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**A STUDY ON THE PERCEPTIONS OF EMPLOYEES ON LEADERSHIP CONCEPTS AND CONSTRUCTS IN LIC**

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**ABSTRACT**

*The leadership is widely recognized as having crucial importance for performance and success. Indeed, there is a wide range of issues relating to supporting and promoting the provision of effective leadership in public sector organizations, including those around recruitment, roles and responsibilities, retention, participation, succession planning, governance, continuing professional development and reward. In public sector organizations employees used to enjoy the privilege of job security and they least bother about the hierarchical instructions in many a times. The career development is based on seniority and reservations and less emphasis on performance and achievements in public sector organizations. In the above context the researcher has selected one public sector organization (LIC) to examine how the employees of LIC perceive the leadership concepts and constructs in their organization. LIC is one among the successful public sector organizations in India enjoying 80% market share in life insurance sector. The success of any organization is attributed to the effectiveness of leadership. The data and information are collected from the different districts of Coastal Andhra Pradesh, viz., Guntur, Krishna, Nellore and Prakasam have been purposively selected for the present study. There are 10 branches of LIC in Guntur district with 750 employees, 11 branches in Krishna district with 825 employees, 7 branches in Nellore district with 450 employees and 6 branches in Prakasam district with 275 employees. The data and information have been collected from 300 employees which is 13.04 per cent of the employees of LIC. In order to study employees' perception about leadership concepts and constructs in LIC, the factor analysis has been employed. The principal component method of factor analysis is carried out with Eigen value greater than one through varimax rotation*

**KEYWORDS**

retention, hierarchical instructions, career development, leadership, life insurance.

**INTRODUCTION**

Leadership is essentially the core and spirit of organizations. As the people in charge, they not only manage the organization's affairs but also deal with the general employees face to face. Entrusted with the task to communicate organizational goals, visions and ideas to employees, leaders are responsible for maintaining and implementing organizational rules and systems and even have the final say on promotion, retention and dismissal.

The five aspects of leader competence are technical competence; interpersonal skills; judgment, conceptual skills and character. They believed that character was the vital element that determines leader efficacy as he claimed that he had never found a person to be rejected due to technical incompetence but had seen people rejected because of a lack of character (Eagly 1992)

In order for managers and leaders to display the competencies acquired through training and development they required the support and encouragement of their own managers. Thus, simply acquiring a competency did not necessarily mean that they would use it and nor does the absence of a competency make you 'incompetent'. Indeed, studies of executive derailment actually showed that excessively high levels of a 'beneficial' competency can lead to failure; thus excessive team orientation can turn to indecisiveness, integrity to zeal and global vision to lack of local focus (Boyatzis 1993)

Leadership is significant in performance management and employee involvement in context of TQM for gaining the competitive benefit. Constant, clear and quality leadership was necessary for success. Therefore it was required that quality leadership should be deemed as a strategic aim of the organization. Quality in today's era was the continuous improvement therefore needed change at continuous basis. Change cannot be carried out without effective leadership which provided steadfastness and persistence against the confrontation to the change inside an organization Abbasi *et. al.*, (2011),

Leaders needed to pass leadership to others in the group or modify their approach and became more tasks focused when involved in tough negotiations or when the business needed that approach. This was similar to the situational or contingency approaches to leadership. This model stressed the need for effective leaders to change and adapt their normal style depending on the needs of the business at a particular time, while considering the demands of a particular situation or circumstance (Barling 1996)

Leadership styles and management methods across the world are diverse and are influenced by specifications dominant in the environment. Different studies and researches in different countries have emphasized compliance of leadership style in terms of success conditions. The influencing factors of leadership styles includes moral behavior, motivation, achievement oriented approach, experience, knowledge, directive and participative approach, supportive in nature and situational factors Woodbine and Liu (2010)

The achievement in organizational performance was the outcome of prosperous and conscious leadership, while it at other times may be the outcome of poor and deficient leadership. The effective leadership had impact on corporate decision making and business behavior in the organizations (Svensson and Wood 2006).

**METHODOLOGY**

Among the different districts of Andhra Pradesh, the Coastal Districts of Guntur, Krishna, Nellore and Prakasam have been purposively selected for the present study. There are 10 branches of LIC in Guntur district with 750 employees, 11 branches of LIC in Krishna district with 825 employees, 7 branches of LIC in Nellore district with 450 employees and 6 branches of LIC in Prakasam district with 275 employees. The data and information have been collected from 300 employees which is 13.04 per cent of the employees of LIC.

In order to study the leadership concepts and constructs in LIC, the exploratory factor analysis has been employed with principal component extraction with oblique rotation. The factor analysis can be expressed as:

$$Z_{ij} = a_1 f_{1j} + a_2 f_{2j} + \dots + a_m f_{mj} + e_{ij}$$

Whereas,

Z = Leadership Concepts and Constructs / Effectiveness of Leadership Styles

a = Factor Loadings

f = Factor Score

e = Residual term accounting for Errors or other Source of Variation.

To assess the internal consistency of scale "Coefficient of Internal Consistency (Cronbach alpha) has been computed. The formula is:

$$\alpha = \frac{K}{K-1} \left( 1 - \frac{\sum_{i=1}^K \sigma_{Y_i}^2}{\sigma_X^2} \right)$$

Where:

$\alpha$  = Cronbach alpha

K = Number of components (K-items or test lets).

$\sigma_X^2$  = Variance of the Observed Total Test Scores for the Current Sample.

$\sigma_{Y_i}^2$  = Variance of Component i for the Current Sample.

**DATA ANALYSIS**

The leadership concepts and constructs are measured in the five point Likert scale varying from strongly agrees to strongly disagree.

**PROFILE OF LIC**

Life Insurance Corporation of India is one among the successful public sector organization in India with 80% market share in life insurance sector. On January 1956, in keeping with the then prevailing political and economic philosophy of socialism, 245 Indian and foreign insurers and provident societies operating in India were taken over by the Central Government by an Act of parliament. Today LIC functions with 2048 fully computerized branch offices, 109 divisional offices, 8 zonal offices, 992 satellite offices and the corporate office. The recruitment process of LIC is direct recruitment and the human resources of the organization are considered effective which contributed for the success of their organization.

**SOCIO-ECONOMIC CHARACTERISTICS OF EMPLOYEES**

Out of 300 employees of LIC, about 80.00 per cent of employees are males and the rest of 20.00 per cent of employees are females. Out of 300 employees of LIC, about 33.33 per cent of employees belong to the age group of 36-40 years followed by 41-50 years 26.67 per cent, 31-35 years 16.00 per cent, 26-30 years 13.3 per cent, 21-25 years 6.67 per cent and more than 50 years 4.00 per cent.

Out of 300 employees of LIC, about 25.33 per cent of employees belong to the monthly income group of Rs. 25001-30000 followed by Rs. 30001-35000 24.00 per cent, Rs. 20001-25000 21.33 per cent, more than Rs. 35000 16.67 per cent, Rs. 15001-20000 8.00 per cent and Rs. 10001-15000 4.67 per cent. Out of 300 employees of LIC, about 89.33 per cent of the employees are married while the rest of 10.67 per cent of employees are unmarried.

Out of 300 employees of LIC, about 47.33 per cent of employees are educated up to post graduation followed by graduation 29.33 per cent, higher secondary 10.00 per cent, secondary 6.67 per cent, professional 4.00 per cent and diploma 2.67 per cent. Out of 300 employees of LIC, about 33.00 per cent of employees are HGA followed by assistant (28.00 per cent), AAO (22.67 per cent), AO (12.00 per cent), DO (2.67 per cent) and BM (1.33 per cent). The following table shows the socio-economic characteristics of employees of LIC:

**TABLE-1: SOCIO-ECONOMIC CHARACTERISTICS OF EMPLOYEES OF LIC**

Variables	Respondents(N=300)		Variables	Respondents(N=300)	
	Number	Per Cent		Number	Per Cent
<b>Gender</b>			<b>Educational Qualification</b>		
Male	240	80.00	Secondary	20	6.67
Female	60	20.00	Higher Secondary	30	10.00
<b>Age(years)</b>			Graduates	88	29.33
21-25	20	6.67	Post Graduates	142	47.33
26-30	40	13.33	Diploma	8	2.67
31-35	48	16.00	Professional	12	4.00
36-40	100	33.33	<b>Monthly Income(Rs.)</b>		
41-50	80	26.67	10001-15000	14	4.67
>50	12	(4.00)	15001-20000	24	8.00
<b>Designation</b>			20001-25000	64	21.33
HGA	100	33.33	25001-30000	76	25.33
AAO	68	22.67	30001-35000	72	24.00
AO	36	12.00	>35000	50	16.67
Assistant	84	28.00	<b>Marital Status</b>		
DO	8	2.67	Married	268	89.33
BM	4	1.33	Unmarried	32	10.67

**FACTOR ANALYSIS FOR PERCEPTION OF LEADERSHIP CONCEPTS AND CONSTRUCTS OF EMPLOYEES OF LIC**

In order to study employees' perception about leadership concepts and constructs in LIC, the factor analysis has been employed. The principal component method of factor analysis is carried out with Eigen value greater than one through varimax rotation and the results obtained through rotated component matrix are presented in Table 2.



TABLE-2: FACTOR ANALYSIS FOR PERCEPTION ABOUT PERCEPTION OF LEADERSHIP CONCEPTS AND CONSTRUCTS BY EMPLOYEES OF LIC

Leadership Concepts and Constructs	Rotated Factor Loadings on										
	Factor I	Factor II	Factor III	Factor IV	Factor V	Factor VI	Factor VII	Factor VIII	Factor IX	Factor X	Factor XI
Leader is one who sets the specific goals for both organization and employees.							.62				
Leader prescribes the behavioural expectations of employees through formalization of rules and regulations.									.56		
Leader is monitoring conformance to the expectations of organization.										-.52	
Leader is one who interacting with the external environments efficiently.							.77				
Leader is the person responsible for bringing the changes in the organization.										.58	
Leader is managing the critical functions of organization efficiently.					.68						
Leader is an encouraging motivational practice in the organization.								.80			
Leader is facilitating the creativity and innovation on the part of the employees.						.60					
Leader is ensuring the organizational coordination, flexibility and agility.						.80					
Leader should develop the teamwork.					.75						
Leader is the guardian of development of employees.											.79
Leader should discuss, participate with employees and arrives the consensus in all matters of the organization.									.62		
Leader is responsible for increasing morale, cohesion and commitment among the employees.			.82								
Leader is responsible for standardized decision making.									.72		
Leader ensures the timeliness of operations and decision making.										.85	
Leader is in charge of stability and efficiency of organizational activities.			.62								
Leader should properly communicate with all the employees regarding all the organizational matters.		.81									
Leader should have commitment to experimentation and individual initiative.								-.52			
Leader should have insight about the functions and activities of the organization.	.65										
Leader should have the capacity of achievement of measurable goals.				.89							
Leader should have the judgmental and problem solving skills.	.81										
Leader should create trust among the employees.		.72									
Leader should recognize the employee's contribution through rewards and awards.	.85										
Leader is responsible for creating and maintaining strong work culture.	.53										
Leader should satisfy the needs and wants of employees.		-.81									
Eigen Value	3.42	2.67	2.22	1.75	1.66	1.44	1.33	1.26	1.18	1.08	1.01
% of Variance	10.16	9.84	6.86	6.57	6.44	6.41	6.35	6.28	5.97	5.91	5.31
Cumulative % of Variance	10.16	20.00	26.86	33.43	39.87	46.28	52.63	58.91	64.88	70.79	76.10
Cronbach's Alpha	0.92										

Source: Primary &amp; Computed Data

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization; Rotation converged in 21 iterations.

There are eleven independent groups are extracted which account for a total of 76.10 per cent of variations on the 25 variables of leadership concepts and constructs. The each of eleven factors contributes 10.16 per cent, 9.84 per cent, 6.86 per cent, 6.57 per cent, 6.44 per cent, 6.41 per cent, 6.35 per cent, 6.28 per cent, 5.97 per cent, 5.91 per cent and 5.31 per cent respectively.

**Factor-I:** From the table, it is inferred that out of 25 employees' perception on leadership constructs and concepts, four variables have their high, relatively tightly grouped factor loadings on factor-I.

This factor consists of:

Leader should have insight about the functions and activities of the organization. (0.65)

Leader should have the judgmental and problem solving skills. (0.81)

Leader should recognize the employee's contribution through rewards and awards. (0.85)

Leader is responsible for creating and maintaining strong work culture. (0.53)

Hence, this factor is named as "**ORIENTATION**".

Factor-II: is formed with:

Leader should properly communicate with all the employees regarding all the organizational matters. (0.81)

Leader should create trust among the employees. (0.72)

Leader should satisfy the needs and wants of employees. (-.81)

These variables are named as "**CONFIDENCE**".

Factor-III: This factor includes:

Leader is responsible for increasing morale, cohesion and commitment among the employees. (0.82)

Leader is in charge of stability and efficiency of organizational activities. (0.62)

These two variables are named as "**VALUES**".

Factor-IV: This factor is formed with:

Leader should have the capacity of achievement of measurable goals. (0.89)

This factor is named as "**GOALS**".

Factor-V: This factor includes:

Leader is managing the critical functions of organization efficiently. (0.68)

Leader should develop the teamwork. (0.75)

The factor is named as "**EFFICIENT**".

Factor-VI: This factor is formed with:

Leader is facilitating the creativity and innovation on the part of the employees. (0.60)

Leader is ensuring the organizational coordination, flexibility and agility. (0.80)

This factor is named as "**ENCOURAGEMENT**".

Factor-VII: This factor includes:

Leader is one who sets the specific goals for both organization and employees. (0.62)

Leader is one who interacting with the external environments efficiently. (0.77)

The factor is named as **"INTERACTION"**

Factor-VIII: This factor is formed with:

Leader is an encouraging motivational practice in the organization. (0.80)

Leader should have commitment to experimentation and individual initiative (-0.52)

This factor is named as **"COMMITMENT"**

Factor-IX: This factor is formed with:

Leader prescribes the behavioral expectations of employees through formalization of rules and regulations. (0.56)

Leader should discuss, participate with employees and arrives the consensus in all matters of the organization. (0.62)

Leader is responsible for standardized decision making. (0.72)

This factor is named as **"STANDARDS"**

Factor-X: This factor includes:

Leader is monitoring conformance to the expectations of organization. (-0.52)

Leader is the person responsible for bringing the changes in the organization. (0.58)

Leader ensures the timeliness of operations and decision making.(0.85)

The factor is named as **"RESPONSIBILITY"**

Factor-XI: This factor is formed with:

Leader is the guardian of development of employees. (0.79)

The factor is named as **"DEVELOPMENT"**

The Cronbach's alpha of the scale was 0.92 indicating that each measure demonstrated acceptable internal consistency.

## CONCLUSION AND SUGGESTIONS

The results show that leader is managing the critical functions of organization efficiently, leader is facilitating the creativity and innovation on the part of the employees, leader should create trust among the employees and leader is responsible for creating and maintaining strong work culture are strongly agreed by the employees of LIC as perceived by them.

The employees of LIC are agreed with leader is one who sets the specific goals for both organization and employees, leader is monitoring conformance to the expectations of organization, leader is one who interacting with the external environments efficiently, leader is the person responsible for bringing the changes in the organization, leader is an encouraging motivational practices in the organization, leader is ensuring the organizational coordination, flexibility and agility.

Leader should develop the teamwork, leader is the guardian of development of employees, leader should discuss, participate with employees and arrives the consensus in all matters of the organization, leader is responsible for increasing morale, cohesion and commitment among the employees, and leader ensures the timeliness of operations and decision making.

Leader is in charge of stability and efficiency of organizational activities, leader should properly communicate with all the employees regarding all the organizational matters, leader should have insight about the functions and activities of the organization, leader should have the capacity of achievement of measurable goals, leader should have the judgmental and problem solving skills and leader should satisfy the needs and wants of employees.

In order to improve the leadership, leaders should prescribe the behavioral expectations of employees through formalization of rules and regulations precisely and they should be responsible for standardized decision making. Besides, leaders should have commitment to experimentation and individual initiative and leaders should recognize the employee's contribution through rewards and awards.

For improving the quality of leadership practices, employee ideas and input must be sought for upcoming plans and suitable environment must be created where the employees take ownership of the plans and projects and make them participate in decision making process and also employees are allowed to determine what needs to be done and how to do it.

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