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There are almost as many leadership styles as there are supervisors and executives. The style isn't too important as long as it's not imposed; the vital thing is that there is a control mechanism at work —

LEADERSHIP STYLE AND THE LOCUS OF CONTROL

by Allen Weiss

Laventhol Krekstein Horwath & Horwath

AN ACCOUNTANT reviews a proposed information system, and he automatically begins to inject controls into it. Meanwhile, a behavioral scientist decries efforts to control people or activities in organizations. Is there a problem of semantics here, or a genuine disagreement relating perhaps to leadership styles?

Dictionaries give us something to contemplate. The verb "control," for instance, is defined two ways by the *Shorter Oxford English Dictionary*:

"1. To check or verify, and hence to regulate (payments, etc.). 2. To exercise restraint or direction upon

the free action of; to dominate, command."

If the accountant's view of control is derived from the first definition and the behavioral scientist's from the second, as seems likely, then they are really talking about two different things; and they are not necessarily as opposed to each other's activities and concepts as they appear to be. This is, in fact, the case.

Accounting controls are informational, and they are indispensable to managers and supervisors, regardless of the precepts of leadership they follow. To demonstrate the usefulness of accounting con-

trol records and reports, let's first explore their nature and their relation to planning. Following that discussion, we will investigate the locus of control and its relation to the use of control information under various leadership styles.

Control records and reports

The management of Complexity, Inc., recognized that their operations required detailed planning and coordination of effort. Planning also met the need for predictability, but only if plans were carried out with reasonable certainty. The company looked upon accounting controls as a means for

monitoring performance under the plans that were in effect.

Carrying the logic a step further, deviations between planned and actual performance led to investigations that sometimes caused revisions in the standards and parameters employed in the succeeding cycle of planning and control. Thus, planning and control were inextricably bound in a continuing series of cycles.

Typical of the records and reports that the company adopted for purposes of control were:

—Exception reports indicating deviations from expected performance in excess of tolerable limits.

—Variance analyses pursuing in depth the causal factors that produced significant deviations.

—Scrap and reject reports reflecting waste due to quality problems.

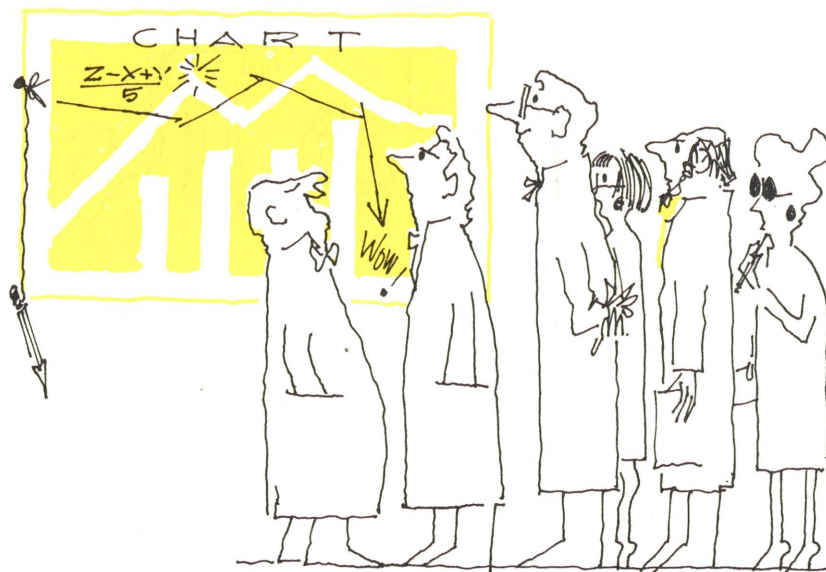
—Trend reports indicating changing relations between production factors and incipient problems of deterioration in productivity.

—Logs: work logs keeping track of individual and group productivity; backlogs to help in scheduling and staffing.

—Assignment matrices providing supervisors with a total picture of activities in their departments by individual, as they should be going on.

At the top levels, the management of Complexity, Inc., believed in participatory methods of leadership. However, below the top levels, the management was aware that other styles of leadership were being practiced. This situation caused occasional twinges of uneasiness, but little discussion and no action. What could one do, the feeling seemed to be, if middle managers were invited to participate themselves, and encouraged to extend participatory techniques to their subordinates, but the message didn't get across?

Regardless of the leadership style practiced in a given department, no one appeared concerned that accounting control records or reports might in any way conflict



Consultative leadership demands self-control among workers.

with that style. This is a significant point. For, if control violated concepts of behavioral science, then the reports would have an affinity for certain low-rated styles, and they would be perceived as inappropriate under other, highly regarded styles.

Locus of control

To see why similar records and reports are employed in departments run under different leadership styles, let's look into several departments and consider the relations between locus of control, leadership style, and use of control information. In the departments we will review, control is exercised by individuals (self-control), groups (group dynamics), top management (central authority), supervisors (local authority), and an intangible political interaction.

Individual self-control

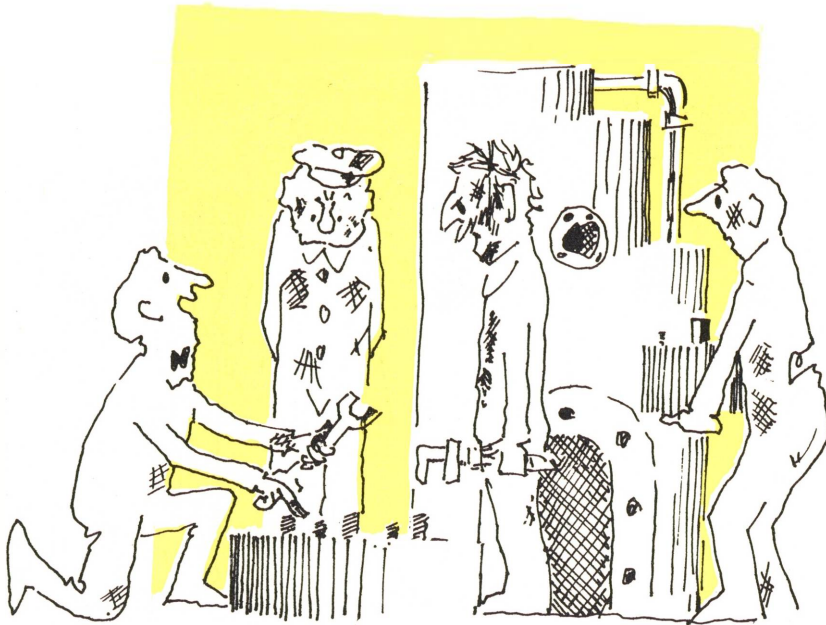
Franklin Edison is in charge of research and development at Complexity. Proud of a string of patents in his own name, eager to get to work on a number of ideas he has yet to find time for, Edison is at

his best when he guides one of his people toward a breakthrough, or when he encourages a disheartened colleague to persevere along a promising, but difficult, path.

Edison has gathered around him a staff of creative, innovative people, and he knows how to handle them. Each researcher is free to pursue leads that occur to him; each is expected to come up with his own ideas, approaches, methods, and solutions to problems. At the same time, each staff member is welcome to talk things over with Edison at any stage of his research. Out of such exchanges have come many new thoughts and novel undertakings.

The consensus at all levels of the company is that research and development has achieved extraordinary success under the direction of Franklin Edison. There are some who think that Edison is merely a fortunate man with a fine staff that runs on its own steam. But Edison himself doesn't trust to luck.

On the contrary, he keeps a record of all assignments of projects to his personnel and of progress toward completion. More than that, Edison has each project segmented into stages, and he regularly com-



Group control calls for high morale and unity in employees.

compares milestones reached against his intuitive timetable. He also maintains a backlog of unassigned projects; and in approving new assignments, he tries to balance long- and short-range jobs so that he will have completed items to report to his own superiors while major jobs are still in progress.

Nor is Edison unaware of cost/benefit relations. He uses cost reports to assess the effectiveness of his department's efforts and to revise his own thinking when new projects are to be planned and scheduled, and when priorities are assigned. Moreover, none of these records and reports is a secret to be kept from his staff. Budgets and variances are freely and openly discussed.



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sional journals. Mr. Weiss received his B.S. from the City College of New York and his M.B.A. from New York University's Graduate School of Business Administration.

Edison's researchers exercise self-control. And they have access to control information in doing their jobs. Their department head has the same information, which he uses for planning and control. When a project threatens to fall behind schedule, he knows the facts and looks into the reasons. When he is called on to account for the status of projects, he has the information at hand. In practicing consultative leadership, he has not abdicated his position.

Group control

The machine maintenance department at Complexity comprises two lead mechanics, four assistant mechanics, and a varying number of apprentices under a department head, Alex Graham.

The lead men exhibit a pride of workmanship and a strong sense of responsibility for keeping the plant going. They feel a certain superiority toward the workmen in the plant and a distant, grudging respect for the engineering department. These attitudes are reflected, though less vigorously, in the assistant mechanics. Group morale is high. Group loyalty is very strong,

too; and the group imposes standards on its members forcefully and promptly.

The group expects each member to work to the best of his ability. An emergency call on a machine that has just been serviced or repaired will bring strong comments of disapproval on the head of the mechanic who did the previous work. Stalling on the job is something the group feels it can detect, and it disapproves. On the other hand, the group insists that its members break promptly for meals and rest periods. And the group arranges to equalize overtime among its members.

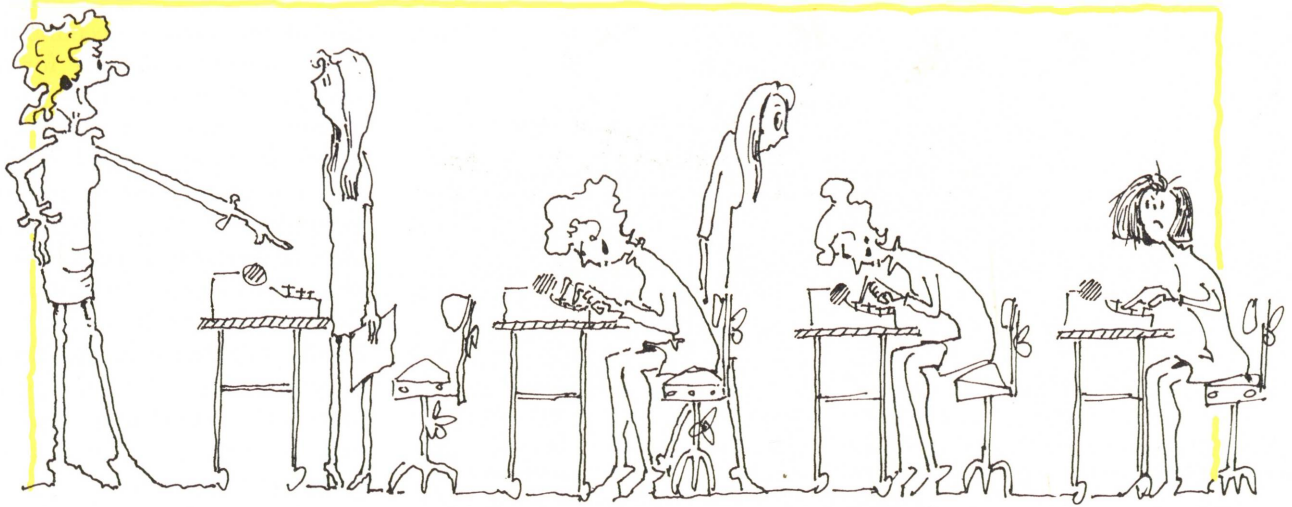
For his part, Graham encourages the group to maintain work standards. He makes work assignments, but only in consultation with the group. Even in emergencies, Graham consults with the two lead mechanics before taking any action.

In Graham's office, there is a control board that shows where each man is and where he is assigned for the week. In the desk, there are preventive maintenance schedules for all machines and records of breakdowns. There are also records of hours worked, materials and parts consumed, and special reports of absenteeism, tardiness, and overtime. Graham and his crew go over these records and reports periodically.

Central authority

When Abel Strong took over his job as regional sales manager, he found a wide diversity of practices among the salesmen in his region and the local offices they worked out of. Sometimes this diversity created problems. For example, when two salesmen visited the same customer; or when a customer received a better offer from one office than its affiliate was getting from another of Complexity's sales offices.

Being a direct sort of person with an orderly mind, Abel Strong relieved his consternation and fear of repeated embarrassments by issuing an order centralizing author-



Supervisors can do very well with strict authoritarian measures.

ity in him. Every move on the part of a local office or its personnel now requires Strong's approval. Local office managers are reduced to the position of interpreting Strong's directives, predicting his decisions, and enforcing conformity to his fiat and company policy. That is, when they're not calling him for instructions or approvals.

Strong relies on reports of trends, variances, and exceptions. Additionally, local managers use logs and assignment matrices. Strong boasts of running a taut ship; others see the situation differently. In any case, control records and reports are very much in evidence at both regional and local levels.

Local authority

Mary Martinet runs the typing pool with an iron hand. She knows what her typists are doing at all times, when they should finish the jobs, and what they will do next. A strict disciplinarian in all matters, Ms. Martinet restricts telephone calls and enforces promptness in reporting in, returning from lunch, and ending rest periods. There is no nonsense and no horseplay.

Some typists leave within a week, but others stay on, either to complain to their friends on the outside, or to respect Martinet for her efficiency. The complaints often carry a trace of pride in surviving under a stark regime. And many of the typists are happy that they get

direct answers to their questions. When asked whether papers should be clipped together on the left side or the right, Martinet never says it doesn't matter. She gives straight answers.

The typing pool is rightly considered one of the most efficient activities in the entire company. To keep it that way, Mary Martinet relies on a variety of control records: a work matrix tells at a glance where each job is assigned; logs show each typist's output and cumulative variances from standards set by Ms. Martinet in advance; backlogs help in scheduling, making commitments to other departments, and staffing. Martinet reviews all reports of absenteeism and lateness relating to her staff.

Although Mary Martinet uses many control records and reports herself, she regards them as her own property and no concern of her staff. The typists see only what their supervisor allows them to see, and only when she perceives some special reason for doing so.

Political interaction

Aristotle Smart tries hard to put a democratic veneer over his leadership style. Although he knows what he wants in advance, he will spend time with his staff to draw his ideas out of them. "That way, they feel committed to the ideas, and they extend themselves to make the plans work," reasons

Smart. He also has a system for rewarding people in various ways when they conform to his will, so as to "condition" them for the future. Even when he criticizes someone (in private, of course), Smart manages to make his remarks easy to swallow. When differences arise among the people on his staff, Smart would rather reconcile people than determine rights and wrongs. In the face of opposition, he will seek some area of agreement and use this commonality of perception to work out a compromise.

Aristotle has been called a clever politician and a manipulator of



And manipulative management, in the right hands, still works

LOCUS OF CONTROL MATRIX

LOCUS OF CONTROL

	Individual	Group	Central Authority	Local Authority	Political
Leadership style	(Participative or consultative)		(Authoritarian)		Manipulative
Type of activity most readily adapted to	Innovative	Well-defined	Structured	Routine	Diverse
Individual need met	Freedom	Belonging	Orderliness	Discipline	Self-respect
Primary reporting to	Individuals	Group	Higher management	Supervisor	Supervisor/manager
Immediate function of accounting controls	Guidance to individual	Direction of group pressures	Conformity of implementation	Control weapon	Basis for negotiation

tem of self-control, accounting reports provide guidance for individuals, whereas groups use accounting reports to direct and focus pressures, central authority uses reports to enforce conformity in implementation of policies, and local authority will most likely employ accounting information as a club for beating heads with. Politically interactive leadership uses data as a means for sending messages, establishing hospitable common ground for its ideas, and negotiating acceptable agreements.

Summary

One thing is clear: the need for control information exists under all styles of leadership, and it adheres to the locus of control. To put the matter simply: those who exercise control (including self-control) require information.

That information may at times offer reassurance that work is proceeding according to schedule. At other times, control information provides a warning of incipient problems. Additionally, such information helps to plan knowledgeably and to revise plans or schedules when necessary.

At organization levels above the locus of control, reports serve similar purposes, and they are just as necessary. Where individuals control their own activities, their supervisor (and his superior) should have reassurance or warning, too. But when an authoritarian manager receives control information relating to his department, he is actually receiving feedback on his own performance: having delegated no responsibility, he is exclusively responsible himself. Whatever message the control information conveys, that message is for him—and for his superior, of course.

In short, accounting control records and reports are not tied to a particular style of leadership; but the point of use for this information, and the manner in which it is used, are related to the locus of control.

people, but he shrugs off these epithets in favor of a pragmatic view: his methods work for him; he doesn't bother to ask why they work. Perhaps it's because he is skilled at playing a game that people like. If they are indeed being "fooled" into fancying that his ideas are their ideas, perhaps they want to be fooled that way. At least Aristotle is never crude. On the contrary, he is at all times thoughtful of the other person's feelings and emotional needs. Indeed, because of Smart's propensity for compromise, it is sometimes difficult to tell how much control resides in him as local authority, how much resides in the group that works for him, and how much belongs to individuals. Democratic leadership may actually require more manipulation than theorists are willing to admit. Such is the rationale of Aristotle Smart.

Because Smart prefers to convince people of views he has espoused, and to lead them to adopt his views from the evidence, he is ready to make use of every type of information that comes his way. He welcomes most those reports that prove his point, and he shows them to his staff; but he has been known to change his mind in the face of overwhelmingly contrary evidence. Since his voracious appetite for reports brings him a burdensome plethora of information, Smart has learned to prefer exception reports over all others.

The Locus of Control Matrix

(above) recapitulates what has just been said about each locus of control: individual, group, central authority, local authority, and politically interactive. Four styles of leadership—participative, consultative, authoritarian, and manipulative—are identified with loci of control. There is also a type of activity most readily adaptable to each locus, from routine operations that adapt to local authority, to innovative or creative activity that adapts best to self-control.

Each locus fills need

Each locus of control meets a set of individual needs; the matrix focuses on one principal need in each case. For example, individual self-control meets a need for freedom of action; and group control operates where the need to belong is cogent. Central authority, working through policies, formal procedures, standing orders, or fiat, appeals to those with a penchant for orderliness; and a stricter, closer discipline, with immediate instructions or commands, is for followers of the dictatorially inclined leader and his concepts. Political interaction, an underrated methodology, satisfies emotional needs for self-respect; the assumption is that appearance counts, even when it diverges from actuality.

Reporting channels conform to the locus of control, and they support it. For instance, under a sys-