

## **COMPARATIVE ANALYSIS OF LEADERSHIP PRACTICES IN PROFESSIONALLY RUN ORGANIZATIONS AND FAMILY RUN ORGANIZATIONS IN INDIA**

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### **ABSTRACT**

*This research paper explores the comparative analysis of leadership practices in professionally run organizations and family run organizations in India. Transformational leadership behaviors of leaders inherited as family business and acquired by ability business leaders were measured with the Leadership Practice Inventory (LPI) developed by Kouzes & Posner (2003) to assess the five leadership practices. The total population of the survey was 33. This population includes 15 business leaders who inherited as family business leaders and 18 business leaders acquired leadership opportunity by their ability. The population taken in the present study is limited to the top level business leaders such as President, Vice-President, CEO or Managing Director of a large business concern of India.*

**KEYWORDS:** *Leadership Style, Leadership Practices, Transformational Leadership.*

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### **Introduction**

Leadership has been paid a large amount of academic attention all over the world, since appropriate leadership analysis contributes to organisational competitive advantage and company performance improvement. Although most previous research and literature addressing leadership approaches and issues are limited to organisational practice in the West (Littrell, 2002), it is important to also examine the effects of leadership in non-Western world. Undertaking Indian leadership studies not only assists understanding of Asian leadership approaches but also contributes to study of global leadership. In Indian corporate sector there are two kinds of business leaders, primarily business leaders inherited as family business and secondarily business leaders who acquires their business position by their ability.

This research paper determines statistically whether there exists significant difference among leadership practices between professionally run organizations and family run organizations in Indian corporate sector. It is important to emphasize here is that the population of the present study includes the top level business leaders such as President, Vice-President, CEO or Managing Director of a large business concern of India.

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## Review of Literature

Leadership is vision and energizing others to pursue a goal or dream. *Management* is focused on results and efficiency. *Administration* executes through rules, policies, and procedures (Goldsmith, Baldoni, & Mcrthur, 2006).

Talking about leadership style as well as leadership practices, it is important to explore the elements of its formation which are not only personal traits and individual behaviours but also the background culture of the leader (Holt, 1998). Managers' attitudes, their ways of doing business and manners of exchanging ideas reflect values and understandings which are rooted in their own national culture (Brooks, Ian 2009). The idea given by the traditional theory is that differences in assumptions, beliefs, values, meanings and social identities between cultures are considered to vary on a vast level of behaviors of people and organizational practices (House, 1996).

This trend toward increased globalisation and workforce diversification raises questions about the extent to which management and leadership techniques that have been applied in conventional work settings in industrialized Western economies can be applied effectively in these new settings (Jung & Avolio, 1999).

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Trait, behavioral, contingency and influence or power approaches (e.g. Hofmann & Morgeson, 2004; Northouse, 2010) are common categories of leadership theories. Trait, behavioral and contingency approaches were the main leadership approaches, prior to 1970s. Power or influence approaches, which were introduced in the 1970s and 1980s, constitute the 'newer' leadership theories. In the safety literature they are also researched over the greatest extent and therefore are supported the most in respect of their pertinence and effectiveness with regards to the *management* of safety.

The analysis of leadership practices between these two kinds of business leaders is based on Kouzes and Posner's LIP. Kouzes and Posner (1987) have developed Leadership Practice Inventory (LIP) to assess the five leadership practices narrated in their Exemplary Leadership Model, by which transformational leadership behaviors can also be measured. "Self" (self report) and "Observer" version are the two versions of the LIP test which offers a 360-degree feedback.

## Comparative Analysis of Leadership Practices in Professionally Run Organizations and Family Run Organizations

In Indian corporate sector there are two kinds of business leaders, primarily business leaders inherited as family business and secondarily business leaders who acquires their business position by their ability.

**Table 1: Mean of Leadership Practices by Leadership Opportunity**

|                                 | Inherited as Family Business | Acquired by Ability |
|---------------------------------|------------------------------|---------------------|
|                                 | Mean                         | Mean                |
| Modeling the way (MW)           | 60.99                        | 68.30               |
| Inspiring a Shared Vision (ISV) | 60.67                        | 56.27               |
| Challenging the Process (CP)    | 68.33                        | 72.67               |
| Enabling Others to Act (EOA)    | 90.00                        | 89.60               |
| Encouraging the Heart (EH)      | 80.16                        | 80.76               |

(Source: Primary Data Interpretation)

On the basis of frequency of leadership practices as mentioned in above table, there can be determine analysis of variance in two-way classification as following to examine the significant difference in leadership style between professionally run organizations and family run organization business leaders.

**Table 2: Analysis of Variance Table (Two-way Classification Model): Leadership Style**

| Source of Variation | SS       | Df | MS       | Fcal     | Ftab |
|---------------------|----------|----|----------|----------|------|
| Between Columns     | 5.543026 | 1  | 5.543026 | 0.136879 | 7.71 |
| Between Rows        | 1249.93  | 4  | 312.4824 | 7.716397 | 6.39 |
| Error               | 40.4959  | 4  | 10.12397 | 0.25     |      |

(Source: Primary Data Interpretation)

For (1,4) degrees of freedom the critical value of  $F_{tab}$  at 5% level of significance is 7.71 and for (4,4) degrees of freedom is 6.39. The calculated value of  $F_{cal}$  between columns is less than the critical value; hence there are no significant variances as far as leadership style is concerned between family run organizations and professionally run organizations. Both kinds of business leaders follow transformational leadership style. The calculated value of  $F_{cal}$  between rows is slightly greater than critical value; hence there is a slightly difference between leadership practices followed by family run organizations and professionally run organizations.

### Conclusion

The above statistical discussion concluded that there is no significant variance as far as leadership style is concerned between family run organizations and professionally run organizations. Both kinds of business leaders follow transformational leadership style but there is a slightly difference between leadership practices followed by family run organizations and professionally run organizations. In both kind of business leaders, enabling others to act is the most frequently practiced leadership practice and inspiring a shared vision is the least frequently practiced leadership practice. The difference between encouraging the heart and enabling others to act is almost insignificant. There is a significant difference in leadership practices modeling the way, inspiring a shared vision and challenging the process followed by family run organizations and professionally run organizations. The respondents in both kinds of business leaders encourage collaboration and teamwork. As compared to leadership opportunity inherited as family business, acquired by ability respondents are forward in modeling the way and challenging the process leadership practices.

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