CHAPTER I
INTRODUCTION AND RESEARCH DESIGN

A style is a pattern of behaviour associated with the specific role of a leader who is an executive in an organisation. A major problem in research on leadership behaviour has been the identification of behaviour categories. Different taxonomies on leadership have emerged from the different research disciplines, and it is difficult to translate from one set of concepts into another. Sometimes, it is hard to state whether a leader is a salesman or a bonafide visionary, a promoter or an entrepreneur. Styles also differ from one culture to another. There are several basic dimensions that differentiate cultures and hence leadership styles differ. Recently, the Korean-run businesses such as Lucky-Gfoldstar Samsung, Hyundai and Daewoo have had much more success than their Japanese counterparts and have posed a new threat to the Japanese business leadership. It should be noted here that the Koreans have a flexible style, whereas the Japanese are less accepting of anything that is not Japanese as they hail from a homogeneous society.

1.2. STATEMENT OF THE PROBLEM

Leadership styles and the effectiveness of interactions between leaders and their subordinates are important determinants of team success in any hierarchical organisations. Depending on the way in which leaders exercise their authority, several studies in Economics,
Psychology and Management identify two major leadership styles namely, Transactional and Transformational styles. Transactional leaders identify the needs of their followers and lay stress on competency values. In contrast, transformational leaders stimulate their followers to develop their abilities accepting feedback and suggestions. Empirical evidence proves that a leader must have both transactional and transformational behaviours. Further, his leadership effectiveness is determined by the various factors which include professional and personal characteristics. The available literature shows that as executives interact with their subordinates, their attitudes and behaviours significantly affect the perceptions and outcome of their subordinates. The relationship between executives’ leadership style and subordinates’ job satisfaction is more important where the team work is required for the success of an organisation. The literature also indicates that there is discrepancy between executives’ perceptions of their own leadership styles and subordinates’ perceptions of the executives’ leadership styles. In this context, the study attempted to answer the following research questions:

1. What is the dominant leadership style practised by the executives of Neyveli Lignite Corporation (NLC) as perceived by their subordinates?
2. Are there any relationships among subordinates’ perceived leadership styles, their perceptions on organisational culture and their job satisfaction?
3. Do the executives’ leadership styles (self reported) concur with the subordinates’ perceptions of the executives’ leadership styles?

In short, the study aims at analysing the transformational and transactional leadership styles of the executives of NLC and examining the factors leading to transformational style of leadership among these executives.

Further, this research has been carried out to investigate whether there is any relationship among perceived leadership styles, perceived organisational culture, and subordinates’ perceived job satisfaction. An attempt has also been made to examine the discrepancy between self-reported and perceived leadership styles of the executives of NLC.

1.3. OBJECTIVES OF THE STUDY

The objectives of the study are

1. To study the performance of NLC in terms of debt-equity ratio, return on capital, current ratio and value added per employee.
2. To assess self-reported leadership styles of NLC executives and examine the personal, professional and family characteristics of transformational leaders of NLC.
3. To analyse the subordinates’ perceptions on leadership styles and to study the effects of perceived leadership styles on subordinates’
perceived job satisfaction through the mediating effect of perceived organisational culture.

4. To compare the self-reported styles of the leaders and the perception of the leaders’ styles by their subordinates.

1.4. HYPOTHESES FRAMED FOR THE STUDY

The following hypotheses have been framed for the present analysis based on the above objectives:

1. The performance of NLC measured in terms of debt-equity ratio, return on capital, current ratio and value added per employee grew insignificantly over a period of ten years from 1998-99 to 2007-08.

2. There is no significant difference in the profiles of two groups in regard to their self-reported leadership styles namely the transformational and transactional of executives working in thermal power stations, mines and corporate office of NLC.

3. Perceived organisational culture and perceived transformational and transactional leadership styles of NLC executives have insignificant impact on perceived job satisfaction of the subordinates of NLC.

4. The gaps between reported and perceived leadership style for the various subscales of transformational and transactional styles of NLC executives are insignificant.
1.5. NEED FOR THE STUDY

Leadership is one of the well researched topics in the Western countries including the United States, Canada, and Western Europe. Participative leadership is one of the most well discussed and closely examined concepts in contemporary American scholarly literature. American participative leadership theories lay emphasis on situational variables in choosing leadership patterns. Japanese theories focus on the leaders’ communication function in the organisation. Different from the American and Japanese views, traditional Chinese theories stressed the significance of the authoritarian leadership style. The continuum theory advocated by Tennen Baum and Schuaidt suggests that the effective leader is the one who adopts a style which is consistent with the demands of the subordinates and the situation.

Transformational leadership theory developed by Bass and Burns predicts the commitment from followers as a result of certain prescribed leadership behaviours. This occurs as a result of motivating and elevating followers’ commitment with a compelling vision of the future. Transactional leadership occurs when one person takes the initiative in making contact with others for the purpose of exchange of valued things. This theory claims that there is a strong correlation between transformational leadership and the degree of subordinates’ job satisfaction.
The available literature points out that transformational leadership needs to be examined from a cultural perspective because this style is viewed as culturally bound. House, a social scientist also noted the need for a better understanding of the way in which leadership is enacted in various cultures and a need for an empirical study to explain differential leader behaviours and effectiveness across cultures. The topics of leadership and organisational culture have been studied by the academicians and researchers. Much of the interest in the two areas is based on explicit and implicit claims that both leadership styles and organisational culture are linked to subordinates’ job satisfaction. Hence, a detailed analysis is required to examine the relationship among these three concepts and to study the discrepancy between self-reported and perceived leadership styles. This study provides empirical evidence on these relationships. In short, this research is justified as the solutions for the research problem of the study will be a contribution to the existing body of knowledge. Further, the improvements to the leadership styles that arise from the findings of this study will have a positive impact on the functioning of the NLC.

1.6. MOTIVATION FOR THE STUDY

Neyveli Lignite Corporation has been earning profit for more than two decades and maintaining good organisational climate in spite of inter and intra-union rivalry with over 50 trade unions. The NLC is
maintaining good industrial relations through collective bargaining. It won the FICCI award in the year 2003-04 for its innovative approaches to develop harmonious industrial relations through bipartite mechanisms, reducing conflicts, promoting employees’ welfare and contributing to higher morale and motivation. The NLC was adjudged as the best organisation in the year 2008-2009 with tough competition from firms like Reliance Energy and Karnataka power. It has so far bagged 35 awards for its quality performance and better management. Some of the awards won by the NLC are Safety Awards, Best Public Sector Award, Fly Ash Utilization Award and State Award for industrial relations. Conduct of secret ballot for union recognition, workers participation in management through works committee, a three-tier allowance system to evolve equitable compensation packages, employees welfare schemes such as payment of family relief, educational scholarship for wards of employees are some of the measures undertaken by the company to ensure good organisational climate. This has motivated the researcher to study the leadership styles of the executives of NLC taking organisational culture and subordinates’ job satisfaction into account.

1.7 THEORETICAL FRAMEWORK FOR THE STUDY

During the first half of the 20th century, studies on leadership aimed at mapping personal traits among leaders. A classical model with this type of orientation is Kurt Lewin’s description of the three types of
leaders: democratic, autocratic and laissez-faire. Later on, the researchers started focusing on the behaviour of leaders rather than on their personality traits. A host of studies argue that the behaviours that make up the role of leadership fall into two general clusters; relationship behaviours and task behaviours. The research on the leaders’ behavioural style was criticized for lack of environmental and situational analysis.

After studying managers’ personal traits and behavioural styles, the interaction between leaders and subordinates became the focus of many studies. Feedler advocated the contingency theory of leadership effectiveness. He has identified a task oriented and a relationship oriented leadership style and examined which one was the most effective in different situations. Larson and Bass point out that the situational models have only limited support in research studies. This has contributed to the re-emergence of the personality trait theories. Personality traits constitute an important part of the newer leadership theories. The theory of transformational leadership has come to dominate the research scene. The ideas of transformational and transactional leaderships have been advocated by Burns and developed by Bass. Since the transactional and transformational theories serve as the background of the present research, they are presented in detail.
Transformational leadership is a process of inspiring change and empowering followers to improve themselves and the organisation. The transformational leaders are committed to greatness. They adopt a long-term perspective and build trust. Bass cites four characteristics of transformational leadership namely, idealised influence, inspirational motivation, intellectual stimulation and individual consideration. These four types of transformational leadership behaviours that are explained here.

1. **Idealised Influence:**
   
   This is the behaviour that arouses followers to fuel a powerful identification and strong emotions towards the leader.

2. **Inspirational Motivation:**
   
   This is a leadership behaviour that models high values as an example and includes communication of an inspiring vision.

3. **Individual Consideration:**
   
   This behaviour provides coaching, support and encouragement.

4. **Intellectual Stimulation:**
   
   This is a behaviour that influences followers to view problems from a fresh perspective and with a new increased awareness.

Transactional leaders give rewards and punishments to improve employee’s performance. This leadership can encompass the following four types of behaviours.
1. **Contingent Reward:** The leaders clarify the work needed to be accomplished to influence behaviour. These leaders use rewards or incentives to achieve results.

2. **Passive Management by Exception:** The leaders use correction or punishment as a response to unacceptable performance or deviation from the accepted standards.

3. **Active Management by Exception:** The leaders actively monitor the work preferred and use corrective methods to ensure the work is accomplished to meet the accepted standards.

4. **Laissez faire Leadership:** This leadership is indifferent and does not monitor performance.

The major theories which were used to guide this study consist of transformational and transactional theory, organisational culture and job satisfaction. The transformational and transactional theory was developed by Burns and Bass. The theories of job satisfaction were advocated by Maslow, Herzberg, Vroom, Lawler, McClelland, Locke and Alderfer. The theory of organisation culture was enunciated by Martin, Harris, Brown Bass and Avolio.

Based on the theoretical and empirical literature in discussion, a theoretical framework showing the relationship among leadership
styles, organisational culture, and job satisfaction was developed in the study. (Refer page 122).

1.8. REVIEW OF LITERATURE

Based on Tannenbaum and Schmidt’s\(^1\) continuum, Hofstede\(^2\), a Netherlands researcher, distinguished four types of decision-making styles: (1) autocratic (tells), (2) persuasive/paternalistic (sells), (3) consultative (consults), and (4) democratic (participative). The first two styles are autocratic decision-making styles. The last two styles involve more of the subordinates’ participation in the decision-making process. But, only the fourth style is considered to be the real participative leadership style. The participative style is rarely used by managers, but is desirable for organisational development purposes. Hofstede\(^3\) used these four styles to measure organisational employees’ preferred leadership styles and organisational managers’ actual leadership Behaviours in 40 different countries. The statistical results of his study indicate that the autocratic leadership styles (autocratic and persuasive styles) are correlated with a culture’s power distance index. The results of Hofstede


demonstrate that subordinates’ expected leadership decision-making styles have been associated with their cultural values. This finding confirms Tannenbaum and Schmidt’s statement that forces in the subordinates affect leaders’ decision-making styles. It also demonstrates that forces in the subordinates are important situational variables which determine the effectiveness of leadership styles.

The Japanese concept of participative leadership is also noteworthy. It is believed that the participative leadership has resulted in a higher level of economic productivity in Japan. So many American scholars including Keys & Miller, Pascale & Athos, and Stewart et al., started analysing the Japanese style of participative leadership communication. According to Keys and Miller, Japanese leadership is effective because the Japanese style of participative decision making has resulted in “higher levels of motivation, delegation of decision making, commitment, and intrinsic job satisfaction”. Ouchi also argued that Japan was a collectivistic culture. Thus, Japanese organisations would


emphasize collective decision making and collective responsibility. Hirokawa\(^8\) used a communicative perspective to define the Japanese style of participative leadership communication. Japanese organisational leaders should act as effective communicators in organisations. Japanese organisations become effective systems because managers encourage and facilitate the flow of information among organisational members. Japanese leaders make efforts to maintain harmony within the organisation and to adopt a “bottom-up process of decision-making” to be available to their employees.

Misumi\(^9\) believed that effective leaders should perform high performance (P) function and high maintenance (M) function. According to Misumi\(^10\), there are four combinations which categorize leadership styles, including (1) high performance and high maintenance (PM), (2) high performance and low maintenance (Pm), (3) low performance and high maintenance (mP), and (4) low performance and low maintenance (pm). Misumi argued that the high performance and high maintenance

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(PM) style was the ideal leadership style. Since facilitating participative
decision-making process is an important task which Japanese
organisational leaders should perform, Misumi discussed the traditional
participative decision-making process in Japanese organisations.

Hirokawa does not quantitatively operationalize his theory. However, his communicative view on Japanese participative
decision making has been well received. Stewart et.al. used Hofstede’s
four decision making styles to evaluate Hirokawa’s statement about
Japanese leadership. The relationships among preferred decision-making
style, perceived decision making style, openness of communication, and
communication satisfaction have been examined in this study. The results
of the study made by Stewart et al., demonstrated that Japanese workers
clearly preferred persuasive and consultative decision-making styles over
the participative style. The results of this study differed from the findings
of the research works of Ouchi, Pascale and Athos that discuss the
Japanese concept of participative leadership. The discrepancy between
the empirical results of the study of Stewart et al and the Japanese
theories may imply that “managers may prefer to use a more consensual
style among themselves while their subordinates prefer them to use a
more persuasive or consultative style”. The results of Stewart et al study
are noteworthy for illustrating the difference between subordinates’
expectations and leaders’ perceptions in Japanese organisations and
imply that Hirokawa’s theory was established based on managers’ perspective, instead of the employees’ perspective.

Different from Hirokawa, Misumi operationalized the PM leadership theory. Misumi used quantitative scales to measure employees’ perceptions about their leaders’ leadership styles. In order to test the applicability of Misumi’s PM leadership theory in a different cultural setting, Ehigie and Akpan\textsuperscript{11} adapted Misumi’s leadership scales to study perceived leadership styles in total quality management organisations in Nigeria. The results of their study demonstrated “high maintenance and low performance leadership styles were the best combination for TQM practices”.

It is interesting to see that the results of the study of Ehigie and Akpan differ from Misumi’s argument that high performance and high maintenance (PM) is the best leadership style. The discrepancies between the empirical results from Ehigie and Akpan’s Nigerian study and Misumi’s Japanese study probably are due to national cultural differences and organisational cultural differences. Japan and Nigeria do have different cultural values. TQM organisations and non-TQM organisations also have different organisational communication patterns. In TQM

organisations, teamwork is very important. Thus, the maintenance function becomes even more important than performance functions.

Different from the American view and Japanese view of participative leadership, most literature that discusses Chinese leadership stresses the concept of authoritarian leadership. Bond and Hwang\textsuperscript{12} point out that Chinese prefer an authoritarian leadership style in which a benevolent and respected leader is not only considerate of his followers, but also able to take skilled and decisive action. Redding and Wong\textsuperscript{13} argue that leadership style within Chinese companies is directive and authoritarian.

Hwang is a prominent Taiwanese psychologist who studies psychology as well as Chinese people’s leadership behaviour in organisations. Hwang\textsuperscript{14} has found that most Chinese organisations are family businesses. The leaders of these family-owned organisations tend to be authoritarian leaders. In order to maintain their authoritarian status

\textsuperscript{12} M.H. Bond & Hwang, K.K., (1986): \textit{The Social Psychology of Chinese People}. In M.H. Bond (Ed.), \textit{The psychology of the Chinese people}. In M.H. Bond (Ed.), \textit{The Psychology of the Chinese People}, Hong Kong: Oxford University Press. pp.213-266.


in their organisations, these leaders withhold most of the information in organisations from their subordinates. They only let their subordinates know very limited amount of information. The amount of information that a subordinate can get depends on whether the leader trusts the subordinate or not. In these organisations, there is a power distance between leaders and followers. Wu, Taylor, and Chen\textsuperscript{15} have brought out the point that Taiwan experienced dramatic, political and societal changes after martial law was abolished in 1987. After martial law was abolished, Taiwan moved dramatically toward democracy. Although democracy replaced authoritarianism in Taiwan after 1987, Hwang\textsuperscript{16} argued that “authoritarianism: paternalistic management” was the typical leadership style in Taiwanese organisations.

The top manager in the organisation is usually the owner of the enterprise. This person is the decision-maker who holds supreme power in the organisation and assumes all the responsibility of success or failure in running the business. The manager usually prefers a paternalist or autocratic style of management, assigning family members important positions such as financier, accountant etc. The manager supervises


subordinates, pushes them to achieve the organisational goals, and maintains a vertical power distance with them.

Kao\(^{17}\) also argues that Chinese organisational leaders tend to adopt a supervisor-centered, authoritarian leadership style. In family-owned organisations, organisational leaders are not elected to be leaders; they become organisational leaders because they are the owners or the owners’ relatives. Chinese people stress *Guanxi*, interpersonal relationships, in their social lives. Therefore, Chinese leaders pay a great deal of attention to maintain interpersonal relationships among their group members.

To summarize, Chinese leadership theories illustrate that the Chinese style of leadership is authoritarian, which is different from American and Japanese’s views of participative leadership. Chinese leaders tend to control information and restrict subordinates’ participation in order to maintain their status in the organisation. However, these authoritarian leaders allow very few subordinates who they trust to share corporate information and participate in some decision-making processes.

Bond and Hwang reviewed several leadership studies which were conducted by Taiwanese psychology students. These studies used

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a Chinese version of the Leader Behaviour Description Questionnaire (LBDQ), the Supervisory Behaviour Questionnaire (SBQ), or the Leader Opinion Questionnaire (LOQ) to study the relationship between perceived leadership Behaviours and subordinates' job satisfaction. Participants in these studies included female government employees, elementary school teachers, junior high school teachers, Labour workers, and accountants. The results of these studies were very similar and all demonstrated that Taiwanese employees preferred an authoritarian leadership style. In addition, the authors of these studies emphasized that leaders should maintain a harmonious and considerate relationship with their subordinates. The results of these previous studies were consistent with Hwang’s views of Chinese authoritarian leadership. However, all studies reviewed by Bond and Hwang were conducted about 20 years ago. When these studies were conducted, Taiwan was under strict control of martial law and an authoritarian political system. As discussed earlier, martial law was abolished in 1987, and Taiwan has made a significant improvement in democratization. According to Myers\textsuperscript{18}, authoritarianism has been replaced by democracy in Taiwan. Taiwan “enjoys a modern lifestyle, freedom, and political democracy”. In addition, the Taiwanese culture has been affected by the synergy of Chinese culture, Japanese culture, and American culture. To investigate the impact of cultural changes on

leadership Behaviours in Taiwan, updated empirical studies should be conducted. Wu and Stewart\(^\text{19}\) conducted a study to compare university employees’ expected leadership styles in Taiwan and the United States. They surveyed three hundred university employees in Taiwan and the United States. The results of the study of Wu and Stewart demonstrated that the democratic (participative) leadership decision-making style is the most preferable leadership style from the Taiwanese and U.S. participants. Thus, the validity of Hwang’s autocratic leadership theory has been challenged by Wu and Stewart’s updated empirical study.

The available literature clearly indicates that organisational culture and leadership are linked. The following is a review of the literature on this issue.

One way of bringing out the relationship between culture and leadership is to examine how culture has been conceptualized in organisational theory. Smircich (1983) identifies two approaches to the study of the cultural phenomenon in organisations: culture as an organisational variable, then culture seen as something which can be manipulated. Thus the nature, direction, and impact of such manipulation are dependent on the skills and abilities of the leader. The majority of the

literature which extols the virtues of transformational leadership demonstrates widespread support for this view (for example, Nicholls, 1988; Quick, 1992; Simms, 1997). In contrast, if culture is seen as an integral part of the organisation, then the thinking, feeling, and responses of leaders are moulded by the culture (Bass and Avolio, 1993; Schein, 1992).

Schein\textsuperscript{20} observes that organisational culture and leadership are intertwined. He illustrates this inter-connection by looking at the relationship between leadership and culture in the context of the organisational life cycle. During the process of organisational formation, the founder of a company creates an organisation revealing their values and beliefs. In this sense, the founder creates and shapes the cultural traits of their organisation. However, as the organisation develops and time passes, the created culture of the organisation exerts an influence on the leader and shapes the actions and style of the leader. Through this dynamic ongoing process, the leader creates and is in turn shaped by the organisational culture. In summarizing the consensus of opinion on the links between organisational culture and leadership, Bass and Avolio (1993) mirror the argument of Schein (1992) by suggesting that the relationship between the two concepts represents an ongoing interplay in

which the leader shapes the culture and is in turn shaped by the resulting culture.

Bass and Avolio\textsuperscript{21} demonstrate the relationship between leadership and culture by examining the impact of different styles of leadership on culture. He argues that transactional leaders tend to operate within the limits of the existing culture, while transformational leaders frequently work towards changing the organisational culture in line with their vision. Similarly, Brown (1992) observes that good leaders need to develop the skills that enable them to alter aspects of their culture in order to improve their organisational performance. While there is no shortage of claims that leadership and culture are linked in the literature (Bass and Avolio, 1993; Nicholls, 1988; Quick, 1992; Schein, 1992; Simms, 1997), there have been very few empirical examinations of the nature and performance implications of this link. One exception is a recent study of organisational change in the United States federal civil service. Hennessey has observed that leadership played a major role in nurturing the appropriate organisational culture which helped to improve the implementation of specific government reforms. Hennessey further argues ‘the most effective leaders foster, support, and sustain organisational cultures that facilitate the type of management reform

envisioned by “reinventing government” and the attendant increases in effectiveness and efficiency”.

Jessica et al.\textsuperscript{22} in their study examined the ways of closing the gaps between preferred and perceived leadership styles among life insurance agents. They considered all the nine leadership variables identified by the Full Range Leadership theory. It was noticed in the study that leadership factors namely idealised influenced (Behaviour), inspirational motivation, contingent reward, non-management by exception (passive) and laissez-faire showed a balance of highly preferred matching with highly perceived leadership styles.

Organisational culture and leadership are two important constructs that have been individually studied in literature. Pfeffer determined that leadership is the most essential factor in a business maintaining its competitive advantage. Lamond has found that culture is one of the most influential forces critical to organisational effectiveness. Alverson\textsuperscript{23} points out that there is, however, little research describing which leadership styles work best in different organisational cultures.


Antony and Edwin examined the impact of perceived transactional and transformational leadership styles among building professionals in construction industry. The study found that all the factors of transformational leadership styles were significantly related with employees’ job satisfaction.

The studies of Medley and Larochelle, Dunham-Taylor and Catalano have shown that transformational leadership correlates positively with high job satisfaction among subordinates.

Ghosh and Shejwal studied relationship between perceived organisational values and leadership styles in transport undertakings. They have found that perceived organisational values and leadership styles are related. Employees are of the view that participative and ‘nurturant’ styles of leadership are important for ensuring human and

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vision values of the organisation. They hold the view that authoritarian style of leadership is essential for adherence to conventional values.

Pooja Metha and Venkat Krishnan\textsuperscript{29} examined the role of leadership in building a sense of community among employees. They have found that nurturant, task oriented and participative styles of leadership are positively related to the sense of community among employees. The study brought out the point that bureaucratic and authoritarian styles were negatively related to the sense of community among employees.

Venkatapathy\textsuperscript{30} examined benevolent, optical and developmental styles of top management executives working in public and private companies in India. He found that developmental style of top management executives could be very crucial for the organisational effectiveness.

1.9. RESEARCH GAP

The existing literature on leadership styles is abundant but they have not adequately covered certain aspects of leadership styles.


The available literature extended a limited coverage on the self-reported leadership styles of executives in India. Further, the research studies on the examination of relationship between perceived leadership styles and perceived job satisfaction are scanty. Moreover, the previous literature has failed to study the relationship between perceived leadership styles and perceived job satisfaction through the mediating effect of organisational culture.

Kalkar and De Vries\textsuperscript{31} researched leadership qualities and styles in the Indian context. They have found that Indian subordinates value the inspirational qualities of their leaders much higher than their American counterparts did of their leaders.

Chhabra\textsuperscript{32} analysed the relationship between leadership styles and organisational effectiveness. He found that manager’s need satisfaction made a positive impact on the organisational effectiveness.

Rukmani et al.\textsuperscript{33} studied both transformational and transactional leadership styles of Indian Managers. They found that

\begin{itemize}
\end{itemize}
Indian Managers display more charismatic behaviour of the transformational dimensions. It was also noticed that organisational effectiveness was influenced by both styles by about 71.2 per cent. Further, the study points that idealised influence and inspirational motivation in their order of importance influence positively the organisational effectiveness.

In order to fill up this research gap, the researcher has made an attempt in this study to analyse self-reported leadership styles in terms of executives’ personal and family characteristics. Further, efforts were made in the present analysis to study the impact of perceived leadership styles on perceived job satisfaction through the mediating effect of perceived organisational culture.

All empirical investigations carried out in India examined the discrepancy between perceived and preferred leadership styles. No study has thrown light on the discrepancy between self-reported and perceived leadership styles of executives working in Indian organisations. The present research work fills up the gap left by the existing literature by focusing on the discrepancy between reported and perceived leadership styles taking into account personal and family characteristics of executives.
Most of the studies in India have examined democratic and autocratic leadership styles of Indian executives. Limited focus has been made on the transformational and transactional leadership styles of Indian executives. The researcher in this study has made a detailed analysis of the various components of transactional and transformational leadership styles of executives working in Neyveli Lignite Corporation.

1.10. RESEARCH DESIGN

The purpose of this section is to explain the methodology adopted to achieve the objectives of the study. This section provides the details sample selection, collection of data, period of study, and data analysis procedures. The study uses both primary data and secondary data.

1.10.1. Operational Definitions of Concepts Used in the Study

The following concepts have been used in the present study;

Transactional Leadership:

Transactional leadership style focuses on the social interactions or transactions between leaders and followers. Leaders following this style identify the needs of their followers and bestow rewards satisfying their needs for certain appropriate performances. These leaders lays stress on routine and competence values.
Transformational Leadership:

Transformational leadership style focuses on changing the followers’ needs and redirecting their thinking. Leaders adopting this style look for potential motives in their followers and they motivate their followers to achieve the highest level of need satisfaction and self-actualisation. Such leaders stimulate the followers to develop their abilities accepting feedback and suggestions. This leadership is viewed as relational and reciprocal.

Self Reported Leadership Style: Self reported leadership style is defined as the leadership style of the executives of NLC as reported by them.

Perceived Leadership Style: Perceived leadership style is defined as the leadership style portrayed by leaders, as observed by their subordinates working in NLC.

Leadership Gap: Leadership gap refers to the discrepancy between the self-reported and perceived leadership styles.

Job Satisfaction: Job satisfaction is a pleasurable or positive emotional state resulting from the appraisal of one’s job experiences. It refers to the individual’s perception and evaluation of his job.
**Organisational Culture:** Organisational culture is a description of the organisation’s objective variables like structure, size and policies by the subordinates. It defines a set of expected behaviour patterns that is generally exhibited within the organisation.

**Executives:**

Chief Managers, Deputy General Managers, General Managers and Chief General Managers have been described as the executives of NLC.

**1.10.2. Sample Design**

The researcher collected the details of number of top level and middle level executives serving in thermal power stations, mines, and corporate office of NLC. There are 228 top level executives in thermal power stations, 214 in mines and 99 in corporate office. The researcher has chosen 30 per cent of the total executives from each department. These sample executives were chosen based on simple random sampling technique. The details of sample executives chosen from each department of NLC are given in the following table.

**TABLE 1.10.2.1**

**Details of Sample Executives (Top Level Executives)**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Department</th>
<th>CM</th>
<th>Deputy GM</th>
<th>GM</th>
<th>CGM</th>
<th>Total</th>
<th>Sample Executives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Thermal</td>
<td>177</td>
<td>42</td>
<td>7</td>
<td>2</td>
<td>228</td>
<td>68</td>
</tr>
<tr>
<td>2.</td>
<td>Mines</td>
<td>163</td>
<td>38</td>
<td>10</td>
<td>3</td>
<td>214</td>
<td>64</td>
</tr>
<tr>
<td>3.</td>
<td>Corporate Office</td>
<td>24</td>
<td>53</td>
<td>14</td>
<td>8</td>
<td>99</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>364</td>
<td>133</td>
<td>31</td>
<td>13</td>
<td>541</td>
<td>162</td>
</tr>
</tbody>
</table>

Source: Annual Reports of NLC.
The researcher applied the same technique to choose the sample subordinates from each department of NLC. There are 348 Assistant Chief Managers in thermal power stations, 233 in mines and 46 in corporate office. A sample of 30 per cent of the total subordinates (middle level executives) from each department of NLC was chosen based on simple random method. The details are furnished in the following table.

**TABLE 1.10.2.2**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Department</th>
<th>Assistant Chief Manager</th>
<th>Sample Subordinates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Thermal</td>
<td>348</td>
<td>104</td>
</tr>
<tr>
<td>2.</td>
<td>Mines</td>
<td>233</td>
<td>70</td>
</tr>
<tr>
<td>3.</td>
<td>Corporate Office</td>
<td>46</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>627</strong></td>
<td><strong>188</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Annual Reports of NLC.

1.10.3. Development of Scales

The study has analysed the self-reported and perceived leadership styles of executives of NLC and examined the relationship of transformational leadership style with the executive’s characteristics. Four sets of scales based on Likert type for studying self-reported leadership style, perceived leadership style, perceived organisational culture, and perceived job satisfaction were prepared after an initial survey of
available literature and the scales used in the previous studies with similar objectives. A preliminary scale for self-reported leadership style was prepared based on the knowledge gained by the researcher through the survey of literature. It was circulated to academicians and experts in the field to strengthen its validity. The scale was modified based on the feedback received from these experts and academicians. Then the modified scale was tested through a convenience sample consisting of 15 executives of NLC. The same procedure was followed to finalise the scales for analysing subordinates’ perceived leadership styles, subordinates’ perceived job satisfaction, and organisational culture of NLC.

1.10.4 Reliability of Scales

Reliability testing is essential for the assurance of internal consistency with the rationale that the individual items of the scale are indeed used to measure the same construct. The Cronbach’s Alpha test\(^{34}\) has been applied to test the construct reliability of scales developed for measuring self-reported leadership styles, perceived leadership styles, perceived job satisfaction, and perceived organisational culture.

1.10.5. Collection of Data

After sorting out the irrelevant questions through the pre-test, well-structured scales were framed to elicit the required information from the sample executives and subordinates. The researcher collected the data from 162 executives and 188 subordinates during the period of October-December, 2009, through personal-interview method. The primary data relating to the characteristics of the executives of NLC have been gathered by the researcher himself and used for the present study. The interview schedules covering all these characteristics along with the scales developed for measuring leadership styles, organisational culture and job satisfaction are given in the Appendices. These data have been used to examine the perceived and self-reported leadership styles of NLC executives.

The secondary data have been collected from the various issues of annual report for shareholders and other published reports of NLC. They have been used to study the performance of NLC.

1.10.6. Period of the Study

The survey was conducted from October to December, 2009, covering a period of three months, to collect primary data from 162 executives and 188 subordinates. The secondary data were gathered for a period of 10 years from 1998-99 to 2007-08.
1.10.7. Variables and their Measures

The variables used in the study have been measured as follows:

**Organisational Culture and Job Satisfaction:**

Organisational culture and job satisfaction have been taken as dependent variables in the present analysis. Therefore, responses to each item measuring organisational culture and job satisfaction have been factor analysed and factor scores have been computed using weighted sum score method to accord strength for each item with factor loading above the cut-off value of 0.4. The weighted sum score has been computed where the factor loading of each item has been multiplied by the scaled score of each item before summing up. For all factor analyses, the Principal Axes method of factor extraction was used with oblique rotation to simple structure. Factor scores for each individual have been computed by summing up weighted scaled scores corresponding to the items loading on a factor. If an item yields a negative factor loading, the weighted scaled score of that particular item has been subtracted because the item has been negatively related to the factor (Comrey and Lee)\(^ {35} \). Average weighted sum scores have been computed to retain the

scale metric (Tabachnick and Fidell)\textsuperscript{36}. These average weighted sum scores for organisational culture and job satisfaction have been used for further analysis.

**Components of Transformational and Transactional Styles:**

The raw scores collected using the scales have been summed up and these summated scores have been used for further analysis in the cases of all components of transformational and transactional styles namely idealised influence, inspirational motivation, intellectual stimulation, individual consideration, contingent reward, and non-management by exception.

**Age:**

The age of the sample respondent has been measured as the number of years that the respondent completed as on 31-3-2009.

**Education:**

The variable ‘Education’ has been given scores as follows.

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Educational Level</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Under graduate</td>
<td>1</td>
</tr>
<tr>
<td>2.</td>
<td>Post-graduate</td>
<td>2</td>
</tr>
<tr>
<td>3.</td>
<td>Professional</td>
<td>3</td>
</tr>
</tbody>
</table>

**Marital Status:**

The variable ‘marital status’ has been taken as a dummy variable in the analysis. The variable takes the score of one if the respondent is married and zero otherwise.

**Experience in NLC:**

This variable has been measured as the number of years that the respondent has served the NLC since his date of appointment.

**Experience in the Present Position:**

This variable has been measured as the number of years that sample executive has served in the present position in NLC.

**Family Type:**

The variable family type has been measured as a dummy variable in the study. The variable takes the score of one if it is joint family and zero otherwise.

**Parental Education:**

The variable ‘Parental Education’ has been measured as follows:

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Educational Level</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Up to 10th std</td>
<td>1</td>
</tr>
<tr>
<td>2.</td>
<td>+2/PUC</td>
<td>2</td>
</tr>
<tr>
<td>3.</td>
<td>UG/PG</td>
<td>3</td>
</tr>
<tr>
<td>4.</td>
<td>Professional degree</td>
<td>4</td>
</tr>
</tbody>
</table>
1.10.8. Framework of Analysis

Objective-wise analysis was made in the present study. The trend lines were fitted to examine the performance of the NLC in terms of growth of return on capital, debt-equity ratio, current ratio and value added per employee. The compound growth has been measured using the formula \( \text{antilog of } b-1 \times 100 \), where \( b \) is the coefficient in the trend line, \( Y = ab^t \).

Percentile analysis was done to study the characteristics of executives of NLC. The Chi-square test was exercised to test the association between the self-reported leadership styles and the characteristics of the executives. Discriminant analysis was done to study the discriminating profiles of executives of NLC adopting transformational leadership style. The canonical discriminant function modelled in the study is of the following form:

\[
Z_i = d_{i1} x_1 + d_{i2} x_2 + \ldots + d_{i10} x_{10}
\]

Where \( z_i \) = score on discriminant function

\( = \) one for transformational leadership

\( = \) zero for transactional leadership

\( d_{i1} \) = weighting (discriminant) coefficient.

\( X_1 = \) Executive’s Age
\( X_2 = \) Executive’s Education
\( X_3 = \) Executive’s Marital Status
\( X_4 = \) Total Experience in NLC
\[ X_5 = \text{Total Experience in the Present Position in NLC} \]
\[ X_6 = \text{Family Type} \]
\[ X_7 = \text{Number of Dependents} \]
\[ X_8 = \text{Parental Education} \]
\[ X_9 = \text{Earning Spouse} \]
\[ X_{10} = \text{Family Income} \]

The coefficients have been standardized with the help of pooled ‘within groups’ standard deviation to make them directly comparable to the discriminating power by their magnitude and to find the direction of discrimination by their sign.

The values of Wilk’s Lambda and canonical correlation coefficient have been calculated to test the predicting power of the discriminating function. Further, the estimated discriminating function has been used to calculate the percentage of correct classification which shows the overall efficiency of the function.

Factor analysis have been exercised to study the structure underlying scales of perceived organisational culture and perceived job satisfaction. Factor scores have been computed and used for further analysis. A structural equation model has been framed to study the direct and indirect effects of perceived leadership styles and perceived organisational culture on perceived job satisfaction.
The model is of the following type;

\[
IC = f (L_1, L_2, L_3, \ldots L_6, s_1, \mu)
\]

\[
CC = \Psi (L_1, L_2, L_3, \ldots L_6, s_2, \£)
\]

\[
JS = g (IC, CC)
\]

Where

- \(IC\) = Innovative culture
- \(CC\) = Competitive culture
- \(JS\) = Job Satisfaction
- \(L_1\) = Idealised Influence
- \(L_2\) = Inspirational Motivation
- \(L_3\) = Intellectual Stimulation
- \(L_4\) = Individual Consideration
- \(L_5\) = Contingent Reward
- \(L_6\) = Non-Management by Exception
- \(S_1\) = Bureaucratic Culture
- \(S_2\) = Community Culture

\(\mu\) and \(\£\) are disturbance terms

The independent ‘t’ test has been applied to test whether the gaps between reported and perceived leadership styles of executives are statistically significant or not. All statistical analyses were carried out using the SPSS Statistical Computer Package, Version 16.

1.11 LIMITATIONS OF THE STUDY

As in all social science researches, this study is not without limitations. The present findings have been arrived at by studying the leadership styles of executives of a single unit namely NLC. Thus, generalisation of the findings should be made very carefully. Further, the
researcher could not study the situational leadership style of NLC executives due to denial of permission of NLC authorities to have an experimental research. Moreover, the time constraint also prevented the researcher from doing such an experimental research on leadership styles of NLC executives. Gender plays a vital role in determining the leadership styles of the executives. In particular, this factor is very critical in a male-dominated society. This study, however, could not examine the differences in the gender-related leadership styles due to inadequate representation of women executives working in NLC. There is another type of leadership namely laissez-faire leadership which means absence or avoidance of leadership. No attempt has been made in this study to examine this type of leadership behaviour.

1.12. SCHEME OF THE REPORT

There are seven chapters in the present study including this introductory part. The research problem, objectives of the study and research design adopted for the present study have been detailed in the first chapter. The second chapter of the study gives an overview of the theoretical aspects of leadership styles. The third chapter provides the details of production and financial performance of NLC. The findings of the trend analysis for examining the performance of NLC measured in terms of debt-equity ratio, current ratio, return on capital and value added per employee are shown in the chapter. The fourth chapter records the
findings of the analysis of self-reported leadership styles of executives of NLC. It gives the characteristics of transformational leadership styles of NLC executives. The fifth chapter furnishes the results of the analysis of subordinates’ perception about the leadership styles of executives. It also furnishes the results of the analysis of effects of perceived leadership styles on perceived job satisfaction through the mediating effects of organisational culture. The results of the comparative analysis of self-reported and perceived leadership styles are recorded in the sixth chapter. The various subscales of transformational leadership namely, idealised influence, inspirational motivation, intellectual stimulation, and individual consideration and the subscales of transactional leadership namely, contingent reward and non-management by exception have been analysed for the discrepancy between reported and perceived styles and the findings are given in the chapter. The last chapter summarises the findings of the present study and offers suggestions based on the findings to improve the leadership qualities of executives of NLC to ensure organisational effectiveness through developing a good decision making process.