

**1. Read through notes and answer the questions in the term 2 work guide**

**CHAPTER 8**

**MANAGEMENT AND LEADERSHIP**

**TERMS AND DEFINITIONS**

| <b>TERM</b>                        | <b>DEFINITION</b>   |
|------------------------------------|---|
| Leadership                         | The ability of an individual or a group of individuals to influence and   |
| Management                         | Planning, organising, leading and controlling employees to achieve  |
| Democratic leadership style        | The leader invites the team members/group to contribute ideas and participate in the decision-making process.           |
| Autocratic leadership style        | The leader takes decisions on his/her own without consulting staff.   |
| Laissez fair/Free reign            | The leader delegates tasks to followers with little or no direction   |
| Charismatic leadership style       | The leader uses charm to influence followers.   |
| Transactional leadership style     | The leader focuses on motivating followers through a system of reward and punishment.                                   |
| Bureaucratic leadership style      | Leaders/managers make sure employees follow rules and policies.   |
| Leaders and followers theory       | Focus on relationship between leader and follower.  |
| Situational leadership theory      | Focus on the application of different leadership styles depending on the situation and the maturity level of employees. |
| Transformational leadership theory | The leader identifies the change needed/creates a vision to guide the change through inspiration.                       |
| Personal attitude                  | The manner in which the leader relates to his/her employees determines the success or failure of a business.            |

# MANAGEMENT AND LEADERSHIP

## 1 Meaning of management and leadership

### 1.1 Meaning of management

- The coordination of Planning, organising, leading and controlling employees to achieve goals.
- A person becomes a manager because of the position in which he/she is appointed
- Managers have power because of the position of authority into which they are appointed.

### 1.2 Meaning of leadership

- The ability of an individual or a group of individuals to influence and guide followers or other members of an organization
- Leadership is an of inspiring subordinates to perform in order to achieve goals
- It cannot be taught, although it may be learned as it is an inborn trait
- Involves establishing a clear vision and sharing it with others so that they can willingly follow
- A leaders steps up in times of crisis and is able to think and act creatively in difficult situations

### 1.3 Differences between leadership and management

| LEADERSHIP  | MANAGEMENT  |
|---|---|
| Influences human behaviour.   | Guides human behaviour.   |
| Communicates by means of interaction/behaviour/vision/values/charisma.          | Communicates through management functions, e.g. line function.                          |
| Innovates/Encourages new ideas to increase productivity.                        | Administers plans/programs/tasks to reach targets.                                      |
| Inspires staff to trust and support each another.                               | Controls systems and procedures to get the job done.                                    |
| Focuses on what and why.  | Focuses on how and when.  |
| Focuses on the horizon/long term.   | Focuses on the bottom line/short/medium/long term.                                      |
| Leaders are born with natural/ instinctive leadership skills.                   | A person becomes a manager because of the position in which he/she is appointed.        |
| Guides/Leads people to become active participants.                              | Manages the process of getting things done by exercising responsibility.                |
| Leaders have power/influence because of his/her knowledge/skills/ intelligence. | Managers have power because of the position of authority into which they are appointed. |
| Always trying to find more efficient ways of completing tasks.                  | Enforce rules on subordinates/Ensure that tasks are completed.                          |
| Motivational/Inspirational in their approach                                    | Instructional in their approach.  |
| People orientated.  | Task orientated.  |
| Lead by example/trust/respect.  | Manage by planning/organising/leading/control.  |
| Does things right   | Does the right things   |

## **2 Leadership styles**

- Democratic
- Autocratic
- Laissez-Faire/Free Reign
- Charismatic
- Transactional

**NOTE: The explanation of EACH leadership style is embedded in the advantages of each style below.**

## **3 Situations in which each leadership style can be applied in the workplace and the impact of each leadership style on businesses**

### **3.1 Democratic leadership style**

**This leadership style can be applied when:**

- Group members are skilled and eager to share their ideas.
- The leader does not have all the information needed to make a decision and employees have valuable information to contribute.
- Cooperation is needed between a leader and a team.
- Decisions need to be looked at from several perspectives

**Impact of the democratic leadership style on businesses**

#### **Positives/Advantages**

- The leader allows the employees to participate in the decision making process, so they feel empowered/positive.
- Staff gives a variety of ideas/inputs/feedback/viewpoints that can lead to innovation/improved production methods/increased sales.
- Clear/Two way communication ensures group commitment to final decision(s).
- Authority is delegated which can motivate/inspire workers to be more productive.
- Complex decisions can be made with inputs from specialists/skilled workers.

**AND/OR**

#### **Negatives/Disadvantages**

- Incorrect decisions may be made if staff is inexperienced/not fully informed.
- Decision making may be time consuming because stakeholders have to be consulted.
- Employees may feel discouraged if their opinions/inputs are not considered.
- Leaders can rely too much on the input of the followers and fail to make a final decision.
- Not effective in times of crisis/when quick decisions need to be made.
- Some employees only pretend to participate in decision making and their feedback may not always be accurate.

### **3.2 Autocratic leadership style**

**This leadership style can be applied when:**

- In crisis situations, e.g. in the case of unforeseen challenges/accidents.
- When all the information is available to solve the problem.
- In a crisis/urgent situation, e.g. after an accident/meeting tight deadlines
- When employees are motivated and the leader has already earned the trust of the followers.
- When dealing with employees who are not cooperative.
- When employees are new/not fully trained.

## Impact of the autocratic leadership style on businesses Positives/Advantages

- Quick decisions can be taken without consulting/considering followers/ employees.
- Work gets done in time/on schedule.
- Line of command/communication is clear as it is top-down/followers know exactly what to do.
- Direct supervision and strict control ensure high quality products/service.
- Provides strong leadership which makes new employees feel confident and safe.
- Works well in large companies where consultation with every employee is impractical.
- Clear guidance can be given to low-skilled/inexperienced/new staff.

**AND/OR**

## Negatives/Disadvantages

- Leaders and followers may become divided and may not agree on ways to solve problems.
- Workers can become demotivated if their opinions/ideas are not considered.
- De-motivated workers impact negatively on productivity.
- New/Creative/Cost reducing ideas may not be used/implemented/never be considered.
- Followers may feel that they are not valued resulting in high absenteeism/high employee turnover.
- Experienced/Highly skilled workers will resist an autocratic leadership style because it results in slow growth/low participation/less creativity.

## Differences between the democratic and autocratic leadership styles

| DEMOCRATIC   | AUTOCRATIC  |
|--|---|
| <ul style="list-style-type: none"> <li>• The leader involves employees in the decision making process.</li> </ul>                    | <ul style="list-style-type: none"> <li>• A leader takes all decisions alone without involving employees.</li> </ul>                             |
| <ul style="list-style-type: none"> <li>• Clear/Two way communication ensures group commitment to final decision(s).</li> </ul>       | <ul style="list-style-type: none"> <li>• Line of command/communication is clear as it is top-down/followers know exactly what to do.</li> </ul> |
| <ul style="list-style-type: none"> <li>• People-oriented, as employee's feelings and opinions are considered.</li> </ul>             | <ul style="list-style-type: none"> <li>• Task-orientated as the opinions of employees are not considered.</li> </ul>                            |
| <ul style="list-style-type: none"> <li>• Workers feel empowered as they are involved in the decision-making process.</li> </ul>      | <ul style="list-style-type: none"> <li>• New employees feel confident/safe as strong leadership is provided.</li> </ul>                         |
| <ul style="list-style-type: none"> <li>• Useful when the leader depends on the inputs of experienced followers.</li> </ul>           | <ul style="list-style-type: none"> <li>• Useful in a crisis/urgent situation, e.g. after an accident/meeting tight deadlines.</li> </ul>        |
| <ul style="list-style-type: none"> <li>• Handles conflict situations by involving followers in finding the best solution.</li> </ul> | <ul style="list-style-type: none"> <li>• Handles conflict situations by telling followers what they should do.</li> </ul>                       |

### 3.3 Laissez-faire/ Free reign

**This leadership style can be used when:**

- Subordinates are experts and know what they want/can take responsibility for their actions.
- The leader is very busy and delegation of tasks will increase productivity.
- Team members need to improve/develop leadership skills.
- Suitable when employees are highly experienced and know more about the task than the leader.

### **Impact of the Laissez-Faire leadership style on businesses Positives/ Advantages**

- Workers/Followers are allowed to make decisions on their own work/ methods.
- Subordinates have maximum freedom and can work independently.
- Leader motivates workers by trusting them to do things themselves/on their own.
- Authority is delegated, which can be motivating/empowering to competent workers/increase productivity.
- Subordinates are experts and know what they want/can take responsibility for their actions.
- Suitable for coaching/mentoring to motivate employees to achieve more/better things.
- It can be empowering for competent followers as they are completely trusted to do their job.
- Individual team members may improve/develop leadership skills.

**AND/OR**

### **Negatives/ Disadvantages**

- Lack of clear direction/leadership may be demotivating to employees.
- Employees can be held responsible for their own work which may lead to underperformance.
- Could lead to conflict when some team members act as leaders and dictate to other team members.
- Workers are expected to solve their own conflict situations.
- Productivity may be compromised with a lack of tight control over workers not meeting deadlines.
- Productivity might be low, if employees lack the necessary knowledge or skills.

### **3.4 Charismatic leadership style**

**This leadership style can be used to:**

- Sell vision and achieve excellent results.
- Motivate employees as the leader is energetic/ inspiring.
- Inspire loyalty/hard work among employees.

### **Impact of charismatic leadership styles on businesses Positives/Advantages**

- Expert at selling vision and achieve excellent results.
- Employees are motivated as the leader is energetic/ inspiring.
- Inspires loyalty/hard work among employees.

**AND/OR**

### **Negatives/Disadvantages**

- Leader believes more in him/her than the team.
- Projects can collapse if the leader leaves the team.
- Leaders are intolerant of challenges and regard themselves as irreplaceable.

### **3.5 Transactional leadership style**

**This leadership style can be applied when:**

- When the business wants to maximise employee performance.
- When deadlines have to be met on short notice/under pressure.

- When workers have a low morale.
- When the strategies/business structures do not have to change.
- When productivity levels are very low/not according to targets.

### **Impact of the transactional leadership style on businesses Positives/Advantages**

- Encourages employees to work hard because they will receive rewards.
- Improves employees' productivity and morale.
- The goals and objectives of the business can be achieved as workers are motivated.
- Employees know what are expected of them.
- Disciplinary action procedures are well communicated.

### **AND/OR**

### **Negatives/Disadvantages**

- Employees may become bored/lose creativity as they have to follow rules/ procedures.
- A transactional leader will have to monitor the work performance of employees to ensure that expectations are met.
- Managing/controlling employees may be time-consuming.
- Some employees may be demoralised/ unmotivated if they fail to reach/meet targets despite having worked very hard.
- Not suitable for team work as all team members can be punished for poor performance caused by one team member.

**NOTE: You must be able to identify the above mentioned leadership styles from given scenarios/case studies**

## **4 Leadership theories**

- Situational leadership
  - Transformational leadership
  - Leaders and followers
  - Transitional leadership

### **4.1 Situational leadership theory**

- Different leadership characteristics are needed for different situations.
- The task/situation dictates the leadership style that should be applied, so leaders are adaptable/flexible/self-assured.
- Effective application of this theory may enable leaders to accomplish their goals.
- Relationships between leaders and employees are based on mutual trust/ respect/loyalty/integrity/honesty.
- Leaders have the ability to analyse the situation/get the most suitable people in the right positions to complete tasks successfully.
- Leaders analyse group members/objectives/time constraints, to adopt a suitable/relevant leadership style.
- May lead to conflict when leaders use different leadership styles/when managing employees in different situations.
- The success of this theory depends on the kind of relationship that exists between the leader and followers/subordinates/employees.

## 4.2 Transformational theory

- Suitable for a dynamic environment, where change could be drastic.
- The passion/vision/personality of leaders inspire followers√ to change their expectations/perceptions/motivation to work towards a common goal.
- Strategic thinking leaders develop a long term vision for the organisation and sell it to subordinates/employees.
- Leaders have the trust/respect/admiration of their followers/subordinates.
- Promotes intellectual stimulation/creative thinking/problem solving which result in the growth/development/success of the business.
- Followers are coached/led/mentored/emotionally supported through transformation/change so that they can share their ideas freely.
- Encourages followers to explore/try new things/opportunities.
- Leaders lead by example and make workers interested in their work.
- Leaders have strong, charismatic personalities√ and are very good at motivating staff to achieve results.
- Enable employees to take greater ownership for their work and to know their strengths and weaknesses.

**NOTE: The transitional theory has been left on purpose as it is covered by the transformational theory, as both speak to change.**

## 4.3 Leaders and followers

- Teams achieve great results when there is a sense of understanding between the leader and the team of followers.
- Followers listen to what is expected of them and are willing to work as a team.
- Followers easily accept responsibility when something doesn't work out.
- Leaders lead by example and reward positive behaviour.
- Leaders motivate employees to devise alternative strategies to find more efficient ways to use available resources.
- Followers might just trail along depending on leaders and other followers to pull them through the task.

## 5 The role of personal attitude in successful leadership

- Positive attitude releases leadership potential.
- A leader's good/bad attitude can influence the success/failure of the business.
- Leaders must know their strengths and weaknesses to apply their leadership styles effectively.
- Great leaders understand that the right attitude will set the right atmosphere.
- Leaders' attitude may influence employees'/teams' thoughts/behaviour.
- Leaders should model the behaviour that they want to see in team members.
- Successful leaders consider the abilities/skills of team members to allocate tasks/roles effectively.
- Enthusiasm produces confidence in a leader.
- A positive attitude is critical for good leadership because good leaders will stay with the task regardless of difficulties/challenges.
- Successful employees and leaders have a constant desire to work and achieve personal/professional success.
- Leaders with a positive attitude know that there is always more to learn/space to grow.

**NOTE: You must be able to identify the role of personal attitude in successful leadership from given scenarios/case studies.**

