

Group Dynamics
Prof: Pooja Garg
Department of Humanities and Social Sciences
Indian Institute of Technology - Roorkee

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Group Leadership: Part - VI

Hello friends welcome back in our previous discussion I started with the module group leadership and I discussed about how to define group leadership and different styles of leadership in terms of democratic autocratic and legislative leadership. Today I will talk about the contemporary models of leadership which are very much relevant to the present situation present organizational state pertaining to rapid, change in changes and technological advancements.

To overcome these tough competitions that are prevalent in today's market so I will talk about the first approach to contemporary leadership. It is leader member exchange theory this is a theory which was also known as vertical diet linkage theory where a leader tries to maintain a direct relationship with his or her follower. In other words, this, theory states that when the leaders focus on the dietic relationship between a leader and the follower then there is a special relationship with that follower while ignoring the other members of the group.

Now here ignoring the term I am using is that is because that the leader shares a special relationship or bonding with one employee and maybe a formal bonding with the other employee. So under this, kind of model that is leader member exchange theory model the leader tries to maintain or have trust and emotion and respect based relationship with some members and gradually the leader tries to have the same kind of trust and relationship respect with the other certain followers as well.

Now when these followers become very limited in number then the leader forms an in-group with those members, and with whom he is maintaining a very formal relationship those members become the part of out group within that organization or group itself. So according to leader member exchange or LMX theory the leader forms strong trust emotional and respect-based relationship with some members of the team but not with others.

Now not with other means that the leader tries to; maintain only formal relationship, or working relationship with the other members. So the theory are used that because of the time pressures

and certain demands leaders establish a specific or special bonding or relationship with the small group of followers whom he trusts a lot. He respects the members a lot and there is an emotional and psychological relationship with those followers.

And these individuals make an in-group if you, remember I have already talked about in-group and out-group in the second module that is group process. So that actually is that the members are highly trusted. The leader gives disproportionate attention to the followers. And at the same time the followers or the members of the group, those members of the groups also share some special privileges through the leader.

So this is how they form an in-group, within the organization while the other members are considered as out-group although some working relationship is maintained with those members of the out-group. Now at the same time the in-group also consists of members even if they receive much more privileges and advantages. But then at the other hand the in-group members also have more responsibilities to take up the task and they are more encouraged to express their opinions.

So once they express their opinions they are beyond restrictions and they try to frequently give their own input that how the task has to be performed. So the leader is highly influenced by the decision-making process at the same time. Because the members of the in-group are very much involved they are highly participative in the decision-making process.

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Approaches to Contemporary Leadership

Leader-Member Exchange Theory (LMX)

The leader-member exchange (LMX) theory is a relationship-based approach to leadership that focuses on the **two-way (dyadic) relationship** between leader and followers. It is also widely known as the **Vertical Dyad Linkage Theory**. The goal of LMX theory is to explain the effects of leadership on members, teams, and organizations.

- ✓ The leaders form strong trust, emotional, and respect-based relationships with some members of a team but not with others.
- ✓ The LMX theory argues that because of time pressures and certain demands, leaders establish a special relationship with a small group of their followers. These individuals make up the **in-group** ---they are trusted, get a disproportionate amount of the leader's attention, and are more likely to receive special privileges. Other followers fall into the **outgroup**.
- ✓ The in-group consists of members that receive greater responsibilities and encouragement and are able to express opinions without having any restrictions. Their ideas are frequently considered by the leader, to the extent of being influenced in his decision-making process. Additionally, the in-group members are able to obtain more access to resources.

Additionally, that in-group member are also able to obtain more access to the resources. Since they are participating in the decision-making process and they are enjoying more privileges than

the other members of the out group then they also have more access to the resources. So in that way when the members of the in-group are enjoying and they tend to receive so much of attention, from the followers they when the decision making also process becomes very effective in its own way.

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- ✓ Whereas the out-group relationship is more formal and based on the contract of employment. Members that belong to this category are generally disfavoured by the leader. Thus, their viewpoints and ideas are less likely to be accepted. Furthermore, they may not have full access to resources and are allocated fewer responsibilities that rank lower on the subject of importance
- ✓ The theory states that leaders induce LMX by rewarding employees with whom they want a closer linkage and with whom they do not. For the LMX relationship to remain intact, the leader and the follower must invest in the relationship
- ✓ In the LMX theory, the in-group members have demographic, attitude, and personality characteristics that are similar to those of their leader or a high level of competence than outgroup members
- ✓ LMX influences work outcomes in terms of improving trust, motivation, empowerment, creativity, innovation, and job satisfaction. Also, receive high-performance ratings, engage in citizenship behaviors, engage less in counterproductive behaviors at work, and report greater satisfaction with their superiors

Further when the followers are considered in the out group then the relationship is more formal and it is contract based. That means it is one to one and it is completely professional in nature that whatever the tasks they have been assigned to perform they just perform to the point. Beyond that there, is no exchange there is no sharing with the leader. So members that belong to this category are generally disfavoured by the leader.

Here disfavoured means not preferable for other tasks like that of in-group members thus their viewpoints and ideas are less likely to be accepted. Furthermore they may not have full access to resources and are allocated few responsibilities that rank lower on the subject, of importance. That means the members of the in-group can have more opportunity to focus on the better issues and perspectives of the organization while members of the out group they are just focusing on smaller issues which does not have any much impact on the organization.

So the theory states that leaders induce leader member exchange by rewarding employees with whom they want a closer linkage or, closer relationship and with whom they do not. So that means it; is leaders discretion to develop and form trust on what members and what not. And for this leader member exchange relationship to remain intact the leader and the follower must invest in the relationship.

That means here investment in the relationship means that the leader and the follower must reciprocate to each other. It should not be, that members of the in group are enjoying all the privileges and in reciprocation there is no participation in the decision making process or the in-group members fail to make optimum use of the resources that have been allocated day to them.

So that investment should be in form of reciprocation further in the LMX theory or leader member exchange theory the in-group members have demographic attitude, and personality characteristics that are similar to the leader. This also forms a basis if knowledge skills and abilities can form a basis that the members can become close or develop trust or form trust on the leader.

Then some other characteristics such as demographic characteristics geographical or personality or attitude similarity also plays a major role that members tend to form more trust on, leader and follower that is on each other. So that enhances the competence or it leads a higher level of competence than out group members. Because there is more interaction with people who are having similarity in terms of attitude in terms of personality in terms of demographics in terms of knowledge, skills and abilities.

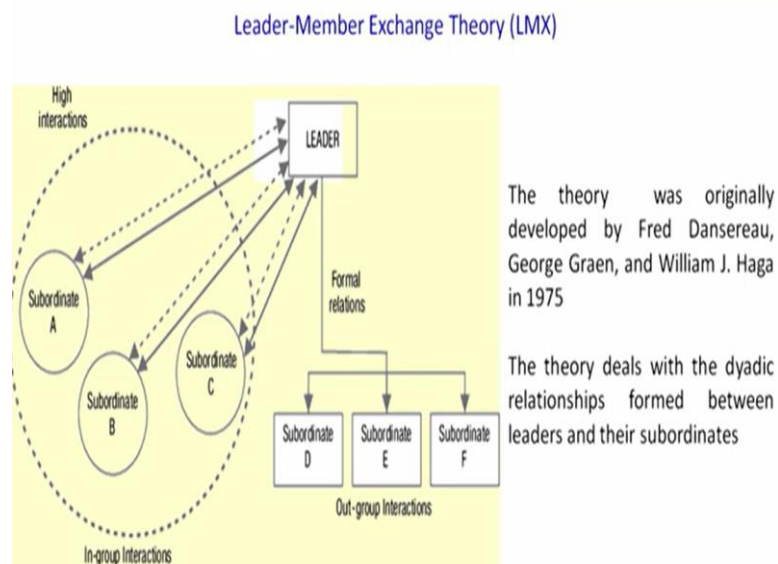
Therefore leader member exchange influence is work outcomes in terms of, improving the trust, motivation, empowerment, creativity, innovation and job satisfaction. This is but obvious that when the in-group members are getting disproportionate attention from the leader have more access to the resources available in the organization than definitely the motivation level has to be high. The job satisfaction is also high there is more trust on leader and the follower that is, they both trust each other.

There is more freedom there is more empowerment in decision making process that means the decision-making latitude spans to a length and it fosters creativity and innovation. Thus it receives high performance ratings and engage in citizenship behaviors that means the leader and the members are rated high by each other. And just because their ratings are high there are more, opportunities to engage and participate in decision making process.

Then they become more preferable to each other engage in citizenship behaviors that mean they engage in discrete discretionary behaviors which are not awarded by the formal reward system. They are not being recognized by the formal reward system but the members try to contribute

to the individual and organizational, growth. They engage less in counterproductive work behaviors that means they more align towards organizational goals they engage in less non-productive work behaviors and report greater satisfaction with their superiors.

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So this is the leader may exchange theory diagram where it is very much clear that leader have share trust and have a strong belief on some members of the organizations and, they form group in group. That means subordinate a b and c they form in group with the leader and where the interaction is very high. Whereas subordinate d e and f they are the members of the outro with whom the leader is maintaining only the formal relationship only the work talking relationship with the subordinates.

So this is how leader memory exchange theory has been developed based on in group, and out group that there is a stark difference. Now that what contingency theories of leadership focused on and what leader member exchange theory as a contemporary approach to leadership has been approached upon. So this theory was originally developed by Dansereau George Graen and William Haga in 1975 and the theory deals with the diadic relationship.

Here diadic means 2 people one to one if 3 people it is tried so here it is specifically the dietic relationship formed between the leaders and the subordinates one to one. So in the diagram also we will see a leader has a direct relationship with subordinate that means leadership leader and a. Then leader b and leader c it is one to one so this is how in group and out group significance of in group and out group or applicability of in, group and a out group or suitability of in group and out group can be understood based on this LMX theory right.

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Transformational and Transactional Leadership

Identifying charismatic characteristics of leaders has become very important as organizations need to transform the traditional ways of being led to meet the challenges of the dramatic changes

Burns identified two types of leadership: transactional and transformational, by explaining that: **transactional leaders** are leaders who exchange tangible rewards for the work and loyalty of followers. **Transformational leaders** are leaders who engage with followers, focus on higher-order intrinsic needs, and raise consciousness about the significance of specific outcomes and new ways in which those outcomes might be achieved

Next comes, transformation and transactional leadership style this is one of the most functional form of leadership style because they go hand in hand. We will not only talk about transformational leadership or only about transactional leadership style these goes hand in hand. Because, according to OB professionals transformational and transactional leadership they are not good or bad or they are right or wrong there is no question about it.

But yes when we are talking about leadership effectiveness then matching people or the follower with this situation then only appropriate leadership can become effective. So based on the followers and based on the situation and as per the, situation in the current times then transformational and transactional leadership are very much significant in their own way. So if I say that identifying charismatic characteristics of leaders has become very important as organizations need to transform the traditional ways of being led to meet the challenges of the dramatic changes.

Earlier it was like either it has to be democratic autocratic or, lazy swear no matter whatever is the environment we are executing only three specific styles of leadership. But when; we are talking about the recent or contemporary change that has taken place so fast. In today's economic scenario then we need to understand that even charismatic leadership also plays a major role in terms of influencing and inspiring the followers. It is not about dictating it is, not about imposing it is not about creating certain rules and regulations by the leaders to follow.

It is also about inspiring and motivating employees and influencing employees or followers to function. So according to burns two types of leadership styles were identified in terms of contemporary approaches to leadership that is transactional and transformational by explaining

that, transactional leaders are leaders who exchange tangible rewards for the work and loyalty of followers.

That means any employee who has performed well or achieved the task that has been said by the followers itself the performance is rewarded. That means it is based on completely exchange model we ask you to do you do it and you will be rewarded so there is complete input output process going in. That, is the reward is tangible it is very much apparent seen and filled that the person performed very well and he or she has been awarded based on some financial rewards or a hiking salary or promotion or recognition.

But transformational leadership style focuses beyond this transaction model that means they engage with the followers while not setting or satisfying their own self-interest and focus on, higher order intrinsic needs. Now here higher order intrinsic needs mean to what extent the person is able to maintain his or her self-esteem and the job is contributing to his personal growth.

Now here personal growth means having more environmental mastery taking more freedom in taking his own decisions that gives some more satisfaction no matter maybe the salary is not that much high. But if, person has been considered based on his intrinsic needs that he needs more recognition and he needs more acknowledgment for his performance then it is termed as transformational leadership style.

So they focus on higher order intrinsic needs and raise consciousness about the significance of specific outcomes and new ways in which those outcomes might be achieved. That means the leader tries to, inspire influence the followers based on higher intrinsic needs. In terms of high self-esteem in terms of recognition in terms of acknowledgment even in terms of self-actualization that what beyond they can look after designing or setting the organizational goal.

What is beyond on that they will achieve when they are working on organizational goals? It can be a meaningful experience it can be, recognition it can be enhancement in the esteem and maybe the salary will be the secondary aspect for the leader and the follower. So this is how Burns has identified 2 types of leadership transactional and transformational which forms a base for the contemporary models of leadership.

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- A transactional leadership style follows a managerial philosophy of reinforcement and exchanges, managing employees by establishing specific goals and then offering a reward for achieving them. That's the "transaction" in transactional leadership. Effective transactional leaders recognize and reward a follower's accomplishments in a timely way
- That is, transactional leaders, use an exchange model, with rewards being given for good work or positive outcomes
- Transactional leaders are generally split into three dimensions:
 - a)contingent reward or contingent positive reinforcement: give rewards when the set goals are accomplished on time, ahead of time, or to keep subordinates working at a good pace at different times throughout completion
 - b)management-by-exception- "active": the leader continually monitors each subordinate's performance and takes immediate corrective action when something goes wrong
 - c)management-by-exception- "passive": leaders do not monitor employee performance and wait for serious issues to come up before taking any corrective actions

Now we will get in the details of transactional leadership style so this leadership style is working on the, managerial philosophy. That means reinforcement and exchanges are there is input and there is output. The followers are giving their input in terms of the performance knowledge skills and abilities and in terms of output they have achieved the goal and they have received the reward in terms of high value of the performance.

So this is absolutely an exchange model that there are specific goals which, are very much professional in nature the person is being assigned the task the follower will perform it and in return the follower will get the reward in terms of monetary benefit. This is a transaction in transactional leadership style so effective transaction leaders recognize and reward of followers accomplishments in a timely way.

That means it is very much timely everything is fixed the task, has been assigned to the follower the followers will perform it and as soon as the organization goal has been achieved immediately the follower will receive some reward in form of monetary benefit or salary high. So this is a transaction or exchange now the point is that even this transaction leadership has; 3 dimensions or components that how a transactional leader functions in the organization.

So the first is contingent reward or contingent positive reinforcement that is giving rewards when the set goals are accomplished on time ahead of time or to keep subordinates working at a good pace at different times throughout completion. That means there is a set pattern of rewards that every time the follower is given the reward the task and the task is complete time to time and time to time, only the performance is being rewarded.

So that means performance is contingent upon the reward or vice versa so this is a contingent reward or contingent positive reinforcement. Just to maintain motivation and encouragement of the followers so reward is a constant thing in an individual's performance. So this is one aspect of transactional leadership style the other is management by exception which, is active in its own way.

That means the leader continuously monitors the performance of the followers and make corrective or immediate corrective action to make the things correct. That means there is so much of control on the followers that even transaction is there in terms of performance and reward. But ultimately there is continuous hold of the leader on the follower that whenever the follower, goes wrong in his performance the leader will take immediately the corrective action to improve or to move towards the goal.

This is the active management by exception the other is management by exception in terms of passive. That means the leader will assign the task but the leader will not interfere in the performance or in the functioning of the follower. But if any serious issue evolves during, that performance then the leader will take the corrective action. That means even the reader is active the leader is active then also monitoring is there.

And even if the leader is passive then also the leader is active maybe his role play the time of role play with very ultimately control has been maintained by the leader in any way while being active or while being passive. So transaction leaders are generally split into 3 dimensions it is contingent reward management by exception that is active and management by exception that is passing.

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- The concept of **transformational leadership** was initially introduced by James V. Downton, the first to coin the term "transformational leadership," the concept was further developed by James MacGregor Burns
 - Transformational leadership is a theory of leadership where a leader works with teams or followers beyond their immediate self-interests to identify needed change, creating a vision to guide the change through influence, inspiration, and executing the change in tandem with committed members of a group
- Transformational leadership is interactive and inspiring. And are able to inspire followers to change expectations, perceptions, and motivation to work towards common goals

The next is the concept of transfer transformational leadership now this term was initially introduced by James v Downton and was later on was developed by MacGregor burns as transformational leadership. So it is a theory of leadership where a leader, works with team or followers beyond their immediate self-interest. That means the leader is not considering the self-interest of his own.

But he is considering the interest of the followers and wherever the need is changed in the interests of the followers and the group goals the transformational leader will work in that direction. So he creates a vision for the followers and creates possible actions, and opportunities that how to influence inspire followers. So that the policy or the strategy can; be executed in the change in tandem with committed members of the group.

That means when transformational leadership style is being executed the transformational leader actually tries to win the confidence of the followers by inspiring and influencing them and at the same time winning their confidence. Now once confidence has been built then the followers also become very much committed and they are ready to work in collaboration with the leader.

So here transformation leadership is very effective so these kinds of leadership is interactive and inspiring and are able to inspire followers to change expectations perceptions and motivation to work towards common goals. That means motivation is there, perception positive perceptions are there positive belief about the leader is also there and the followers are also very motivated along with being highly inspired and influenced.

And at the same time the most important thing is that the transformational leader is actually not taking care of his own interest but he has a different agenda on his mind in terms of taking care of the interest of the, followers. Although motivation is also there in transactional leadership style but maybe it is very much in exchange. Here in transformational leadership style there is no exchange there is only reciprocation that can happen that even the members will also contribute to help the leader to achieve the goal. So this is about transactional and leadership style.

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There are 4 components to transformational leadership, sometimes referred to as the 4 I's:

- ❑ **Intellectual Stimulation:** encouraging new experiences and ways of thinking for themselves and employees
 - ❑ **Individual Consideration:** mentoring employees and supporting their professional development
 - ❑ **Inspirational Motivation:** imparting a vision for an organization that employees internalize and make their own
 - ❑ **Idealized Influence:** serving as role models for how they expect employees to conduct themselves
- Although transactional vs. transformational leadership is not a question of a good vs. bad or a right vs. wrong approach to leadership. While they are opposite approaches to leadership, both offer advantages and are important styles of leadership to understand and apply in certain types of situations
 - A leader may naturally gravitate towards either the transactional or transformational side in their style and methods. However, the best leaders understand that both can be utilized and integrated into their overall leadership toolkit

Now in continuation to transformation, leadership style then it has 4 components which are considered as 4 eyes as well that means intellectual stimulation. That means leaders encourage new experiences and ways of thinking for themselves and employees. That means the leader is thinking in form of we not I it is about we that how and in what manner we can encourage each other through intellectual stimulation.

That means by, deliberating upon organizational issues policies and strategies in a very collective or collaborative manner. The other is individual consideration that means mentoring and coaching employees and supporting their professional development. It is not only about coaching and mentoring employees or training employees just to achieve organizational goals. Transformational leader will also think beyond, that in terms of that how the organizational goals can also help in the personal development of the employees.

In terms of offering they better training to enhance their knowledge skills and abilities and they are able to take up more diversified task completion. The other is inspirational motivation imparting a vision for an organization that employs internalize and make their own. It is not

about, stating or dictating the organizational goals like that of a transactional leader and then setting the goal for the followers.

But in transformational leadership style the motivation level is set high by sharing the organizational goals and followers tries to internalize their goals not an organizational goals but as their own personal goals. And when members or the followers try to; internalize the, organizational goal as their personal goals. Then they invest more time energy knowledge skill and ability to reach or complete that task or goal so this is inspirational mode motivation.

The other is idealized influence serving as role models for how they expect employees to conduct themselves. That means some charismatic traits are being highlighted by the transformational leader who can inspire, the followers to change themselves in a better way in a positive direction and conduct themselves in such a positive manner that they have positive belief on each other. That means perception about each other is very positive that is idealized influence.

Now the point is since I discussed earlier also that based on discussion about transactional and transformational leadership style still we, cannot say that either it is transformational or transactional leadership style that has more impact or influence on the members or the followers. Actually there is no question also that whether it is transactional versus transformational or is a question about good versus bad or right versus wrong.

Both the leadership styles are functional and effective in its own way the only thing is that the, leader has to decide that which leadership style is important to understand and apply in certain type of situations. Now here this particular situation is about the rapid changes that are taking place and forms the contemporary form of leadership model. So the leader may naturally gravitate towards either the transaction or transformational.

That means the leader cannot recognize that this is a, particular leadership style that I should follow recognizing the demand of the situation then only any particular leadership style that is transactional or transformational can be identified to function effectively. But the best leaders understand that both can be utilized and integrated into their overall leadership toolkit. That means toolkit here means that combining all the resources of the, organization and assets including policies and procedures and the market situation then only the leader is able to understand that which leadership style will fit into the situation or his or her toolkit?

So this is in transactional and transformational leadership style and we will meet in the next lecture thank you so much.