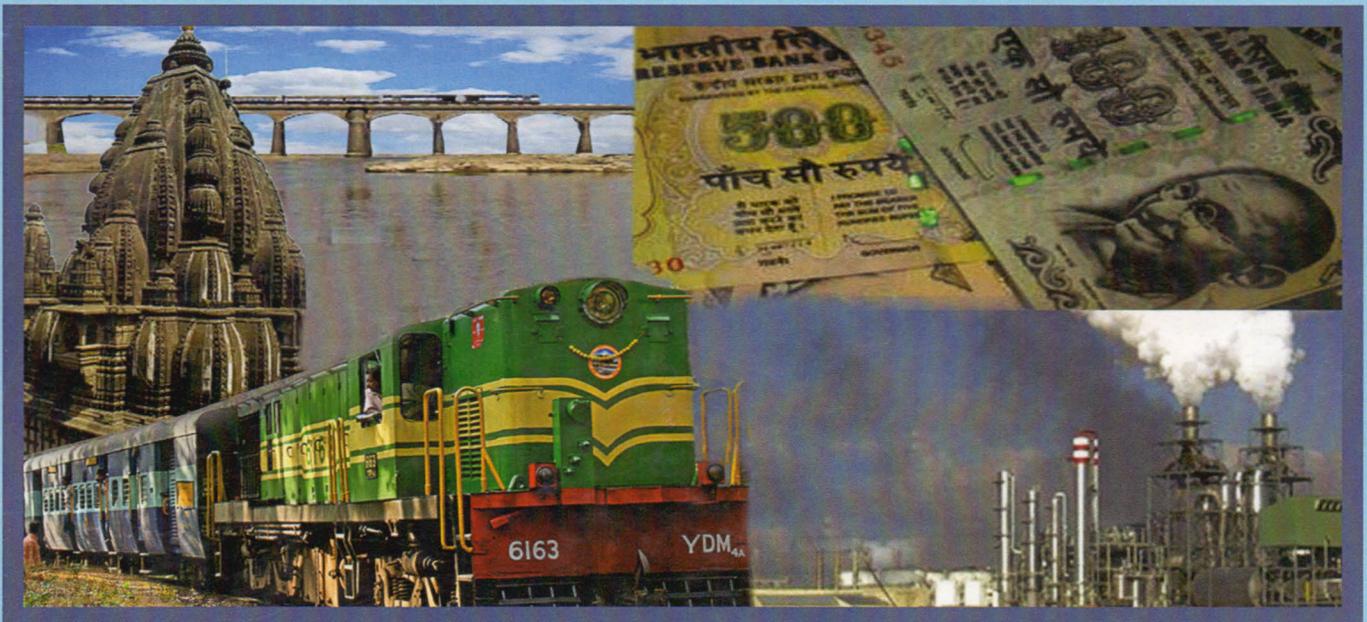


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## Department of Commerce

Naigaum Education Society, Mumbai's

Daund Taluka Arts and Commerce College,

Daund, Dist. Pune - 413 801

Maharashtra, India

NAAC - Accredited "C<sup>++</sup>" Grade College Affiliated to Pune University

Id.No. PN/ASC-044(1982)

Website : [www.daundcollege.com](http://www.daundcollege.com)

Email : [principal.dtac@gmail.com](mailto:principal.dtac@gmail.com)

# LEADERSHIP STYLES AND ORGANIZATIONAL EFFECTIVENESS IN SERVICE SECTORS: AN ANALYSIS

**Mr. Raju R. Shrivasti**  
Assistant Professor,  
Sinhgad college of Arts and Commerce,  
Narhe, Pune-41

**Dr. Sarang S. Bhola**  
(Research Guide)  
Associate Professor,  
Karmaveer Bhaurao Patil Institute  
of Management Studies & Research,  
Satara - 415015

## **Abstract:**

Present study is directed to know the relevance of leadership in service sectors like banking sector, insurance sector, education sector, hotel industry, tourism industry, communication etc. these service sectors are pure customers oriented and the organizations have to design policies by considering their expectations and needs. This research paper is based on secondary data in respect to conceptual as well as previous studies related to the significance of leadership style in service sectors.

**Keywords:** Leadership, Leadership Style, organizational effectiveness, Service Sector

## **1. Introduction:**

The success of an organization by and large depends upon leadership. Since 1991, organization has been observing and experiencing drastic changes in the concern to economic, social and international market due to new economic reforms. It brought many challenges before organizations. These include, cut throat competition, retention of skilled personnel, multi-cultural situation, global product and services, Modern services and technology. These challenges or opportunity calls for effective leader who can convert these challenges of change into opportunity. Services sector like banking sector, insurance sector, education sector, hotel industry, tourism industry, communication etc. these service sectors are pure customers oriented and organizations have to designs policies by considering their expectations and needs. Services sector contribute 59% to India's GDP along with it have contributed to more than 60% of India's growth during the period the last decade and half. Similarly, it helps to generate employment opportunities (V.K.Puri, 2012). Managers at different levels play a very important role in achieving objectives of organization and facilitating the realization of mutual goals. The traditional managerial skills emphasized on improving efficiency alone are no longer sufficient in today's dynamic environment. McFarland found that leadership cause to low or high morale employees. Manager with leadership skill or effective styles can improve organizational effectiveness through the customer focusing, team building, sharing knowledge, frequent communication, and remove performance barriers. It was rightly quoted by Bennis "to survive in the 21s century, we are going to need a new generation of leaders".

It was revealed that 60% to 70% of employees state that the worst or most stressful aspect of their job is their immediate supervisor. It's means that if employees are dissatisfied about their leaders it may reduce the quality of their work and it may directly impact on organization's image.(Warren Burke,2010)t Most of the theorist opinion that effective leadership is one of the most contributors to overall organizational success. so in the present study the researcher has studied the conceptual leadership and its significance in service sector on the basis of previous research done by renowned researchers.

## **2. Research Methodology:**

This research paper's main objectives are to study conceptual framework of leadership and second is to study relevance of leadership in service sectors. Similarly, this study is directed to examine the association between leadership styles and employee in respect to customer's satisfaction. The study has undertaken with a hypothesis that there is a positive relationship between leadership styles and positive attitude of employees. For that purpose, secondary data has collected to

justify objectives and hypothesis.

### **3. Conceptual Framework:**

According to Paul E. Motto "Organizational effectiveness as the ability of an organization to Mobilize it's centre of power for action-production and adaption (Dr. P .SubbaRao, 2009) In the words of Amitai Etzioni " Effectiveness is the degree to which with organization realizes it's goals (Ibid)

"Leadership, as the process whereby one individual influence other group member towards the attainment of defined organizational goals". (G.A. Yukl, 1989)

Leadership as, "the relationship in which one person or the leader, influence others to work together willingly on related tasks to attain that to which the leader desires." (Terry, 1968)

These definitions directed that leadership is related to influence the behavior of the people to attain the goal of the organization. It also denotes the abilities and capacity of leader.

#### **3.1. Leadership Styles:**

Leadership style denotes the behavioral pattern of leader toward task, employees and situation. Style may motivate or de-motive to employees. Basic three leadership styles coined by White Ralph, Lippitt and Ronald such as Authoritarian, Democratic and Laissez-Faire leadership styles. (Lewin, (1939)

**3.1.1. Autocratic Leadership Style:** It is task centre style. Leader centralized all the authority and decision –making power. He does not want to share or consult with subordinate about problem. His expectation is subordinates must obey his orders and do not raise any doubt.

**3.1.2. Participative or Democratic Leadership Style:** The main feature of this style is leader seek participation of subordinates in decision-making process. He takes opinion of employees before taking final decision. He allows more freedom and degrees of accountability through motivation. Democratic leader confer final decision authority to the group. He abides with subordinates decisions.

**3.1.3. Free-Rein or Laissez- Faire Leadership Style:** This is called hand-off Leadership. He makes clear to subordinates about jobs to be performed and responsibility to be attached. Leader never after job completion or direct supervision of work. Subordinates can plan themselves of their work.

**3.1.4. Transformational and Transactional Leadership:** This term coined by Burns, according to him transforming leadership is a process in which "leader and followers raise one another to higher levels of morality and motivation. (J.M, ( 1978) This type of leader emphasis on autonomy, justice, freedom, peace and humanistic approach through which they appeal people to attain the goal of the organization. Whereas transactional leadership believed that people work efficiently when they were properly motivated by reward and punishment. Leaders apprise employees on the basis of his performance.

#### **4. Review of Literature:**

The followings review is important to understand the relevance of leadership in service sector in respect to job satisfaction of employees and to delivery of qualitative services to customer's satisfaction, customer's retention and overall growth of organization.

There are many theories developed by economists, psychologists, philosophers and Management gurus and theirs main focus was how to motivate, inspire and create teamwork, change the attitude and perception of employees to achieve organizational goals. It includes McDougal's X and Y theory, trait theory, behavioral theory, Z Theory, two factor theory, Situational theory, Charismatic leadership theory, and Transformational leadership theory etc. it is rightly quoted by Peter Drucker that "Leadership is the lifting of man's visions to higher sights, the raising of man's performance to higher standard, the building of man's personality beyond it's normal limitations." (Peter Drucker, 1970) Leadership style has proved effective to mitigate the challenges of change organization is required change oriented leadership to face internal as well as external changes. Organization can be managed in crisis through change-oriented leadership. (P.Manikandan, Nov.2010)] Right leadership behavior is a main engine force for improving organization perfor-

mance. Organizational performance can be judged on the basis of financial and non-financial parameters. (Fenwick, 2008) Leadership style such as participatory, nurturant and authoritative indicate positive correlation with organizational effectiveness. It was found that leadership styles such as bureaucratic, participative and authoritative are important leadership styles in relation to various tasks and varied situations to make organization effectiveness (Dr.B.B.Mishra, 2005) Human resource management strategy can be converted into organizational performance by inspiring and motivation of the workforce by adopting transformational, charismatic and visionary leadership it arises the self interest of employees and enhance the job satisfaction of them. (Fu-jin Wang, 2010). Manager has to perform role as a leader or a mentor to build such culture where people continually increase their capabilities to comprehend clear vision, complexity and shared psychological needs. This leads to convert vision into reality. (Mehta, April 2011) A blend of appropriate leadership qualities and skills among managers create very good perception about them among the employees. Managers with leadership skills have a significant impact on organizational performance. Coaching and mentoring of employees can help in bringing positive change and innovation. It was found that charismatic i.e Job satisfaction and job involvement i.e. work commitment and job tensions have direct link with the leadership skills possessed by the manager or supervisors in the organization. (G.V.Sarveswara Rao.P.John, March,1977) leadership is positively related with job involvement and corporate image building. (Krishan, Feb.2004). Lack of proper behavior of management can cause to dissatisfaction among the employees such as interpersonal relationship among the managers and his staff. (Sengupta, 2008-09) Leader should have high degree of emotional Intelligence, which includes self-awareness, empathy and social skills, which directly bear on the organizational performance. (Goleman, 1998).



#### Leadership style and customers satisfaction model

On the basis of the above review of literature it was revealed that the leadership style is associated with the employees behavior, attitudes, motivation, and their requirements which can enhance their job satisfaction. If employees are satisfied about their work it may surely brings satisfaction to customers in respect to qualitative and quick services to customers. Similarly it helps a lot to the organizations such as building good image in the market, more demand for products and growth in profits etc. Thus it can be possible only through effective leadership styles adopted in the organization. It was found that proper guidance and friendly environment within the organization results into organizational effectiveness. So it is clear that there is a positive relationship between leadership styles and positive attitude of employees towards customer services.

#### 5. Conclusion:

Thus, service sectors are playing important role in GDP and in providing employment opportunities. It is a known fact that organization's success depends on customer's satisfaction, loyalty and believes on organization. Leader is the key person in organization who can understand customers need and expectation and try to motivate his staff to meet customer's goals. At the same time good leader also bridges the gap between management and employee. Thus, it is rightly remarked that leader should be good friend, guide and a philosopher.

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