# 2.1 DYNAMICS OF GROUPS

In the broad sense, a group is any collection of individuals who have mutually dependent relationships. A formal definition of group is that it refers to "a collection of two or more interacting individuals with a stable pattern of relationships between them, who share common goals and who perceive themselves as being a group." Thus, groups possess four common characteristics: (1) interaction among members, (2) common interests or goals, (3) people see themselves as members, and (4) two or more people are needed to form groups. (See Fig. 2.1)
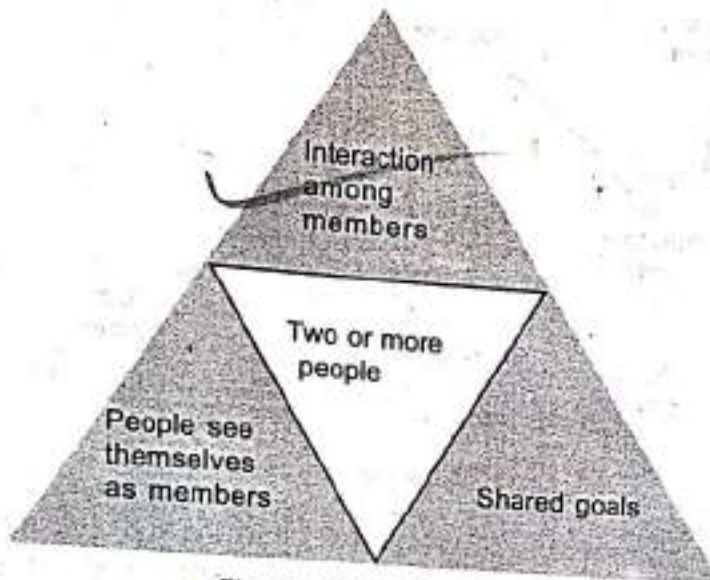


Fig. 2.1 Group Characteristics

Though according to the last characteristic the membership of a group may be two or more, the size will be generally small. The size is limited by the possibilities of mutual interaction, shared interest and mutual awareness. Mere aggregates of people, a crowd in a street-corner watching some event, for example, do not constitute a group because they do not interact, do not perceive themselves to be a group even if they are aware of each other and do not share a common interest. A total department, a union, or a whole organization would not be a group in spite of thinking of themselves as "we", because they generally do not interact and are not aware of each other. Though they share a common interest, the interest generally is diffused. Hence, committees, subparts of departments, cliques and various other informal associations among organizational members constitute groups for our purpose here.

Sociologists and psychologists who study the social behaviour of people in organizations identify several different types of group. Examples of each of these types can be found in most large organizations. (See Fig. 2.2)

**Formal and Informal Groups:** A *formal group* is one that is deliberately created to perform a specific task. Members are usually appointed by the organization, but it may not always be the case. A number of people assigned to a specific task form a
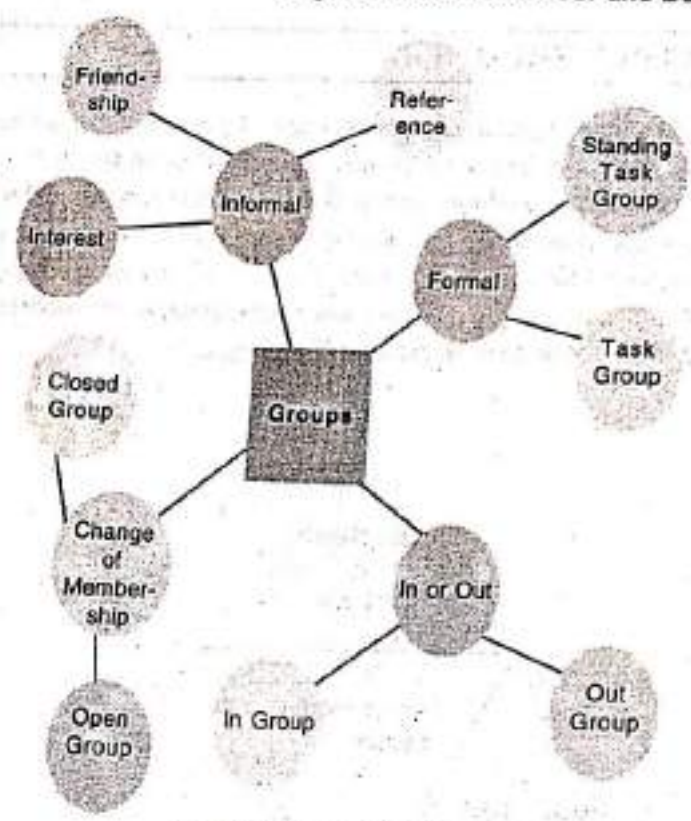
Fig.-2.2 Types of Groups

formal group. One example of such a group is a committee and other examples are work units, such as a small department, a research and development laboratory, a management team or a small assembly line. A distinctive feature of formal groups is that a hierarchy of authority exists, with specified member rules and regulations. Rules, regulations, incentives and sanctions guide the behaviour of small groups. Table 2.1 brings out the contributions of formal groups. Standing task group and task group are two variations of formal groups.

## TABLE 2.1 CONTRIBUTIONS OF FORMAL GROUPS

**Contributions to Organisations**

1. Accomplish complex, independent tasks that are beyond the capabilities of individuals.
2. Create new ideas
3. Coordinate interdepartmental efforts.
4. Solve complex problems requiring varied information and perspectives.
5. Implement action plans.
6. Socialise and train newcomers.

**Contributions to Individuals**

1. Satisfy needs for affiliation.
2. Confirm identity and enhance self-esteem.
3. Test and share perceptions of social reality.
4. Reduce feelings of insecurity and powerlessness.
5. Provide a mechanism for solving personal and interpersonal problems.

(*Source:*Curtis W. Cook and Phillip L. Hunsaker, *Management and Organisational Behaviour,* McGraw-Hill Irwin, 2001, p. 340)

A *standing task group*, also known as command group, is permanently specified in the organizational structure and consists of a supervisor who exercises formal authority over subordinates. The foreman and his group of subordinates constitute a command group.

A *task group* is a temporary formal group that is created to solve specific problems. The group comprises employees who work together to complete a particular task or project, but who do not necessarily report to the same supervisor. The employees belong to different departments. They stay together till the task is completed and once the work is completed, the task group usually disbands and members return to their respective task groups.

(An *informal group*, also called a clique, is an alliance that is neither formally structured, nor organizationally determined.) Informal groups are natural formations in the work environment which appear in response to the need for social contact. They often develop within formal group out of certain values or concerns which some members find they share. They may also develop across or outside of formal groups. Whatever the way of formation, informal groups obviously do not possess formal structures. Rather, member roles are loosely defined, based on member expectations and the needs of a group at any particular moment. A member's behaviour is guided by his own internalised perception of what is appropriate and sanctioned by the bestowing or withholding of social approval.

Interest group, friendship group and reference group are part of informal groups. An **interest group** is made up of individuals who affiliate to achieve an objective of mutual interest that may have nothing to do with their formal task group memberships. Working mothers who lobby together to get their organization to facilitate their multiple roles by providing day care facilities on the premises, flexi time and shared job assignments is an example.

A **friendship group** also develops on common characteristics such as marital status, political views, college affiliations and sports. Friendship groups are important because they satisfy affiliation needs of their members. Enlightened managers maintain good relations with friendship groups because these groups have tremendous influence on their members that managers would prefer to have directed towards organizational goals.

A **reference group** is any group with which an individual identifies for the purpose of forming opinions or making decisions. Reference groups are the bases for many interest and friendship groups, but they may also exist outside of the organization and still influence a person's behaviour at work. Reference groups are based on such factors as race, gender, politics, religion, social class, education level, profession and the like. Reference groups provide values for individuals on which to base personal decisions and norms that justify social behaviour, both of which may or may not be congruent with organizational preferences.

Although informal groups exist to satisfy individual needs, they also provide contributions to the formal organization. Table 2.2 contains some of the primary contributions of informal groups.

## TABLE 2.2 CONTRIBUTIONS OF INFORMAL GROUPS

**Contributions to Individuals**

1. Satisfaction of social and affiliation needs.
2. Satisfaction of needs for security and support.
3. Enhanced status for members if the group is perceived by others as prestigious.
4. Enhanced feelings of self-esteem if a member is valued by other group members.
5. Feeling more competent by sharing the power of the group to influence and achieve.

**Contributions to Organisations**

1. Solidify common social values and expectations congruent with organisational culture.
2. Provide and enforce guidelines for appropriate behaviour.
3. Provide social satisfaction unlikely for anonymous individual workers to experience.
4. Provide a sense of identity that often includes a certain degree of status.
5. Enhance members' access to information.
6. Help integrate new employees into the formal expectations of the organization.

(*Source:* Curtis W. Cook and Hunsaker, *op. cit.,* p. 343)

**Open and Closed Groups:** Another basis for classifying groups is whether they are open or closed. At the one extreme is the completely *open* group, which is in a constant state of change; at the other extreme is the completely *closed* group, which is quite stable. Open groups differ from closed groups in four respects — changing membership, frame of reference, time perspective and equilibrium.

With regard to *changing group membership*, in open groups, true to their nature, members keep changing — new members joining and existing ones leaving.

A good deal of time is devoted to socializing new members. A closed group maintains a relatively stable membership, with few additions and losses in members overtime. Power and status relationships are usually well established and fixed.

With regard to *frame of reference*, it may be mentioned that a high rate of turnover in an open group helps it to expand its frame of reference. New members bring new perspectives to the group's activities and problems. The expanded frame of reference in an open group can enhance creativity. The stability of membership in closed groups, on the other hand, usually results in a relatively narrow frame of reference. Bereft of the challenge from new members who bring in fresh ideas, a closed group can become very unlikely to change its established perspectives.

An open group has a relatively short *time perspective*. The instability and constant change of an open group make it difficult for the group to have long time horizons. Since membership may be brief, members' perspectives for group activities are oriented towards the present or very near future. In contrast, the stable membership of a closed group enables it to maintain a much longer time horizon. Members, because of their long association with closed groups, are able to recollect the history of the group and their expectations for continued long association enable them to use long-term planning.

*Equilibrium* refers to the process of restoring to the state of balance and stability from imbalance and instability. Because of changing membership, an open group is easily susceptible to imbalance and instability, though closed groups are relatively free from such problems. An open group must develop method for counteracting the disequilibrium, for any disruption is detrimental to the interests of the group. One way to make an open group stable is to make members committed to group ideals. This makes changes in members less frequent. Another way is to enhance group membership. The larger the number of members, the more stable does a group emerge.

An organization may have both open and closed groups. Many groups whose function is evaluation or review may be relatively open. For example, membership on a promotion committee is often limited to one or two years and terms are staggered so that half the members are replaced every year. Boards of directors exemplify closed groups; they have been described by critics as "self perpetuating cliques" whose members hold sufficient votes or proxies to re-elect themselves each year. The closed nature of such groups enables them to develop historical perspective and to engage in long-term planning, often at the cost of developing new perspectives.

**In-groups and Out-groups:** A distinction is also made between in-groups and out-groups. The groups to which we belong are in-groups and groups to which we do not belong are out-groups, especially if we look upon them with a certain amount of antagonism. The in-group versus out-group concept is applicable to friendly rivalries between schools, clubs and associations, but is also applicable to much more hostile groups. On a small-scale it is descriptive of violent neighbourhood gangs; on a larger scale it is descriptive of wars between nations.

The in-group versus out-group concept is intimately linked to *ethnocentricism*, which means that one's own group is the best and the other is to be judged on its terms. Ethnocentric attitudes are mentioned most frequently in relation to national rivalries, but ethnocentricism has many applications. One can be ethnocentric about one's community, state, social class, or even race.

There is no single reason why individuals join groups. Since most people belong to a number of groups, it is obvious that different groups offer different attractions and benefits to their members. The most popular reasons for joining a group is related to our needs for security, esteem, affiliation, power, identity, huddling and task functions.

*Proximity, Interaction and Influence:* One of the most common reasons why people join groups is because they work near each other. Informal groups seem to form among those who are in close proximity. Additionally, when people have frequent interaction or contact with one another there is likelihood that they will form a group. Finally, if the behaviour of one individual influences that of others, they are likely to form a group.

*Security:* Probably the strongest reason for group formation is the people's need for security. By joining a group we can reduce our insecurity — we feel stronger, have fewer self-doubts and are more resistant to threats. New employees are particularly vulnerable to a sense of isolation and turn to the group for guidance and support. New or experienced, no employee likes to stay alone. We derive reassurance from interacting with others and being part of a group. This often explains the appeal of unions — if

management creates an environment in which employees feel insecure, they are likely to turn to unionization in order to reduce their feelings of insecurity.

*Esteem:* An individual can increase his self-esteem through group membership. First, one may gain esteem by becoming a member of a high status group. Associating with high status people is reinforcing and one who belongs to such a group is usually accorded a high status by outsiders.

Second, the close relationship an individual can develop as a group member provides opportunities for recognition and praise that are not available outside the group.

*Affiliation:* Another reason why people join groups is that they enjoy the regular company of other people, particularly those who possess common interests. Individuals may seek out others at work who share common hobbies or common backgrounds. Especially when people are new to an organization, they are eager to find friends with whom they can check their perceptions of new, or uncertain environment.

*Power:* Membership of groups offer power to members in at least two ways. First, there are sayings such as "united we stand, divided we fall" and "there is strength in numbers." These are driving forces behind unionisation in organizations. Workers enjoy much greater power collectively than they do as individuals. Even belonging to an informal group gives the individual a sense that his group will not let him or her be overcome by the impersonal bureaucracy of the organization.

Second, leadership of an informal group enables an individual to exercise power over group members, even if he or she does not enjoy a formal position of authority in the organization.

*Identity:* Group membership contributes to the individual's external quest for an answer to the question. "Who am I." It is common knowledge that we try to understand ourselves through the behaviour of others towards us. If others praise us, we feel we are great, if others enjoy our jokes, we see ourselves as funny persons, and so on. Groups provide several "others" who will laugh, praise or admire us.

*Huddling:* One more reason why individuals want to join groups is for huddling. Because of the way bureaucracies work, individuals, particularly executives, make use of informal get-togethers called huddles. These are intimate task-oriented encounters of executives trying to get something done.

Huddling enables executives to deal with emerging matters and minimise the amount of surprise. It also serves to reduce red tape by cutting through hierarchical channels of communication and minimizing misunderstandings. Because organizational charts represent real duties, huddling can compensate for a lack of leadership by taking collective and unofficial responsibility for getting things done.

*Functions of Groups:* The last reason why groups are so common is that they fulfil a wide range of functions both for their members and for the larger organization. While the former have been explained above, the task functions are listed here.

The organizational functions of groups help realise an organization's goals. Such functions include the following:

(i) Working on a complex and independent task that is too complex for an individual to perform and that cannot be easily broken down into independent tasks.

(ii) Generating new ideas or creative solutions to solve problems that require inputs from a number of people.

(iii) Serving liaison or coordinating functions among several work groups whose work is to some extent independent.

(iv) Facilitating the implementation of complex decisions. A group composed of representatives from various working groups can coordinate activities of these interrelated groups.

(v) Serving as a vehicle for training new employees, groups teach new members methods of operations and group norms.

The list is not comprehensive. The importance of groups in organizations cannot be overemphasised because most organizational activities are carried out by groups. Since jobs in organizations are becoming more complex and interdependent, the use of groups in performing task functions will become increasingly important.

## 2.1 THEORY OF GROUP FORMATION

Theeory of group formation means the processes and stages of group development. Groups have life cycles similar to people. They are born, grow, develop and often die. A group's effectiveness is influenced by its stage of development and how well its members have learnt to work together. A group passes through five stages in its life cycle. The stages are : forming, storming, norming, performing and adjourning (See Fig. 2.3). It may be stated that different groups will remain at various

FORMING
Awareness:
Commitment,
Acceptance

STORMING
Conflict:
Clarification,
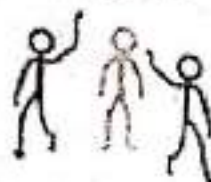Belonging

NORMING
Cooperation:
Development,
Support

PERFORMING
Productivity:
Achievement,
Pride

ADJOURNING
Separation:
Recognising,
Satisfaction

(Source: Curtis W. Cook and Phillip Hunsaker, op.cit., p.344)

Fig. 2.3 Stages of Group Development

stages of development for different lengths of time and some may remain at a given stage permanently, either by design or because the group is stalled. By being aware of a group's process, its leader can facilitate members' functioning at each stage and the transition to the next stage of development.

*Forming:* In the forming stage there is a great deal of uncertainty about group's purpose, structure and leadership. Members are concerned about exploring friendship and task potentials. They do not have a strategy for addressing the group's task. Nor are they sure of what behaviours are acceptable as they try to determine how to satisfy needs for acceptance and personal goal satisfaction. As awareness increases, this stage of group development is completed when members accept themselves as a group and commit the group goals.

*Storming:* At this stage of group development conflict arises because of the need to clarify roles and behavioural expectations. Disagreement is inevitable as members attempt to decide on task procedures, role assignments, ways of relating and power allocations. One objective at this stage is to resolve the conflict about power and task structure. Another is to work through the accompanying hostility and replace it with a sense of acceptance and belongingness that is necessary to reach to the next stage. Failure to realise these objectives results in splitting the group itself.

*Norming:* At this stage a single leader emerges and this may bring about group cohesion. There is now a strong sense of group identity and comraderie. New group standard roles and behaviour expectations are formed for members. Desired outcomes for this stage of group development are increased member involvement and mental support as group harmony emerges. If groups become too contended, they can get stalled at this stage because they do not want to create conflict or challenge established ways of doing things.

*Performing:* This stage is marked by teamwork, role clarity and task accomplishment. Group energy moves from conflict to task accomplishment. Productivity is at its peak. Desired outcomes are achievement and pride and major concerns include preventing loss of enthusiasm and sustaining momentum. Performing happens to be the last stage in permanent work groups.

*Adjourning:* But for temporary task forces and similar other groups, which have specific tasks to perform, adjourning happens to be the last stage. The groups disbandon after the task has been accomplished. Feelings about disbanding range from sadness and depression at the loss of friendship to happiness and fulfilment at task performance. The leader can facilitate positive closure at this stage by recognising and rewarding group performance. Ceremonial events bring closure to the desired emotional outcome of a sense of satisfaction and accomplishment.

There is an alternative theory of group development. According to this, group development proceeds on four stages: (1) Mutual acceptance, (2) Communication and decision-making, (3) Motivation and productivity, and (4) Control and organization. (See Fig. 2.4).
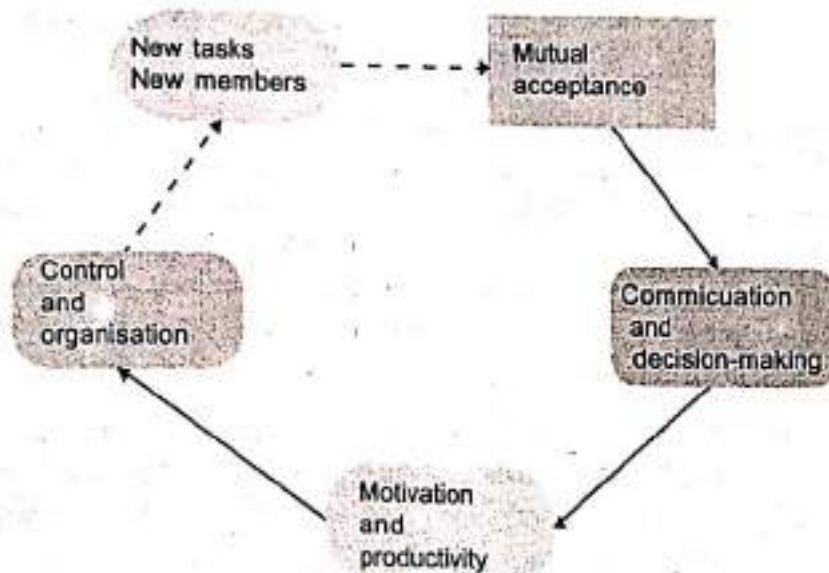
Fig. 2.4 Stages of Group Gevelopment

In the *mutual acceptance* stage of group development, members get to know about each other by sharing information about themselves. They discuss subject, often not connected with the group, such as politics, weather, price rise, deteriorating morals, sports or recent events within the organization. Some aspects of the group's task, such as its formal objectives, may also be discussed at this stage.

As the members get to know one another, discussion may turn to more sensitive issues, such as the organization's politics or recent controversial decisions. In this way, the participants explore one another's reactions, knowledge and expertise. From the discussion, members may learn one another's views on a variety of issues, how similar their beliefs and values are and the extent to which they can trust one another. Eventually, the conversation will turn to the business of the group. When this discussion becomes serious, the group is moving to the next stage – communication and decision-making.

Once group members have begun to accept one another, the group progresses to the *communication and decision-making stage*. Here, the group members discuss their feelings and opinions more openly. They may show more tolerance for opposing view points and explore different ideas to bring them about a reasonable solution or decision. Members discuss and eventually agree on the group's goals. Then they are assigned roles and tasks to accomplish the goals.

In the *motivation and productivity stage*, emphasis shifts away from personal concerns and viewpoints to activities that will benefit the group. Members cooperate and actively help others accomplish their goals. The members are highly motivated and may carry out their activities creatively. In this stage, the group is accomplishing its work and is moving towards the final stage of development.

In the final stage, *control and organization*, the group works effectively towards accomplishing its goals. Tasks are assigned by mutual agreement and according to ability. In a mature group, the members' activities are relatively spontaneous and flexible, rather than subject to rigid structural restraints. Mature groups evaluate their activities and potential outcomes and take corrective actions if necessary. The

characteristics of flexibility, spontaneity and self-correction are essential if the group is to become productive and last long.

Not all groups go through all four stages of development. Some groups disband before reaching the final stage. Others may skip certain stage because of pressure from leaders or deadlines. Group productivity, however, depends on successful development at each stage. A group that evolves fully through the four stages of development will become a mature and effective group. Its members will be interdependent, coordinated, cooperative, competent, motivated and in active communication with one another.

It is advisable to understand the usefulness of groups in the first place. Groups are highly useful or organizations and members. They can make important contributions to organizational task accomplishment and can also exert considerable influence on individual work attitudes and behaviours.

**Organizational Task Accomplishment:** Many things in life are beyond the capabilities of one person. It takes group efforts, for example, to build a jet airplane or a multistory office building. It also takes a group to play cricket and to perform a television soap opera. The element common to each of the above examples is the benefit of group synergy. Synergy may be understood as the creation of a whole that is greater than the sum of its parts. It is in this context that the famous 2+2=5 becomes relevant. When synergy occurs, groups accomplish more than the total of individual capabilities. Research shows that:

- When the presence of an "expert" is uncertain, groups make better judgements than would the average individual.

- When problem solving can be handled by a division of labour and the sharing of information, groups are typically more successful than individuals.

- Because of their tendencies to make more risky decisions than individuals, groups can be more creative and innovative in their task accomplishments.

However, *social loafing* may adversely affect task accomplishment by a group. Social loafing is also known as "Ringlemann effect", this description being named after Ringlemann, a German psychologist. Ringlemann pinpointed the social loafing effect by asking people to pull as hard as they could on a rope, first alone then in a group. He found that average productivity dropped as more people joined the rope pulling task. Thus, the Ringlemann effect acknowledges that people may tend not to work as hard in groups as they would individually. This is because their contribution is less noticeable and because they like to see others carry the work load.
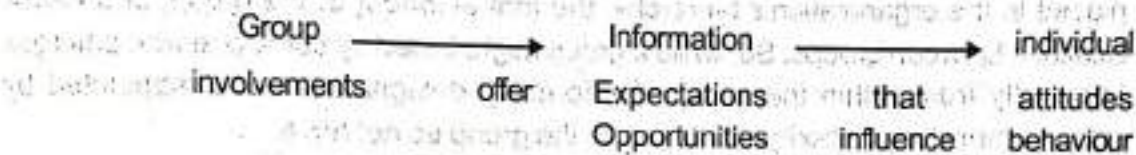
There is also the problem of *group think* which is common to a group. Group think refers to a condition in which all members of a group tend to think alike. This condition is especially likely to occur when the group has a high *esprit de corps*. The members desire for accuracy. Under such conditions, critical thinking and the independent and objective analysis of ideas are sacrificed to ensure a smoothly running group. The likelihood of group think increases if the group becomes insulated from outside influences and the fresh flow of information.

**Group and Individual Behaviours:** Formal work groups and informal networks are important aspects of any work setting. Groups are social settings that offer a

variety of information, expectations and opportunities that relate to individual need satisfaction. As a result, these groups wield major influences on individual work attitudes and behaviours.

Group     →     Information     →     individual

involvements    offer    Expectations    that    attitudes

Opportunities    influence    behaviour

Figuratively speaking — the interest of the organization. Risky shifts can lead groups to accept probabilities which are rationally indefensible and excessive caution can lead to missed opportunities.

*Polarisation:* This means magnifying a dominant view point. For example, if group members are doubtful about a particular issue to begin with, group discussion will focus more on doubts and *vice versa*. One reason for polarisation to occur is that group members are swayed by one another's advocacy. Another possibility is that the security of group membership induces members to support a decision which is more drastic or more cautious than they would accept as individuals. Whatever the reason, polarisation may render groups ineffective.

*Group think:* Group think, like norms and status differentials, leads to conformity. But groupthink is more dangerous than norms or status differentials. Whereas the latter result in deliberate suppression of judgement, group think occurs subconsciously. It involves the involuntary suppression of members' critical faculties.

## 3.5 NATURE OF LEADERSHIP

The word *leadership* has been widely used by political orators, business executives, social workers, philosophers and scholars both in speech and writing, yet the real meaning has eluded almost everybody. This is clear from the fact that a comprehensive volume summarising research on leadership includes 150 pages of bibliography and cites more than 2,500 studies. Yet the last chapter in the book, "Directions for Future Research", concludes that, as far as understanding leadership goes, only a beginning has been made.

We quote a few important definitions on leadership from the existing literature. These definitions reveal the essence of leadership.

1. Leadership is *"the process of encouraging and helping others to work enthusiastically towards objectives."*

2. Leadership is *"the behaviour of an individual when he is directing the activities of a group towards a shared goal".*

3. Leadership is *"interpersonal influence, exercised in a situation and directed, through the communication process, towards the attainment of a specified goal or goals".*

4. Leadership is *"an interaction between persons in which one presents information of a sort and in such a manner that the other becomes convinced that his outcomes (benefits/costs ratios) will improve if he behaves in the manner suggested or desired".*

5. Leadership is *"both a process and property. The process of leadership is the use of non-coercive influence to direct and coordinate the activities of the members of an organised group towards the accomplishment of group objectives. As a property, leadership is the set of qualities or characteristics attributed to those who are perceived to successfully employ such influence."*

6. Leadership is *"the relationship in which one person (the leader) influences others to work together willingly on related tasks to attain goals desired by the leader and/or group.*

## Motivation and Leadership

The core points that run through all these definitions and which constitute the essence of leadership are the following:

(a) Leadership refers to the ability of one individual to influence others.

(b) The influence is exercised to change the behaviour of others.

(c) Behaviour is changed through non-coercive means.

(d) Change of behaviour is caused with an objective of achieving a shared goal.

(e) The person influencing others (leader) possesses a set of qualities or characteristics which he or she uses to influence others, as the opening case indicates.

(f) Leadership is a group phenomenon. It involves interaction between two or more people.

# 3.9 LEADERSHIP STYLES AND THEIR IMPLICATIONS

*Leadership style* is the typical approach a particular person uses to lead people. Stated differently, the behaviour the leader exhibits during supervision of subordinates is known as *leadership style*. Style is said to comprise two distinct elements – the leader's *assumptions* about subordinates and the leader's actual *behaviour* while interacting with subordinates. Although this distinction is not made in academic circles (where emphasis is more on leader behaviour), it is important to keep in mind, particularly when changes in leader behaviour are desired. A change in leader behaviour can be achieved by either changing the leader's assumptions about people or by first forcing behavioural change of the leader and then hoping for attitudinal change later.

In the meanwhile, the study of leadership styles is useful because it focuses on what the leader actually does in getting work accomplished through people.

Our discussion of leadership style is divided into four types : (i) Styles based on the amount of authority retained by the leader ; (ii) Styles based on the relative emphasis placed on the task to be performed versus that placed on people; (iii) Styles based on the assumptions about people made by the leader; (iv) Likert's four styles; and (v) Entrepreneurial leadership styles.

## Styles Based on Authority Retained

This is the classical approach to classifying the leadership styles and is useful even today. Styles in this approach are classified depending on how much authority is retained by the leader versus how much is delegated to the subordinate employees. We have the familiar three-way classification of authoritarian, participative and free-rein leadership.

**Authoritarian Style:** Known in its acronym as autocratic style, authoritarian style involves retention of full authority by the leader. Leader decides, decision is passed on to subordinates, instructions about the implementation of decision are given and the subordinates are expected to do what the leader has told them to do. Assuring that the leader is competent, the advantage of this leadership style is that tasks are efficiently completed, since there is no opportunity for the time consuming two-way communications associated with democratic styles.

The primary problem with authoritarian leadership style is that workers are made aware of what to do, but not why. This may lead to (1) low employee morale, and (2) workers following leader directions lose initiative and avoid responsibility for any errors.

But there are some workers who prefer autocratic leader. They feel secure under his or her leadership. In such cases, productivity and morale of the workers tend to be high.

**Participative Style:** There are three related types of participative leaders : consultative, consensual and democratic.

*Consultative* leaders solicit opinions from group before making a decision, yet they do not feel obliged to accept the group's thinking; these leaders make it clear that they alone have final authority to make a final decision.

*Consensual* leaders encourage group discussion on an issue and then make a decision that reflects the general agreement (consensus) of group members. Consensual leaders delegate more authority to the group than do the consultative leaders. This style leads to considerable delay in decision-making because every member has to give his/or her consent.

*Democratic* leaders confer final authority on the group. They function as collectors of opinion and take a vote before making a decision. Democratic leaders delegate full authority to subordinates. This style is more relevant for community activities than for work settings.

The participative style has merits. Firstly, it is highly effective where group comprises competent and motivated members who want to get involved in making decisions and giving feedback to the leader. Secondly, employees' feelings of self-worth and satisfaction are increased because the leader conveys a sense of confidence in employee judgement. Thirdly, participation allows employees to satisfy high-level needs such as esteem and self-actualisation by allowing them to take part in decision-making. Fourthly, employee participation in decision-making improves the quality of decisions, because when more people think about problem it is likely that a better solution will be found. Finally, there will be less resistance to change because those who have developed the solution will usually support its implementation.

This particular style seems to have only academic interest. In practice the style may not work. Neither the leader has large heart to share authority with others. Nor the subordinates have physical and mental preparedness to take part in decision-making. Where both these are possible, decision-making is likely to get delayed.

**Free-rein style:** Also called *laissez faire*, free-rein leader chooses not to adopt a leadership role and actually abdicates leadership position, generally relinquishing it to someone else in the work group. While technically not a leadership style (it is more the absence of one), it does warrant brief mention since the absence of leadership may have a positive or negative effect.

On the positive side, free-rein leadership works when the group is composed of highly committed members. On the negative side it may be stated that the leader abdicates leadership role because of his or her own incompetency, the fear of failure, or the perceived social cost of ostracisation by the work group.

## Styles Based on Task Vs People Emphasis

Another standard way of classifying leadership styles is based on the relative concern the leader places on the task to be performed *vis-à-vis* the people performing the task.

A leader who places greater emphasis on task performance tends to exhibit the following behaviours:

(i) Organising and defining the roles of the group members.

(ii) Explaining what activities each has to do and when, where and how tasks are to be accomplished.

(iii) Establishing well-defined patterns of organization, channels of communication and ways of task accomplishment.

A leader who places greater emphasis on people tries to gain their relationships by exhibiting such behaviours as :

(i) Establishing channels of communication.

(ii) Extending psychological support to them.

(iii) Developing mutual trust.

(iv) Developing empathy for them.

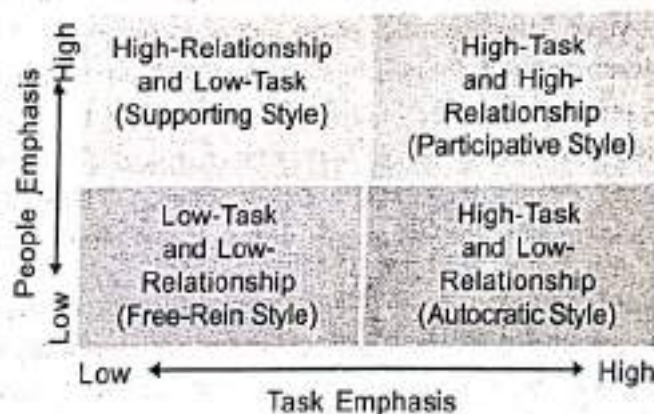Depending on task emphasis or people emphasis, four combinations are possible as shown in Fig. 3.21.



Fig. 3.21: Four key leader behaviours

A brief description of each style follows:

**High-Task and Low-Relationship:** A high-task and low-relationship leader emphasises showing employees how to get the tasks accomplished and spends minimum time giving psychological support. This style may be effective where the employees are inexperienced with the work to be performed. The high-task and low-relationship style may also be well suited to situations where seasonal help is involved. Seasonal employees may be unfamiliar with the task and these require direct guidance on performing the work properly. A high-task and low-relationship leader is not necessarily rude or discourteous. The leader simply takes the expedient route of focusing on work rather than people.

**High-Task and High Relationship:** This leader spends considerable time showing people how to get the work accomplished and providing them psychological support. The high-task and high-relationship style is considered generally useful because it results in high productivity and personal satisfaction. A more critical look at this style would suggest that it works best in situations where people need an

active and involved leader. When employees are lacking in self-confidence and technical skill, the high-task and high-relationship style is particularly effective.

**High-Relationship and Low-Task:** A leader using the high-relationship and low-task style gives employees much encouragement and support but a minimum of guidance about the task accomplishment. In some situations employees need more psychological support rather than technical instructions. The high-relationship and low-task style is suitable for such situations.

**Low-Relationship and Low-Task:** A leader using this style is neither here nor there. It is essentially a free-rein style. Subordinates are given considerable latitude in performing their work. They are also given very little psychological support, encouragement and praise. They are, therefore, free to run their own show. When subordinates are highly skilled and psychologically mature, this style can be effective.

## Styles Based on Assumptions about People

Depending on what assumptions a leader makes about his or her followers, two styles may be distinguished. This two-way classification is based on McGregor's famous Theory X and Theory Y assumptions about people. These assumptions are pointed out later in this chapter. In the meantime it may be stated that *Theory X* leaders are autocratic. They distrust people and believe in close supervision and tight-control over the subordinates. *Theory Y* leaders are participative, they trust subordinates and allow them to participate in decision-making.

## Likert's Four Styles

Developing on the notion that leadership style consists of two extreme positions – autocratic and democratic-Likert develops four styles of leadership to capture the management culture of an organization: (i) exploitative authoritative, (ii) benevolent authoritative, (iii) consultative, and (iv) participative.

**Exploitative authoritative:** As an exploitative authoritarian, the leader uses sanctions, communication is downward, superiors and subordinates are psychologically distant, and the decisions are generally made at the top of the organization.

**Benevolent authoritarian:** Here the leader uses rewards to encourage performance, upward communication is permitted but to the extent the boss wants, subservience to boss is widespread, and there is some delegation in decision-making, though major decisions are made by the people at the top of the hierarchy.

**Consultative:** Here the leader uses rewards, communication is two-way although upward, communication is cautious and limited, some involvement is sought from employees, and as in the benevolent authoritarian style, subordinates are involved in decision-making in a limited way.

**Participative:** The leader disperses economic rewards and makes full use of group participation and involvement in setting performance standards and improving methods and procedures. Subordinates and superiors are psychologically close, and group decision-making is widespread in the organization. There is a tendency among

a number of individuals to belong to more than work group in order to promote intergroup links and understanding.

## Entrepreneurship Leadership Style

An entrepreneur is a person who coverts an innovative idea into business. The word entrepreneur is generally associated with small-scale industry. What is an entrepreneurship leadership style? Based on both their personality characteristics, and the circumstances of operating a business, many entrepreneurs use a similar leadership style. The most notable features of this style are :

(i) Impatience and brusquences towards employees because the entrepreneur is always busy.

(ii) A heavy task orientation combined with a very direct-approach to giving instructions to employees.

(iii) A charismatic personality that inspires others to want to do business with him or her despite the impatience.

(iv) A much stronger interest in dealing with customers than employees.

(v) A strong dislike for bureaucratic rules and regulations.

(vi) Anxiety to consolidate business gains as quickly as possible.

Some of the styles described above will be referred to again later in different contexts.

## 3.10 THEORIES OF LEADERSHIP

From the beginning of the 20th century, many distinguished authors and researchers have contributed to the rich knowledge on leadership. Without the forward-looking visions of past generations (some of whom are listed in Table 3.6), we would not have the insights that we have today. While, examining all the earlier contributions is rather unnecessary, we focus on certain works, which are relevant even today.

Historically, focus on leadership in theories shifted from one dimension of leadership to another. Early leadership research focused on the leader himself or herself to the virtual exclusion of other variables. It was assumed that leadership effectiveness could be explained isolating psychological, physical characteristics, or traits, which were presumed to differentiate the leader from the other members of the group.

As the years went by the focus shifted from the personality of the leader to his or her behaviour while delegating tasks to subordinates and communicating with them. It was believed by the behaviourists that a leader's effectiveness depended upon behaviours and not on traits alone.

More recently the situation in which the leader operates has been given much importance. It is believed that the leadership effectiveness depends on the situation in which the leader operates.

## Motivation and Leadership

We shall discuss a few important theories on leadership with an assertion that any theory will be complete only when it covers three important dimensions of leadership, namely:

1. The leader and his or her psychological attributes;
2. The follower with his or her problems, attitudes, and needs; and
3. The group situation in which followers and leaders relate with one another.

To concentrate on any one of these three factors represents over-simplification of an intricate phenomenon.

The theories of leadership considered in the following pages are :

TABLE 3.6: SIGNIFICANT LEADERSHIP THEORIES AND MODELS

| Contributor | Theory or Model | Year of Publication of Significant Research |
|---|---|---|
| Taylor | Scientific Management | 1911 |
| Mayo | Hawthorne Studies - | 1933 |
| Barnard | Executive Function | 1938 |
| Coch-French | Michigan Studies | 1948 |
| Stogdill | Ohio State Studies | 1948 |
| Homans | Human Group | 1950 |
| Maslow | Hierarchy of Needs | 1954 |
| McGregor | Theory X – Theory Y | 1957 |
| Tannenbaum-Schmidt | Continuum of Leader Behaviour | 1957 |
| Blake-Mouton | Managerial Grid | 1964 |
| Argyris | Maturity-Immaturity | 1964 |
| McClelland | Achievement Theory | 1965 |
| Odiorne | Management by Objectives | 1965 |
| Herzberg | Motivation – Hygiene | 1966 |
| Likert | Systems 1-4 | 1967 |
| Fiedler | Contingency Model | 1967 |
| Reddin | 3-D Management Style | 1967 |
| Olsson | Management by Objectives | 1968 |
| Hersey-Blanchard | Situational Leadership | 1969 |
| Vroom-Yetten | Contingency Model | 1973 |
| House-Mitchell | Path – Goal | 1974 |
| Vroom | Expectancy Theory | 1976 |
| House | Charismatic Leadership | 1977 |
| Burns | Transformational Leadership | 1978 |
| Kerr-Jermier | Substitutes for Leadership | 1978 |
| McCall-Lombardo | Fatal Leadership Flaws | 1983 |
| Greenleaf | Servant Leadership | 1983 |
| Bennis-Nanus | Leadership Competencies | 1985 |

| | | |
|---|---|---|
| Tichy-Devanna | Transformational Leadership | 1986 |
| Manz | Super Leadership | 1989 |
| Yukl | Integrating Leadership Model | 1989 |
| Covey | Principle-Centred Leadership | 1991 |
| Fisher | Principle Self-Directed Work Teams | 1993 |
| Johnson | SOAR Model | 1994 |
| Pansegrouw | Transformational Model | 1995 |
| Gyllenpalm | Organizational Cone | 1995 |
| Whetter-Cameron | Empowerment | 1995 |
| Tichy | Leadership Engine | 1997 |
| Ball | DNA Leadership | 1997 |
| Byham-Cox | Empowerment | 1998 |
| Fairholm | Values-Base Leadership | 1998 |
| Cohen | 8 Universal Laws of Leadership | 1998 |
| Ulrich, Zenger, Smallwood | Results-Based Leadership | 1999 |
| Wheatley | Leadership and the New Science | 1999 |

(*Source:* Paul Hersey, *et al.*, *Management of Organizational Behaviour*, Pearson, 2001, p. 87)

(a) Trait theory

(b) Leader behaviour theory

(c) The Managerial Grid

(d) Contingency theories

Besides, the famous Theory X and Theory Y of McGregor has also been considered.

## Trait Approach

The trait theories of leadership focus on the individual characteristics of successful leaders. According to the theories, leaders possess a set of traits which make them distinct from followers. An attempt must, therefore, be made to identify and measure these traits.

Attempts were indeed made in the past to identify such qualities. Ralph Stogdill, for instance, surveyed more than 5,000 leadership studies and concluded that successful leaders tend to have the following qualities.

(i) A strong desire for accomplishment

(ii) Persistent pursuit of goals

(iii) Creativity and intelligence used to solve problems

(iv) Initiative applied to social situations

(v) Self-assumed personality

(vi) Willingness to accept behavioural consequences

(vii) Low susceptibility to interpersonal stress

(viii) High tolerance of ambiguity

(ix) Ability to influence other people

(x) Ability to structure social interactions

· Most of the research on leadership conducted till now concentrated mainly on the unique qualities of successful leaders. There has been little systematic study of the personal traits of unsuccessful leaders. Probably ineffective leadership is associated with such qualities as poor temperament, self-centredness, inability to get along with others, lack of vision, lack of character and mental health problems such as aggression, depression, disorganization, paranoia, neurosis and procrastination. In addition, some attitudinal factors seem to be associated with ineffective leaders. These include : (1) overconcern with morale, (2) failure to maintain an objective attitude, (3) lack of a sense of proportion, (4) practising "polarization" or seeing others as either good or bad, (5) idealism in decision-making, and (6) over eagerness to do the "right" things.

**Evaluation of the Trait Theory:** The trait approach to leadership has been severely criticised by many. Some of the limitations of the theory are the following :

(i) The list of personality traits of successful leaders is too long and there seems to be no finality about it. Although hundreds of traits have been identified, no consistent pattern has emerged.

(ii) How much of which trait a successful leader must have is not clear. Furthermore, certain traits, particularly psychological, cannot be quantified.

(iii) The theory assumes that a leader is born and not trained. This assumption is not acceptable to the contemporary thinkers on the subject.

(iv) Contrary to what the theory assumes, leadership effectiveness does not depend upon the personality of the leader alone. Other variables like the situation, the task, the organization and the characteristics of followers will equally determine the effectiveness of leaders.

(v) It is well known that people who fail as leaders and people who never achieve positions of leadership often possess some of the same traits as successful leaders. Thus, for example, although taller people may generally be more successful as leaders, many tall people have neither the inclination nor the capabilities to be leaders. At the same time, many short people have risen to positions of leadership.

(vi) There is little consensus on the meaning of words used to label traits. In a study of extensive leadership qualities a researcher demonstrated the magnitude of this problem when he asked 75 top executives to define the term "dependability", a trait associated with effective leadership. The executives defined this trait in 147 different ways. Even after similar definitions had been combined, 25 different definitions remained.

It does not mean to say that the trait theory of leadership is irrelevant. With all its limitations, the theory is still relevant because of certain merits.

One merit relates to the qualities of successful leaders. Focusing on personality traits, a review of studies carried out from 1900 to 1957 showed that leaders tend to be consistently better adjusted, more dominant, more extroverted, more masculine, and more conservative and have greater interpersonal sensitivity than non-leaders.

The *second* merit relates to the influence of personality on one's effectiveness "... person's personality, what he fundamentally is as a person, is an ever present and massive influence on how and with what success, he functions as a manager."

"The personality of man is his inner life, including such inner elements as background, life history, beliefs, life experiences, attitudes, prejudices, self-image, fears, loves, hates, hopes and philosophy of life. In this sense, a man is like an iceberg : only a small fraction of what he appears above the surface (his observable behaviour, what he does); the rest is his inner life, the 7/8th of the iceberg that lie, unobservable, below the surface."

However, the manager's inner personality causes or 'spills over' into his behaviour which, in turn, affects others with whom he works, eliciting from them either cooperative or resistance reactions. And, therein lies the manager's fate : cooperative reactions from his people spell success, resistance reactions, however irrational from the manager's viewpoint, usually assure his failure."

"...It is clear that there is an influential relationship between a manager's total personality and his success as a manager on the job. I have submitted this precise concept to several thousand practising managers over the years and based on their experience virtually all acknowledge its validity."

*Third*, the view that leaders are born, not made is in fact, still popular (through not among researchers). After a lifetime of reading popular novels and viewing films and television shows, perhaps most of us believe, to some extent, that there are individuals who have predisposition to leadership, that they are naturally braver, more aggressive, more decisive and more articulate than other people.

*Finally*, the theory has certain practical implications also. If leadership traits could be identified, then nations and organizations would become far more sophisticated in selecting leaders. Only those people who possess the designated leadership traits would become politicians, officers and managers. Presumably, organizations and societies would then operate more effectively.

# Contingency Theories of Leadership

It became increasingly clear for people studying the leadership phenomenon that predicting leadership effectiveness was more complex than identifying a few traits or preferable behaviours. The failure to obtain consistent results led to a focus on situational or contingency theories of leadership. As the name itself implies, contingency theories of leadership are derived from the basic proposition that the most effective behaviour for leaders to engage in is contingent upon characteristics of the situation in which the leaders find themselves. Thus, the types of questions we must ask ourselves regarding leadership range from those such as "is an employee oriented leadership more effective than a production-oriented one"? to new questions such as, "under what conditions (in what type of situation) will employee oriented leadership be effective, and under what different types of conditions will production-oriented leadership be effective.?"

Fiedler's contingency model, the path-goal theory and the situational leadership theory are the three most popular contingency theories of leadership.

**Fiedler's Theory:** Fiedler's model postulates that effectiveness of a leader depends upon (1) his motivational style, and (2) the favourableness of the situation.

Leaders are motivated by either interpersonal relations or task-goal accomplishment. The situational favourableness is the extent to which the leader has control over the situation.

*Leader's Motivational Traits:* Leaders differ in their motivational styles. Some believe in getting the task done and are naturally task-oriented. They are essentially authoritarian in their approach. Others are relations-motivated leaders and they believe in getting along with others. These leaders believe in a participative style. Table 3.8 summarises the features of these two styles.

The motivational styles of a leader are measured through the "least preferred co-workers' (LPC) concept. The leaders are asked to describe this person on a series of bipolar scales (usually 16 in total) such as those shown below:

| Pleasant | ............ | Unpleasant |
|---|---|---|
| | 87654321 | |
| Rejecting | ............ | Accepting |
| | 12345678 | |
| Helpful | ............ | Frustrating |
| | 87654321 | |
| Open | ............ | Guarded |
| | 87654321 | |

The responses to these scales are totlaled and averaged, a high LPC score suggests that the leader has relations-orientation, while a low LPC indicates a task-orientation. Fiedler's logic is that individuals who rate their least preferred co-worker in a relatively favourable light on these scales derive satisfaction out of interpersonal relations; those who rate the co-worker in a relatively unfavourable light get satisfaction out of successful task performance.

**TABLE 3.8: ESSENTIALS OF RELATION-ORIENTED AND TASK-ORIENTED LEADERSHIP STYLES**

| Relation-oriented | Task-oriented |
|---|---|
| Good interpersonal relations | Emphasis on task accomplishment |
| Sensitive to the needs and feelings of others | Use of power |
| Consultation with subordinates | Task structure |
| Open communication with subordinates | No consultations with subordinates |

*Situational Factors:* According to Fiedler the situation is favourable to the leader when he has influence and control over his subordinates' performance. Three factors are hypothesised to determine situational favourability : (1) leader-member relations, (2) task structure, and (3) position power.

## Motivation and Leadership

*Leader-Member Relations:* When the relationship between the leader and the subordinates is good and the leader can count on the loyalty of his subordinates, the leader's influence and control are high. Poor leader member relations, on the other hand, impair the leader's control and contribute to an unfavourable situation to the leader.

*Task-Structure:* This factor describes the extent to which the task has a well defined goal, has methods of operation that can be easily defined, whose accomplishment can be easily measured, and also leads to a unique solution. A high degree of task structure contributes to a favourable situation for the leader as it enables him to influence and control the behaviour of a subordinate on a structured task. When the task is unstructured, the situation is not favourable to the leader who is less likely to have any influence and control over his subordinate's behaviour.

*Position Power:* Position power comprises formal authority and reward power. Authority exists to command needed resources for task accomplishment and reward power to award a reward for good performance and punishment for laxity on the part of subordinates. The greater the power, the greater the leader's control over subordinates and the more favourable the situation is to the leader.

Over all, situational favourableness is determined by the combination of these three situational factors. A high control situation occurs where the leader has good leader-member relations, highly structured tasks and strong position power. A low control situation exists when the leader has poor relationships with subordinates, unstructured tasks and weak position power. Between these two situations exists a moderate control situation.

*Leadership Match:* According to the contingency theory, a task-oriented leader will perform better than a relation-oriented one in high or low control situations. Whereas a relation-oriented leader will do well in moderate control situations (See Fig. 3.26)

What are the reasons for such phenomena? Why does a task motivated leader perform well in both high control and low control situations? Similarly, why does relations motivated leader do well in a moderate control situation? Reasons are not difficult to seek.

*High-control Situation:* Since task performance is controlled in high-controlled situations, task-motivated leaders should be able to relax and even become considerate toward their subordinates. By doing so, they can meet the needs of both the organization and its members. On the other hand, relation-oriented leaders, who pride themselves on being able to solve problems with interpersonal skills, do not find much challenge in this situation. Since their subordinates are willing to comply with their wishes, the managers do not have much opportunity to use their interpersonal abilities.

*Moderate-control Situation:* Relation motivated leaders perform best in this situation because they are able to accomplish task-goals by using their interpersonal skills. They are sensitive to the needs of group members, encourage others to participate in the group process, and incorporate different viewpoint in solving complex problems. On the other hand, task-motivated leaders are so engrossed in accomplishing

the task that they are not able to deal patently with interpersonal conflicts and pay little attention to the needs and feelings of their work group members.
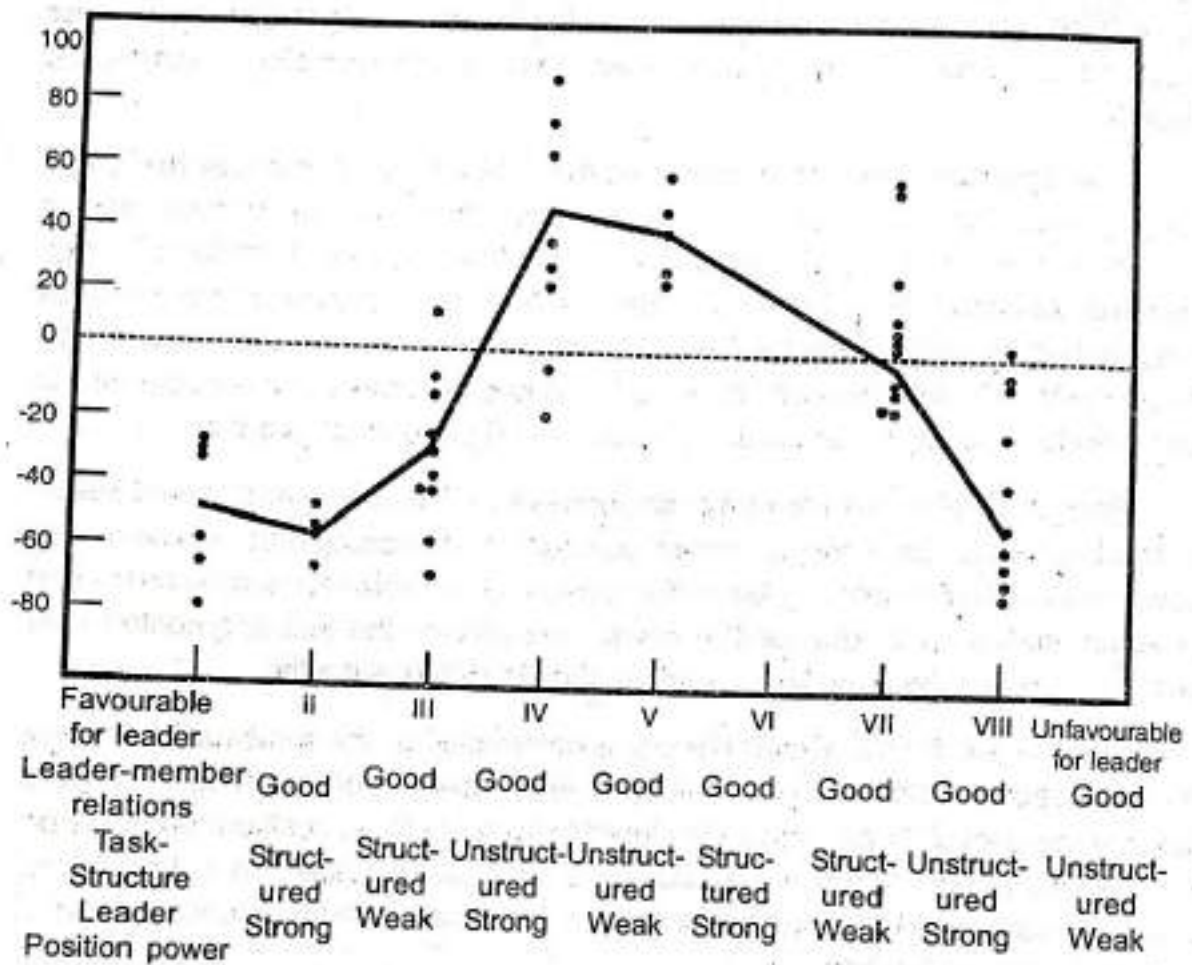


**Fig. 3.26: Leadership Effectivenss in the Contingency Theory**

(*Source:* F.E. Fiedler, *A Theory of Leader Effectiveness*, p. 27)

*Low-control Situation:* In this situation, task motivated leaders should be able to provide the direction that the employees want. When the situation is chaotic, people will be more concerned with direction and leadership than with interpersonal likes or dislikes. Although leaders may irritate subordinates at times by being directive, they can quickly achieve task-oriented goals by structuring and monitoring the group tasks. On the other hand, relation motivated leaders are so concerned with interpersonal relationships, that they feel uneasy about making decisions without consulting others. Their hesitation to make decisions can be seen as poor leadership.

**Evaluation of the Model:** *Merits:* One merit of Fiedler's contingency model is that it gives explicit attention to the three important components: the leader, the situation and the subordinates. It does not suggest that one trait or one behaviour is suitable for all situations, rather it specifies a variety of situations in which a particular trait or style can be effective.

The *second* merit of the model is that, because of its flexibility, it represents an improvement over much of the earlier, more naïve work in the leadership field and providing a useful theoretical framework for further research.

*Third*, one of the practical applications of Fielder's theory is a training programme using the basic ideas of the contingency model. *Leader match* is a programmed learning technique that trains leaders to modify situation to fit their personality. This contrasts with most training programmes that try to change the leader's personality to fit the situation. The *leader match* programme has been used to train leaders in a wide variety of situations, such as the police, middle managers, public health managers, many personnel and military colleges.

*Demerits: First*, the meaning of some of the variables included in the model is not clear. For example, it is difficult to classify tasks as "structured" or "unstructured" in an absolute sense, since these are relative concepts. What this means in a practical sense is that a given task could be labelled "unstructured" in one study and "structured" in another study. This obviously introduces error into the measurement of this variable.

*Second*, some scholars argue that the contingency model lacks a theoretical orientation. Since it has been developed from research data rather than being based on a theoretical scheme, it has a predictive power but lacks an explanatory power. It does not adequately explain how and why one particular leadership trait is more desirable than others in a particular situation.

*Third*, there is the question of what the LPC scale measures. It does not satisfactorily explain how and why leaders who describe least preferred co-workers in negative terms are considered to be task-motivated and those who describe them in positive terms are considered relation-motivated. Therefore, the theory generally lacks explanatory power.

*Fourth*, the LPC score instrument is itself criticised. It is said that the score does not reveal the leader behaviour but suggest only his feelings towards his least preferred co-worker.

*Fifth*, no attention is given to the actual technical competence of the leader or the subordinates. The theory assumes adequate technical competence both in the leader and in the followers.

In conclusion, it may be stated that Fiedler has clearly made an important contribution towards understanding leadership effectiveness. His model has been the object of much controversy and probably will continue to be so. Field studies fall short of providing full support and the model could benefit by including additional moderating variables. But Fiedler's work continues to be a dominant input in the development of a contingency explanation of leadership effectiveness.

**Fig. 3.28: Example of Applying Path-Goal Theory**

(*Source:* Richard L. Hughes *et al.*, *Leadership*, p. 4)

On the negative side of the model, two criticisms are identified. First, the simplicity of the theory is itself its drawback. Critics point out that the theory fails to capture all elements of the leadership process. Second, the theory is yet to be extensively tested.

**The Situational Leadership Theory:** Paul Hersey and Kenneth Blanchard have developed a situational model of leadership that adds "maturity" of followers as a contingency variable which deserves due consideration. The two authors feel that situational leadership requires adjusting the leader's emphasis on task behaviours (i.e., giving guidance and direction) and relationship behaviour (i.e., offering socio-emotional support) according to the maturity of follower in performing their tasks. *Maturity* in this context is understood not as age or emotional stability but as desire for achievement, willingness to accept responsibility and task-related ability and experience. The goals and knowledge of the followers are important variables in determining effective leadership style.

Hersey and Blanchard believe that the relationship between the leader and subordinates moves through four phases–a kind of life cycle–as subordinates develop and mature and that managers need to vary their leadership styles with each phase (See Fig. 3.29). In the initial phase – when subordinates first enter the organization – a high task orientation by the manager is most appropriate. Subordinates must be instructed in their tasks and familiarized with the organization's rules and procedures.

At this stage a non-directive manager causes anxiety and confusion among new employees, however, a participatory employee relationship approach would also be inappropriate at this stage because subordinates cannot yet be regarded as colleagues. This style is called the "directing" or "telling" approach of leadership.

As subordinates begin to learn their tasks, task-oriented management remains essential, as subordinates are not yet willing or able to accept full responsibility. However, the manager's trust in and support of subordinates can increase as the

manager becomes familiar with subordinates and desires to encourage further efforts on their part. Thus, the manager may choose to initiate employee-oriented behaviours. This style is called "selling" or "coaching" approach to leadership.
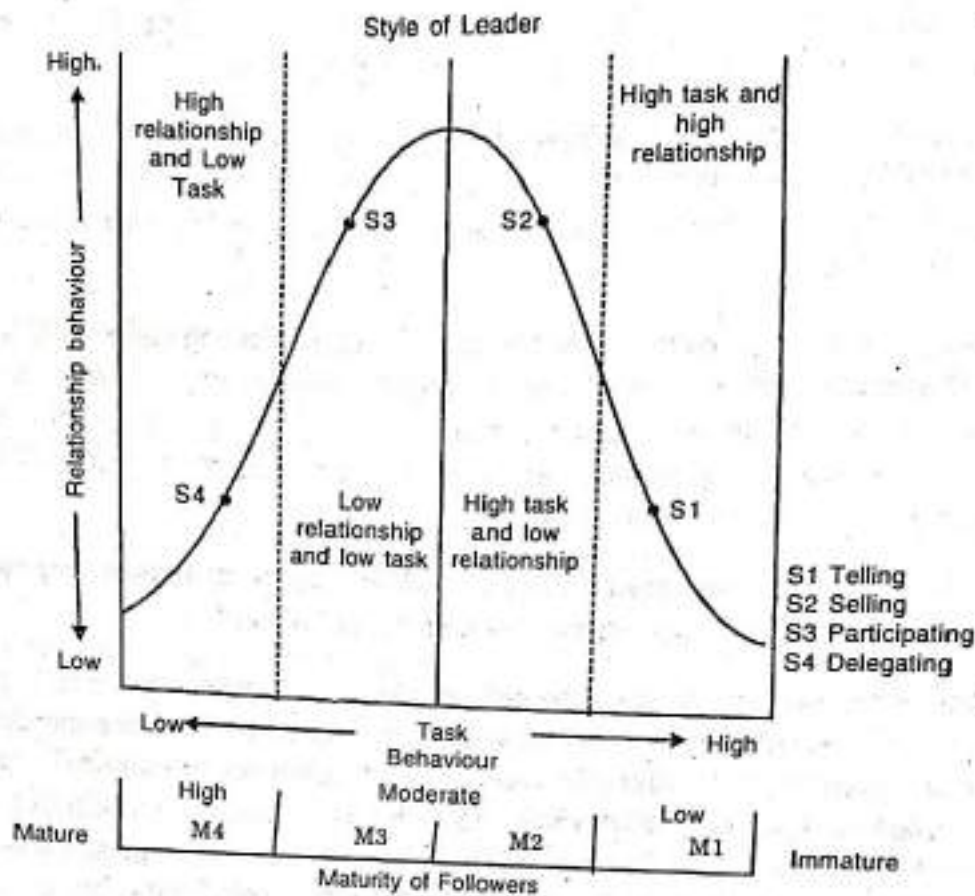
**Style of Leader**

High.

High relationship and Low Task

High task and high relationship

S3

S2

S4

Low relationship and low task

High task and low relationship

S1

S1 Telling
S2 Selling
S3 Participating
S4 Delegating

Relationship behaviour

Low

Low ← Task Behaviour → High

| | High | Moderate | | Low | |
|---|---|---|---|---|---|
| Mature | M4 | M3 | M2 | M1 | Immature |

Maturity of Followers

**Fig. 3.29: The Situational Theory of Leadership**

(*Source:* Hersey and Blanchard, *Management of Organizational Behaviour*, p. 152)

In the third phase (here it is the "participating" or "supporting" style), the subordinates' ability and achievement motivation are increased and subordinates actively begin to seek greater responsibility. The manager will no longer need to be directive (indeed, close direction might be resented). However, the manager will continue to be supportive and considerate in order to strengthen the subordinates' resolve for greater responsibility.

"Delegating" is the style which the manager follows in the final stage. Here, the manager can reduce the amount of support and encouragement as subordinates gradually become more confident, self-directing and experienced. Subordinates are "on their own" and no longer need or expect a directive relationship with their manager.

**Evaluation:** The situational leadership theory has generated considerable interest because it recommends a leadership type that is dynamic and flexible rather than static. The motivation, ability and experience of subordinates must be constantly assessed in order to determine which style combination would be most appropriate under flexible and changing conditions. If the style is appropriate, according to Hersey and Blanchard, it will not only motivate employees but will also help them move towards maturity. Further, the theory gives specific attention to followers and their feelings about a task or jot to be done. Finally, the theory is one of the more popular leadership training module available today. Partly enhanced by the success of

Blanchard's book *The One Minute Manager*, many organizations make use of the model and its associated instruments.

The theory is however, weak on three counts. *First*, the theory requires that a leader be perceptive enough to determine a subordinate's maturity development level on a task. How to assess the maturity level is a difficult task.

*Secondly*, situational leadership, like most contingency theories, is heavily based on the need for style flexibility. Is it possible to change style as subordinates mature? Although, it is desirable that the leaders are adaptable, there is a strong belief that this is not possible.

*Finally*, the theory assumes that the nature of the task being supervised is such that the leader can treat each employee in a slightly different way. There is no doubt that this is a reasonable assumption in many cases. But in practice can a leader exhibit different leadership styles when all members of the group perform the task together? This question remains unanswered.

Thus, viewed from conceptual and methodological perspective, the theory remains an intuitively appealing model that needs empirical validation.

# TRANSFORMATIONAL LEADERSHIP

Transformational or charismatic leaders are those who could inspire their followers to transcend their own self-interests for the good of the organizations or for a greater objective. Thus, leaders like Netaji Subhas Chandra Bose or Gandhiji could inspire their followers to submit their own personal goals of pursuing lucrative academic or professional careers and sacrifice everything else for the sake of the freedom of their motherland from the British rules. By the force of their personal abilities they transformed their followers by raising the sense of the importance and value of their tasks. Five leadership attributes have been identified as important in this context, which are self-confidence, a vision, strong conviction in that vision, extraordinary or novel behaviour and ability to create an image of a change agent.

It is, however, important to note that the effect of cultural difference in the context of leadership must be considered in order to understand and identify the effective leadership behaviour. An extensive project has been undertaken jointly by GLOBE foundation and Wharton Business School to identify the impact of culture on leadership across the world, which concluded only recently. The study has identified lists of both positive and negative leader attributes, which have been universally accepted across culture. The findings from the completed phases of the study, however, suggest the presence of a strong influence of cultural bias on the success and effectiveness of the leaders.

**Environmental Contingency Factors**
- Task structure
- Formal authority
- Work group

**Leader's Behaviour**
- Directive
- Participative
- Achievement-oriented
- Supportive

**Outcomes**
- Performance
- Satisfaction

**Subordinate Characteristics**
- Locus of control
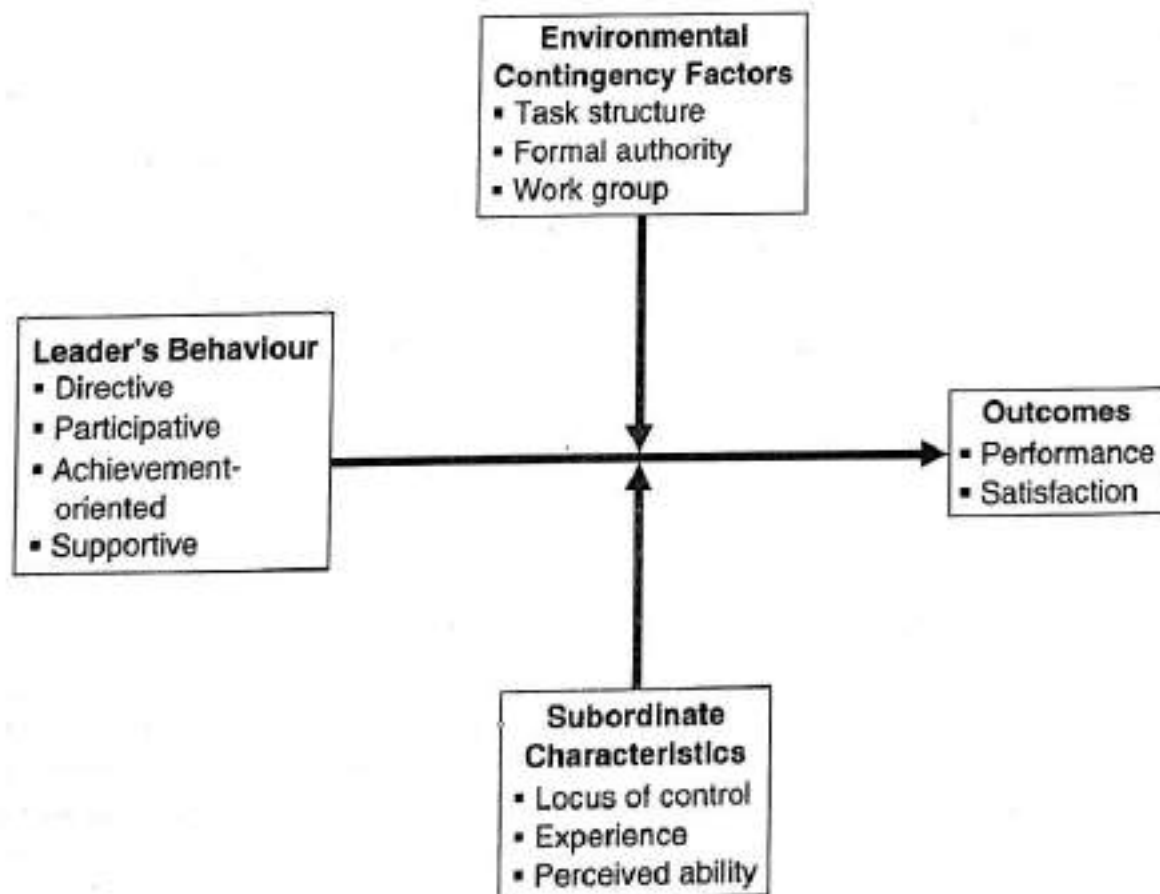- Experience
- Perceived ability

**Figure 6.5** House's Path-goal Theory

# Stages of Group Development:

Following are the different stages of group development.

## (i) Getting familiar:

The very first stage of a group development is to be familiar with each other. During this stage, the members of the group get acquainted with one another and check, which inter-personal behavior is acceptable and which is unacceptable by the members of the group.

## (ii) Sharing and Making Decision:

The second stage of group development is communicating, sharing their thoughts and making decision. During this stage, group members share their opinions and formulate the group's goals.

## (iii) Understanding One's Role and Other's Role:

~~in the Thi~~

Each person recognizes and accepts his role as well as accepts and understands the roles of others. Members also become more comfortable with each other and develop a sense of group identity and unity.

(iv) Striving to Achieve the set Goals:

The fourth stage is to achieve the set goals by controlling and organizing, in which the members perform the roles, they have accepted and direct their group efforts towards goal attainment.

Top 5 stages of Group Development:

By group development, we mean the stages that work groups go through as they evolve and grow. Groups don't form and become effective overnight. It involves a long process to develop a group of strangers to a unit of cohesive and well coordinated group members. From the mid 1960's, it has been believed that groups pass through standard sequence of five stages.

These stages are forming, storming, norming, performing and adjourning as illustrated below:

The five stage of Group Development:

1. Forming:

The forming stage is when the group is just formed and members are formally placed together in a work group. At this stage, group members try to comprehend where they stand in a group and how they are being perceived by

others in the group. The members are very cautious in their interactions with each other and the relationships among the group members are very superficial.

Any decisions made in the group are made by the more vocal members. Members seldom express their feelings in the group and the individual members who are trying to understand who are in the group have concerns about how they will fit in the group as a permanent group member.

## 2. Storming

Sometimes, after the formal group is created, internal sub-groups get developed. Due to the newness of the group, there are limited interaction ability initially among the members of the group. However, small groups of two or three members interact with each other and make an effort to get to know each other better. Thus, subgroups are formed. Once this sub-grouping process takes place and members begin to feel somewhat more comfortable in the group, they try to establish their positions and test their powers in the bigger group.

At this stage, disagreements tend

to get expressed among the group members and feeling of anxiety and resentment are also expressed. Some power struggle may ensure at this stage to determine who should assume the role of informal leader. This storming stage is also known as the sub-grouping and confrontation stage.

### 3. Norming:

Norming is the next stage where the disagreements, differences and power issues which are were dominant at the storming stage gets worked out. The group sets norms, tries to attain some degree of cohesiveness, understands the goals of the group, starts making good decisions, expresses feelings openly and makes attempts to resolve problems and attain group effectiveness. At this stage, which is also known as individual differentiation stage or initial integration stage, the individual's roles get defined and the task and maintenance roles are assumed by group members. Group members also begin to express satisfaction and confidence about being members of the group.

### 4. Performing:

At the performing stage, the group has matured fully. The members are committed to the

group goals, have complete trust in each other, and allow honest disagreements to be freely expressed but make sure that the conflicts are satisfactorily resolved as and when they occur.

The group evaluates members' performance so that the group members develop and grow. Feeling are expressed at this stage without fear; leadership roles are shared among the members and the members' activities are highly coordinated. The task and maintenance roles are played by very effectively. The task performance levels are high and member satisfaction, pride and commitment to the group are also high.

Both performance and member satisfaction are sustained indefinitely. This stage is also referred to as collaboration stage or final integration stage. Since reaching this stage requires a long period of time and member homogeneity in values and goals, very few work groups reach this stage.

5. **Adjourning:**

For permanent work groups, performing is the last stage in their development. However, for temporary committees, teams, task forces and similar groups that have a certain specific and limited task to perform, there is an adjourning stage. In this stage, the group prepares for its disbandment.

High task performance is no longer the group's top priority; rather attention is directed towards wrapping up group activities. Responses of group members vary at this stage. Some are very happy because of the group's accomplishments whereas some may be depressed over the loss of friendships gained during the work group's life.

## Problems of this Model:

1. This model assumes that a group becomes effective as it progresses through the first four stages. But what makes a group effective is more complex than this model acknowledges.

2. Groups don't always proceed clearly from one stage to the next. Sometimes, in-fact, several stages go on simultaneously as when groups are storming and performing at the

same time. Groups sometimes regress to previous stages.

3. Another problem is that this model ignores the organizational context, while understanding work-related behavior. As ~~such~~ much behavior in organizations takes place within a strong organizational context, it would appear that the five stage development model may have limited applicability in our quest to understand work groups.

Studies have confirmed that groups don't develop in a universal sequence of stages. But the timing relating to when groups form and change the way they work is highly consistent. The punctuated equilibrium model is based on this concept.

## Need of Work Teams.

The purpose of creating teams is to provide a framework that will increase the ability of employees to participate in planning, problem-solving and decision-making to better serve customers, increased participation promotes:

→ A better understanding of decisions

→ More support for and participation in implementation plans

→ Increased contribution to problem-solving and decision-making

→ More ownership of decisions, processes and changes

→ More ability and willingness to participate in performance evaluation and improvement

### (1) Clearly Identify the Task at Hand:

If your task is nebulous, you will have a tough time knowing what skills you need to find. You're likely to be tempted to jump in and hire people with the general skills that fit your overall department. (I need marketing people. I need creative people.) But to paraphrase an adage, hire in haste, repent at leisure. If you start out

with the wrong people, you'll regret it. To know who you need, clearly identify the task or goals your team will need to accomplish.

2. **Identify the skills needed:**

You need to identify the soft skills as well as the hard skills you need. Will the employees need to communicate results and progress to senior management? Are there skills you need that aren't going to be obvious without hard thought? For instance, if you're putting together a team to implement a new software system, you obviously need programmers. But you also need a person who can talk to the end users to get a clear understanding of their true needs. You need a trainer who understands the technical side of the new software system and can explain it to non-techy people.

If you know you need super smart and independent workers, you know that you also need a person who can bring those independent workers together. Off course, you do. (That's generally

the manager or team leader's job, but knowing your own limitations is critical to team building success.

## 3. Identify the people:

If you want to build an internal team, you have advantages and disadvantages. The advantages are that you already know the people from whom you are choosing. You know their strengths and their weaknesses. You know who is good at technical work. You know who is creative. You know who is whiny. You know who can sell ice cubes in a blizzard.

The disadvantages are that you've got to pull the team from your existing staff, so you can't keep fix any weaknesses that already exist in your potential team members. You have to deal with the politics of pulling someone from another group's staff. You can't ignore the fact that you can damage relationships if you steal too many of the best people from other departments. Additionally, you may know that John is the best possible person, but John has no interest in being on your team.

bon John's manager won't let ~~up~~ him join. You may find pulling together an internal team super frustrating.

If you have to hire from outside, you've got to think long and hard about budgets. Sometimes you've tempted to throw ~~of~~ all of your money into hiring the superstar but then you have to hire entry-level people for all of the other positions. They may not balance out your superstar.

Other times, you may think that the best path is to hire cheap help and get as many people as possible for the smallest salaries possible. It doesn't work either.

While you have to work within your budget, you may want to hire a superstar, or you may need a whole bunch of worker bees. Give whomever you hire, careful consideration.

# SUCCESSFUL ENTREPRENEURS

*/Successful stories of today's Indian global leaders*

***Climbing the leadership ladder:*** *"Exemplary leaders believe they have a responsibility to extend people's growth and to create an environment where people constantly learn. Those are the surest ways to generate intellectual capital and to use that capital to create new value. In the next century, that will be every leader's ultimate task."*
— *Warren Bennis, leadership expert*

## PASSION WORKS WONDERS

Being a successful entrepreneur, some say, has a simple recipe. Spot an opportunity, Take Risk, Think Big, Sell the vision to various stakeholders and in between all this, Hire Great People. Then, Just Focus, Execute and of course correct when necessary.

This list of First-Generation Entrepreneurs have made it big only in the recent past; and they have managed to achieve it mostly on their own. What sets them apart is their passion to perform, their ability to sail through highs and lows, and their never-say-die attitude.

## *Cool Operator: Sunil Bharti Mittal*

At age 14, Sunil Bharti Mittal had made up his mind to do something exceptional in life, though he didn't know what. But the second son of politician Sat Paul Mittal had decided he would be in business, not politics. That fire in the belly to do something different has been the driving force in Mittal's life.

Armed with a graduate degree from Punjab University, Mittal started his first business venture at 18 years of age in the manufacturing sector with a capital of ₹ 20,000. This was 1976, and his choices in Ludhiana were limited; so he tried his hand at manufacturing crankshafts and cycle parts. Then feeling the need for a bigger canvas, Mittal moved to New Delhi in 1978. With no big industrial family to fall back on, trading seemed to be the best option and he was soon importing portable generators. But in a turn of events, the government banned import of generators, and Mittal soon had nothing to fall back on. Six months later, Mittal happened to visit a trade fair in Taiwan where he was introduced to push-button telephones, and he soon began importing them to India. It was this foray into the fringes of the telecom industry that got Mittal excited. And it was the listing on the bourses that brought Mittal into the limelight. Today his empire is a conglomerate (₹ 72,000 crore by market cap, with a customer base of 18.5 million GSM subscribers and 1.3 million broadband and fixed line customers). His plans are now to diversify into the food retail sector, with an initial investment of ₹ 6,000 crore.

# The Buzz in Biotech: Kiran Mazumdar-Shaw

One April morning in 2004, Bangalore's leading biotech player Biocon listed on the National Stock Exchange. Its market capitalisation was $1 billion and its largest shareholder, Kiran Mazumdar-Shaw became a much richer woman in a matter of minutes. Starting out as a small enzyme maker in 1978, she built Biocon into a biopharmaceutical company of global reckoning, piece by piece. Luck no doubt had something to do with it, but mainly it was perseverance and plain old hard work that got her to where she is. Moreover, she had neither business background — her father was a brewmaster with the UB group — nor did she had a management degree. Mazumdar-Shaw like Azim Premji and N. R. Narayana Murthy, built her company by leveraging intellectual capital and creating a knowledge business. For the longest time, biotech was a black box which few people could fathom. So Biocon's business model was not widely understood. From making enzymes for an Irish partner, Mazumdar-Shaw progressed to developing proprietary manufacturing technology, moved into contract research and drug development, creating the building blocks for Biocon's future in biopharmaceuticals.

In a worldwide poll conducted by *Nature* magazine, Mazumdar-Shaw was voted as the most influential person who has distinguished herself in biotech outside the US and Europe. She is in the company of greats — the American nominee is Arthur Levinson of biotech giant Genentech and the European winner is Dan Vasella of Novartis. That Mazumdar-Shaw overtook Philip Yeoh of Singapore's EDB who is chairman, Agency for Science, Technology and Research as also Eli Hurvitz of Teva Pharmaceuticals, makes this a sweet victory indeed. Curiously, this biotech icon got fewer votes in India prompting Nature to comment that she seems to be more popular outside her home country. Mazumdar-Shaw takes that in her stride. "This is a huge recognition for Indian biotech," she declares modestly.

# No fills man: Captain G. R. Gopinath

Gorur Ramaswamy Gopinath came from a small remote village called Gorur in Karnataka. A graduate from the National Defence Academy, he started his career as a commissioned officer in the Indian army; but returned to his village with ₹ 6,000 in his pocket, saw an opportunity in agriculture, and later won a 'Rolex award for Enterprise', for breaking new ground in ecological silk farming.

In 1995, however, Gopinath moved to Bangalore to secure his children's education and it was here that he began his tryst with the airline industry; setting up Deccan Aviation, India's first private heli-charter company. Encouraged by its commercial success he set up Air Deccan in 2003 with one 48-seater ATR turboprop aircraft that connected low-traffic destinations. Not that Gopinath had it easy. A few seconds before the inaugural take-off, the aircraft engine caught fire and passengers had a miraculous escape. Then came in opposition from other airlines on parking rights, check-in counters and fight timings. Even today, with its balancesheet continuing to bleed, critics say the company is going about in a haphazard manner.

But despite the occasional skid or two, what cannot be dismissed is that Gopinath has led the no-frill and low-cost strategy in Indian air travel. And Air Deccan has grown to a fleet of 28 aircraft, its schedule has increased to 221 flights, its route network stretches to 51 airports, it has carried about three million passengers to date, and has an average load factor of 85 per cent.

# Riding the Bull Wave: Sameer Gehlaut

Unlike Gopinath, the 30-something Sameer Gehlaut did not start small. A mechanical engineer from IIT, Delhi, he had a successful earth-moving business — Mackenna Minerals and Equipment. With money saved from this, and from his earlier jobs at oilfield services companies Schlumberger and Halliburton, he bought a seat on the Bombay Stock. Exchange in 1998-99 through Inorbit Securities.

By year 2000 friends Rajiv Rattan and Saurabh Mittal, whom he had worked with at Schlimberger and Halliburton, joined in, and Inorbit was renamed Indiabulls. When the company listed on the bourses in 1999, it cost ₹ 19 a share. This mind you, was followed by the dot.com bust; and it wouldn't have been unreasonable for many to consider it part of just that.

But remarkably, the company diversified and is today a leader in retail financial services, with a network of over 270 offices in over 90 cities. Along with its subsidiary companies, it offers consumer loans, brokerage and depository services, mutual funds, personal loans and home loans.

### Highs and Lows: Avnish Bajaj

It isn't easy being an entrepreneur at times, and Bajaj at 34, knows this well. A B.Tech. in computer science from IIT Kanpur, Bajaj moved to the US to further pursue education, and passed out as Baker scholar from Harvard Business School. He then went on to work with Goldman Sachs. In year 2000 he returned to India to form Baazee.com, along with fellow Harvard Business graduate Suvir Sujan. Like Gehlaut, he too survived the dot.com bust. In four years' time, Baazee.com established itself as the only auction Website in India with a sound business model. Baazee.com was bought out eventually e-Bay for $50 million.

But the lowest ebb in Bajaj's career was yet to come. In year 2004, accused of facilitating the sale of 'obscene material' through his website, Bajaj was arrested and had to spend more than a week in a Tihar jail, just like any other undertrial would. The industry's strong reaction to his arrest is a known story, and it still stands by his side. There is an amendment in the IT Act that is being pushed for, which insists on equitable liability between the host and the uploader of content.



But even all the education in the world and the money made, do not guarantee an entrepreneur a smooth ride. For Bajaj it was quick recovery that was essential. "On average, life is fair," he says. "Yet, this happens when one takes a long enough period of time into consideration — over short periods it can swing either way."

Today Bajaj is on a short sabbatical in the US, but has not lost faith in the Indian story (he' continues as chairman, e-Bay India). Meanwhile, he is building up his investments in the Indian stockmarkets as a small investor, and his bets are on the pharma sector.

# DREAMING BIG

Entrepreneur achievers who write their own success stories have, A Clear Vision; Desire to Excell; Clear-cut Strategy.

Ask venture capitalists what they look for in a company they like to fund and the first thing they say is the market they are in and vision; second: people; and third: a unique value proposition.

In India today few other sectors receive as much early- and mid-stage investment as information technology. The companies below are IT start-ups who've been through the initial struggle, and have managed to convince others to be big money on their small ventures. More importantly, as venture capitalist puts it, they have "their skin in the game."

This required many to give up cushy jobs, and risk it out in the hope of making it big. All have one problem in common: building a good team. Will they succeed? Watch this space.

## *Makemytrip.com, Delhi*

When Deep Kalra graduated from IIM Ahmedabad (1992) his career choice was obvious — the corporate sector — and he joined ABN Amro. Thereon, he moved to AMF Bowling (which introduced the concept of pool and bowling in many parts of the Indian subcontinent) after which he joined GE in business development. "Somewhere along the line I got restless and wanted to do something of my own. In 1998, I planned a trip to Thailand and the bookings were made on the net — which turned out to be 30 per cent cheaper and was also very convenient. That's when I decided to set up a travel portal of my own," says Deep Kalra, founder and CEO of MakeMyTrip.com.

E-Ventures invested close to ₹ 10 crore in the business, from which he began to cater to the US market. "Subsequently, E-Ventures decided to close shop in India as the partners wanted to set out on their own overseas. We brought back our equity which was backed by a small group of investors," says Kalra. Then came the next stage — of setting up a portal for the India-based customers.

Today Makemytrip has grown to from 42 people (when we started six years back) to over 200 people. "We will meet our projected revenue of ₹ 190 crore by end March 2006. Besides, there is ₹ 20 crore in cross commission that would come to our kitty," adds Kalra.

## Ocimum Biosolutions, Hyderabad

Anuradha Acharya, after studying physics for five years at IIT, Kharagpur, moved to the US to acquire a master's degree in management information systems and a master's in physics. "But when you know you can't be best in a field, it is important to move out at the right time," she says.

So Acharya, along with a friend, formed Ocimum Biosolutions (Ocimum in layman's terms means tulsi) in the US and then established a base in Hyderabad. What started out as a contract research firm in year 2000 has developed into a company with several products. In fact, Ocimum's product Optgene — a gene optimising tool — won an award from Nasscom: 'IT Innovation of Year award.'

She recently acquired a small company in Germany, and says that it is the company's customer base that has come of help the most. Ocimum is today a complete life science. R&D enabling company with focus areas in BioIT, microarrays and contract research. Acharya is close on the heels of raising $5.5 million in private equity money she wants to use for more inorganic growth.

## Gridlogics, Pune

Girish Sinha raised $600,000 in 2006 in VC funding from IndiaCo Ventures. Sinha, an engineering graduate from Ranchi, worked with the erstwhile Hughes Software (now Flextronics) in New Delhi for three-and-a-half years before setting up Gridlogics in end-2003 to help companies and institutions meet their growing computing requirements. "I was looking around for incubators and came across IndiaCo," he says.

Grid computing, Sinha explains, is "binding multiple computers to act as one, with all their power combined." "There's whole lot of data which needs to be run every five seconds or so and evaluated for action," he says.

The money Sinha has just raised will help him enhance his products, develop marketing and sales operations and take a strategic interest in a couple of applications companies. "Our products don't have a direct route to the market," he points out. "We provide components for the grid infrastructure, which need to be bundled with an application for end users like banks, universities, R&D establishments, energy vendors."

## Vegayan Systems, Mumbai

Girish P. Saraph spent 13 years in the US after he decided to return to India to work as an associate professor with the Indian institute of Technology, Mumbai, in the department of electrical engineering. Here he invented a routing technology that he claims improves significantly the flow of packets of data. Based on the MPLS (multi-protocol label switching) model, it gives network operators flexibility in diverting and routing traffic around link failure, congestion and bottlenecks.

Saraph calls this the VS routing scheme, and says it is highly scalable and dynamic. Depite it being a more expensive proposition, he has filed for international IP protection. Vegayan recently raised $75,000 as venture capital funding from the California-based Draper Fisher Jurvetson (it was one of two companies selected out of 125). "The funding is most welcome," he says, "but a large part will go in building a team and paying high salaries, that even Indians are now getting used to."

A leader, Napoleon Bonaparte once said, is a dealer in hope. He couldn't have been more accurate. Leaders are the ones who envision great things and lead others to achieving them. They are the ones who, by appealing to a greater cause, bring vastly different people with often conflicting objectives to work together towards a common goal, and they are the ones who, when everyone else is lost, seem to know the right direction.

The entrepreneur leaders of the 21st century who have pioneered certain businesses, are relatively young, well educated, smarter, ambitious and highly motivated than most of their peers, are driven, or are simply dogged. They do not hesitate to take on seemingly impossible goals and inspire everyone else around them to help achieve those goals. Needless to say, India needs entrepreneurs in every sphere to do the job of inspiring all other young Indians in the 21st century. Further, fulfilling ambitions and dreams, breathing life into promising innovative business ventures, partnering enterprises on the move, till they reach the peaks of success, providing them with a long-term partnership for accelerated growth and encouraging foresight and drive are the principle tasks of business leaders.

# WORLD LEADERS IN BUSINESS TECHNOLOGY AND INNOVATION

There have been a large number of outstanding successes in the US. In India we are only now beginning to see the emergence of a culture of innovation in high tech. A lot can change if industry and the government put their minds to it. That's when we will really join the world leaders in technology and high tech.

**Warren E. Buffett** Created a **stock market** portfolio with spectacular results.

**James G. Fair** Was part of the largest find **silver** in history.

**William Weightman** Developed a new malaria drug and found new uses for citric acid.

**Moses Taylor** Controlled the **bank** that would become Citibank.

**Russell Sage** Was a **financier** who invested in railroads and public transit.

**John I. Blair** Built a **railroad** network in the Midwest.

**Edward Henry Harriman** Turned around poorly performing **railroads**.

**John D. Rockefeller** Once controlled 90 percent of the nation's **oil business.**

**Cornelius Vanderbilt** Undercut competititors' **steamboat** prices; bought **railroad lines** in his late 60s.

**John Jacob Astor** Sold his **fur** business to invest in New York City real estate.

**Stephen Girard** Used his shipping fortune to enter **banking**; helped finance the War of 1812.

**Bill Gates** Co-founder of **Microsoft.**

**Andrew Carnegie** Built a **steel** empire, then gave most of his money away.

**A.T. Stewart** Founded the first **department store** in New York, on lower Broadway.

**Henry Huttleston Rogers** Partner with John D. Rockefeller in Standard **Oil.**

**J.P. Morgan** Was a famed **financier,** underwriting the mining, rail, steel and utilities industries.

**Oliver H. Payne** Served as treasurer of Standard **Oil.**

**Henry Frick** Built a **coke-making** enterprise; was an aide and then a rival to Andrew Carnegie.

**George Pullman** Developed a comfortable **railroad** sleeping car.

**Collis Potter Huntington** Built the Central Pacific **Railroad.**

**Peter A.B. Widener** Owned **streetcar** tracks in Philadelphia and in other cities.

**James C. Flood** Benefited from the largest **silver** find in history.

◈ ◈ ◈