CHAPTER 4

LITERATURE REVIEW

4.1 INTRODUCTION

The challenge of leadership for leaders is not what it used to be. For the past few decades, at least since the genre-defining book ‘Leadership’ by historian James MacGregor Burns was published in 1978, writers on business and society have understood that the quality of a leader’s character makes all the difference. Burns, for example, wrote that civilization depended on its ‘transforming’ leaders – those who didn’t just solve the problems handed over to them, but who helped to raise society as a whole to higher levels of motivation and morality. Other business writers picked up the theme: Corporations, as Warren Bennis puts it, also needed leaders who could not just ‘do things right’ but also ‘do the right thing’.

However, what kind of leaders could be counted on to do the right thing? Creative, experimental risk takers, like Richard Branson; Charismatic, domineering battlers like Lee Iacocca; Ruthless pursuers of performance like Jack Welch; Servant leaders’ such as Herman Miller’s Max De Pree; Quiet stoics like Darwin Smith, the CEO of Kimberly-Clark whom Jim Collins lauded in Good to Great or simply, people whose “leadership secrets” have been collected, like Attila the Hun? According to Mintzberg (1998), leaders share one personality trait in common, a passion to lead. Each style has had its advocates and acolytes over the years. However, for all the sophistication of the experts, for all the books published on the subject, there is still no definitive consensus on the most effective style of leadership. Indeed, the quality of individual leadership matters. The effectiveness of leaders depends more than is generally realized, on the context around them. Research of 160 CEOs shows that
leadership is driven not so much by what someone is like inside but by what the outside demands (Farkas, Wetlaufer, 1996).

There is a need to take into account the temporal patterns of leaders’ behaviour and the dynamics of the task when conceptualizing effective leadership (Komaki, Minnich, 2002). Versatility is central to leadership effectiveness (Kaplan, Kaiser, 2003). The leadership style itself and the eventual task outcome had strong effects on perception of appropriateness of style (participative or consultative). Moreover, perception of leadership appropriateness influenced judgment of leadership ability and one’s willingness to work for the leader. Gender had no effect (Campbell, Bommer, Yeo, 1993).

As companies struggle to get more efficiency and profitability, good management is certainly needed. It is argued that a qualified leader should know how to motivate people and deal with problems in the most effective way. It is no surprise that, an Organisation’s leaders are critical to the company’s success. What is not always connected is the effect that leadership has on employee satisfaction. Subordinates respond better to the leader in terms of the extent to which the latter can facilitate the attainment of their own goals by having influence in the organisation at large (Bryman, 1986). Most often, leaders attempt to influence the vitality of the company through overhead control and fiscal measures, perhaps thinking that they can impact the vitality by tinkering with processes and policies rather than educating, empowering, and supporting employee resources. This sometimes can be ineffective over a long-term (Hughes & Beatty, 2005). In reality, what drives long-term profitability can be a combination of strategic and operational leadership actions that drive employee passion and customer loyalty. Leadership is seen as the ability to get
people to do something willingly for a sustained period of time, and is a subject where the requirements change throughout time.

Strategic leadership is a constant cycle of assessing whether the company understands its goals, achieving those, and checking progress (Hughes & Beatty, 2005). Strategic leadership includes the values, vision, culture, and strategic essentials of the Organisation (Fulmer & Goldsmith, 2000). While it is important to determine the strategy, it needs to be supported and delivered by leadership in operations for employees to understand the values and vision.

What makes a leader effective? Effective leadership must have cognitive, interpersonal, and political skills, project management skills, and technical expertise (Yukl, 2006). Leaders must also be able to envision, organize, socially integrate, and externally span to ensure that their team is effective and efficient in achieving the goals, maintaining team cohesion, and keeping the decisions compatible with the organisation’s needs. Leadership must be able to share this complex monitoring with the employees/teams in order to track information on trends and developments. Leadership should also be able to develop strategic plans to address the organisation’s requirements by considering long-term objectives, the organisation’s strengths and weaknesses, core competencies, current and new strategies, and outcomes of these strategies (Yukl, 2006).

4.2 LEADERSHIP AND SUBORDINATE PERFORMANCE

It was found that correlations between aspects of emotional intelligence, leader behaviour, and performance varied as a function of self awareness of managers (Sosik, Megerian, 1999). A study involving 121 business organisations worldwide

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6 http://www.oppapers.com/essays/Leadership-Plus-Employee-Satisfaction-Equals-Business/167656
concluded that 67 percent of the abilities essential for effective performance were emotional competencies (Rosier, 1994).

Superior’s use of Sullivan’s motivating language theory correlates significantly with subordinates’ performance and job satisfaction (Rowley, Mayfield, Kopf, 1998). Collectivists with a transformational leader generated more ideas, but individualists generated more ideas with transactional leaders (Jung, Avolio, 1999). Groups working under high transformational leadership generated more original solutions, supportive remarks, solution clarifications, and reported higher levels of perceived performance, extra effort and satisfaction with the leader than groups working under low transformational leadership (Sosik, 1997).

The relationships between leader reward and punishment behaviours and employee attitudes, perceptions, and behaviors were more functional when the rewards or punishments were administered contingently than when they were administered non-contingently. These reward and punishment behaviours were strongly related to two variables (employees’ perceptions of justice and role ambiguity) that were expected to be key mediators of the relationships between these leader behaviors and the employee criterion variables (Podsakoff, Bommer, Podsakoff, MacKenzie, 2006).

4.3 Leadership Styles

Leadership styles reflect relatively stable patterns of response to social situations. According to Hersey and Blanchard, there are four leadership styles: S1, S2, S3, and S4. These styles are based on the task oriented behaviour and relationship oriented behaviour of the leader. S1 and S2 are leader-driven styles and S3 and S4 are follower led-styles. In S2 (Selling / Coaching), the follower has a readiness R2 i.e. some competence, inability, but willingness to work. Leader has a high task, high relationship focus.
When the followers can do the job, at least to some extent, and perhaps are over-confident about their ability, then 'telling' them what to do may demotivate them or lead to resistance. The leader thus needs to 'sell' another way of working, explaining, and clarifying decisions. The leader thus spends time listening and advising, and where appropriate, helping the follower to gain necessary skills through coaching methods (Hersey and Blanchard, 2000). Leaders tend to have a preferred ‘default’ style. In a study conducted on nurses in a public sector hospital, S2 seemed to be the prominent style (Garcia, Barbara, 2009). It is interesting to note that in a study conducted in the manufacturing (Pharmaceutical industry) sector, the S2 and S3 styles were being used by the top management, not the middle management. This may be due to the fact that the top management has been collapsed into the middle management or style is chosen due to productivity in the industry. The basic leadership style in manufacturing organisations is S1, and the supporting style is S2. When promoted, managers use S2 as the basic style and S3 as the supporting style (Gustav P. Kriel, 2010). Research shows that 54 percent of leaders tend to use only one style, 35 percent tend to use two styles, and a mere one percent use all the four styles. The most common styles are S2 or S3 (Hank Czarnecki, 2010).

### 4.3.1 Pattern Impact of Styles

When styles are used in pairs, their impact can be explained as follows:

- **S1-S4**: Known as the hot-cold style, this pattern creates confusion and resentment. It is also called the seagull style. Managers portray the image of people who criticise when things are wrong and then leave you alone until the next mistake. This is definitely a non-developmental style.

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7 [http://changingminds.org/disciplines/leadership/styles/situational_leadership_hersey_blanchard.htm](http://changingminds.org/disciplines/leadership/styles/situational_leadership_hersey_blanchard.htm)
S1-S2: This manager is effective with less mature subordinates, but more mature people resent him. Effective in crisis and under pressure, is usually unable to delegate and is ineffective at planning/strategic levels of management.

S2-S3: This style is seen as a 'people' person. Higher level subordinates often frustrate him. The leader with this style has difficulty in working alone or with speed.

S3-S4: This style cannot work effectively with a structured environment. The person with this style is not an obvious 'leader' in that his social profile is low. He is effective with developed subordinates.

S2-S4: The leader with this style has difficulty in developing subordinates because the shift from S2 to S4 is too abrupt and subordinates perceive him as having lack of interest.

S3-S1: This style is used by inexperienced managers who think that participative management might be a good thing to do. This results in subordinates who become 'yes' men (Pierre du Plessis, 2008).

4.4 LEADERSHIP IN DIVERSE ORGANISATIONS

Leadership in the IT industry calls for an ability to steer others toward the goal of continued execution, using soft skills such as charisma, rather than the highly directive capabilities (Prewitt, 2004). It is so because unlike any other industry, the IT industry is knowledge-based. Efficient use of a skilled labour force is the forte of the industry.

A positive polar context of organisation, where the organisation is adaptive, has a simple structure, clan mode of governance, and transformational leadership, is more acceptable as compared to negative polar context where orientation is bureaucratic and efficiency oriented (Pawar, Eastman, 1997). There would be a strong relationship
between styles of leadership and satisfaction of different need-areas in the public sector. A significant difference between an executive and supervisor in terms of leadership styles on the basis of ‘Task Behaviour’ and ‘Relationship Behaviour’ could also be seen (Srivastava, 1997). A person-centered leadership is found to be effective in non-profit organisations by Plas and Lewis (2001).

Leaders who can shape the perception that they are smart, verbally adept, aggressive, hardworking, and consistent in their style can increase the probability that their colleagues and subordinates will view them as effective leaders (Robbins, Judge, Vohra, 2012).

4.5 LEADERSHIP AND EMOTIONAL INTELLIGENCE (EQ)

Punia (2005) found that leaders with higher emotional intelligence see changes as opportunities for betterment, and they cherish not stability but ongoing development of individual workers and of the Organisation itself. In a study conducted on IAS officers, Roopsmita Rajkhowa (2002) observed that many IAS officers were in the average category of emotional intelligence.

Dalip Singh (2003) attempted to find out the relationship between different professions and levels of emotional intelligence. He concluded that different professions do require different levels of EQ. However, having a high or average EQ cannot simplistically be labeled as ‘good or bad’ in a position. It is necessary to have the right balance of various emotional competencies that can help become a star performer. He further commented that although many professions exhibited moderate EQ, it should not be interpreted that high EQ is not required in these professions.

Boyatzis and Ratti (2009), in their study, identified competencies that distinguished effective managers and leaders. Performance measures were collected as nominations from superiors and subordinates. Results revealed that emotional,
social and cognitive intelligence competencies predict performance. More specifically, in the emotional intelligence competency cluster, effective executives showed more initiative, while effective middle level managers showed more planning than their less effective counterparts.

Singh (2007) investigated the relationship between emotional intelligence and leadership effectiveness among 340 software professionals of a large company in India. Emotional intelligence was found to be positively and significantly related to Organisational leadership for both genders. Rego, Sousa, Cunha, Correia, and Saur (2007) examined the relationship between leaders' emotional intelligence and creativity of their teams. A sample of 138 top and middle managers from 66 organisations operating in the European Union was analyzed. Emotional intelligence was assessed by a self-report scale consisting of six dimensions: understanding one's emotions, self-control against criticism, self encouragement (use of emotions), emotional self-control (regulation of emotions), empathy and emotional contagion, understanding other people's emotions. The results revealed that emotionally intelligent leaders behave in ways that stimulate the creativity of their teams.

Rosete and Ciarrochi (2005) established a link between emotional intelligence and workplace measures of leadership effectiveness, using an objective measure of performance and a 360 degree assessment tool. The research results showed that executives higher on emotional intelligence are more likely to achieve Organisational outcomes and be considered as effective leaders by their subordinates and direct manager.

Research on key leadership factors established that emotional intelligence, to a significant degree, distinguished outstanding managers from the rest (Boyatzis, 1982). The author found an in-group advantage that accuracy of emotion recognition
increased when the emotion is expressed and recognized by someone of the same ethnic, national, and regional group (Elfenbein & Ambady, 2002).

Emotional Intelligence accounts for 85 to 90 percent of the difference between outstanding leaders and their more average peers (Boyatzis, 2005). A study involving 121 business Organisations worldwide concluded that 67 percent of the abilities essential for effective performance were emotional competencies (Rosier, 1994).

EI includes four domains: Self awareness, self management, social awareness, and relationship management. The first two domains determine how well we understand and manage ourselves and our emotions, and the latter two dictate how well we recognize and manage the emotions of others, build relationships, and work in complex social systems. As shown in the following table, these ‘quadrants’ house eighteen leadership competencies, all of which support the development of resonance (Boyatzis, 2005).

Emotional Intelligence Domains and Competencies

Personal Competence: These capabilities determine how we manage ourselves.

Self- awareness:

- Emotional Self awareness: Reading one’s own emotions and recognizing their impact; using “gut-sense’ to guide decisions.

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8 http://en.wikipedia.org/wiki/Cross-race_effect

• Accurate self-assessment: Knowing one’s strengths and limits.
• Self- Confidence: Having a sound sense of one’s self- worth and capabilities.

Self- Management:
• Emotional self-control: Keeping disruptive emotions and impulse under control.
• Transparency: Displaying honest integrity and trustworthiness.
• Adaptability: Demonstrating flexibility in adapting to changing situations or overcoming obstacles.
• Achievement: Having the drive to improve performance to meet inner standards of excellence.
• Initiative: Being ready to act and to seize opportunities.
• Optimism: Seeing the upside in events.

Social Competence: These capabilities determine how we manage relationships.

Social awareness:
• Empathy: Sensing others’ emotions, understanding their perspectives, and taking active interest in their concerns.
• Organisational awareness: Reading the currents, decision networks, and politics at the Organisational level
• Service: Recognizing and meeting follower, client or customer needs.

Relationship management:
• Inspirational Leadership: Guiding and motivating with a compelling vision.
• Influence: Using a range of tactics for persuasion.
• Developing others: Bolstering others’ abilities through feedback and guidance.
• Change Catalyst: Initiating, managing and leading in a new direction
• Conflict management: Resolving disagreements
• Building bonds: Cultivating and maintaining a web of relationships

Out of the five components mentioned above, the self-awareness aspect of emotional intelligence is related to leadership effectiveness, (Shipper, Rotondo, and Hoffman, 2003 and Rahim et al., 2003).

4.6 Leadership and Five Factor Model

Judge et al. (2002) provided a quantitative review of the trait perspective in leadership research. They used the five factor model. The three factors of the model viz. conscientiousness, agreeableness, and openness to experience were correlated with leadership and the correlations were 0.28, 0.24 and 0.08, respectively. They reported that the five factor model had a multiple correlation of 0.48 with leadership indicating strong support to the relation of personality traits to leadership.

When Bass (1990) listed the traits that were the best correlates of leadership, openness to experience topped the list. Openness to experience also correlated with creativity. Research indicated that creativity was linked to effective leadership (Sosik, Kahai and Avolio, 1998), suggesting that open individuals are more likely to emerge as leaders and be effective leaders.

Conceptually, the link between agreeableness and leadership is ambiguous. Altruism, tact and sensitivity are hallmarks of an agreeable personality (Zaccaro et al, 1991). This would suggest that leaders should be more modest (Goldberg, 1990) and leaders should not be excessively modest (Bass, 1990). Need for affiliation appears to be negatively related to leadership. These factors suggest that agreeableness would be
negatively correlated to leadership. In the light of these conflicting justifications, the possible relationship between agreeableness and leadership is ambiguous.

Research has shown that agreeableness has had mixed results in predicting leadership. Hughes et al (2011) classified managers into four categories (1) Competent managers (2) Cheerleaders (3) Results only managers, and (4) In name only managers. Agreeableness was related to the four managerial types. Competent managers had moderate levels of agreeableness, cheerleaders had extremely high levels of agreeableness, ‘Results only’ managers had low levels, and for ‘In name only managers’, the findings on agreeableness were mixed.

Conscientiousness was related to leadership (Barrick & Mount, 1991). According to Kirkpatrick and Locke (1991), leaders must be tirelessly persistent in their activities and follow through with their programs. Because conscientious individuals have more tenacity and persistence (Goldberg, 1990), it is expected that conscientious individuals would be more effective leaders.

4.7 LEADER SUBORDINATE RELATIONS

A study by Martinko, Moss, Scott and Borkowski (2007) supported the hypothesis that leaders’ and members’ (subordinates) attribution styles have interactive effects on members’ perceptions of the quality of their leader-member relations. Results revealed an interactive effect, such that members’ perceptions of poor leader-member relations were most accentuated when they were biased toward external and unstable attributions (i.e. optimistic attributions) for their negative outcomes, while their leaders were biased toward attributing negative outcomes to the internal and stable characteristics of the members (i.e. pessimistic attribution styles).
If a leader’s representativeness of a group is high, he receives more trust and is evaluated as more effective by his followers after failing to achieve a maximum goal, but not after failing to achieve a minimal goal (Giessner, Schubert, 2007).

A study demonstrated that transformational leadership style provided for a better leader-member relationship, thus generating a positive organisational climate that reduced the likelihood of job burnout (Kumar, 2003). Charismatic leaders’ self esteem and situational assessment guided their efforts to manage followers’ impressions of them, their vision, and their organisation (Gardner, Avolo, 1998).

Leaders who were seen as challenging the status quo and encouraging subordinates’ independent action were rated lower in the performance appraisal by their superior managers, but were rated higher by their subordinates (Salam, Cox, Sims, 1997).

It was hypothesized and proven that transformational leadership would be more effective in increasing motivation and eliciting positive evaluations from people with more of a locomotion mode (those who focus on movement from one state to another) rather than from people with more of an assessment mode (those who make comparisons and judgments before acting) (Benjamin, Flyn, 2006).

Managers’ ratings of the task at hand did not always match with the subordinates’ ratings of team performance. The latter were not significantly correlated with ratings of team performance obtained from the team members (Dennis, Cober 2002).
4.8 Factors Chosen by the Researcher to Study the Expectations of Subordinates from Bosses

1. Bureaucratic Orientation

Bureaucratic Orientation correlated significantly with eight organisational role stress factors when tested on a sample of 40 upper, 40 middle, and 40 lower level technocrats. The conclusion of the study was that bureaucratic orientation is not a product of individual preference (Jha, Mishra, Bharadwaj, 1994).

2. Delegating

Delegating style is the best for managing effectively and it is positively correlated with leadership effectiveness at a 0.05 level. There is a significant difference between executives and supervisors in terms of telling and participating styles (p>0.01) (Srivastava, 1996).

3. Gender

Though women were more likely to emerge as leaders than men, gender role had a stronger effect on emergent leadership than the gender per se. (Kent, Moss, 1994).

4. Sense of Humor

Results of the study indicated that leadership style was moderated by the use of humor in its relationship with individuals and unit level performance (Avolio, Howell, Sosik, 1999).

5. Challenging status quo

Leaders who were seen as challenging the status quo and encouraging subordinates’ independent action were rated lower by their superior managers but rated higher by their subordinates (Salam, Cox, Sims 1997).
6. Self Monitoring ability

Results of studies indicate discrepancies in the perception of initiating structure. It was higher for high self monitoring female leaders in the industry (Becker, Ayman, Korabik, 2002).

7. Ability to play multiple competing roles

CEO’s with high ‘behavioral complexity’- the ability to play multiple competing roles produce the best firm performance, particularly with respect to business performance and organisation effectiveness (Hart, Quinn, 1993).

8. Support for Self Worth

Receiving a negotiating latitude and support for self worth from superiors empowers subordinates by increasing their perceptions of control (Keller, Donsereau, 1995).

9. Commitment

Leaders have commitment to building model Organisations (Ramnarayan, Rao, 1994).

10. Control

Managers need to touch five milestones before they can effectively do justice to leadership roles. One of the milestones is resolute control (Devashishrath, 2003).

11. Managing change

Leaders cope with change while managers cope with complexity (Kotter, 2001).

The results of a survey conducted on 60 managers indicated that managers attribute strategic decisions to personnel, market leadership, and customers’ loyalty to effort, ability, and nature of the task. Managers with personality traits of extraversion and conscientiousness showed similar pattern.
4.9 Attribution and Leadership

A study by Martinko, Moss, Scott, and Borkowski (2007) supported the hypothesis that leaders’ and members’ attribution styles have interactive effects on members’ perceptions of the quality of their leader-member relations. Results revealed an interactive effect such that members’ perceptions of poor leader-member relations were most accentuated when they were biased toward external and unstable attributions (i.e. optimistic attributions) for their negative outcomes, while their leaders were biased toward attributing negative outcomes to the internal and stable characteristics of the members (i.e. pessimistic attribution styles). If a leader’s representativeness of a group is high, he/she receives more trust and is evaluated as more effective by their followers after failing to achieve a maximum goal, but not after failing to achieve a minimal goal (Giessner, Schubert, 2007).

4.10 Resonant Leadership

Resonant Leadership offers inspiration and tools to spark and sustain resonance in ourselves and in those we lead. In an exploratory study (Boyatzis, 2011), preliminary observations revealed that recalling specific experiences with resonant leaders significantly activated 14 regions of interest in the brain, while dissonant leaders activated 6 and deactivated 11 regions. Experiences with resonant leaders activated neural systems involved in arousing attention (i.e., anterior cingulate cortex), the social or default network (i.e. right inferior frontal gyrus), mirror system (i.e., the right inferior parietal lobe), and other regions associated with approach relationships (i.e., the right putamen and bilateral insula). Meanwhile, dissonant leaders deactivated systems involved in social or default networks (i.e., the posterior cingulate cortex), the mirror system (i.e., the left inferior frontal gyrus), and activated those regions associated with narrowing attention (i.e., bilateral anterior cingulate cortex),

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and those associated with less compassion (i.e., left posterior cingulate cortex), more negative emotions (i.e., posterior inferior frontal gyrus). Tinkering with processes and policies rather than educating, empowering, and supporting employee resources, sometimes can be ineffective over the long-term (Hughes & Beatty, 2005). In reality, what drives long-term profitability can be a combination of strategic and operational leadership actions that drive employee passion and customer loyalty. This can be brought about by a Resonant Leader. Leaders, who build resonant relationships with their subordinates are more likely to help activate openness to new ideas and a more social orientation. This may move the primacy of leaders from results to relationships (Boyatzis, 2011).

4.10 CROSS CULTURAL LEADERSHIP

In a study conducted on midlevel managers in the United States, China, and Thailand, the findings were as follows: Effective leaders in all three countries tended to be low on neuroticism and high on extroversion. The relationship between effectiveness and agreeableness, conscientiousness and openness to experience, varied by culture. High agreeableness and high conscientiousness were found to be the traits of effective managers in the United States and China. High openness to experience was only significant for the effective U.S. managers (Silverthorne 2001). The Middle Eastern, East European, Confucian Asian, and Southern Asian clusters did not endorse participative leadership as strongly as the other countries. In India, action orientation and charisma were found to be the most important characteristics for effective leadership. Despite the increased preference for individualism among urban Indians, collectivism and a humane approach continued to be the most defining characteristics of Indian culture (Chhokar, 2007). In Brazil, participative leadership was most appreciated; in France, bureaucratic leaders did best. Egypt had a relatively
high power distance and thus consultative style of leadership was more prevalent. In China, people are more polite, considerate, and unselfish but also have a high performance orientation. A moderately participative style works best there. (Robbins, Judge, Vohra, 2012).