### INTRODUCTION, CONCEPTS, AND THEORIES OF LEADERSHIP IN IT AND NON-IT ORGANIZATIONS

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1.1 INTRODUCTION

The concept of leadership has been discussed extensively by philosophers and researchers from time immemorial. It is identified as a popular theme for research and discussion in both industry and academia. Leaders, by virtue of their unique characteristics have the ability of influencing organizations and society at large. The dynamics of the modern changing business environment and the complexities associated with the human assets in organizations demand a differential set of skills and leadership capabilities from the managers and administrators while leading a professional team. Yukl (2006) observes that extensive scientific research initiatives on leadership studies commenced during the twentieth century. Many organizations, irrespective of size and type, compete against each other for creating a unique space for existence while operating in an environment that is more challenging and complex than in the yester years.

Lewis, Goodman, and Fandt (2004) point out that the contemporary managers face significant challenges and shall have to reconsider the way they strategize for their operational leadership requirements. Along with their technical expertise and exposure, managers shall also develop certain leadership skills and traits that help them in leading the organization to success. Richards, Foster, and Morgan (1998) mention that the importance of harnessing innovative technologies in designing new products and services for achieving organizational success and explain that the relevance of such skill-set requirements are mandatory for the millennium leaders.
Johnson (2008) suggests that effective managers create an organizational environment by properly caring for and supporting its human assets that foster high performance that leads to the success of the organization. Managers with effective leadership characteristics recognize the value of satisfied employees to bring an organization to excellence. Majority of the leadership surveys including the research by Bass and Bass (2008) explain that leaders make a difference in their subordinates’ satisfaction and performance. Thus it is necessary for organizations to create a climate that encourages and stimulates employees’ creative thinking. Some of the important studies on leadership have suggested creativity as a critical skill-set for leaders and have explained creativity as the ability of people to blend ideas in a distinctive way or to make extraordinary associations between ideas (Amabile, 1996; Reiter-Palmon & Illies, 2004).

Leaders play a critical role in an organization in its success or failure. Successful organizations have leaders who are responsive to new opportunities and direct the enterprise to progressively execute key strategic imperatives (Bass & Bass, 2008). In the era of technological and dynamic world, leaders have to take up the challenges in the environment of the business and turn these radical and fundamental changes into competitive advantages of the organization. Leaders do things differently, that enhances the efficacy and performance of the organization. Turbulent environments require efficient managers to lead employees towards accomplishing business goals. Managers have different roles and responsibilities at each level of management within an organization. These roles and responsibilities require capabilities of professional maturity for managers.
Therefore, ‘leadership’ as a concept is widely being debated, articulated and further researched in the field of management. The body of knowledge throws light on multiple dimensions of leadership. However, research works on comparative analysis of leadership of IT and Non-IT managers and its impacts on organizational excellence in India in general in the State of Kerala in particular are not available in academic literature. Therefore this study compares and contrasts the leadership characteristics of managers of IT and non-IT organizations.

This chapter presents a brief narration about the concept of IT and Non-IT industries and different theories of leadership.

1.2 CONCEPTS OF IT AND NON-IT INDUSTRIES

1.2.1 INDUSTRY IN GENERAL

When India achieved independence in 1947, the industrial scenario was indeed bleak since the British had undertaken infrastructural and other developments only in areas suited to their requirements. Though there was a strong textile industry in Mumbai and Ahmadabad, based on the availability of cotton and the existence of a strong domestic demand, heavy industries were practically nonexistent barring TISCO (Tata Iron and Steel Company) and IISCO (Indian Iron and Steel Company) in the steel sector set up by private initiatives. The first Prime Minister of India, Jawaharlal Nehru, envisioned a Soviet style of planned economy with the Government controlling the dominant heights of the industry. Bhilai, Durgapur, and Rourkela were added in the steel sector, with foreign collaboration and aid. Sindri, Trombay, Gorakhpur fertilizer units joined the existing joint sector company, FACT (Fertilizers And Chemicals Travancore). BHEL (Bharat Heavy Electricals Limited),
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BHPV (Bharat Heavy Plate & Vessels), NTPC (National Thermal Power Corporation) and HMT (Hindustan Machine Tools) put up sizeable units all over the country and State Trade Corporation and Minerals and Metals Trading Corporation ensured a steady supply of raw materials. The successes of the Green Revolution synergizing the use of water, seeds and fertilizers ensured that India would no longer be dependent on hand-outs like PL-480 food grains from USA. However, industry failed to take off even after a succession of Five-Year plans. The Public Sector Units were often loss-making and private sector investors were inhibited by excessive Government control and the system of License-Permit Raj. After Prime Minister P. V. Narasimha Rao took over in 1991, the then Finance Minister, Manmohan Singh, crafted a new liberalized policy regulating the inward flow of FDI /FII funds and technical knowhow.

1.2.1.1 EVOLUTION OF INDUSTRY

Industrial development in India had been considerably low before independence because of the antagonistic policy of the British Government. India has made significant economic growth and an obvious expansion and diversification of production in industry after its independence. The liberalization of Indian economy started gradually in the 1980s and major economic liberalizations began from 1991. In July 1991 major economic reforms were undertaken with the objective of transforming the regime of controlled economic development to a competitive regime for accelerating economic growth. Significantly, “the Chief Controller of Imports and Exports” was re-designated “Director General of Foreign Trade”, in keeping with the changed role caused by the Government of India’s post-1991 thrust towards Globalization.
Systematic industrial planning under different five year plans in the post independence period paved the way for growth in the manufacturing industry in India. After independence, there have been remarkable developments in the industrial sector including large scale diversification. The country has shown keen interest in establishing new industries and expanding the existing ones. The private and public sectors have invested large amounts of money for the establishment of new industries in India. The Government has provided all facilities and support to the indigenous industries to encourage them. In the early years after independence, the Central Government had imposed strict control over the import of industrial and consumer goods with a view to encouraging the production of those goods indigenously. Local industries were encouraged to have foreign collaborations and to import the technical know-how needed to produce what was being imported into the country. As a result, a large number of diversified industries was established in India and hence domestic production increased (Report of the National Commission on Labour, 2002).

1.2.1.2 DEFINITION AND CLASSIFICATION OF INDUSTRY

As per Section 2(j) of Act No. 14 of Industrial Disputes Act 1947, “Industry means any business, trade, undertaking, manufacture or calling of employers and includes any calling, service, employment, handicraft, or industrial occupation or avocation of workmen” (Industrial Disputes Act, 1947).

The Central Statistical Organization (CSO) of the Ministry of Statistics and Programme Implementation, the nodal statistical authority, classified industry as Standard Industrial Classification (SIC) in 1962. The revision of SIC has taken place as many times as in 1970, 1987,
and 1998 for incorporating significant changes in the organization and structure. During the course of time much updating took place and finally in 2008 the draft of National Industrial Classification (NIC 2008) was approved by the committee of CSO in Kolkata. NIC 2008 is a standardized and more contemporary industrial classification system at the international level. In NIC 2008, the activities are grouped into several “activity groups” or “tabulation categories” in a hierarchical manner. Activities are first grouped into ‘sections’ alphabetically coded from A through U; every section is divided into ‘division’ with 2-digit numeric code; every division into ‘group’ with 3-digit numeric code, every group into ‘class’ with 4-digit numeric code and every 4-digit class into 5-digit ‘sub-class’. NIC 2008 has 21 sections, 88 divisions, 238 groups, 403 classes and 1304 sub-classes. The Manufacturing section is included in ‘Section C’ of NIC 2008 which has 24 divisions. Information and Communication is included in ‘Section J’ and Computer programming or software development comes under Division 62 and Group 620 of the NIC 2008 (National Industrial Classification [NIC], 2008).

1.2.2 IT INDUSTRY

The growth of IT industry has been rapid compared to any other industry. It can generally be classified as IT Services, Engineering Services, ITeS-BPO Services and e-Business. IT Services include Information Services (IS) outsourcing, packaged software support and installation, systems integration, processing services, hardware support and installation and IT training and education. Engineering Services deal with Industrial Design, Mechanical Design, Electronic System Design, Design Validation Testing, Industrialization and Prototyping. IT enabled Services
are services that use telecom networks or the Internet. Remote maintenance, Back office operations, Data processing, Call centres, Business process outsourcing, etc. come under ITeS-BPO services. E-Business (Electronic Business) means business through the Internet and it includes buying and selling, serving customers and collaborating with business partners (Information Technology Sector, 2011).

Because of the boom in IT industry in Silicon Valley, the developing countries showed a special interest to focus on software industry as a tool for their economic growth. This special focus led India to become a major world centre for producing and exporting computer softwares to the developed economies in the world immediately after the commencement of India’s economic reforms. It is also noted that IT industries undertake many innovative programmes and invest huge amounts of money for the development of leadership. Here the researcher makes an earnest attempt to explain the evolution and growth of the Indian software industry.

1.2.2.1 INDIAN SOFTWARE INDUSTRY

Compared to the performance of other industrial sectors in India, the Indian software industry has shown rapid development during the past two decades. The growth of the Indian software Industry has been unique when measured on the basis of standard indicators such as growth in sales, employment, exports, etc. The Indian software industry, unlike Israel software industry, concentrated mostly on customized software services rather than products. The customized software service has a large market across the world. The Indian software industrial growth, unlike the Irish software industry, was led by domestic rather than foreign firms. The
customized software export products are largely developed by the Indian firms. It is evident that out of the top 20 exporters in 2000-01, only five firms were subsidiaries of foreign firms (Athreye, 2005).

Considering the top five exporters in 2011-12, only one firm (Cognizant Technology) is the subsidiary of foreign firms and even Cognizant has an Indian CEO, Francisco D’Souza. The details of the firms are given in Table 1.1.

Table 1.1
Top Five Exporters and the Origins of the Firms (Ranked by Annual Revenue), 2011–2012.

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of firm</th>
<th>Year established</th>
<th>Origin/ type of firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tata Consultancy Services</td>
<td>1968</td>
<td>Business house subsidiary</td>
</tr>
<tr>
<td>2</td>
<td>Infosys Technologies Limited</td>
<td>1981</td>
<td>Entrepreneurial (IT professionals)</td>
</tr>
<tr>
<td>3</td>
<td>Cognizant Technology Solutions</td>
<td>1994</td>
<td>US firm with Indian back office</td>
</tr>
<tr>
<td>4</td>
<td>Wipro Technologies</td>
<td>1980</td>
<td>Business House</td>
</tr>
<tr>
<td>5</td>
<td>HCL Technologies Limited</td>
<td>1991</td>
<td>Business House</td>
</tr>
</tbody>
</table>

(Source: Information collected from various daily news papers during the period of 2011-12)

The Indian software firms are able to assemble efficient and skilled software engineers and deliver a technical outsource service to different customers anywhere in the world, which is the key to the success of Indian software exports. India could provide talented as well as cheap human capital for the improved productivity of the industry. Hence an average of 42.7% of the total work of the foreign firms was done offshore because one man-year of onsite work was paid very much
higher than that of offshore work (Arora, Arunachalam, Asundi, & Fernandes, 1999).

1.2.2.2 CHARACTERISTICS OF IT CEOs

A study of the bio-data of CEOs of the leading IT companies revealed the relevance of age factor. Bio-data of CEOs of leading companies are shown in table 1.2

Table 1.2
Bio-Data of CEOs of Leading IT Companies in India

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of Firm</th>
<th>Name of CEO</th>
<th>Age</th>
<th>Academic Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tata Consultancy Services</td>
<td>N. Chandrasekaran (Tamil Nadu)</td>
<td>49</td>
<td>MCA</td>
</tr>
<tr>
<td>2</td>
<td>Infosys Technologies Ltd.</td>
<td>D. Shibulal (Kerala)</td>
<td>58</td>
<td>MSc Physics, MS (Computer Science)</td>
</tr>
<tr>
<td>3</td>
<td>Cognizant Technology</td>
<td>F. D’Souza (Goa)</td>
<td>43</td>
<td>MBA</td>
</tr>
<tr>
<td>4</td>
<td>Wipro</td>
<td>T. K. Kurien (Bangluru)</td>
<td>52</td>
<td>Chartered Accountant</td>
</tr>
<tr>
<td>5</td>
<td>HCL</td>
<td>Vineet Nayar (Panjab)</td>
<td>50</td>
<td>BTech (Mech), MBA</td>
</tr>
</tbody>
</table>

(Source: Information collected from official websites of respective companies on 4-1-2013)

With the exception of D. Shibulal, all are quite young CEOs and Infosys has dramatically dropped in ranking in the past three years. IT employees are generally very young and innovative and have appropriate leadership. The qualifications of the CEOs are quite diverse, as is their regional background. All of them are professionals from outside the
promotu family, except Shibulal who is one of the original founders of Infosys.

1.2.2.3 GROWTH OF INDIAN SOFTWARE FIRMS

The number of software firms in India has considerably grown during the last two decades. In 1988, NASSCOM had only 36 members, which together constituted nearly 65 percent of the revenue of software industry. Since then the membership has grown manifold and crossed even 1200, which contributed over 95 percent of revenue of the industry by 2010. The strength of membership in NASSCOM from 1988-99 to 2010 is shown in the following table 1.3.

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Strength in Nos.</td>
<td>36</td>
<td>131</td>
<td>262</td>
<td>464</td>
<td>686</td>
<td>840</td>
<td>1138</td>
<td>1246</td>
<td>1250</td>
</tr>
</tbody>
</table>

(Source: NASSCOM annual report 2010-11, www.nasscom.in, retrieved on 12-08-2011.)

NASSCOM categorizes the member companies on the basis of the services they provide. The member companies are segmented into IT Services, BPO, Product development, Engineering and R&D, and Others. The distribution of member companies working in each segment is depicted in table 1.4.
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Table 1.4
Profile of Member Companies Working in Each Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>IT Service</th>
<th>BPO</th>
<th>Product Development</th>
<th>Engineering and R&amp;D</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of Member companies</td>
<td>68</td>
<td>33</td>
<td>37</td>
<td>16</td>
<td>10</td>
</tr>
</tbody>
</table>


Considering various cities of India the percentage of member organizations is more in Bangalore compared to other cities, excluding NCR\(^1\) (NASSCOM Annual report 2010-11). The city wise spread of percentage of membership is given below in table 1.5.

Table 1.5
Citywise Spread of Membership

<table>
<thead>
<tr>
<th>City</th>
<th>Bangalore</th>
<th>Chennai</th>
<th>Hyderabad</th>
<th>Mumbai</th>
<th>NCR</th>
<th>Pune</th>
<th>Kolkata</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>21</td>
<td>12</td>
<td>9</td>
<td>15</td>
<td>22</td>
<td>6</td>
<td>3</td>
<td>12</td>
</tr>
</tbody>
</table>

(Source: NASSCOM annual report 2010-11, www.nasscom.in, retrieved on 12-08-2011)

1.2.2.4 REGIONAL GROWTH OF THE SOFTWARE INDUSTRY

The growth of software industry region-wise is quite uneven. By 1990 the states of Maharashtra (Mumbai), Karnataka (Bangalore), Tamil Nadu (Chennai), and Delhi had having the major share of exports and the states of Uttar Pradesh (Noida), Andhra Pradesh (Hyderabad), and

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1. NCR- National Capital Region which includes Noida, Greater Noida, Ghaziabad, Gurgaon, and Faridabad)
West Bengal (Kolkata) also had software exports, albeit at lower levels (Arora & Badge, 2006). The regional growth of the industry was encouraged by the policies of regional Governments, especially after 1990s, when the Central Government had initiated to permit more freedom to the states in formulating their own development policies. In 1991 the Central Government liberalized the foreign investment norms and consequently many multinational companies (MNCs) set up their subsidiaries in India (Athreye, 2005). Since the foreign subsidiaries mainly concentrated in Bangalore, Hyderabad, Chennai, Mumbai and Delhi-NOIDA, these tier 1 locations became the leading centres for the development of the software industry in 1990s.

1.2.2.5 SOFTWARE INDUSTRY IN KERALA

As far as Kerala is concerned, there was no remarkable growth in software industry when compared to other states especially in the southern region of India during the post liberalization period after 1991. Kumar (2009) clearly states the reasons behind the failure of growth in software industry in Kerala during those periods. “The relatively autonomous nature of the Kerala state, its distrust of large private enterprises, its failure to carry out genuine labour and other policy reforms, and its focus on redistribution of wealth rather than growth prevented the state from achieving similar success during the 1990s” (Kumar, 2009: 7). However, after 2000, Kerala achieved some success in attracting software firms and in increasing their exports by adopting similar favourable policies of other states, viz., Tamil Nadu and Andhra Pradesh. Despite this, Kerala state could not contribute much to Indian exports of software and software services and the share of the state was stagnated at around 0.4% from 1998 to 2005, though the total value of
software exports grew from US$11.4 million to US$102.1 million (Rs. 450 crores) during the same period and the number of firms in the state increased from 53 to 208 (Kumar, 2009).

Kerala established a dedicated park of software development, Technopark, in the capital, Trivandrum, in the early 1990s. The state had also an STPI (Software Technology Parks of India) centre established by the Central Government in 1992. Despite having good infrastructure and relatively lower cost of operation, the state could not flourish in this industry. The state failed to attract large investors in the field of software development. It also lacked sufficient skilled labour. In 2000, Kerala produced only 3800 graduates with engineering degrees because the state did not permit private engineering colleges until 1992 (Arora & Badge, 2006). In 2001, the Government announced the second IT policy which was more liberalized and similar to that of Tamil Nadu and Andhra Pradesh. It protected the firms in Technopark in Trivandrum from strikes and other disruptions in the state (Kumar, 2009). In order to promote the initiatives and investments of large multinational firms in the state, it started annual series of large exhibitions, called IT Kerala in 2002. The Government of Kerala also allowed private agencies to start engineering colleges in the state. However the growth rate of Kerala in terms of software industry was not up to the mark even during this period because of the delays in reaching consensus over launching IT-industry-specific projects. For example, the final agreement of Smart City project in Kochi to attract FDI in electronics and software industries though proposed in 2003, could be signed and activated only in 2011 with TECOM (Dubai). Hence,
Kerala’s IT share is infinitesimal, compared to the overall value of over $100 billion.

1.2.3 NON-IT INDUSTRY

Non-IT industry (manufacturing sector) is the foundation for the economic development of a nation and is highly relevant in the Indian context. Manufacturing is a process, where raw materials are transformed into products through different stages to meet customers’ needs. The traditional definition of manufacturing focuses only on the act of production: starting from raw materials, conversion through a number of stages, and ending with assembly and testing. But it can be comprehensively understood as a value chain i.e., the physical and/or chemical transformation of materials into products on a large scale using machinery or capital equipment, in contrast to production of handmade goods for personal use. The products provide utility or satisfaction to human/living beings. The manufactured goods are finished products derived from raw materials. These finished products of the industry may be the raw material for another or subsidiary industry. It may take the form of final consumption goods, semi-finished goods (parts and raw materials) or capital goods (used for making final products). Associated activities such as blending of materials, assembly of components and finishing (painting, heat-treating, packaging, etc.) are also treated as part of manufacturing with value being added at every stage of the operations. Manufacturing includes all activities in product life, starting from customer inputs for concept design, and ending with product disposal including repair and recycling (Ravi & Trivedi, 2003).

Due to global competition, more sophisticated markets and changing customer demands manufacturing companies are now under
ever more diverse and mounting pressures. Since the market for products is becoming increasingly international, the manufacturing companies have to compete globally to maintain high quality of their products. In such a competitive scenario, companies have to experiment with new processes, new materials, new vendors, and new channels to deliver products and services at competitive prices.

Between the 1950s and 1990s, India’s industrial development policy was characterized by undue control and regulation. By the 1990s, the Indian economy underwent structural changes and imports were largely unregulated (Upadhayay & Kanavi, 1999). But after the introduction of economic reforms in 1991, Indian firms have been facing a very different competitive scenario compared with the past. International competitors were continuously giving attention to improve the technology of manufacturing, develop new products and make manufacturing more proactive and responsive (Chandra & Sastry, 1998). Scholars have analyzed the concept ‘Competitiveness’ from different conceptual perspectives.

According to many scholars low cost, flexibility, quality and delivery or dependability are the four main components of competitive priority (Hayes & Wheelwright, 1984; Wheelwright, 1984; Ward, Duray, Leong, & Sam, 1995). Most of the successful companies give more importance to the customers than their competitors. They produce and deliver products and services that meet customer needs and seek customer satisfaction. Hence companies must decrease production cycles and costs, enhance the quality of products and services, foster relationships with suppliers and customers and review their organizational systems in order to respond to any change in customer
preferences as fast as possible (Johnson, 1992; Hammer & Champy, 1993). Ability to implement quality initiatives, to adapt innovation and flexibility, cost, quality, delivery, dependability and speed are the various dimensions that characterize the competitiveness of manufacturing industry (Carpinetti, Gerolamo, & Dorta, 2000). Certain authors observe competitiveness of the firm in terms of productivity. McKee and Sessions-Robinson (1989) indicate that the company, industry, or nation with the highest productivity could be seen as the most competitive. Phusavat and Kanchana (2007), describe six criteria to act as competitive priorities: (1) quality, (2) cost, (3) delivery, (4) flexibility, (5) customer-focus and (6) know-how. It is true that the Indian industries face various challenges in terms of reduced cost, improved quality, better service, higher performance, and wider range of products largely offered by multinational companies in the domestic markets. Most of the firms are still ignorant of world class practices.

As far as Indian manufacturing industry is concerned, there is an uneven distribution as one type of industry or trade is concentrated in a particular region. For example, Iron and steel industry is concentrated in Chhotanagpur and later in Kolkatta and Cotton textile industries in Gujarat and Maharashtra and later in Mumbai and Ahmadabad region. In southern India Chennai, Madurai, Coimbatore and Tiruchinnapalli are known for Cotton textiles, Electrical goods, Chemicals, Engineering industries, Leather and Agro based industries. The states which are industrially developed are Maharashtra, Tamil Nadu, Gujarat, and West Bengal (Manufacturing Industries in India, 2005). The manufacturing sector is decisive because of two major reasons; first, it has considerable potential to offer modern employment to a growing labour force, and,
second, it has a considerable place in the growth of Indian economy. Industrialization automatically leads to urbanization and a highly industrialized state like Gujarat has an urban population of over 55%, with consequent socio-economic ramifications.

1.2.3.1 INDUSTRIAL POLICY AND ECONOMICAL DEVELOPMENT

Manufacturing industry is an effective tool for the economical development and an important source of the national income of India. This industry includes all activities of product life beginning from customer inputs for concept design, through conversion of materials into products and ending with product disposal. These activities provide lucrative employment, and hence improve the standard of living and generate the wealth required for future development.

Before independence, there was no place for industrial development in India because of the unfavourable policy of the British Government. There was no incentive offered by the British Government to encourage industrial development in India. Industries were mainly located in and around the port cities like Mumbai, Kolkata, and Chennai during those years. After Independence, the State Governments made available the infrastructure in various parts and hence new centres of industries were developed. Baroda, Coimbatore, Bangalore, Pune, Hyderabad, Faridabad, Rajkot, and many others grew up as new industrial cities. Both the Central and the State Governments developed policies to encourage industries in backward areas by offering capital subsidy, incentives, exemption from sale tax, subsidies on power, loans and other facilities. Immediately after Independence, the Government of India announced its industrial policy in 1948 which marked the beginning of industrial growth in the country. It also declared its policy

The economic reforms of 1991 made a great impact on the economy and the industrial sector of India. Nambiar, Mungekar, and Tades (1999) state that the economic reforms accelerated economic activity and hence improved production and employment. Panagariya (2004) argues that through important policy changes such as liberalization of foreign trade, reduction in industrial licensing and opening market to foreign direct investment in the 1990s, growth was more rapid than that of the 1980s. The main thrust of these liberalizations has been on industrial de-licensing, import liberalization and removing barriers to exports for accelerating growth. The new policies have liberalized a number of Government controls on production capacity, imported capital goods, intermediate inputs and technology (Kumari, 2011). Athreye and Kapur (2006) concluded that after the trade reforms, the concentration declined in some industries and increased in certain others. Siggel (2007) reveals that large-scale manufacturing industries have largely benefitted from the reforms and the manufacturing employment has continued to grow at an average annual rate of 2.2% over the period of 1987-88 to 1997-98.

The rate of industrial growth, averaged at 7.1% per annum during 1980s. It rose to 7.6% per annum during the first five years of 1990s, which was the beginning of the economic policy reform in 1991 and in the second half of the 1990s industrial growth came down to 5% per annum. However, since 2002-03 a remarkable growth has taken place in the industrial field. The manufacturing sector grew at the rate of 8.9% in 2004-05. The sector has remained as one of the tools of economic growth

In India, the manufacturing industries contribute about 15 percent of the country’s Gross National Product and employ about 17 million workers (Manufacturing Industries in India, 2005). Skilled and trained manpower is essential for industrial growth. With this end in view the Government has set up many industrial training institutes like Indian Institutes of Technology, Management Institutes and Engineering Colleges all over the country to train high end human resources to accomplish the growing needs of industries during the last sixty years. Simultaneously ITIs (Industrial Training Institute) trained millions of skilled and semi skilled workers. So, the manufacturing industry has a pivotal role in the economic development of the country. The quality and quantity of the manufactured product will be enhanced by the skilled and trained workforce. Proper direction and guidance is required for the smooth running of the organization. The leadership characteristics of the managers of the industrial organization influence the development of the organization and its workforce.

1.2.3.2 CHARACTERISTICS OF NON-IT CEOs

The study of the bio-data of CEOs of the leading manufacturing companies revealed the relevance of age factor. The bio-data of six CEOs among the top ten manufacturing companies in India are shown in table 1.6.
Table 1.6

Bio-data of CEOs of Leading Manufacturing Companies in India

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of Firm</th>
<th>Name of CEO</th>
<th>Age</th>
<th>Academic Qualification</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tata Steel Limited</td>
<td>Hemant M. Nevurkar</td>
<td>64</td>
<td>B.Tech.</td>
<td>Managing Director (MD)</td>
</tr>
<tr>
<td>2</td>
<td>Coal India Ltd.</td>
<td>S. Narsing Roa</td>
<td>52</td>
<td>MA (Ec.), IAS</td>
<td>Chairman and MD</td>
</tr>
<tr>
<td>3</td>
<td>Mahindra &amp; Mahindra (M&amp;M)</td>
<td>Anand G. Mahindra</td>
<td>57</td>
<td>MBA</td>
<td>Chairman and MD</td>
</tr>
<tr>
<td>4</td>
<td>National Thermal Power Corporation Limited (NTPC) Ltd.</td>
<td>Arup Roy Choudhury</td>
<td>56</td>
<td>BTech. (Civil)</td>
<td>Chairman and MD</td>
</tr>
<tr>
<td>5</td>
<td>Reliance Industries Ltd.</td>
<td>Mukesh Ambani</td>
<td>55</td>
<td>BA (Ec.)</td>
<td>Chairman and MD</td>
</tr>
<tr>
<td>6</td>
<td>Indian Oil Corporation Ltd.</td>
<td>R.S. Butola</td>
<td>59</td>
<td>MBA (Finance)</td>
<td>Chairman</td>
</tr>
</tbody>
</table>

(Source: Information collected from official websites of respective companies on 25-11-2012)

On analysis of the age factor, CEOs in the top manufacturing industry are considerably older than CEOs in top IT industry. This is because manufacturing industry itself is a much older sector than IT. Moreover in manufacturing industry, experience is given more significance than innovation as a leader. The youngest in this group, the CEO of CIL belongs to IAS cadre and all others are above 55.
1.2.3.3 MANUFACTURING INDUSTRIES IN THE STATE OF KERALA

The state of Kerala is widely known as a consumerist state in India. The state also has a rich tradition of having a number of companies in the manufacturing sector. The industrial sector in the state has considerable impact in the economic growth of the Kerala state. The topography of the state along with the climatic conditions also contributes to the economic development of Kerala and the industrial growth. The availability of the cash crops and the cultivation of spices have also accelerated the industrial growth of the State. The turbulence of the economy of the state during the mid fifties and sixties contributed to the vanishing of many small scale companies in the state. While compared to the other states like Gujarat, Maharasta and Tamilnadu, the state of Kerala has not given prominence to the manufacturing sector like the support that it offer to the IT sector.

In the share of manufacturing in SDP, Kerala lags far behind Gujarat, Haryana, Maharasta and the neighboring states of Tamil Nadu and Karnataka. In fact, Kerala’s rank in the share of manufacturing is the thirteenth among the fifteen major states. Even though, Kerala is regarded as an agro based industrial state, most of the raw materials like cotton, jute, sugar cane and oil seeds are produced in less quantity. The minerals like retile, zircon etc are exploited from the state. The rubber and rubber based industries are very common in Kerala. The government is also giving lot of incentives to commence some good projects.

The development of industries in Kerala is well supported by the state industries department. The industries department has initiated a number of programmes in the process of developing the state to be industry
driven. There are district level offices of the industry department initiated for the process of supporting the development of the industries. These offices offer all kinds of support in the development and implementation of the companies in each of the districts.

Ernakulam district is considered as the business capital of the State of Kerala. There are large numbers of trading and manufacturing companies situated in the district. The district has the maximum number of companies [320] registered compared to the other districts in Kerala.

Some of the major companies in Kerala are located in Ernakulam district. The Fertilizers And Chemicals Travancore Limited, Indian Rare Earths, Hindustan Insecticides Limited, Hindustan Machine Tools, Travancore Cochin Chemicals, BPCL, HPCL, Hindustan Organic Company, TELK, Cochin Shipyard, BSES are to name a few.

Even though the state has excellent human resources and infrastructure; many organizations are regarded as underperforming due to a variety of reasons. One of the major challenges faced in these organizations is unionism and collective bargaining system forgetting their responsibility resulting in financial losses and goodwill among the public. Many of these organizations also do not have strong leadership and the employees lack self motivation.

It is therefore, highly challenging for these manufacturing organizations to appropriately design effective transformation processes while harnessing the organizational resources in achieving the organizational objectives.
1.3 THEORETICAL BACKGROUND OF LEADERSHIP

Different theories and accounts of leadership have been evolved in course of time because of its importance and significance as a practice and as a research topic. However some authors have tried to integrate different theories on leadership into one comprehensive framework (Chemers, 1997; Yammarino, Dansereau, & Kennedy, 2001). This framework is developed on the basis of the major variables that influence leadership effectiveness. As an integrated point of view, Hersey, Blanchard, and Johnson (1997) explain leadership as the function of leader, group members (followers), and other situational variables, ie., \( L=f(l, gm, s) \). This section presents a historical overview and the theoretical background of leadership.

1.3.1 GREAT MAN THEORY

The Great Man Theory can be traced back to Thomas Carlyle’s influential “On Heroes and Hero Worship” written in 1840. Carlyle saw history as the essence of innumerable biographies of great souls who led by virtue of a “divine spark” that is sensed by their followers. He listed leaders’ qualities as “noble, admirable, godlike, social” naming Napoleon, Rousseau, Dante and Shakespeare, Martin Luther and Prophet Mohammed, among other leaders, all male. Charisma, political skill, and wisdom are characteristics of such leaders.

However the systematic study of leadership begins in 1930 with the Great Man Theory. This theory emphasizes that leadership is innate and the leader has innate abilities to lead. These abilities are congenital and are often considered God’s gifts. It cannot be acquired by the individual. The theory holds the concept that ‘leaders are born and not
made’. Hence the theory states that some people are born to lead (Stogdill & Coons, 1957). However, studies conducted during the 1930s and 1940s have not found any innate abilities that would guarantee leadership (Yukl, 2006). Prasad (2005) lists the major innate qualities of a successful leader as follows:

1) Physical Features: Physical features such as height, weight, physique, health and appearance of a man are determined by hereditary factors. Heredity is the transmission of the qualities from ancestor to descendant through chromosomes of the germ cells.

2) Intelligence: According to the great man theory a higher level of intelligence is required for leadership. Intelligence is generally expressed in terms of mental ability. Intelligence, to a great extent, is a natural quality of the individuals because it is directly related to brain. Intelligence is necessary for a leader, but it cannot be considered as a factor of leadership.

1.3.2 TRAIT THEORY

Trait theory proposes that the traits of an individual determine the effectiveness of that individual’s leadership. The theory emphasizes that the acquired qualities of leader traits are the decisive factors for determining his leadership. Acquirable qualities of leadership are those which can be acquired and enriched through various processes. In fact, when a child is born, he learns many of the behavioural patterns through socialization and identification processes. Such behavioural patterns are developed in the child as various traits over a period of time. Many of these traits can be increased through training programmes. According to
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Lord, De Vader, and Alliger (1986) intelligence, extroversion, dominance, masculinity, conservatism and better adjustment than non-leaders are the six traits which distinguish leaders from others. Kirkpatrick and Lock (1991) suggest the following traits that differentiate leaders from non-leaders: drive (achievement, ambition, energy, tenacity, and initiative), leadership motivation (personalized or socialized), honesty and integrity, self-confidence (including emotional stability), cognitive ability (the ability to marshal and interpret a wide variety of information), and knowledge of the business.

Stogdill (1948) describes different traits of a successful leader. They are

(i) **physical and constitutional factors** (height, weight, physique, energy, health, appearance);

(ii) **intelligence**;

(iii) **self-confidence**;

(iv) **sociability**;

(v) **will** (initiative, persistence, ambition);

(vi) **dominance**, and

(vii) **surgency** (talkative, cheerfulness, geniality, enthusiasm, expressiveness, alertness, and originality).

Ghiselli (1971) finds supervisory ability, achievement, motivation, self actualizing, intelligence, self-assurance, and decisiveness as the qualities related to leadership success. However research has failed to
produce a consistent result showing leaders differing from non-leaders in personality traits (Shackleton, 1995).

1.3.3 BEHAVIOURAL APPROACH

Instead of considering traits and innate abilities of leaders, researchers have focused mainly on the behaviour of leaders to explain leadership and leader effectiveness during the 1950s through the mid 1980s. This approach is developed from two prominent studies at University of Michigan and Ohio State University which are based on employee-production. The important types of leader behaviours based on behavioural approach are Employee-Production orientation, Power orientation, Leadership as continuum, Managerial grid and Tri-dimensional grid. A brief description of each type is given below.

1.3.3.1 EMPLOYEE-PRODUCTION ORIENTATION

Employee-production orientation study is based on the behaviour of leaders towards employees and task. The Ohio State University studies and the University of Michigan studies are under this group. The leadership studies initiated by the Bureau of Research at Ohio State University, USA in the 1950s attempted to identify various dimensions of leader behaviour. Almost simultaneously, Survey Research Centre at the University of Michigan, USA, made an attempt to study the leadership behaviour in the 1950s by locating clusters of characteristics that seemed to be related to each other and various indicators of effectiveness. Those studies are briefly described below.
1.3.3.1.1 OHIO STATE UNIVERSITY STUDIES

Ohio State University studies are an attempt to identify factors of leadership behaviour and develop a questionnaire to measure how often leaders use their behaviours. Ohio studies concentrate on understanding the principles of leadership by asking the subordinates to describe the leadership styles of their boss (Shackleton, 1995). The studies are mainly on military and civilian leaders and identify two dimensions of leader behaviour: consideration and initiating structure (Fleishman, 1953; Hemphill & Coons, 1957; Halpin & Winer, 1957). Consideration is the degree to which a leader acts in a friendly and supportive manner towards his/ her subordinates. Initiating structure is the degree to which a leader defines and structures his or her roles and the roles of the subordinates towards achieving the goals of the group. Consideration has been often called relationships orientation, and initiation has been called task orientation. Consideration refers to mutual trust and respect in the relationship between the leader and the subordinates. Initiating structure refers to creation of methods and procedures and channels of communication. Based on the results of the initial studies, two revised questionnaires are formulated to measure consideration and initiating structure. They are Leader Behaviour Description Questionnaire (LBDQ), and Supervisory Behaviour Description (SBD or SBDQ). A third questionnaire, called Leader Opinion Questionnaire (LOQ) is constructed as a measure of behaviour, but it seems more appropriate as a measure of leader attitude. Later the researcher develops a fourth questionnaire called Leader Behaviour Description Questionnaire, Form XII. In this questionnaire, the scope of consideration and initiating structure is narrowed and 10 additional scales are added (Stogdill, Goode, & Day, 1962). But even after the new scales are added, most of the researchers use only...
consideration and initiating structure scales to measure leadership behaviour. The use of Ohio State Leadership Questionnaires in hundreds of survey studies show that the results are weak and inconsistent (Fisher & Edwards, 1988).

1.3.3.1.2 UNIVERSITY OF MICHIGAN STUDIES

University of Michigan Studies on leadership behavior were carried out by researchers at the University of Michigan at approximately same time as that of Ohio State University studies. A series of field studies among leaders including section managers in an insurance company (Katz, Maccoby, & Morse, 1950), supervisors in a large manufacturing company (Katz & Kahn, 1952), and supervisors of railroad section gangs (Katz, Maccoby, Gurin, & Floor, 1951) were initiated by the researchers. The Michigan studies bring out two dimensions of leadership behaviour - employee oriented and production oriented (Kahn & Katz, 1960; Katz et al., 1950). Michigan studies are concerned with the differences in behaviour between the effective and ineffective leaders (Shackleton, 1995). Employee-oriented leaders give priority to interpersonal relationships whereas the production-oriented leaders emphasize the technical or task aspects of the job and take employees as tools for accomplishing jobs. The study reveals that employee oriented leaders are more associated with high group productivity and high job satisfaction. The employee-oriented behaviours identified in Michigan studies appear similar to the behaviour labeled consideration in the Ohio State Leadership Studies whereas the task oriented behaviours are similar to initiating structure in the Ohio State leadership studies.

The research was found difficult to interpret because of several types of bias and error (Luthans & Lockwood, 1984; Uleman, 1991).
Since the survey questionnaire included ambiguous items which would be interpreted in different ways by different respondents the response would not be correct. Another source of error for questionnaire items is response bias. Responses may be distorted because of the respondents’ likes or dislikes with the leader (Schriesheim, Kinicki, & Schriesheim, 1979).

1.3.3.2 POWER ORIENTATION

In 1939, a group of researchers led by the psychologist Lewin set out to identify different styles of leadership. They initially proposed three leadership styles based on the degree of authority used by the leader. This approach focuses on the degree of power used by the leaders to influence the behaviour of their followers. The leadership styles are:

1) Autocratic leadership (Authoritarian leadership)
2) Participative leadership (Democratic leadership)
3) Delegative leadership (Laissez-faire leadership)

1.3.3.2.1 AUTOCRATIC LEADERSHIP (AUTHORITARIAN)

It is an authoritarian or directive style of leadership. In this style all powers are executed by the leader alone. No proper discussion or communication will take place before taking any decision and its execution. Here the leader orders things and the subordinates obey it. Subordinates do not have any role in decision making. In this case no initiative will be taken by the subordinates. Such type of leaders criticizes subordinates and imposes penalty if something happens against the decision of the leader. This type of leadership is considered negative because the followers are uninformed, insecure, and afraid of the leader’s authority. However in some cases this type of leadership style is helpful.
if the followers are inactive and inefficient. But it will not give any long
term effectiveness in the organization (Prasad, 2005).

1.3.3.2.2 PARTICIPATIVE LEADERSHIP (DEMOCRATIC)

It is a democratic or consultative leadership style. Such types of
leaders allow the followers to get emotionally and mentally involved in
the situations and share responsibility to achieve common goals.
Participatory leaders decentralize the authority of decision making and
motivate their subordinates. The ideas and suggestions of subordinates are
considered seriously and given due importance in the organization
(Prasad, 2005). Since leaders are also part of the events, the subordinates
are confident enough to do thing to achieve organizational goals.

1.3.3.2.3 DELEGATIVE LEADERSHIP (LAISSEZ-FAIRE)

Free rein or laissez-faire managers avoid themselves from all the
responsibilities entrusted to them. Subordinates are given full freedom to
take and execute decisions to achieve the organization’s objectives.
They provide complete freedom to subordinates. No proper guidance
will be given by the leaders to the followers (Prasad, 2005). This type
of leadership style will be effective only if the subordinates are efficient
and effective.

1.3.3.3 LEADERSHIP AS A CONTINUUM

Tannenbaum and Schmidt (1958) present leadership as a
continuum of free-rein at the one end and authoritarian leadership at the
other end as shown in figure 1.1. The type can be determined by the
degree of authority used by the leader and by the degree of freedom
enjoyed by the subordinates.
(Boss centered leadership)  
Use of authority by the manager  
Area of freedom for subordinates  
(Subordinate centered leadership)

Manager takes decisions and announces  
Manager sells decisions  
Manager presents ideas and invites suggestions  
Manager presents tentative decision subject  
Manager presents problems, gets suggestions and makes decisions  
Manager defines limits, asks groups to make decision  

(Source: Tannanbaum and Schmidt, 1958)

**Figure 1.1: Continuum of Leadership Behaviour**

But later Tannenbaum and Schmidt (1973) develop a new model incorporating the social environment because most often organizations are affected by the changes in the social system and organizational environment.

### 1.3.3.4 THE MANAGERIAL GRID

The leadership approach called ‘Managerial Grid’ was developed by Blake and Mouton (1964). It is a two-dimensional grid consisting of two key variables—“concern for production” on X-axis and “concern for people” on Y axis as shown in figure 1.2. However the grid gives 81
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Combinations **Blake and Mouton (1964)** focus on five styles. They are: impoverished management (1,1), task management (9,1), middle-of-the-road management (5,5), country club management (1,9), and team management (9,9). Of these five styles, the researchers conclude that managers perform the best when using the 9,9 style and are most effective in all situations (**Blake & Mouton, 1984; Blake, Mouton, Barnes, & Greiner, 1964**).

(Source: Blake, Mouton, Barnes, & Greiner, 1964)

**Figure 1.2: The Managerial Grid**
It is similar to the production-people orientation style of Ohio State University. Managerial grid is a useful device to managers for identifying and classifying their managerial styles.

1.3.3.5 TRIDIMENSIONAL GRID

‘Tridimensional grid’ or ‘3-D management’ developed by Reddin (1970) is a leadership approach which consists of three factors such as task-orientation, relationship-orientation, and effectiveness. He plots these three factors on the axes of a three dimensional graph. Task orientation (TO) tries to keep the attention of the managers to accomplish organizational goals. For this the managers give direction to the subordinates and are involved in the process of planning, organizing, and controlling. Relationship orientation (RO) stands for personal relationship of managers with the subordinates. Mutual trust, respect, recognition etc. are involved in relationship orientation. Effectiveness stands for the success of the managers in the organizations. Effectiveness is evaluated on the basis of the style used by the leader in a particular situation. The tridimensional grid is presented in figure 1.3.

The combinations of relation oriented, task oriented, and effectiveness give eight possible combinations. The first four combinations are ineffective and the next four are effective styles.

1) Deserter: low task, low relation, and ineffective.
2) Missionary: low task, high relation, and ineffective.
3) Autocrat: high task, low relation, and ineffective.
4) Compromiser: high task, high relation, and ineffective.
5) Bureaucrat: low task, low relation, and effective.
6) Developer: low task, high relation, and effective.
7) Benevolent autocrat: high task, low relation, and effective
8) Executive: high task, high relation, and effective

(Source: Reddin, 1970)

**Figure 1.3: Tridimensional Grid**

This study shows that the same style of manager may cause effectiveness or ineffectiveness which determines the situations.

1.3.4 SITUATIONAL APPROACH (CONTINGENCY THEORIES)

Situational or Contingency theories of leadership state that the effectiveness of leadership depends on the leadership styles and the situations. There are mainly four contingency models. They are Fiedler Contingency Model, Hersey-Blanchard’s Situational Leadership Theory
(SLT), Leader Participation Model and Path-Goal Theory. Each one is briefly described below.

### 1.3.4.1 FIEDLER’S CONTINGENCY MODEL

Fiedler (1967) developed the first contingency model for leadership based on three elements: leadership styles, situational variables, and their interrelationship. He presents two dimensions of leadership styles: task oriented and relationship oriented. The first one focuses on the achievement of the task performance and the latter on achieving good human relations. As situational factors Fiedler identifies three dimensions which determine leader effectiveness. They are leader’s position power, task structure and leader-member relations. He points out that leaders who have the authority can influence the subordinates easily to achieve the goals. He rates position power as either strong or weak. Task structure, the second situational factor, refers to the clarity of the task to be performed by each individual. He remarks that if the task is well defined, then the members are more responsible. He rates the task structure as either high or low. The third situational factor, leader-member relation is based on the relationship of the subordinates with the leader. If the followers have respect for and trust and confidence in their leader, it is easy for the leader to achieve organizational goals. Fiedler rates the leader-member relation as either good or poor. Combinations of various situational factors constitute either favourable or unfavourable situations as shown in figure 1.4.


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<tr>
<th>Leader-member relations</th>
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</tbody>
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(Source: Fiedler, 1967)

**Figure 1.4: Findings of the Fiedler Model**

According to **Fiedler (1967)**, the first three situations are classified as highly favourable, the next three are classified as moderate and the last two situations are classified as highly unfavourable. The effectiveness of a leader depends on the interrelationship between leadership style and situation which is the third element of Fielder’s contingency model. According to him, ‘task oriented’ leadership style is effective in the situation of either very favourable or very unfavourable to the leader. ‘Relationship oriented’ leadership styles are effective in intermediate range of favourableness.

**1.3.4.2 HERSEY AND BLANCHARD’S SITUATIONAL LEADERSHIP THEORY**

Paul Hersey and Ken Blanchard developed a leadership theory called Situational Leadership Theory (SLT) (**Hersey & Blanchard**, [1969].)
Leadership style and the maturity of the followers are the two basic considerations for the success of leadership.

Situational leadership theory presents two dimensions of leadership behavior: task and relationship behavior. A leader may have high or low task as well as relationship behavior. The combination of these two behaviors gives four typical leadership styles. These four styles are:

High task-high relationship: It is also called Coaching/Selling. In this style the leader directs as well as supports the subordinates.

High task-low relationship: It is also called Structuring/Telling. In this style the leader is more formal and highly directive. The role of each subordinate is well structured in this style.

Low task-high relationship: It is also called Encouraging/Participating. The leader provides less direction but high support to the subordinates. The role of the leader is only to make policy and entrust it to the subordinates to achieve goals.

Low task-low relationship: It is also called Delegating. In this style the leader provides neither direction nor support.

The ‘maturity’ of the subordinates can be understood in terms of two components: ability and willingness. Ability which is called job maturity refers to the knowledge and skill of the subordinates to perform a job. Willingness which is called psychological maturity refers to the confidence in and commitment to the subordinates. Follower maturity can be understood in four combinations by combining the ability and willingness of the subordinates. They are:
**R1:** People are both unable and unwilling to take responsibility. It refers to low maturity of the subordinates. They are neither competent nor confident.

**R2:** People are unable but willing to take responsibility. It refers to low to moderate maturity. People are motivated though they lack appropriate skills.

**R3:** People are able but unwilling to take responsibility. It refers to moderate to high maturity. People are competent and confident but not motivated to undertake any responsibility.

**R4:** People are both able and willing to take responsibility. It refers to high maturity. **Hersey and Blanchard (1988)** suggest that leadership style is effective when a leader selects appropriately as per the maturity of the subordinates. Hersey-Blanchard’s model of situational leadership styles is presented in figure 1.5.

(Source: Hersey and Blanchard, 1988)

**Figure 1.5: Hersey-Blanchard’s Model of Situational Leadership Styles.**
1.3.4.3 LEADER PARTICIPATION MODEL

Leader participation model, another contingency model was developed in the early 1970s by Vroom and Yetton (1973). The model shows a link between leadership behaviour and participation to decision making. Vroom and Yetton present five styles which a leader might use in reaching a decision, as shown below:

1) The leader decides alone. Leader takes the decision entirely depending on his knowledge and information.

2) The leader seeks information and then decides alone: leader seeks additional information from the subordinates to arrive at a decision.

3) The leader consults with individuals and then decides alone: Here the leader shares the problems with selected subordinates, individually. The leader gathers additional information from them and seeks their advice on possible solutions to the problem.

4) The leader consults with the entire group and then decides alone: Leader meets the subordinates in a group and discusses possible alternatives. Leader may use their feelings and opinions as additional input but will retain the final decision making power.

5) The leader shares the problem with the group and collectively decides what to do: Leader gives subordinates full participation in the decision making process.
**Vroom and Jogo (1988)** propose that leaders usually adopt one of the five distinct methods for reaching decisions. The original theory was later updated and extended by them.

### 1.3.4.4 PATH-GOAL THEORY

Path-Goal theory is another contingency approach developed by Robert House and others for understanding leadership. It was initially presented by **Evan (1970)** and then **House (1971)**. According to this model, the leader clarifies and sets goal and helps the subordinates to select the best path to achieve the goal. In this process, the leader selects different leadership styles based on the situation. **House** proposes four leadership styles and two situations. He points out that all of these four styles can be used by a single leader, depending on the situation. The four leadership styles are:

1) **Instrumental leader** (sometimes called directive leader) schedules the job to be done and gives the subordinates specific direction and guidance on how to achieve the desired goals. It is similar to the high-structure, low consideration style in the Ohio studies or the high-task, low people approach in the Situational leadership model of Hersey and Blanchard or the Managerial grid of Blake and Mouton.

2) **Supportive leader** offers full support and shows sensitivity to the needs and concerns for the well-being and status of followers. It is similar to the low-structure, high consideration of the Ohio studies or the low task, high people approach of the Managerial Grid or the Situational Leadership model.
3) Participative leader shares information with the subordinates, receives suggestions, and involves followers in decision making. It is like the high-high of the Ohio studies, the Managerial Grid, or the Situational Leadership model.

4) Achievement oriented leader sets high goals to achieve and expects excellence from subordinates.

The Path Goal theory proposes the following two situational variables that determine leadership behaviour.

1) Work environment: This is outside the control of the follower. It includes nature of the task, formal authority system- the authority delegated to the leader and the work group in which the employee belongs in the organization.

2) Personal characteristics of subordinates: It consists of three important characteristics of subordinates: locus of control, willingness to accept influence, and self-perceived task ability. Locus of control states that the achievement of a subordinate is earned either by his own efforts (internal locus of control), or as a result of external forces (external locus of control). Willingness to accept influence refers to the degree of willingness of the subordinate to accept the influence of others. Self-perceived task ability refers to the ability of the subordinate to do a job.

According to this theory the effectiveness of leadership style depends on the situational variables. According to the situation, the leader has to select appropriate leadership style.
1.3.5 CONTEMPORARY VIEWS ON LEADERSHIP

In the contemporary world industrialists lay much emphasis on leadership characteristics of managers because they have a greater role in the success of the organization. Many new trends of leadership have been evolved during the modern era. Charismatic leadership, Visionary leadership, Team leadership, Servant leadership, Transformational leadership, Transactional leadership, and Full range leadership are some of the important contemporary views on leadership. Each one is briefly explained here.

1.3.5.1 CHARISMATIC LEADERSHIP

The German sociologist Weber (1924/1947) introduced the concept of charisma which is an adaptation of the theological concept. In a religious context, charismatic leaders have remarkable influence over their followers because the followers consider their leader as one who is endowed with the gift of divine grace. The followers experience a magnetic attraction towards the leader. They become disciples and zealots.

Trice and Beyer (1986) reject labelling any leadership as charismatic merely because it is simply inspiring or dynamic. They note five essential components for charismatic leadership. They are:

1) a person with extraordinary gifts,

2) a crisis,

3) a radical solution to the crisis,
4) followers who are attracted to the exceptional person because they believe that they are linked through him to transcendental powers, and

5) validation of the person’s gifts and transcendence in repeated experiences of success.

Many others consider charisma as one of the components of transformational leadership (Bass & Riggio, 2006; Bass & Avolio, 1994; 1993; Avolio & Bass, 1988; 1991; Bass, 1998). But some others find no difference between transactional and charismatic leadership (House, 1995; Hunt, 1999). Wilson (1975) notes that charismatic leaders are high in self-esteem, generosity, openness, honesty, and concern for others. They express high levels of emotional expressiveness, self-confidence, self determination, and freedom from internal conflict (House, 1977).

At the same time the followers trust them fully and show their readiness to follow them blindly. Conger and Kanungo (1988) remark that charismatic leaders have a vision and disseminate this vision to the subordinates. They also point out that charismatic leaders are willing to take risks to achieve the vision.

Many studies show that charismatic leadership is positively correlated to performance and satisfaction of subordinates (Grooves, 2005; Sosik, 2005; Paul, Costley, Howell, Dorfman, & Trafimow, 2001). House and Aditya (1997) state that this style of leadership is suitable when the environment involves a high degree of stress and uncertainty or when a task has ideological purpose. Charismatic leaders are more common in
politics, religion, or at the time of war, or when facing a crisis of survival.

1.3.5.2 VISIONARY LEADERSHIP

Visionary leadership is another trend in modern leadership style that articulates a realistic, credible, and attractive vision of the future (Lucas, 1998; Synder & Graves, 1994). The leaders inspire the followers and generate enthusiasm to achieve organizational goals. These leaders might have three qualities that are related to effectiveness in their visionary roles (Baum, Locke, & Kirkpatrick, 1998).

1) They are good oral and written communicators so that they clearly communicate the vision in terms of required goals and actions.

2) They are able to reinforce the vision and put it into action.

3) They are able to extend or apply the vision to different situations.

1.3.5.3 TEAM LEADERSHIP

For smooth functioning, the majority of organizations group their workforces into various teams with leaders. They are called team leaders. The team leaders have to share information with the group members, trust others, share authority and responsibility with others, and understand others and know when to intervene. Steckler and Fondas (1995) point out two dangers with team leaders who may try to hold too much control at a time when team members need more autonomy they may abandon their teams at times when the teams need support and help. Steckler and Fondas describe the two fold priorities in the duties of
team leads as (1) managing external boundary of the team and (2) facilitating team process.

1.3.5.4 SERVANT LEADERSHIP

Greenleaf (1970) who introduced Servant Leadership theory believes that the authoritarian leadership approach would not make any sustainable changes in the organization. He coined the term ‘servant leadership’ to describe a leadership style which was really missing in organizations. It was his concept that leadership should be based on serving the needs of others and more likely themselves to become servant. Greenleaf’s work, entitled The Servant as Leader, reiterates the necessity of listening and understanding, being optimistic, being receptive and empathetic, having foresight, being aware and perceptive, using persuasion by convincing rather than coercion, conceptualizing, healing and serving, and building community. Spears (1998; 2003) identifies ten characteristics of the servant leader after long years of careful analysis of Greenleaf’s original writings. They are:

1) Listening: The servant leader listens to the subordinates and helps them solve their problems. Listening is an art which is getting in touch with other’s inner heart and understanding their inner feelings.

2) Empathy: The servant leaders are empathetic to the followers. The successful servant leaders are empathetic listeners.

3) Healing: The presence and the involvement of servant leaders have a healing effect among the followers. They are powerful forces for healing one’s self and one’s relationship to others. They transform and integrate interrelationships.
4) Awareness: Servant leaders are more aware of their strength and weaknesses. They are also aware of the environment and work for coordinating the subordinates in the current environment.

5) Persuasion: The servant leaders try to convince others rather than coerce compliance. This element makes a clear distinction between a servant leader and an autocratic leader. The autocratic leader orders the subordinates to comply with things. They make them understand the situation and inspire them to perform to achieve organizational goals.

6) Conceptualization: The servant leaders have the ability to “dream great dreams”. They look at issues from a conceptualizing perspective. They think about the future development of the organization.

7) Foresight: The servant leaders are able to understand and foresee the outcome of a situation. They have intuitive power and learn lessons from the past.

8) Stewardship: The servant leaders are good stewards of the subordinates and the organizations. They are committed to society and serving it to meet their needs. They take organizations and subordinates into confidence.

9) Commitment to the growth of the people: The servant leaders are deeply committed to the growth and development of their subordinates. They take up the responsibility of nurturing the integral growth of the subordinates.
10) Building community: The servant leaders try to build a proactive community which is ready to work for the growth of the organization.

1.3.5.5 FULL RANGE LEADERSHIP THEORY

There has been a shift in leadership theory and research at the end of 20th century and there is more focus on transformational and transactional leadership of managers (Avolio & Bass, 1988; Conger & Kanungo, 1988). Transformational leadership was first distinguished from transactional leadership by Downton (1973). But this concept did not get much attention till 1978 when Burns (1978) used the term transforming leadership in his work. Bass (1985a; 1985b) defined transformational leadership and extended it to the military, industrial, public, and educational sectors. Many leadership researches have been conducted at various organizational levels in different types of organizations such as industrial, educational, government, and military settings (Avolio & Yammarino, 2003; Avolio & Bass, 1998; Deluga, 1988; Bass & Avolio, 1994; 1993; Koh, 1990). The concept of transformational leadership defined by Bass (1985a; 1985b) was redefined further by Bass and Avolio (1994) as full range leadership model incorporating transformational, transactional and passive/avoidant leadership characteristics. The full range model includes the highly inactive and ineffective passive/avoidant leadership (PAL) to transactional leadership (TSL) and to the highly active and effective transformational leadership (TFL). According to the full range leadership theory, every leader displays each style to some extent (Avolio, 1999; Bass & Avolio, 1994). The researcher adopts full range
leadership model for assessing the leadership characteristics of IT and Non-IT managers.

1.3.5.5.1 TRANSFORMATIONAL LEADERSHIP

Transformational leaders do more with colleagues and followers than simple exchanges or agreements (Bass & Avolio, 1994). They look at the development of the followers along with accomplishment of organizational goals. Theories about transformational leadership have been developed during the last three to four decades. The concept of ‘transformational leadership’ was first introduced by Downton (1973) in his book Rebel Leadership: Commitment and Charisma in the Revolutionary Process. Burns (1978) uses the term transforming leadership in his seminal book Leadership. He defines a transforming leader as one who (1) raises the followers’ responsibility to achieve the designated goals; (2) transcends self interests of the followers for the sake of the team and organization; and (3) elevates the followers’ level of need on Maslow’s (1954) hierarchy. Transforming leadership raises the follower’s level of maturity, ideals, and concerns for the well-being of others and the organizations. They transform individuals, groups, organizations, and societies.

Later Bass (1985a) presented transformational leadership theory and measurement of its factors of leadership behaviour. One year later, Tichy and Devanna (1986) published a book under the title Transformational Leadership. The concept of transformational leadership defined by Bass was redefined further by Bass and Avolio (1994) as a full range leadership. Meanwhile many research projects and numerous doctoral dissertations and books in the field of transformational leadership have been carried out and published in the United States and elsewhere.
Transformational leaders motivate their associates to perform beyond expectations. They inspire their subordinates to transcend their own immediate self-interest for the sake of the mission and vision of the organization. Bass (1985a) derives four factors (four I’s) of transformational leadership empirically: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Avolio, Waldman, and Yammarino (1991) observe that transformational leaders achieve superior results by employing these four factors of transformational leadership. The components of four I’s of transformational leadership are described below.

1) Idealized Influence (II)

Transformational leaders influence their colleagues and followers. They are considered as ideal and “Role models”. The leaders are admired, respected, and trusted. The followers identify with the leaders and want to emulate them. The leaders are willing to take risks and ready to share risks with the followers. They never use power for personal needs or achievements (Bass & Avolio, 1994; Bass & Bass, 2008). There are two aspects of idealized influence: the leader’s behaviours and elements that are attributed to the leader by followers and other associates. The leaders always keep high standards of ethical and moral conduct (Bass & Riggio, 2006).

2) Inspirational Motivation (IM)

Transformational leaders inspire and motivate the followers by providing meaning and challenge to their followers’ work and generate team spirit among them. They create enthusiasm and optimism in the followers. The leaders clearly communicate the expectations that followers want to meet and also demonstrate commitment to goals and
vision (Bass & Avolio, 1994; Bass & Riggio, 2006). The idealized influence and inspirational motivation usually form a combined single factor which is similar to the behaviours described in charismatic leadership theory (Bass & Avolio, 1993).

3) Intellectual Stimulation (IS)

Avolio (1999) points out that a majority of managers and employees believe that their intellect is underutilized. Yet in the post-industrial world an organization’s intellectual capital may be more important than its physical capital. Intellectually stimulated leaders see themselves as part of an interactive creative process (Brown, 1987). Quinn and Hall (1983) propose that leaders stimulate followers intellectually in one of four ways: rational, existential, empirical, and ideological. The leaders stimulate their followers to act innovatively and creative in their work field. The followers are stimulated by such leaders to question assumptions, reframe problems, and approach old situations in new ways. The leader encourages the creativity of the followers and solicits their innovative ideas and creative solutions of problems. They never criticize individual member’s mistakes in public (Bass & Avolio, 1994; Bass & Riggio, 2006). Intellectually stimulated leaders often empower the followers.

4) Individualized Consideration (IC)

Transformational leaders with individualized consideration pay special attention to individuals’ needs. These leaders act as coaches or mentors for the individual growth and achievement of their followers. They develop followers and colleagues to successively higher levels of potential. The leaders recognize the individual differences in terms of needs and desires. A two way exchange in communication is
encouraged. The interactions with the individuals are personalized. The leader delegates tasks as a means of developing followers. The delegated tasks are monitored to see if the followers need any additional direction or support and to assess the progress, but the followers do not feel they are being checked on (Bass & Avolio, 1994; Bass & Riggio, 2006).

Transformational leaders motivate the followers to view beyond their own interests. They stimulate interest among followers to see things from a different perspective. They create an awareness of the mission and vision of the organizations and inspire the followers to accomplish the goal of the organizations. They act in such a way as to obtain superior results by employing one or more of the “Four I’s” (Avolio et al., 1991).


- Transformational leaders become a source of inspiration to the associates through their commitment to those who work with them, their perseverance to a mission, their willingness to take risks, and their strong desire to achieve.

- Transformational leaders influence their colleagues and followers as ideal and are considered as “Role models”. Followers identify themselves with the leaders and want to emulate them.
Transformational leaders share risks with the followers and avoid using power for personal needs.

Transformational leaders motivate and inspire their followers to do more than what the followers originally intend and think possible.

Transformational leaders stimulate their associates to view the world from new perspectives and to be innovative and creative by questioning assumptions, reframing problems, and approaching old situations in new ways.

Associates trust their transformational leaders and depend on them to overcome any obstacle, because of their hard work, their willingness to sacrifice their self-interest, and their prior successes.

Transformational leaders identify, accomplish and elevate the needs of each of their associates. They pay special attention to each individual’s need for growth and achievement. They listen to their followers effectively and accept individual differences.

1.3.5.5.2 TRANSACTIONAL LEADERSHIP

Transactional leadership, the second aspect of full range leadership, focuses on transaction or exchange of relationship between leader and followers (Bass & Avolio, 1994). The transactional style involves negotiation between the leaders and subordinates (Bass & Avolio, 1990, Bass, 1990). Transactional leader rewards or punishes the followers according to the performance of the followers (Bass & Avolio, 1994; Bass & Riggio, 2006; Bass & Bass, 2008). The Leaders reward
the followers when they meet agreements and standards, or, punish them when they fail in what is supposed to be done (Bass & Bass, 2008).

In transactional leadership, leaders motivate their followers via specific benefits provided to them. Subordinates are persuaded to work for the accomplishment of organizational goals by exchanging rewards for their productivity (Bass & Riggio, 2006). Transactional leadership depends on contingent reinforcement, either contingent reward or management by exception (active). The two components of transactional leadership are explained below.

1) Contingent Reward (CR)

Contingent Reward is considered as a constructive transaction. The leader rewards or punishes according to the performance of the followers. A follower is rewarded for the desired performance or punished for failing in what was supposed to be done (Bass & Bass, 2008; Bass, 1998). The reward may be material or psychological. Material rewards may comprise of a rise in salary, an award, or citation for merit and was considered as transactional. The psychological reward may comprise of positive feedback and recognition (Antonakis, 2001).

2) Management by Exception-Active (MBE-A)

Management by Exception is a corrective transaction. With the active management by exception, the leader monitors each performance of the followers and takes corrective action if the followers fail to meet standards accordingly.

1.3.5.5.3 PASSIVE/AVOIDANT LEADERSHIP (PAL)

Passive/avoidant, the last aspect of the full range leadership model, is the behaviour of those individuals who do not care about what
happens, avoid shouldering responsibilities, and are satisfied to sit idle
and wait for others to take the necessary initiatives. Passive leaders
avoid situation of involving in the potential problem areas, to set
standards and to monitor for results. Avolio (1999) mentions such types
of people “social loafers”. In passive/avoidant style, the leader rejects
control and allows subordinates to take decisions (Bass, 1990). This
style of leadership creates negative impact on both leader and
subordinates. Hence for a better output, leaders need to avoid the passive
style from their leadership characteristics. The components of
passive/avoidant leadership style are described below.

1) **Management by Exception-Passive (MBE-P)**

In passive management by exception, the so called leader fails to
identify problems at the initial stage. Even though they identify the
issues they will not interfere until the problems become very serious and
chronic. Since the involvement of such persons is very late, that will not
make any positive effect on the outcome of their activity. Moreover such
type of attitude of the leaders will create negative impact in the
organization. With the passive management by exception, the leader
takes no corrective action on a problem and it may lead to unsatisfactory
follower performance. Avolio and Bass (2004) use four questions to
measure this attribute of passive/avoidant leadership style.

2) **Laissez-Faire Leadership (LF)**

Laissez-faire leadership style is the total avoidance or absence of
leadership. Such type of persons will avoid them from taking decisions
and from the involvement of important issues arise in the organizations.
They will be absent from the situations when their presence is necessary.
They make delay responding to urgent questions. It is the most inactive and ineffective style. Avolio and Bass (2004) use four questions in order to measure laissez-faire style of managers.

Full range leadership model can be presented graphically as follows.

![Full Range Leadership Model](image)

**Figure 1.6: Full Range Leadership Model**

1.3.5.4 AUGMENTATION EFFECT

The original assumption was that, transformational and transactional leaderships are at opposite ends of the same continuum. But later Bass (1985a) conceptualized the augmentative effect of transformational leadership over transactional leadership. According to him the transformational leadership style build on the transactional base in contributing to the extra effort and performance of associates. Many
authors support this augmentation effect and reiterate that transformational leadership does not replace transactional leadership; but it augments it (Waldman & Bass, 1986; Waldman & Yammarino, 1990; Howell & Avolio, 1993). Several independent studies (Hater & Bass, 1988; Howell & Avolio, 1993; Yammarino, Spangler, & Bass, 1993) confirm the augmentation effect of transformational leadership proposed by Bass. Hence the full range leadership theory proposes that the integration of transactional and transformational leadership style will offer better results than adopting transformational leadership style alone.

The researcher adopted the full range model of leadership theory for the study of leadership characteristics of managers of IT and Non-IT organizations.