CHAPTER I

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The phenomenon called leadership is associated with human civilization from its very beginning. This subject has long excited interest among people; some to lead and many to follow. The term leadership portrays an image of powerful, dynamic individual who command victorious armies, direct corporate empires or shape the course of action. The fascination with leadership may be because it touches everyone's life. Leaders like Julius Caesar, Alexander the Great, Samrat Ashok built great empires. Leaders like Gandhi, inspire intense fervour and dedication from the mass. Statesman like Winston Churchill, Indira Gandhi shaped the future course of nation's they belonged to. Much of the history describes the story of military, political, religious and social leaders. The changes in the new economic world stimulated by aggressive, capable competitors are redefining the empire in terms of market economies. The flatter, fleeter, and empowered organizations of today are breeding a generation of managers who embody the new paradigms of leaderships as team builders, facilitators and coaches.

Leader is making what you believe in happen. Efforts of courageous men and women making what they believed in happen under extremely challenging conditions is the essence of leadership.

1.2 MANAGER AS LEADER

The successful organization has one major attribute that is dynamic and effective leadership. Peter F. Drucker pointed out that managers
(business leaders) are the basic and scarcest resource of any business enterprise. Effective management requires leadership. Therefore, it is not enough for the manager to utilize managerial and technical skills in performing his function. He must also apply leadership skills, since his effectiveness depends directly on the human actions and reactions of his subordinates as pointed by Basil.

In the midst of political, economic, social and technological revolutions, the domestic and international events are setting up new trends. These changes are inspired by leaders and need leaders to strategically reap best benefits out of these changes. As Michael Porter of Harvard University quoted in his book on Strategic Management that real leaders believe in change. They possess an insight into how to alter competition, and do not accept constraints in carrying it out. Leaders energize their organizations to meet competitive challenges, to serve demanding needs, and above all, to keep progressing. Leaders also think in international terms, not only in measuring their true competitive advantage, but in setting strategy to enhance and extent it.

The only new leadership groups to emerge after World War II period are managers. They command the resources of their organization through their competence. The shift from quantity to quality has increased the importance of leadership attribute among the managers. The manager is always in a leadership situation. Since, he must coordinate the work of men toward the attainment of an objective. But a great gap often exists between position of leadership and exercise of that leadership. Underlying the relationship between leader and follower or manager and
subordinate are human interrelationships. The action of leader is both related to the group and to the individual.

The manager has to deal with his environment, which is formed on one side by the organizational constraints which the managerial hierarchy place on him and on the other side by the group values and customs. The organization may grant authority to the manager, but only through the possession of power can he translate this authority into action. The skilful leader uses this authority and power to motivate his group towards attainment of organizational objectives.

1.3. LEADERSHIP IN INDIAN ORGANISATION

Leadership in Indian organisation has generally been found to be of the benevolent authoritarian type Bass (1981); Haire, Ghiselli and Porter (1966). Hofstede (1980) empirically established that compared to most other countries, India have high Power Distance Index. Power distance denotes society's acceptance of the way power is distributed in organisation. In culture with high power distance, power is distributed unequally, with a powerful group at the top of the hierarchy making decisions that are highly centralised. Such system usually functions well because those at the lower levels of the hierarchy have a need to feel dependent on others for guidance and administration. It is also possible that in some cases according to Hoffstede, subordinates could go to the other stream and engage in counter dependent behaviour in high power distance situation.

Sinha (1976) found that authoritarian leadership is preferred by employees in Indian organisation. Such leadership depicts a strong task orientation and high personal involvement and effort by the leader. While
this may have been true in the past, the question that come to one's mind that whether such a leadership style will be functional in the context of the changing demography of the workforce.

There is no dearth of leaders in India as evidenced by the industrial giants- Tatas, Birlas, Muffatlals, Mahindras, Ambanis, Modis, Singhanias to name a few- whose contributions to the success of the industry in India are remarkable. The up and coming younger generation of leaders are expected to make significant contributions to India’s progress.

1.4 INDIAN PSUs; THEN AND NOW

The seeds of public sector were sown as early as 1939 during an annual convention of the Indian national congress (INC). The convention stressed the need for setting up public enterprises to produce and deliver goods and services of mass consumption. The INC appointed Jawaharlal Nehru as the chairman of the National Planning Committee. The committee did the ground work for rapid growth of public sector that took place after independence. With the commencement of economic planning in 1951, the growth and development of public sector has been phenomenal. It has emerged as an important factor in India’s economic growth.

The quantum of investment and the number of enterprises have steadily increased with every plan. The rate of growth was the highest during second five-year plan because a greater attention was paid to industry. It was from the second plan onwards that the country began laying a sound base of heavy engineering industries. The steel industry, the heavy engineering industries and the heavy electrical industry came into
existence during this period. The emphasis always was on producing capital machinery.

Public sector has played an important role in preventing the concentration of economic power, reducing regional disparities and ensuring that planned development serves the common good. The industrial policy resolution of 1956 gave the public sector a strategic role in the economy. Massive investments have been made over the past four decades to build a public sector which has a commanding role in the economy. The most striking feature of the public sector has been its role in pushing the pace of industrialisation by establishing basic and heavy industry. The key sectors of the economy are dominated by mature public sectors that have successfully expanded production, open up new areas of technology and built up a reservoir of technical manpower in a number of areas.

The range and number of industries in public sector has expanded during the period from 1950 to 1980. During the nineties, the growth in private sector accelerated.

It was equally significant fact that whereas the bulk of the additional employment in the public sector was created in the community, social and personal services segment, private sector employment generated in manufacturing.

The changes taking place in the working environment is generated because of rapid changes in technology, economy and socio-political arena of the country. Changes taking place in the environment that affect business organizations is through the following four constituents of the change, viz. globalization, liberalisation, market changes and technological changes.
Globalisation has introduced a wide variety of political, sociological, environmental and economic trends. It introduced a tough competition between the organizations in India and MNCs. Even after mergers and amalgamations it was difficult for the organizations to sustain themselves. Also liberalization of economy, particularly in the form of deregulation of industries and tariff reductions opened ways of investment, imports and exports. The major policy changes in the Indian economy since July, 1991 lead to Public Sector Reforms.

The economic reforms introduced in India for public sector include granting of Navratna Status to twelve large PSUs and mini-ratna status to 97 profits making PSEs, granting greater operational, financial and managerial autonomy. The reforms also opened the doors for disinvestment of PSUs. Also the Sick Industrial Companies (special provisions) Act was amended, enabling sick PSUs to be referred to BIFR. The liberalization measures deregulated the industry and encouraged and enhanced private participation. It paved the way for a new order for industrial, business and commercial activities.

One of the key characteristics of the new industrial environment is that several generic technological fields are emerging with a high potential to radically transform the things produced and the ways in which they are produced. Over the last few decades, advances in the three broad technological areas viz. information and communication technology, biotechnology and new advanced raw materials have radically altered the economic systems and significantly contributed to the ongoing process of globalisation of national economics as revealed by Bhagavan (1997).
Technological changes mentioned above are not only transforming the products, production process and product life cycles but are also influencing the business cycle as discussed by Kandula (2002). Changes discussed above have intensified changes in market. The competition has increased manifolds. To sustain in this dynamic market, organizations have to adopt new strategies for competitive advantage.

Post-independence period in India was dominated by manufacturing industries. Government played an active role in setting up these industries to develop the nation and generate more employment to bring the country men to national mainstream. But the forces of change have shifted the mindset towards profit making and self sustaining organizations. It is alarming that since last few decades there has been increase in service industries. More investment is coming up in these sectors.

The decline of manufacturing industries is not a healthy indication for our country. Further, the changing environment of organization, particularly globalization, liberalization, technological changes and market changes are forcing the organizations to redefine their structures, systems and processes. The PSUs are opting for modernization, strategic alliances, delayering, flat structures, quality strategies, benchmarking processes, core competency building, etc as a measure to fight the competition.

1.5 WORKFORCE DIVERSITY AND LEADERSHIP

Workforce diversity means those organisations are becoming obviously more heterogeneous in terms of gender, race, and ethnicity. The employees bring with their knowledge and experience, their cultural
values and life style to the place of work. The share of public sector in total employment in the organised sector reveals that about 7.5 percent is employed in manufacturing industries which means approximately fifteen lack people work in these unit.

Those working in urban organisation in India, today are more educated, technically better trained and more ambitious then their counterparts of the previous generation. The challenge for organisation, therefore, is to make them more accommodating to diverse groups of people by addressing their requirement. Managers will need to shift their philosophy from treating everyone a like to recognising differences and responding to those differences in ways that will ensure employee retention and greater productivity- while at the same time, not discriminating. Diversity, if managed positively can increase creativity and innovation in organisation as well improves decision making by providing different prospective on problem. When diversity is not managed properly, there is potential for higher turn over, more difficult communication, and more interpersonal conflict.

An authoritarian style of leadership is obviously not best suited to tap the full potential of today's' well trained and relatively less dependent employee. Need for autonomy and participative experiences desired by the younger, more educated and ambitious generation of new employees. A more participative approach to leadership, taking the abilities and aspiration of the employees in to the considerations, appears to be more appropriate for contemporary Indian organisations.
1.6 LEADERSHIP AND OCCUPATIONAL STRESS

The leader faces a potential conflict of organizational and personal goals both for him and for his subordinates. The organisation goals override the personal goals, since the organizational is an impersonal entity with highly specific goals and built in rewards or punishments for their achievement. In this conflict between goals and means, the leader is both the master and the servant. He is master, since he has some control, even if limited, over the organizational structure, work assignments and other opportunities. He is also servant, since he too is controlled by the overall design and intent of the organization.

The classical study on supervision conducted by Lewin, Lippit and White (1939) in artificially created climates of democratic and autocratic leader behaviour in work situations noticed that the subordinates stopped all their activity as soon as the autocratic leader rocked away from the place of work, and resumed them as soon as he came back. They intentionally gave the impression that the work never stopped, which was not true. In the democratic leadership pattern, absence or presence of the leader did not influence the quality or quantity of their work. The democratic leader unlike his autocratic counterpart was helping, trusting and showed concern with their work and personal life.

There exist a conflict between task accomplishment and personal freedom of action in an individual. In other words, along a continuum both the manager and subordinate lay at any one point of time and anyone particular issue. This ambivalence is particularly hard for the leader to control, since he must deal with each man individually on each issue. This many a times creates stress among the subordinates, as the
manager demands order and structure, particularly as it is required for task accomplishment, and on the other hand subordinate demands personal freedom of action. The stress experienced by the subordinates, at times lead to success, achievement, higher productivity and effectiveness and may also lead to biological or psychological problems.

In the present climate many organizations are under severe pressure due to reduced revenue and their current existence is largely dependent on tight control of overheads. To remain competitive, the organizations need to be flexible, lean and skilful. This means that traditional hierarchical management structures, with set reporting lines and closely defined job descriptions, are to be replaced by business and project teams. These structural changes have resulted in change in the psycho-social environment at workplace. Forty-six percent of workers and seventy percent of managers believe that stress is a huge and growing problem in the workplace according to Bales (1991).

The organizational role-stress mainly role conflict, role ambiguity and role overload greatly influence the individuals performance at workplace and his well-being. Though lot of research has been done on these role stresses, their nature and correlates but little work has been done to find out the relation of leadership style with the stress of subordinates. Leadership style can be either a barrier or a support in working with subordinates towards task accomplishment. His leadership style becomes critical to his ability to use such human resources. An optimum level of stress is healthy and positive but adverse situation is to be avoided.

An employee spends about more than one third of their daily routine in their job life. It is the major source of satisfaction of their various needs,
as well as of frustration and stress. Occupational stress has been noted to put behaviour and physical and psychological well being, representing serious cost to organizations in human and monetary terms.

According to a study by Lynn and Corbridge (1997), it is found that stress costs business seven billion a year, taking into account once sick-pay, missed deadlines and poor performance.

Though stress has been experienced since time immemorial but its toll is higher than ever before. Byrum-Robinsor (1993) found that claims for stress are twice as high as those paid for non-stress physical injury at the workplace incurring an annual cost of about $ 200 billion.

The visits to doctor when analysed by Pareek (1999) revealed that 75-90 percent are for stress related problems. In the UK, Stress related absenteeism was ten times more expensive than all other industrial disputes put together as studied by Cartwright and Cooper (1997).

Stress levels in Asia are on the rise. India is rated 6.1 on a 10-point rating scale. A New Delhi based NGO reported that in 1996 a total of 4,100 persons contacted its helpline for people on the verge of committing suicide.

Stress is created by a multitude of overlapping factors such as overwhelming work loads, ethical dilemmas, difficult relationships with bosses and colleagues and international uncertainties. Several stressors result in a state where the employee sees no relief or satisfaction in sight and experiences physical, emotional and mental exhaustion as revealed by a study of Etzioni in 1984. In a study by Hogan and Morrison, at least sixty percent of workers reported that the most stressful aspect of their
job is their immediate supervisor. The organization restructuring has further intensified the occurrence of stress and anxiety. The cost of stress is borne by the employee, the organization and the society. To control stress, self management is not enough; a professional should be responsive to stress experienced by their subordinates.

The effects of stress have been found to be fairly widespread implicating changes in behaviour, moods, capacity to perform mental tasks (such as thinking, logical reasoning, problem solving and decision making) and neuro-physiological functioning. During last two decades frequency, severity and span of psycho-social stress have drastically increased. The basic reason being the tremendously changed environment as discussed earlier.

Stress is an inevitable part of a job. However, some existing stressors can be eliminated and the frequency as well as severity of the job stressors can be instigated to some extent by putting into effect various corrective interventions by the management as well as by individual employees (Lippit and White, 1939).

This study undertaken by the researcher is to find out the leadership style exhibited by the executives in Public Sector Units of the Uttar Pradesh and Madhya Pradesh. A special effort has been made to find out the stress felt by the subordinates under the executives. The attempt is made to focus on the relationship of leadership style of executive and stress experienced by the subordinates.
1.7 SIGNIFICANCE OF THE STUDY

There are many factors responsible for the success of an organization. It may be the technology, process, management and/or the workplace. Today organizations mainly grow around their human resource. The organizations nurture its people in order to stay in the competition. In this race, executive play crucial role in managing the business through different technical, knowledge and interpersonal skills. To effectively utilize the resources and for task accomplishment, they influence the subordinates towards attainment of organizational goals. They motivate them for better performance and also look after individual opportunities for advancement.

It is evident that the only constant thing around is change. This means that one needs to learn to cope with change to achieve organizational targets. The bottom-line is to successfully manage change for the best benefits of the organization. The changing business environment has made the task of a manager more challenging. He has to manage the shifting demographics of the workplace, working arrangements, the threats of market economy and above all need to help his subordinates to cope with change if they are going to continue to work for the organization. As Rangarajan (1994) says that the extent to which a firm is able to attain its corporate objectives critically depends on its ability to understand the opportunities presented to it and the constraints imposed by its environment. Large organizations with a great deal of fat may be competitive when they are in a privileged position to dominate the market, but when a fundamental market shift takes place such companies are often too slow to change. The wave of globalization, liberalisation
with fast changing technology has shaken the existence of public sector units in India.

Indian economy today is passing through a crucial change. For four decades, we have been pursuing a path in which the public sector was expected to be the engine of growth. However, towards the middle of the seventies, disenchantment with the public sector had stared, but the voices of protest were feeble and were sporadic and inarticulate. The failure of the public sector to fulfil the role assigned to it resulted in the protest becoming louder and more articulate. The first clear pronouncement on the public sector outlining the change in policy was made by Prime Minister Rajeev Gandhi in his first broadcast to the nation in 1984, when he made it clear that the jobs undertaken by public sector should be restricted to the areas where the private sector cannot do. The private sector should be given an opportunity so that it can expand and the economy can grow more freely. The culmination of all these development led to the announcement of new Industrial Policy 1991.

The principal charges against the public sector are low rate of return on investment, declining contribution to national saving, poor capacity utilization, over staffing and bureaucratization leading to excessive delays and wastage of source resources. In response to the demand of change, the PSUs went through restructuring and reengineering.

The shifts in working environment ultimately influence the people working in the organization. To better manage the human resource, the managers had to influence their subordinates through different ways. Leadership styles adopted by the manager for his subordinates play a crucial role in motivating and influencing them. The leadership style
exhibited creates stress among the subordinates. This stress is positive to some extend but distress may be hazardous for the individual and the organization.

Occupational stress has been noted to put impairing effect on employees' job behaviour and physical and psychological well being, representing serious cost to organizations in human and monetary terms. Management often fails to recognize the costly consequences to organizations of stress at work and the interdependence of individual and organizational health for productivity. It has been found through past studies that components of job such as role ambiguity, role conflicts group pressure, responsibility for persons, supervision and control, under participation, powerlessness, poor peer relations, unprofitability, low status, strenuous work conditions and intrinsic impoverishment significantly contribute to stress in PSUs.

Therefore, this is necessary for the manager to understand his subordinates need, behaviour and accordingly adopt such leadership style leading for task accomplishment along with satisfied employee. For a better understanding of the relation between leadership style and stress, this study was undertaken by the researcher. To study the leadership style, questionnaire based on path-goal theory was taken as model because of its strong relevance as a theory for leaders to motivate subordinates to accomplish designed goals. The stated goal of this leadership theory is to enhance employee performance and employee satisfaction by forcing on employee motivation. Because gone are the days, when leader used coercion power to get the job done. Especially in the age of market competition with abundant opportunities for a performer in other organizations it is a challenging task to motivate and
retain the competent workforce. Also, it is to be kept in mind that PSUs have little to offer in comparison to the salary structure and benefits given by private organizations.

Path goal approach of leadership helps in removing obstacles and roadblocks to attaining the goal and makes the work itself more satisfying. Hence, depending on the type of subordinate and the situation, manager has a choice to adopt directive, supportive, participative or achievement oriented leadership style.

The researcher has made an attempt in the study to find out the leadership style of managers and its impact on the stress level of subordinates. This study shall help the HR professionals in developing training programmes for the managers in order to choose the leadership style in the execution of task depending upon the nature of workforce especially in Public Sector Units.