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The Influence of the Locus of Control and Decision-making Capacity upon the Leadership Style

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Abstract

The aim of this research is to investigate the influence of the locus of control and that of the decision-making capacity upon the leadership style (orientation towards tasks versus orientation towards human relations). In order to develop the research, we set up the following objectives: assessment of the leaders' level in the decision-making process; determination of the locus of control (internal, external or ambivalent); determination of the leadership style (focused on human relations or on tasks). As research methods we used: the T-P Leadership Questionnaire (McDougall), the “locus of control” scale (Rotter), a questionnaire concerning decision-making and critical reasoning skills, and statistical methods. The statistical data gathered during the research revealed the influence of the locus of control and that of the decision capacity upon the leadership style, within organizations. Some psychological differences between men and women with managerial positions are also highlighted. The research results proved the role of personality (decision capacity, critical reasoning, locus of control) in the leadership style, the reciprocal leader-subordinate relationship influencing both the performance at an individual level and organizational performance.

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1. Introduction

Currently, organizations face numerous challenges generated by globalization, technological advancements, and diversity of workforce, generational gaps, and unstable economies. In order to achieve their target goals, organizations have to deal with frequent changes, arising from: degree of availability of resources, government policies, demand of customers, relations with suppliers, behaviour of the market and competitors (Daft, 2005). Under these circumstances, the leadership style significantly influences the organizational efficiency and well-being (Daily et al., 2002).

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Therefore, the concepts of leadership and leadership style, their role in organizations, the locus of control, managerial competencies, and decision making capacity have been intensively studied by the researchers during the last two decades, in association with the complex environment that our world displays.

Leadership is known as the process whereby a person - the leader – determines one or more individuals to act for accomplishing well-established objectives, based on a strong and attractive vision (Nastase, 2006). Leadership manifests in various ways in organizations and is influenced by a great variety of factors, the most important being the personality of the leader, the characteristics of its followers and the specificity of the context where the process evolves. The interaction of all these factors generates the leadership styles practiced in organizations, regardless of their dimension or field of activity. Burns (1978) argued for two types of leadership: transactional and transforming, thus proposing the modern approach for the leadership concept. Transactional leaders influence people by means of a transaction: money or some other reward (or punishment) in exchange for the followers' work. Transforming leadership involves a strong personal identification with the leader: the followers share the leaders' vision, acting beyond their self-interest (Rosenbach et al., 1996).

The theory of “locus of control” or “internal versus external control of reinforcement” was introduced by Rotter (1954, 1966) and further studied in correlation with individual motivation, mobilization of internal resources, learning, work adjustment, and organizational commitment. People who believe that they can influence outcomes through their own efforts, skills and characteristics are designated as of internal orientation (internals), while those who perceive that outcomes are determined by external forces such as luck, chance, fate and power of others are designated as of external orientation (externals). Individuals are then classified along a spectrum of very internal to very external (Millet, 2005). A lot of research has been focused on the influence of locus of control on leadership in organizations and various styles of leadership strategies, as well as on the employee reactions to leadership style. Findings suggest that leaders of internal and leaders of external orientation exhibit different leadership styles (Spector, 1982) and locus of control is also related to a transformational leadership style (Burns, 1978). Overall, it seems that an internal locus of control is the preferable orientation for successful leadership.

Decision making is central among strategic process issues (Eisenhardt and Kbaracki, 1992) because it critically affects even organizations' survival. Researchers highlighted that talent management – which essentially includes decision making capacity – is one of the five key challenges facing managers in the actual European context (Vaiman et al, 2012). Therefore, if and how decision making capacity influences a leader can contribute to our understanding of the attributes of the leadership style.

2. The research design

2.1. The research objective and hypothesis

The main research objective consists in investigating the influence of the locus of control and the manager's decision-making capacity upon the leadership style from the organization.

Hypothesis 1. There is a positive correlation between the locus of control and the leadership style.

Hypothesis 2. There is a positive correlation between the decision-making capacity and the leadership style.

Hypothesis 3. There are relevant differences between the participants with internal locus of control and those with external locus of control, in terms of the decision-making capacity.

2.2. Participants

The research was conducted in 2013, on a group of 140 participants, formal leaders through the leading positions held inside the organizations they are part of (public institutions, societies and private companies, NGOs). According to the gender variable, 82 participants (58.6%) are women, and 58 participants (41.4%) are men. According to the age variable, 53 participants (37.9%) are between 25 and 34; 41(29.3%) are between 35 and 44; 33 participants (23.6%) are between 45 and 54, and 13 participants (9.3%) are between 55 and 64.

2.3. Methods and tools

To determine the leadership style, we have used the T-P Leadership Questionnaire (McDougall). By applying this method, we have obtained the scores for the two dimensions: T – task, indicating the weak/medium/strong orientation towards the task in the leadership style and P – people, which indicates the weak/medium/strong orientation towards interpersonal relations in the leadership style.

To determine the locus of control, we have applied the “locus of control” scale (Rotter), which supported us in establishing the percentage of the subjects with internal locus of control, those with ambivalent, respectively those with external locus of control. To evaluate the participants’ decision-making and critical reasoning capacity, we have applied a questionnaire structured on 9 questions associated with the 9 brief texts. The texts describe situations which challenge the manager’s decision-making skills, the rough mark being values between 1 and 9.

3. Results and discussions

The data collected during the research was statistically processed through the SPSS Programme.

The analysis of the frequency table (Table 1) highlights the following distribution percentages of the participants’ locus of control: 53 (37.9%) have internal locus of control, being aware of what is happening around them and having serious control over the events experienced. The internal locus of the control takes initiative in all the issues related to profession, interpersonal relationships, the psychic energy being centred on action and achieving goals. A number of 58 participants (41.4%) have an ambivalent locus of control, their internal and external control being associated with the specific of situations and events. Finally, 29 participants (20.7%) have an external locus of control, viewing life more like a “game of chances” than an effect of personal skills and competences.

Table 1. The participants’ distribution according to the locus of control and leadership style variables

	Variables	Frequenc y	Percent	Valid Percent	Cumulati ve Percent
Valid <i>Locus of control</i>	Internal	53	37.9	37.9	37.9
	Ambivale nt	58	41.4	41,4	79.3
	External	29	20.7	20.7	100.0
	Total	140	100.0	100.0	
Valid <i>Leadership style</i>	Task	102	72,9	72,9	72.9
	People	38	27.1	27.1	100.0
	Total	140	100.0	100.0	

The analysis of the frequency table (Table 1) highlights the following distributions of the leadership style for the research participants: 102 subjects with managerial positions (72.9%) practice a leadership style centred on the task and 38 subjects (27.1%) practice a leadership style centred on people/interpersonal relations.

In order to verify whether there is any positive correlation between the locus of control and the leadership style, we have calculated the correlation coefficient Kendall t. The results presented in Table 2 show that there is a relevant positive correlation between the locus of control and the leadership style, $t(138) = 0.372, p < 0.01$. In terms of the size of the effect and according to Cohen’s criteria, the relation between the two variables is average, the correlation index being placed between 0.30 and 0.50. The research results confirm the hypothesis.

Table 2. Correlations

	Locus of control	Leadershi p style

Kendall's Tau-b	Locus of control	Correlation Coefficient	1,000	.372**
		Sig. (2-tailed)	.	.000
		N	140	140
	Leadershi p style	Correlation Coefficient	.372**	1.000
		Sig. (2-tailed)	.000	.
		N	140	140

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

We were interested in finding out whether the subjects with internal locus of control adopt/practice a leadership style centred on tasks to a greater extent than the subjects with an external locus of control. We have applied the Independent t test and we have calculated the mean and median of the variable internal locus of control according to the variable leadership style: centred on tasks versus centred on people. The mean of the subjects who practice a leadership style centred on tasks for the variable locus of control is higher than the mean of those who practice a leadership style centred on people (2.28 as compared to 1.64); the median has the same value in both cases (2.00).

In order to check whether there is any positive correlation between the decision-making capacity and the leadership style, we have calculated the correlation coefficient Kendall t. The results obtained (Table 3) show that there is a positive correlation between the decision-making capacity and the leadership style, $t(138) = 0.172$, $p < 0.05$. The subjects centred on tasks have obtained higher scores than the subjects centred on people, regarding the decision-making capacity. In terms of the size of the effect and according to Cohen's criteria, the relation between the two variables is weak and average, the correlation index being located between 0.10 and 0.30. Therefore, the second hypothesis has been confirmed.

Table 3. Correlations

			Decision- making capacity	Leadership style
Kendall's Tau-b	Decision- making capacity	Correlation Coefficient	1.000	.172*
		Sig. (2-tailed)	.	.020
		N	140	140
	Leadershi p style	Correlation Coefficient	.172*	1.000
		Sig. (2-tailed)	.020	.
		N	140	140

*. Correlation is significant at the 0.05 level (2-tailed).

In order to verify whether there are any relevant differences between the participants/managers with an internal locus of control and those with an external locus of control in terms of the decision-making capacity, we have applied the t test to independent samples. The results (Table 4) show that there are relevant differences between the participants/managers with an internal locus of control and those with an external locus of control regarding their decision-making capacity [$t(80) = 2.264$, $p < 0.05$]. The mean (Table 4) of the participants with an internal locus of control is higher than the mean of those with an external locus of control for the variable decision-making capacity (4.71 compared to 3.62). Therefore, the fourth hypothesis has been confirmed.

Table 4. The t test results: comparison of the means for the variable decision-making capacity

Variables	n	M	SD	t	df	p
Decision-making capacity				2.264	80	0.026
Internal locus of control	53	4.71	2.16			
External locus of control	29	3.62	1.95			

4. Conclusions

In order to verify the hypotheses, the data collected through the research tools were statistically processed (descriptive statistics, comparison of means, correlation analysis). We have determined the distribution of the participants in terms of the locus of control relation, the decision-making capacity and the leadership style. Then, we have attempted to identify possible correlations between personality traits (locus of control and decision-making capacity) and the leadership style adopted (centred on tasks vs. interpersonal relationships).

The results obtained have confirmed the research hypotheses and agree with the literature on leadership understood in terms of leaders' role, as well as managerial competence to achieve performance at the level of the organization with and through others/subordinates. By applying the Kendall bivariate correlation, we have proved the existence of a relevant positive correlation between the locus of control as a dimension of personality and the leadership style. Thus, the majority of the participants with an internal locus of control adopt a leadership style centred on tasks, displaying a pragmatic spirit, perseverance, a higher responsibility in establishing and achieving objectives, applying new efficient procedures in making decisions, organizing their own work and that of their subordinates, in their marketing activities and in using resource efficiently.

There is also a positive correlation between the managers' decision-making capacity and their leadership style, which shows that task-centred managers obtain higher scores than the subjects centred on interpersonal relationship, in terms of the decision-making capacity. Relevant differences were also found between the managers characterized by an internal locus of control and those with an external locus, in terms of the decision-making capacity.

A possible explanation may be related to the many and diverse problems with which organizations are faced nowadays, the influence of the impact of the economic crisis upon the public institutions and private companies. In this context, managers are required to have leadership abilities and deep understanding, appropriate to the complexity of the domain, critical and creative thinking in planning work, making organizational structures flexible and selecting strategies, abilities to foresee and control the organization while implementing solutions.

In a society undergoing globalization, it is considered that a decision often implies the relevant factors of context and circumstances. Thus, the decision-making subjects are not always aware of their own set of values and the influence which a specific context may have upon the decision; although the values are regarded as highly important, we may not be aware of them, according to De Bono (2007, p. 13).

We believe that the leader's personality should be approached from a complex, dynamic perspective and the process of managerial quality should take into consideration human aspects: needs, aspirations, skills. Thus, communication, interrelations, involvement and the application of the "psychology of differentiation" in assigning tasks, and the maximum exploitation of the potential of each member of the organization constitute as many directions for improving the efficiency of the leadership style.

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