CHAPTER II

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2.1 INTRODUCTION

Organizations in any industry will have sustainable existence especially in these changing environmental and organizational conditions only if they respond timely and appropriately to the competitive and technological pressure to incorporate the changes (Kerber & Buono, 2005). Leadership quality of managers plays a pivotal role in every organization for its sustainable existence and its success or failure (Bass & Bass, 2008).

Leadership is a popular theme both in the industrial and academic world. Because of their unique characteristics, leaders influence the organization and the people in it. Leading people during this changing period is also a critical function for most managers today (Lewis, Goodman, & Fandt, 2004). Hence researches on leadership become more relevant and industrialists and scholars give more emphasis to this topic in their realm of activities in the contemporary period.

An organization is “a group of individuals who work together towards common goals” (Lewis et al., 2004: 6). What ever the nature of the organization, they have one characteristic in common: they are made up of people. Managers of the organisations have to give more care to lead the people in the organization. The 21st century managers must have a broad perspective in leading their work groups and organization considering the nature and culture of the situation. Managers have a greater role to define the success of the organizations. ‘Organizational outcomes’ (i.e., strategic decisions and performance) are partially predetermined by the features and characteristics of those who participate in administration (Hambrick & Mason, 1984). A manager with leadership quality can only lead the
organization towards success. In our observation it seems that some leaders are very good managers and some managers are very good leaders. Businesses need both managers and leaders to survive and succeed. There are many deliberations and opinions about leadership and management.

This chapter presents a review of the existing scholarly literatures relevant to leadership, management, organizational synergy and organizational excellence.

2.2 STUDIES REGARDING LEADERSHIP OF IT AND NON-IT MANAGERS

2.2.1 DEVELOPMENT OF LEADERSHIP STUDIES

Studies on leadership began in 1930 with the Great Man theory which states that some people are born to lead (Stogdill & Coons, 1957) and later the Trait theory was evolved. Trait theory proposes that the traits of an individual determine the effectiveness of a leader. Stogdill (1948) describes different traits of a successful leader. Till the middle of the twentieth century, leadership research was dominated by the search for the traits. During the 1950s and mid 1980s researchers focused mainly on the behaviour of leaders (Behavioural Theory) to explain leadership and leader effectiveness (Katz, Maccoby, & Morse, 1950; Katz & Kahn, 1952; Fleishman, 1953; Hemphill & Coons, 1957; Halpin & Winer, 1957; Blake & Mouton, 1964; Shackleton, 1995) and turned their attention both to leadership style and Situational or Contingency factors (Fiedler, 1967; House, 1971; Vroom & Yetton, 1973; Hersey & Blanchard, 1974). By the 1980s, traits had again become important for research, along with context. From 1980s, most studies on leadership have focused on the characteristics of the leaders
and their effects on the organization (Bass, 1985; Tichy & Devanna, 1986).

Another paradigm shift occurred in the late 1970s, with a rising interest in Charismatic, Visionary, Servant leadership (Greenleaf, 1970; 1991) and Full range Model of Leadership (Avolio & Bass, 1994). They give emphasis on both traits and situations (including followers) in determining the emergence, success, and excellence of leadership (Bass & Bass, 2008).

The diagrammatic presentation of various leadership theories are depicted in figure 2.1.

It is to be noted that there was no systematic and scientific researches till the twentieth century. But later the industrial and academic world recognized the relevance of leadership in the organizations for their success and excellence and started scientific study on leadership. Stogdill (1948) reported that he was able to identify only 128 articles, books, and abstracts on leadership by 1948. It is evident that by the end of the 1990s the publications on leadership increased enormously and in mid-1999, Online Computer Library Center (OCLC) alone made available 55,172 publications on leadership (Bass & Bass, 2008). However it is surprising to observe that almost all the studies are conducted in outside of India and not much Indian studies or literatures on leadership could be found. However, Krishnan (2004); Singh and Krishnan (2007); Ramachandran and Krishnan (2009) have published some scientific articles on leadership from Indian context. Apart from that Robin Sharma (2010) has also published many books on leadership in general. Hence studies on leadership in Indian context are to be promoted.
Figure 2.1: Development of Leadership Theories
2.2.1.1 DEFINITION OF LEADERSHIP

The concepts and definitions of leadership have been evolved and developed over the years. Different definitions and concepts of leadership have been found in various articles and discussions. Stogdill (1974: 259) concluded that “there are almost as many definitions of leadership as there are persons who have attempted to define the concepts”.

A number of authors defined leadership as a process but from different perspectives. Yukl (2006: 8) defined leadership as “the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives”. Rauch and Behling (1984: 46) exhibited leadership as “the process of influencing the activities of an organized group toward goal achievement”. According to Jacobs and Jaques (1987: 281), Leadership is “a process of giving purpose (meaningful direction) to collective effort, and causing willing effort to be expended to achieve purpose”. Drath and Palus (1994: 4) presented leadership as “the process of making sense of what people are doing together that people will understand and be committed”. Some others presented leadership as behaviour. Hemphill and Coons (1957: 7) defined leadership as “the behaviour of an individual…directing the activities of a group toward a shared goal”. Some considered leadership as the ability to take drastic steps. Schein (1992: 2) regarded leadership as “the ability to step outside the culture… to start evolutionary change processes that are more adaptive”. In all the definitions there are many common factors that explain and define leadership. Leadership can be defined as the ability of an individual to influence, inspire, encourage, guide, and enable others to contribute toward the effectiveness and
excellence of organization by accomplishing organizational goals and help others to extend their capacity.

2.2.2 STUDIES REGARDING MANAGEMENT

Follett (1942), an early management scholar, gives a classical definition of Management as “the art of getting things done through people”. Drucker (1967) defines effectiveness as “doing the right things” and efficiency as “doing things right”. The end result of effective and efficient management will be organizational success and excellence.

Mintzberg (1990) points out three primary roles of managers as interpersonal, informational, and decisional. Interpersonal role means managers’ responsibility of managing relationships with organizational members and other constituents. The three interpersonal roles managers play are those of the figurehead, leader, and liaison. In the informational role, managers are responsible for gathering and disseminating information to the stakeholders of the organization. In this role managers act as monitors, disseminators, and spokespersons. Finally the managers play the role of decision makers. It is the managers’ responsibility of processing information and reaching conclusions. In the decisional role, managers play as entrepreneur, disturbance handler, resource allocator and negotiator. In this deliberaton, it is vivid that leadership is part of one of the primary roles of managers.

Lewis et al. (2004) describe management as the process of administrating and coordinating resources effectively and efficiently in order to achieve organizational goals. According to them an organization achieves effectiveness when it pursues appropriate goals, and efficiency when it generates a given output by using the fewest inputs. Managers can also be divided into functional and general managers on the basis of
the scope of their responsibility. Functional Managers are managers who are responsible for managing a work unit or a department. Depending on the size of organizations, managers are grouped into various levels in the organizational hierarchy. A small organization may not have various levels of managers whereas in a larger organization it has several levels of management. In general, relatively large organizations have three levels of managers: first line managers, middle managers, and top managers.

![Managerial Levels Diagram](source: Lewis, Goodman, & Fandt, 2004)

**Figure 2.2: Managerial Levels**

Figure 2.2 shows various levels of managers as well as “operatives”. Operatives are usually operational employees. They are not in the managerial levels. The pyramid shape of the figure indicates the number of managers at each level. Most of the organizations have more first line managers than middle level managers and more middle level managers than top level managers. However after 1990s, there has been a trend in the corporate sector to reduce the number of first line managers as a part of improving efficiency in the organization. The skill required for each level of managers is also different. Technical skill is
the most important for the first line managers, human skills for the middle and conceptual skill for top-level managers (Lewis et al., 2004).

2.2.3 LEADERSHIP AND MANAGEMENT

Scholars have approached leadership and management with two different views. The first view (e.g., Bennis & Nanus, 1985; Zaleznik, 1997) is that leadership and management are qualitatively diverse and mutually exclusive. The second view (e.g., Mintzberg, 1971; 1983; Kotter, 1998; Rost, 1991; Bass, 1998) is that though leading and managing are different processes, they are assumed by the same people. That is, leadership and management are mutually supportive and complementary.

According to Zaleznik (1997), managers and leaders are two different types of people. Managers’ goals arise out of necessities rather than desires; they excel at diffusing conflicts between individuals or departments, placating all sides while ensuring that an organization’s day to day business gets done. Leaders on the other hand adopt personal and active attitude towards goals. They look for potential opportunities and inspire subordinates to make use of the opportunities to achieve organizational goals. They keep a strong and warm relationship with subordinates and even superiors. Zaleznik argues that leaders and managers hold different attitudes towards chaos and order. He observes that leaders can tolerate chaos and lack of structure whereas managers seek order and control in the organization. Bennis and Nanus (1985: 21) have suggested that “managers are people who do things right and leaders are people who do the right thing”. It is observed that this definition is similar to the definition of Drucker’s (1967) on efficiency and effectiveness. According to his efficiency is to do things right and effectiveness is to do right things.
Jandaghi, Martin, and Farjami (2009) opine that management is dependent on formal power while leadership is resulted from a social influencing process. Thus the first view gives a clear indication that both management and leadership cannot occur in the same person. A manager in a formal organization has various managerial functions such as planning, organizing, controlling, budgeting, staffing, problem solving and other fundamental tasks necessary to run a business; whereas a leader provides a vision that drives the performance of the organization in accomplishing its goals (Bertocci, 2009).

According to Kotter (1990) both management and leadership are needed for the success of organizations. They may be different in terms of their core processes and intended outcomes. With a mere leadership or management, one cannot create any changes in the organization. Management seeks to produce predictability and order by:

(1) setting operational goals, establishing action plans with timetables, and allocating resources;

(2) organizing and staffing (establishing structure, assigning jobs to people); and

(3) monitoring results and solving problems.

On the other hand leadership seeks to produce organizational change by:

(1) developing a vision of the future and strategies for making necessary changes,

(2) communicating and explaining the vision, and

(3) by motivating and inspiring people to attain the vision.
According to Lewis et al. (2004), leading is one of the four primary functions associated with the process of management. Apart from leading, the other primary functions of management are planning, organizing, and controlling. Leading has always been an important component of management, and historically the most effective managers have often had strong leadership skills. Managers must be effective leaders if they are to be successful.

Rost (1991) views management as an authority relationship that exists between a manager and subordinates to produce and sell goods and services whereas leadership is a multidirectional influence relationship between a leader and followers with the mutual purpose of accomplishing real change. Managers may be leaders, but only if they have influence relationship. Bass and Bass (2008) argue that if the head or manager is not a leader, he or she will plan but won’t envisage an attractive future and will organize and structure the department but won’t empower employees to make decisions.

However despite differences of opinion on whether leadership is different from management or not, it is clear that leadership and management are complementing each other, though each one has its own functions and activities. While a mere manager achieves the organization’s goal by his/her authority, a manager with leadership quality influences his/her subordinates and motivates them to accomplish the goal of the organization. While a mere manager tends to be pure task oriented, manager with leadership quality feels a proper mix of both ‘person’ and ‘task’ oriented to achieve the goals of the organizations. In order to maintain equitable positions for organizations to survive in the industry, managers shall develop multiple capabilities and manage situations exhibiting exceptional leadership characteristics.
Leadership is a management function which is mostly directed towards people and social interaction, as well as the process of influencing people so that they would achieve the goals of the organization or the common goals. Without leadership and initiation of the members’ activities, stimulation of high motivation and engagement of people, there is neither successful organization nor successful company. Experience has shown that managerial efficiency differs depending on the manager’s leadership style. This has stimulated numerous researches which have tried to answer the question of which leadership style is the best.

A manager may or may not have the leadership qualities. For successful performance of management functions, a manager should have adequate leadership qualities. Leadership is a process by which a person encourages and motivates others to attain an objective that makes an organization progress uniquely and innovatively. To face the competition in the new millennium, organizations need fabulous leadership talents. So Leadership is becoming an important issue for managers. An organization with managers at all levels having leadership skills will certainly be successful. But it has to be noted that the leadership characteristics of top level managers have a pivotal role in the success of any organization. Managers, executives and agency officers must be both leaders and heads (Kochan, Schmidt, & De Cotiis, 1975). Today in the industrial world, the nature of management has shifted perceptibly and irreversibly in the direction of leadership (Adair, 2003).

Sarros and Santora (2001) have studied the nature of transformational and transactional leadership among business executives and found that both leadership constructs will create a positive strength in executives. Some of the identified strengths are leading by example,
role modeling, coaching, and consideration behaviors of executives. The study also lists out leadership strategies and approaches in pursuit of achieving positive results. Singh and Krishnan (2007) state that transformational leadership encompasses role modeling, managing subordinates with personal relationships, duty orientation, critical thinking and so on.

Emiliani and Stec (2004) observe that the beliefs, behaviors, and competencies of leaders offer alternate options for identifying leadership problems and improving leadership excellence. The evaluations of leadership excellence differ from person to person according to their explicit and implicit conception of leadership. Leadership excellence can be evaluated in terms of the consequences of the leader’s actions for organizations, followers and other organizational stakeholders. Yukl (2006) observes many indicators for the evaluation of leadership excellence. According to him growth of organization, high performance of followers, quality of group processes, satisfaction of the followers, followers’ commitment to the organizational objectives, psychological wellbeing and development, attitude of followers towards the leaders etc. are the various parameters to measure excellence in leadership.

Competency of leaders makes success in the organizations. Neuhauser (2007) has presented the critical competencies of transformational leadership as strategic thinking, relationship building, execution, and people development. Allio (2009) states that the most important leadership competency required for a leader is adaptability and further points out that leaders are self made even though leadership theory and principles can be taught; but effective leadership behavior has to be learned. McCallum and O’Connell (2009) have examined the
major leadership studies in order to understand the specific roles that human or social capital capabilities play in the modern business environment and for fulfilling the challenges of future leadership requirements. The study reveals evidences of primary focus on human capital capabilities, while social capital skills have begun to receive more attention as a critical component of a leader’s skill sets.

A study done by Jandaghi et al. (2009) reveals that Transformational leadership is significantly higher in successful companies than unsuccessful one irrespective of the type of the industry.

Obholzer (1996) has carried out a review of the psychoanalytic contributions to authority and leadership issues in organizations while considering the risk elements involved in the process and has discussed correlation between personality of the leaders and responsiveness of the employees. Pounder (2001) has conducted a study on new leadership styles and argues that leadership is self-reflective and capable of utilizing the array of leadership characteristics subsumed under the transformational and transactional leadership notions. Bolman and Deal (2006) state that professional leaders shall be able to assume different roles as required since switching roles is highly necessary in order to manage situations.

Charbonneau (2004) has examined the association between various influence tactics within the perceptions of transformational leadership and has suggested that training in rational persuasion and inspirational appeals raise perceptions of transformational leadership style. McCartney and Campbell (2006) look at the relationship among leadership skills, management skills and individual success and failure in formal organizations and develop a model keeping in view that the
developmental activities of an enterprise shall be ongoing regardless of the individual's level in the organization.

**Deschamps (2005)** discusses four generic innovation strategies namely enabling process, organizational mechanism, cultural trait and people profile with distinct leadership imperatives. The study discusses the critical reasons for which top management shall understand the importance of matching the skills of innovation leaders with the specific tasks and roles they are exposed to while working in an organization.

Leadership Training has a central role in the formulation of leadership behaviour among the employees in the organization. **Kelloway, Barling, and Helleur (2000)** have investigated the impact of leadership training and counseling feedback on subordinates’ perceptions of transformational leadership and have found that both training and feedback are effective means of changing leadership behaviors. **Brown and Posner (2001)** have carried out an exploratory study on leadership and learning, and reveal that active and versatile learners get more frequently involved and engaged in leadership behaviors. **Hotho and Dowling (2010)** examine the weaknesses of prevailing approaches to leadership development programmes and reveal that participant interaction with leadership development programmes varies from organization to organization depending on individual and/or contextual factors. The study concludes that aspects like context and participant differences shall be recognized and identified as factors impacting on the excellence of leadership development initiatives.

Various studies show that transformational leadership influences the team members in a big way. Leaders act as motivating force for the subordinates in achieving organizational goals. **Hambrick and Mason**
(1984) observe that organizational performance outcomes are determined by the human assets who involve in the process of leadership roles. Bass (1985a; 1990a) points out that transformational leaders influence and motivate followers with intellectual stimulation and encourage them exploration and creative thinking capabilities. Podsakoff, Mackanzie, Moorman, and Fetter (1990) remark that good leaders transform and change the mindset, values and the behavioural aspects of subordinates and hence they are willing to take extra effort to achieve organizational objectives. Locke and Latham (1990) suggest that leaders should have clear idea about the team goals to be accomplished. Therefore, it is necessary for leaders to regularly discuss the organizational goals within the team. Yukl (1998) explains the influence of transformational leaders in strategically changing the attitude of the team members and further influencing their approach towards organizational mission, objectives and strategies.

Bass (1994) states that subordinate satisfaction is seen more with leaders who possess transformational leadership. Bass and Avolio (1994) describe leader as an individual who inject confidence among the team members in achieving organizational goals and objectives through motivational and inspiring behavior. Glad and Blanton (1997) observe that the transformational leaders motivate their subordinates to be creative and reformist within the constraints of the environment. Sosik, Avolio, and Kahai (1997) have pointed out that the variables like motivation, group cohesion and collective efficacy have an impact on team performance. In line with the findings of many other researchers Yukl (1998) supports for positive relationship between transformational leadership and team performance. Transformational leaders as mentioned by Pillai, Schriesheim, and Williams (1999) have
encouraged employees to take calculated risks. Some of the studies including Yusof (2002) opine that the transformational leadership of the senior managers may affect the subordinates.

Avolio and Yammarino (2003) point out those transformational leaders have many team refined performance and the results go beyond expectations. Junga, Chow, and Wu (2003) observe that transformational leaders ensure positive affirmative changes in their subordinates and help them bring out exceptional performance beyond the organizational expectation. Mckeen and Smith (2003) have remarked that leaders shall be flexible and willing to encourage team members to take initiatives. Krishnan (2004) has conducted study on the impact of transformational leadership on followers’ influence strategies and has explained that transformational leadership mediates relationship between leader member exchange [LMX] and congruence. Further it is also noted that both LMX and transformational leadership are related positively to aspects like friendliness and reasoning, and negatively to higher authority. Seddon (2006) recommend that leaders shall also focus on improving the systems while managing human assets of an organization.

Many studies have explained the positive relationship of reflexivity and team performance. Dede (1993) explains leadership in terms of creating opportunities displacing cherished misconceptions inspiring employees and further encouraging team members. Bass and Avolio (1994) observe evidences and explain team position effect of idealized influence and inspirational motivation factors on individual performance. Bass (1994) who observes that transformational leadership style is highly effective in improving team decision making skills while West (1996) presents a different view that teams in many organizations are not generally
reflexive in nature. A similar study was conducted by Bass, Avolio, Jung, and Berson (2003) describe the mediating effect of group potency on transformational leadership and performance.

Success of leadership activities also depends on the situation and the nature of subordinates. Nicholls (1986) proposes a general view and recognizes that the leader's level of activity in directing the task and developing relationships may vary as the situation demands and postulates that the perfect leadership styles assume factors relating to the leader, the subordinates and the situation within the broad perspective of the organization. However, in their in-depth study on leadership Kedia and Mukherji (1999) observe that managers shall be able to comprehend the complexity of the environment they are in and be also able to recognize the difficult patterns in the environment.

Organizational commitment is a link of the individual to the organization establishes a strong bond between them (Leong, Furnham, & Cooper, 1996). Barge and Schlueter (1988) suggest that employees with positive relationship with the organization show more commitment towards the organization. Some studies show that transformational leadership is positively related to organizational commitment of leaders as well as their followers (Lok & Crawford, 2004; Stone, Russell, and Patterson, 2004) and organizational commitment is positively related to employee retention (Fulford & Rothman, 2003). Stone et al. (2004) examine the relationship between leadership styles of managers and organizational commitment of the followers. Their study concludes that transformational leader's focus is directed toward the organization, and his/her behavior creates commitment toward organizational objectives. Organizational commitment benefits both employees and organizations.
Singh and Krishnan (2007) have presented that transformational leaders are duty oriented and have critical thinking capabilities. Ramachandran & Krishnan (2009) observe in their study conducted in US, India, and China that organizational commitment of the individuals is positively related to transformational leadership of their superiors. They also say that the relationship between transformational leadership and followers’ organizational commitment varies across cultures. According to them the relationship between transformational leadership of a leader and his/her followers’ organizational commitment is stronger in collectivistic cultures than in individualistic cultures.

The transformational leader provides a ground for sustainable organizational development. Senge (1990) explain that leaders are responsible for building organizations. Leong et al. (1996) have observed attitudinal organizational commitment as one of the determinants of an employee’s involvement in the organizational developmental activities. Neuhauser (2007) observes that transformational leadership style has a positive result on organizational productivity and the financial results.

Weese (1994) emphasizes that the body of knowledge available in the existing literature shows enough evidence in explaining leaders' role in the success and survival of an organization. Further, he points out other aspects like employee satisfaction, productivity, and organizational excellence that have positive relationship with transformational leadership role. A study on the influence of leadership on the excellence of the small companies finds that transformational leadership has a positive impact on performance, whereas transactional leadership and laissez –faire style have a negative impact (Pedraja-Rejas, Rodriguez-Ponce, Delgado-Almonte, & Rodriguez-Ponce, 2006). Jandaghi et al.
(2009) emphasize that one of the results of transformational leadership is the improvement of organizational performance. They also state that transactional leadership would not make any significant change in successful and unsuccessful companies.

2.2.4 INFLUENCE OF SOCIO-DEMOGRAPHIC FACTORS ON LEADERSHIP

It is very interesting to observe the influence of socio demographic factors on leadership. In his study on leadership styles Yousef (1998) observes that a leader’s personal attributes like national culture, experience, education and age, subordinates’ personal attributes such as gender, national culture, age and tenure in the present organization along with the organizational factors have a critical relationship with leadership style. Appelbaum, Audet, and Miller (2003) have examined the difference in the leadership styles of men and women leaders and found that effective leadership is not the exclusive domain of either gender and both can learn from the other. Trinidad and Normore’s (2005) have conducted similar study and observed that women leaders prefer transformational leadership style and adopt participative leadership styles. Jepson’s (2009) empirical study to understand the relevance of context on individuals’ leadership behavior concludes that the immediate social context influences leadership behaviour apart from other factors like education of employees, present occupations and national origin.

Many other studies also show that female leaders tend to score higher in transformational and lower in transactional leadership than their male counterparts (Bass, Avolio, & Atwater, 1996; Eagly, Johannesen-Schmidt, & Van-Engen, 2003). Further Eagly, Johannesen-Schmidt, and Van-Engen state that even in the case of
transactional leadership, female leaders are engaged in more of contingent reward behaviour and male leaders are engaged in more of active management by exception.

But is a fact we could not see more women leaders in the organizations. Despite the success of women business leaders like Indra Nooyi (Pepsico), Chanda Kochar (ICICI), Naina Lal Kidwai (HSBC), Kiran Mazumdar Shaw (Biocon), and Kochi-based Pamela Mathew, the representation of women is not significant especially at the top. Considering that 50% of the population is disempowered by the “glass ceiling of gender”, there is a huge underutilization of talent. Female representation on corporate boards is just 5% according to “Business Economy” (Stephenson, 2011). It should be understood that the presence of women in top management will add new perspective like societal relevance, Corporate Social Responsibility (CSR) and 360 degree empathy to the organizations. Holistic concerns about TBL (Triple Bottom Line of Planet, People and Profit) can best be handled by inducting suitable women into the higher levels of the hierarchy. This may help bring down corporate corruption, improve communication within and outside the organization and help handle change. So organizations should become “gender bilingual” to take full advantage of women’s talent.

The core concept of leadership is universal irrespective of industry and nation but behavioural manifestations of leadership differ across cultures. According to the study conducted by Singh and Krishna (2005), the universal dimension of transformational leadership constitutes 44% of the responses, while culture-specific dimensions constitute the rest. Fukushige and Spicer’s (2007) study on the followers’ leadership preferences in line with the Avolio and Bass'
Jogulu (2010) examines the cultural linkage of the leadership styles and observes significant differences between leadership styles and cultural groups and argues that culture and leadership interact in different dimensions in diverse contexts. It is also suggested that transactional leadership is found to be strongly aligned with the ratings of leaders from Malaysia, and transformational leadership scales correlated more with Australian managers. The practical implication of the study discusses the importance of understanding the required leadership skills and knowledge for managers and leaders working in organizations operating at the global level. The issue is equally important for enterprises which propose to operate beyond their national boundaries.

Saks, Mudrack, and Ashforth (1996) have stated that work ethics is directly related to enterprise commitment. Shome, Ratan, and Bharadwaj (1997) explain that employees with strong work ethics are generally willing to compromise and create a positive environment in the organization. According to Burns (1978) morally mature leaders show high level of moral reasoning.

Oshagbemi and Gill’s (2004) study on the differences in leadership styles of leaders across hierarchical levels in UK based enterprises reveals that there exist significant differences in the leadership styles between senior and first-level managers. However, the same is not very much visible between senior and middle-level managers or between middle and first-level managers. Regarding the type of industry, the study shows that transformational leadership is lower in the IT sector as compared to the non-IT sector (Chandna & Krishnan,
2009). Perrin et al. (2012) have examined that whether the nature of leadership theories proposed in the early twenty-first century are valid among leaders of enterprises across the world and found that there exist significant differences in their approaches for decision making.

2.2.5 LEADERSHIP CHALLENGES OF IT AND NON-IT MANAGERS

The changes in the business environment have increased the challenges and have produced an equal number of opportunities for enterprising leaders. However as observed by Bergmann, Hurson, and Russ-Eft (1999), leaders who do not have positional authority will have more leadership challenges on an almost daily basis. Beinecke and Spencer’s (2007) study on the crisis in leadership in public administration concludes that significant differences in competencies and training are needed for top, middle and lower level managers,

Kearsley and Lynch (1994) have made an interesting observation that specific technology related skill sets are mandatory for leaders who operate in an IT enabled modern business environment. But Sumner (2000) emphasizes the need of leadership and remarks that success of IT project depends up on the effective leadership of the top managers. Mckeen and Smith (2003) have explained that the excellence of IT leaders depends on their ability to adapt to the situation, specific behavior, traits and also the power of influence. Lutchen (2004) also suggests that the present day IT leaders should possess various skill sets like business skills, technology skills, leadership skills, management skills and cultural skills, but it is observed that leadership skill is the most important skill for IT managers (Non-developers). Vardiman, Houghton, and Jinkerson (2006) propose a model that provides
insights in understanding how leaders are identified for growth and development within an organization and further how individuals within those organizations perceive themselves participating in leadership opportunities. Success of any organization is influenced to a large extent by the leadership style of the top level managers. Agrawal and Thite (2006) propose seven areas of learning are needed for software professionals, but those seven areas are mainly focused on the leadership, management, and interpersonal relationship.

IT organizations face the challenging situation because of the absence of leadership quality in managers. In IT organizations, more often technical employees get promoted to project leaders on the basis of their mere technical knowledge, without considering their people management (Rosenbaum 1991) and leadership skills (Bloom 1996). Alter (1999) has mentioned about the importance of developing analytical and listening skills for IT leaders while functioning in a complex business environment. Agrawal and Rao (2002) suggest that software professionals should be equipped to handle leadership responsibilities within two to three years of their work experience in software field.

Floistad (1991) proposes entrepreneurial leadership and explains that creative entrepreneurial culture presupposes freedom with responsibility within the organization. Flanagan and Thompson (1993) identify a model for managerial leadership through an integrated framework and further suggest how these capabilities can be acquired and developed by managers who aspire to take leadership roles. McAdams (1997) makes a powerful expression that the leaders in IT organization require strong commitment and systemic thinking capabilities to succeed in their profile. Along with the other capabilities
Leaders should be demanding and also exhibiting toughness. Perrin et al. (2012) examine the nature of leadership in the early years of the twenty-first century as conceptualized in the body of knowledge and propose strategies that help leaders examine and improve their own leadership abilities and styles.

However leaders are sometimes considered as enemies of the employees, Grint (2010) opines that leadership is not often regarded as a difficult process. Russell and Stone’s (2002) study on hotel industry argues that organizations get better results if the leadership is shared between task-oriented and relations-oriented leaders. Arnone and Stumpf (2010) suggest that in learning organizations shared leadership structure is considered as an acceptable leadership strategy that add the benefit of grooming business leaders.

Hartman (1999) examines the relationship between leader traits and leadership behavior to understand leadership excellence across various situations and points out that effective leaders shall be warm, outgoing, kind, and trustworthy. Atwood, Mora, and Kaplan (2010) have evaluated leadership diffusion in a federal agency within the context of organizational learning and cultural change and observe that familiarity is the most important predictor of behavior change across all co-worker subgroups. It is also understood that co-workers with more exposure to the leadership programmes have increased levels of leadership behavior. Dion (2012) explores the possibility to understand if ethical theories could be connected to some leadership approaches and suggests a moral flexibility of leadership approach.

Agrawal and Thite’s (2003) study on Indian software organizations to understand human issues and challenges in this industry explore the issues of high rate of voluntary attrition, reluctance to make a
transition from technical to managerial positions, lack of managerial
skills, difficulties with team work, work references of software
professionals and challenges of managing work-life balance.

**Bruch and Walter (2007)** empirically investigate the hierarchical
impacts on specific transformational leadership (TFL) behavioral
dimensions like idealized influence, inspirational motivation, intellectual
stimulation, and individualized consideration. They observe that
Idealized Influence and inspirational motivation occur more frequently
among senior managers rather than among middle level managers.
However the study identifies no major differences for intellectual
stimulation and individualized consideration.

**Ackerman (1985)** presents a general review of the concept of
leadership and explains that leadership principles have exceptions,
management theories have gaps, and the related hypotheses are generally
probabilistic in nature and thus leaders and managers shall be flexible
and adaptable for ensuring better organizational results. **Collier and
Esteban (2000)** suggest a view of leadership for modern organizations
and explain that the concept of leadership is identified as a systemic
capacity, diffused and nurtured throughout within the enterprise, for
finding the right direction in fostering the policies and processes that
ensure renewal, and further empowering the systemic and human
paradoxes endemic in these learning corporate firms.

**Popper and Lipshitz (1993)** propose a conceptual framework
relating leadership development to theories of leadership with three
components namely developing self-efficacy in the domain of leadership,
developing awareness of different modes of motivating others in
correspondence with different theories of leadership and developing specific leadership skills.

**Finnie and Early (2002)** in their study on leadership point out that business leaders shall contribute to their bottom line by being more attentive to soft organizational factors like commitment level of employees, the quality of leaders, and the linkage of both to obtaining results. **Hay and Hodgkinson (2006)** propose a process-relational leadership framework while considering the inherent limitations of the mainstream leadership theories. **Ivey and Kline (2010)** explore the moderating effect of hierarchical level and followers' expectations on the relationships between perceived leadership behaviors and effective leadership outcomes in organizations and highlight the potential importance of the congruence between the expectations of the followers from their leaders, and followers' perceptions of their leaders' actual behaviors.

**Sullivan (1988)** observes visionary leadership as the expression of sharing and further states that a visionary brings in a strong bond within the team and the organization. **Shamir, House, and Arthur (1993)** describe vision within the framework of charismatic leadership theory and state that it reinforces the team’s collective identity. **Powell (1996)** expresses the idea that leaders of modern business environment shall have a vision on where they want to lead choosing the right human assets and further accomplishing the objectives that emanates from the vision. **Horgan (1998)** discusses the relevance of shared vision in organizations that promote innovation and improvements within the organization. **Lowry (2005)** observes that good leadership results in the development of a learning community built on team. **Kouzes and Posner (2007)** state that an effective leader energizes the human assets of the organization.
They also point out that transformational leaders identify changes as opportunities to achieve the shared vision of the organization. They further remark that leadership is not a solo activity and state that it is the by-product of team effort.

Many organizations in IT as well as manufacturing industry, managers exercise authority to control the team members to achieve organizational goals (Cray, 1984). Kotter (1998) has observed that leaders shall adjust and adapt to the technological change in their organizations. According to Dubrin (1997) leadership is the critical force that motivates and coordinates the human assets in an organization to achieve objectives. Capowski (1994) suggests that in the era of technological revolution leaders shall focus on encouraging sustaining corporate nurturing and shall ensure an environment that fosters innovation and creativity. An interesting observation by White (1997) is that good leaders identify productive opportunities even from turbulent irrational environment and adapt themselves to situation and bring out the best from the available resources. Stodgill (1974) points out that some of the personality theories fail to critically identify characteristics that guarantee managerial efficiency in organizations. Zander (1994) discusses the relevance of open communication within teams and comments on its relative importance in achieving organizational goals.

The managers of modern Indian enterprises are challenged highly with the inherent diversities within micro organizational levels together with other external factors. Issues like gender, age, city and hinterland etc. make the challenges more complex and the managers shall develop capabilities to successfully manage these predictable and unpredictable situations.
One of the challenges that Information Technology (IT) organizations has been facing over recent years is to attract and retain efficient human resources because of high staff turnover rates in the IT industry. Chandna and Krishnan (2009) reports that the IT industry has shown high staff turnover rates compared to non-IT industries. Among IT industry, the highest turnover rates were reported in India (16 percent), China (14 percent), Switzerland (14 percent), the U.S. and Canada (10 percent). Because of the tight competition in the current business scenario, the staff turnover is a crucial issue even in non-IT sector. The organizations are taking utmost care to hire the best employees and trying to retain them. Proper planning and appropriate approach are to be delivered by the managers of the organizations to satisfy their subordinates in the organizations. Thus the relevance of leadership, especially, transformational and transactional leadership of managers would be emphasized in the organizations.

The organizations and managers are also challenged with factors like technological changes and critical shortages in the technical work force. The perception of the employees or prospective employees towards a particular industry also challenges managers as such perceptions that a particular industry is diminishing may attract less number of human assets resulting in shortage of qualified human capital.

Many employees in the IT sector prefer to be independent, less formal and demand a pleasant work climate and environment. Same is the situation with organizations into manufacturing sector. Gardner (1983) made interesting statements, like individuals are less willing to take leadership roles today as they believe that such roles may create distrust which society shows toward leaders.
Leaders in modern organizations are facing competitive forces. In addition, the impact of trying to keep up with the accelerated pace of technological change, combined with effective technical employee shortages and the unidentified external threats that act on other inherent vulnerabilities of the internal environment also pose day to day challenges to the managers.

However, it is understood from studying organizations and the body of literature available that leadership capabilities and characteristics of a leader have positive impact on the success of organizations and in transforming employees to be more productive in delivering their responsibilities and further achieving the core organizational objectives.

2.3 STUDIES REGARDING ORGANIZATIONAL SYNERGY

Employee empowerment, organizational transformation and organizational culture together constitute organizational synergy. Conger and Kanungo (1988: 474) define employee empowerment as “a process of enhancing feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness and through their removal by both formal organizational practices and informal techniques of providing efficacy information”. The two kinds of approaches they suggest for understanding employee empowerment are relational approach and motivational approach. In literature, different kinds of focus can be seen on employee empowerment. Some think that employee empowerment is the distribution of power from upper to lower levels of the organization (Bardwick, 1991). According to Pearson and Chatterjee (1996) empowerment is to give more authority to employees to exercise the duty in the organizations. Cunningham and Hyman (1999) suggest that employee empowerment is the handing over of the
decision making power to different levels of the employees in the organization.

Studies reveal that empowered employees are more productive, effective, and cooperative in their work environment (Stone, 1992; Quinn & Spreitzer, 1997). Employee empowerment enhances work motivation and work satisfaction of the employees and they feel self respected (Robbins, Crino, & Frendal, 2002; Chu, 2003). Many scholars opined that employee empowerment is positively related to employee’s job satisfaction (Kim, 2002; Lee, Cayer, & Lan, 2006; Park & Rainey, 2007).

Greasley et al. (2005) have examined the perception of employee empowerment and have observed that the role of the employees’ immediate supervisor has a strong influence on employee empowerment. Avey, Hughes, Norman, and Luthans (2008) propose a conceptual model relating concepts of leadership and positive organizational behavior for reducing employee negativity, and enhancing employee empowerment as an important mediator in establishing the causal relationships. It is observed that in case of transformational leadership positive psychological capital is significantly related to feelings of empowerment. A study conducted in Malaysia reveals that the employees’ relationship with their superiors has a moderating effect on the relationship between leadership expectation gap and the leader member exchange quality (Subramaniam, Othman, & Sambasivan, 2010).

Doherty and Danylchuk (1996) observe that transformational leaders inspire and motivate subordinates and in turn create emotional attachment with the leader and his/her ideas which further create an
environment where the followers work towards achieving organizational objectives. Klagge (1997) explains that the present day organizational managers require leadership skills for developing high performing teams and further points out that the flattening of organizations across the world has accelerated the momentum. Bartram, and Casimir (2007) examine the mediating effects of empowerment and trust in the leader on the relationship between transformational leadership and the in-role performance of followers.

Shaw (1976) explains the concept of cohesion as the degree to which the team members remain motivated within the team environment and states that cohesion within the team is highly critical in an organization. Dess and Miller (1993) observe that the concept of team empowerment has gained more popularity since the late 1980s and has gone much beyond the objectives of establishing Quality circles. As pointed out by Stout, Salas, and Fowlkes, (1997) teams shall produce better results if they are properly managed and trained. Moye and Henkin (2006) explore the relationship between employee empowerment and interpersonal trust in managers and, observe that employees who feel empowered in their work environment have higher levels of interpersonal-level trust in their managers. Pelit, Ozturk, and Arslanturk’s (2011) study determines the impact of employee empowerment on job satisfaction. The results show that empowerment has significant effect on job satisfaction, and the effect is much higher while psychological and behavioral empowerment aspects are also taken into consideration.

Studies including West (2000) identify reflexivity (team learning) as a major determinant for team excellence. The studies conducted by many authors in various countries suggest that the concept of reflexivity
has a positive relation to measures of team performer in organizations across the world (Tjosvold, Tang, & West, 2004).

Studies show that that the team leader has an important role in transforming the team members to be reflective. It can also be observed that the leadership characteristics of managers have special relevance in public enterprises and explain its role in organizational transformation. Chaharbaghi, Adcroft, and Willis (2005) propose that organizations have to undergo changes according to needs of the time to overcome the internal and external challenges. Ramachandran and Krishnan (2009) have remarked that leadership is the important factor that contributes to successful organizational transformation. Transformational leaders shape such changes and help their organizations stay competitive. They point out that followers trust and emotionally identify with their transformational leaders, so that they are willing to stay with the organization— even under very difficult circumstances. Ooi (2010) proposed that in the challenging business environment continuous transformation of the organization is necessary for the survival of the organization.

Denison (1996: 624) defines culture as “the deep structure of organizations, which are rooted in the values, beliefs and assumptions held by organizational members”. Schein (1999) presents the deepest level and essence of organizational culture as learned values, beliefs and assumptions that lead the organizations towards success. An effective leader nurture these values and assumptions in the organization. James et al. (2007: 21) describe culture as “the normative beliefs and shared behavioural expectation (i.e. systems values) and shared behavioural expectations (i.e. system norms) in an organization”.

Leadership Characteristics of Managers of IT and Non-IT Organizations- A Comparative Study
According to Schein (1992) culture of an organization would be formulated at three stages during the organizational life cycle. In the first stage it is initial beliefs, values and assumptions installed by the founder; in the second stage the learning experiences of members and in the third stage the new beliefs, values and assumptions adapted into the organization from time to time by new members and leaders. These are the three influencing factors or stages of the formulation of culture. Studies show that strong and competent leadership generates strong and sustainable organizational culture (e.g., Kotter and Heskett, 1992; Bass, 1998). Many studies indicate that leadership is one of the main influencing factors of formulating a climate and culture in an organization (Ekvall, 1997; Shalley and Gilson, 2004; Amabile, Schatzel, Moneta, & Kramer, 2004). Some authors state that transformational leaderships build organizational culture of innovation (Bass & Avolio, 1993; Bass & Riggio, 2006).

Bass (1985) highlights the impact of transformational and transactional leadership on organizational culture. He notes that transactional leaders are comfortable to work within the limits of the existing culture and maintain the existing customs and procedures whereas, transformational leaders work towards changing culture in line with a new vision and facing challenging needs of the time. Transformational leaders feel a responsibility to help new members to assimilate into the culture. Bass and Avolio (1993) specifically claim that within a transformational culture there exists a sense of purpose and a feeling of family. Kotter (1998: 166) says, “only through leadership can one truly develop and nurture culture that is adaptive to change”. Many authors emphasize the impact of transformational leadership on organizational culture (Athena & Maria, 2006; Su-Chao & Ming-
Shing, 2007). Bass (1999) strongly propose that a mixture of transformational and transactional leadership is needed to maintain sustainable and competitive culture in the organization.

Bass and Avolio (1993) argue that leadership and culture are interconnected. They state that transformational leadership has a direct effect on culture. Contrary to this Schein (2004) states that leadership and culture are synonymous and it is impossible to compare between leadership and organizational culture. But it is evident from analysis that transformational leaders create a good and sustainable culture in the organizations.

2.4 STUDIES REGARDING ORGANIZATIONAL EXCELLENCE

Organizational excellence is the achievement of organizational objectives through resource management and continuous improvement process systems with proper discussion and planning in order to create co-responsibility among all employees with corrective, preventive and detective measures for operational excellence. Organizational excellence is generated in the organization by the mediatory effect of employee empowerment, organizational transformation and organizational culture. Ogbona and Harris (2000) point out the mediatory effect of culture in explaining the relationship between leadership style and organizational performance. Ramachandran and Krishnan (2009) show that the performance of an organization is influenced by the corporate culture, and that culture is influenced by leadership style. Thus the performance of an organization is influenced by leadership style through its culture (Ogbonna & Harris, 2000).

Studies conducted by Lewin, Lippit, and White (1939); Katz et al. (1950); Chatterjee (1961); Sinha (1976); and Jain (1982) have
demonstrated a positive relationship between leadership styles and productivity and success of the organization. Brown (1992) remarked that various skills of leaders create a culture that leads to better organizational performance and excellence. Bryman (1992) points out the evidence of extensive studies on the impact of transformational leadership on organizational excellence. There are several studies demonstrating that the leadership style can influence the decision making process and consequently, the excellence of the organization (e.g., Evkall & Ryhammar, 1997; Ogbonna & Harris, 2000; Waldmann, Ramirez, House, & Puranam, 2001). Hennessey (1998) also affirms that effective leadership fosters appropriate culture in the organization which increases the efficiency and effectiveness of the organization.

Rowsell and Berry (1993) conclude that organizational excellence depends on the leader’s vision on values and alignment with environmental realities. The study further explains the need for a synthesis of values and derived wisdom that leadership is all about. Cacioppe (1998) in a study examining the senior leader’s role developing leadership within the organization observes that many organizations consider leadership development as a vital ingredient for organizational success. Ogbonna and Harris (2000) observe that leadership and culture are the predictors of organizational performance. Xenikou and Simosi (2006) reaffirm this observation and demonstrate that transformational leadership and organizational culture have been theoretically and empirically linked to organizational performance. Boaden’s (2006) study on the impact of leadership development programmes in organizations has concluded that employee empowerment through training programmes has positive effect on organizational excellence.
Chelladurai (1987) points out that the concept of organizational excellence is highly complicated and much difficult to comprehend. However excellence as a concept has great relevance in understanding organizational behaviour (Chelladurai & Haggerty, 1991). As stated by Pratt and Eitzen (1989) and Weese (1994), many organizations use goal approach in measuring organizational excellence in line with the achievement of their organizational goals. Chelladurai and Haggerty also point out that the goal approach may not offer good results in situations of unclear, unstable and unrealistic organizational goals.

Sourcie (1994) mention about the process approach in measuring organizational excellence and states that the prime focus in this approach is to smoothen the internal process and general operations within the organization. Weese (1996) explains the relationship between transformational leadership, organizational culture, and organizational excellence and states that there exists a positive relationship between transformational leadership and organizational excellence. Lim and Cromartie (2001) observe that subordinates play a critical role in determining the organizational excellence and not the transformational leadership.

Successful organizations are blessed with effective leadership. Bryman, Gillingwater, and McGuinness (1992) studied the impact of leadership on organizational transformation and observed that leadership illustrates organizational vision which has high level of connotation with organizational transformation. This shows that certain leadership characteristics of managers bring effective transformation in organizations. Lok and Crawford (2004) studied the relationship of leadership styles and organizational culture among Hong Kong and Australian managers and,
further observed substantial differences between the two samples. Mathew (2007) carries out a study to understand the impact of organizational culture on productivity and quality in software organizations in the Indian context, and, develop insights on cultural influences on productivity and quality in human centric and data intensive organizations. The study also discusses the impact of organizational culture on organizational effectiveness.

In a similar study Nuutinen and Lappalainen (2012) suggest insights on barriers to business development in manufacturing companies from the perspective of leadership and organizational culture, and propose a framework for understanding the transformation and change within an organization.

The review of the existing literature shows enough evidence that leadership style influences the decision making processes of the organizations and its input in the excellence of the organization. As mentioned in many earlier studies on leadership, the leader shall have a clear vision about the organization and this vision has to be clearly explained through a mission statement that explores how an organization achieves success (Papp, 2001). Studies show that transformational leaders excell in the organization by empowering and transforming the employees and hence achieving organizational objectives. Transformational leadership in an organization has a positive effect on the productivity and overall success and excellence of the organization (Neuhauser, 2007).
2.5 GAPS IN THE ACADEMIC LITERATURE

After the review of the existing body of knowledge, the researcher feels the following gaps.

- There are many studies on leadership. But very few studies are available on specific aspects like leadership characteristics and their reflections on organizational synergy and excellence.

- The absence of studies on leadership characteristics of IT and Non-IT managers specifically related to the Indian context. No much literature of Indian authors is available.

- Even though few research initiatives are available on the impact of leadership characteristics on employee empowerment, organizational transformation, and organizational culture, an integrated outlook on all these aspects is not available in academic literature.

- The concept of organization excellence is being discussed elaborately in the body of knowledge available in the existing literature. However, very few studies are available on the relationship between leadership characteristics and organizational excellence which is synergized through intervening variables like employee empowerment, organizational transformation, and organizational culture especially in the Indian context.

- There exists no specific study in the body of knowledge on the leadership characteristics of managers of IT and Non-IT organizations in India.
2.6 MOTIVATION FOR THE STUDY

A critical review of the existing literature available in the body of knowledge reveals specific gaps in the academic literature. Therefore, the motivation for the present study is to develop a body of knowledge on the relationship between leadership characteristics of IT and Non-IT managers and further to bring out its impact on various dimensions like employee empowerment, organization transformation, organization culture, and organization excellence. This study is highly relevant for industry as such knowledge helps organizations develop capabilities that lead to organizational excellence.

Therefore, the motivation of the study is to examine and analyze the leadership characteristics of managers of IT and Non-IT organizations and to understand the impact of leadership characteristics on organizational synergy and organizational excellence, and further to develop an integrated model for ensuring organizational excellence through leveraging and synergizing the organizational resources.