

Some insights into Leadership effectiveness factors in public and private sector organizations

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Abstract:

Comparing public and private managers is a major subject in the public management literature, but there have been only a few empirical studies of the differences in their respective leadership styles. Traditionally, leadership style is explained by the characteristics of the manager, the employees, and their job. This study explains leadership by the manager's job context: the degree of, role clarity. We argue that differences in job context explain the use of different leadership styles in the public and private sector. To clearly specify the importance of sector, the study investigates direct, mediating, and moderating effects. On the basis of these empirical data, it is concluded that many of the arguments put forward in the discussion of privatization do not seem to be grounded in facts, and that the results of organizational research do not confirm the great differences that are said to exist between private and public organizations. we use two large samples of managers from a private and a public sector organization to examine the relationship between their leadership behaviors and their perceived effectiveness. First, we discuss the purported differences in leadership demands between public and private sector organizations.

Key Words: Compliances, Performances, influences, administrative.

INTRODUCTION

In the literature on public administration and public management, a significant number of studies have compared public and private organisations and managers (for reviews, see Boyne 2002; Rainey and Chun 2005). Only a few of these studies focus on leadership differences (Andersen 2010; Bourantas and Papalexandris 1993; Hooijberg and Choi 2001; Podsakoff et al. 1995).

As leadership abilities and skills continually gain importance for public managers operating in rapidly changing public sectors, it is increasingly relevant to study leadership in public organizations (Van Wart 2003; Fernandez 2005). Furthermore, leadership theory has generally received little attention in public management research (Hooijberg and Choi 2001; Kellerman and Webster 2001). Addressing this issue has become even more relevant due to New Public Management (NPM) changes (Pollitt and Bouckhaert 2004), which are seen as introducing economic and managerial ideas from private companies into public organisations (Hood 1991). The prevailing conception is that NPM introduces more autonomous organisations, where a main goal is to let the manager manage (Kettl 1997). Therefore, some argue that differences between public and private leadership are becoming smaller (Kellerman 1999). There is a substantial literature in political science on top leadership, for example, on presidential leadership (Kellerman and Webster 2001; Burns 2003; Kernell 2004). However, research on leadership in public administration is scarcer (Van Wart 2003), and relatively little is known about consequences of and especially the antecedents of administrative leadership in public organisations. The literature on leadership in public organisations often focuses on leadership as an independent variable and how it influences policymaking, as well as intraorganisational variables such as employee satisfaction (Hooijberg and Choi 2001; Trottier, Van Wart, and Wang 2008; Park and Rainey 2008; Kim 2002) or commitment (Zeffane 1994).

Need for the study

Comparing public and private managers is a major subject in the public management literature, but there have been only a few empirical studies of the differences in their respective leadership styles. Traditionally, leadership style is explained by the characteristics of the manager, the employees, and their job. This study explains leadership by the manager's job context: the degree of job complexity, role clarity, and job

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autonomy. We argue that differences in job context explain the use of different leadership styles in the public and private sector. To clearly specify the importance of sector, the study investigates direct, mediating, and moderating effects. Based on a survey of Danish public and private managers with 949 respondents, this article shows that job context variables vary significantly between public and private sector managers.

Research Methodology.

Data collection made by a survey questionnaire. After collecting the primary data, the interpretation done by using SPSS 18.0, relevant statistical tools are used to check the efficiency of the results.

Period of the study.

The study conducted in December 10- January'11 at various public and private sector organizations in Hyderabad and secunderabad.

Sample & Sample size:

Total 100 questionnaires was distributed among different managerial cadre in selected public and private sector organization where 61 filled questionnaire was collected and considered for data analysis.

PUBLIC VERSUS PRIVATE SECTOR ORGANIZATIONS

Rainey (1991) noted both that researchers have had difficulty identifying criteria that clearly distinguish between public and private organizations and that leading figures in organization theory have downplayed the private-public distinction. Using various dimensions, researchers have distinguished four (e.g., Fottler, 1981; Wamsley & Zald, 1973) or eight (Perry&Rainey, 1988) types of organizations. Even though Fottler (1981) and Perry and Rainey (1988) have proposed different classifications of types of organizations, they agreed that the public sector and the private, for-profit sector forms of organization represent the most distinct or “pure” types of organizations. For the private sector, this refers to the forprofit enterprise; and for the public sector, this refers to a government agency. For the purposes of this article, we focus on these pure types of organization because significant differences between these two types have been suggested and found.

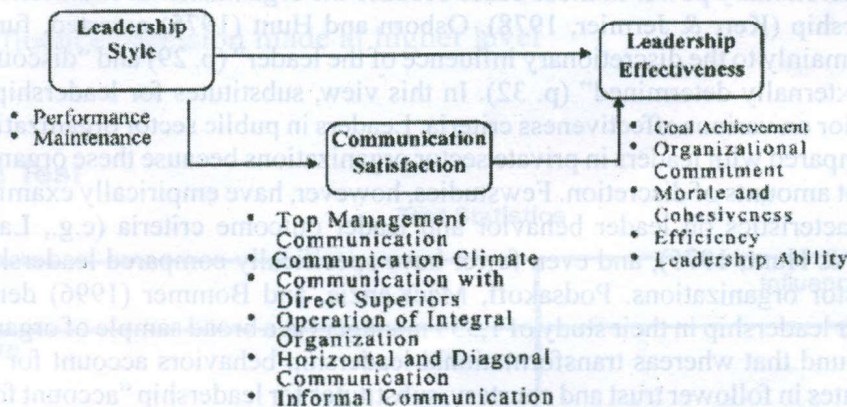


Figure 1: Adapted from Burns, J. M. 2003

Baldwin (1987) noted three major differences between public and private sector organizations: (a) Private sector goals are less ambiguous than those in the public sector because they can be evaluated in terms of economic outcomes and because public sector leaders have to pursue multiple goals simultaneously; (b) there is more leadership turnover in public than in private organizations, not only because of the limits on time in office but also because administrative upheavals often lead to officials' resigning voluntarily; and (c) public employees enjoy greater job security because of the existence of extensive grievance procedures. Other differences that have been explored between the two sectors suggest that public sector organizations, compared with private, for-profit organizations, tend to focus more on seniority in their reward systems (Solomon, 1986); have less flexibility in their reward systems; have to comply with the civil service system;

have more specialized and invariant job designs; and have stricter reporting relationships, higher levels of accountability, more rules, more regulations, more constraints, weaker linkages between political leaders and career-level leaders, and an absence of market incentives (Robertson & Seneviratne, 1995).

Research has discussed differences in the work context of public and private organisations (e.g., Perry and Rainey 1988; Rainey and Chun 2005). However, whether or not these differences are manifested in different leadership behavior in the two sectors is less apparent. It is not clear whether leadership differences among managers should be ascribed to organisation-specific characteristics, or to the environment and sector in which an organisation works. The literature on this issue is inconclusive. On the one hand, public management scholars have argued that disparities between public and private organizations do exist (Perry and Rainey 1988; Rainey and Chun 2005). On the other hand, leadership theorists have stressed how the organisation-specific context provides generic rationales for different styles of leadership (e.g., Hersey and Blanchard 1969; House 1971). The question is whether being "public" is an important variable to consider in itself, or if leadership is contingent on organizational factors independent of the sector of the organization. There is evidence that leadership in the public sector is different than it is in the private sector (e.g., Anderson 2010). However, little is known about whether these differences are due to a distinct "publicans" or the result of differences in organisational contingencies faced by public managers.

DISCRETION AND LEADERSHIP

Just "stating that the public and private sectors are distinct does little. The challenge involves conceiving and analyzing the possible differences, variations, and similarities" (Rainey, 1991, p. 31). We argue that the aforementioned laws, rules, and oversight activities take away more discretion from leaders in the public sector than from leaders in the private sector. Hambrick and Finkelstein (1987) defined managerial discretion as "latitude of action" (p. 371) and asserted that this is determined by the extent to which organizational characteristics constrain the behavior of the manager. A leader, for example, has little discretionary power if

- (a) job responsibilities are clearly specified in writing;
- (b) Duties, authority, and accountability are documented in policies, procedures, and job descriptions;
- (c) Pay raises do not depend on his or her recommendations; and
- (d) He or she does not have control over financial and nonfinancial resources.

The leader has little discretionary power in those cases because the organizational characteristics substitute for the need for leadership (Kerr & Jermier, 1978). Osborn and Hunt (1975) asserted, furthermore, that "subordinates respond mainly to the discretionary influence of the leader" (p. 29) and "discount those leader behaviors which are externally determined" (p. 32). In this view, substitutes for leadership influence the impact of leader behavior on various effectiveness criteria. Leaders in public sector organizations may adopt different behaviors compared with leaders in private sector organizations because these organizations afford their managers different amounts of discretion. Few studies, however, have empirically examined the impact of organizational characteristics on leader behavior and leader outcome criteria (e.g., Larson, Hunt, & Osborn, 1974; Osborn & Hunt, 1975), and even fewer have specifically compared leadership behavior in public and private sector organizations. Podsakoff, MacKenzie, and Bommer (1996) demonstrated the impact of substitutes for leadership in their study of 1,539 managers in a broad sample of organizations in the private sector. They found that whereas transformational leadership behaviors account for more variance than leadership substitutes in follower trust and courtesy, substitutes for leadership "account for substantially more variance than transformational leadership behaviors in the case of follower satisfaction, commitment, role clarity, role conflict, civic virtue, conscientiousness, and sportsmanship" (pp. 273-274).

Data Analysis:

- 1) Experiments with new concepts & Procedures

Chi-Square Test

Test Statistics

	Experment
Chi-Square	24.967 ^a
df	3
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 15.3.

Inference: The obtained chi square value is 24.967 at 3 degrees of freedom and the significant value is less than 0.05 indicate that the experments are helpful for effective leadership quality.

2) Does problem solving in creative and clear ways?

Chi-Square Test

Test Statistics

	Problrn Solv
Chi-Square	8.836 ^a
df	3
Asymp. Sig.	.032

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 15.3.

Inference: The obtained chi square value is 8.863 at 3 degrees of freedom and the significant value is less than 0.05 indicate that the problem solving technique for leader is an effective tool for leader efficiency.

3) Influences decision made at higher level

Chi-Square Test

Test Statistics

	Influence
Chi-Square	56.836 ^a
df	3
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 15.3.

Inference: The obtained chi square value is 56.836 at 3 degrees of freedom and the significant value is less than 0.05 indicate that the influencing power of leader is an effective leadership quality.

4) Monitor compliance with the rules

Chi-Square Test

Test Statistics

		Compliances
Chi-Square		16.049 ^a
df		3
Asymp. Sig.		.075

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 15.3.

Inference: The obtained chi square value is 16.049 at 3 degrees of freedom and the significant value is less than 0.05 indicate that the compliances handling are has no effect on leadership effectiveness.

5) Meeting the managerial performances and standards

Chi-Square Test

Test Statistics

		Performance
Chi-Square		2.934 ^a
df		3
Asymp. Sig.		.02

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 15.3.

Inference: The obtained chi square value is 8.863 at 3 degrees of freedom and the significant value is less than 0.05 indicate that the performance of leader is highly consider for leader effectiveness.

Correlations

Correlations

		Experment	Influence	Compliances	Consensus
Experment	Pearson Correlation	1	.898**	.937**	.928**
	Sig. (2-tailed)		.000	.000	.000
	N	61	61	61	61
Influence	Pearson Correlation	.898**	1	.900**	.935**
	Sig. (2-tailed)	.000		.000	.000
	N	61	61	61	61

Compliances	Pearson Correlation	.937**	.900**	1	.906**
	Sig. (2-tailed)	.000	.000		.000
	N	61	61	61	61
Consensus	Pearson Correlation	.928**	.935**	.906**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	61	61	61	61
Performance	Pearson Correlation	.807**	-.764**	.860**	.737**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	61	61	61	61
Priorities	Pearson Correlation	.907**	.943**	-.899**	.967**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	61	61	61	61

** Correlation is significant at the 0.01 level (2-tailed).

Inference :

According to the above given correlation table the experiments are highly correlates with compliance and priority and partially correlates with performances. Influences are highly correlates with consensus and priority and negatively correlate with performances. Compliance highly correlates with all tested factors and consensus also highly correlates with all tested parameters. Priority elements are positively correlates with influences and consensus and negatively correlate with compliance.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.879 ^a	.772	.752	.539

a. Predictors: (Constant), Consensus, Compliances, Influence, Experment, Priorities

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	54.261	5	10.852	37.302	.000 ^a
	Residual	16.001	55	.291		
	Total	70.262	60			

a. Predictors: (Constant), Consensus, Compliances, Influence, Experiment, Priorities

b. Dependent Variable: Performance

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.070	.148		7.245	.000
	Experiment	.207	.238	.189	.868	.389
	Influence	.298	.202	.312	1.477	.145
	Priorities	-.609	.312	-.547	-1.952	.056
	Compliances	.905	.192	.947	4.717	.000
	Consensus	-.066	.324	-.058	-.202	.840

a. Dependent Variable: Performance

Inferences:

$$\text{Leader performance} = 1.070 + 0.207(\text{Experiment}) + 0.298(\text{Influence}) - 0.609(\text{priority}) + 0.905(\text{compliances}) - 0.066(\text{consensus})$$

The above regression equation indicate that the leadership performance positively influence with reference to experiments, influence and compliances and negatively influence on priority and *consensus*.

Before we look at the equation however we need to look at the statistical significance of there mod and the R² value the analysis of variance (ANOVA) table which is 0.772 which considered as staticall significant model for ANOVA and with .000 confidence level.

Factor Analysis

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.861
Bartlett's Test of Sphericity	Approx. Chi-Square	796.556
	df	21
	Sig.	.000

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.302	90.031	90.031	6.302	90.031	90.031
2	.398	5.680	95.711			
3	.106	1.515	97.227			
4	.069	.986	98.212			
5	.058	.832	99.045			
6	.052	.746	99.790			
7	.015	.210	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix^a

	Component
	1
Experment	.964
Problrm Solv	.968
Influence	.956
Priorities	.949
Compliances	.973
Consensus	.962
Performance	.866

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Factor Analysis :

Before approach for factor analysis we tested the eligibility for factor analysis with KMO-Bartlett's test where KMO value is 0.861 which is statistically considered as most significant and Bartlett's Test of Sphericity value is 0.00 which is highly significant.

The total variance expected is 90.03 where only 10% of the data was not considered to conclude answers. Based on the eigenvalue generated by system only 1 factor is most influencing for leadership effectiveness and also all the factors are generating are above .09 which indicate that we need to name one factor called as "administrative efficiency" required for both public and private sector leaders in their activities.

Conclusion :

This article set out to investigate differences between public and private managers' leadership styles. We have argued that organizational differences between the public and private sector will result in different job contexts for managers, who in turn will employ different leadership styles. We have found some support for this claim. The job context of the managers is especially a predictor of public managers' greater use of participative leadership where job complexity in particular mediates some of the sector effect. Managerial job context seems to influence leadership style the same way in the two sectors, as we do not find any moderation effects from sector. We have focused on two distinct and broadly conceptualized leadership styles. Participative leadership is used by managers who perceive their job to be complex 270 International Public Management Journal Vol. 13, No. 3, 2010

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- 1) **Experiments with new concepts & Procedures**
A) Self B) Sub ordinates C) Superior D) All
- 2) **Does problem solving in creative and clear ways?**
A) Self B) Sub ordinates C) Superior D) All
- 3) **Influences decision made at higher level**
A) Self B) Sub ordinates C) Superior D) All
- 4) **Clarify the unit priorities & Directions**
A) Self B) Sub ordinates C) Superior D) All
- 5) **Monitor compliance with the rules**
A) Self B) Sub ordinates C) Superior D) All
- 6) **Facilitate consensus building in the work unit**
A) Self B) Sub ordinates C) Superior D) All
- 7) **Meeting the managerial performances and standards**
A) Self B) Sub ordinates C) Superior D) All