

Lecture Notes

Class - B. Com Hons Sem III,

Sub Code – BCH-3.3

Sub – Management Principles and Application

Topic – Leadership Styles

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Learning outcome from this lecture note

1. Importance of leadership
2. Leader Vs Manager
3. Different leadership styles
4. Autocratic leadership
5. Democratic leadership
6. Laissez Faire leadership
7. Paternalistic leadership
8. Choosing a leadership style

Leadership is very important in a firm as it leads to higher performance by the team members, it improves motivation and morale within the members, and helps to respond to change.

Leadership facilitates organizational success by creating responsibility and accountability among the members of the organization. In short, it increases value in an organization.

Leader Vs Manager

A leader is someone whom people follow or someone who guides or directs others. A manager is someone who is responsible for directing and controlling the work and staff in an organization, or of a department within it.

The main difference between the two is that a leader works by example, while a manager dictates expectations. If a manager goes against the rules, that will

tarnish his position as a manager. If a leader goes against the example he or she is trying to set, that will be seen as a setback. Following are a few subtle differences between the two –

- A leader is an innovator and creator whereas a manager is a commander.
- A leader can't be a manager but the opposite is possible, a manager is more than a leader.
- A leader does what is right, while the manager makes things right.
- A leader deals with change whereas a manager plans for a change.
- A leader gives direction to do something whereas the manager plans for everything that is to be done.
- A leader encourages people whereas the manager controls people.
- A leader handles communication, credibility, and empowerment whereas a manager deals with organizing and staffing.

Different leadership styles exist in work environments. The culture and goal of an organization determine which leadership style fits best. Some organizations offer different leadership styles within an organization, depending on the necessary tasks to complete and departmental needs.

We find five different leadership styles in the corporate world. They are as follows –

Leadership styles

Leadership style is the way a managerial leader applies his influence in getting work done through his subordinates in order to achieve the organisational objectives. The behaviour adopted by a leader in the process of supervision of a subordinate is known as style.

The main attitude or belief that influences leadership style is the perceived role of the manager versus the role of the subordinates. It depends upon the role of the leader whether he likes to work more of a colleague, facilitator and decision maker and on the other hand the response of the subordinates would determine the particular style to be in application.

Some of the leadership styles are:-

1. Positive Motivational Leadership Style
2. Negative Motivational Leadership Style
3. Autocratic Leadership
4. Democratic Leadership
5. Laissez Faire or Free-Rein Style
6. Employee Oriented Leadership Style
7. Production Oriented Leadership Style
8. Paternalistic Style
9. Transformational Style.

From the above there are four basic styles i.e.:

1. Autocratic,
2. Democratic,
3. Laissez Faire, and
4. Paternalistic.

1. Autocratic Style:

This style is known as authoritative or directive style of leadership. In this style, the entire authority is focused in the hands of the leader. He decides all policies. He gives direction to subordinates and demand complete obedience from them. He creates the work situation for the subordinates and the later have to execute what they are told. Autocratic leader possess all the authority and assumes complete responsibility for the task entrusted.

There are three types of autocratic leaders:

i. Strict Autocrat:

He is one who influences the actions of the subordinates by frightening, criticizing and imposing penalties.

ii. Benevolent Autocrat:

Though he possesses, authority and power, he influences the actions of the subordinates by encouragement, inspiration and guidance.

iii. Incompetent Autocrat:

He is one who hides his incompetence, lack of skill and knowledge by being very harsh with the subordinates. In other words, he veils his deficiency by virtue of exercising the authority in an autocratic fashion.

Features of Autocratic Leadership Style:

- a. Formal relations between leader and followers.
- b. Centralised authority.
- c. Negative motivation.
- d. Based on theory X assumptions.
- e. Downward communication only.
- f. Close supervision and control.

Advantages from Autocratic Style of Leadership:

- a. Faster decision-making
- b. Strong motivation to the leader
- c. Suitability.
- d. Speedy performance of tasks.
- e. Suitable for illiterate/less educated people.

Disadvantages from Autocratic Style of Leadership:

- a. No role in decision-making
- b. Exploitation of employees
- c. No opportunity for creativity
- d. Frustration
- e. No development of leadership skill
- f. Slavery attitude
- g. Lack of motivation in subordinates.
- h. Decrease in morale.
- i. Trade unions may gather up against organisation.
- j. Less productivity.
- k. Partiality.

2. Participative or Democratic Style:

This style is anchored in Y-theory of motivation. It values the input of team members and peers, but the responsibility of making the final decision rests with the participative leader. Participative leadership motivates employee morale because employees make contributions to the decision-making process. It accounts to a feeling that their opinions matter.

When an organization needs to make changes within itself, that is internally, the participative leadership style helps employees accept changes easily as they play a role in the process. This leadership style meets challenges when companies need to make a decision in a short period of time.

Democratic Style of Leadership Involves:

- i. Consulting the subordinates.
- ii. Decentralizing decision-making to subordinates.
- iii. Allowing free flow of communication between the leader and the follower.
- iv. Inviting views, opinions, suggestions and ideas from subordinates for making quality decisions.

Features of Democratic Leadership Style:

- a. Positive motivation.
- b. Feeling of belongingness among employees.
- c. Upward and downward communication.
- d. Group decision making.
- e. No tight control.

Merits of Democratic Style of Leadership:

- i. Favourable inclination towards job
- ii. Creative urge
- iii. Improved morale
- iv. Nurturing leadership skill
- v. Attrition checked
- vi. Reduced resistance to change.

Demerits of Democratic Style of Leadership:

- i. Delayed decision-making
- ii. Secrecy maintenance difficult
- iii. Indiscipline
- iv. Exploitation of employees

- v. No accountability possible.

3. Free-Rein Style or Laissez Faire Style:

‘Free rein’ means granting complete authority or devolution of entire authority to the subordinates. Manager determines the goals, policies and programmes and decentralizes everything to his subordinates. He/she concerns himself with the result. In other words, subordinates experience autonomy in the matter of accomplishing the objectives prescribed for them. The manager keeps himself posted with the progress of actions done in the goal accomplishment. This style is called permissive style of leadership.

This type of leadership is suited where the subordinates are highly qualified, more skilled, highly competent, knowledgeable, elite, mentally matured, highly educated, etc. This is practised in research and development organizations/departments where scientists and technocrats work.

The leaders have no authority and responsibility under this style, so the followers themselves take decisions for which they get authority. This style is employee-centred. Employees (Followers) are free to establish their own goals and chart out the course of action. The employees train themselves and they are self-motivated.

The leader acts as a liaison officer between the employees and the outside world. He brings the information which is needed to the employees. The information is utilised by the employees to do their job. Here, the leader fails to motivate his followers (Employees).

Features of Free-Rein Style of leadership:

- a. Full faith in subordinates.
- b. Independent decision making.
- c. Motivates the subordinates.
- d. Two way communication.
- e. Self-control.
- f. Sense of responsibility in employees.

Advantages of Free-Rein Style of leadership:

- i. Morale and job satisfaction of the followers are increased to some extent.
- ii. The talent of the followers is properly utilised.
- iii. The followers get full opportunity to develop their talents.

Disadvantages of Free-Rein Style of leadership:

- i. The leader does not care to motivate his followers.
- ii. The contribution of a leader is nothing.
- iii. The leader does not support the follower and no guidance is available to the former.

4. Paternalistic Leadership Style:

Paternalistic leader functions as if he were a parent and his subordinates are his family members. He plays a fatherly role, providing good work environment to subordinates, guidance, motivation, benefits and welfare benefits. This style creates inseparable bond between members and subordinates. This breeds group cohesiveness. This type of leadership is practiced in Japan.

Advantages of paternalistic style of leadership are:

- i. Nurturing love and affection – It nurtures love and affection and the consequent cooperation from the employees.
- ii. No misunderstanding – There is no room for misunderstanding, apathy, discrimination, enmity among the employees as all these negative things are nipped in the bud by the paternalistic leader.

Disadvantages of paternalistic style of leadership are:

- i. No opportunity to grow – There is a little scope for employees to exercise his/her own initiative to grow and realize his/her full potential.
- ii. Limited applicability – Success of this leadership style is contingent on the culture prevailing in a given country. It has no universal applicability.

Choosing a Leadership Style

We have observed various styles of leadership. Different management experts have suggested different styles and there is no unanimity among them as to

which is the most suitable for an enterprise. For example, while Chester Bernard favoured a leadership style having concern for people (participative) and production (authoritarian) Mr. Rensis Likert suggested democratic leadership for industry. As different leadership styles have their merits and demerits, it is difficult to prefer one leadership style to another. The selection of a particular leadership style depends on the consideration of a number of factors.

The more important factors that affect the choice of a suitable style of leadership are:

- a. Abilities in the Manager – These include manager's confidence in his subordinates, own leadership inclination, feeling of security in an uncertain situation, etc.
- b. Abilities in the Subordinates – These include readiness of subordinates to assume responsibility for making decisions, need of subordinates for independence, interest in the problem at hand, knowledge to deal with the problem, etc.
- c. Impact of the Situation – These include group objectiveness, complexities of the problem itself, type of organisation, etc.

Today, many managers believe that adopting a particular leadership style is difficult because of their complexity and are represented by unique traits or behaviours. Now they feel that effective leadership behaviour depends on the situation.

Here also some feel that the managers (leaders) should change themselves to the situation and some others feel that it is difficult to alter the leaders and hence situation itself must adjust to the leader. This situational theory makes one point very clear, that effective leadership cannot be defined by one factor. Leader's personal traits are not undermined. But this theory states that every factor must be considered in the context of situation.

5. Employee Oriented Leadership Style:

In this, the leader gives value to his followers. This idea is based on human approach to management. According to this style if employees are treated in a

human way, they are heard, their problems are solved and work conditions are improved then desired results will be automatically achieved.

For this style to be successful, the leader should be able to understand psychology of the followers so that he may know about their wishes and concerns. This style is beneficial for emotional employees, not for careless and irresponsible employees. This style of leadership satisfies the employees and long term commitment of the employees is ensured.

6. Production Oriented Leadership Style:

In this style, the increase in production is given more attention rather than upliftment of employees. This style is based on the approach that by adopting new techniques of production, production can be increased and organisational objectives can be achieved. Employees are treated as a factor of production and no special attention is paid towards them.

Under this method, production increases and cost decreases. Human relations do not improve. If this style of leadership is adopted, the feeling of insecurity, instability takes birth in employees. This method can be useful but for short time period only.
