



# Impact of Leadership Styles on Managerial Excellence

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## Abstract :

*With increasing competition due to globalization and growing interdependencies, it is essential for an organization to reevaluate its strength and bring organizational excellence. An organization has to develop managerial excellence for organizational excellence. Leadership plays a vital role in bringing cultural changes leading to managerial excellence. There are many leadership styles. Each has its own role depending on the context, function and method. The leadership style adopted by an individual depends on his personality, culture and values. This paper highlights various leadership styles and their roles for managerial excellence.*

## Key Words :

*leadership Styles, Managerial Excellence, Competitive Advantage, Culture, Values, Ethics..*

## 1.0 Introduction

In recent years, the pace of organizational change has been fast and pressure to enhance competitiveness has increased. More and more organizations are operating in a more complex, unpredictable, and dynamic environment. Hence, in today's rapidly changing and very competitive business environments, organizations always harp for the competitive advantage. They understand that they must continually improve the way they organize and manage themselves in order

to be successful and competitive. They have realized that organizational competitiveness depends on their capability to prepare their people and design a system for optimal execution of strategy. Globalization and growing interdependencies forced new game plans. Wealth of nations, competitiveness in global market, the richness of the projects and amalgamation within worldwide value chains result in an increase in competitiveness worldwide. Competing in the global economy of the 21<sup>st</sup> century is an enthralling concept.

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Leadership is defined as a process of influencing others for the realization of organizational goals by providing a way to make the organization more coherent and cohesive. Word “leader” is defined as a person who is not only responsible to his behavior, resources and outcomes of the organization but also one who is responsible for others’ behaviors in an organization. Leader’s behavior and the influences of external factors on his behaviour have been the areas of research for social scientists along with the influence of work culture, organizational structure, his roles and responsibilities in the organization and society, impact of internal and external environment on his behavior and actions. Organizations, have to become smart, agile, and aligned to be competitive. This is possible only when the organization has got managerial excellence. This paper highlights the roles of various leadership styles and methods followed in bringing managerial excellence in the organizations, function by the leaders.

## **2.0 Managerial Excellence:**

Managerial excellence can be defined as the degree of achievement of organizational goals, short and long term planning and effective action and achieving the set targets to excel in every area of its functions with benefit to all the stakeholders. Organizational excellence provides competitive advantages and success. In this process the organization develops and employs the best practices and bench mark with other organizations, business practice and adopts the best.

An important activity for managerial excellence is to explore & achieving better means of team building, information and power sharing, empowerment, open

communication, sharing of responsibilities, finding out solutions to its problems and carry out business keeping the customer at focal point and taking care of social responsibility at large, in addition to benefits to employees & shareholders. Appropriate leadership style is necessary to bring managerial excellence. An excellent leader demonstrates the required characteristics to bring managerial excellence such as being regular, giving importance to time, valuing social norms and values, concerns for the employees, focus on continuous improvement, empowerment, etc. Managerial excellence cannot be brought by just focusing on some of the areas of the organization. The organization has to work keeping the vision and mission in the focus and managers work in coordinated manner using the best practices and exceed in achieving the set objectives. Jack Welch, the former chairman of GE, said it best while addressing a GE annual shareholders meeting by stating that, “We (GE) can no longer tolerate managers who try to force compliance rather than inspire excellence.”

## **3.0 Leadership Styles**

From literature review, the various leadership styles professed by the researchers through various models of leadership, theories of leadership, and various other leadership styles identified by many researchers. Some important leadership styles are classified based on leader’s personality and attitude as Autocratic, Bureaucratic, Charismatic, Democratic (people oriented), Laissez-faire, service focused (servant), slavish, abusive and ethical.<sup>1</sup> Classifications can also be made considering the type of action for specific tasks demanded by the situations. Some examples are transactional, transformational,

autocratic, and democratic.<sup>1</sup> various leadership styles and their roles in managerial excellence are discussed in the following sections. Leadership style of a manager depends on many factors such as ethics & values, personality and culture and attitude. Attitude is defined as “mental state developed through learning, experience, which exerts an active influence upon the person’s response to conditions and circumstances”. Attitude is the way of thinking and responding to a situation. Attitude depends on what is the belief system of a person. The belief system is a result of environment, circumstances and the individual’s personality and ethical values.

**Autocratic Leadership** - Autocratic leadership is a leadership in which leader keeps total power with him and his subordinates have to follow his instructions without any opposition or arguments. He is a dictator & does not take any suggestion or very little suggestion from team members. This can result in short term achievements, but will not be sustained. Employee commitment will diminish and performance will deteriorate. For some routine and short term jobs employing semiskilled labour, the style can remain effective where the advantages of control outweigh the disadvantages.<sup>1</sup>

**Bureaucratic Leadership** - In Bureaucratic Leadership style, the leaders have formal authority based on hierarchy and follow the approved systems and procedures. Bureaucratic managers tend to place emphasis on following the approved procedures, concerned about audit and vigilance. Bureaucratic leadership focuses on consistency, compliance to procedures, and stability more than on creativity.<sup>2</sup> This is practiced in large/service oriented organizations with stable business

and standard procedures and industries that have to be tightly regulated and in Government owned organizations. This does not lead to managerial excellence, and may at best meet the performance requirements to some extent.

**Charismatic Leadership** - The term “Charismatic” means the benefaction of godly poise. It relates with the magical powers of leaders, emotional bonds, and father / mother figures of leaders. The charismatic leaders are treated by their followers with trust and admiration. Charismatic leaders are friendly and warm but also strong, dynamic, and powerful. They can be autocratic / democratic / bureaucratic depending up on purpose / situation without any resentment as their behavior and actions are based on ethics and for the benefit of organizations and all the stakeholders and followers are complete trust and respect. Meta-analytic studies suggest that the charismatic leadership gives positive results.<sup>3</sup> This leadership style is useful for managerial excellence and achievements. Charismatic leadership usually arises in times of crisis when the basic values, institutions, and legitimacy of the organization are brought into question. Mahatma Gandhi, Martin Luther King, Jr., John F Kennedy, Jack Welch, Vikram Sarabhai, Satish Dhawan and APJ Abdul Kalam are examples of this kind of leadership.

**Laissez –Faire Leadership** - Laissez-faire leadership as a leadership when there is an absence or avoidance of leadership. A person following laissez-faire leadership style avoids taking decisions.<sup>4</sup> He does not take responsibility and does not use his authority. Such leaders do not motivate followers through rewards, recognition or promotions.

They will fully do not take decisions and action.<sup>4</sup> This leadership style can be used for co-op societies, social service oriented organizations, Trusts and the like where most organizational members are skilled, creative, highly-motivated, and capable of working as a coherent team with mutual respect & trust. However, this style cannot bring managerial excellence in other types of organizations.

**Democratic (People-oriented)** - This leadership is approachable, friendly, understand the needs of the employees and try to fulfill their expectations. Such leader assists subordinates in feeling positive about their career prospects and in navigating career opportunities through the quality of their work. People like to work with them and their productivity is higher. People-oriented, relationship-oriented or people-oriented leadership facilitates team interaction and development of team members, by facilitating behavioural interactions, thinking and attitudes for team work. Decisions are taken through consultation and concurrence in a democratic way. This leadership style brings satisfaction, motivation, and well-being of the team members / employees. It facilitates positive, productive interaction between colleagues, teamwork and clear communication. People oriented behaviors are often described as “participative, democratic and empowering”. Person-oriented leadership style is an important tool to manage, attract, retain and motivate competent followers/ employees to support their organizational strategy and goals. This leadership brings managerial excellence if utilized without hidden agenda. The negative side of this is that the leader is bound by the majority decision of his team members, and cannot use his / her own mind and can miss excellent strategic decisions, unless, he / she

is also a charismatic leader. Another negative is the potential danger of decay and death of the organization if decisions are taken for the benefit of employees in preference to the other stake holders, such as customers, shareholders, investor and the Society.

**Servant leadership (Service Focused)** - A Servant leader believes that the leadership position in the organization is not to be taken as a position of power, prestige and perks but it is a position of responsibility to serve the organization and all its stakeholders including shareholders, investors, employees, customers, vendors / suppliers, the society, nation and the environment. Highly ethical in their thoughts, analysis and actions. They inspire their team members / employees to excel in their task to serve the customers and the society and the nation. “Servant leadership has a positive and significant impact on organizational performance. The results suggest that Servant leadership behaviours results in improving organizational performance across all four dimensions (Financial, Customer, and internal process, and Learning and innovation performance)”.<sup>5</sup> Serving leader invest himself / herself in enabling and empowering the team members and employees and lead them to do their best for the well-being of the organizations and all the stakeholders including themselves.

**Task-oriented Leadership** - Task oriented leadership can be summarized as a leadership which believe on “doing whatever it takes to get the job done”.<sup>1</sup> It works on “Step-by-step planning and reward/punishment systems, constantly defining structure and goals, prioritizing achievement of specific outcomes, sticking to rigid schedules and requiring employees to set process-oriented goals and formulate plans to achieve them”.<sup>1</sup>

A task oriented leader communicates the goals clearly. He defines the tasks with guidelines of the processes and deadlines. He delegates appropriately and achieves the defined goals within the defined time lines. Task-oriented leaders maintain a high standard for performance. Task oriented leadership is very effective for achieving set goals, targets and achieves excellence in Management in that respect. It is also effective in startups where priorities shift very quickly based on market dynamics with very limited time to react. In such situation, the leadership is a wartime leader and task orientation works efficiently and effectively. In highly volatile market, it brings managerial excellence.

**Abusive Leadership** - In abusive leadership, the leaders misuse their power to fulfill their own interest or interest of someone else who influence his / her by using authoritative ways to get what they desire. They incite others for reaching their own goals at any costs. "Abusive leaders know how to recite the right slogans pertinent to the organization, in reality, they live in their own world with give the notion of being number one."<sup>1</sup> Abusive leadership follows a modus operandi to satisfy the greed of himself and his benefactors by strong communication including threat or incentives and maneuvering others to fulfill his private agenda. Abusive leaders always feel that they are more important. They want attention and admiration from others and obey whatever he / she demands and will attempt to destroy the rebels.<sup>1</sup> They will not hesitate to sacrifice and put the blame on their obedient followers to save themselves. Another type of abusive leadership is excessive benefits to any one or more of the stakeholders. Such as promoters' vendors, powerful and greedy political leaders, trade unions etc. at the cost

of other stakeholders and the organizational health. Abusive leadership runs down the organization and destroy it.

**Ethical Leadership** - Ethical leadership is the opposite of abusive leadership. It is based on professional ethics and moral values, and without selfishness. Ethical leadership leads in such a manner that takes care of the rights and dignity of others including the future generation i.e., due regard to environment and sustainable development. The leader's character and integrity provide the foundation for ethical decisions and actions. Ethical leaders exhibit a level of integrity that is essential to develop a sense of leader's trustworthiness. The leaders who are ethical are people-oriented and use their social power to serve the greater good instead of self-serving interests and it is important for the leader to consider how his or her decisions impact others.<sup>6</sup> An important quality of an ethical leader is to motivate followers to a level where followers keep the needs or interests of the group ahead of their own. These characteristics of ethical leaders are similar to inspirational motivation characteristics of transformational leadership.<sup>6</sup> Ethical leadership has characteristics of charismatic leadership such as inspiring, stimulating, and visionary leader behaviors. Ethical leaders consider the wellbeing of all stakeholders of the organization, the customers, Employees, stakeholders & other investors, vendors and the public / society and environment/ Nature. For the reason ethical leadership contribute to the highest level of managerial excellence. Ethical leadership follows bureaucratic procedures and regulations judiciously instead of following the same blindly in a routine way, and dares to make changes in the procedures if required in the interest of truth

and wellbeing of all stakeholders, and get such necessary changes approved by the competent authority. For these reasons ethical leadership contributes to the highest level of managerial excellence. Ratan Tata is an example of ethical leadership.

**Visionary Leadership** - “Visionary leadership is defined as an ability to create and articulate clear vision providing meaning and purpose to the work of an organization”.<sup>7</sup> Visionary leaders are highly creative and they read socio-political and economic environment and predict the changes which may affect the organization. They communicate their vision and link it with the shared vision of their followers. Visionary leaders identify innovations in technology and the potential for capturing the opportunities for the growth of the Nation / Organizations. Visionary leadership results in high performance, trust & motivation, and high level of employee commitment. Visionary leadership provide the initiative and foundation for strategic planning and growth. Visionary leaders are innovative in ideas and excel in all situations. Visionary leadership brings managerial excellence and organizational effectiveness.

**Situational Leadership** - Situational leadership style is the style depending on the demand of the situation such as for a startup company faced with startup issues, or for revival of a sick company, or for ongoing company in crisis, emergence of new technology including disruptive new innovations and the like. The leader adopts the style based on the team maturity level, skill level and experience level and motivational level of the team and his / her own ability to imagine and take visionary initiatives. “In a nutshell, the leadership styles depend on

leader, follower and the task”.<sup>8</sup> Situation and leadership can be classified as entrepreneur, visionary, transactional, and transformational. If used, effectively, this leadership style brings managerial excellence.

**Transactional Leadership** - Transactional leadership can be defined as an exchange process where leaders provide any contingent reward, or he can carry out “active management by exception”, or else “passive management by exception” in exchange for the fulfilment of contractual obligation.<sup>9</sup> This is management by incentives. There is a contract between Manager & team members / employees based on rewards. Transactional leaders requires bargaining a system of rewards and punishments that motivate team members / employees to meet expectations. The transactional leadership specifies the expectations, clarifies the responsibilities, negotiates the contracts and motivates the subordinates to achieve the set goals and performances by providing recognitions and rewards. During stability, transactional leadership is more effective and result oriented. The transactional leadership can bring some managerial excellence by encouraging the followers for idea generation and creativity for improvements in products and processes through suitable rewards. It is used for managing quantifiable, specific short term goals such as order booking, sales, profit, productivity etc. This does not result in managerial excellence and serves, at best, only to meet the specified targets. This is also not sustainable as the expectations for rewards will keep on increasing.

**Transformational Leadership** - Transformational leadership is bringing about major transformation of the survival and growth of an organization in crisis.

For example, when the employees are having extremely low motivation, low self-esteem, lack of pride in their job and in their organization. The organization is on its way to death. Major transformation in thinking of the people involved in the work with dedication and building up pride in the organization and in the job is required. "Transformational leadership is a process where leaders and followers engage in a mutual process of raising one another to higher levels of morality and motivation. Transformational leaders elevate the target by engaging followers to higher ideals and values. In doing so, they develop the values themselves and use innovative methods to bring their values and themselves to the notice of followers".<sup>2</sup> The leader may take external help from management experts to organize training programs to enhance the motivation, self-esteem and team work. In addition, the transformational leaders share the vision, mission, objectives and the importance of the organization and its activities, and develop pride, commitment and team work.

In the case of revival of a sick organization the transformation leadership has to clearly identify the reasons for sickness and take remedial measures. Transformation leading to exponential growth of an organization requires the leadership along with team to analyze *strengths, weakness, opportunities and threats*, and develop and implement a strategic plan for growth. The transformation leaders must be visionaries and must themselves be well informed of new technologies and innovations which can lead to serious problems for the current type of products / services if the organization does not recognize the threat/ opportunity and take necessary action. Transformational leaders must also be visionaries, creative, dedicated and task

oriented. Best results are achieved when they are charismatic and ethical. Dr. C.G. Krishnadas Nair, Dr. Varghese Kurian and E. Sridharan are the examples of transformational Leadership.

#### 4.0 Conclusions

Leadership styles depends on personality, culture, values and circumstances. Each one has its positive / negative impact on managerial excellence. In practice managers adopt a combination of two or more styles along with the predominance style and the positive / negative impact depends on such combinations. *Autocratic leadership* will achieve short term targets and succeed in crisis management, but not sustainable in long term unless the leader is also charismatic and ethical. *Bureaucratic leadership* is generally employed in large business organizations including government owned companies with approved standard procedures. Excellence is achieved only if the leaders is task oriented and Ethical. Too much emphasis on following the laid down procedures at the cost of best results can affect performance and managerial excellence. *Charismatic leadership* is applicable in all circumstance for all organizations especially for transformational leadership. Managerial excellence is achieved if leader is also highly task oriented, visionary and ethical. *Laissez-faire leadership* will work for co-operative societies, trusts and the like where the members possess knowledge and wisdom and are highly motivated and capable of working as a team. It is not suitable for conventional organizations to achieve managerial excellence. *Democratic (People Oriented) leadership* is useful for excellence through employee motivation and retention. It can lead to managerial excellence

if the leader is charismatic, task oriented and ethical. It can lead to decay and death of the organization if it is only employee welfare focused at the cost of customers and shareholders. **Servant leadership** is focused on service to all stakeholders, holding ethics and values and adhering to integrity, honesty and approved procedures without any selfish interest and therefore contributes to managerial excellence. **Task Oriented leadership** is essential in achieving organizational goals and targets which alone will not lead to managerial excellence. Task oriented leadership may adopt an autocratic style to achieve targets, but it will be short lived. Managerial excellence is achieved by meeting the targets through ethical means and ethical leadership. **Abusive leadership** is not suitable in any context. It will destroy the organization. **Ethical Leadership** is the opposite of abusive leadership and achieves high level of Managerial excellence. Ethical leadership inspires and enables the team to excel in their performance. **Visionary leadership** is imaginative and innovative and contribute to founding new organizations / new projects for the ongoing organizations, nurturing and growing to greater achievements and managerial excellence. Visionary leadership brings managerial excellence by taking affirmative action based on their vision and adopting appropriate leaderships styles for each specific situation. **Transactional leadership** is useful in meeting specified short term targets in specified time and can be used for enhancing productivity, sales, profit etc. through incentives and rewards for production /service organization. This is not sustainable

as the expectations of the reward will keep on increasing. It cannot be used for obtaining managerial excellence. **Transformational leadership** brings managerial excellence through transformation particularly in crisis situations and for accelerated growth and achievements through visionary, charismatic and ethical leadership.

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