UK-based furniture company. The company is known for its innovative concepts of designing a home. The company is very successful though it premiumly priced its products. Of late the company noticed that many competitors were coming out with similar concepts. This led to a decline in its sales. The manager of the company Adrian called its staff members for a meeting. After discussing the problem with them, he asked his staff members to suggest suitable ideas so that the company can regain its sales. The employees suggested the manager to design concept stores where the furniture would be displayed like in a home so that he consumers could feel how the furniture would look in their home. The manager immediately took the idea and designed its stores. This generated interests among consumers and also helped the company arrest the decline in its sales. Identify the leadership style adopted by the manager. Also discuss other leadership styles.

Answer:

The leader-participation model is based on three important assumptions which may not always be fulfilled. These are: 1) Leaders can classify problems precisely by following the decision tree format; 2) Leaders have the willingness and the capability to adapt their styles to suit the situation; and 3) Employees accept the leader's classification of the situation and the changes in his leadership style from situation to situation. If the above assumptions hold true, then the model is effective as a tool for selecting a leadership style appropriate to the situation.

Path-goal Theory

The path-goal theory is a contingency model of leadership developed by Robert House. It borrows some important elements from the Ohio State Studies and the expectancy theory of motivation. According to the path-goal theory, the leader should provide required support and guidance to his followers and help them achieve organizational goals. He should also establish individual (or group) goals

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for employees that are compatible with the broad organizational goals. Thus, the leader defines the path to achieve goals; he also removes any obstructions that come in the way of employees achieving these goals.

Further, according to the path-goal theory, the behavior of a leader is acceptable to subordinates as long as:

- i. The subordinates find that the satisfaction of their needs (such as promotion and rewards) depends on their effective performance, and
- ii. They are provided with the guidance, support and rewards that are needed for effective performance.

Under the path-goal theory, House suggested four types of leadership:

- a. **Directive leadership:** The leader tells his subordinates clearly what is expected from them, gives them work schedules and instructs them on 'how' to do the task. This is similar to the initiating structure defined in the Ohio State Studies.
- b. **Supportive leadership:** The leader attempts to address the needs and problems of his subordinates. This is similar to the consideration dimension identified in the Ohio States Studies.
- c. **Participative leadership:** The leader discusses problems with subordinates and seeks their suggestions before making a decision.
- d. **Achievement-oriented leadership:** The leader attempts to develop his subordinates by giving them challenging tasks and higher responsibilities, and encouraging them to perform at their best.

As opposed to Fiedler's view that a particular leader consistently exhibits a particular behavior, which does not change over time or with the situation, House assumes that a leader behaves in a flexible manner. He suggests that a leader can exhibit any of the above types of behaviors, based on the situation at hand.

The path-goal theory suggests that the leader's behavior depends on two contingency variables – environmental factors (like the formal authority system or the nature of task), and personal characteristics of the subordinates (experience, capabilities and locus of control). Job satisfaction and employee performance are likely to be influenced positively when the leader compensates for what is lacking in the work-environment or in the employee. The theory also proposes that the leader's behavior will be ineffective if it is not consistent with the environment and subordinate's characteristics. For example, directive leadership, if used with highly capable or highly experienced subordinates, may prove to be counter-productive and lead to employee dissatisfaction.

Subsequent research in the area has provided empirical support for the path-goal theory. However, the acceptance and applicability of the theory could be improved by carrying out further research and incorporating more contingency variables.

Activity 1.2

ABC Media Ltd. is a US-based media company. The company was a leader in the market. However the company noticed that several players were copying its business model and the increasing competition had triggered many clients to look out for cheaper options. The manager of the company, James decided to revive the company and make up for its losses. He had a meeting with his subordinates and decided to include several other tasks such as search engine optimization, etc. This made the work even more challenging for the employees. The manager motivated the employees to perform these challenging tasks and achieved the desired results. Which path goal leadership style was adopted by James? Do you think this style would help the company regain its market leadership position? Why (not)? Suggest and discuss other style that would help the company in this situation.

Answer:

Check Your Progress - 3

6. In Fiedler's contingency model, which one of them is not the parameter to be analyzed to assess the favorability or un-favorability of the situation?
 - a. Leader being accepted by the subordinates
 - b. Degree to which a task can be performed efficiently in a specific method
 - c. Assessing the maturity level of the subordinate
 - d. Power or formal authority bestowed on the leader by the organization
7. 'Life-cycle' model developed by Hersey and Blanchard includes four types of leadership styles. Identify which one of them is a part of this model.
 - a. Lenient leadership style
 - b. Autocratic leadership style
 - c. Laissez Faire leadership style
 - d. Participating leadership style
8. For an employee _____ but _____ the manager uses selling style of leadership.
 - a. High in ability; high in willingness to perform
 - b. Low in ability; high in willingness to perform

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- c. High in ability; low in willingness to perform
 - d. Low in ability; low in willingness to perform
9. What does LMX stand for?
- a. Leader-Member Exchange
 - b. Lender-Money Extract
 - c. Leader-Mentor Exchange
 - d. Leader-Motivation Expert
10. An Autocratic II (A-II) leader is
- a. One who obtains relevant information from subordinates and then attempts to find a solution to the problem
 - b. One who makes a decision on his own without the involvement of the subordinates
 - c. One who shares the problem with the subordinates and seeks alternative solution from them
 - d. None of the above
11. Which of the following is the contingency variable on which leadership behavior depends on?
- a. Job satisfaction
 - b. Personal remuneration
 - c. Environmental factors
 - d. All of the above
-

1.5 Attributes of Effective Leaders

Effective leaders employ different ways to direct a team, a division, or a company. Some maintain a low profile but are analytical; some are charismatic and intuitive. There is no single leadership style that is effective in all situations. The effectiveness of a leadership style is situation-specific. For example, mergers are more successful when a sensitive negotiator is involved in the process, whereas turnarounds are successful when a forceful personality is at the helm. But one thing that is common to all effective leaders is that they have a high degree of emotional intelligence. According to Goleman, emotional intelligence is indispensable for leadership. The components of emotional intelligence are self-awareness, self-regulation, motivation, empathy, and social skill. Effective leaders understand their own as well as others' emotional make-up well, and use this understanding to accomplish the company's objectives. Exhibit 1.2 provides the characteristics of effective leaders.

Exhibit 1.2: Attributes of Effective Leaders

Leadership is the ability of an individual to direct individuals, groups/teams or organizations towards achieving the objectives or goals of an organization. Leadership facilitates in enhancing efficiency and accomplishing strategic goals.

Apart from directing, guiding and inspiring individuals, effective leaders demonstrate confidence, commitment and passion. These skills are attained through practice and with time. There are eight such characteristics of an effective leader that help in promoting the strengths of employees and developing committed teams that achieve organizational goals. They are:

1. **Articulate vision:** An effective leader can clearly articulate vision. He makes sure that his team has the knowledge of where to go and how to go and understand the importance of their contributions in achieving higher level goals.
2. **Demonstrate behaviour:** An effective leader leads by example. He sets standards for himself and demonstrates the behaviour that he is expecting from his team or followers.
3. **Strong sense of character:** Leaders keep up their promises, behave honestly and communicate openly. These actions create trust, confidence and loyalty and respect from their employees.
4. **Communicate to inspire:** Effective leaders communicate openly, briefly and tactfully. They know what to communicate and how to motivate and invigorate their employees.
5. **Take tough decisions:** Effective leaders are good at taking fast and tough decisions. They stick to their decisions, take responsibility whatsoever may be the consequences. This character helps in seeking respect from the individuals or teams.
6. **Celebrate achievements:** Effective leaders recognize achievements and celebrate small achievements to boost employee morale and keep teams inspired and going.
7. **Empower teams:** Effective leaders empower their teams so that they feel the sense of ownership and responsibility and trust that they are doing a meaningful job.
8. **Motivate:** Effective leaders lead and energize their teams to achieve the organizational goals with enthusiasm and passion. Leaders invest time in their employees and develop their strengths.

Source: <https://www.michaelpage.co.in/advice/management-advice/leadership/8-must-have-qualities-effective-leader>, 06/04/2021

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1.5.1 Self-awareness

Leaders are said to possess self-awareness, when they have a deep understanding of their emotions, strengths, weaknesses, needs, and drives. Leaders with strong self-awareness are neither overly critical of their subordinates, nor unrealistically hopeful in their expectations. They are honest with themselves and with others.

Leaders with high self-awareness understand how their feelings affect themselves and others, and also their performance on the job. For example, when stiff deadlines tend to bring out the worst in the leader, advance planning and anticipation can help reduce the tension associated with the situation.

Highly self-aware leaders understand their values and goals clearly. They are sure of what they are doing and where they are heading. For example, a self-aware leader does not take decisions that result in financial gain at the cost of principles or long-term goals. The decisions of highly self-aware leaders gel with their values. As a result, they often find work enjoyable and energizing.

Self-aware leaders are able to assess themselves realistically. They admit their failures, are comfortable talking about their strengths and weaknesses, and appreciate constructive criticism. They are self-confident and yet willing to take help when necessary. They do not overstretch themselves on assignments but are eager to take calculated risks.

1.5.2 Self-regulation

Self-regulation frees people from being prisoners of their own feelings. It helps them control bad moods and emotional impulses, and even redirect them to achieve a purpose.

Self-regulation is an important characteristic of effective leaders. Effective leaders can control their feelings and impulses and create an environment of trust and fairness. Such an environment facilitates focusing all energies on achieving the desired objectives rather than on politics and infighting. Talented people prefer to join, and stay on at, such organizations.

Self-regulation is important for other reasons as well. Change and ambiguity are critical factors that influence the performance of an organization in today's business environment. Companies merge and demerge from time to time. Rapid transformations in the work environment take place with the introduction of new technologies. In a constantly changing environment, employees are often disturbed in their routines, and the external changes may cause internal turmoil too. Leaders who have greater emotional stability are better placed to cope with changes in the work environment.

According to Goleman, self-regulation enhances integrity, a personal virtue which is an organizational strength as well. Most unethical incidents that occur in organizations arise from impulsive behavior. In most cases, people do not plan to exaggerate results, or use power for selfish purposes. However, when they come

across an opportunity, they surrender to their baser impulses as they lack self-control. Effective leaders are capable of a high degree of self-regulation, and do not allow themselves to act on impulse.

1.5.3 Motivation

One attribute that is shared by all effective leaders is motivation. Effective leaders are not motivated by external factors such as fat salaries. They are motivated by a missionary zeal to achieve for the sake of achievement. They seek creative challenges, have a passion for learning, and take pride in a job well done. They display remarkable patience in improving on past performance. Effective leaders are highly energetic and are often restless. They question the existing ways of doing things, and are intent on exploring new ways to work.

1.5.4 Empathy

Empathy is the most visible trait of an effective leader. Empathy does not mean adopting others' emotions as one's own. Nor is it attempting to please everyone. Empathy means thoughtfully considering employees' feelings – along with other factors in the process of making intelligent decisions.

Goleman gives the following example to illustrate empathy in action. After the merger of two brokerage firms there were going to be redundancies in all the divisions. When the manager of one of the divisions addressed his group, he gave a gloomy speech that focused mostly on the number of people who were going to be fired. In contrast, the manager of another division was upfront about his worry and confusion. He promised that he would keep his people informed no matter what decision was taken. He also assured them that he would see to it that all of them got fair treatment.

The difference between these two leaders lies in their levels of empathy. The first leader focused on the problem from his own point of view – the problem for him was the number of employees in the division. The second leader understood the feelings of the employees and acknowledged their fears. The importance of empathy is more obvious as we look at what happened later. In the first manager's division, most of the talented people left, whereas in the second division, the manager continued to be a strong leader. The talented people stayed back, and the division continued to be productive.

Empathy is an important component of leadership today for the following reasons:

- **Increased use of teams:** Reaching consensus in a team is always a challenge. It becomes even more challenging as the size of the team goes up. It's quite common even in groups of four or five members, for some members to form alliances and set their own agendas. Thus, a team leader must understand such behavior and appreciate the views of all the team members.

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- **Rapid pace of globalization:** Cross-cultural dialogue can result in misunderstandings. Empathy can bridge the gap between different cultures. Leaders with empathy can read the body language behind the words spoken. They appreciate the existence and importance of cultural and ethnic differences, and this helps them communicate with individuals without allowing the differences to act as barriers.
- **Growing need to retain talent:** Empathy can help in retaining talent in an information-based economy. Leaders have always used empathy to retain good people, but this has become even more important today. Coaching and mentoring can decrease turnover, while raising performance levels and job satisfaction. The most beneficial aspect of coaching and mentoring is the nature of relationship itself. Empathetic leaders know how to give effective feedback, when to push for better performance, and when to hold back criticism or praise.

1.5.5 Social Skills

Social skills are often assumed to be simply the ability to make friends. However, social skills involve much more than that. In the context of business leadership, social skills refer to a capacity for friendliness with a purpose, namely, moving people in the desired direction.

Socially skilled people have a wide circle of acquaintances. They are extremely good at establishing common ground with all kinds of people. This ability helps them in building rapport quickly. They believe that nothing important gets done alone.

The characteristics of effective leaders complement and reinforce each other. As mentioned earlier, effective leaders are good at self-regulation: they understand and control their emotions. Their self-regulation helps them in building and managing relationships. Their high level of motivation also helps them in displaying their superior social skills. Motivated people are optimistic even when they face setbacks and failures. They are upbeat in their conversations and social encounters. This too helps them in building relationships.

Socially skilled people are adept at managing teams. Their persuasive skills, complemented by self-awareness, self-regulation, and empathy, make this possible. They know when to make an emotional plea and when to appeal to reason.

Check Your Progress - 4

12. According to Goleman, the following is not a component of emotional intelligence.
- a. Self-awareness
 - b. Motivation
 - c. Sympathy
 - d. Empathy

13. Empathy for a leader is essential for the following reasons:
 - a. To gain popularity among employees
 - b. To retain talent in information-based economy
 - c. To grab promotion
 - d. All of the above
 14. The persuasion skills of socially-skilled leaders are complemented by
 - a. Self-awareness
 - b. Self-regulation
 - c. Empathy
 - d. All of the above
 15. In the context of business leadership, social skills refer to:
 - a. A capacity for friendliness with a purpose, namely, moving people in the desired direction
 - b. Befriending people for selfish motives
 - c. Moving around in social circles for business expansion
 - d. Motivating the subordinates
-

1.6 Summary

- Leadership and management are essential, distinctive, and complementary systems of action.
- Three types of theories have been formulated on the basis of research into leadership. They are the trait, behavioral, and contingency theories.
- According to the trait theories, some traits such as extroversion, aggressiveness, self-confidence, honesty and integrity, and intelligence differentiate leaders from non-leaders.
- According to the behavioral school, successful leadership depends more on appropriate behavior and skills, and less on personality traits. Four different behavioral theories – the Ohio State Studies, the University of Michigan Studies, the Managerial Grid, and the Scandinavian Studies – sought to identify the different behaviors adopted by leaders.
- The contingency theories deal with the situational aspects of leadership styles. Some of the well-known contingency theories are Fiedler's contingency model, Hersey and Blanchard's situational theory, the Leader-Member exchange theory, the Leader-Participation model, and the Path-Goal theory.
- Effective leaders are characterized by attributes like self-awareness, self-regulation, motivation, empathy, and social skills. These leaders understand their own emotional make-up as well as that of the others with whom they work, and use this understanding to accomplish the company's objectives.

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1.7 Glossary

Autocratic I (A-I) – In this leadership style, using the information available, the leader takes a decision on his own.

Autocratic II (A-II) – In this leadership style, the leader obtains relevant information from subordinates and then attempts to find the solution to the problem.

Consultative I (C-I) – In this leadership style, the leader explains the problem to concerned subordinates individually and invites their ideas and suggestions to solve the problem.

Consultative II (C-II) – In this leadership style, the leader meets a group of subordinates, discusses the problem with them, and listens to their ideas and suggestions.

Group II (G-II) – In this leadership style, after sharing the problem with the subordinates, the leader initiates a group discussion on alternative solutions, and moderates the discussion till the group reaches a consensus on the solution to be adopted.

1.8 Self-Assessment Exercises

1. Leadership and management are certainly different, but they are also essentially complementary. Explain the difference between leaderships and management.
2. Explain in brief the trait theories of leadership.
3. Briefly describe the behavioral theories of leadership.
4. Explain the different contingency theories of leadership.
5. Explain the various attributes of a successful and effective leader?

1.9 Suggested Readings/Reference Material

1. Afsaneh Nahavandi, The Art and Science of Leadership, Pearson, 7e, 2018
2. Arora H.N and Rajan Sinha, Alchemy of Change - Managing Transition through Value-based Leadership, SAGE Publications, 2020
3. Daphne Halkias, Joseph C. Santora, Nicholas Harkiolakis, Paul W. Thurman (Editors), Leadership and Change Management: A Cross-Cultural Perspective Hardcover, Routledge, 2017
4. Gary A Yukl, William L Gardner, Leadership in Organizations. 9th ed. Boston Pearson Education, Inc 2020
5. Gillian Watson, Stefanie C. Reissner, Developing Skills for Business Leadership 3rd Edition. London: Kogan Page, 2020
6. Nishant Uppal, Narcissus or Machiavelli? Learning Leading from Indian Prime Ministers, Routledge, 2021

7. Panduranga Bhatta C. and Pragyan Rath, The Art of Leading in a Borderless World, Bloomsbury Publishing, 2020
8. Peter G. Northouse Leadership: International Student Edition, Theory and Practice, 9th Edition Sage Publications Inc, 2021
9. Ratan Raina, Change Management and Organizational Development, Sage Publications, 2019
10. Ruchira Chaudhary, Coaching - The Secret Code to Uncommon Leadership, Penguin Random House India, 2021
11. Sajjad Nawaz Khan, Leadership and Followership in an Organizational Change Context, IGI Global, 2021

Additional Readings

1. <https://newsroom.ibm.com/Arvind-Krishna> 2021
2. <https://newsroom.ibm.com/Arvind-Krishna> 2021
3. <https://www.druckerforum.org/blog/parallel-plenaries-13-leadership-more-than-good-management-by-kathy-brewis/>

1.10 Answers to Check Your Progress Questions

1. (b) **A tough, exhausting process of gathering and analyzing information**

A vision is a product of a tough, exhausting process of gathering and analyzing information.

2. (c) **When communicating with a clear sense of direction at all levels of the organization and reducing conflict among stakeholders who aim at the same target**

Alignment helps empower people in two ways:

- Communicating a clear sense of direction at all levels of the organization encourages lower-level employees to take initiatives without feeling vulnerable. Once the direction is clearly communicated, a supervisor cannot legitimately reprimand his subordinates for taking steps to move in the desired direction.
- As every stakeholder is aiming at the same target, there is less chance of conflict between the initiatives of different stakeholders.

3. (d) **Self-worth**

An ideal leader motivates people to realize their self-worth and nurture values which ultimately fall in sync with the vision of the organization. The sense of self-worth drives an individual to perform at his/her best which in turn sums up to the growth of the organization.

4. (a) **Tasks and goals**

Leaders scoring high on production-oriented dimension focus on achieving tasks and goals

Block 1: The Mystique of Leadership

5. (b) Employee-oriented leadership

In this kind of a leadership, the leader is employee-friendly and scores high on understanding the needs and concerns of the employees, which results in high motivation employees ultimately leading to higher productivity.

6. (c) Assessing the maturity level of the subordinate

According to this model, leadership requirements depend on the situation facing the leader; and the choice of the most appropriate style of leadership depends on whether the overall situation is favorable or unfavorable to the leader. The favorability or un-favorability of a particular situation to a leader is analyzed on the basis of the following parameters – leader-member relationships, degree of task structure, and the leader's position. Hence option c is incorrect.

7. (d) Participating leadership style

This is one of the four types of leadership styles developed by Hersey and Blanchard in which the employee is capable of performing but not willing to perform the task. The other leadership styles include telling, selling, and delegating.

8. (c) High in ability; low in willingness to perform

If an employee is high in ability but low in willingness to perform, the manager has to use the selling style of leadership.

9. (a) Leader-Member Exchange

LMX stands for Leader-Member Exchange.

10. (a) One who obtains relevant information from subordinates and then finds a solution

An Autocratic (II) leader is one who obtains relevant information from subordinates' and then finds a solution.

11. (c) Environmental factors

As per the path-goal theory, a leader's behavior depends on two variables – environmental factors and personal characteristics of the subordinates.

12. (c) Sympathy

According to Goleman, the components of emotional intelligence are self-awareness, self-regulation, motivation, empathy, and social skill. Hence sympathy is **not** a component of emotional intelligence.

13. (b) To retain talent in information-based economy

Empathy can help in retaining talent in an information-based economy.

14. (d) All of the above

Socially skilled people are adept at managing teams. Their persuasive skills, complemented by self-awareness, self-regulation, and empathy, make this possible.

15. (a) Capacity for friendliness with a purpose, namely, moving people in the desired direction.

In the context of business leadership, social skills refer to a capacity for friendliness with a purpose, namely, moving people in the desired direction.

Unit 2

Leadership Styles

Structure

- 2.1 Introduction
- 2.2 Objectives
- 2.3 Leadership Styles
- 2.4 Likert's Four Styles
- 2.5 Tannenbaum & Schmidt Continuum of Leader Behavior
- 2.6 The Impact of Leadership Styles on Drivers of Work Climate
- 2.7 Summary
- 2.8 Glossary
- 2.9 Self-Assessment Exercises
- 2.10 Suggested Readings/Reference Material
- 2.11 Answers to Check Your Progress Questions

‘Leadership is having a compelling vision, a comprehensive plan, relentless implementation, and talented people working together’.

- Alan Mulally

2.1 Introduction

In the previous unit, you have learnt about basic differences between leadership and management, various leadership theories and attributes of effective leaders.

In the present unit, you will get to learn about different leadership styles. You will get to know about Likert's leadership styles and the continuum of leadership behavior developed by Tannenbaum and Schmidt. What kind of impact leadership styles have on the work atmosphere in an organization forms the last part of the unit.

2.2 Objectives

By the end of this unit, students should be able to:

- Describe the different leadership styles.
- Illustrate Likert's four styles of leadership.
- Discuss the various patterns of leadership behavior indicated by the continuum of leadership behavior developed by Tannenbaum & Schmidt.
- Recall the impact of leadership styles on the work atmosphere in the organization.

2.3 Leadership Styles

What do you think leadership style refers to? Leadership style is the way leaders, either consciously or subconsciously, influence their followers. The style of a leader depends on the circumstances in which he/she operates, the type of followers he/she has, and his/her own personality. There are different leadership styles. Let us take a look at these.

2.3.1 Authoritative Style

According to Daniel Goleman, the most effective of all leadership styles is the authoritative style. Why?

- Authoritative leaders are visionaries. They are clear about what they are doing and why they are doing it.
- Authoritative leaders try to instill the same clarity in their followers as well. The followers know what work they are doing, why they are doing it, and where their work will fit into the grand vision of the organization. This meaningful work becomes the source of motivation for them.
- By assigning individual tasks within a grand vision, authoritative leaders define the standards around the vision.
- They also provide feedback – both positive and negative. The sole objective of the feedback is to make sure that individual performance is in accordance with the vision of the organization.

Example

Bill Gates was a visionary and his vision was to hold the world together. This he could do with his personal computers. He was able to successfully move Microsoft as per his vision.

Source: <https://money-zine.com/career-development/leadership-skill/authoritative-leaders/>
updated April 2021

For greater flexibility, authoritative leaders just determine the end to be reached; they leave the choice of means to their subordinates. They allow their subordinates to innovate and to take calculated risks.

- According to Goleman, this style of leadership is effective in almost all business situations. However, it is most effective when the business is drifting. In that kind of situation, an authoritative leader charts a new course and provides a fresh long-term vision.
- But this leadership style does have certain limitations. It may not work when an authoritative leader is working with a team of experts or peers who are more experienced than him/her.
- Another limitation is that this style of leadership may weaken the democratic spirit of an effective team.

Block 1: The Mystique of Leadership

Check Your Progress - 1

1. What kind of a leader is a visionary?
 - a. Authoritative leader
 - b. Autocratic leader
 - c. Democratic leader
 - d. Benevolent leader
 2. One of the limitations of an authoritative leadership is that it might fail to work:
 - a. When the team of peers are more experienced than the leader
 - b. When the leader allows his/her subordinates to innovate and take calculated risks
 - c. When the followers work as per the grand vision of the company
 - d. None of the above
-

2.3.2 Autocratic Style

Let us move from the most effective to the least effective leadership style.

- Leaders who adopt the autocratic style keep all the authority and decision making power in their own hands. They do not consider employees' suggestions, opinions, or views.
- They believe that they are more competent and intelligent than their subordinates.
- They instruct the subordinates on 'what to do' and 'how to do' a job.
- The subordinates are expected to carry out all the tasks they are given, be obedient, and abide by the leader's decisions.

Autocratic or coercive leaders create a reign of terror, bullying and demeaning their executives, and showing displeasure at the slightest mistakes. Communication flows only from the leader to the followers; thus the leader is always in control of the information.

This style is considered the least effective of the leadership styles as such leaders do not make use of the ideas and creativity of their subordinates. Employees who are motivated by things other than money just do not perform well under leaders who follow an autocratic style of leadership.

Example

Adolf Hitler, Napoleon Bonaparte, Queen Elizabeth I, and Vladimir Putin are all examples of autocratic leadership. They exercise complete, authoritarian control over a group or organization. They do not use power for oppression, but are more focused for pushing the group forward.

Given the impact of this style, you might assume that it cannot be useful in any situation. However, research shows that there are a few occasions when this style actually works quite well. Examples are: in cases of emergency, like in the aftermath of a fire in a company or an earthquake; during a turnaround or when a hostile takeover is looming.

This style can change unproductive business practices and convert people to new ways of working. The autocratic leadership style is also useful when employees are new, inexperienced, and need guidance.

Check Your Progress - 2

3. In the autocratic style of leadership, communication flows from _____ to the _____.
- Follower; leader
 - Leader; follower
 - Both (a) & (b)
 - Neither (a) nor (b)
-

2.3.3 Benevolent Style

Another style of leadership is the benevolent or affiliative style.

- The primary focus of benevolent or affiliative leaders is their people.
- They value individuals and their emotions.
- These leaders keep their employees happy and create harmony among them. Naturally, this means better communication and sharing of ideas.
- Such leaders also provide inspiration and build trust. Besides, they promote flexibility among the employees.
- As the employees have the freedom to do their jobs, they work in the most effective way possible. Benevolent leaders are relationship builders by nature.
- They create a sense of belonging in their employees by spending time with them after office hours. For example, they take their subordinates out to lunch on occasion.
- This type of behavior enhances one-to-one understanding and creates fierce loyalty. Benevolent leaders motivate their people by giving them only positive feedback on their day-to-day efforts.
- This positive feedback is highly effective in motivating employees. In most organizations, people rarely get feedback except during the annual review. For these reasons, such leaders are well liked by their subordinates.

Block 1: The Mystique of Leadership

The benevolent style is most effective when a team lacks harmony and is low in morale. Benevolent leaders change this by improving communication among the team members and creating trust.

Example

A team leader in an organization always took credit for his subordinates' work and tried to exploit them further by creating enmity among the team members. When he failed as a leader and left, the team had members who were suspicious and wary of each other.

To remedy the situation, a benevolent leader was called in. This leader brought with him emotional honesty and he tried to rebuild the ties among the members. Within months, the team was back in form with a renewed sense of commitment and energy.

Despite the advantages of this style, it cannot be used effectively all the time. Can you think of some reasons why? Well, though giving positive feedback certainly builds the self-esteem of employees, it also makes people ignore their drawbacks.

- This happens because benevolent leaders do not give constructive suggestions to their people.
- So the responsibility to improve themselves lies solely with the employees.
- Also, as employees feel that their jobs are not at risk, they may not try to learn on the job.
- They may feel that mediocrity will be tolerated. This attitude could lead to organizational decline and, ultimately, failure.

Check Your Progress - 3

4. Which type of leadership is effective when the team lacks harmony and is low in morale?
 - a. Autocratic
 - b. Benevolent
 - c. Authoritative
 - d. Democratic

2.3.4 Coaching Style

Leaders who follow the coaching style help their employees to identify their strengths and weaknesses and align them with their personal goals and career aspirations.

- They encourage the employees to plan and pursue their long-term development goals.
- They also help their subordinates with their development plans by providing feedback. Such leaders are extremely good at delegation.

- They take pleasure in giving challenging assignments to their employees, even if this results in delays in the work being accomplished.
- It is clear then that such leaders are willing to accept short-term failure in return for long-term learning.

Though this style appears to concentrate more on personal development than on immediate results, it is usually effective when it comes to attaining long-term goals. The constant dialogue between the leader and his/her followers promotes flexibility in the organization. The regular dialogue between the leader and his/her employees also promotes a culture of commitment in the organization.

The regular interaction between the leader and the employees also promotes responsibility in the organization. Employees are clear about what is expected of them and they perform according to their leader's expectations. Employees know that their leader believes in them, and invests in them. Employees will be ready to experiment because they know that their leader will provide quick and constructive feedback. And they will not let him/her down when he/she expects performance from them. Thus, the coaching style of leadership brings about significant improvements in the work climate and ensures superior performance.

Exhibit 2.1 discusses Satya Nadella's coaching style of leadership.

Exhibit 2.1: Culture of Coaching

Microsoft, an American multinational technology corporation, has renewed its culture by instilling a growth mindset and coaching culture. Major contribution in the change process was by Satya Nadella who took over the charge as Chief Executive Officer in Microsoft in 2014. Before Nadella, during the Steve Ballmer period, revenues were tripling and profits were doubling but the company was not able to sustain. A culture of inspection was existing which was hindering the sustainability. Nadella changed the thought process and rebuilt the culture of inspection to culture of coaching and learning.

Satya Nadella introduced a new management framework referred to as Model Coach Care. The new model constituted the three behaviours that managers/leaders should exemplify. Model includes being a role model to the teams/groups and leading by example. Coach includes reducing advising and participating more and Care includes caring about the colleagues. Managers were given lead role in the cultural shift as it was understood that managers/leaders are the one who can either make or break the shift. If managers change their mindsets, employees would follow them. The framework was the result of inspiration got from the Carol Dweck's (a Stanford professor) research done on growth mindset. The new framework of Microsoft based on Coaching was all about setting team objectives and facilitating the team to learn. Through the new framework, managers allow their team members to learn from their own mistakes and keep growing.

Source: <https://extracoaching.com/growth-mindset-and-coaching-culture-at-microsoft/>, 01-Jun-2020.

Block 1: The Mystique of Leadership

According to Goleman, the coaching style is not very common in organizations.

- The reason is that leaders do not have time to teach employees and help them grow.
- Goleman argues, however, that, in reality, leaders don't need to spend much time with their people except in their first session.
- Once they give feedback, and align employees' aspirations with their strengths and weaknesses, they have nothing to do except follow up.
- Another reason why most leaders avoid coaching is that they lack the expertise to help their people.
- They are inept and unfamiliar with giving continuous performance feedback.
- It is encouraging, however, to find that some companies are choosing employee development as their core competence.
- Some companies are even tying the annual bonuses of managers with the development of their subordinates.

Check Your Progress - 4

5. In which style of leadership, leaders identify the strengths and weaknesses in their employees and encourage them to plan and pursue their long-term development goals?
 - a. Benevolent style
 - b. Authoritative style
 - c. Coaching Style
 - d. Autocratic Style

2.3.5 Democratic Style

Leaders following the democratic style spend time getting ideas from their people.

- They create trust, respect, and commitment among their employees by giving genuine consideration to their ideas.
- Democratic leaders bring flexibility and responsibility into the organization by involving their people in the decisions that influence the way they work and achieve their goals.
- They boost the employees' morale by listening to and addressing their concerns. As people led by a democratic leader have a say in setting their goals and standards for evaluating success, they are realistic about what they can accomplish.

Example

Indra Nooyi, the ex-CEO and Chairman of PepsiCo, encourages communication and makes an effort to take an interest in the lives of her employees. Her leadership style essentially was democratic in nature.

Source: <https://fairygodboss.com/articles/types-of-leadership-leveraging-your-qualities-to-find-an-effective-style-for-you>

Let us see what the drawbacks of this leadership style are.

- A democratic style might not have substantial impact on the work environment.
- It is possible that a consensus will not emerge even after ideas are discussed thoroughly in endless meetings.
- Lack of a consensus might again lead to a series of meetings, resulting in wastage of time.
- A democratic leader might postpone crucial decisions, expecting that discussions will inevitably result in remarkable insights.
- But even at the end of all this, people may end up confused and leaderless.
- This style can also result in conflicts among the people involved in the discussions.

So, in what kind of situation is this kind of leadership style most effective?

- This style works best when the leader himself/herself is uncertain about what to do, and is in need of ideas and guidance from some of his/her more able employees.
- This style is also beneficial when the leader has a clear vision, but needs fresh ideas to execute it.

A democratic style is, however, not effective if the employees are incompetent or ill-informed. It is also not effective in a crisis.

Check Your Progress - 5

6. A democratic leader brings flexibility and responsibility into the organization by involving people in _____.
- a. Meetings
 - b. Decisions that influence the way they work and achieve their goals
 - c. Creative activities
 - d. None of the above
-

Block 1: The Mystique of Leadership

2.3.6 Pacesetting Style

Pacesetting leaders set high performance standards and they themselves adhere to the stipulated standards.

- They are passionate about increasing quality and productivity and expect the same from others.
- They identify non-performers quickly, and ask them to shape up.
- If any of the subordinates fail to meet these leaders' expectations, they replace them with new people
- . Though the pacesetting leaders expect to improve performance, in reality, it rarely works this way.
- The reasons behind the lower morale and lower performance of subordinates are due to Employees feel overwhelmed by the demands of such leaders for ever-improving performance. As a result, their morale drops.
- Such leaders have certain yardsticks for performance in their minds but they never state them or explain them clearly. They expect their subordinates to know these yardsticks automatically.
- As a result, work for the employees becomes more of second-guessing what these leaders expect than doing their best.
- Employees feel that these leaders do not trust them as they are rarely given any freedom to work in their own way or to take new initiatives. Work becomes task-focused and routinized.
- Leaders often intervene in the work whenever they find that their employees are lagging behind
- Consequently, people lose their flexibility and abjure responsibility.
- Under pacesetting leaders, commitment levels also come down, because people have no idea of where their personal efforts will fit into the grand picture.

Activity 2.1

GM Motors is a US-based leading automaker. The company had its own manufacturing plants in North America and South America. For some of the components, the company had deals with suppliers in the US. The workers were very knowledgeable about the components and parts used in the automobiles. The headquarters of the company was in North America. The CEO of the plant inspected both the divisions. While touring the company's plant in South America, one of the senior managers explained to the CEO that expensive parts were being used in the manufacture of a vehicle. The manager said that though he and his colleagues wanted to use less expensive parts, they did not have the authority to take such decisions. The CEO immediately

delegated authority to the manager to take decisions about parts to be used. Identify the leadership style adopted by the CEO. How would the company benefit with this style. Discuss other leadership styles.

Answer:

Exhibit 2.2 describes Jack Welch as a pacesetter leader.

Exhibit 2.2: Jack Welch as Pacesetter Leader

The operating premise of the pacesetter leader is: “Do as I do, now.” Jack Welch began his career at General Electric in 1960 and he became CEO of the company in 1981. He is a very demanding CEO and he even cut 100,000 jobs in the company as a cost-cutting measure. At the same time, he did not believe in micro-managing. He always led his employees by example. He believed in 4 Es leadership: Energy, energize, edge and execution.

Source: <https://leaders.com/articles/leadership/elon-musk-leadership-style/> November 9, 2021

2.3.7 Expert Style

In the expert leadership style, persons with a high level of knowledge and abilities lead the group. To maintain their leadership position, these leaders have to continuously demonstrate their expertise. However, if the situation changes and a current leader’s skills are no longer relevant, he/she will be replaced by another person with the required knowledge and expertise.

Example

Elon Musk, the CEO of Tesla and SpaceX, is an engineering graduate and has read voraciously since his childhood. Musk believes in reasoning and that the excellent reasoning in himself helped him develop multiple successful businesses, such as PayPal, Tesla, and SpaceX.

Source: <https://www.tinypulse.com/blog/6-types-of-leadership-styles-how-to-find-the-balance-for-the-best-results>

This style is useful when the survival of a group is in question or the group members feel that they need to be guided by an expert.

2.3.8 Manipulative Style

- Manipulative leaders believe that employees should be manipulated to get them to behave in the way they want.
- They identify the needs and desires of the employees and use this knowledge to exploit them.

Block 1: The Mystique of Leadership

- These leaders promise rewards for good performance. The employees, lured by the promise of rewards, put in their best efforts and achieve the set goals.
- However, the leaders offer very few or no rewards at all, once their goals have been achieved.
- This behavior often leads to a high level of dissatisfaction and resentment among employees.
- This style of leadership is successful only in the short term. It is ineffective in creating a long-lasting relationship between the subordinates and the leader.

Example

Adolf Hitler, Idi Amin, Osama Bin Laden, Jim Jones, Charles Manson, Ted Bundy etc. are all examples for manipulative leadership.

2.3.9 Bureaucratic Style

Bureaucratic leaders set certain rigid rules, regulations, and procedures.

- Both the leaders themselves and their subordinates are expected to obey these rules.
- The subordinates are obliged to carry out their tasks in a particular, specified, way.
- They carry out their tasks mechanically, without a sense of commitment toward the organization.
- The rules indirectly indicate the minimum level of performance an employee must reach, if he/she wants to continue in the organization.
- Therefore, employees put in only the minimum amount of effort required to keep their jobs.
- They identify loopholes in the rules so that they can defy a rule under the pretext of conforming to another rule.
- The employees constantly look for ways to express their resentment about the rules laid down by the organization. If a mistake occurs, they pass on the blame to other employees.

Example

Bureaucratic leadership style is commonly found in government entities, as well as military and public organizations.

2.3.10 Participative Style

Participative leaders encourage employees to participate in decision making.

- These leaders listen to the ideas and opinions of subordinates, but take the final decision themselves.

- The leaders delegate some of their responsibilities to subordinates and believe that these people are capable of carrying out those responsibilities.
- Generally, these leaders assign the task to be performed to their subordinates, but do not specify any particular procedure for carrying out the task.
- Participative leaders allow both upward and downward communication.
- They encourage their subordinates to express their suggestions, ideas, and feelings.
- A participative leadership style is useful when subordinates are competent and capable of working independently with little or no supervision by the leader.

This is more or less like democratic style of leadership.

2.4 Likert's Four Styles

Professor Rensis Likert and his associates at the University of Michigan studied the patterns and styles of leaders and managers over three decades and came up with certain ideas and approaches to understand leadership behavior. According to Likert, an effective manager is one who is strongly oriented toward his/her subordinates and relies on communication (to a great extent) to keep all the departments or individuals working in unison. Likert suggested four systems of management.

2.4.1 System 1 Management

This style is called the “exploitative-authoritative” style.

- It represents dictatorial leadership behavior.
- All the decisions are made by the manager and there is little employee participation.
- Autocratic managers do not trust their subordinates; they use negative motivation tactics like fear and punishment; and they retain all decision-making powers.

2.4.2 System 2 Management

This management style is called the “benevolent-authoritative” style.

- Though the managers behave in a patronizing manner, they have confidence and trust in their subordinates.
- They permit upward communication to a certain degree and ask for participation from subordinates.
- Managers in this system use both rewards and punishment to motivate employees.
- They allow subordinates to participate to some extent in decision-making, but retain control over policy matters.

Block 1: The Mystique of Leadership

2.4.3 System 3 Management

This style is referred to as the “consultative” style.

- Managers in this system do not have complete confidence and trust in their subordinates.
- Though they seek advice from subordinates, they retain the right to take the final decision.
- In this management style, managers
 - Motivate employees through rewards and occasionally punishment
 - Make broad policy and general decisions but leave specific decisions to the lower levels,
 - Use both upward and downward communication flow, and
 - Act as consultants in order to resolve various problems.

2.4.4 System 4 Management

This style of management is called the ‘participative leadership’ style.

- In this system, managers trust their subordinates completely and have confidence in their abilities.
- They always ask the opinions of their subordinates and make use of their ideas.
- They encourage the participation of employees at all levels in decision-making and use both upward and downward communication.
- The managers in this system work with their subordinates and other managers as a group.
- The involvement of employees in setting objectives and achieving goals is financially rewarded.

Likert found that those managers who adopted the System 4 approach had the greatest success as leaders: they were most effective in setting goals and achieving them, and were generally more productive. Likert and his research team concluded that high productivity is associated with Systems 3 and 4, while Systems 1 and 2 are characterized by relatively lower output.

Activity 2.2

CWS Solutions Ltd. is a software development company specializing in the development of enterprise applications. Since there was lot of competition in the market, the top management encouraged employees to participate in the decision making process. The management took the final decision. It rewarded employees individually for meeting their targets and coming up with excellent user-friendly enterprise applications. The employees were offered incentives

for their excellence. For the non-performers, the management gave a C rating which indicated that the employees would not get a promotion or any incentives. Which of Likert's management styles does the management use? Explain. Suggest and discuss other styles that would help the company to compete successfully in the market place while encouraging its employees to perform better.

Check Your Progress - 6

7. Which of the following Likert's Four Styles represent benevolent-authoritative style of leadership?
 - a. System 1 Management
 - b. System 2 Management
 - c. System 3 Management
 - d. System 4 Management
8. According to Rensis Likert, an effective manager is strongly oriented towards:
 - a. Subordinates
 - b. Superiors
 - c. Rewards
 - d. Rules and regulations

2.5 Tannenbaum & Schmidt Continuum of Leader Behavior

Modern managers are often uncomfortable with choosing a leadership style. They do not know how to behave: whether to be strong leaders or permissive ones. Their training in human relations management encourages them to choose a democratic style, whereas their experience tells them that they had better choose an authoritative style. Similarly, they are not clear when to take the help of the group. Tannenbaum and Schmidt have tried to address these problems and have suggested a framework which managers can employ to overcome their confusion.

2.5.1 The Patterns of Behavior

The continuum of leadership behavior developed by Tannenbaum and Schmidt indicates a range of different patterns of leadership behavior. Leaders can choose an appropriate style in relating to subordinates, from this continuum.

Block 1: The Mystique of Leadership

Tannenbaum & Schmidt Continuum of Leader Behavior (Autocratic to Democratic)						
Subord-inate Centered Leadership	Continuum				Boss Centered Leadership	
Freedom for subordinates < ----- > Use of authority by manager						
7.	6.	5.	4.	3.	2.	1.
Manager permits subordinates to function within limits defined by superior	Manager defines limits; asks group to make decision	Manager presents problem, gets suggestions, makes decision	Manager presents tentative decision subject to change	Manager presents ideas and invites questions	Manager “sells” decision	Manager makes decision and announces it
Share		Consult			Sell	Tell

1. Leader as an Announcer

In this role, the leaders identify the problem, make a list of all the solutions available, choose the solution that appears best to them, and give this to their subordinates for implementation.

- They do not care what their subordinates might think about their decision.
- They do not give the employees any opportunity to either participate directly in the decision making process or voice their opinions.
- They may also use coercion to get the work done.

2. Leader as a Seller

Leaders playing this role identify the problem, identify the potential solutions, and make the decision.

- Instead of announcing it, they try to persuade their subordinates.
- They use persuasion because they know they may meet resistance from subordinates who have to face the consequences of their decision.
- In order to minimize resistance from the subordinates, these leaders highlight the benefits the subordinates will derive.

3. Leader as a Clarifier

Leaders following this pattern of behavior arrive at a decision, seek the approval of their subordinates, and give their subordinates an opportunity to understand their line of thinking and their intentions.

- They present their ideas and ask their subordinates to raise questions if they have any.
- They clarify any doubts that the subordinates may have because they want them to understand what they are trying to accomplish.
- This quid pro quo between these leaders and their subordinates, results in better exploration of the consequences of decisions taken by the leaders.

4. Leader as a Senior Partner

In this style, the leaders are still in charge of identifying and diagnosing the problem. Although they come up with solutions to the problem, these solutions are not final.

- They give their subordinates a chance to voice their concerns and show their reactions before they finalize the decision.
- Their attitude to decision making is something like this; “I’d like to hear what you have to say about this plan that I have developed, I would appreciate your frank reactions, but I will reserve for myself the final decision.”

5. Leader as a Seeker

These leaders identify problems but do not come to the group with their own solutions. Rather, they ask their subordinates to suggest possible solutions to the problem.

- The group provides as many solutions as possible.
- The idea behind this approach is to capitalize on the knowledge and first-hand experience of the people in the group.
- Once the alternatives are available, the leader selects the option which he/she feels is the best.

6. Leader as an Equal Partner

Here, the leaders define the problem and set the boundaries within which decisions have to be taken, but transfer the right to make decisions to the group.

7. Leader as a Follower

This pattern is seen only in extreme cases, and rarely in formal organizations.

- The team identifies and diagnoses the problem, and then identifies and finalizes the solution.
- If at all there are some limits on the decision making process, they are set by the boss or the team leader.
- The leader of the team declares his/her readiness to implement whatever decision the team takes, even before the decision is known.

Block 1: The Mystique of Leadership

2.6 The Impact of Leadership Styles on Drivers of Work Climate

The leadership style affects the work atmosphere in the organization. Daniel Goleman and the Harvard Business Review group conducted a research study to determine to what extent leadership styles influence the drivers of work climate or atmosphere.

There are some key factors that influence an organization's work climate:

- Flexibility or the freedom employees have to innovate, unencumbered by red tape;
 - Employees' sense of responsibility to the organization;
 - Level of standards that people set;
 - Sense of accuracy about performance feedback and aptness of rewards;
 - Clarity people have about the mission and values of the organization; and finally,
 - Level of commitment to a common purpose.
-

Check Your Progress - 7

9. Which of the following is **not** a part of consultative leadership style?
 - a. Motivate employees through rewards and occasionally punishment
 - b. Make broad policy and general decisions but leave specific decisions to the lower levels
 - c. Trust their subordinates completely and have confidence in their abilities
 - d. Act as consultants in order to resolve various problems
 10. Which pattern of leadership behavior arrives at a decision and then seeks the approval of the subordinates by making them understand his/her line of thinking and his/her intentions?
 - a. Leader as a seeker
 - b. Leader as a senior partner
 - c. Leader as a seller
 - d. Leader as a clarifier
-

2.7 Summary

- Leadership style is the way leaders choose either consciously or subconsciously to influence their followers.
- The authoritative style is the most effective of all leadership styles. Authoritative leaders are visionaries. They are clear about what their business is and where it is headed. The least effective leadership style is an autocratic style.

- Autocratic leaders create a reign of terror, bullying and demeaning their executives, showing their displeasure at the slightest mistakes. Communication flows only from the leader to the followers.
- The primary focus of a benevolent leader is their people. They value individuals and their emotions. These leaders keep their employees happy and create harmony among them. This ensures better communication and sharing of ideas, while providing inspiration and building trust.
- Leaders who prefer the coaching style identify the strengths and weaknesses in their employees and try to align these with the employees' personal goals and career aspirations. They encourage them to plan and pursue their long-term development goals.
- Democratic leaders bring flexibility and responsibility into the organization by involving their people in the decisions that influence the way they work and achieve their goals. They boost the morale of their subordinates by listening to and addressing their concerns.
- Pacesetter leaders set high performance standards and themselves adhere to the stipulated standards. They are passionate about improving quality and productivity.
- In the expert leadership style, people with a high level of knowledge and abilities lead the group. Democratic leaders delegate their responsibilities, and decision making power to their subordinates.
- Manipulative leaders believe that employees should be manipulated to get them to behave in the way they want.
- Bureaucratic leaders set certain rigid rules, regulations, and procedures. Both leaders and their subordinates are expected to obey these rules.
- Participative leaders encourage employees to participate in decision making. These leaders listen to subordinates' ideas and opinions, but take the final decision themselves.
- According to Likert, an effective manager is one who is strongly oriented toward subordinates and relies on communication (to a great extent) to keep all the departments or individuals working in unison. He suggested four systems of management: System 1 management, System 2 management, System 3 management, and System 4 management.
- Tannenbaum and Schmidt suggested a framework which managers can employ to choose an appropriate leadership style.
- Leadership style affects the work atmosphere in the organization. Daniel Goleman and the Harvard Business Review group conducted a research study to determine to what extent leadership styles influence the drivers of work climate or atmosphere.

Block 1: The Mystique of Leadership

2.8 Glossary

Authoritative style: Authoritative leaders are visionaries. They are clear about what they are doing and why they are doing it. Authoritative leaders try to instill the same clarity in their followers as well.

Autocratic style: Leaders who adopt this style retain all the authority and decision making power. They do not consider employees' suggestions, opinions, or views. They believe that they are more competent and intelligent than their subordinates. They instruct the subordinates on 'what to do' and 'how to do' a job.

Benevolent style: The primary focus of benevolent or affiliative leaders is their people. They value individuals and their emotions. These leaders keep their employees happy and create harmony among them. This ensures better communication and sharing of ideas, while providing inspiration and building trust.

Bureaucratic style: Bureaucratic leaders set certain rigid rules, regulations, and procedures. Both the leaders themselves and their subordinates are expected to obey these rules. The subordinates are obliged to carry out their tasks in a particular, specified way.

Coaching style: Leaders who follow the coaching style help their employees to identify their own strengths and weaknesses and align them with their personal goals and career aspirations. They encourage them to plan and pursue their long-term development goals. They also lend them help in enacting their development plans by providing feedback.

Democratic style: Leaders following this style spend time getting ideas from their people. They create trust, respect, and commitment among their employees by giving genuine consideration to their ideas.

Expert style: In this leadership style, a person with a high level of knowledge and abilities leads the group. To maintain his/her leadership position, the leader has to continuously demonstrate his/her expertise.

Manipulative style: Manipulative leaders believe that employees should be manipulated to get them to behave in the way they want. They identify the needs and desires of employees and use this knowledge to exploit them.

Pacesetting style: Pacesetting leaders set high performance standards and they themselves adhere to the stipulated standards.

Participative leadership: These leaders discuss problems with subordinates and seek their suggestions before making a decision.

2.9 Self-Assessment Exercises

1. "Leadership style is the way leaders, either consciously or subconsciously, influence their followers." Give a brief description of the various influential styles of leadership and explain how they vary from one another.
2. Explain in detail Likert's four systems of management.

3. Explain the various patterns of leadership behavior indicated by the continuum of leadership behavior developed by Tannenbaum & Schmidt.
4. Explain the impact of leadership styles on the work atmosphere in the organization.

2.10 Suggested Readings/Reference Material

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2. Arora H.N and Rajan Sinha, *Alchemy of Change - Managing Transition through Value-based Leadership*, SAGE Publications, 2020
3. Daphne Halkias, Joseph C. Santora, Nicholas Harkiolakis, Paul W. Thurman (Editors), *Leadership and Change Management: A Cross-Cultural Perspective Hardcover*, Routledge, 2017
4. Gary A Yukl, William L Gardner, *Leadership in Organizations*. 9th ed. Boston Pearson Education, Inc 2020
5. Gillian Watson, Stefanie C. Reissner, *Developing Skills for Business Leadership 3rd Edition*. London: Kogan Page, 2020
6. Nishant Uppal, *Narcissus or Machiavelli? Learning Leading from Indian Prime Ministers*, Routledge, 2021
7. Panduranga Bhatta C. and Pragyan Rath, *The Art of Leading in a Borderless World*, Bloomsbury Publishing, 2020
8. Peter G. Northouse *Leadership: International Student Edition, Theory and Practice*, 9th Edition SAGE PUBLICATIONS INC, 2021
9. Ratan Raina, *Change Management and Organizational Development*, SAGE Publications, 2019
10. Ruchira Chaudhary, *Coaching - The Secret Code to Uncommon Leadership*, Penguin Random House India, 2021
11. Sajjad Nawaz Khan, *Leadership and Followership in an Organizational Change Context*, IGI Global, 2021

Additional Readings:

1. Linda A. Hill, *Being the Agile Boss*, MIT Sloan Management Review, August 11, 2020
https://sloanreview.mit.edu/article/being-the-agile-boss/?utm_source=newsletter&utm_medium=email&utm_content=what%20it%20means%20to%20manage&utm_campaign=Enews%20Gen%2012/16/20%20Top%202020
2. Kathy Brewis, *Leadership – more than good management?*, 13th Global Peter Drucker Forum 2021, December 3, 2020
<https://www.druckerforum.org/blog/parallel-plenaries-13-leadership-more-than-good-management-by-kathy-brewis/>

2.11 Answers to Check Your Progress Questions

1. (a) Authoritative leader

Authoritative leaders are visionaries. They are clear about what they are doing and why they are doing it. Authoritative leaders try to instill the same clarity in their followers as well. Their followers know what work they are doing, why they are doing it, and where their work will fit into the grand vision of the organization.

2. (a) When the team of peers are more experienced than the leader

The authoritative style of leadership does have certain limitations. It may not work when an authoritative leader is working with a team of experts or peers who are more experienced than him/her.

3. (b) Leader to follower

In the autocratic style of leadership, communication flows only from the leader to the followers; thus the leader is always in control of the information.

4. (b) Benevolent

The benevolent leadership style is most effective when a team lacks harmony and is low in morale. The benevolent leader changes this by improving communication among the team members and creating trust.

5. (c) Coaching Style

In coaching style of leadership, leaders identify the strengths and weaknesses in their employees and encourage them to plan and pursue their long-term development goals.

6. (b) Decisions that influence the way they work and achieve their goals

Democratic leaders bring flexibility and responsibility into the organization by involving their people in the decisions that influence the way these employees work and achieve their goals. They boost the morale of their subordinates by listening to and addressing their concerns. As they have a say in setting their goals and standards for evaluating success, people led by a democratic leader are realistic about what they can accomplish.

7. (b) System 2 Management

Likert's System 2 management style represents benevolent–authoritative style of leadership.

8. (a) Subordinates

According to Likert, an effective manager is one who is strongly oriented toward subordinates and relies on communication (to a great extent) to keep all the departments or individuals working in unison.

9. (c) Trust their subordinates completely and have confidence in their abilities

In the consultative leadership style, managers do not have complete confidence and trust in their subordinates. In this management style, managers (i) motivate employees through rewards and occasionally punishment (ii) make broad policy and general decisions but leave specific decisions to the lower levels, (iii) use both upward and downward communication flow, and (iv) act as consultants in order to resolve various problems.

10. (d) Leader as a clarifier

A leader as a clarifier arrives at a decision seeks the approval of his/her subordinates, and gives his/her subordinates an opportunity to understand his/her line of thinking and his/her intentions. He/she presents his/her ideas and asks his/her subordinates to raise questions if they have any. He/she clarifies their doubts because he/she wants his/her subordinates to understand what he/she is trying to accomplish.

Unit 3

Leadership Skills and Tactics

Structure

- 3.1. Introduction
- 3.2. Objectives
- 3.3. Persuasion Skills
- 3.4. Motivational Skills
- 3.5. Conflict Resolution Skills
- 3.6. Leadership Tactics
- 3.7. Summary
- 3.8. Glossary
- 3.9. Self-Assessment Exercises
- 3.10. Suggested Readings/Reference Material
- 3.11. Answers to Check Your Progress Questions

‘Leadership is the capacity to translate vision into reality’.

- Warren G. Bennis

Let us learn in this unit how effective leaders translate vision into reality with their exceptional skills and tactics.

3.1 Introduction

In the previous unit we discussed different leadership styles including that of Likert’s leadership styles and leadership behavior developed by Tannenbaum and Schmidt

The present unit discusses the skills that are the prerequisites of a good leader and tactics they adopt for effective management. There have been numerous leadership styles demonstrated by various people that helped in the success of their respective organizations.

Example

One such example is Charles Schwab, under whose leadership Bethlehem Steel became one of the largest steel makers in the US, and one of the most important heavy manufacturers in the world.

Charles Schwab (Schwab), the US steel magnate, epitomized the new industrialist of the 20th century. He was the individual behind the rise of Lehigh Valley in Pennsylvania (the 1900s equivalent of today’s Silicon Valley).

Contd....

He was instrumental in commercializing advanced techniques in the manufacture of steel. One hundred years later, his contributions are still remembered at the Bethlehem Steel Company.

Schwab started his career as a stake driver in Andrew Carnegie's steel works company. In subsequent years, he was the force behind the merger of Carnegie's steel company with investment banker J.P. Morgan's companies. This merger resulted in US Steel Corporation (US Steel), the largest steel manufacturing company in the United States at that time. In 1901, at the age of 39, Charles Schwab became the first president of US Steel. In 1903, he left US steel to run Bethlehem Steel.

The famous inventor, Thomas A. Edison, was a friend of Schwab and used to call him the master hustler. The following incident illustrates Schwab's persuasion skills. The toughest persuasion job Schwab had to handle was buying a coal mine in Lehigh valley. The owner, a hard dealing German, was adamant not to sell it. Schwab and two of his subordinates, Grace and Johnston, went to meet the man. After seeing the German's reluctance to sell, Schwab told his associates to leave. He sat down to persuade the man. Schwab began to tell him stories and the German knew that he was being charmed by a master persuader. He ultimately succumbed to Schwab's persuasion skills and said, "Mr. Schwab, you get the coal, but I am damn glad I am not a woman."

This unit discusses the classification of executives. It then goes on to explaining the general methods of motivation. It then discusses the skills possessed by leaders to resolve conflicts in an organization. The unit concludes with a discussion on the tactics adopted by the leaders to deal with their subordinates and superiors.

3.2 Objectives

By the end of this unit, you should be able to:

- Discuss the classification of executives into five decision-making types.
- Outline the general methods of motivation and the steps to motivate problem people.
- Recall the conflict resolution skills of leaders.
- Analyse the tactics used by leaders to deal with their subordinates and superiors.

3.3 Persuasion Skills

Consider a situation where a company has to take an important decision about funding a lucrative yet risky project. The manager entrusted with the responsibility calls a meeting of his superiors and peers to convince them to go ahead with the project. Although his arguments are objective, his logic sound, and his data reliable and concrete, he fails to persuade them. This is not an uncommon situation in most organizations.

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Often people fail to persuade others because they concentrate more on the content of their message while ignoring how the message is delivered. Ineffective presentation of information often leads to failure to persuade. Persuasion skills can be improved by:

- Identifying who the decision maker is in the group one is trying to persuade;
- Identifying the decision-making style of that person; and
- Tailoring the arguments/presentation to the decision making style of the leader in the group.

Executives can be classified into five decision-making types:

- Skeptics
- Charismatics
- Followers
- Controllers
- Thinkers

3.3.1 Skeptics

- Skeptics are suspicious of data that contradict their views. They have strong personalities.
- The characteristics of such personalities are demanding, disagreeable, rebellious, and even disruptive at times.
- Executives with such characteristics are very aggressive and believe in a “take charge” style.
- Skeptics reflect self-absorbed behavior, and mostly act on feelings.
- They demand time and energy of their peers and subordinates.
- A skeptic may leave while a presentation is being made, and may ask even personal questions during the presentation.
- In such circumstances, the presenter must maintain his/her composure.
- One benefit of trying to persuade skeptics is that the persuader knows immediately whether the individual is convinced or not as skeptics articulate their reactions immediately.

How to Persuade Skeptics?

The following points should be kept in mind while attempting to convince a Skeptic:

- As the term suggests, Skeptics are highly suspicious. They look for credibility in the persuader. So the persuader should attempt to gain as much credibility as possible before making a presentation.

- Skeptics trust people with backgrounds similar to theirs. This could be a similar educational background, employment background, or cultural background. Hence, the persuader should try to find something in common with the Skeptic and highlight it subtly to gain his/her trust. The persuader can also gain credibility by getting the endorsement of people trusted by the Skeptic.
- A persuader should never challenge a Skeptic. A skeptic needs to be handled delicately. If the Skeptic's argument is based on wrong information, one should correct the information in such way that the Skeptic has room to save face.

The task of persuading a Skeptic seems daunting but in reality it is not so. In order to persuade a Skeptic successfully, a persuader should remember the following: Skeptics want to race ahead with revolutionary ideas, but they accept these ideas only if they are coming from people whom they trust; skeptics also make decisions quickly.

Some of the words that can be associated with Skeptics are: feel, grasp, agreeable, trust, power, demand, action, suspect, and disrupt.

Check Your Progress - 1

1. Ineffective presentation of information often leads to failure to
 - a. Motivate
 - b. Make decisions
 - c. Persuade
 - d. Dominate
2. The personality traits such as demanding, disagreeable, rebellious, and disruptive are applicable to
 - a. Skeptics
 - b. Charismatics
 - c. Followers
 - d. Controllers

3.3.2 Charismatics

- Charismatics are talkative, dominant, captivating, enthusiastic, and persistent.
- They are enthralled by new ideas.
- They have the ability to absorb large amounts of information.
- They are good at moving from big ideas to the specifics of implementation.
- Though Charismatics are not averse to taking risk they are also responsible.

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- They are emotional yet rational.
- Though they are enthusiastic about new ideas, it can be difficult to get their commitment because from their past experience they have learnt to balance enthusiasm and reality.
- When examining an idea, they look for facts to support their emotions. If they don't find any, they lose enthusiasm in that idea.
- They show interest in ideas that address bottom line results.
- Also, they look for proposals that increase the competitiveness of the firm. Charismatics take methodical decisions based on balanced information.

How to Persuade Charismatics?

The following points should be remembered while attempting to persuade a Charismatic:

- The persuader should control the urge to match the excitement of a charismatic. He/she should not spend time describing an idea that interests a Charismatic; rather he/she should spend time discussing the risks involved in adopting that idea.
- The persuader should provide an honest and upfront analysis of risks. In addition, he/she must highlight the measures to be taken to minimize those risks. When persuading a Charismatic about an idea one must never make an attempt to hide its drawbacks. Thus, the persuader should try to gain trust and confidence by being realistic.
- Charismatics have short attention spans. They do not relish lengthy single-sided presentations. So the persuader should present critical information at the earliest.
- Though Charismatics appear to be independent decision makers, in reality, they take suggestions from high-profile executives while making any major decision.
- Though the initial enthusiasm of a Charismatic toward an idea may give one the feeling that he/she makes decisions fast, in reality he/she takes his/her own time and expects people to wait for him/her to make a decision.
 - Words associated with Charismatics are results, proven, actions, show, watch, look, bright, easy, clear, and focus.

Check Your Progress - 2

3. Which of the following is the trait of a charismatic?
 - a. Enthusiastic
 - b. Dominant
 - c. Logical
 - d. Voracious readers
-

3.3.3 Followers

While making decisions, Followers rely on past decisions made under similar circumstances.

- Their decision-making also depends on how other trusted executives made decisions in the past.
- Followers fear making wrong choices and, therefore, they are never early adopters.
- Though Followers are usually very cautious in making decisions, occasionally, they may make spontaneous decisions.
- Followers are responsible decision makers.
- Like Skeptics, Followers may raise many issues, and challenge the persuader but unlike skeptics they are ready to learn from others.
- Followers do not often consider themselves as followers; they consider themselves as innovative and forward thinking and try to convince others that they are so.

How to Persuade Followers?

The following points will help in persuading followers:

- Followers are the easiest to persuade. The persuader should make them feel confident. Using anecdotes of successful people who took decisions in the same way is one way to do this. As Followers believe in proven methods, the persuader should use as many references and testimonials as possible while persuading them.
- A persuader should try to sell his/her idea to the Follower only if he/she has a successful track record. A safe bet is to dwell on the past decisions made by the Follower or his/her trusted executives and explain how those decisions are similar to the ones the proposed by the persuader.
- Followers like proven and reliable ideas. The persuader should not suggest any out-of-the-box ideas to the Followers; neither should he expect similar ideas from them.
 - Words and phrases that can be associated with a follower are: *innovate, similar to, previous, what works, swift, bright, expedite, just like before, expertise, and old way.*

3.3.4 Controllers

- Controllers can be described as detail oriented, accurate, logical, unemotional, analytical, objective, accurate, and sensible.
- They are more interested in pure facts and the logic of arguments.
- They experience fear and insecurity.

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- They hate uncertainty and ambiguity.
- Like Skeptics, Controllers have strong personalities and are sometimes overbearing. They think they know the best in any area, be it sales, strategy or operations.
- Unlike Followers who always see from others' perspectives, Controllers see everything from their own perspective.
- They make snap judgments, and curt remarks which alienate them from others.
- As they are loners and self-absorbed they are prone to taking unilateral decisions. Though they may discuss their decisions with others, they rarely take these inputs seriously.

How to Persuade Controllers?

The following points will help in persuading Controllers:

- A persuader should try to overcome the internal fears of the controller (which the controller will feign as not having). To cover up this fear and insecurity the controller pays great attention to intricate details of processes and methods. Thus, the persuader must be prepared to answer questions that ask for minute details.
- As Controllers can be self-absorbed during meetings, the persuader should be prepared for long silences during presentations. A persuader should never challenge a Controller directly, as Controllers never surrender while arguing on what they believe.
- Though Controllers demand accurate information they do not always take rational decisions. On the contrary, they can make illogical and irrational decisions and also avoid being held accountable for their decisions.
- When persuading a Controller, the persuader should put forward an argument that is structured, linear, and credible as Controllers only have faith in the details given by experts. The persuader should not try to sell his/her ideas to the Controller but should leave it to the discretion of the Controller. The persuader should provide all the necessary information to the controller and leave him/her to make a decision.
- Skeptics and Controllers have many similarities but the key difference between them is that while Skeptics take decisions fast, Controllers take a lot of time to arrive at decisions. So the persuader should not try to force a controller to take quick decisions.
 - Some words and phrases that can be linked to controllers are: *details, facts, grab, handle, just do it, keep them honest, logic and make them pay, physical and power.*

3.3.5 Thinkers

Thinkers are the most difficult to understand, and so the toughest to persuade.

- They are academic, cerebral, intelligent, and logical.
- They are voracious readers and use words carefully when they talk.
- They like arguments which are quantitative and backed by data.
- Often, thinkers do not possess good social skills, and guard their emotions.
- Thinkers take pride in out-maneuvering and out-thinking the competition.
- As Thinkers always ask for comparative data, it often becomes difficult to persuade them.
- Thinkers try to gain a holistic perspective of a given situation and, unlike charismatics, are averse to risk taking.

How to Persuade a Thinker?

The following points will help in persuading Thinkers:

- The persuader should communicate the drawbacks of the idea at the beginning of the meeting because thinkers are more effective in taking decisions when they know beforehand the risks involved.
- Using presentations and arguments that appeal to their intelligence can influence Thinkers. Their thought process is not always as methodical as it appears to be. They break from their usual way of decision making if they feel it is going to save them time and money.
- Thinkers rarely forget any bad experience. Hence, the proposal made must appear to be the best available option to the thinker.
- The persuader should give enough time and space to the thinker to come to a conclusion.
- Thinkers often take contradictory views in meetings. The persuader must remember that thinkers do not like to express what they are thinking. Taking contradictory points of view is one way to hide their inclination. They do not voice their opinion until they take the final decision.
 - Words that appeal to thinkers are: *academic, competition, expert, intelligent, makes sense, numbers, plan, proof, quality, and think.*

Check Your Progress - 3

4. Who among the following are the toughest to persuade?
- a. Controllers
 - b. Charismatics
 - c. Followers
 - d. Thinkers
-

Block 1: The Mystique of Leadership

3.4 Motivational Skills

Motivating people needs clear thinking and hard work. A leader should have a clear understanding of the situation in order to be able to motivate people. Motivating people also requires an insight into human nature.

3.4.1 General Methods of Motivation

Motivating people is not as easy as it sounds. A leader has to know how to motivate different people with different motivation levels. It is also difficult to ensure high levels of enthusiasm and commitment during bad times. Let us look at how a leader can motivate his/her people.

Truth as the Highest Virtue

Understanding the real situation is important. Confronting reality is not always easy. Only after this is done should one attempt to set high aspirations. So the process of realizing a goal necessarily follows honest appraisal, and setting of high aspirations.

Example

Carly Fiorina, the then CEO of Hewlett-Packard (HP), had to go through this process. The biggest motivational challenge she faced was reinventing HP which she started with self-appraisal of 700 senior leaders of her organization. She compared their comments with customers' opinions of the company which helped them understand the real picture of HP. Once this was done, she set achievable goals for the company.

To motivate them, she congratulated whenever a milestone is achieved which itself is a motivational factor to achieve other goals.

Desire to be Great

People have a great desire to contribute to something lasting and get motivated naturally when they feel that they are working on something important, rare, and marvellous.

Example

The design group of BMW, headed by Christopher Bangle (Bangle), faced a challenge. The Pinakothek der Moderne, a new modern-art museum in Munich, offered to keep BMW's design on permanent display. Bangle was hesitant as such an installation would cost time, money, and effort.

When Bangle visited the museum space, he was excited at the idea of doing something great. To address the challenges, he appealed to the Board members "that since it is once-in-a-lifetime cultural opportunity and wanted everyone with zeal, they could complete in a matter of 40 days and fulfilled the desire to be part of something great".

Communicate, Communicate, and Communicate

Effectiveness of people at the workplace depends upon their awareness of:

- What they are doing,
- How their work will fit into the grand vision of the organization,
- What the future holds for the organization and for them.

To ensure effectiveness in the organization, the leader should communicate repeatedly on all these aspects.

Example:

When Robert A. Eckert (Eckert), the then Chairman and CEO of Mattel in California, joined the company it was undergoing transition. Eckert spent time with senior managers, employees from all levels, and stakeholders, explaining what the company was doing and how it is going to achieve its objectives. He traveled extensively to communicate his ideas to all the stakeholders and also update them with regular e-mails.

Even after the company was in a comfortable position, Eckert consistently and constantly communicated and reassured different stakeholders: customers, investors, employees, media, and senior management. Direct communication with the CEO made employees feel respected and part of the team. This motivated them to put in their best efforts.

Sharing the Burden of Risk

Motivating people to take risk can be truly challenging.

Example

Ross J Pillari (Pillari), the then President of BP America, experienced this first hand in the early 1990s, when he was asked by his the then CEO, Lord Browne, to head BP's research and engineering operations and make it more commercial. He sensed potential disaster in heading a group of scientists as he was a marketing person and was not conversant with science and was hesitant to accept the assignment.

The CEO discussed the risks the organization and Pillari would face if they attempted to commercialize the R&D group and assured Pillari that it would be a collective responsibility of all concerned. With this assurance and support, Pillari took up the job and later was successful in turning the R&D group into a more commercially focused outfit.

People can be motivated to take up reasonably higher levels of risk. This can be done by having a frank discussion on the chances of success, making roles and responsibilities clearer, spreading risk across the team and organization, and by supporting the initiatives irrespective of the chances of success.

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Motivating by Caring

Top managers rarely understand the problems faced by employees at the lower levels. If a leader cares for employees at the lowest level then he/she inspires and motivates not only them but also people at all the levels of the organization.

Example

When Herb Baum (Baum), the then CEO of Quaker State Corporation joined Quaker as its CEO, he observed that all the lower rung employees had very modest lifestyles; every dollar they earned mattered a lot. The lower level employees were earning US\$ 25,000-US\$ 40,000 a year and getting US\$ 500 as bonus, whereas the top people got much larger bonuses. Baum decided to give away US\$ 1000 from his annual bonus to each of the 155 people with the lowest salaries for meeting their basic needs. Baum feels that if a leader shows genuine concern towards his people, they in turn will be loyal and improve organizational performance.

Motivating People at Different Levels

In general, organizations have three levels of people: executive team members, middle level managers, and line staff. Each of these groups has its own expectations. In order to meet these different expectations, incentives have to be different.

Example

Liu Chuanzhi (Chuanzhi), the then Chairman of the Legend Group based in Beijing, addressed this problem in the following ways:

- **Executive team:** To accord recognition and a sense of ownership to the executive team, Chuanzhi created a new ownership structure, adopting a joint stock company structure and distributed a part of the company's stock among the senior executives. Legend was one of the best growing and most promising companies in the whole of China. No senior executive has left Legend for another company.
- **Middle level managers:** Chuanzhi recognized that providing right challenges can motivate talented and capable middle level managers by setting high performance standards. He also allowed them to participate in strategic processes and saw to it that all good performers were adequately rewarded.
- **Other staff:** Line employees value a sense of stability. Chuanzhi saw to it that they got predictable bonuses if they took on adequate responsibility and behaved in the desired manner.

Exhibit 3.1 explains how Scopely motivates and retains talent.

Exhibit 3.1: Motivating Talent

Scopely, a Log Angeles based mobile gaming studio, attracts talented engineers with catchy slogans like “the most interesting engineer in the world” and announced exclusive perks with a tuxedo, a spear gun, one year supply of beer and \$11000 in cash. This helped to continuously innovate and launch six games in a row. To retain such talent, Scopely celebrates anniversaries hilariously and offers some strange gifts, sometimes given samurai swords which are mostly hung in the office space.

Source: <https://snacknation.com/blog/how-to-retain-employees/>, 29-Jul-2021.

Check Your Progress - 4

- 5 Which of the following features, people of executive team need?
 - a. An opportunity to showcase talent and motivate talent
 - b. Sense of stability and enhance performance
 - c. Recognition and a sense of ownership
 - d. None of the above
- 6 In what way are people motivated to take higher levels of risk?
 - a. By making roles and responsibilities clearer
 - b. By understanding the problems faced by them
 - c. By giving the required sense of ownership
 - d. By coaxing

Motivating by Setting Difficult Goals

A goal is a desired consequence of an action. In other words, a goal is the end toward which efforts are directed. Researchers have examined the relationship between the level of difficulty involved in attaining a goal and performance levels of workers.

Example

Of the 192 field studies conducted in this area, 175 concluded that the difficulty level of the goal and the performance of employees had a linear relation. In other words, difficult goals stimulate greater effort and performance than relatively easier ones.

It is generally believed that participation in the goal setting process enhances performance. However, research has shown that participation has a positive impact only on the level of commitment to the goal and not necessarily on the performance.

Block 1: The Mystique of Leadership

Motivating in Times of Crisis

People often mistake coaxing, wheedling, and persuading for motivating. However, in times of emergency, a leader may have to just take a decision and ensure that people stick to it.

Check Your Progress - 5

- 7 A _____ is a desired consequence of an action.
- a. Motivation
 - b. Reaction
 - c. Vision
 - d. Goal
-

Example

The experience of Robert D. Ballard (Ballard), an underwater explorer whose team discovered the Titanic and the Bismark, tells us that people do their work brilliantly in times of emergency even when they had no say in the decisions.

Ballard's team was making a film on underwater exploration near Galpagos Island to telecast live in classrooms in several schools in the US. A week before filming was to begin, the barge carrying the equipment sank 600 miles offshore. But canceling the project was also not possible as many school children are involved.

Ballard organized a hunt for the equipment. Consequently a lot of universities, organizations, governments, and individuals came forward to help. The team worked relentlessly and finally the program was telecast live on schedule. It was a rewarding experience for Ballard and his team.

Activity 3.1

Sam Peter (Sam) is a newly appointed plant manager at Sunnyvale Steel Corp. He is given the responsibility of handling the entire production process. The top management has instructed Sam to offer incentives to workers who completed their production schedules on time. But he did not follow this incentive scheme. Instead he informed workers that the incentives would be given only to workers who would produce more number of quality output units than their regular schedule. This however did not motivate the workers. Most of the workers delivered quality output and thus made themselves eligible for incentives.

Which motivation method was used by Sam to motivate its employees? Do you think this method was suitable? Why (not)? Suggest other suitable methods of motivation.

Answer:

3.4.2 Motivating Frontline Staff: Lessons from the US Marine Corps

Most organizations rarely try to motivate their front line people. The reason is that they think these people are dispensable and need not be bothered about. Consequently, these employees rarely involve themselves emotionally in the work they do. Often these people are unskilled, paid low wages, and used to repetitive work. However, they play an important role in determining the firm's profits, and quality of the customer's experience.

Example

McKinsey & Company and The Conference Board conducted a study to identify the companies which tap the emotional energies of their frontline people. It is a well-known fact that Home Depot, Southwest Airlines, KFC, and Marriott International take good care of their frontline people. But one organization which demonstrated a highly effective way of motivating frontline employees was none other than the US Marine Corps. After studying this, McKinsey & Company concluded that marines motivate their frontline people by investing a lot of time and energy to cultivate strong values, preparing everyone to take up leadership positions, bringing clarity between teams and single-leader work groups.

Invest to Inculcate Core Values

In general, when new people join an organization, the organization communicates its values to them. Different organizations have different ways of communicating their values. But often, only a sketchy idea about the organization and its values is communicated.

Prepare Everybody to Lead

Most organizations separate frontline employees into 'followers' and 'potential leaders'. They ignore the followers and pay little attention to their grooming. They take special care to nurture the so-called potential leaders. Almost every business leader would agree that there are various leadership styles and concentrating only on few aspects in identifying leaders, is not the right way to groom future leaders.

Block 1: The Mystique of Leadership

Differentiate between Teams and Single-leader Work Groups

Most businesses do not distinguish between teams and single-leader work groups. This lack of clarity leads to confusion, lack of motivation and ultimately to lower performance. Real teams are difficult to find. What organizations often label as teams are in fact single-leader work groups. These work groups are fast and efficient and are preferable when the individual task is more important than collective work, and when the leader is sure of what to do. In real teams, members are motivated by the mission and goals rather than by their leader.

3.4.3 Motivating Problem People

It is widely believed that people can be motivated by the leader's vision and his/her ability to execute and deliver. With right incentives, people move in the desired direction. But this is applicable only to few employees, and still fewer leaders. Also, the assumption that motivation lectures, cash incentives, and memos can motivate all the employees is flawed.

Some steps are suggested below to motivate problem people.

Step 1: Learn More about Them, about Yourself, and about the Situation

- In order to motivate a problem employee, a leader should first understand him. He/she should know the drives of the employee.
- Once, these are known, he/she should see whether there are any blocks that stop him/her from pursuing his/her drives.
- He/she must also try to assess this employee's behavior once these impediments are removed.

To know all these about a problem employee, leaders need information. Subordinates, peers, and previous leaders can be the sources of information. A problem employee himself/herself can be a source of information. A leader can use informal conversations that occur during lunch or social events to gather the needed information. The following information can be collected:

- ☛ How the problem employee looks at the world?
- ☛ How past events have influenced his expectations and desires?
- ☛ What factors influence his choices?
- ☛ What factors in the work place act as impediments in fulfilling his drives?

Most of the time, the problem lies with the direct boss. He/she can be a source of dissatisfaction and the reason for an employee quitting his/her job. To know whether he/she is a part of the problem, the leader has to do some soul-searching.

- He/she should also ask his/her subordinates whether there is a problem with his/her behavior and way of doing things.
- A problem employee might not reveal this to the leader, but other subordinates might.

- Over a period of time, a leader can expect a reasonably accurate picture of himself/herself - the way he/she is perceived by his/her subordinates.
- At this point, if the leader finds that his/her relationship with the problem employee cannot be mended, then he/she should pass on the task of motivating the problem employee to some other person.

The situation can also create a problem employee. So the leader should see whether a problem employee is that way because of the situation he/she is in.

Have a Range of Alternatives

Sometimes, a leader gets frustrated and feels that while he/she is a reasonable person trying to find a sensible solution to a problem, the unreasonable employee is not bothered about the right solution and despite the leader's advice, the employee persists in doing what he/she was doing. A leader thinking along these lines may either give up altogether or fire the employee.

- Instead, if the leader changes his/her attitude from that of punishing an errant employee to that of rehabilitating him, then he/she would certainly find some new alternatives to the problem.
- For this the leader has to give up the pre-determined solution. Framing a range of solutions should not be seen as a sign of capitulation.
- The leader should understand that different people have different perceptions.
- If he/she ignores this truth and tries to impose his/her solution on a problem employee, then the leader might end up either losing the opportunity to motivate a problem employee or ignoring options to solve the problem.

It is possible that having a range of alternatives would result in the leader setting modest and achievable goals for his/her problem employee. As he/she comes to know him/her better, the leader can set some novel or even ambitious targets.

Have a Formal One-to-one Session

The aim of this session is to revise the working relationship. The session must be handled systematically and carefully. Sometimes it is possible that more than one session is necessary to meet the objectives. The session needs no special material or preparation.

- The leader can start the session with a brief introduction of the problem employee's past and future value to the organization. He/she can then talk about the current problem.
- He/she should mention clearly how he/she looks at the problem and stress that things cannot and will not continue the way they are. He/she can then conclude by saying that he/she expects a mutually beneficial outcome from the meeting.

Block 1: The Mystique of Leadership

- After the introduction, the leader should ask questions that involve intense and extended inquiry to test the hypotheses made in understanding the problem situation.
- The other objective is to see whether there are any unknown and potential areas of agreement between the leader and the problem employee.
- The final objective is to bring differences into the open. The leader should be careful during the session. He/she should avoid the pitfall of letting the session degenerate into an opportunity to use facts and arguments to nail the employee. The goal of the session should be to identify new views of the situation.

Check Your Progress - 6

- 8 What is the aim of having a formal one-to-one session?
- a. To revise the working relationship
 - b. Set modest and achievable goal for problem employee
 - c. For better leadership performance
 - d. None of the above

3.5 Conflict Resolution Skills

Conflicts are common in all organizations. They may arise due to disagreements over goals or the means adopted to attain them. Conflict is also a perceptual issue. Individuals or groups may have differences of opinion. These differences in opinion or perspective may lead to conflict.

Conflict can be harmful to the interests of an organization. So a leader must have adequate skills to resolve conflict. Conflict resolution professionals suggest that there are four areas of skill development in conflict resolution:

- Listening;
- Questioning;
- Communicating non-verbally;
- Mediation skills.

Listening: Active listening is a skill that can be useful in resolving a conflict. Active listening involves paying strict attention to the speaker, asking suitable questions, and double checking what one understands. Most of the time, listeners do not pay full attention to what the speaker is saying or are more bothered about what they themselves are going to say next. Active listening on the contrary demands active engagement in the communication process. A leader should listen carefully to the parties in the conflict.

Questioning: A leader with good questioning skills understands the root of the problem, why the conflict arose, and how to resolve it. Generally, he/she avoids posing loaded or leading questions because such questions could give the impression that the leader is trying to impose his/her values or solutions on the parties in the conflict.

Communicating non-verbally: A leader with good non-verbal communication skills can use these skills in a conflict situation to put the parties at ease, and demonstrate his/her willingness to help them arrive at a mutually acceptable solution.

For example, positions such as sitting squarely in an open position and affirmative gestures like nodding the head promote an atmosphere in which disputants feel free to share their facts and feelings.

With the help of these skills, a leader can comprehend what is actually causing the conflict. Without an insight into non-verbal communication, the leader may be misled by what the disputants are saying, and may never be able to resolve the situation.

Mediation Skills: Arriving at a win-win solution in conflict situations needs mediatory skills and traits such as open-mindedness, flexibility and resilience, the capacity to demonstrate empathy and sensitivity, objectivity and the ability to depersonalize situations, a sense of timing, patience and the willingness to hear all sides without interruption and with credibility and integrity.

By mastering listening, questioning, non-verbal communication, and mediation skills, a leader can be more effective in situations that involve inter-personal conflict.

Check Your Progress - 7

- 9 Which of the following is not among the four areas of skill development in conflict resolution?
 - a. Listening
 - b. Motivation
 - c. Mediation
 - d. Questioning
 - 10 A leader with good _____ skills can put the parties at ease during a conflict and demonstrate his/her willingness to help them arrive at a mutually acceptable situation.
 - a. Verbal communication
 - b. Questioning
 - c. Non-verbal communication
 - d. All of the above
-

Block 1: The Mystique of Leadership

Activity 3.2

XYZ Scooters Ltd. is a two-wheeler company in India. The company encouraged its employees to work in groups. Since the company faced shortage of human resources, it recruited some more employees. To train the new employees, the management made these new employees work with the experienced employees. This often led to conflicts between the new and the old employees. This resulted in production delays and losses for the company. The manager of the company, Steve asked the employees to resolve their conflicts within themselves. However, the conflicts became worse. Suggest and discuss how Steve can intervene and arrive at a mutually acceptable solution.

Answer:

3.6 Leadership Tactics

3.6.1 A Model of Power and Influence

Leaders not only have to deal with just their subordinates who are under their control, but also with their superiors and people who are beyond their chain of command. Hence, they cannot get their work done just with their positional power. Thus leaders employ different tactics to get their work done.

Relationships beyond the Chain of Command

Effective leaders extend their sphere of influence beyond the formal chain of command involving superiors and subordinates. This makes them more effective in handling their responsibilities. These actions can be classified into four steps.

Step one: This involves identifying the people who have to be led. The leader tries to find relevant lateral relationships.

How do Leaders Identify these Relationships?

Effective leaders try to identify people whose cooperation and compliance would be necessary in the future. For this leaders need to clearly understand:

- Where they themselves are headed?
- What they intend to do?
- Whose involvement is crucial to reach the intended goal?
- Which individuals could prove an obstacle to them in fulfilling their leadership responsibilities?

Effective leaders never alienate individuals who could have a role to play in their scheme, when they deal with the problems caused by lateral relationships.

Step two: The second step involves identifying people who may resist cooperating with the leader for some reason. Effective leaders identify such people, understand the reasons for their resistance, and assess how strong their resistance would be.

How do Leaders Assess Power?

Effective leaders understand the differences that lead to conflicts. They try to avoid differences and to derive benefit from commonalities.

Example

Most successful business leaders clearly comprehend the dissimilarities between themselves and business journalists. They also perceive the commonalities and mutual interests. With this understanding, they let mutual interests guide their interactions with the press.

Effective leaders understand differences well enough to predict where resistance and conflict can arise. They try to avoid these as much as possible.

Step three: Effective leaders use different methods to overcome resistance. Developing relationships is one common way of overcoming resistance. Leaders build personal relationships with people who are capable of resisting their efforts. Then they employ these relationships to communicate, educate, and negotiate with the resisting parties.

How do Leaders Develop such Relationships?

There are different ways to build relationships.

- The basis of all these is an understanding of the people with whom the leader wishes to enter into a relationship.
- Next he/she can try to meet the expectations and needs of these individuals in a reliable way. This creates trust, which encourages these people to start paying attention to the advice and ideas of the leader.
- The people also reciprocate by meeting the needs of the leader. This seems easy and obvious, and it is.
- Anyone with sufficient effort can develop a good relationship with someone else. But creating relationships outside the chain of command needs sufficient time. This is a constraint that leaders often face.
- In order to create relationships in the little time they have, they need careful planning and organizing.

Step four: Good relationships and good communication are often enough to minimize the resistance leaders face in their lateral relationships. However, in some jobs, the relational structure breeds and promotes stubborn resistance.

Block 1: The Mystique of Leadership

How do Effective Leaders Handle this Stubborn Resistance?

In such cases leaders are left with no other alternative except using complicated and forceful methods.

- These methods are risky, and may invite retaliation.
- Effective leaders are ready to fight it out if that is the only way left to attain their organizational objectives.

3.6.2 Relations with Subordinates

Relations with subordinates also can be difficult to handle. However, in case of relations with subordinates, the nature of the difficulties may not be the same.

There is greater interdependency among subordinates, than among subordinates and outsiders. Thus a supervisor is dependent on a 'complex human *system* of subordinates.' The relationships among subordinates pose additional challenges. The following types of subordinates have a certain amount of power in relation to the leader:

- Subordinates who have skills which are difficult to replace.
- Subordinates who have unique or exclusive information or knowledge.
- Subordinates who maintain good relationships with their leaders. Leaders find it difficult to take strict action or impose severe restraints on these subordinates even when they are necessary.
- Subordinates whose jobs are crucial and have a high impact on the boss' performance.
- Subordinates whose jobs are related to other important jobs in the organization, thus making other important people in the organization indirectly dependent on them.

How do Effective Leaders Handle their Subordinates?

In order to deal with subordinates effectively, leaders bring additional sources of power to their job.

- They acquire job related skills and abilities; enter into working relationships; acquire information and tangible resources.
- Effective leaders combine all these elements to strengthen their position in relation to their subordinates.

3.6.3 Relations with Superiors

The effectiveness with which leaders maintain their relationships with their subordinates and outsiders depends upon the support of their own superiors.

- As the leader's superior has positional power he/she can determine how his subordinate relates to the organization.
- The boss has a say in providing resources, determining priorities (in such a way that they align with organizational objectives), and setting up rewards for performance.

- An effective leader knows that he/she has to maintain a good relationship with his superior to fulfill his responsibilities as a leader.
 - The importance of subordinates in the success of their leaders is a well-known fact.
 - But bosses too have a very important role to play in the success of leaders.
-

Check Your Progress - 8

- 11 Which of the following is the most important power that leaders should master?
 - a. Assessing power
 - b. Dictating subordinates
 - c. Enhance persuasion skills
 - d. Building network of people
 - 12 Which of the following types of subordinates have a certain amount of power in relation to the leader?
 - a. Subordinates who dominate their leaders
 - b. Subordinates who listen to their superiors
 - c. Subordinates who create conflict
 - d. Subordinates who have skills which are difficult to replace
-

How do Effective Leaders Deal with their Superiors?

Effective leaders understand that their relationship with their bosses is one of mutual interest.

- They accept the fact that they are at least as dependent on their bosses as the bosses are on them.
- They understand fully well that they and their bosses have different backgrounds and that these differences can be a source of conflict.
- They manage the relationship, keeping this in mind.
- Also, they are aware that the relationship between a subordinate and his superior is different from that between a child and a parent.
- They believe that the burden of maintaining the relationship does not lie only with the superior.
- All good leaders know that wisdom and maturity is not always the privilege of bosses.
- Effective leaders understand their boss's goals, the pressures on him, his strengths and weaknesses, and his working style.
- They also understand their own needs, objectives, strengths and weaknesses, and personal styles.

Block 1: The Mystique of Leadership

- They use all this information to build and maintain their relationship with their superior.
- They maintain a good relationship by providing information on what is happening, by being open and reliable, and by using the boss's time prudently, and utilizing organizational resources optimally.

3.7 A Model of Effectiveness and Influence

Effective leaders and senior level executives face two major challenges:

- Finding out what to do even when they have potentially relevant information,
- Getting things done through a large number of people with diverse backgrounds over whom they do not have complete control

Effective leaders respond to these challenges by setting their own agendas and building a network of people.

Setting Agendas

Generally, in the first six months of taking up an assignment, leaders mostly concentrate on setting their agendas: loosely connected goals and plans that address long, medium, and short term responsibilities.

- These agendas address finance, production, marketing, and organization related issues.
- Most agendas are different from the formal plans because they include the goals, priorities, strategies and plans not included in the formal plans.
- Effective leaders never express their agendas in formal written plans.
- Leaders try to obtain the information required to set their agendas from their discussions with people with whom they maintain formal and informal relationships.
- They are not very specific about whom they collect the information from.
- For example, they gather information on planning even from people who are not connected with the planning function.
- Questioning is the most commonly used technique in obtaining information. Leaders question on the basis of their existing knowledge of business, management, and organization. They gather information on a continual basis.

Building a Network

- Effective leaders invest significant time and effort in building their network.
- The network is basically made up of cooperative relationships.
- They build relationships with people who are going to be helpful to them in implementing and updating their agendas.
- The relationships extend beyond their immediate subordinates.

- Leaders also network with peers, outsiders, bosses, and their subordinates' subordinates.
- The nature of these relationships differs significantly. Leaders make it obligatory for other people to enter into a relationship with them by granting favors.
- They behave in ways that encourage people to identify with them.
- They also build their professional reputation carefully.
- Leaders may even maneuver some people into believing that they depend on the leader for resources, career advancement, and other support.

Implementing Agendas

Effective leaders try to implement their agendas by taking help from all the people in their network. They take the help of their peers, corporate staff, subordinates, bosses, supporters, customers, and even competitors. Leaders use symbolic methods such as meetings, language, and stories about the organization to implement their agendas.

The best of the leaders influence more people and employ innumerable number of tactics. They encourage, cajole, ask, praise, reward, demand, manipulate, and motivate with great skill. They are also better than other leaders at using indirect influence.

Check Your Progress - 9

- 13 Effective leaders and senior level executives face two major challenges: Finding out what to do even when they have potentially relevant information, and _____.
- a. Getting things done through a large number of people with diverse backgrounds over whom they do not have complete control
 - b. Taking up assignments for setting agendas
 - c. Investing significant time in building networks
 - d. Gathering information on a continual basis

3.8 Summary

- Based on their personality and decision making process executives can be classified into five types: Skeptics, charismatics, followers, controllers, and thinkers.
- Motivating people needs clear thinking and hard work. A leader should have a clear understanding of the situation in order to be able to motivate people.
- Motivating people also requires an insight into human nature. Moreover, the leader needs to set clear goals and expectations.

Block 1: The Mystique of Leadership

- These goals and expectations provide the much needed direction to people. Having clear direction enables them to feel that their contributions are meaningful.
- This clarity complemented by rewards (both tangible and intangible) for the desirable behavior motivates people to achieve organizational goals.
- Conflict resolution professionals suggest that there are four areas of skill development in conflict resolution: Listening; questioning; communicating non-verbally and mediation skills.
- Leaders not only have to deal with just their subordinates who are under their control, but also with their superiors and people who are beyond their chain of command. Hence, they cannot get their work done just with their positional power. Thus leaders employ different tactics to get their work done.

3.9 Glossary

Goal: A goal is a desired consequence of an action. In other words, a goal is the end towards which efforts are directed.

3.10 Self-Assessment Exercises

1. Explain how persuasion skills of leaders can be improved. Describe the classification of executives into five decision-making types.
2. Explain the general methods of motivation.
3. Describe the steps involved in motivating problem people.
4. Conflicts are common in all organizations. Why does a conflict arise? Suggest ways in which conflict can be resolved.
5. Explain the tactics used by leaders to deal with their subordinates and superiors.
6. Effective leaders and senior level executives face two major challenges: Finding out what to do even when they have potentially relevant information, and getting things done through a large number of people with diverse backgrounds over whom they do not have complete control. Explain how effective leaders respond to these challenges.

3.11 Suggested Readings/Reference Material

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3.12 Answers to Check Your Progress Questions

1. (c) Persuade

Often people fail to persuade others because they concentrate more on the content of their message while ignoring how the message is delivered. Ineffective presentation of information often leads to failure to persuade.

2. (a) Skeptics

Skeptics are suspicious of data that contradict their views. They have strong personalities. The characteristics of such personalities are demanding, disagreeable, rebellious, and even disruptive at times. Executives with such characteristics are very aggressive and believe in a “take charge” style.

3. (a) Enthusiastic

Charismatics are talkative, dominant, captivating, enthusiastic, and persistent.

4. (d) Thinkers

Thinkers are the most difficult to understand, and so the toughest to persuade. They are academic, cerebral, intelligent, and logical. They are voracious readers and use words carefully when they talk. They like arguments which are quantitative and backed by data.

5. (c) Recognition and a sense of ownership

People of this team need recognition and a sense of ownership.

Block 1: The Mystique of Leadership

6. (a) By making roles and responsibilities clearer

People can be motivated to take up reasonably higher levels of risk. This can be done by having a frank discussion on the chances of success, making roles and responsibilities clearer, spreading risk across the team and organization, and by supporting the initiatives irrespective of the chances of success.

7. (d) Goal

A goal is a desired consequence of an action. In other words, a goal is the end toward which efforts are directed.

8. (a) To revise working relationship

The aim of having a formal one-to-one session is to revise the working relationship.

9. (b) Motivation

Conflict resolution professionals suggest that there are four areas of skill development in conflict resolution: Listening; questioning; communicating non-verbally; and mediation skills. Hence option b is incorrect.

10. (c) Non-verbal communication

A leader with good non-verbal communication skills can use these skills in a conflict situation to put the parties at ease, and demonstrate his willingness to help them arrive at a mutually acceptable solution.

11. (a) Assessing power

Assessing power is an important skill that is essential for leaders to master.

12. (d) Subordinates who have skills which are difficult to replace

The relationships among subordinates pose additional challenges. It is difficult to replace the subordinates who have a certain amount of power and skills in relation to the leader.

13. (a) Getting things done through a large number of people with diverse backgrounds over whom they do not have complete control

Effective leaders and senior level executives face two major challenges: Finding out what to do even when they have potentially relevant information, and getting things done through a large number of people with diverse backgrounds over whom they do not have complete control. Effective leaders respond to these challenges by setting their own agendas and building a network of people.

Unit 4

The Making of a Leader

Structure

- 4.1 Introduction
- 4.2 Objectives
- 4.3 The Making of a Leader
- 4.4 Developing Next Generation Leaders
- 4.5 Tying Leadership Development to Organizational Goals
- 4.6 Summary
- 4.7 Self-Assessment Exercises
- 4.8 Suggested Readings/Reference Material
- 4.9 Answers to Check Your Progress Questions

‘As we look ahead into the next century, leaders will be those who empower others’.

- Bill Gates

One of the important criteria for developing next generation leaders is to empower them.

4.1 Introduction

Before we begin this unit, let us recall what you learned in the previous one. You learned about various leadership skills such as persuasion, conflict resolution and motivation skills and leadership tactics

As you know, the business environment and technology of today are going through rapid changes. They find that in these circumstances, a leader who can coach his/her subordinates and who can think strategically is an important source of competitive advantage for them. The focus of organizations is, therefore, on identifying and developing such leaders.

Since leadership development is too critical and specialized a function, many organizations feel that it should not be left solely to the human resource department. In companies such as General Electric, Johnson & Johnson, Shell International, which are known for their leadership practices, the top management involves themselves in leadership development programs.

Organizations can sustain the momentum of desirable change by promptly assessing the effectiveness of its leadership development programs. They can also capitalize on early successes in these programs by communicating the success to all stakeholders.

Block 1: The Mystique of Leadership

In this unit we will discuss how leaders are made and the components of developing leaders. In the final part of the unit, the steps that link leadership development to organizational goals are discussed.

4.2 Objectives

By the end of this unit, you should be able to:

- Discuss how leaders are made.
- Outline the components of developing leaders.
- Explain the steps that link leadership development to organizational goals.

4.3 The Making of a Leader

How are leaders made? How do effective leaders inspire confidence, hard work, and loyalty when other people who are equally bright and visionary fail? What makes them extraordinary? Do they deal with adversity in a different way?

Example

Warren Bennis (Bennis) and Thomas Robert (Robert) tried to find answers for these questions through extensive research. They interviewed nearly 40 top leaders in business and the public sector. Their findings show that leaders had intense, traumatic, and unplanned experiences that had transformed them. These experiences became the source of their leadership capabilities. According to Bennis and Robert, the ability to find meaning in negative events and to learn from extremely demanding and often painful circumstances in life are the right indicators of true leadership. Due to these abilities, true leaders conquer adversity and emerge stronger and more committed than they were.

4.3.1 Learning from Experience

Most of the leaders interviewed by Bennis and Robert had been victims of some type of prejudice. This prejudice led to traumatic experiences and distorted pictures about themselves. However, it also helped them to clarify their opinions about themselves and get a clear picture about who they were and where they stood.

Example

Commenting on the making of a leader, Philip J. Carroll Jr, the then CEO of Fluor Corporation said “What I think you need to do, as an individual, is to put yourself in difficult, challenging circumstances where you are outside of the comfort level that you have. It helps to be scared sometimes, to be actually worried”.

So leaders have to get used to adaptive capacity. It is the ability to overcome adversity and emerge stronger from the experience. We can explain adaptive capacity in terms of two qualities.

- The first is the ability to grasp the context. This requires weighing different factors such as how different people interpret gestures to getting a holistic perspective on a situation. The ability to grasp the context is important because only then will a leader be able to connect with his/her constituents.
- The second quality is hardiness. This is the ability to persevere and overcome difficult situations. Together, the ability to grasp the context and hardiness ensure the survival of a leader and also help him/her to emerge stronger and more committed.

Check Your Progress - 1

1. Adaptive capacity is
 - a. An important source of competitive advantage for any organization
 - b. The ability to overcome adversity and emerge stronger from experience
 - c. The ability to deliver real and immediate value
 - d. All of the above

4.4 Developing Next Generation Leaders

Organizations are increasingly realizing the need to develop next generation leaders who can “translate strategy into results and core values into day-to-day behaviors.” This is one of the major concerns of today’s CEOs and top management.

Any method that aims at building next generation leaders should take two aspects into consideration.

- **One:** Learning is most effective when it occurs where it is going to be practiced. Only then can it deliver real and immediate value.
- **Two:** One can learn leadership lessons better when the lessons come from trusted and respected people in the organization. When emerging leaders learn from the top executives, they get to know about the company’s culture, values, and guiding principles and this prepares them for leadership positions in the future.

Example

According to Douglas A Ready (Ready), one approach that top executives can adopt in building leadership is storytelling. Ready says storytelling by senior executives in an organization results in potential leaders getting to know how their role models behaved. This can generate impressive results when they replace these leaders.

Contd....

Block 1: The Mystique of Leadership

As you know, storytelling has been used down the ages successfully to communicate messages. The Bible is an example of how storytelling was used effectively to shape behavior, cultural norms, and core values.

According to Ready, there are five components necessary for shaping great stories that build leadership. Let us take a look at each of these.

4.4.1 Context-Specific

Storytelling has to center on a company's strategic and cultural context. However, a storyteller can also narrate experiences that occurred outside the company's environment. A storyteller, for example, can talk about his/her experiences in his/her early career in another company as well. The only factor to be kept in mind is that the narrated experience should in some way relate to the company's current challenges.

4.4.2 Level-Specific

The experiences the storyteller narrates should pertain to his/her handling of the same level of responsibilities that the program participants deal with. Even high-potential executives will not learn much about leadership by listening to great leaders unless they can relate to those experiences.

Thus, the challenge for the storyteller is to frame stories with which participants can identify and which they can reflect on to resolve their problems.

4.4.3 Use of Role Models

Stories must create a relationship between the coaches and their trainees based on learning. To create such a relationship, it is necessary that the coach commands trust and respect. If the coach does not have a high standing, his/her stories will be met with skepticism. It is also essential that the leaders are approachable and accessible.

4.4.4 Dramatic

A story should be such that it grabs the attention of the listeners. Stories should involve instances in which the storyteller was faced with having to make tough choices. For example, a story can be related to situations that the storyteller had to face that challenged his/her ethics or the company's values. The stories narrated should challenge the participants to think of similar circumstances, and how they would cope with the situation.

4.4.5 Learning Value

An effective story stimulates learning. The impact of this learning can be seen in the changes in behavior. Different organizations focus on different skills and behaviors as components of effective leadership.

Thus, stories must concentrate on building these skills or promoting the desirable behaviors. For example, a particular story can concentrate on leadership

competencies (skills) while another can concentrate on a shared set of values (behaviors). However, effective stories emphasize both.

Activity 4.1

ABC Ltd. is one of the leading retailers in Germany and is known for its premium label products. The company was ahead of its competitors due to the availability of company-label as well as other products. Of late, the company has started facing competition from low-cost retailers. To combat them, the manager, John called the staff and discussed the problem. However, this did not have any impact on the employees. The company's retail stores also continued to face a decline in sales. If you were the manager of ABC how would you make the employees understand the problem and come out with an appropriate solution? Discuss.

Answer:

4.4.6 Storytelling in Practice

For storytelling to be effective in developing leadership in the organization, these steps should be followed:

- The top team should be actively involved in the storytelling program. A leadership development initiative of this kind should not be left to a single person or a few senior executives. Getting a collective point of view on leadership is essential. Before the top management starts teaching leadership effectiveness, it should understand what effective leadership means in the context of the organization.
- Before taking up the storytelling approach to developing leadership, all other approaches should be considered. Other approaches such as benchmarking, executive programs offered by universities, action learning, and structured coaching can be employed along with storytelling.
- It is necessary to have the right team in place to carry out leadership development initiatives. The most enthusiastic members of the top team should be chosen as leader-coaches. HR executives also can be a part of the team. They can help in identifying high potential people.
 - The storytellers should be coached. People who specialize in leadership issues can advise leader-coaches on how to shape their stories to ensure optimal learning. Advisers can also help the coaches rehearse so that the stories have the intended impact. Participants have to be selected after careful consideration.

Block 1: The Mystique of Leadership

- Stories should be used to facilitate dialogue, reflection, and action. They should not be mere speeches but agents for discussion. The stories should be short (generally lasting for 30 minutes) followed by dialogue and an in depth discussion on the leadership challenges found in the story. This discussion should be followed by a reflection on the leadership stretch objectives that were identified before the program and action plans to reinforce the learning.

Example

Airbnb's storytelling is focused on the people who own the homes listed and the travellers who go there. Their website [airbnb.com/stories](https://www.airbnb.com/stories) provides all details of people who visit them. They feel that by connecting with their visitors, their brand improves. They emphasize on the stories of the people to attract more customers. In turn the customers also feel that Airbnb is concerned about them.

Source: <https://virtualspeech.com/blog/storytelling-for-leaders> March 04, 2021 - Sophie Thompson

Check Your Progress - 2

2. Organizations are increasingly realizing the need to develop next generation leaders who can———.
 - a. Translate strategy into results and core values into day-to-day behaviors
 - b. Coach subordinates
 - c. Carry out succession planning
 - d. Develop leadership programs
 3. This is one of the aspects to be taken into consideration while grooming next generation leaders
 - a. People should be taught to capitalize on early success
 - b. People should be prepared to face traumatized experiences
 - c. One can learn leadership lessons better when they come from trusted and respected people in the organization
 - d. None of the above
 4. Certain steps have to be followed for storytelling to be effective in developing leadership in the organization. Which of the following statements is **false** in this context?
 - a. The top management should be engaged and visible throughout the process
 - b. Getting a collective point of view on leadership is essential
 - c. It is necessary to have the right team in place to carry out leadership development initiatives
 - d. The storytellers do not require any coaching
-

4.5 Tying Leadership Development to Organizational Goals

In the late 1990s, Robert Fulmer, in association with the American Productivity & Quality Center and the American Society for Training and Development, conducted extensive research to understand how organizations design processes that transform managers into leaders and how the best leadership development organizations design their world-class programs. What he found was that best practice organizations tied their leadership development programs with their business strategies. They also invested adequate financial resources in these programs. The research revealed that the CEOs of these organizations supported the leadership programs because they felt that the programs would help in aligning functional areas with corporate strategy.

Check Your Progress - 3

5. What do best leadership development organizations use to develop leadership skills?
- Employ tools such as decentralized planning
 - Allocate budgets for the projects
 - Research on leadership
 - Real-time business issues
-

Example

Carly Fiorina (Fiorina), while serving her term as the CEO of Hewlett-Packard (HP) during 1999 to 2005, was trying to reinstate HP to its previous place as a top high-tech-innovator. It was a tough task, given the fact that she had to convince HP employees first that the company could become a hot new company in the internet era without compromising on the quality and integrity so characteristic of HP. Senior executives at HP actively participated in the leadership development programs and Fiorina used these programs to articulate her vision of making the company “represent the next decade rather than the past one.”

However, researchers were of the view that only having strategic vision is not enough to bring about change or link leadership development to company goals. An organization has to take five critical steps to achieve this.

4.5.1 Consciousness

Let us see what organizations that have the best leadership development practices do.

- These organizations look for ideas from within and outside.

Block 1: The Mystique of Leadership

- They pay attention to the changes taking place in the external environment; emerging business opportunities and strategies; developmental needs of the organization, and the leadership development efforts of other leading organizations.
- The sources of information for them are marketing research agencies, researchers of business trends, and leading-edge thinkers.
- These organizations create leadership development programs keeping all these aspects in mind.
- They also ensure that the leadership development programs meet the short-term and the long-term goals of the organization.

One organization that makes sure its leadership development programs address its long-term demands is Shell International (Shell). Its LEAP team interacts continually with managing directors of all geographic and functional areas to bring about corporate transformation.

The team prepares the budgets for its projects and sets time expectations and goals for the leadership development programs only after discussions with the key people who will take part in the program.

To get ideas from outside the organization, Shell has joined the Global research consortium run by a group of transnational companies. The company also keeps in touch with consultants and professors so that it is aware of the latest in leadership research.

Check Your Progress - 4

6. Which one of the following is the source of information for organizations seeking to keep track of changes taking place in the external environment?
- a. Marketing research agencies
 - b. Researchers of business trends
 - c. Leading-edge thinkers
 - d. All of the above

Exhibit 4.1 illustrates leadership development at Booking.com

Exhibit 4.1: Leadership Development at Booking.com

Booking.com, a Dutch online travel agency for lodging reservations & other travel products, created an online learning platform to support them in learning both technical and leadership skills to grow individually and move the company forward. Booking.com collaborated with Udemy in the process.

Contd....

These courses were offered through mobile apps which were convenient and comfortable in use by the younger generation.

Similarly, for upskilling the software developers in coding language, Booking.com collaborated with Geekuni. Booking.com introduced this program also for new employees during their onboarding process. The program was basically focused on getting and keeping the talent ready for taking up higher positions.

Source: <https://gethownow.com/blog/how-innovative-companies-train-their-employees-google-amazon-uber-more/>, September 11, 2020.

Activity 5.1

CS Ltd. is a leading business conglomerate in the US. The company has several business lines such as in cement, steel, pharmaceuticals, plastics, computers, telecommunication, etc. The company is 80 percent privately owned by its CEO, Frederick James (James). James is known for his leadership skills and the effective way in which he manages his staff. The company is planning to expand into other diverse areas. James wants the managers of each department to handle the businesses effectively and to attain the organizational goals. What should James do to make the employees across its diverse business lines to attain the organizational goals? Discuss.

Answer:

4.5.2 Future Orientation

The best leadership development programs focus more on the future than on the present or the past. Companies with top leadership development programs use learning tools to prepare themselves for the future.

- They use focus groups to identify potential challenges or to measure the impact of emerging technologies.
- They conduct analysis of future scenarios and employ tools such as decentralized strategic planning, and the Delphi method.

Managers employing this process imagine what the organization, if completely successful, would look like in the next ten years. This type of planning can provide insight and input to senior executives, and lead to more productive leadership development sessions.

Block 1: The Mystique of Leadership

4.5.3 Execution

Execution is the goal of any leadership development process. Gaining knowledge without the intention of using it is, of course, meaningless. So the best leadership development organizations use real-time business issues to develop leadership skills. Before the beginning of the course, the organization determines the criteria for selecting the client with a problem. It also determines the protocol for interviewing the client. A team of learners identifies the recommendations for the client. After the course, the team presents the recommendations to the actual client.

4.5.4 Integration

Organizations with the best leadership development practices understand the importance of aligning leadership development with other corporate functions. Leadership development efforts in such organizations are linked to formal succession planning. Some companies have started integrating the assessment, development, feedback, coaching, and succession planning functions. Such organizations, ensure a continuous flow of information and help in identifying and grooming leaders.

Check Your Progress - 5

7. In the integrated approach of leadership, leadership development exercises ensure:
 - a. Provision of insight and input to senior executives leading to more productive leadership development
 - b. Identification of potential challenges, or measurement of the impact of emerging technologies
 - c. Continuous flow of information, and help in identifying and grooming leaders
 - d. Criteria for selecting the client with a problem
8. Which of the following is not a critical step to link leadership development to company goals?
 - a. Consciousness
 - b. Future orientation
 - c. Empowerment
 - d. Execution

4.5.5 Evaluation of Development Efforts

Companies with great leadership development skills lay much emphasis on measuring and evaluating the impact of their leadership development programs. They use different tools and techniques to gather information on the perceived value provided by these programs.

The *Kirkpatrick Four-level Model of Evaluation* is one such tool. This tool measures participant reaction, knowledge acquired, behavioral changes, and business results. Participants in the development program, HRD staff, consultants, and financial staff conduct this evaluation. Many companies use the Kirkpatrick levels to quantify the impact of leadership programs on business results.

Check Your Progress - 6

9. The *Kirkpatrick Four-level Model of Evaluation* is one such tool that measures
 - a. Participant reaction, knowledge acquired, behavioral changes, and business results
 - b. The number of recommendations given to the clients
 - c. Leader's performance
 - d. Employee's performance
10. The effectiveness of leadership development efforts can be evaluated through
 - a. Corporate performance
 - b. Customer satisfaction
 - c. Employee satisfaction
 - d. All of the above

4.6 Summary

- Great leaders demonstrate one important ability – “Adaptive capacity”. This is the ability to overcome adversity and emerge stronger from the experience.
- This ability can be explained in terms of two qualities. The first is the ability to grasp the context. This is the ability to weigh different factors that influence the situation; to understand how another person will interpret a gesture; and to communicate perspectives on the situation.
- The second is hardiness -- perseverance and toughness. Hardiness helps people to overcome devastating circumstances. The combination of the ability to grasp the context and hardiness ensures that a leader not only survives, but also learns and emerges stronger and committed from adverse situations.
- According to Douglas A. Ready, the following components are necessary for shaping great stories that build leadership: they should be context-specific, level-specific, should use role models, be dramatic, and have learning value.

Block 1: The Mystique of Leadership

- Researchers are of the view that strategic vision alone is not enough to bring about change or link leadership development to company goals.
- An organization has to take five critical steps to achieve company goals: consciousness, future orientation, execution, integration, and evaluation of development efforts.

4.7 Self-Assessment Exercises

1. How are leaders made? Explain the key factors that help in the making of a leader.
2. “Organizations are increasingly realizing the need to develop next generation leaders...” To what extent is it important for organizations to nurture next generation leaders?
3. Explain the components that are essential to build leadership.
4. Describe the steps that link leadership development to organizational goals.

4.8 Suggested Readings/Reference Material

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2. Arora H.N and Rajan Sinha, *Alchemy of Change - Managing Transition through Value-based Leadership*, SAGE Publications, 2020
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4. Gary A Yukl, William L Gardner, *Leadership in organizations*. 9th ed. Boston Pearson Education, Inc 2020
5. Gillian Watson, Stefanie C. Reissner, *Developing Skills for Business Leadership* 3rd Edition. London: Kogan Page, 2020
6. Nishant Uppal, *Narcissus or Machiavelli? Learning Leading from Indian Prime Ministers*, Routledge, 2021
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8. Peter G. Northouse *Leadership: International student edition, Theory and Practice*, 9th Edition SAGE PUBLICATIONS INC, 2021
9. Rajashi Ghosh, *Indian Women in Leadership*, Springer Nature, 2018.
10. Ratan Raina, *Change Management and Organizational Development*, SAGE Publications, 2019
11. Ruchira Chaudhary, *Coaching - The Secret Code to Uncommon Leadership*, Penguin Random House India, 2021
12. Sajjad Nawaz Khan, *Leadership and Followership in an Organizational Change Context*, IGI Global, 2021

4.9 Answers to Check Your Progress Questions

1. (b) Ability to overcome adversity and emerge stronger from experience

Altman demonstrated “Adaptive capacity,” or the ability to overcome adversity and emerge stronger from experience.

2. (a) Translate strategy into results and core values into day-to-day behaviors

Organizations are increasingly realizing the need to develop next generation leaders who can “translate strategy into results and core values into day-to-day behaviors.”

3. (c) One can learn leadership lessons better when they come from trusted and respected people in the organization

Any method aimed at building next generation leaders should take two aspects into consideration. One: Learning is most effective when it occurs where it is going to be practiced. Only then can it deliver real and immediate value. Two: One can learn leadership lessons better when they come from trusted and respected people in the organization.

4. (d) The storytellers do not require any coaching

‘The storytellers do not require any coaching’ is a false statement.

For storytelling to be effective in developing leadership in the organization, the remaining options should be followed:

5. (d) All of the above

Organizations that have the best leadership development practices look for ideas from within and outside their organizations. Such organizations pay attention to changes taking place in the external environment; emerging business opportunities and strategies; developmental needs of the organization and leadership development efforts of other leading organizations. The sources of information for these organizations are marketing research agencies, researchers of business trends, and leading-edge thinkers.

6. (d) Real-time business issues

The best leadership development organizations use real-time business issues to develop leadership skills.

7. (c) Continuous flow of information, and help in identifying and grooming leaders

In organizations following the integrated approach of leadership, leadership development exercises ensure continuous flow of information, and help in identifying and grooming leaders.

Block 1: The Mystique of Leadership

8. (c) Empowerment

Empowerment is not a critical step to link leadership development to company goals.

9. (a) Participant reaction, knowledge acquired, behavioral changes, and business results

The *Kirkpatrick Four-level Model of Evaluation* is a tool that measures participant reaction, knowledge acquired, behavioral changes, and business results.

10. (d) All the above

The effectiveness of leadership development efforts can be evaluated through corporate performance, customer satisfaction and employee satisfaction.

Leadership and Change Management

Course Structure

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