

Dimensions Affecting Leadership Styles in LIC

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ABSTRACT

Leadership is essentially the core and spirit of an organization. The people in-charge, not only manage the organization's affairs but also deal with the employees face to face. The way in which successful leaders apply leadership practices is influenced by various factors, like their judgments about the working conditions, scope of learning in the organization, the confidence and experience of their staff; and the behavior and aspirations of the employees. The research paper has considered the social dimensions covering working conditions, team work, employee feedback, security, trust, dignity, respect, and discipline; economic dimensions covering pay hikes, benefit packages, future advancements, promotions and welfare; and organizational dimensions covering harassments, adequacy of equipment, physical working conditions, work load, commitment etc., affecting leadership styles in LIC. Among the different districts of Andhra Pradesh, the Coastal Districts of Guntur, Krishna, Nellore and Prakasam have been purposively selected for the study. The tools used for the analysis are confirmatory factor analysis, and convergent and discriminant validity. The leadership styles are measured on the five point rating scale ranging from almost always true to almost never true.

Keywords: Economic dimension, Leadership, Organizational, Social, Team work.

1. Introduction

The Behavior of human beings, particularly of leaders, affects not only the behavior and performance of others but also of organizations. The behavior of leaders is closely related to their perceptions and attitudes relating to their objectives, roles and functions. The performance of the leaders is the outcome of the approaches they adopt in their jobs which might have been influenced by their own perceptions about their own leaders. The nature of a person, without any exception to a leader, is to emulate and imitate his/her own ideal personality. The organizational effectiveness depends upon the leadership effectiveness. Leadership effectiveness changes with the social, economic and organizational variables.

Besides these variables, the leadership styles influence followers and their performance results in overall efficiency of the people and effectiveness of the organization. The way in which successful leaders apply leadership quality practices is influenced by a number of factors, including their judgments about the working conditions and scope

of learning in the organizations, the confidence and experience of their staff; and the behavior and aspirations of the employees. There is a strong association between leadership practices and performance of the employees in the organizations. The successful leadership practices improve employee's outcomes through their values, virtues, dispositions, attributes and competence as well as what they do in terms of the strategies they select and the ways in which they adopt their leadership practices to their unique context in order to achieve an excellent performance.

2. Significance of the Study

All over the world, organizations are facing stiff competition. Many dramatic changes like changes in education, communication, motivation, etc have occurred in the society in the last fifteen years. These are still changing on account of globalization, liberalization and privatization. In the global era, since there is lot of awareness among the people and employees. In this scenario, the importance of leadership lies in motivating,

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nurturing and influencing the employees for enhancing productivity and developing quick delivery system to meet the consumer needs and wants.

Now, all the organizations have recognized the vital role played by the leaders, and not necessarily by the managers. At present, the success and failure of organizations is attributed to the effectiveness of leaders in the organizational setting.

Attracting effective leaders and practicing effective leadership qualities for sustainable improvement of working environments are currently engaging the minds of businesses around the world. The role of the leaders has become more complex. Finding enough people willing to lead working and learning, organize maintenance of infrastructure facilities, balance budgets, develop and maintain effective relationships, deal with disciplinary issues, meet accountability requirements and maintain a family and personal life may be one of the most critical issues for most of the employees in both public and private sector organizations.

With the above background, the present study is being carried out to analyze the relationship of leadership styles with socio-economic and organizational dimensions, which includes working conditions, job security, levels of trust, team work, feedback on performance, handling of employee grievances, fair treatment in promotions and pay hikes, career development and delegation of authority etc.

Life Insurance Corporation (LIC) of India is one among the successful public sector organizations in India with 80% market share in life insurance sector. On January 1956, in keeping with the then prevailing political and economic philosophy of socialism, 245 Indian and foreign insurers and provident societies operating in India were taken over by the Central Government by an Act of parliament. Today LIC functions with 2048 fully computerized branch offices, 109 divisional offices, 8 zonal offices, 992 satellite offices and the corporate office.

3. Review of Literature

Amin (1963) reported that qualities perceived in successful leaders were: technical knowledge and ability to co-ordinate supply of materials, good behaviour, politeness and straightforward and persuasive approach. They were not expected to pass on duties to workers under them but were expected to give freedom to workers in their work.

Stogdill (1965) carried out a study of 27 organizations and found that leader structure is related to follower satisfaction with organization, while consideration is associated with satisfaction and freedom of action.

In a survey conducted by Punekar and Savur (1969) of the relations between white-collar employees and their supervisors in 11 different organizations such as banks, insurance companies, manufacturing firms, government offices, a state-owned public utility company and an educational institution, it was found that only three supervisors and only six workers thought that giving responsibility to the white-collar employees is the best way to get the work done. Most supervisors (70%) expressed the belief that subordinates can only work with supervision and have no sense of responsibility.

R. Rangaswamy and Helmick (1976) in their study of leadership behaviour of 56 top level managers have found that Indian managers are more employee-oriented as compared to their American counterpart. This is due to the Indian culture and religious pattern which influence helpfulness and peaceful co-operation.

The study by Joseph and Kasavan (1977) of 45 supervisors from public sector and 38 from private sector shows that in a private sector the emphasis is on production which is meaningful since total wages are tied up with the quantity produced, whereas in public sector, superior orientation is prevalent which can be explained by the fact that superiors are given full authority in recommending their subordinates for promotion and increase in pay.

Kalra (1980) has studied the pattern of styles of 70 managers and has found that most of the managers have their leadership behaviour guided by the situation in their organizations.

Chen and Spector (1991) found that the quality of the leader-employee relationship has profound influence on the employee's self-esteem and leadership styles.

Keashly et. al., (1994) found that negative leader-employee relations affect the leadership styles and productivity and increases absenteeism.

Dawes (1996) found that political consensus, moral codes, competent leadership and the ability to instill trust were affecting the leadership styles. Leaders also played an essential role in ensuring political or top executive support, building and maintaining many kinds of simultaneous relationships and encouraging learning and adaptation. Further, their communication skills, resourcefulness, and boundary spanning abilities all affected leadership styles.

Santiago (1999) found that race, gender, age, educational level, institutional size, career expectations, security level, knowledge, attitude, behavior and experience were influencing the leadership styles.

Lussier (2000) found that five factors: (a) assurgency, (b) agreeableness, (c) adjustment, (d) conscientiousness, and (e) openness to experience significantly influence the leadership styles and functioning of leaders.

Tirmizi (2002) found that a manager's personality had a significant influence on the way he/she thinks, feels and relates other people. Personality traits tend to be pretty stable in adulthood and led people to act in certain preferred ways. At work, the manager's personality, sometimes helps subordinates to execute work roles effectively and at other times get in the way. Individuals with extravert traits found it easier to lead meetings, confront presentations and lead a change. By contrast, people with low scores on the agreeableness scale may take adequate time to acquire skills in areas like team building, coaching and mentoring because they are self-sufficient and self-absorbed.

Doh (2003) presented an overview of the key arguments with respect to leadership development, inclusive of the key nature versus nurture argument in leadership. This argument considered whether leaders were born with the aptitude and attitude for leadership or whether leaders could be made, that is requisite leadership skills and attitudes can be developed in the individual.

Elmuti (2004) suggested that management education should adopt soft skills development in intra-personal and interpersonal skills to complement traditional hard skills development in business analysis to better respond to rapid technological change and impact of globalization.

Allio (2005) stated that leadership cannot be taught but can be learned. He saw leadership programs as capable of building skills and a knowledge base of concepts and approaches, but fail to develop leadership practice.

Broome and Hughes (2006) found that commitment, long term relationship, practical knowledge, experience, providing information to employees, popularity, innovative approach and charisma had significant influence on the leadership styles.

Bono, et. al., (2007) found that a leader's emotional intelligence, employees' emotions, working attitude and political skill affect the leadership styles. Emotional intelligence, however, was a multifaceted construct that comprised several different abilities and skills.

Albulushi and Hussain (2008) highlighted that when transformational leadership was practiced, team members believed that their leaders cared for them rather than using them as a means to an end. It also revealed that transformational leaders who encouraged their followers to think critically and creativity can have an influence on their followers' commitment and leadership styles.

Woodbine and Liu (2010) concluded that moral behavior, motivation, achievement oriented approach, experience, knowledge, directive and participative approach, supportive in nature, and situational factors influence the leadership styles.

From the above review, it is observed that leadership styles are affected by various factors like leader's personal traits, situational variables and organizational variables. For the present study relating to LIC, the researcher has taken the organizational variables including the social factors, economic factors and organizational factors of LIC.

4. Objectives of the Study

To analyse the relationship of leadership styles with social, economic and organizational dimensions of employees of LIC.

Hypothesis

- There is no significant relationship of leadership styles with social, economic and organizational dimensions of employees of LIC.

5. Methodology

The primary and secondary data are collected from LIC and its employees, covering the districts of Coastal areas in Andhra Pradesh. LIC is purposively selected for the study due to familiarity of the researcher. The leadership styles are measured in the five point scale ranging from almost always true to almost never true.

For this study, 300 employees of LIC out of total of 2300 employees in Andhra Pradesh have been selected by adopting stratified random sampling technique. Almost 80% of these employees are males and 20% females.

6. Sample characteristics and Analysis

6.1 Socio- Economic characteristics of Employees

Socio-economic characteristics of sample of 300 employees of LIC are briefly discussed here.

By age criterion, about 33%, 27%, 16%, 13%, 7%, and 4% of these employees fall in the age group of 36-40 years, 41-50 years, 31-35 years, 26-30 years, 21-25 years and more than 50 years respectively.

By income criterion, about 24%, 25%, 21%, 8%, 5%, and 17% of these employees fall in the monthly income groups of Rs. 30001-35000, Rs. 25001-30000, Rs. 20001-25000, Rs. 150001-20000, Rs. 10001-15000, and more than Rs. 35000 respectively. About 89% of these employees are married while about 11% are unmarried.

By education criterion, about 47% of these employees are educated up to post graduation followed by graduation 29 %, higher secondary 10%, secondary 7%, professional education 4% and diploma 3%.

By employee category, about 33% of them are HGA followed by assistant 28%, Assistant Administrative Officers 23%, Administrative Officers 12%, Divisional Officers 3% and Branch Managers 1%.

6.2 Social Dimensions

The social dimensions covering working conditions, team work, feedback, security, trust, dignity,

respect, discipline in LIC is analyzed by working out weighted means of the employees' responses, and the results are presented in Table 1.

Table 1. Social Dimensions Affecting Leadership Styles in LIC

Social Dimensions	Weighted Mean	Status
Employees work well together.	3.08	NADA
Employees work as a team.	3.31	NADA
Supervisor gives enough feedback about job performance.	3.44	NADA
Supervisor motivates employees to perform the best of their abilities.	3.23	NADA
The job is secured.	4.16	A
Supervisor does a good job keeping, employees informed.	3.97	A
There is a trust between employees and senior management.	3.76	A
Senior management treats employees with dignity and respect.	3.80	A
Supervisor does a good job handling employee complaints.	2.85	NADA
Supervisor does a good job handling employee's discipline.	3.65	A

Source: Primary & Computed Data

Note: A=Agree if weighted mean is about 4.00

NADA= Neither Agree Nor Disagree if weighted mean is about 3.00

These results show that in LIC, the job is secured, supervisor does a good job keeping employees informed, there is a trust between employees and senior management, senior management treat employees with dignity and respect. The employees neither agree nor disagree with the propositions that employees work well together, employees work as a team, supervisor gives enough feedback about job performance, and supervisor

motivates employees to perform to the best of their abilities, and supervisor does a good job handling employee complaints affecting the leadership styles.

6.3 Economic Dimensions

The results relating to economic dimensions affecting the leadership styles in LIC are presented in Table 2.

Table 2. Economic Dimensions Affecting Leadership Styles in LIC

Economic Dimensions	Weighted Mean	Status
Employees are satisfied with pay increase procedure.	3.96	A
Employees are satisfied with salary.	4.05	A
Employees are satisfied with overall benefit packages.	3.61	A
Employees are satisfied with opportunities for future advancement.	3.84	A
Employee's promotions are handled fairly.	3.28	NADA
Employees benefit package is competitive.	4.04	A
The pay is fair compared to other jobs.	3.84	A
Employees have enough input in to decision that affects jobs.	3.83	A
Organization has sufficient fund.	4.06	A
Organization gives high attention to employee's welfare	3.96	A

Source: Primary & Computed Data

Note: A=Agree if weighted mean is about 4.00

NADA= Neither Agree Nor Disagree if weighted mean is about 3.00

These results show that in LIC, employees are satisfied with pay increase procedure, salary, overall benefit packages, and opportunities for future advancement. Employees benefit package is competitive, and the pay fairly compares to other jobs. Employees have enough inputs for decision

making that affects jobs. Organization has sufficient fund and provides high attention to employee's welfare.

6.4 Organizational Dimensions

The results relating to organizational dimensions affecting the leadership styles in LIC are presented in Table 3

Table 3. Organizational Dimensions Affecting Leadership Styles in LIC

Organizational Dimensions	Weighted Mean	Status
Supervisor treats employees with respect.	4.07	A
Jobs can be done without harassment.	3.65	A
The facilities are adequate.	3.93	A
The physical working condition is good.	3.57	A
Employees feel free to discuss their complaints with their supervisor.	3.97	A
Employees have enough help to handle the workload.	3.69	A
Employee's complaints handle fairly.	3.68	A
Employees have sense of commitment to the organization.	4.05	A
Managers delegate duties to subordinates efficiently.	3.63	A
Organization has good decision making system	3.04	NADA

Source: Primary & Computed Data

Note: A=Agree if weighted mean is about 4.00

NADA= Neither Agree Nor Disagree if weighted mean is about 3.00

These results show that in LIC, supervisor treats employees with respect, jobs can be done without harassment, the facilities are adequate, the physical working condition is good, employees feel free to discuss their complaints with their supervisor, employees have enough help to handle the workload, and employee's complaints handled fairly. Employees have sense of commitment to the organization and managers' delegate duties to subordinates efficiently, while, they neither agree nor disagree with the proposition

that organization has good decision making system as it affects the leadership styles.

6.5 Confirmatory Factor Analysis (CFA) for Dimensions Affecting Leadership Styles in LIC

The confirmatory factor analysis (CFA) is carried out for each of the Social, economic, and Organizational dimensions affecting leadership styles in LIC, and the results are presented in Table 4.

Table 4. Confirmatory Factor Analysis (CFA) for Dimensions Affecting Leadership Styles in LIC

Dimensions	Chi-Square Value	P-Value	GFI	CFI	RMR	RMSEA
Social	4.856	0.722	0.99	1.00	0.07	0.00
Economic	4.771	0.444	0.99	1.00	0.09	0.00
Organizational	5.046	0.410	0.99	1.00	0.09	0.06

Source: Primary and Computed Data

These results indicate excellent fits with chi-square statistic more than 4.0. The Goodness of Fit Index (GFI) is 0.99 and Comparative Fit Index (CFI) is 1.00. These GFI and CFI values indicate perfect fit. The standardized Root

Mean Residual (RMR) is not more than 0.09 and Root Mean Square Error of Approximation (RMSEA) is not exceeding 0.06 indicating excellent fit.

6.6 Convergent and Discriminant Validity for Dimensions affecting Leadership Styles in LIC.

In addition, the adequacy of the measurement model for dimensions affecting leadership styles in LIC is also evaluated based on the criteria of Composite Reliability (CR), Average Variance Extract (AVE) and Discriminant Validity (DV) of the constructs, and the results are presented in Table 5.

Table 5: Construct Reliability for Dimensions Affecting Leadership Styles in LIC

Dimensions	CR	AVE	DV
Social	0.72	0.64	0.64
Economic	0.76	0.74	0.68
Organizational	0.82	0.62	0.61

These results show that composite reliability for dimensions affecting leadership styles in LIC is above the cut off value of 0.70, average variance extract is greater than the minimum value of 0.50 and discriminant validity is above 0.60 indicating that convergent validity is confirmed for dimensions affecting leadership styles in LIC.

7. Relationship between Leadership Styles and Dimensions affecting the Leadership Styles

The relationship between leadership styles as perceived by employees and social, economic and organizational dimensions affecting the leadership styles in LIC are analyzed by using Pearson correlation coefficients, and the results are presented in Table 6.

Table 6. Relationship between Leadership Styles and Dimensions Affecting the Leadership Styles in LIC

Particulars	LS	SD	ED	OD
Leadership Styles (LS)	1.00			
Social Dimensions (SD)	0.45**	1.00		
Economic Dimensions(ED)	0.47**	0.45**	1.00	
Organizational Dimensions(OD)	0.36**	0.43*	0.32*	1.00

Notes: ** indicates significant at one per cent level.
* indicates significant at five per cent level.

These correlation coefficients indicate that the leadership styles are significantly and positively correlated with social dimensions, economic dimensions and organizational dimensions at one per cent level. It is inferred that the leadership styles are associated with social dimensions

and economic dimensions at moderate level, whereas the association with organizational dimension is low.

The correlation coefficients show that social dimensions are significantly and positively correlated with economic dimensions at one per cent level and with organizational dimensions at five per cent level. It reveals that the social dimensions are associated with both economic and organizational dimensions at moderate level. The results also indicate that economic dimensions are significantly and positively associated with organizational dimensions at five per cent level of significance.

Thus, the null hypothesis that there is no significant relationship between leadership styles and dimensions affecting the leadership styles in LIC is not accepted.

8. Summary

The Leadership styles are found to have positive association with social and economic dimensions of employees, and organizational dimensions. Researchers should endeavor to do research on impact of leadership styles and leadership practices on motivation, employees' welfare and work life balance of employees in LIC. Other potential research could investigate the extent to which leadership practices do (or do not) influence a particular unit's success. Further, it is suggested that new studies seek clarification on the different leadership functions required to assist organizations in sustaining growth. The present research can be enhanced if the understanding of the issues involved in implementing the quality aspects in leadership styles and practices is improved. Successful adoption, diffusion, and implementation of quality leadership practices can be critical determinants that could be further explored for organizational success and effectiveness. When innovative leadership practices are adopted, they provide sustainable competitive advantage depending on how creatively and effectively they are interpreted and executed. This also calls for intensive research in future in both public and private sector enterprises in India.

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