

Resource Metadata

Level	Undergraduate
Duration	3 Hours: 2 hours lecture 1 Hour Tutorial
Resources required	Moodle Platform https://udmintelec.org/course/view.php?id=5

Learning Outcomes

- Learn the distinction between managers and leaders and their respective roles within organisations.
- Recognise the key characteristics and differences between transactional and transformational leadership styles.
- Appreciate the significance of leadership traits such as drive, honesty, and self-confidence in effective leadership.
- Analyse the influence of style theories, including the continuum of leadership styles from authoritarian to democratic.
- Comprehend the relevance of contingency and situational factors in shaping leadership approaches.
- Evaluate the applicability of various leadership theories in different organisational contexts.
- Appreciate how leadership styles impact organisational culture, employee motivation, and performance.

Leadership Theories

Introduction

Leaders are described as those people who are able to influence others and who possess managerial authority. There should be some distinction between managers and leaders. Managers are appointed, therefore they have legitimate power. Their ability to influence is founded upon the formal authority inherent in their positions. In contrast, leaders may either be appointed or emerge from a group. Let us look at the different types of power and see to whom they can be related.

Transactional and Transformational Leadership

Leadership styles significantly influence organizational culture, employee motivation, and overall performance. Among the most studied leadership frameworks are **transactional** and **transformational** leadership, each offering distinct approaches to managing and inspiring followers.

Transactional Leadership

Transactional leadership is a traditional, managerial approach centered on exchanges or transactions between leaders and followers. It is primarily based on clear structures, rules, and performance-based rewards and punishments.

Key Characteristics:

- **Focus on Tasks and Performance:** Leaders emphasise routine, established procedures, and achieving specific objectives.
- **Reward and Punishment:** Compliance is motivated through a system of rewards for meeting targets and penalties for failure.

- **Clear Hierarchy and Expectations:** Roles, responsibilities, and expectations are explicitly defined, ensuring predictability and stability.
- **Short-term Goals:** Emphasis is often on immediate performance and efficiency rather than long-term vision.
- **Transactional leadership** is effective in organizations needing stability, routine operations, or compliance with regulations. For example, a sales manager might set quarterly targets, offering bonuses for exceeding sales quotas and warnings or demotions for underperformance.

Transformational Leadership

- Transformational leadership transcends transactional exchanges by inspiring followers to achieve extraordinary outcomes and personal growth. It involves motivating employees to transcend self-interest for the good of the organization and fostering innovation and change.

Key Characteristics:

- **Inspiration and Vision:** Leaders articulate a compelling vision that energizes followers.
- **Intellectual Stimulation:** Followers are encouraged to think creatively, challenge assumptions, and innovate.
- **Individualized Consideration:** Leaders attend to followers' needs, mentoring, and supporting their development.
- **Role Modelling:** Leaders exemplify high standards and ethical behaviour, serving as role models.
- **Transformational leadership** is particularly effective in dynamic environments requiring change, innovation, or long-term strategic growth. For example, a CEO

inspiring employee to adopt a new corporate mission or embrace technological advancements demonstrates transformational qualities.

Trait theories

These refer to theories isolating characteristics that differentiate leaders from non leaders. Kirkpatrick and Locke reviewed six traits that differentiate leaders from non leaders.

Trait	Characteristics
<i>Drive</i>	A high level of effort, lots of energy, tirelessly persistent.
<i>Desire to lead</i>	Strong desire to influence others. Want to take responsibility.
<i>Honesty and integrity</i>	Trusting relationships, high consistency between word and deed.
<i>Self-confidence</i>	Absence of self-doubt. Ability to convince followers.
<i>Intelligence</i>	Intelligence to gather, synthesise and interpret information.
<i>Job-relevant knowledge</i>	High knowledge about the company. Make Well-informed decisions.

Traits are not sufficient to define leadership. They ignore situational factors. Behavioral theories can be considered as an important contribution to the understanding of leadership.

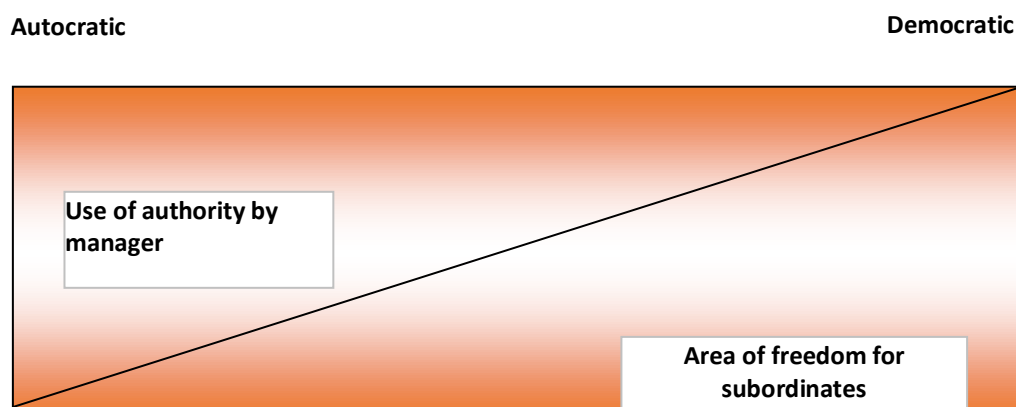
In this final chapter, some more advanced theories on leadership are discussed. The style theory is mainly concerned with the styles that managers use to lead their employees. The contingency theory, on the other hand, looks more about leadership through contingencies or situations.

Style theories

The interest in the human factor at work was stimulated by researchers of Human Relations and taken up by the social psychologists who followed them. Style theories have led to quite useful devices for improving training for leadership.

The continuum starts from the authoritarian style of the manager who takes decisions on his own and little by little, allows the subordinates to make decisions. At the end of the continuum, where there is maximum democracy, subordinates are allowed to take decisions within the parameters defined by the manager.

The Tannenbaum and Schmidt continuum of leadership style



Autocratic	Continuum				Democratic	
Manager makes decision and announces it	Manager "sells" decision	Manager presents decisions and invites questions	Manager presents tentative decision subject to changes	Manager presents problem, gets suggestions, makes decision	Manager defines limits, asks group to make decisions	Manager permits subordinates to function within limits defined by superior

Summary of leadership theories

Theory	Contributors
<i>Trait theories</i>	Kirkpatrick and Locke
<i>Behavioural</i>	Ohio and Michigan studies-Blake and Mouton
<i>Style</i>	Tannenbaum and Schmidt continuum
<i>Contingency</i>	Hershey and Blanchard Situational Leadership model

Tutorial Questions

1. What is the relevance of leadership in an organisation?
2. What differentiates a leader from a manager?
3. What are the key traits of a leader?
4. What is transactional leadership?
5. What is transformational leadership?
6. What is an autocratic style of leadership?
7. What is a democratic style of leadership?
8. Why do managers apply various styles of leadership?