

## Theories of Leadership in Healthcare Sector, a Critical Review

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### Abstract:

**Background:** Hospitals and health service organizations in general operate in a peculiar environment in which leadership is divided into different executives, not only based on their position in the hierarchy structure, but also based on the prestige and special power of this category of employees and especially medical doctors. Leadership refers to the processes by which an individual (the leader) influences the behavior and actions of other individuals in order to achieve certain desired goals.

**Materials and Methods:** The aim of the present work was to review the basic theories of leadership in the field of healthcare sector, to critically mention the advantages and disadvantages of their application as well as to present some examples based on leadership theories in the field of healthcare sector.

**Results:** Theoretical approaches in leadership include both classical and modern theories. Classical theories include trait theory, behavioral theories, and dependency theories. The major modern theories include quantum leadership, transactional leadership, transformational leadership, shared leadership, and service leadership.

**Conclusion:** Many leaders simply try to guide their staff to a specific goal, while others simply succeed without convincing employees of the value of their effort. Theoretical approaches configure and support the image of a flexible leader in healthcare sector who has the ability to learn and adapt into different demanding situations.

**Key Word:** leader; leadership behavior; leadership theories; healthcare sector.

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### I. Introduction

Hospitals and Health Service Organizations in general, operate in a peculiar environment in which leadership (combined with power and responsibility) is shared across different executives, not only based on their position in the hierarchy structure, but also on prestige and the special power of this category of workers and especially of doctors.

On the one hand, there is the executive power, which is exercised by the administrative staff but also by the hospital administrators. This category of employees is required to complete the current financial year by measuring items such as grants, certified income and expenses or efficiency indicators. On the other hand, there is the professional power, mainly the doctors and those who refer to the emergency medical care, who press the administrative power to change the procedures in a "non-administrative" way, in order to ensure the maximum possible care of the patients.

Each side has its own arguments for the correctness of their own position, but this is a fact that in combination with the scarcity of resources creates problems in the operation of hospitals.

#### Definition of leadership

Leadership is the process by which an individual (the leader) influences the behavior and actions of other individuals in order to achieve certain desired goals. Typical examples of leaders in different periods of history are Siddhartha Gautama, Alexander the Great, Napoleon Bonaparte and Nelson Mandela, who influenced the behavior of a large number of people.

However, because the effort to influence does not always have the desired results, Bass [1] distinguished three types of leadership based on their stages of implementation. Specifically, he states, "the individual's attempt to change the behavior of others" is attempted leadership. When, finally, "members adapt to change," he describes the stage as successful leadership. If individuals are empowered or rewarded by this change in behavior, the achievement is an effective leadership.

Also, leadership can be formal, if exercised by a person assigned to it as a legal responsibility by the Organization, with a different job description depending on the level of administration, e.g. the Director of Medical Service, or informal, when exercised by a staff member who does not have a specific management role,

but depending on his personal characteristics, exercises a leadership role. Of course, there is also leadership due to circumstances. If, for example, a group of people has to deal with an unfavorable situation, the person with the greatest crisis management skills will take on the role of leader.

The present work was written with the aim of recording the basic theories of leadership in the field of health, the critical view on the advantages and disadvantages in their application, as well as, the citation of examples from the field of health.

## **II. Theoretical Approaches of Leadership**

In practice, there is a sense that a leader has certain characteristics in his personality. For this reason, various theories of leadership have been developed, based on personality traits, behavior, and changing circumstances.

However, genetic theory is the oldest theory of leadership, in which the abilities of the leader are inherited. Tsars, kings and emperors are examples of this belief, while their personality traits sought to be maintained through admixtures, in order to continue the leaderships they exercised throughout history. Reality, however, refuted this theory, creating new theoretical approaches within leadership.

Specifically, "The Theory of Characteristics", "The Theory Based on the Behavior of the Leader" and "Theories of Dependence" are the three main approaches, as mentioned in the existing literature. In addition, reference will be made to some of the modern theories of leadership.

### **Trait Theory of Leadership**

According to this theory, which has been the field of scientific research for several decades, the characteristics of leaders are not inherited, but they are common for most leaders. After much research, this theory has ceased to be so widespread, as the characteristics expected of a leader are ultimately innumerable. Certainly, a leader should have at least some qualitative characteristics. One of them is determination, which aims to the will and ability to make decisions even under difficult circumstances. Also, a leader must be characterized by integrity, which presupposes the existence of personal principles, which he should maintain and apply in each case.

Additional characteristics are the enthusiasm and commitment, which ensure the commitment to the performance of the task and the objective evaluation of the value of the work of the employees and the team. A necessary condition is that the leader should be impartial and manage people honestly and without discrimination in favor of specific partners. He must have awareness of people's lives and be willing to help and support his colleagues. An additional feature of a good leader is the ability to communicate, which is not limited to the ability to speak but also to listen to what they have to say. He must be reliable and always deliver what he has promised, as well as inspire confidence in the whole team. Finally, he must be characterized by a disposition for innovation and insight, in order to be able to try new ideas and make plans for the future [2]

Ideally, a leader could be characterized by most of the above characteristics and the combination of these can successfully resolve any situation that arises. However, this model is extremely ideal to have a practical application in today's reality.

### **Behavioral Theories of leadership**

These theories hold that the personal characteristics of a leader are merely a basis, while the true leader is created through practice, education and life experiences. The first studies conducted in groups of adolescent boys identified three leadership models or styles [3,4].

Autocratic leadership assumes that individuals are motivated by external forces such as power, willing and the need for acceptance. The leader makes all the decisions and uses pressure, punishment and guidance to change the behavior of others and achieve the desired results.

Democratic leadership is based on the assumption that individuals are motivated by internal motivations and impulses, want to participate actively in decisions and want to complete their work. The leader uses the participation and the rule of the majority to set goals and they all work together to achieve them.

Free leadership (*laissez faire* leadership) has similarities with democratic leadership, specifically it assumes that individuals are motivated by internal motivations and impulses, but at the same time have the need for freedom to decide and complete their work. The leader does not provide any guidance or facilitation.

Jenkins & Henderson [5] added another model of leadership, bureaucratic leadership, in which employees are motivated by external forces. This leader has no confidence in either himself or his employees and relies on the rules and principles of the Organization to determine the objectives pursued.

Undoubtedly, every leadership style has both positive and negative characteristics and can be applied under certain conditions. In particular, authoritarian leadership is more interested in the performance of duties and less in human relations. The leader also decides for himself by putting pressure on his team, as a result of

which he loses the support of its members. However, it proves useful and necessary in critical situations and in cases of groups, which can not perform without the leadership behavior of a leader.

Democratic, or participatory, leadership style is primarily concerned with human relationships and teamwork and is practiced by leaders who easily earn the respect and esteem of others. It also cultivates open and reciprocal communication between team members, creating a spirit of collaboration and joint effort, which leads to employee satisfaction.

Free leadership tends to have few well-established policies, as it is far from the classic concept of leadership. As a rule, it is not useful in very well-structured organizations, such as, health care institutions.

The bureaucratic leadership style has more disadvantages. In particular, it lacks the sense of security and depends on well-established policies and regulations. It also exercises power by applying firm and relatively inflexible rules, avoiding decisions that are not based on standards and rules of guidance. Similar to the authoritarian style, it tends to relate impersonally to employees.

Example: The management of a hospital raises the issue of merging two departments of the hospital for reasons of economy and efficiency. The director of the hospital brings the issue of the merger of the two departments, for discussion and finally to a vote in the workers' association of the two merging departments. The director chooses democratic leadership because he believes that this change requires two-way communication with employees who can have a comprehensive view of the decision. Also, this change will directly affect the employees, who will be called to take on new tasks and work with different colleagues.

### Dependency Theories of Leadership

According to these theoretical approaches, management executives adapt their leadership style according to the situations. That is, the behavior varies from authoritarian to submissive. For example, an emergency department head uses an authoritarian style when responding to emergency management such as a multi-victim car accident, and an advisory style when trying to encourage the development of clinical guidelines for a frequently performed nursing department. Some relevant theories will be examined below.

One of them is the management grid, which is based on the shape presented by Blake & Mouton [6] (Table 1). The authors formed a square divided horizontally and vertically from 1 to 9. Horizontally shows the interest in work or production and vertically the interest in man or worker. Thus there are 81 subdivisions, each of which coincides with the leadership behavior of managers.

|                           |   |                               |   |   |                               |     |   |                              |     |     |
|---------------------------|---|-------------------------------|---|---|-------------------------------|-----|---|------------------------------|-----|-----|
| <b>Concern for People</b> | 9 | 1-9                           |   |   |                               |     |   |                              | 9-9 |     |
|                           | 8 | Country Club Leadership       |   |   |                               |     |   | Team Leadership              |     |     |
|                           | 7 | Country Club Leadership       |   |   | Middle of the Road Leadership |     |   | Team Leadership              |     |     |
|                           | 6 |                               |   |   | Middle of the Road Leadership |     |   |                              |     |     |
|                           | 5 |                               |   |   |                               | 5-5 |   |                              |     |     |
|                           | 4 |                               |   |   |                               |     |   |                              |     |     |
|                           | 3 | Impoverished Leadership       |   |   |                               |     |   | Produce or Perish Leadership |     |     |
|                           | 2 | Impoverished Leadership       |   |   |                               |     |   | Produce or Perish Leadership |     |     |
|                           | 1 | 1-1                           |   |   |                               |     |   |                              |     | 9-1 |
|                           |   | 1                             | 2 | 3 | 4                             | 5   | 6 | 7                            | 8   | 9   |
|                           |   | <b>Concern for Production</b> |   |   |                               |     |   |                              |     |     |

Table 1: The Tannenbaum-Schmidt model

If, for example, the executive is at point 1.1, then he shows little interest in both the production and his subordinates. If a company or organization has many such executives it is very likely that it will not have the desired results. If the executive is at point 1.9 then it shows great interest in employees, but little interest in production. Possibly this way, even though the employees will be relaxed and cheerful, no coordinated efforts will be made to achieve the goals of the organization. This type of management is also called "club management". If the executive is at point 9.1 then he mainly shows interest in production and is indifferent to the needs of employees. This administration is called "duty management". If the executive shows a moderate interest in both production and his employees, this point (5.5) is called "equilibrium management" and finally if the leader is in point 9.9 he succeeds in both areas and this ideal case also called "cooperative administration" [7].

The Tannenbaum-Schmidt model (Table 2) directly links leadership with power. In essence, this model describes how leadership is affected by whether or not the manager has jurisdiction over his subordinates. According to this model of escalating gradation, between the extreme cases of authoritarianism and democracy there are intermediate ways of governing. As the use of the leader's power decreases, so does the degree of employee freedom. Of course this model combines leadership only with decision making while in reality leadership includes more parameters [8].

|                                      |                        |   |  |  |  |   |
|--------------------------------------|------------------------|---|--|--|--|---|
| Boss centered Leadership             |                        | ←————→                                      |  |  | Subordinate centered Leadership                      |   |
| Use of authority by Leader           |                        |   |  | Areas of freedom by Subordinates                               |  |   |
| 1                                    | 2                      | 3   | 4  | 5  | 6  | 7   |
| Leader takes decisions and announces | Leader Sells decisions | Leader presents ideas and invites questions | Leader presents tentative decision subject to change | Leader presents problems, gets suggestions and makes decisions | Leader defines limits, asks a group to make decision | Leader permits subordinates to function with limits defined by superior |

**Table 2: The Tannenbaum and Schmidt's leadership model**

Theories in which the leader decides the form of leadership that he will follow, based on the situation that arises, carry the risk of wrong and extreme decisions. For example, a leadership that focuses on achieving goals and places little emphasis on human relationships results in all employees' knowledge, skills, and energy being left untapped. Also, employees do not agree on the common goals of the team, but focus on their personal interests and are satisfied with a satisfactory performance of themselves.

On the other hand, leaderships that focus on achieving the goals but also on the satisfaction of employees, achieve the strengthening of human relationships in the workplace. Also, utilizing the high level of training of employees, they achieve direct penetration in new technologies and innovations.

Example: The director of a private hospital is called upon to deal with the increase in the number of patients in the pediatric department. Decides to adopt the tactics of collaborative management from the Blake & Mouton grid. It aims to persuade employees in various ways to work longer hours, ensuring the practical recognition of their effort by increasing their salaries and temporarily transferring, until the problem is solved, nursing staff from a department, with less workload. The present strategy was chosen to continue the smooth operation of the private hospital, maintaining both the satisfaction of the employees with their offer and the quality of the provision of health services to the patients. Using this strategy achieves more efficient patient service and employee satisfaction.

In recent years, leaders in the healthcare environment have emphasized collaboration and teamwork in each of its areas. They understand that health systems are becoming more and more complex and staff need to work together and coordinate their efforts to achieve common goals. Leaders need to have additional team-related skills, political leadership skills and create work environments that ensure teamwork. These modifications to the healthcare environment have led modern researchers to formulate new leadership theories that complement classical theories and are better adapted to modern reality. In more detail:

"Quantum" leadership, which is based on the concepts of chaos theory. Reality is constantly changing, and levels of complexity are constantly changing. One movement in one part of the system echoes throughout the system. The roles are fluid and the result is aimed in one direction. The actions are of little importance and what matters is only the result that is produced. In this context, employees are directly involved in the decision-making process as co-managers of senior executives [9].

Transactional leadership is based on the principles of the theory of social exchange. The main premise of social exchange theory is that individuals who engage in social interactions are expected to give and receive social, political, and psychological benefits or rewards. The process of exchange between leaders and employees is considered essentially economic. After the start of a series of exchanges, the cooperation continues until one or both parties find that the exchange is no longer profitable.

Transformational leadership transcends the theory of transactional leadership by aiming to inspire and mobilize employees. Transformational leadership emphasizes interpersonal relationships and does not deal with the status quo, but with making revolutionary changes in organizations and services. While traditional leadership views highlight differences between employees and managers, transformational leadership focuses on identifying the motivations, desires, values, and goals of leaders and employees under a common cause. The goal of transformational leadership is to create an employee focus on the organization's vision and not on their personal expectations.

Shared leadership, in which reorganization, decentralization, and the increasing complexity of solving health problems have forced leaders to recognize the value of shared leadership, which is based on strengthening the principles of participatory and transformational leadership. Key elements of shared leadership are relationships, dialogues, partnerships, and the boundaries of understanding. The implementation of shared leadership presupposes training, professionalism, a dedicated workforce led by many leaders. It also presupposes that the concept of the nurse as a knower and leader is realistic and that many employees at different levels of the organization must be responsible for the development and performance of the organization.

"Service" leadership was proposed by Robert Greenleaf [12], service leadership is based on the assumption that leadership comes from the desire to serve and that during service, one can be called to lead [13, 14]. Service leaders must embody three characteristics: Understanding, Awareness, Persuasion [15]

### **III. Discussion and Conclusion**

The purpose of this work was to record the basic theories of leadership in the field of health, to critically consider the advantages and disadvantages in their application as well as to give examples from the field of health. In summary, leadership (or guidance) is the process by which an individual influences the behavior and / or actions of other people in order to achieve certain desired goals.

Many leaders simply try to guide their staff to a specific goal, while others simply succeed without convincing employees of the value of their effort. In effective leadership, leaders achieve their goal while employees feel satisfied with this development. Genetic theory of leadership was based on the belief that leadership skills are inherited. Trait theory has argued that there are definite traits (age, height, social status, ability to speak, great confidence, ambition, interpersonal skills, appearance, etc.) that separate leaders from "ordinary" people, and the successful from the failed leaders. Dependent approaches to leadership were driven by the view that effective leadership is achieved through an interaction of the conditions under which leadership is attempted and the way leadership is attempted. The above approaches shaped the image of a flexible leader who can learn to adapt to situations. This image is still accepted today.

Furthermore, the correct "diagnosis" for each case is still considered one of the key characteristics of an effective leader. There has been a growing interest in the study of "charismatic" leaders in recent years, despite the lack of scientific evidence to support the view that effective charisma is present in effective leaders. The ability to combine many skills may ultimately be the "gift" of great leaders.

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