A Study of Management by Exception: Active, Passive & Laissez-faire Leadership Style of Leaders in B School.

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ABSTRACT

With advancement in technology, firms are striving not just with different leadership styles to improve their employee's efficiency but also trying out new ways to motivate their staff and develop highly talented personnel's & retain them as well. The aim of this study is to analyse the degree of variance in between different leadership styles of B School Leaders of M.P. Multifactor Leadership Questionnaire is used to collect data from Teaching Staff (Faculties) of B Schools of M.P. ANOVA is used as a tool to test hypothesis. The study authenticate significant difference among means of different Leadership styles namely; Management by Exception Active, Management by Exception Passive and Laissez Faire Leadership Style with value $F(2,300) = 39.260, p=.000$. The result complies with the study conducted by Bass, B. M. ,2000 that states "some components of transactional leadership style can foster organisation learning but improving leadership performance depends on frequency of increase in transformational leadership behaviour. Organizations that are easy, able and willing to change are more transformational than transactional in terms of the new paradigm of leadership". Though there is not much empirical research done on these components of leadership styles in education sector, so the current study is an attempt to explore different leadership styles that should be prevalent in institutions and its impact on workforce. The research endeavour led to conclusion that a leader must be aware of impact of his leadership style on goal achievement and must possesses necessary skills to follow smooth transition between different leadership styles as and when needed.

Keywords: Leader, Management by Exception Active, Management by Exception Passive, Laissez-faire Leadership Style, B School

Conceptual Framework:

Years of research has proved that two most important aspects of leadership are Charismatic & transformational trait of leader that affects an individual performance and also the performance of organisation as a whole. A Leader is said to be effective only when he has the ability to motivate followers to achieve mutual goals.

Leader & Leadership

A Leader can be simply defined as a personality who has followers or a person who is an inspiration for many or a being with vision and clarity to achieve his vision and goals .A leader believes in moving groups rather than walking alone and Leadership can be said as a rapport between Leader & Follower, that drives both towards desired goal accomplishment **(Bennis & Nanus 1985; Burns 1978)**

To clearly put leader and leadership into words is a difficult task as the studies conducted in past does not conclude on any single definition of these terminologies **(Bass and Avolio 1997)**. A Leader is known for his leadership style via ways he present himself in front of his followers. His behaviour can affect the learning process of employees positively or negatively. Some studies conducted in past confirms these assumptions to be true.

There exist various kinds of leadership styles like: Autocratic Leadership, Democratic Leadership, Charismatic Leadership, Transformational Leadership, Transactional Leadership and Laissez Faire Leadership Style. As stated by **Sadler, 2001** a Transformational leader indulges in Learning all through Life as they learn from individual mistakes, group mistakes and try understanding the opportunity better. On a contrary, transactional leaders confine their leader-follower relationship to effortless exchange of task and talks relevant for a job at satisfactory price.

Transactional Leadership

Bass (1985) measure it to be a top-down management approach in organisation but **Avolio (1994)** considers it as relationship with exchange of value. **Alimo-Metcalfe, B. & Alban-Metcalfe, J. (2001)** believe transactional leadership to be a reward–punishment relationship in between leader and follower. On a contrary, **Burns (1978) & Northouse (2007)** affirms transactional leaders are those motivated by self-interest.

A transactional Leader relies on good communication as their goal accomplishment fully depends on their quality of rightly communicating the task to their team at work place. They instruct their staff about the process and outcome of achieving a task and also inform them about the rewards associated **(Avolio et al., 1991)** . Transactional Leadership has distinct dimensions suggested by **Bass (1999)**:

1. **Management by Exception Active (MBE A)**

A Leader keeps check on performance of his workforce and directs them as and when needed. Leader ensures task achievement with full efficiency and effectiveness. A Leader also help the employee to focus on deviations and errors, if any in their work.

Bass & Avolio (2002) stated a Leader who Manages By Exception-Actively is the one who not only concentrates on errors but help employees in dealing with such errors, complaints or failures. He keeps reminding them of their failures so as to boost them for achieving a set standard. Such Leaders also adapt their actions to the situations, thereby taking corrective actions which sometimes prove to be negative but the approach is effective in long run.

2. **Management by Exception Passive (MBE P)**

In this approach of leading, leaders wait for mistakes to happen and then take action. So the approach is also called as Reactive Approach. At times, when a standard performance is not as per the criteria expected, employee is punished for the discrepancy. As per **Bass and Avolio (1994)**, Management By Exception –Passive is like Reactive Management Approach or Putting-Out-Fires approach . The relationship is quite negative in nature as the leader gives feedback only when mistakes occur **(Barbuto & Brown, 2000).**

Non Transactional Leadership style

Laissez-faire Leadership Style

It is the only Non Transactional Type of Leadership where a leader tries to avoid situation until the important issues arise, leader disappears until the need be, he moreover focuses on delayed answering to instant questions and avoid making any decisions timely. As a whole, leader doesn't care regarding issues in organisation, ignores his responsibilities and authority. Thus there lacks good relationship between leader and his subordinates.

B School

Business School in wider terms is an institute which conducts training and imparts education on management subjects like economics, accounts, communications, etc.. In a B-School, graduates are not just taught but they are trained for higher level skilled jobs. They explore organisation norms by practical training on field and in organisations too.

Sometimes the term is interchangeably used for Management Institute or Institute of Management Studies or Institute of Business Management, etc. B school offers various courses ranging from undergraduate programs to post graduate programs in Business Administration.

As per a survey report by Association of Business Schools (ABS) in UK , "The ratio of undergraduate students preferring to study business related subjects as compared to other fields is 7:1, which is close to 200,000 students across UK".

Review of Literature

There is not a single definition that defines leadership completely as the variety of studies conducted on the topic differ with the context and does not accept a single universally accepted definition **Bass and Avolio (1997). Lussier and Achua(2001)** states leadership to be a process while some defines it to be an element in distinction, whereas some others call it as an insight of a person's trait that defines an individual's personality. Bass Theory of leadership is moreover based on an integrated view of trait theory, various styles and contingency approach of leadership **Hartog et al. (1997),** it also incorporates the work of sociologists such as **Weber (1947)** and political scientists such as **Burns (1978)**.

Each employee has a set of aim and can be influenced if they believe; there is a positive correlation between effort and performance, whose outcome can be a gratifying remuneration ;and the remuneration fulfils an important need and the overall purpose is to give efforts a considerable significance **Quick (1998)**.

Literature of Transactional Leadership supports the view that employees are satisfied with leader who is supportive and considerate in his behaviour distinguishing him from those who are unsympathetic or decisive in approach towards their subordinates **(Yukl 1971)**.

Some authors stated leadership is more of an individual skill rather than a organizing process where authority and democracy goes hand in hand and the role of manager is to transform the system in which roles are rooted. This movement focus on transition from "the public manager" to "management in public" **Vince (2000)**. A positive Leadership shall ensure employees growth and performance and lead to positive organisational output. "Leadership consists of method, not magic" **(Schmoker, 2001)**

A few studies also state the difference in leadership style of men and women focusing on their gender roles in being either a transformational, transactional or laissez faire leader. It also proves a women's preference to follow transformational style as it provides her with overcoming the role incongruity. Various research

studies have been done to understand the strength of relation between employee's task achievement and leadership style **(Paracha et al., 2012; Islam et al., 2012; Yiing & Ahmad, 2008). Burns (1978)** believed transactional leadership to be based on barter relationship between a leader and follower. This exchange can be economic, social, political or psychological in nature. He asserts this kind of leadership cannot bring leaders and followers together to chase higher level goals.

Leadership has been put forth in various categories from time being.**Bass (1990)** stated that transactional leadership aims at clarifying job requirements and the specification to avail contingent rewards .**Burns (1978)** differentiated between transformational & transactional leadership styles by referring former to the active engagement of the leader with followers fulfilling intrinsic needs such as self-realization and belongingness & quoting transactional leadership style as exchange of tangible rewards at work along with loyalty of followers. Efficient Transactional leaders are those who motivates the employees with recognizing their performance and rewarding them for same and even punish them ,if objectives are unfulfilled **Odumeru & Ifeanyi (2013)**. Efficient Leaders adopt different leadership styles as per situation and appropriate time **Miner (2006).**

García-Morales et al., (2012) & Lloréns Montes et al., (2005) in their empirical research proved that over transactional leadership, transformational leadership has got more significance as it promotes organisational learning. The predictions proved to be right about transformational leaders to be the educational leaders of future in learning organizations **Bass (2000)**. A leadership style is effective when a leader is able to motivate his employees to speak freely, listen carefully and express their ideas without any pester.

Such behaviour facilitates learning in public sector and is thus one of the critical skills a leader must possess. **Ring and Perry (1985).Wang & Rode(2010)** quoted in their study that leaders who explore their followers need and include them in decision making along with considering them as an important asset to organisation, are the leaders who signifies positive relation between job satisfaction and employee performance. **(Odumeru & Ifeanyi, 2013)** With change in management scenario and growing trends of various leadership styles in corporate sectors, Transactional Leadership has also gained worth as a prominent leadership style. Few researchers assume it to be a subset of transformational leadership which is directly correlated to organisations performance. **Robbins (2005)** states Leadership which manages employees through either rewards or through penalty is a transactional leadership. It is a kind of managerial responsibility in which leader clarifies roles and expectations of employees **(Dubrin, 2004). Miller (2011)** further elaborated that transactional leaders help their followers understand the task and need to achieve them with full focus.

Sadeghi and Pihie (2012) confirmed the relationship of exchange that transactional leaders establish between them and followers. It justifies the quote "transactional leaders emphasize on extrinsic rewards for excellent quality work and impose retribution for odd results" **Hargis, Wyatt and Piotrowski (2001).**Non transactional leaders let their workforce be free for decision making. Thus giving them freedom at their pace .Different leadership styles engage employees differently; few leadership styles have strong association to organisations performance while some have weaker associations too. To achieve organisational goals productively and keep the employees engaged at work place Leader should be honest and fair in style of communication **(Yao et al., 2017)**.

Iqbal, Anwar, and Haider (2015) demonstrated in their study the relationship between organisational effectiveness and leadership style. **Bhargavi & Yaseen (2016)** Further quotes, a leaders style contribute in

achieving the projects deadline timely. **Sougui et al (2015)** presented the study stating non transactional leadership style does not impact organisations performance significantly. It can prove to be effective when the time taken for goal achievement involves longer tenure and a certain procedure. According to **Khan and Yadav (2016),** leaders affect the efficiency with which their employee works in organization. Some Transactional leaders restrict themselves to use of rewards & recognitions to motivate their employees to achieve higher end goals whereas leaders who manage with exception encourage employees by shifting their focus from self interest to shared interests of the group as a whole. Such leaders are competent to inspire employees while achieving organisational goals. **Ebrahim (2018)** stated in his study that leadership style varies with capabilities of people involved in goal setting. Transactional leadership style may be successful in certain sectors but a leader shall keep changing the leadership style as per the situation and need.

Objective:

To analyse variance between Management by Exception Active, Management by Exception Passive & Laissez-faire Leadership Style of Leaders in B School.

Hypothesis:

Ho: There is no significant difference among means of Management by Exception Active, Management by Exception Passive and Laissez Faire Leadership style of Leaders in B-school.

Research Methodology

A Research study on ANOVA between Management by Exception Active, Management by Exception Passive and Laissez Faire Leadership style of Leaders in B-school of M.P was conducted. The study confines to Transactional and Non-Transactional Leadership Style of Leader in B School . The research study is primary in nature and data is collected by virtue of Questionnaire floated through several medias like Gmail, Whatsapp, Facebook , etc... The questions were related to traits of leader and leadership style observed by faculties and practised by their employer, in their respective institutes. The Research Instrument namely Multifactor Leadership Questionnaire consists of 45 questions that assess different Leadership styles and its impact on employees. The data was collected, from 101 such faculties of B Schools of M.P. Rating of all factors on scale follows Likert Measurement criteria with five responses ranging from 0 -4 where zero stands for Never and four stands for Always.

Analysis

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	822.304	2	411.152	39.260	.000
Within Groups	3141.743	300	10.472		
Total	3964.046	302			

Descriptives								
			Std. Deviation	Std. Error	95% Confidence Interval for Mean		Mini mum	Maxi mum
	N	Mean			Lower Bound	Upper Bound		
MBEA	101	9.0693	3.07330	.30580	8.4626	9.6760	2.00	16.00
MBEP	101	9.3663	2.57962	.25668	8.8571	9.8756	2.00	15.00
LFL	101	5.7327	3.91380	.38944	4.9600	6.5053	.00	14.00
Total	303	8.0561	3.62298	.20813	7.6465	8.4657	.00	16.00

Findings

The findings of the study serve as tool to examine the difference in leadership styles of B school leaders. The 101 participants in Management by Exception- Active group had mean of 9.0693(SD = 3.07); in Management By Exception- Passive group had almost close mean value of 9.3663 (SD = 2.57) but the Laissez faire leadership style differed by mean value of 5.7327 (SD = 3.91). The Difference in mean is therefore significant, $F(2,300)$ = 39.260,p=.000.One way Analysis of Variance showed that the difference in mean is significant, $F(2,300)$ = 39.260,p=.000.Therefore Null Hypothesis which states "There is no significant difference among means of Management by Exception Active, Management by Exception Passive and Laissez Faire Leadership style of Leaders in B-school" is rejected and the alternate hypothesis gets accepted justifying the fact that if p-value is less than alpha, null hypothesis gets rejected thereby concluding the difference between group means of different leadership styles is statistically significant. The adjusted p-value also represents the smallest family error rate at which a particular null hypothesis is rejected.

The difference in means of diverse leadership style signifies the value of leading by examples, or just leading being a Laissez Faire Leader in organisation. It is the duty of a leader to follow his vision and achieve his goals in mutual consensus with his employees but if a leader always finds faults and errors and never encourages his subordinates to strive for more, he lacks a true leadership skill and thus is rejected by his employees sooner or later. On a contrary if a leader follows Management by exception Active, he gains respect, goodwill and goals are achieved at a faster pace. A Leader may vary in their sense of leadership styles for different situation but they should focus on using these styles to affect organisation culture in a constructive way.

Conclusion

"The aim of this research endeavour is not to provide statistical, but analytical generalization" **(Yin, 2003).**The findings of the study serve leaders to examine their leadership style and its successful implementation. A transformational Leader delegates his duties so as to motivate his employees and lead being an inspiration. He not just articulates vision but also be an optimistic partner who encourage team work and accentuate on constructive results thereby vitalizing his group for better

performance **(Sundi, 2013).** For ensuring learning and growth of individual in organisation a key contributor is leader's ability to communicate freely and ensure a free flow of information in organisation and to build a culture that stains holds for one of the key aspects of successful leadership style. **Brodtrick (1995)**

The study authenticates significant difference among means of different Leadership styles namely; Management by Exception Active, Management by Exception Passive and Laissez Faire Leadership Style. The main variables have been measured on the basis of MLQ Form. Accordingly, the data have been gathered with the help of manual and Google forms filled by faculties of different B schools of M.P.

The data obtained were statistically analysed on the basis of Anova used by the means of SPSS program. The results of the empirical research confirmed the Alternate hypothesis to be true, with the significant difference in means of three leadership styles of Leaders in B school with $F(2,300) = 39.260, p=.000$. **Yammarino & Bass (1990)** in their research called transactional and transformational leaders to be active leaders as compared to Laissez-faire leaders who are considered to be inactive, less responsible and are ascribed to delay in decision–making. In some cases such style is effective for instance with a group of scientists or college professors **(Sutermeister, 1969; Williams, 1978)** but in particular such leadership style indicated the absence of leadership. Hence such leadership style was well thought-out to be unsuitable way to lead **(Hartlog et al., 1997). Nonaka et al., (2002)** A Leader shall always try to promote hassle free flow of right information throughout all the Medias of communication and promotes knowledge creation as well, such leadership style can be said as "distributed leadership" .A transactional Leader ensures Employees motivation to contribute more to organizational productivity. Whether with reward or with penalty such leaders achieve optimum goals with greater quality of work . Results show Paying attention to such leadership styles eventually increases organizational effectiveness and efficiency.

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