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Today's Agenda

1. MODERN THEORIES OF LEADERSHIP
2. CHARISMATIC LEADERSHIP
3. TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP

1.0 MODERN THEORY OF LEADERSHIP

- The key feature is that they view leaders as individuals who inspire their followers through their words, ideas and behaviours.
- **CHARISMATIC LEADERSHIP** and **TRANSFORMATIONAL LEADERSHIP** are two modern theories of leadership.

2.0 CHARISMATIC LEADERSHIP

The word charisma is derived from a Greek word meaning 'GIFT'.

- Sociologist Max Weber defined charisma as, "***a certain quality of an individual personality, by virtue of which he or she is set apart from ordinary people and treated as endowed with supernatural, superhuman, or at least specifically exceptional powers or qualities. These are not accessible to the ordinary person and are regarded as of divine origin or as exemplary, and on the basis of them the individual concerned is treated as a leader.***"
- Examples of charismatic leaders are Atal Behari Vajpayee, Indira Gandhi, Steve Jobs, etc
- Research about charismatic leadership states that they are born with certain qualities and people can also be trained to become charismatic leaders.

2.1 CHARISMATIC LEADERSHIP

Some researchers who worked on the aspect of charismatic leadership are :-

- *Robert House* was the first researcher to study charismatic leadership and come up with a theory from the OB perspective.
- *Robbins and Judge* defined Robert House's charismatic leadership theory as, ***“followers attribute heroic or extraordinary leadership abilities when they observe certain behaviours.”***
- *Conger and Kanungo* (1998) identified four key characteristics of charismatic leaders.

2.2 CHARISMATIC LEADERSHIP

As per Cogner and Kanungo four key characteristics of a charismatic leader are :-

1. VISION AND ARTICULATION

- *Vision is a long term strategy for attaining goal or goals.*
- Charismatic leaders build follower commitment by creating an appealing and attractive vision.
- This Vision or picture of the future promises a better and more meaningful life to their followers.
- They communicate this vision of idealised goals in a language which is easily understood by their followers.

2.2 CHARISMATIC LEADERSHIP

As per Cogner and Kanungo four key characteristics of a charismatic leader are :-

2. PERSONAL RISK

- Charismatic leaders are willing to make personal sacrifices, take high risk and pay a high cost in order to achieve the vision.

3. SENSITIVITY TO FOLLOWER'S NEEDS

- Charismatic leaders understand and respond to the needs and feelings of their followers.

4. UNCONVENTIONAL BEHAVIOUR

Charismatic leaders engage in innovative behaviours which go against established norms.

2.3 CHARISMATIC LEADERSHIP

As mentioned earlier, people can be trained to become charismatic leaders. Some scholars proposed a three step process for the same.

1. DEVELOP AN AURA OF CHARISMA

- This is done by teaching them to be optimistic and passionate
- They are taught to project themselves as powerful, confident and dynamic.
- People are taught to communicate well not just using words but using their whole body.
- Words are communicated using a very captivating and engaging voice.
- They are also trained in non verbal communication such as pacing up and down, sitting on the edge, maintaining direct eye contact, animated facial expressions, etc.
- Through these verbal and non verbal cues , people are able to generate enthusiasm among their followers.

2.3 CHARISMATIC LEADERSHIP

As mentioned earlier, people can be trained to become charismatic leaders. Some scholars proposed a three step process for the same.

2. CREATE A BOND

- In the second step, people are taught to create a bond with the followers by showing confidence in their abilities to reach the goals.
- The followers thus feel drawn and are inspired to follow them.

2.3 CHARISMATIC LEADERSHIP

As mentioned earlier, people can be trained to become charismatic leaders. Some scholars proposed a three step process for the same.

3. TAP INTO THE EMOTIONS OF THE FOLLOWERS

- People are taught to tap into the emotions of the followers and thus bring out their potential.
- This is done by showing empathy to the needs of the followers.
- Research has found that the leaders who followed the above three steps were successful in obtaining higher task performance and task adjustment from their followers.

2.4 CHARISMATIC LEADERSHIP

They follow a four step process in influencing their followers:

1. APPEALING VISION

- Charismatic leaders present a very appealing vision of the future and a long-term strategy for attaining these goals to their followers.
- This vision creates a feeling among the followers that their organization is unique and special and will lead to a better future for the followers.
- This vision must feel challenging as well as achievable by the followers.

2.4 CHARISMATIC LEADERSHIP

They follow a four step process in influencing their followers:

2. VISION STATEMENT

- A vision statement clearly states the mission or vision of the organization.
- The vision statement is communicated very clearly and effectively.
- It is repeated at every occasion to get the followers commitment to the goal and purpose of the organization.
- Charismatic leaders boost the self-esteem of the followers by showing immense confidence and faith in their followers ability to live up to their expectations.

2.4 CHARISMATIC LEADERSHIP

They follow a four step process in influencing their followers:

3. NEW SET OF VALUES

- Through their words and actions, charismatic leaders convey a new set of values to be followed.
- The followers thus start identifying with their leaders and do whatever their leader wishes.

2.4 CHARISMATIC LEADERSHIP

They follow a four step process in influencing their followers:

4. UNCONVENTIONAL BEHAVIOURS

- Charismatic leaders engage in unconventional behaviors that are high on emotions to show the followers how courageous they are.
- They demonstrate their full faith and complete conviction in achieving the vision. This emotion soon spreads like an epidemic among the followers.

2.5 CHARISMATIC LEADERSHIP

How does the organization benefit when they have charismatic leaders?

1. The followers of charismatic leaders perform better and are more satisfied.
2. The followers of charismatic leaders are willing to put in extra efforts due to their respect and liking for their leaders.
3. Organizations with charismatic leaders are more profitable.

2.6 CHARISMATIC LEADERSHIP

When is the impact of charismatic leaders more effective:-

1. When , the leaders and the followers have certain similarity in their ideology.
 2. When, there are conditions of stress and uncertainty. Since it makes work appear more meaningful and interesting.
 3. When, followers are low on self-esteem. This is because low self worth individual find it difficult to think independently and look for directions from others.
- The impact of charismatic leadership is limited by an individual's level in the organization.
 - Individuals at lower level have lesser impact as it is difficult for them to align their vision with the goals of the organization.

2.7 CHARISMATIC LEADERSHIP

Sometimes behind the charming personality, lies a person who does things which is not in the best interest of the organisation. ***Dark side of charismatic leaders:***

1. They sometimes let their ***personal goals and ambition overshadow organizational goals.***
2. They sometimes ***use organizational resources for their personal benefit.***
3. They sometimes ***break the law and engage in unethical practices.*** Eg. causing the stock prices to rise artificially.
4. They start huge, ***unrealistic projects*** to glorify themselves.
5. They are ***unwilling to accept advice*** from others and ignore obvious signs leading to a disaster.
6. They spend a great deal of time promoting their vision but ***little time in implementing the vision.***
7. A leadership crisis often occurs when the leader dies or departs as charismatic leaders ***fail to develop successors.***

3.0

TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP

Two types of leadership that complement each other are transactional leadership and transformational leadership.

DEFINITION OF TRANSACTIONAL ANALYSIS:

“Leaders who guide or motivate their followers in the direction of established goals by clarifying role and task requirements.”

-ROBBINS AND JUDGE, 2013

3.1

TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP

Characteristics of transactional leaders are:-

1. CONTINGENT REWARDS

- Transactional leaders get their work done from their followers by promising and giving rewards for good performance.
- They give recognition to the achievement of their followers.

2. MANAGEMENT BY EXCEPTION (ACTIVE)

- Transactional leaders will actively intervene in their followers work only when they deviate from established rules and standards.
- In such situations, they step in and take corrective actions.

3.1

TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP

Characteristics of transactional leaders are:-

3. MANAGEMENT BY EXCEPTION (PASSIVE)

- Sometimes Transactional leaders step in only if the standards are not met.

4. LAISSEZ-FAIRE

- Transactional leaders avoid making decisions and are unwilling to assume responsibility.

3.2

TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP

Drawbacks/ problems created by transactional leadership approach are:-

1. The contingent reward leadership style is effective only to a certain point. Followers perform for the rewards but are unwilling to put in any extra or additional efforts.
2. The Laissez-faire style of functioning is considered as a passive and least effective of leader behaviours.
3. The tendency to step in only when there is a problem (management by exception) can be very costly as it may be too late by the time the leader steps in.

3.3

TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP

Definition of transformational leaders

“Leaders who inspire followers to transcend their own self-interest and who are capable of having a profound and extraordinary effect on followers.”

-ROBBINS AND JUDGE, 2013

- Transformational leaders bring this change by paying attention to the needs and concerns of the followers.
- Transformational leaders make followers look at old problems in new ways.
- Transformational leaders are successful in inspiring their followers who in turn are willing to put extra efforts in order to achieve organizational goals.

3.4

TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP

Characteristics of transformational leaders are:-

1. IDEALIZED INFLUENCE

- Transformational leaders instill pride in their followers by providing them with a vision that creates a sense of mission.
- They are able to win respect of their followers.

2. INSPIRATIONAL MOTIVATION

- Transformational leaders communicate the important purposes of the organization in a very simple and easy to understand way.
- They motivate their followers by expressing their high expectations through verbal and non verbal methods of communication.

3.4 TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP

Characteristics of transformational leaders are:-

3. INTELLECTUAL STIMULATION

- Transformational leaders encourage their followers to think intelligently, rationally and adopt a careful approach to problem solving.

4. INDIVIDUAL CONSIDERATION

- Transformational leaders serve as a coach or mentor to their subordinates.
- They pay careful attention to each individual's need for growth and advancement.
- They give advice and provide coaching to their followers.

5. They are more ***creative***.

6. They build ***great consensus*** among group members.

3.4 TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP

Characteristics of transformational leaders are:-

7. They ***decentralize responsibility*** by empowering the followers.this develops positive personal control among their followers.
8. They prepare compensation plans that are ***focused on long term results.***

3.5

TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP

Impact of transformational leaders on followers are:-

1. They are more ***creative***.
2. They are willing to take ***more risks***.
3. They have ***higher self-efficacy*** and develop a '***can do***' ***attitude***.
4. They pursue ***ambitious goals***. They identify with organizational goals and consider them personally important.
5. They are ***more productive, more satisfied, have higher morale***, are ***less absent*** from work and show ***greater organizational adaptability***.

3.5

TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP

Impact of transformational leaders on followers are:-

6. They show ***greater commitment*** and have more trust in their leader. due to ***high level of trust*** in their leader they experience ***less stress***.
7. Transformational leadership leads to **higher performance at all levels** - individual, team and organizational.
8. The ***quality of work/service/product is better*** leading to higher profits

3.6

TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP

Ineffectiveness and effectiveness of transformational leaders :-

1. Businesses that are small and privately held transformational leaders are more effective than large and complex organizations.
 - This is because in small organizations, the leader can directly react to the work force and make quick decisions versus a large organization which has complex bureaucratic structures or when the leader is in board of directors.
2. when the team is higher on power distance and collectivism, transformational leadership is effective.
3. when follower believe procedural justice prevails in the organization.

3.7

TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP

Two forms of transactional analysis are:-

1. INDIVIDUAL. FOCUSED TRANSFORMATIONAL LEADERSHIP

- The focus is on empowering the followers, increasing their self-efficacy and developing their abilities. Such a leadership results in higher individual level performance.

2. TEAM-FOCUSED TRANSFORMATIONAL LEADERSHIP

- The focus is on group values, beliefs, goals and collective efforts. Such a leadership results in Higher group level performance.

2.2 FUNCTION/WORK OF A MANAGER

	To highlight something important
	To ask a question
	When giving a reference to extra/additional reading
	Question to be solved (in class)
	Important definition
	To quote someone