



EMPIRICAL ANALYSIS OF LEADERSHIP SHAPING THE FUTURE VENTURES OF A BUSINESS MANAGEMENT (IMPACT OF LEADERSHIP ON BUSINESS MANAGEMENT)

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Abstract

This paper is subjected and focused to state what leadership means and how it is broadly classified into several categories. Now that it is the key word and holds weightage in every part and parcel of one's life the paper also explains the importance of leadership and even discuss the relevance of the same in business management. To have a successful business each leader inculcates a leadership style which is also expressed in the paper. Furthermore, it clarifies that whether leadership is essential and compulsory in the field of business management. All the resources have been gathered and expressed in own words (including opinion, perspective and understanding) from primary and secondary sources.

Keywords: leadership styles in business management, effectiveness of leadership, characteristics of leader, measure of effectiveness

Introduction

Leadership is the quality of being a leader. And a leader is the one who takes the responsibility to guide the members involved in the group. They are the one who lead and take in charge of the group so that each one of them reach new heights individually and as well. For the same there are diverse ways leaders manage their group. There are three major types of business styles that are implemented in the business management that was identified by Kurt Lewin in 1939^[1]. The business management is incomplete without inculcating and practicing these. Leadership is not only about maintain decorum and smooth functioning of the organization but also making sure the resources and the related tasks are distributed fairly on concrete evaluation of the members forte and interest.

Theory

Leadership is not a trait that can be achieved overnight. Management and leadership might sound synonymous however they are different terms. A manager can be a leader but not all leaders can be managers. The leaders motivate and guide the members of the business to perform better but it is the manager who springs into action to express these traits. In this way he/she performs all the functions of management that include planning, organizing, commanding, coordinating, and controlling.

Leadership is playing an integral role in all the businesses. 38%-leadership and management 34%-employees 17%-products and services 7%-suppliers and clients 5% systems and procedures^[2]

Now that the situations keep on changing there are separate ways in which a leader prepares and improvises the team. During the business management a leader must play like a bridge in linking



between the buyers and sellers and suggest and implement changes as and when needed. Now a days the leader does not need to stay at the top-notch position so the development of hierarchy in which people work under one and other thus flattening the organization is somewhere connected to laissez faire but here no one will supervise anyone, but the advice and correction can be passed in the whole circle instead.

The companies are progressing by developing onto the mental factor of the employees. The same is conducted by the leader.

- **To teach (coach) the people to self-development and improvise with the advancing AI and technology.**-This is mixed with transformational leadership (it is a theory of leadership where a leader works with teams or followers beyond their immediate self-interests to identify needed change, this way there will be efficiency in the business management.
- **Training workers to develop soft skills.**-The book-based knowledge can be acquired by all however it is the leader in the business management who makes sure the employees communication and presentation skills are at par. By this there is investment in human capital that is less preferred because the results have a time lag although there is a boost in productivity.

Real life approach to these methods is unique for each leader (a businessperson) therefore there are a diversified styles of leadership as well.

Autocratic/authoritative style -Here the leader is the decision maker and giver of the group and does not openly involve everyone in decision making therefore it is also called leader centered style. The autocratic style is incorporated during crisis when a leader is most valuable. You need someone who takes spontaneous complex decisions which can be taken without discussions and meetings. These contingency decisions made prevent immense loss to be incurred.

To start with, let us take into consideration Jeff Bezos best known as the Founder and Chairman of Amazon (online shopping website) who now has a net worth of USD\$ 171 billion. He had a successful business because of his autocratic style. In total he focused on the potential factor of leadership

Democratic/participative style -Here the leader has concern for both the people and the work. He makes a final decision only after consultation with the subordinates. This is the most effective method for day-to-day work as it allows the group to take part in decision-making. This gives teams a feeling of ownership over projects. ^[4]

For instance, the founders of Google, Sergey Brin and Larry Page were successful to inculcate the characteristics of the democratic leader. Where in the workers and the leader are equally important while making any crucial decisions for the business. This not only initiates fresh innovative and creative methods of production which boosts productivity and efficiency helps the firms achieve economies of scale also.

Delegative/free reign/laissez faire style -A manager/leader gives complete freedom to his subordinates giving independent personality. The entire decision-making authority is entrusted to them. There is least intervention by the leader and so there is free flow of communication. It is important to make sure each team member has the right skill level (then only no supervision is required) and self-direction capability.

For example, Arianna Huffington who is the Founder and CEO of HuffPost. She developed an environment that led to qualitative improvement. For the same she spent on human capital to



boost efficiency. For instance, she installed sleep pods so that the exhausted workers get enough rest to revitalize. This form of leadership comes under the delegative style of leadership.

Experimental

To measure the leadership sectors in the fields one can, use thePMD formula (potential, motivation, development)^[3]

For the same there were questions asked to the businesspeople in various fields. These questions determined and fetched the importance of leadership on business management by targeting the three key factors of traits(potential), tactics(motivation) and transition from idea to reality (development).

Questions for the interview of people (25) from different fields of different leadership style
8-autocratic; 5-democratic; 12-laissez faire

1. Difference between manger and leader

18/25 people found the manager as the person who executes the ideas and instructions given by the leaders. As the name suggests a leader is the manager. The 6/25 find them to be synonymous words.

2. What is/are the role(s) of a leader in business?

8/25 under the autocratic style consider the leader to guide and command the fellow members. On the other hand, 6/25 of the people of the democratic style find the leader to be a moderator who accepts others' ideas and give improvisations instead. Finally, the remainder who are under the laissez faire style describe the leader's role to supervise the business in general and solve the minor and major obstacles.

3. On what basis one gives a reward/incentive?

All the leadership styles follow the common route of bonus and overtime time pay which come under the extrinsic monetary factors. The reason for the same is that intrinsic motivation is often short lived and has scarce impact on the member. Furthermore, the industries consider the quantity the priority then the quality (as it can be altered and easier to achieve since majority of the production is capital intensive).

4. What you do when you (your business team) achieve failure instead?

12/25 of the people under the laissez faire spring into action and transform to take up the autocratic style which helps them to bring the business back on track because a lot of thinking and no work also invites disasters. Those under the autocratic style convert to democratic instead for short term period since being the leader they realize their planning and ideas aren't satisfying.

5. Is leadership important or the title. Was there a time you owned up the leadership although you weren't the leader?

12/25 (democratic and autocratic) consider it to be important because it helps in maintain dignity and status. Being selected as a leader means they have the potential. The leaders have the traits of self-respect and confidence that is boosted with not only their actions but also tag. The remnant, under the free-reign style don't consider it to be necessary as the leader is just the supervisor and not the manager since all the tasks are distributed equally within the business group itself.

6. Which one is better, long-term profit or short-term profit and why?



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It all depends upon the type of product produced and the market for the same. Although the short-term profits are found to be more rewarding at the current time for 3/5th of autocratic leaders and 1/5th of the laissez-faire leaders.

7. Is the flat organization (without hierarchy so no leader) a fad (trend) or the future? And why?

Here all the leaders interviewed accepted and stated that the flat organization is not that effective because the true potential of the workers are not recognized. Furthermore, there is no factor of promotion involved which is something the members often aim at. The leader of the democratic stated- “A business without a leader is like a proposal left unexecuted.”

Result

The interview conducted amongst the leaders coming under the three main leadership styles states that it is very important for a leader to be present in the business management because they are the one who have the potential to propose, plan and execute the plan of action. They provide the members incentive to work efficiently and productively and polish the participants by identifying their true innate talent. The flat organization system is just a new setup by the Generation Z since they don't expect supervision, order, and restriction which the leader sometimes opts for.

Discussion

Towards the end of the experiment, we can determine that there is always one leading body that takes in charge of the business management. They not only lead but also guide the workers under them. Although each worker is always going to be responsible for their own task however a source of recommendation and correction is eventually going to mold their work into a masterpiece. The people interviewed were optimistic about the further preference and acceptance towards leadership as they state that the leaders can multitask in business and imbibe various virtues in either of the leadership styles.

Conclusion

A successful leader in business management is the one who can set new benchmarks for others and inspire them to infuse characteristics of morale and self confidence in themselves. The way a leader behaves and takes decision depends on the position and situation he/she stands in. The leader who is at the top of the hierarchy often has the autocratic style since he decides and puts up the plan of action. On the other hand, the middle level leader tends to be delegative since she/he is the one who has daily connection with the team and is well versed with the progress as well as the challenges in executing the plan. However, the point of view keeps revising for instance the flat organization (part of the experiment). In the upcoming future it is likely that flat organization may become more common. To find out more about the same the leaders can implement either in phase, pilot, or parallel modes, keeping in the mind the costs and benefits. Leadership is just not a skill but a helping tool kit that has the capability to run the whole business smoothly. Thus, it is rightly said by Jack Welch-,” Good business leaders create a vision, articulate the vision, passionately own the vision, and relentlessly drive it to completion.”



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