

COURSE TITLE

ORGANIZATION AND MANAGEMENT

Chapter 4

LEADERSHIP

Lecture 4 (week 4)

Meaning and concept of leadership, Importance and function of leadership, Leadership styles, Leadership theories and Centralization and decentralization

Lecturer: Associate Prof. Ishwar Adhikari

Learning Objective

The main objective of this lecture is to understand about:

- 4.1 Meaning and Concept of Leadership.
- 4.2 Importance and Functions of Leadership.
- 4.3 Style of Leadership.
- 4.4 Theories of Leadership.
- 4.5 Centralization and decentralization

4.1 LEADERSHIP MEANING AND CONCEPT

Leadership is the ability to influence a group towards the achievement of goals willingly and enthusiastically. Leadership is one of the most important aspects of studies of human behaviour in organization. It is the leader who creates working environment. The success of an organization depends upon the efficiency of the leader. It is the attributes, positive approach and the ability to solve problems that make a person leader. All leaders are not managers as they have to work in non-organized sectors while the managers work in the organized sectors.

Leadership can be defined as influence, that is, the area or process of influencing people so that they will strive willingly and enthusiastically towards achievement of group goals (Koontz)[1]

Besides influence, leadership has been defined in terms of group processes, personality, and compliance particular behaviour, persuasion, power, goal achievement, and interaction, role differentiation, initiation of structure, and combination of two or more of these leader has an ability to lead effectively. (Bernard) [2]

Leadership plays an important role in understanding and predicting group behaviour and is visible aspect of management.

Characteristics

1. **Influence:** Influencing subordinate is one of the natures of leadership which is done mainly through:
 - I. **Power:** The power sources can be:
 - (a) Legitimate power: Based on position in the organization.
 - (b) Reward power: Based on ability to give praise, recognition.
 - (c) Coercive power: Based on fear of punishment.
 - (d) Referent power: Based on admiration by other people.
 - (e) Expert power: Based on knowledge, skills and experience.
 - II. **Reasoning:** It is the use of fact and data to develop argument.
 - III. **Inspiration:** It is the ability to inspire other.
 - IV. **Assertiveness:** It is the use of direct and forceful approach.
 - V. **Friendliness:** It is the use of goodwill and support.
 - VI. **Bargaining:** It is the use of benefits of favours for negotiation.
 - VII. **Motivation:** It is the use of motivation techniques.
2. **Goal Directed:** The leader and the follower share common goals. Leadership influences follower to willingly and enthusiastically achieve common goal.
3. **Situational:** Leadership is situational. Situations determine the leadership styles.
4. **Unidirectional Authority:** Leader possess authority to influence followers. But the followers lack authority to influence the leader.
5. **Leader, Follower and Situation:** Leadership is made up of:

Leader: He/she can be formally appointed or emerge from work groups. Unites and stimulates the followers towards goal.

Follower: They are people who willingly obey authority and accept the influence of leader.

Situation: Leader should recognize the situation and adapt to them. It makes or breaks the leader.

4.2. IMPORTANCE AND FUNCTIONS OF LEADERSHIP

Importance

1. Improves communication
2. Creates A Better Work Environment
3. Improves Productivity
4. Increases Efficiency
5. Decreases Mistakes
6. Motivates Employees
7. Sets a Good Example For Others
8. Inspires Hard Work
9. Helps Keep Employees On Track
10. Creates A Strong Vision And Direction For The Future

Functions

- Goal Determination
- Environmental adaptation
- Task orientation
- Representation

Formal leadership is the process of influencing relevant others to pursue official organizational objectives.

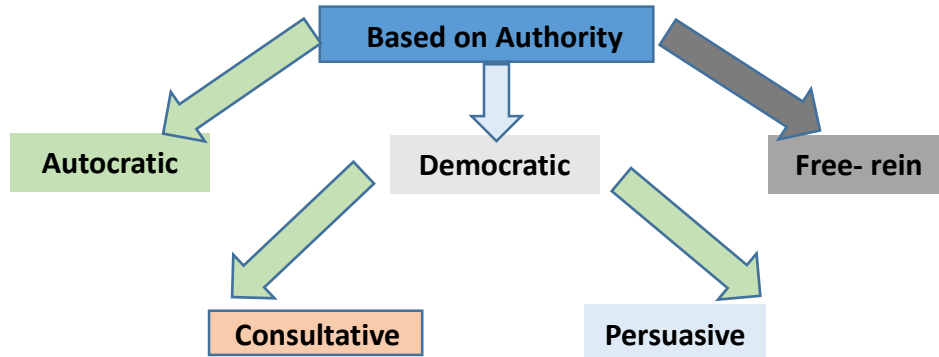
Informal leadership, in contrast, is the process of influencing others to pursue unofficial objectives that may or may not serve the organization's interests.

MANAGERS VERSUS LEADERS

Leader	Manager
• Innovate and risk taking	• Implement, get job done
• Develop organization	• Maintain organization
• Originate	• Imitate/ copy
• Long range view and missionary	• Short range and goal oriented
• Focus people	• Focus system and structure
• Inspire trust	• Rely on control
• Informal power	• Formal power
• Ask what and why	• Ask how and when
• Eye on the horizon	• Eyes on the bottom line

4.3 STYLE OF LEADERSHIP

Leadership style is firstly the ability of a leader to act in a manner that will develop a climate conducive to the response from the led. Secondly arouse motivation among the employees, leader must design and maintain an environment for efficient performance. [4]



1. AUTOCRATIC STYLE

In this style, power and decision making are centralized on the leader. This type of leadership is effective in emergency and it result high productivity.

Its features are –

1. Leaders make all decisions. Subordinates are not consulted.
2. Leaders have position based authority. They demand total obedience.
3. Leaders give reward and punishment as they like,
4. Permits quick decision making. Information is controlled by leader.

2. DEMOCRATIC STYLE

In this style of leadership, power and decision making are decentralized. Discussion, consultation and participation of the subordinates are encouraged. This style of leadership is effective where team work is necessary. It is very popular for participatory management. People cooperate when they feel committed to goals. It results high morale and productivity.

Features

- Leaders consult the subordinates about decisions. Also, the subordinates willingly cooperate with the leader,
- Authority and responsibility are delegated.
- Influences flow both ways.
- Performance-based rewards and punishment with emphasis on results,
- Information is shared between leaders and followers.

CONSULTATIVE APPROACH

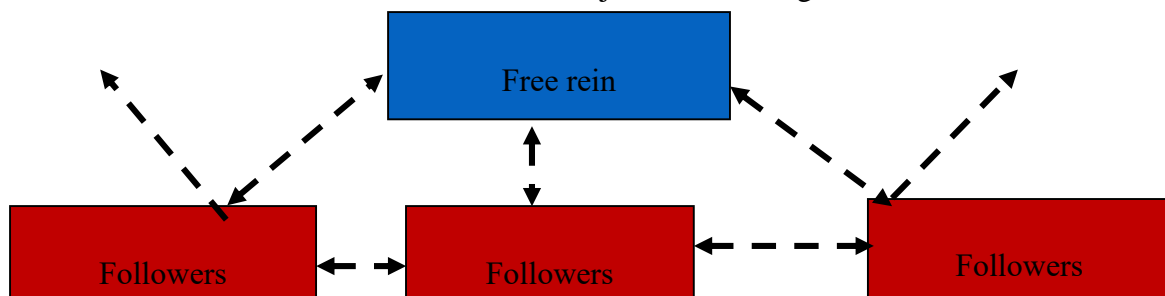
Process of consultation is done before decisions are taken.

PERSUASIVE APPROACH

Leader takes decision and seeks to persuade others that the decision is correct.

3. FREE REIN (Laissez-faire) STYLE

In this style, power and decision making are entrusted on to the subordinates. Leaders use very little power and control. They serve as an information center. Subordinates set own goals and their potential is effectively utilized. Subordinates have decentralized authority and responsibility. They are high degree of independence in decision making. Influence flow in all directions. It is effective for research oriented jobs. It leads high morale.



4.4 THEORIES OF LEADERSHIP

The study of leadership has evolved as theories have been developed and refined by successive generations of researchers. Leadership styles are greatly influenced by leadership theories. There are mainly three types of leadership theories-

1. Trait Theory
2. Behavior Theory
 - Ohio State University Studies
 - Michigan University Studies
 - Managerial Grid
3. Contingencies Theory

1. TRAIT THEORY

During most of recorded history, the prevailing assumption was that leaders are born and not made. It assumes “under the influence of the behaviouristic school of psychological thought, the fact was accepted that leadership traits are not completely inborn but can also be acquired through learning and experience”. [5] It says that leadership involves from the possession of certain personal biological characteristics. The trait theory of leadership suggests that certain inborn or innate qualities and characteristics make someone a leader. These qualities might be

personality factors, physical factors, intelligence factors, and so on. [6] Under trait theory, a leader differs mainly in six traits from non-leaders and they are-

1. Ambition and energy
2. The desire to lead
3. Honesty and integrity
4. Self-confidence
5. Job relevant knowledge
6. Intelligence.

Physical Traits	Intelligence Traits	Personality traits
Energy	Ability	Aggressiveness
Appearance	Judgment	Independence
Height	Decisive	Self confidence
Weight	Fluency of speech	Dominance
Age		

Limitations of Trait Theory

- There is bound to be some subjective judgment in determining who is regarded as a 'good' or 'successful' leader
- The list of possible traits tends to be very long. More than 100 different traits of successful leaders in various leadership positions have been identified. These descriptions are simply generalities.
- There is also a disagreement over which traits are the most important for an effective leader.
- In business organizations, these are not the requirements to be an effective leader.
- This theory is very complex.

2. BEHAVIOUR THEORY

This theory is in contrast to the trait theory which seeks to explain leadership in terms of what they "are" and what they "do". According to behavioral theory, leadership is shown by a person's acts (behavior) more than by his traits. The leadership effectiveness is determined in terms of how leaders delegate their tasks, how they communicate with and motivate their followers. This theory believes that leaders are made, not born. Notable research studies under this theory are:

- (a) Ohio State University Studies
- (b) Michigan University Studies
- (c) Managerial Grid

(a) Ohio State University Studies

This approach began in the late 1940s when a team of Ohio State University researchers defined two independent dimensions of leader behaviour. [5] One dimension, called “initiating structure,” was the leader’s efforts to get things organized and get the job done. The second dimension, labelled “consideration,” was the degree of trust, friendship, respect, and warmth that the leader extended to subordinates. The focus was on the kinds of behaviour of people in leadership positions and the effects of leadership styles on group performance. The research was based on questionnaires to leaders and subordinates. These questionnaires are known as the Leader Behaviour Description Questionnaire (LBDQ) and the Supervisor Behaviour Description Questionnaire (SBDQ). By making a matrix out of these two independent dimensions of leader behaviour, the Ohio State researchers identified four styles of leadership.

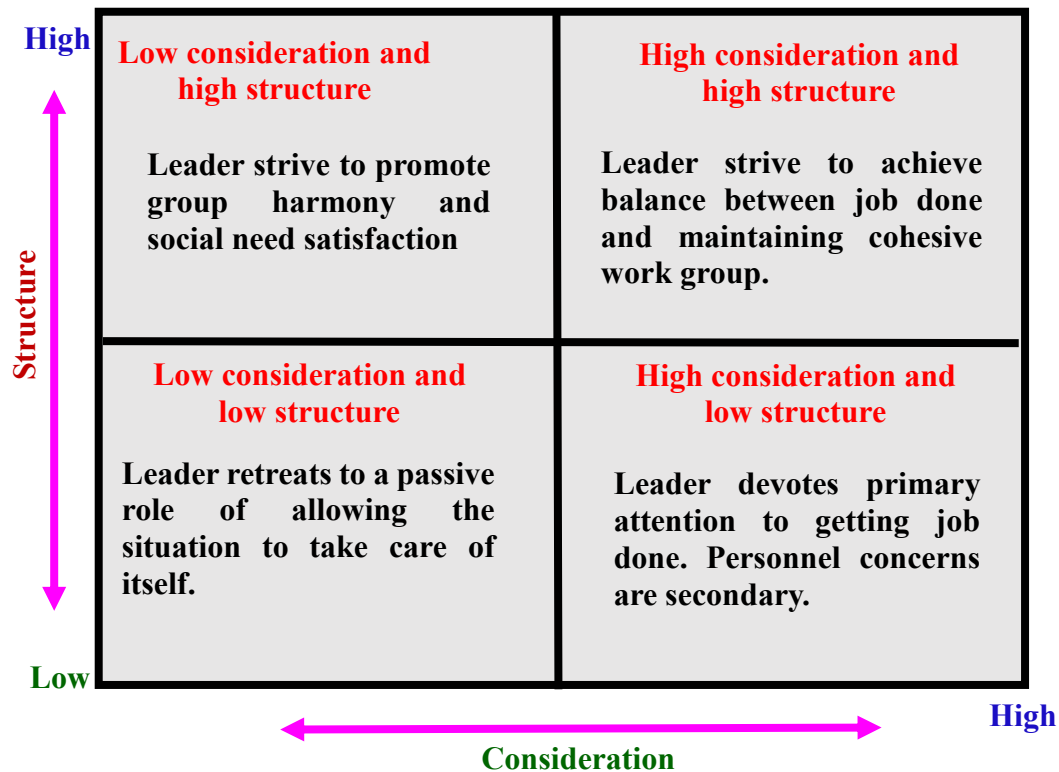


Fig: THE OHIO STATE QUADRANTS OF LEADERSHIP BEHAVIOR [5]

Four types of leadership behavior:

1. Low on consideration and low on structure.
2. Low on consideration and high on structure.
3. High on consideration and high on structure.
4. High on Consideration and low on structure.

(b) Michigan University Studies

Institute for Social Research at the University of Michigan conducted empirical studies to identify styles of leader behaviour that result in higher performance and satisfaction of a group. [7] Leadership studies undertaken by the University of Michigan is similar to the study of Ohio State University, of which the objectives were to locate the behavioural characteristics of leaders. The studies identified two broad leadership styles - an employee oriented and a job oriented.

Employee-Oriented

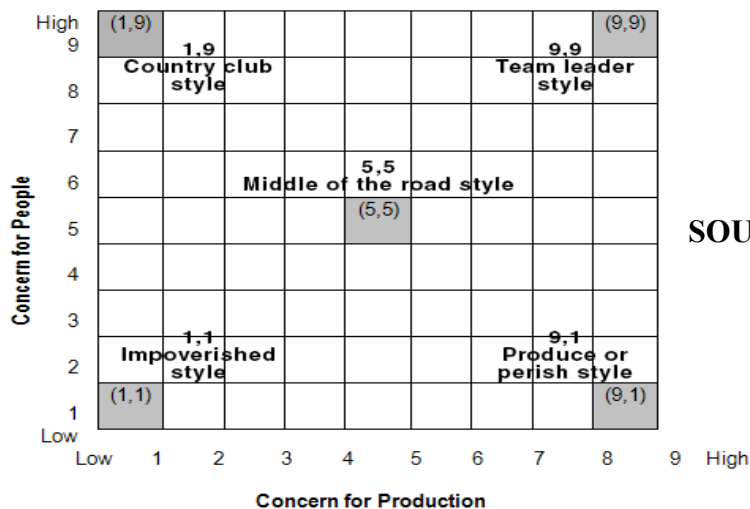
Employee-centered behavior refers to the extent to which the leader focuses on meeting the human needs of employees while developing relationships. The leader is sensitive to subordinates and communicates to develop trust, support, and respect while looking out for their welfare.

Job - Oriented

Job-centered behavior refers to the extent to which the leader takes charge to get the job done. The leader closely directs subordinates with clear roles and goals, while the manager tells them what to do and how to do it as they work toward goal achievement.

(c) Managerial Grid (Leadership Grid)

Developed by Robert R. Blake and Jane S. Mouton, and originally called the Managerial Grid, the Leadership Grid is a trademarked and widely recognized typology of leadership styles. [8] In general, behavioural scientists have separated the two primary concerns – concern for production (accommodating people’s needs and giving them priority) and concern for people. (Keeping tight schedules). The Managerial or Leadership Grid is used to help managers analyse their own leadership styles through a technique known as grid training. They believe that a high concern for production necessarily meant low concern for people and high consideration for workers meant tolerance for low production. However, the managerial grid model emphasized that both concerns should be integrated. It assumes that people and production factors are complementary to each other, rather than mutually exclusive.



Co-ordinates (1, 1) Improvised Management

Managers with this approach are low on both the dimensions and exercise minimum effort to get the work done from subordinates. The leaders are termed ineffective wherein their action is merely aimed at preserving job and seniority.

Co-ordinates (9, 1) Authority Compliance (Task Management)

Also called dictatorial or perish style. Here leaders are more concerned about production and have less concern for people. The employees' needs are not taken care of and they are simply a means to an end.

Co-ordinate (1, 9) Country Club Management

The leader feels that such a treatment with employees will lead to self-motivation. Thoughtful attention is given to the needs of people. Personal and meaningful relationship with workers is maintained. Friendly atmosphere and high morale. In contrast, there is loosely structured work design. Primary concern for people, production secondary.

Co-ordinate (9, 9) Team Management

Characterized by high people and task focus. The style is has been termed as most effective style according to Blake and Mouton. The leader feels that empowerment, commitment, trust, and respect are the key elements in creating a team atmosphere which will automatically result in high employee satisfaction and production.

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Co-ordinates (5, 5) Middle-of-the-Road Management

This is basically a compromising style wherein the leader tries to maintain a balance between goals of company and the needs of people. The leader does not push the boundaries of achievement resulting in average performance for organization. Here neither employee nor production needs are fully met.

3. CONTINGENCY THEORY

It is based on the view that there is no “one best way” to lead an organization or to make a decision. A contingent leader effectively applies their own style of leadership to the right situation. Contingency theories put forth the idea that the success of a leader hinges on the specific situation at hand. Also called the Situational approach developed by Fiddler. He identified behaviour of leaders depends upon characteristic of situation leader is in. The performance of a leader depends on two interrelated factors: [5]

(1) The degree to which the situation gives the leader control and influence—that is, the likelihood that [the leader] can successfully accomplish the job; and

(2) The leader's basic motivation— that is, whether [the leader's] self-esteem depends primarily on accomplishing the task or on having close supportive relations with others.

Fiddler isolated three situational criteria as follows-

1. Leader-member relations: The degree of confidence, trust, and respect the subordinates have in their leaders situation,
2. Task structure: The degree to which the job assignments are procedure, i.e. structure or unstructured.
3. Position Power: The degree of influence a Leader has over power variables such as hiring, firing, discipline, promotions, and salary increases.

If the person describes the least preferred coworkers in relatively positive terms (a high LPC score), then the person is labeled as relation-oriented. If the person describes the least preferred coworkers in relatively unfavorable terms (a low LPC score), the person is labeled as task-oriented. Task oriented leaders tend to perform best in very favorable and unfavorable situations. Relationship oriented leaders tend to perform best in moderately favorable situation.

4.5 CENTRALIZATION AND DECENTRALIZATION

Centralization is said to be a process where the concentration of decision making is in a few hands. All the important decision and actions at the lower level, all subjects, and actions at the lower level are subject to the approval of top management. Centralization is the systematic and consistent reservation of authority at central points in the organization. Centralization is the process by which the activities of an organization, particularly those regarding planning, decision-making, become concentrated within a particular location and/or group. [9]

Need of centralization

- To strengthen the central government
- Well management of the available resources
- To maintain the public faith
- Overall management on various aspects of development
- To determine the national priorities and needs
- To address the problems which are not addressed by local government
- Disaster management

Characteristics of Centralization

- Philosophy/emphasis on: top-down control, leadership, vision, strategy.
- Decision-making: strong, authoritarian, visionary, charismatic.
- Organizational change: shaped by top, a vision of a leader.
- Execution: decisive, fast, coordinated. Able to respond quickly to major issues and changes.

- Uniformity. Low risk of dissent or conflicts between parts of the organization.

Decentralization

Decentralization is a systematic delegation of authority at all levels of management and in all of the organization. Decentralization refers to the systematic effort to delegate to the lowest level of authority except that which can be controlled and exercised at central points. It includes the dispersal of administration or governance in sectors or areas like engineering, management science, political science, political economy, sociology, and economics.

Need of decentralization

- To transfer power, authority, etc. from central government to local government.
- The dispersion or distribution of functions and powers from a central to regional and local governing bodies.
- Transfer of authority, legislative, judicial or administrative from a higher level of government to a lower level.
- Embracing both the process of de-concentration and devolution
- The transfer of responsibility for planning, management and the raising and allocation of resources from the central government and its agencies to regional or local level.

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Prepared By: Associate Prof. Ishwar Adhikari/Department of Civil Engineering/Kathmandu Engineering College (Affiliated to Tribhuvan University)

