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Leadership and Decision-Making Styles

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CHAPTER THREE

LEADERSHIP AND DECISION-MAKING STYLES

According to Dubois (2006), "Leadership is the process whereby one individual influences other group members toward the attainment of defined group or organizational goals" (p. 62). Evans (1996) suggested that leadership philosophy is conceptualized as the leader's values, behavior, and attitudes. Fuchs and Hofkirchner (2005) also suggested examining gender differences in the characteristics of executive leaders regarding management styles, strategic behavior, work-related values, family, and work conflict.

Pro-social outcomes of relationship competence and transformational leadership are mediated by the development of empathy, collaborative approaches to conflict, self-disclosure, and social interest (Jogulu & Wood, 2006). Gallivan (2004) determined communication styles are predetermined by societies. A secure sense of awareness develops positive models for engaging in exploration and risk-taking. Frize (2005) proposed that a self-efficacy process could have a positive impact on individuals before they choose to initiate their efforts. Similarly, Jogulu and Wood believed people have a tendency to weigh, evaluate, and integrate information about their perceived capabilities before they make decisions.

Autocratic Leadership

The autocratic leader is also referred to as an authoritarian leader. According to Bass (1990), autocratic leaders do not communicate with the employees beyond what is minimally required; they prefer definitive structures and dictate commands that followers are expected to comply. Authoritarian leaders do not welcome input from followers and are not concerned with followers' personal well-being (Likert, 1967). The despotic rulers of history preferred this type of

leadership. The impact of an autocratic leader results in independent and submissive followers who act more productive in the presence of the leader and less productive when the leader is absent (Argyris, 1953; Lewin, 1948; Lippitt & White, 1957).

Today, the autocratic style is not the preferred leadership approach because it does not encompass social dynamics and the building of relationships within a group. However, some organizations exist in which practicing this leadership style is necessary to achieve positive results (Marques, 2006).

While some believe that the autocratic style of leadership should never be practiced, Dew illustrated how this type of leadership can be an advantage within the right context. When leaders exert autocratic behaviors, it may serve to avoid conflict in instances where employees are submissive, but it may also create resentment and resistance against leadership and management. Another downside is that it may also lead to a fight for control between employees and management (Dew, 1995). Rotemberg and Saloner (1993) believed the autocratic style of leadership can be useful when the organizational environment lacks new ideas.

Democratic Leadership

This book uses Tierney's (1989) definition of organizational democracy. Tierney (1989) stated "… democracy concerns the manner in which organizational participants define and come to terms with the principles of social justice, equality, diversity, and empowerment" (p. 125). The democratic leader is someone who prefers to establish direction based upon the opinions of the majority. Marques (2006) described the democratic style of leadership as beneficial within the academic environment when implemented.

Dew described conflict resolution within an environment led by a democratic leader. "Democratic leaders come to understand that conflict is a normal part of any team effort. Each individual has a

different type of personality, different knowledge, and different experiences. It is perfectly normal for people to be in conflict. Democratic leadership allows conflicts over issues and personalities to be resolved instead of denied. Conflict over control tends to disappear" (Dew, 1995, p. 53).

Laissez-Faire Leadership

Lewin, Lippitt, and White (1939) conducted a study to examine leadership within boys' clubs that resulted in one of the first references of the laissez-faire leadership style. The study determined that autocratic leaders demonstrated more control over the laissez-faire leaders. Laissez-faire leaders adhere to the status quo and rarely interfere or cause conflict by introducing new strategies or organizational direction.

In the laissez-faire style, the leader has a more standoff approach to leading and allows subordinates to manage themselves. This approach works best in organizations that have a strong sense of self-direction and highly skilled workers who can manage their customers (Marques, 2006). The productivity, satisfaction, and cohesion of organizations led by laissez-faire leaders are hindered by leaders who are unable to provide sound direction (Bass, 1990).

Transformational Leadership

Transformational leadership is significant because of its application to current work situations (Avolio, Bhatia, Koh, & Zhu, 2004; Beng-Chong & Ployhart, 2004). Beng-Chong and Ployhart posited that since changes within the economy affect organizations, leaders of organizations must contend with uncertainties in market fluctuation. A transformational leader must be able to view the organization as constantly reinvented to implement change when needed for improvement (Sashkin,1988).

An organization should be reviewed from a level that permits the

vision and the future of the organization to be interpreted, with appropriate goals, objectives, and strategic plans clearly set (Burns, 1978; McCabe & Naude, 2005; Russell & Tucker, 2004).

Women generally display transformational leadership traits. A study by Groves (2005) discovered that women's extraordinary social and emotional competencies assist in appealing leadership behaviors. Given the powerful effects of charismatic leadership on team cohesion, organizational performance, and follower performance and attitudes, women may indeed possess a decided advantage regarding the interpersonal skills and behaviors necessary for effective leadership in modern, change-oriented organizations (Groves, 2005, p. 40). Atwater, Avolio, and Bass (1996) found that men are more likely to display transactional leadership than women, while women tend to perform transformational leadership behaviors, particularly individualized consideration, more often than men.

In opposition, Komives (1991) and Maher (1997) found that transformational leadership is not influenced by gender. Carless (1998) and Gazso (2004) found that superiors rated female managers higher on transformational leadership while their subordinates rated men and women equally on transformational leadership style.

In contrast, men exceeded women on the transactional scales of management-by-exception and laissez-faire leadership. The results of these studies are inconsistent, but they do suggest that women score slightly higher on transformational leadership style assessments than men.

The transformational leadership style encourages subordinates more than other leadership styles, which tend to be more authoritative. The results of using transformational leadership are caring employers and loyal and lasting employees who will remain faithful to the organization (Archambeau, 2006).

Today, women are occupying leadership roles traditionally occupied

by men. As transformational leadership theory becomes more popular with organizations (Morrissey & Schmidt, 2008), the relationship between gender and leadership style has been an increasing topic of interest to organizations (Catalyst, 2005). The studies indicating a higher rating for women on the transformational scales are significant for the future of women executives (Morrissey & Schmidt, 2008). The increase of research results that point to a positive relationship between organizational success and transformational leadership is in contrast to results that indicate a negative relationship between management-by-exception passive leadership and laissez-faire leadership (Thyer, 2004).

The investigation of why women score higher than men on levels of transformational leadership has launched several theories. One theory is that women have to meet higher standards than men to attain and retain leadership roles. Another theory states that women in management meet with resistance when they demonstrate traditional authoritative styles. Proponents of this theory believe that women leaders' gender roles in society are similar to a transformational leadership style in management (Backhouse, Burns, Dani, & Masood, 2006).

Decision-Making Styles

The leadership skills necessary for management are rooted in good judgment and decision-making; these leadership skills also lead to wisdom. One can measure a leader's wisdom by the way in which he or she appropriates judgment and decision making to the right situation. According to Kennerly and McGuire (2006), wisdom is an action-oriented construct. Many organizational decisions are highly complex. Due to the intricate nature of some decisions, a broad knowledge base facilitates understanding, interpreting, and integrating the information for better decisions or outcomes.

Kedia, Nordtvedt, and Perez (2002) posited that uncertainty is the sole reason organizational leaders search for additional relevant information to find clarity. Leaders acquire additional information by scanning the environment for useful data and synthesizing all information for better decisions (Kedia et al.). To acquire the skills necessary to maintain a competing enterprise, decision-makers need to immerse themselves in the current flow of information and real time engagements, which will in turn lead to improved personal skills and knowledge in these respective skills. Eiserhardt (as cited in Kedia et al.) discovered no major differences for why leaders sought additional information when he wrote, "When decision-makers immerse themselves in real-time information, they acquire deep personal knowledge of the enterprise" (p. 26). The argument supports the contingency theory, which urges leaders to consider more than one source of information in the decision-making process.

No universally accepted classification of decision-making styles exists, and decision makers differ with respect to the information used, the alternatives considered, and the integration of multiple inputs (Bradberry, Eberlin, Kottraba, & Tatum, 2005). The fundamental consideration should not be just the decision-making style, but also the type of decision reached. Rausch (2005) and Bradberry et al. agreed that leaders should distinguish that effective actions are the

foundation of sound decisions, and sound decisions originate from understanding of all controllable matters that could affect the result.

Women in leadership and decision-making roles can influence the policies and directions of organizations (Ahuja, 2002). Ahuja posited that women in leadership value support from their organizations. In contrast, Catalyst (2005) described the negative stereotypes and perceptions of women in leadership positions and their abilities may be a factor for gender disparity in decision-making amongst men and women in many organizations. For an organization to flourish, leaders need to act selflessly and put organization's needs before their own. One of the downfalls to the success of an organization is the shortage of dedicated qualified talents who are willing to make the necessary personal adjustments to bring forth success.