

UNIT – 3

BUSINESS LEADERS & MOTIVATION

Meaning of Business Leader

A business leader is someone who motivates a group of people in order to achieve a common goal in a company. This can be someone in a position of power, like a vice president or chief executive officer of a major company, or the editor-in-chief of a newspaper. It can also be someone lower on the ladder, like a team leader or a sales associate. In other words, you don't have to be a billionaire to be a leader: Anyone with the right skills, regardless of their position in a company or organization, can be a business leader.

Good leaders are made, not born. If you have the desire and willpower, you can become an effective leader. Good leaders develop through a never ending process of self-study, education, training, and experience.

To inspire your workers into higher levels of teamwork, there are certain things you must **be**, **know**, and, **do**. These do not often come naturally, but are acquired through continual work and study. Good leaders are continually working and studying to improve their leadership skills; they are NOT resting on their past laurels.

Concept of Leadership

Leadership is a dynamic process, which deserves study. It is a relational process involving interactions among leaders, members and sometimes outside constituencies. Good leaders are made not born. If you have the desire and willpower, you can become an effective leader.

What is Leadership – ‘BE’, ‘KNOW’ and ‘Do’ Concept of Leadership

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Leadership is a process by which a person influences others to accomplish an objective and directs the organization in a way that makes it more cohesive and coherent. Leaders carry out this process

by applying their leadership attributes, such as – beliefs, values, ethics, character, knowledge and skills.

‘BE, KNOW, DO’ Concept of Leadership:

BE a professional. Examples – Be loyal to the organization, perform selfless service, and take personal responsibility.

BE a professional who possess good character traits. Examples – Honesty, competence, candor, commitment, integrity, courage, straightforwardness, imagination.

KNOW the four elements of leadership – follower, leader, communication, and situation.

KNOW yourself. Examples – strengths and weakness of your character, knowledge, and skills.

KNOW human nature. Examples – Human needs, emotions, and how people respond to stress.

KNOW your job. Examples – be proficient and be able to train others in their tasks.

KNOW your organization. Examples – where to go for help its climate and culture, who the unofficial leaders are.

DO provide direction. Examples – goal setting, problem solving, decision making, planning.

DO implement. Examples – communicating, coordinating, supervising, evaluating.

DO motivate. Examples – develop moral and spirit in the organization, train, coach, counsel.

Qualities of a good business leader

Though different leadership styles can be used at different times in a business, some character traits are important for all leaders:

- **self-awareness** – understanding your own strengths and weaknesses
- **decisiveness** – the ability to make decisions quickly
- **fairness** – treating others with equity
- **enthusiasm** – motivating a team with a positive attitude
- **integrity** – earning the respect of your team
- **knowledge** – keeping abreast of the relevant facts, figures and trends
- **creativity and imagination** – coming up with new and innovative ideas or promoting a workplace that does
- **endurance** – persevering when things go wrong.

Remember, it is just as important to be able to spot these abilities in others as it is to have them yourself. You should assess the skills your staff already possess and how you may be able to draw on them and support them to build relevant skills.

There are also characteristics that any successful leader will avoid, such as:

- **poor communication**—leads to misunderstandings, errors and poor tone
- **reluctance to delegate**—leads to resentment and inefficiencies
- **favouritism among staff**—leads to resentment.

The difference between managers and leaders

Management and leadership complement each other, but they are separate roles. A leader inspires, motivates and encourages people to achieve visionary goals. A manager deals with the actual operation of a business.

The Top 10 Qualities of a Great Leader

1. **Vision;** Perhaps the greatest quality any leader can have is vision - the ability to see the big picture of where the organization or team they are working within is headed, what it's capable of, and what it will take to get there.
2. **Inspiration:** Equally as important as having a vision is the ability to convey that vision to others, and get them excited about it. This means maintaining a positive yet realistic presence within the organization helping team members stay motivated and engaged, and remember what it is that they are working for.
3. **Strategic & Critical Thinking:** A good leader will be able to think critically about the organization or team they work within, and develop a clear understanding of its strengths, weaknesses, opportunities, and threats (and how they as an individual can work to support or overcome these). They'll be able to course-correct when necessary, and be able to assess the work they do to determine how it fits into overall organizational strategy and goals.
4. **Interpersonal Communication:** Good leaders must be able to interact with other people in a way that feels genuine. This does not mean you have to be an extrovert or a people-person to be a leader - there are many excellent leaders who self-identify as introverts! Rather, it means being able to demonstrate empathy, engaging in active listening, and building meaningful working relationships with those around you, whether they are a peer or a direct report.
5. **Authenticity & Self-Awareness:** One of the key ways to become a great leader is to be self-aware enough to understand your strengths and your flaws, and to build an authentic leadership style that's true to who you are and how you do your best work. You want to be the best possible leader you can be, not try to fit into a mold set by someone else. Try to embrace the things that

make you who you are, and that will naturally translate into you developing an authentic leadership style.

- 6. Open-Mindedness & Creativity:** Being a good leader means being open to new ideas, possibilities, and perspectives, and understanding that there's no "right" way to do things. Leadership involves the knowledge that success comes with a willingness to change how things are done and to bring in fresh eyes to inspire new ideas, in addition to trying to think outside the box as much as possible. Leaders must be able to listen, observe, and be willing to change course when necessary.
- 7. Flexibility:** Leadership also means being adaptable and nimble when the situation calls for it. Nothing ever goes according to plan - whether you encounter minor roadblocks or large obstacles, you will need to be prepared to stop, reassess, and determine a new course of action. Good leaders will embrace the ever-changing nature of business and meet challenges with a flexible attitude - and be able to build inspire that same willingness to adapt in those around them.
- 8. Responsibility & Dependability:** One of the most important qualities a leader can have is a sense of responsibility and dependability. This means displaying those traits in your individual work, but also demonstrating them in your interactions with others. Your team members need to know that they can depend on you to take on your fair share of work and follow through, support them through tough times, and help them meet both shared and individual goals.
- 9. Patience & Tenacity:** A good leader knows how to take the long view, whether it's of a strategy, a situation, or a goal. Being able to take on any bumps in the road and persist on without getting frustrated or defeated is key—from small projects to corporate vision, patience is a trait that is essential to strong leadership.
- 10. Continuous Improvement:** True leaders know that perfection is a myth - there is always room for improvement on all levels, from the personal to the team to the overall organization. They'll always be willing to help team members find ways to develop new skills or improve upon a weakness, be able to identify and implement strategies for helping the organization as a whole grow, and, perhaps most importantly, be able to look inward and identify the areas they would like to work on - and then act on them.

Leadership Styles : Autocratic, Democratic and Free Rein

Leadership style is a typical behavior pattern adopted by the leader to influencing has followers or leading his people. An executive has to lead different types of subordinates and has to adopt different styles for leading them at the workplace according to situation.

1. Autocratic or Authoritative Style

It is also known as leader centered style. Under this style of leadership there is complete centralisation of authority in the leader i.e., authority is centered in the leader himself He has all the powers to take decisions. He designs the work-load of his employees and exercise tight control over them. The subordinates are bound to follow his order and directions.

Advantages:

- (i) Autocratic leadership style permits quick decision-making.
- (ii) It provides strong motivation and satisfaction to the leaders who dictate terms.
- (iii) This style may yield better results when great speed is required.

Disadvantages:

- (i) It leads to frustration, low moral and conflict among subordinates,
- (ii) Subordinates tend to shirk responsibility and initiative.

2. Democratic Style

Under this style, a leader decentralises and delegates high authority to his subordinates. He makes a final decision only after consultation with the subordinates. Two way communication channel is used. While delegating a lot of authorities to subordinates, he defines the limits within which people can function. Democratic leaders have a high concern for both people and work.

Advantages:

- (i) Exchange of ideas among subordinates and leader improves job satisfaction and morale of the subordinates.
- (ii) Human values get their due recognition which develops positive attitude and reduces resistance to change.
- (iii) Labour absenteeism and labour turnover are reduced.
- (iv) The quality of decision is improved.

Disadvantages:

- (i) Democratic style of leadership is time consuming and may result in delays in decision-making.
- (ii) It is less effective if participation from the subordinates is for name sake.
- (iii) Consulting others while making decisions go against the capability of the leader to take decisions.

3. Free Rein or Laissez Fair style:

Under this style, a manager gives complete freedom to his subordinates. The entire decision-making authority is entrusted to them. There is least intervention by the leader and so the group operates entirely on its own. There is free flow of communication. In this style manager does not use power but maintains contact with them. Subordinates have to exercise self control. This style helps subordinates to develop independent personality.

Advantages:

- (i) Positive effect on job satisfaction and moral of subordinates.
- (ii) It gives chance to take initiative to the subordinates.
- (iii) Maximum possible scope for development of subordinates.

Disadvantages:

- (i) Under this style of leadership, there is no leadership at all.
- (ii) Subordinates do not get the guidance and support of the leader.
- (iii) Subordinates may move in different directions and may work at cross purpose which may create problem for the organisation.

Free rein style of leadership may be appropriate when the subordinates are well trained, highly knowledgeable, self-motivated and ready to assume responsibility.

What Is Motivation?

Motivation is the process that initiates, guides, and maintains goal-oriented behaviors. It is what causes you to act, whether it is getting a glass of water to reduce thirst or reading a book to gain knowledge.

Motivation involves the biological, emotional, social, and cognitive forces that activate behavior. In everyday usage, the term "motivation" is frequently used to describe why a person does something. It is the driving force behind human actions.

Meaning of Motivation

Motivation is an important factor which encourages persons to give their best performance and help in reaching enterprise goals. A strong positive motivation will enable the increased output of employees but a negative motivation will reduce their performance. A key element in personnel management is motivation.

Motivation may be defined as the act of stimulating someone to take a desired course of action. It is the art of inducing employees to work diligently and sincerely to the success of the enterprise. It is the intensification of the desire of the workers or employees to work more cordially, carefully and consciously.

In the words of L.A. Allen,

Motivation is the work of a manager who performs to inspire, encourage and impel people to take the required action.

The 3 key elements of our definition are intensity, direction, and persistence:

1. **Intensity:** Intensity is concerned with how hard a person tries. This is the element most of us focus on when we talk about motivation.
2. **Direction:** The direction is the orientation that benefits the organization.
3. **Persistence:** Persistence is a measure of how long a person can maintain his or her effort. Motivated individuals stay with a task long enough to achieve their goals.

Importance of Motivation in an Organisation.

The process of motivation plays a very important role in any organization, profit, or non-profit. The managerial process of direction is driven primarily by the process of motivation as it creates within the mind of an employee the desire to work in the direction determined by the manager. The following aspects may be considered under this head:

1. **Increases Productivity:** Motivation is a process that leads to an increase in the productivity of the employee. Motivation meets the needs of the employee and thereby creates the drive to work to the best of his abilities. A well-employee will be willing to put in more effort towards the betterment of the organization than another disheartened employee.
2. **Ensures Organisational Efficiency:** Motivation plays an important role in changing the attitudes of the employees in the organization. An Indifferent attitude is extinguished most efficiently by motivation. The presence of such a favorable attitude allows the organization to thrive and be successful.
3. **Ensures Loyal Workforce:** A well-motivated workforce is a loyal workforce. Motivated employees have high levels of morale and commitment towards the organization and its goals and objectives. Motivation thus reduces employee turnover and reduces the need for constant induction of new employees.

4. Ensures a Reactive Workforce: Adapting to changing business environments is an important feature of any successful business. In order to react to changes easily and to continue smooth functioning, an organization requires extensive loyalty and commitment of its employees. This reduces resistance to the changes that the organization intends to make. This in effect makes the organization efficient in adapting to changing needs.

5. Facilitates Direction: Direction is an important managerial function and forms one of its core functions. Motivation as already mentioned is a vital part of the direction. The direction is a process that involves directing or initiating action according to a plan drawn up requires the employees to work wholeheartedly with commitment and loyalty. The process of direction is thus possible only when the employees proceed in the direction that the manager determines and this requires a motivated workforce.

Conclusion: The role of motivation cannot be understated in an organization. It is a simple process that requires an understanding of the human mind and behavior. Such an understanding and proper action thereby stimulating the motives of an employee help in initiating and maintaining action and helps extensively in satisfying organizational objectives.

Importance of Motivation

Motivation is one of the most important aspects of management. A well-motivated employee is a true asset to the firm. It is the function of the manager to properly motivate his employees and subordinates.

- High Efficiency
- Utilization of Resources
- Reduction in Labor Turnover
- Readiness for Change
- Achieving Organizational Goals
- Helps with Attitude of Employees

1] High Efficiency: One way the management of the firm can boost the efficiency and performance of their employees is to use motivation as a tool.

Motivation helps transform the employee's talents and knowledge into actual performance and activity. Demotivated employees affect the overall efficiency of the firm and also can cause other employees to be demotivated.

2] Utilization of Resources: Motivation helps stimulate employees. Thus they make the best possible choices, and so the best utilization of the factors of production and other resources. Motivated employees try to minimize their wastages and costs to better their performances.

This will help with the firm maximize their potential and make the best use of their limited resources.

3] Reduction in Labor Turnover: This is an important aspect of the importance of motivation. Higher motivation also means better job performances which lead to job satisfaction among employees. And so the employees do not want to miss out on opportunities and seek to do more and better work.

This will lead to commitment and loyalty among employees which leads to lower absenteeism and labor turnover among employees.

4] Readiness for Change: Every organization functions in a very dynamic business environment. And with the changes in the environment, the organization also must change to adapt and keep up with times. When such technological, environmental etc changes occur in the organization sometimes employees are hesitant to accept and adapt to such changes.

But motivated employees are more likely to adapt to these changes. They are generally more ready to accept the changes and get to work.

5] Achieving Organizational Goals: The best way to motivate employees is to line up their personal goals with those of the organization. The motivated then work tirelessly to achieve not only their personal goals but also the goals of the company. Demotivated employees will not be overly enthusiastic about achieving organizational goals.

6] Helps with Attitude of Employees: Sometimes certain employees of an organization have a negative or indifferent attitude. But the manager can use the tools of motivation to change their attitudes. A positive, optimistic employee who is properly motivated is an asset to the organization. And motivation is the key to this change.

Motivation Theories

Motivation is a state of mind, filled with energy and enthusiasm, which drives a person to work in a certain way to achieve desired goals. Motivation is a force which pushes people to work with a high level of commitment and focus, even if things are going against them. Motivation translates into a certain kind of human behaviour. In short, motivation is the driving force behind human actions.

There are many different forces that guide and direct our motivations. It is important to ensure that every team member in an organization is motivated. Various psychologists have studied human behaviour and have formalized their findings in the form of various motivational theories. These motivational theories provide insights into the way people behave and what motivates them.

Motivation is a huge field of study. Psychologists have proposed many different theories of motivation. Some of the most famous motivational theories include the following:

1. Maslow's theory of hierarchical needs

Abraham Maslow postulated that a person will be motivated when all his needs are fulfilled. People do not work for security or money, but they work to contribute and to use their skills. He demonstrated this by creating a pyramid to show how people are motivated and mentioned that one cannot ascend to the next level unless lower-level needs are fulfilled. The lowest level needs in the pyramid are basic needs and unless these lower-level needs are satisfied people do not look at working toward satisfying the upper-level needs.

Below is the hierarchy of needs:

- **Physiological needs:** are basic needs for survival such as air, sleep, food, water, clothing, sex, and shelter.
- **Safety needs:** Protection from threats, deprivation, and other dangers (e.g., health, secure employment, and property)
- **Social (belongingness and love) needs:** The need for association, affiliation, friendship, and so on.
- **Self-esteem needs:** The need for respect and recognition.
- **Self-actualization needs:** The opportunity for personal development, learning, and fun/creative/challenging work. Self-actualization is the highest-level need to which a human being can aspire.



The leader will have to understand at what level the team members are currently, and seek out to help them to satisfy those specific needs and accordingly work to help fulfil those needs. This will help the team members perform better and move ahead with the project. Also, as their needs get fulfilled, the team members will start performing, till the time they start thinking of fulfilling the next upper level of need as mentioned in the pyramid.

1. Maslow's Need Hierarchy Theory:

It is probably safe to say that the most well-known theory of motivation is Maslow's need hierarchy theory. Maslow's theory is based on the human needs. Drawing chiefly on his clinical experience, he classified all human needs into a hierarchical manner from the lower to the higher order.

In essence, he believed that once a given level of need is satisfied, it no longer serves to motivate man. Then, the next higher level of need has to be activated in order to motivate the man. Maslow identified five levels in his need hierarchy as shown in figure 17.2.



Fig. 17.2: Maslow's Need Hierarchy

Maslow's Need Hierarchy

1. Physiological Needs: These needs are basic to human life and, hence, include food, clothing, shelter, air, water and necessities of life. These needs relate to the survival and maintenance of human life. They exert tremendous influence on human behaviour. These needs are to be met first at least partly before higher level needs emerge. Once physiological needs are satisfied, they no longer motivate the man.

2. Safety Needs: After satisfying the physiological needs, the next needs felt are called safety and security needs. These needs find expression in such desires as economic security and protection from physical dangers. Meeting these needs requires more money and, hence, the individual is prompted to work more. Like physiological needs, these become inactive once they are satisfied.

3. Social Needs: Man is a social being. He is, therefore, interested in social interaction, companionship, belongingness, etc. It is this socialising and belongingness why individuals prefer to work in groups and especially older people go to work.

4. Esteem Needs: These needs refer to self-esteem and self-respect. They include such needs which indicate self-confidence, achievement, competence, knowledge and independence. The fulfillment of esteem needs leads to self-confidence, strength and capability of being useful in the organisation. However, inability to fulfill these needs results in feeling like inferiority, weakness and helplessness.

5. Self-Actualisation Needs: This level represents the culmination of all the lower, intermediate, and higher needs of human beings. In other words, the final step under the need hierarchy model is the need for self-actualization. This refers to fulfillment.

The term self-actualization was coined by Kurt Goldstein and means to become actualized in what one is potentially good at. In effect, self- actualization is the person’s motivation to transform perception of self into reality.

According to Maslow, the human needs follow a definite sequence of domination. The second need does not arise until the first is reasonably satisfied, and the third need does not emerge until the first two needs have been reasonably satisfied and it goes on. The other side of the need hierarchy is that human needs are unlimited. However, Maslow’s need hierarchy-theory is not without its detractors.

2. Herzberg’s two factor theory

Herzberg classified the needs into two broad categories; namely hygiene factors and motivating factors:

- poor hygiene factors may destroy motivation but improving them under most circumstances will not improve motivation
- hygiene factors only are not sufficient to motivate people, but motivator factors are also required

Herzberg's two-factor principles		
Influenced by Hygiene Factors (Dis-satisfiers)	Improving motivator factors increases job satisfaction	Influenced by motivator factors (Satisfiers)
<ul style="list-style-type: none"> • Working condition • Coworker relations • Policies & rules • Supervisor quality 	Improving the hygiene factors decreases job dissatisfaction	<ul style="list-style-type: none"> • Achievements • Recognition • Responsibility • Work itself • Personal growth

2. Herzberg's Motivation Hygiene Theory:

The psychologist Frederick Herzberg extended the work of Maslow and proposed a new motivation theory popularly known as Herzberg's Motivation Hygiene (Two-Factor) Theory. Herzberg conducted a widely reported motivational study on 200 accountants and engineers employed by firms in and around Western Pennsylvania.

He asked these people to describe two important incidents at their jobs:

(1) When did you feel particularly good about your job, and

(2) When did you feel exceptionally bad about your job? He used the critical incident method of obtaining data.

The responses when analysed were found quite interesting and fairly consistent. The replies respondents gave when they felt good about their jobs were significantly different from the replies given when they felt bad. Reported good feelings were generally associated with job satisfaction, whereas bad feeling with job dissatisfaction. Herzberg labelled the job satisfiers motivators, and he called job dissatisfiers hygiene or maintenance factors. Taken together, the motivators and hygiene factors have become known as Herzberg's two-factor theory of motivation

Herzberg's motivational and hygiene factors have been shown in the Table 17.1

Table 17.1: Herzberg's Motivational and Hygiene Factors

Hygiene: Job Dissatisfaction	Motivators: Job Satisfaction
	Achievement
	Recognition
	Work itself
	Responsibility
	Advancement
	Growth
Company Policy and Administration	
Supervision	
Interpersonal Relations	
Working Conditions	
Salary*	
Status	
Security	

According to Herzberg, the opposite of satisfaction is not dissatisfaction. The underlying reason, he says, is that removal of dissatisfying characteristics from a job does not necessarily make the job satisfying. He believes in the existence of a dual continuum. The opposite of 'satisfaction' is 'no satisfaction' and the opposite of 'dissatisfaction' is 'no dissatisfaction'.

According to Herzberg, today's motivators are tomorrow's hygiene because the latter stop influencing the behaviour of persons when they get them. Accordingly, one's hygiene may be the motivator of another.

3. McGregor's theory X and theory Y

Theory X and Theory Y were first explained by McGregor in his book, "The Human Side of Enterprise," and they refer to two styles of management – authoritarian (Theory X) and participative (Theory Y).

Theory X: Managers who accept this theory believe that if you feel that your team members dislike their work, have little motivation, need to be watched every minute and are incapable of being accountable for their work, avoid responsibility and avoid work whenever possible, then you are likely to use an authoritarian style of management. According to McGregor, this approach is very "hands-on" and usually involves micromanaging people's work to ensure that it gets done properly.

Theory Y: Managers who accept this theory believe that if people are willing to work without supervision, take pride in their work, see it as a challenge and want to achieve more, they can direct their own efforts, take ownership of their work and do it effectively by themselves. These managers use a decentralized, participative management style.

McGregor's Participation Theory:

Douglas McGregor formulated two distinct views of human being based on participation of workers. The first basically negative, labeled Theory X, and the other basically positive, labeled Theory Y.

Theory X is based on the following assumptions:

1. People are by nature indolent. That is, they like to work as little as possible.
2. People lack ambition, dislike responsibility, and prefer to be directed by others.
3. People are inherently self-centered and indifferent to organisational needs and goals.
4. People are generally gullible and not very sharp and bright.

On the contrary, Theory Y assumes that:

1. People are not by nature passive or resistant to organisational goals.
2. They want to assume responsibility.
3. They want their organisation to succeed.
4. People are capable of directing their own behaviour.
5. They have need for achievement.

What McGregor tried to dramatise through his theory X and Y is to outline the extremes to draw the fencing within which the organisational man is usually seen to behave. The fact remains that no organisational man would actually belong either to theory X or theory Y. In reality, he/she shares the traits of both. What actually happens is that man swings from one set of properties to the other with changes in his mood and motives in changing environment.

Urwick's Theory Z:

Much after the propositions of theories X and Y by McGregor, the three theorists Urwick, Rangnekar, and Ouchi propounded the third theory labeled as Z theory.

The two propositions in Urwick's theory are that:

- (i) Each individual should know the organisational goals precisely and the amount of contribution through his efforts towards these goals.
- (ii) Each individual should also know that the relation of organisational goals is going to satisfy his/her needs positively.

In Urwick's view, the above two make people ready to behave positively to accomplish both organisational and individual goals.

However, Ouchi's Theory Z has attracted the lot of attention of management practitioners as well as researchers. It must be noted that Z does not stand for anything, is merely the last alphabet in the English Language.

Theory Z is based on the following four postulates:

1. Strong Bond between Organisation and Employees
2. Employee Participation and Involvement
3. No Formal Organisation Structure
4. Human Resource Development

Ouchi's Theory Z represents the adoption of Japanese management practices (group decision making, social cohesion, job security, holistic concern for employees, etc.) by the American companies. In India, Maruti-Suzuki, Hero-Honda, etc., apply the postulates of theory Z.

Role of Business Leader in current economic growth.

Good Leadership is paramount to the growth of any economy

The economic development of any country is highly dependent on good leadership. This is particularly so because the core values of a nation are directly linked to equality and equal distribution of resources.

Leadership plays a key role in sustainable economic growth as it involves providing opportunities for growth and progressive developments. Therefore, good leadership becomes a visible aspect through, for instance well developed infrastructure and the ability to a country to provide basic amenities especially to the most vulnerable.