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Critical Revision of Leadership Styles in Management and Company Cases

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Abstract

In this chapter, we expose from a critical point of view the main leadership styles and then three successful international case companies (Inditex, Santander, and Telefónica) that recognized their style and the strategies they developed. These cases will be the start point to discuss what kind of leadership seems to be more suitable for staff development and for a better management of human resources. Our hypothesis is that with these styles of leadership, effectiveness of human resources is enhanced, and productivity of enterprises is assured to remain competitive, adapted, and successful. Also, we assume that there are some cultures in which these styles of leadership are better prepared, as the culture predisposes employees to accept and assimilate them. We are aware that world-wide business culture has a long way to progress toward more evolved leadership styles. This business culture is partly linked, or it is concomitant to the value or condition that is given to citizens in societies.

Keywords: leadership styles, business, management, case studies, humanization

1. Introduction

This approach has its origin in an international family background, after conducting several investigations during several years about leadership in companies, culture, and visiting some countries. This text, as some previous ones, comes from the passion for personal and business communication, and, if possible, the interest in contributing to the business world humanization—versus a materialistic view of this activity—after many years of study, teaching, and research. As Moreno-Jimenez states in his article “Psychosocial occupational factors and hazards,” greater attention to the company human resources in the current global context from the legal and state point of view is urgently needed.
Globalization and its products have given birth to a huge area of economic and labor deregulation which has lead to inequality among people and societies, resulting in an increasing social, public, and health decline. Deregulation has never been behind the progress in health, and inequality has never favored the welfare progress, according to the labor one, even less. In this process, recovery requires political action involving an appreciation of public, social, and organizational matters [1].

The research is a qualitative paradigm [2–4] focused on descriptive aspects through methods as an analysis of content and study cases of companies. We will revise recent literature about leadership. We will also research about the leadership styles of the company cases on some sources such as web pages of companies, blogs, forums, news on events, etc.

This “analysis methodology of texts” (scientific texts, curricula, laws, etc.) developed throughout the study was located in the descriptive area, trying to discover the basic components of a phenomenon extracting a given content.

We will also use the methodology of study case: to be concrete, a multiple study of three company cases as instrumental cases and as a sample of research. Merriam [5] defines the case study as particularistic, descriptive, heuristic, and inductive from her point of view. We can also understand it as procedural, systematic, and thorough investigation of a particular case. A case can be a person, a company, an organization, a program, an event, etc. We intend to study and deepen on these three cases, and the conclusions will be minor, not in general, that is, concretely for these three cases.

2. Leadership in business

A leader—from English—is the guide on the way, who goes ahead and who knows how to influence and motivate in order to achieve beneficial goals. It involves being capable of motivating people by means of authority, something very different from ordering them just by the mere exercise of power (legal authority) and different from manipulating. Rather, it involves making people move having their dignity and free consent. Leaders, rather than creating illusions, work on catalyzing the others’ unrealized dreams, and to do so, first of all, they have to respect the relatives, and then they have to know them—what they have done and who they are—and know their potential and what they could do and become. The leader must be an expert in human resources, in knowing people, and in their complexity. A leader should be good at socializing and that he must be human because that way, he will know the psychological and social reality around him, he knows how to adapt to others, he designs positive workspaces, and he knows how to create emotional and social ties to achieve a good teamwork.

The previous researches which we have been carried out [6, 7] suggest that we should consider that the more the corporate social fabric of a company is humanized, the more productive and satisfied employees, middle managers, and directors will be. This depends on each of the actors and the climate that is created through the authentic experience of ethical values proposed by each company and the materialization through the tools and strategies available to it.
We think that being purely subordinate to materialist and speculative goals as a paradigm to address HR is a severe mistake in a company leadership style and a delay as a traditional approach. The working fluidity and creativity will be greater as managers get more instructed, they understand more what the human material is, and they know how to display leadership styles where the own working method and the employees’ conditions are adequate.

Pettigrew [8], when analyzing the problems that arose in the management of strategic change, noted the following ones:

a. Valuing the environment: it is a multifunctional activity in which senior management should be involved through a continuous learning process.

b. Leading change through a series of successive steps, with the participation of directors, and creating the suitable climate for adaptation.

c. Connecting the strategic and operational change: it requires some attention from managers at various levels, to prevent operational aspects from modifying the initial strategy.

d. Developing a coherent approach: thanks to a strategy that possesses internal consistency and harmony with the environment, aimed at obtaining competitive and feasible advantages.

e. Dealing with human resources as assets and as “responsibilities” as the organization provides the knowledge base for learning, but sometimes, it is also necessary to unlearn concepts and skills that are no longer appropriate.

Carnota [9] explains that leadership is the act of organizing and directing the interests and activities of a group of people united for some project or company, by a person who encourages their cooperation by the fact of making all of them come to an agreement, more or less voluntarily, in relation to certain purposes and methods. Williams et al. [10] state: “It is Interpersonal influence exercised in a particular situation, through the process of communication, in order to achieve one or more objectives.” According to Camacho and others [11], among the desirable features, we could find the following ones: creativity, initiative, tenacity, tolerance for uncertainty, self-esteem, flexibility, strategic vision, ability to self-criticism, ability to communicate and interact with others and with different cultures, commitment, and above all, honesty and respect for ethical values.

A leadership style that takes care of the upward vertical communication is the one which tries to promote social dialogue in the company. It is the channel through which workers come into contact with some other middle managers, etc. until they establish contact with managers to make them suggestions, possible improvements in processes, etc. The care that is taken for this kind of communication is a key point in relation to how to take care of employees, how the human social fabric is protected, and how a participatory work environment is created. According to its essential principles, this approach responds to a more modern and evolved leadership style (opposed to an autarkic or tyrannical style). Employees are involved, in a way that they feel protagonists and the experience of workers is something beneficial so that they are integrated—knowledge management. The main means that are employed are meetings
with superiors, open-day offices to consult doubts, notes that must be answered, employee mailboxes, e-mail, etc.

Among the main pillars of knowledge management, according to Del Moral et al. [12], self-motivation of the different individuals within the organization is primarily placed; they are aware of their appreciated role as generators and users of knowledge, providing their individual talent, which mainly depends on the climate and the existing leadership in the company at all levels.

This is a very interesting section of the study that is worth mentioning for us, “European Communication Monitor,” in 2014 [13] as a framework research in relation to the outlook. In this study, a factor that also interests us for this dissertation is to “communicate and demonstrate leadership” (p. 72). This is a new subject within the trends about communication strategies. It explains that communication professionals value in a very high degree effective communication as an organizational and personal leadership component [14, 15]. While this issue is still under discussion, we will say that it has not been identified yet which communication activities are more suitable ones to influence public opinion or among the stakeholders of the companies.

3. Types of business leadership

In the following theories that will be presented, there is a chronological gradation, from the highest to the lowest, taking into account the progress about two variables: the power over decision-making and the participation of the employee. We have not made an exhaustive list but a selection of them. In order to get some more information, we will recommend the second chapter of the volume of Business Leadership [16].

We will start by exposing those theories that take into account the psychological qualities of the leader. As a recommended reading where a case study according to the three models that have been presented is analyzed, we recommend the article “leadership traits in Grey’s Anatomy managers” prepared by Peña-Acuña [17].

(a) McGregor theories: task(X)- and people(Y)-oriented behaviors. Both styles should not be seen as opposite poles of a dimension, but they should be seen as two individual dimensions, according to Paños and others [18].

On the one hand, among the functions of a task-oriented leader, we can find that he assigns tasks to the group, he explains the working procedures that must be followed, he highlights that deadlines must be met, he also emphasizes competition, and he makes it clear what is expected of each of them.

Something characteristic from this kind of leader is that he knows everything, he is afraid of external initiatives, he decides everything, he does everything by himself, he sees his role as if he were a guard, he takes advantage of his authority to dominate the others, he remains above all the rest, and he is an inspector.
On the other hand, the functions of a people-oriented leader consist on that he listens to people, he is friendly and accessible, he helps subordinates in their personal problems, and he defends each member of the group.

There are also some other features that are typical from this kind of leader: he makes a lot of questions; he looks for external opinions; he helps the others to make decisions and share responsibility, acting through others; he sees his role as a driver of latent energy in others; he employs his authority to make people develop and improve; he gets integrated into the group; and he is a partner.

(b) Rensis Likert model [19]

Likert identified four kinds of leadership systems in which, as a key variable, he studies how authority is employed:

a. Authoritarian slave driver: they are autocratic leaders with little confidence in subordinates, they motivate through fear and punishment, they only participate in downward communication, and they are limited to decision-making at higher levels.

b. Benevolent authoritarian: he has an amenable confidence with his subordinates; he motivates them with some kind of rewards, and to some extent, with fear and punishments; and he allows them some delegation in decision-making but with a strict control.

c. Consultation leadership system: they show confidence in a high degree, but not completely; they motivate workers by rewards and punishments; they allow two-way communication; they make general decisions allowing specific decisions at the lower levels; and they make constructive use of the ideas and opinions of the subordinate ones.

d. Participatory and group leadership system: they completely trusts their workers, great upward and downward communication; they promote decision-making throughout the organization; they act as a group; and they provide economic and social rewards based on group participation in areas such as the establishment of goals and evaluation.

Rensis Likert considers that, in the short term, authoritarian and participatory styles are effective, but in the long term, the great dependence generated by the worker represents a waste of human capital.

(c) Blake and Mouton [20]

These two authors developed a methodology in order to classify the leadership style called management grid. According to these authors, leaders who are oriented to people and tasks get greater productivity than those who are less concerned about these issues. The participative style is the most effective for any type of situation.

- The deserter style: it provides minimal effort for the working fulfillment; it is only necessary to preserve integration in the organization.

- Authoritarian style: it is focused on the efficiency of the task, but it is not concerned about its subordinates’ development and morality.

- The commitment style: the goals of this style are efficiency in the appropriate task and a satisfactory morality.
- The participatory style: it makes task efficiency and high morality easier; it coordinates and integrates the work-related activities.
- The missionary style: it pays special attention to the needs of people in relation to those fundamental issues to get a satisfying relationship, a kind and friendly organization, and a comfortable working pace.

(d) Participatory management

Here begins the paradigm shift for the valuing of people, taking into account the conditions of the employees. The beginnings of participation in the management arose from the investigations of Mayo [21], Roethlisberger and Dickinson [22]. In their researches they concluded that not only environmental factors influenced productivity but also social needs. The methodological aspect began with the simplest tools (queries, suggestion programs, researches), but they could not talk about participation if managers did not have the maturity nor the intention to accept the suggestions of the workers. The most difficult part was the creation of work teams or committees, for example, the Scanlon plan and quality circles that began in Japan in 1962 which spread across the USA and EU.

These are models dealing with participation: Blake and Mouton [20], Fiedler [23], House [24], Vroom and Yetton [25], Ouchi [26], and Hersey and Blanchard [27].

Among the following theories, we can find Fiedler’s contingency ones (1967). This theory states that leadership success depends on the one hand on the leader’s style and on the demands of the group or company. Therefore, there is not a unique style, but success is based on applying the appropriate style for the group at the right time. Thus, it is necessary to know the group, and on this basis, applying the appropriate style.

We can also find the situational leadership theory of Hersey and Blanchard [27]. It supports that leadership attitudes should be based on the attitudes that are observed in the group, that is, the higher or lower disposition of the group. We would have a managerial behavior in just one direction when the leader orders some rules or tasks to the group, and secondly, we would have a support behavior; in this case it would be bidirectional, in which everyone listens and everyone is involved in decision-making. The level of disposition indicates the ability of the group to act in case of demanding but real to achieve goals, related to the will and interest of the group.

(e) Strategic management

Here begins the most advanced paradigms regarding the management delegation, teamwork in improvement processes, and employee involvement in decision-making. Management models are changed and an important weight is given to the participation of workers in decision-making and to leadership, also to the formation of solid values, where it is given precedence to a future view considering that productivity depends on the pride of belonging to the company and the enthusiasm for work.

Changes in the various fields of social matters, globalization, new technologies, and the need to achieve a sustained competitiveness have affected the determination of the essential factors
in the search for competitive advantages that allow higher levels of performance. Nowadays, it is said that the main asset is the person we are in the knowledge society [28], and HR strategic planning techniques are introduced to provide for staff organizations capable of facing the challenges of today’s society.

In relational leadership, three types are distinguished: transformational, transactional, and transcendent.

- Transformational or charismatic leadership is that of those people who exert a special influence through their energy and personal vision that inspires their followers and which have an impact on their organizations. Transformational leaders pay more attention to their followers in relation to their development needs and interests, by helping them to see old problems in new ways and so that they are able to achieve an extra effort to get the group’s goals. They make subordinates participate when making decisions in the organization. At the same time, workers are more independent and demanding so they need the leaders to be more dynamic in developing new skills, attitudes, and abilities; they must be open to change.

- Transactional theory (charismatic): it is based on the ability to assume the leadership to achieve goals taking advantage of the characteristics and qualities of each member of the group; leadership needs to be accompanied by the ability to find it in the group. The transactional leader affects the motivation of the follower due to the exchange of awards and the establishment of an atmosphere in which there is a perception of closer connections between efforts and the results desired. The effective leader, according to the criterion of this approach, is an expert in psychological diagnosis, discerning exactly the needs and expectations of their subordinates, and accordingly, he responds to them.

- Transcendent leadership: according to Nuria Chinchilla and Pablo Cardona (IESE, University of Navarra) [29], this leadership is dynamic because it allows leaders to commit to the followers, and they will be more active, creating with them new groups of leaders and producing different links between the collaborator and the leader, where this relationship takes an ethical character that reflects the behaviors and values of a leader. Transcendent leadership is defined by a relationship of contribution influence, in which the contributor interacts with the leader by means of extrinsic motivation (money, praise), intrinsic motivation (learning, satisfaction), and transcendent motivation (be aware that the action itself satisfies the others).

(f) Other current theories

- Emotional labor by the sociologist Hochschild [30]: it states that emotional labor is a working requirement through which employees show their emotions to customers or others. The emotional labor comes into play during the communication between actors, workers, and customers, as well as between the workers. This includes the analysis and decision-making regarding the expression of emotions, either it is really felt or not, as well as the
suppression of these emotions they feel, but they are not expressed. Professional roles that have been identified and which require emotional labor include those involved in jobs with customer contact: public administration, flight attendants, daycare workers, nursing home workers, nurses, doctors, shop assistants, call center workers, teachers, social workers, as well as most of the restoration jobs (hotels, motels, taverns, bars, pubs, restaurants, etc.), and also, those jobs related to the media, such as television and the radio.

According to Hochschild [30] jobs involving emotional labor are defined as those which at first require face-to-face or voice contact to talk to the public; secondly, they need the worker to produce an emotional state in another person’ and thirdly, they allow the employer, by means of training and supervision, exercise some degree of control over the emotional activities of the employees.

In short, depending on how companies are based on services, a large variety of professional fields must learn how to manage their emotions according to the employers’ demands, compared to what was required 60 years ago.

- Resonant leadership: formulated by Goleman et al. [31]. The authors explain how the limbic system—also called emotional brain—influences our lives to a higher extent than the cortex of the brain, the rational part of the brain, and why the mood of the leaders have such a deep effect on the people they lead.

The fundamental task of the leader is to make the positive feelings of his subordinates arise, and that happens when a leader produces resonance—he gets on well with others, and also he establishes transparent relationships; the leader provides the others some guidelines for interpreting and having emotional reactions to certain situations. It is, by definition, the main “meaning manager” of a group. In situations of crisis or turmoil, everybody looks for the leader for guidance. He plays a key role in the collective emotional climate, as explicitly or implicitly; he determines the emotional rule of the group. One of the most obvious signs of the resonant leader is the optimism and enthusiasm their subordinates exhibit. This kind of leadership proves to be very effective in several business cases that publicly reveal it as we have discussed in two previous researches [32].

- Figueroa [33] makes a socio-constructive theory, due to the development of the teamwork culture. The dynamics of getting organized and the organizational fragmentation in multiple working teams that interact mutually to negotiate organizational goals and to develop their own goals are something characteristic from organizations in the current context. These are the reasons that lead us to review the concept of leadership and to put the emphasis on the study of the working teams, understanding them as a community of people who share common meanings and goal(s) whose actions are interdependent and sociohistorically located. Leadership, under this socio-constructivist perspective of the organization, seems to be something transitory, more oriented toward coordination than toward management, since the mission and vision are not something imposed by the leader to the team, but it is the result of a process of collective construction, where everyone becomes responsible for the meanings that have been developed, and which have been placed as central to the development of the team and the organization, as Figueroa states [33].
4. Business cases and types of leadership

In a previous study in 2014 about Spanish companies, we discovered that democratic leadership is the most used one among senior managers in the Spanish companies that had been studied, with 36.5% out of the cases. However, dictator leadership is still used, more typical of earlier periods, 17.3% out of the managers evaluated.

We found that leadership styles among senior managers were the following, taking into account the percentage variable: dictator leadership, 17.3%; autocratic leadership, 19.2%; democratic leadership, 36.5%; patronizing leadership, and 19.2%; liberal leadership, 7.8% [6].

Among the sample of Spanish companies with business success and international projection, we find three cases: Santander Bank, Inditex, and Telefónica.

The leadership style of Santander Bank, acknowledged on its website, is the Situational Leadership of Hersey and Blanchard [27]. This style is based on the attitudes which are observed in the workers of the company. It is performed as follows:

First of all, the management indicates the rules or tasks to the group; this is a one-way issue.

Secondly, all of them listen and get involved in decision-making; this part is bidirectional.

Then, the group’s willingness to face the goals that had been established significantly affects their ability and willingness toward them.

In this research, we have identified some internal communication actions where we can appreciate this kind of leadership in many facts:

a. Up-to-date Santander: it is a virtual platform for all employees (180,000 worldwide) with which they can be informed about the company daily news, publicity about new products, latest developments regarding the change in strategy, report results, and any other corporate information. A one-way communication is established.

b. Santander ideas: it is a social network in which employees are able to exchange ideas; they interact with each other, and this contributes to the continuous improvement of service quality. As an anecdote, with the first topic that was created on this platform, 8,000 contributions of its employees were achieved. A bidirectional communication is established.

With this strategy, Santander Bank actively involves its employees; however, the problem that may arise through this kind of leadership is that management establish unrealistic and very complicated goals to achieve that can frustrate their employees.

We believe that the Inditex group conducts a participatory and group leadership, according to the Rensis Likert model. The large ascendant communication that the Inditex group has allows to generate confidence in all the departments that compose it. This is something beneficial for decision-making of each of the workers in particular and that of departments in general. This way, employees are more motivated, and thus, they manage to increase their
productivity. Thanks to this, they can also evaluate their activities and receive an opinion from the head of each department sooner.

The group has a very good ascendant internal communication, and when a necessity arises, such as lack of materials or any doubt related to any aspect in any department, it is communicated to the person on whom it depends, and this person, in turn, communicates it to senior management. This type of leadership is directed to employees; it is based on the efficacy of the functioning groups closely linked to the structure of the organization. That is, the great communication the Inditex group has generates confidence in all its departments, and it makes it easier for decision-making between them. Thanks to this, they can evaluate their activities and receive an opinion from the head of each department soon. He is a leader who supports his subordinates, and he does not assume a dictatorial position. However, the final authority when important matters arise is still in his hands.

In the website of this Telefónica, it is stated that the transformational leadership model is used. Transformational leadership is a common leader, and workers process to advance to a higher moral and motivation level. It is a transformation that produces significant changes in the company and among the people who are part of it. It could be said that it is a more motivating and closer to the worker push and with a more important exercise in the transmission of the company goals than other leadership styles. Hence, its name is that of the charismatic leadership too.

Among the advantages of the transformational leadership we can find are:

- Social skills development.
- The leader is an example to follow.
- Increase of the workers self-esteem, which means higher productivity and greater profits.
- Lesser costs because it is not necessary to rotate or replace workers.
- More likely to come up with new and better initiatives.
- Corporative learning.

These are some of the disadvantages we have considered:

- It is assumed that workers are motivated.
- Results are visible in the long term.
- Not every leader can transform people.
- It has no application details.
- There is a great abuse potential as it is not always used in a moral way.

5. Conclusions

There are two drawbacks if we analyze the situational leadership: first, if the business culture of this country or that sector motivates inefficiently, employees only through salary and/or of working prestige in that sector and/or employees are saturated with a stressful job: the attitude
that employees be found in little strong as the root of their motivation is inadequate. Second, perhaps employees could be more motivated, but if they come from other companies with autocratic leadership styles, they will not be motivated to start. The advantage is that the goals are provided by the employees themselves and may have greater involvement and responsibility in the process of work and that effort is proportional to the expected. On the other hand, if the values of corporate culture, brand image, and objectives are supported by effective internal communication tools, the process of change of attitude and motivation on employees is almost assured.

The case of participatory and group leadership system is the classification of Rensis Likert, the most evolved regarding employee participation; however, we believe it is insufficient. The disadvantage we found is that decision-making is reduced to the evaluation and goal setting and decision-making is still very structured and in no position to consensus. Worker involvement is not full but partial. Yet, some companies still pay them to have better communication and collaborative environment if they manage with this style of leadership.

Transformational leadership makes the staff of the company improve, and it acts in a different way, innovating in how employees think and feel. This type of leadership requires a mental focus to get a new perception; this is necessary to have a radical change in the behavior, to be motivated when making permanent changes. Transformational leadership is the best way to make a change in the company, without affecting employee motivation and establishing interpersonal relationships. However, to operate the business culture, they must be prepared and have appropriate tools and evaluation systems to ensure it is running on the leaders, in middle management, and employees. We think this will be possible if they have a tool to communicate freely what they think, need, and want. By this all will have greater motivation and involvement in the business project and their tasks.

Strategic managements (transactional, transformational, and transcendent) are the most developed and most capable to face the new knowledge society in which the company must react more quickly to challenges and to the greater competitiveness of the global market and adaptation to new technologies. The example of economic performance is shown by these three case studies.

In addition, we highlight resonant leadership, which takes into account how emotional attitude of the leader affects the working atmosphere of the workers. Social constructive leadership brings a vision of teamwork, a mutual benefit mission that also encourages workers.

In all these leadership styles, we found freedom, autonomy, creativity, teamwork, personal growth of employees, and greater humanity in the culture. Human virtues and ethical values create stronger cultural ties with the company. Thus, these styles of leadership effectiveness of human resources are enhanced, and productivity of enterprises is assured to remain competitive. The culture of each country prepares leaders and employees to accept and assimilate them.

We consider that social improvement in this business context, at first, takes place from a cultural point of view, taking into account recent studies and leadership theories, if it is investigated and it seems that the humanization of labor and human conditions of business human
tissue from more participatory leadership styles have more economic benefits. What will lately be expected is when the state will act and legislate in favor.

It is a pity that our civilization gives preference to material and economic matters, and, however, privilege does not reside in people yet, who are the source of wealth and for whom everything should be ready in order to get an optimal development. In this regard, it would be advisable to keep on disseminating a humanistic corporate culture that believes that the main value of a company is the human tissue that composes it; this is an approach on which we have insisted in previous publications [34, 35] in which we have deeply demanded a change to more advanced paradigms, where people are more likely to develop the potential they have.

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I thank my father for his vision, to impulse me to be as I am now: a woman, a professor, a leader, an intellectual, and a fighter for the human rights.

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