

Chapter

9

Leadership

9.1 Leadership theory

Leadership is a process by which a person influences others to accomplish aims or objectives, using their capacity to motivate, inspire and influence others.

Leadership is related to other management concepts such as motivation, communication, authority, power and delegation, it is the relationship through which one person influences the behaviour and actions of other people.

Leadership or management style is about the way a relationship is handled between a manager and their sub-ordinate(s). Generally two contrasting leadership or management styles exist

- **Democratic leadership styles** reduce the power differential between a manager and subordinate, this management style is based upon the principles of democracy and social equality. A democratic manager will ask for opinions from subordinates, and will amend their original idea or decision, if required, from consultation. Participation from all sub-ordinates is encouraged.
- **Autocratic leadership styles** which are a more bossy way of managing sub-ordinates, based upon centralised decision making by the manager, who is often impatient, aggressive and dominating. An autocratic manager would not encourage participation in decision making from their sub-ordinates.

The position as a manager gives the authority to accomplish certain tasks and objectives, but this power or influence, perhaps through official job title, does not make a manager a leader. Being a manager makes you the boss but being a leader means to motivate, inspire and influence others e.g. followers to achieve aims or objectives, not just from bossing them around. Natural leaders have the power to initiate action without any formal authority.

Leadership trait theory is centuries old and based on the idea that there are certain personality traits that an individual may be born with that make them successful leaders. The idea that leadership is in your genetics and something you are either born with or not. In summary leaders are different types of people from followers and are born to be leaders; however this theory has been widely criticised. In response to this developed the behavioural theory of understanding leadership, that is theorists who began to research leadership as a set of behaviours, evaluating the behaviour of successful leaders, determining situational approaches to leadership and identifying a broad range of different leadership styles. They turned attention to what leaders did and how they behaved or could behave towards their sub-ordinates. Behavioural theories of leadership support the idea that behaviour of leaders distinguishes them from their followers and also that leadership is a skill that can be taught.

Characteristics or 'personality traits' of good leaders

- Trustworthy and a good listener
- Enthusiastic and need for achievement
- Confident and competent
- Inspirational and motivational
- Coach and counsellor
- Good communicator and well organised
- Tolerant, diplomatic and intelligent
- Committed to excellence
- Adaptable and flexible

Transactional and transformational leadership

Transactional leadership is a style of management based on the setting of clear objectives for sub-ordinates and with ‘punishment or reward’ to promote or encourage compliance e.g. carrot and stick approaches to management. This style focuses on the management role of direct planning, direction and supervision of the sub-ordinate and very much the belief of the classical school of management thought (see chapter 10), like transactional leaders they focused more on the task and on increasing the efficiency of structured routines and procedures by work study and standardisation of work design.

According to Vera and Crossan, transactional leadership is about ‘setting goals, articulating explicit agreements regarding what the leader expects from organisational members and how they will be rewarded for their efforts and commitment, and provide constructive feedback to keep everybody on task’. James MacGregor Burns explained that transactional leaders ‘exchange tangible rewards for the work and loyalty of followers’. The focus of motivation is therefore to concentrate on the sub-ordinates extrinsic needs e.g. pay, perks and working conditions, factors which are removed from doing the job itself. This type of style works by specifying standards and objectives, with exchanges of reward and promise for the subordinate’s effort. It like autocratic management styles tends to be more effective in crisis and emergencies, or when tasks can be carried out in a standardised or structured manner.

McGregor’s theory X (see later) also is similar to the principle of transactional leadership where managers rule by fear of punishment and the promise of reward. McGregor’s theory Y is similar to transformational leadership which focuses on the higher order intrinsic needs of sub-ordinates, such as the need for self-fulfilment through challenge, responsibility and recognition for achievement. The theory Y style works on encouragement of sub-ordinates with the management belief that sub-ordinates are trusting, respectful and self-motivated. According to James MacGregor Burns, transformational leadership is when ‘leaders and followers make each other to advance to a higher level of morality and motivation’.

With transformational leadership the strength of vision, personality and ability of the leader is to motivate, energise and inspire sub-ordinates to attain challenging goals. Rather than motivation by the ‘carrot and stick’ approach of transactional leadership, instead motivation is gained by self-fulfilment by sub-ordinates, also by respect and admiration for the leader.

Components for transformational leadership

Bass suggested four different components of transformational leadership.

- **Intellectual Stimulation** e.g. leader challenges the status quo, encourages creativity and to explore and learn new ways of doing things.
- **Individualised Consideration** e.g. coaching, support and encouragement to support relationships.
- **Inspirational Motivation** e.g. instils a clear vision and gains a similar passion from sub-ordinates.
- **Idealised Influence** e.g. role model of leader with high levels of trust and respect.

Distributed leadership

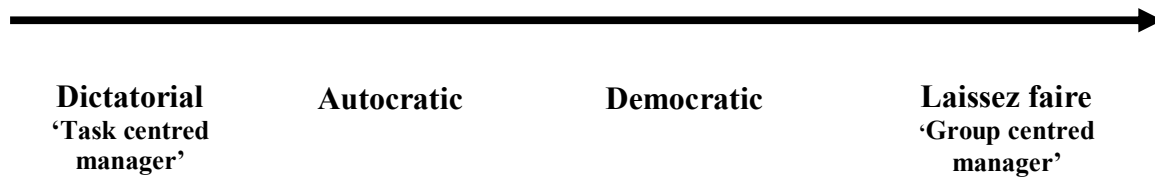
Distributed (collective, shared or horizontal) leadership means collaborative working with high trust and respect for every member’s contribution, similar to the idea of a task culture. Through shared and active engagement, distributed leadership can result in the development of leadership capacity to achieve improvements in creativity and knowledge management.

Characteristics of distributed leadership

- High trust in the expertise of individuals rather than regulation.
- Culture of autonomy rather than management control.
- Participative approaches to decision making and change.
- Leadership capacity and authority is distributed.
- Learning and flexible culture

9.2 Huneryager and Heckman (1967) four styles of management

Management style spectrum



- **Dictatorial** 100% complete centralisation of decision making by the manager. Manager makes decisions and enforces upon subordinates, who obey without question e.g. no consultation with sub-ordinates.
- **Autocratic** Manager \neq sells or \neq bosses subordinate to accept decisions e.g. some, but little consultation with sub-ordinates.
- **Democratic** Manager will ask for opinions from subordinates, high level of consultation and participation in decision making by sub-ordinates.
- **Laissez faire** 100% complete decentralisation of decision making by the manager, or total empowerment given to subordinates. \neq Laissez faire is a French phrase meaning "let it be", a manager who acts as their sub-ordinates wish.

Advantages and disadvantages of different leadership styles

Dictatorial complete centralisation

No consultation with subordinate.
 Manager tells subordinates what to do, they obey without question.

Advantages

- ✓ Speed and efficiency of decision making by the leader
- ✓ Good in times of urgency or crisis, where quick decisions need to be made
- ✓ Sub-ordinate may not have the experience to be consulted with

Disadvantages

- ✗ Sub-ordinates opinions ignored
- ✗ Overdependence on leader e.g. hard to make decisions in the leader's absence
- ✗ No confirmation of understanding from sub-ordinate when told

Democratic

High level of consultation and participation in decision making by manager and subordinates.

Advantages

- ✓ Greater interest and involvement for subordinates e.g. higher motivation
- ✓ Contribution of knowledge and experience from subordinates can improve decisions
- ✓ Develops subordinates with initiative through experience of consultation

Disadvantages

- ✗ Longer decisions with consultation
- ✗ Limited experience of subordinates e.g. lack of experience to be consulted with
- ✗ Consultation slows down decision making in times of urgency or crisis

Autocratic

Some but little consultation by manager with subordinate e.g. at least subordinate has explained to them the reasons for the manager's decision.

Advantages

- ✓ Contrasted to dictatorial at least you're told why
- ✓ May gain more commitment than dictatorial
- ✓ Good in times of urgency or crisis, where quick decisions need to be made

Disadvantages

- ✗ Similar to dictatorial above e.g. only one-way communication between a manager and their subordinates

Laissez faire complete decentralisation

Manager acts as subordinates wish e.g. a manager not really managing, with subordinates empowered to act as they wish.

Advantages

- ✓ Highly motivated subordinates e.g. personal freedom
- ✓ Highly creative and innovative environment
- ✓ Develops subordinates with initiative e.g. they make decisions

Disadvantages

- ✗ Subordinates may lack maturity, expertise and experience
- ✗ Manager's authority is undermined, some people need direction
- ✗ Poor coordination and lack of control

9.3 Kurt Lewin and Ronald White

Kurt Lewin and Ronald White undertook management style research experiments, observing teachers instructing children, for how to make a paper mache (or pulp) mask, in a classroom. The studies deliberately used three different leadership styles of laissez faire, democratic and autocratic.

Quality and quantity of work

The productivity (output) of masks made by the children e.g. the quantity of work, was the highest under autocratic styles of leadership.

The quality of masks made by the children was higher under democratic styles of leadership, the laissez faire style of leadership giving the lowest level of quality.

Motivation

The democratic leadership style gave the highest level motivation from children and their work continued even when the teacher left the room, in contrast, work from the children ceased altogether under the autocratic leadership style.

The children expressed a strong preference for democratic styles and hostility towards autocratic styles.

9.4 Ashridge College

Ashridge Business School, is one of the leading centres for executive education in the world and is consistently ranked as one of the world's top business schools. The College founded a concept of leadership styles, similar to that of Hersey and Blanchard, as discussed earlier. Ashridge College research concluded that workers prefer a more consultative form of leadership.

Leadership styles of Ashridge College

- **Tells** e.g. dictatorial
- **Sells** e.g. autocratic
- **Consults** e.g. democratic
- **Joins** e.g. laissez faire

Hersey and Blanchard also categorised four similar leadership styles

- **Telling** e.g. dictatorship.
- **Selling** e.g. two-way communication to sell direction (task) to the sub-ordinate.
- **Participating** e.g. high concern for relationship and democratic management.
- **Delegating** e.g. empowerment to sub-ordinates, but leader still monitors progress.

9.5 Rensis Likert (1903-1981)

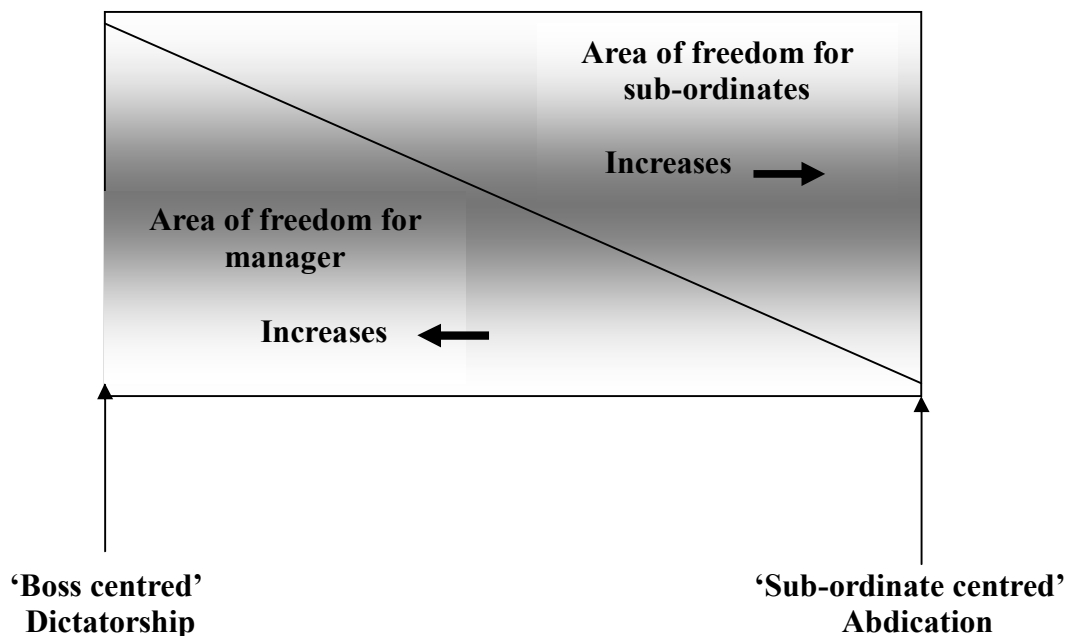
Rensis Likert in the 1960s, developed four systems of management which described the relationship and degree of involvement between a manager and their subordinates. The four systems were as a result of a study that he completed at the American Insurance Company (AIG).

Leadership styles of Rensis Likert

- **Exploitative authoritative** e.g. -fear and threat of the manager, decision imposed on sub-ordinates.
- **Benevolent authoritative** e.g. -some elements of reward, but restricted delegation of authority, manager often condescending with little teamwork.
- **Consultative** e.g. -involvement and participation by subordinates, manager listens constructively to subordinates opinions, high levels of trust between manager and subordinates.
- **Participative (group) management** e.g. -permits decision making in a team or group ethos, Subordinates involved in mutual goal setting, with strong group consultation and participation.

9.6 Tannenbaum and Schmidt (1973) leadership style continuum

The Tannenbaum and Schmidt leadership style continuum is a simple model which demonstrates the level of freedom that a manager chooses to give to their subordinates. As subordinates freedom is increased, the manager's authority is decreased, however, the manager still retains accountability for any problems that could result.



9.7 Contingency ('situational') approaches to leadership style

The belief that there is no single correct or best way to manage subordinates, it entirely depends on different circumstances

Contingency or situational approaches to leadership style state that different leaders emerge to fit the situation, therefore different situations require different leadership traits or skills. Also there is no single 'best' style of leadership, therefore the leader must act in an adaptable way, diagnosing the leadership style appropriate to the situation, but also has to apply and adopt appropriate styles given the circumstances.

Contingency theories focus on variables relating often to the task and environment in order to determine which particular style of leadership is best suited. Leadership styles adopted could depend on factors such as the task, relationship between the manager and sub-ordinate, the willingness and ability of sub-ordinates, their motivation, knowledge, skills or aptitudes to perform the job or task effectively. Therefore effective leaders need to be flexible and adapt according to the situation.

Lawrence and Lorsch (1967) concluded from their research that there is no single best way to organise or manage people. Therefore management should adapt certain behaviour or different leadership styles to suit a given set of circumstances. The major problem in practice of contingency theory is that managers may need to adapt or change their own behaviour as situations change, and this is not as easy as you would expect, someone with a military background, who is by nature assertive and autocratic, would need extensive self awareness and training in order to modify to a democratic management style.

9.8 Fiedler (1967)

Fiedler was a contingency theorist who believed a management style should be matched to a given set of circumstances or situations. Arthur Fiedler devised the 'least preferred co-worker' (LPC) scale as an instrument for measuring an individual's leadership orientation. According to Fiedler there is no ideal leader, effectiveness requires changing the situation to fit the leader.

- A high LPC score suggests that the leader is relationship-oriented
- A low LPC score suggests that the leader is task-oriented

Both low-LPC (task-oriented) and high-LPC (relationship-oriented) leaders can be effective if their leadership orientation fits the situation. Fiedler believed that a manager cannot be trained to change his or her leadership style, but could be trained to change the situation. He devised a training programme called the 'Leader Match', prescribing two different leadership styles depending on the following three situations, each component determining the 'favourableness' of the situation.

1. **Leader-Member Relations** e.g. degree of mutual trust, respect and confidence between the manager and their subordinates
2. **Task Structure** e.g. the nature of the task at hand being either structured or unstructured
3. **Leader Position Power** e.g. the amount of formal power or authority provided by the position of the manager

9.9 Douglas McGregor (1960) theory X and theory Y

Douglas McGregor described two individuals in life –the untrustworthy, money motivated, calculative mass, and the trustworthy, broadly motivated, moral elite who organise and manage the massø The manager depending on their perception of subordinates, would use either a Theory X or Theory Y style of leadership. The assumptions of the sub-ordinate is therefore the intervening factor in deciding which leadership style a manager should adopt.

Theory X

The assumption or perception of theory X is that sub-ordinates ‘don’t want to work’, they are self-interested, lazy and would prefer leisure rather than working for someone else. The prime motivational reason why they work is for money. This was the classical school of belief of management until early twentieth century, in line with the views of Henry Fayol and Frederick Taylor, classical school managers who existed at this time.

To get the best out of them, a leader must structure work and energise their sub-ordinates by close supervision, defined tasks, systems and structure. The assumption of workers are that they are self interested and calculative; therefore need to be coerced and controlled by the manager.

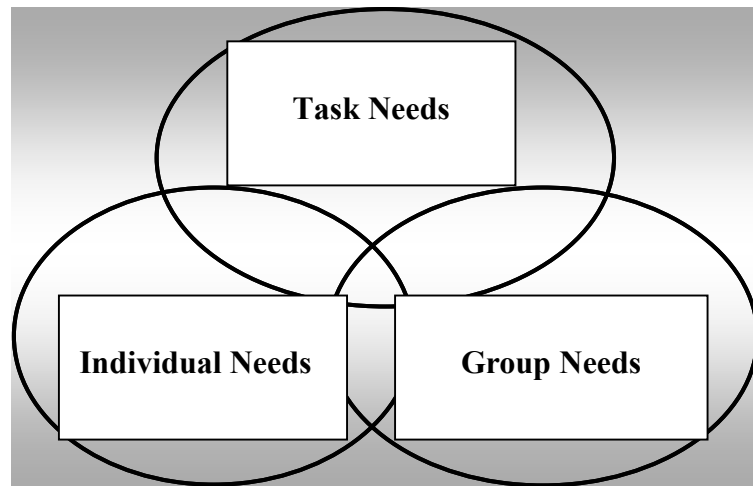
Theory Y

The assumption or perception of theory Y is that given the right conditions for sub-ordinates, their application of physical and mental effort to their work is as ‘natural as rest or play’, work offers them satisfaction and meaning. This perception is in line with the human relations school of thought (1930s onwards), Elton Mayo without doubt the father of the "human relations" movement. Contrasted to the classical school of management, this approach moved away from the ‘carrot and stick’ approach to the belief that ‘contented cows produce the most milk’.

To get the best out of them, a leader must let sub-ordinates exercise more discretion and control over their own work. Sub-ordinates are committed and will exercise self-direction and self-control. The leader therefore should be group centred, reinforcing friendship, support and respect, sub-ordinates will thrive on the challenge, responsibility and delegation given.

9.11 John Adair's action centred leadership (1960's)

Adair's famous 'three circles' model is one of the most recognisable and iconic within management theory. A simple leadership and management model to adapt for your own situation and use each of the elements according to a situation. The leader has to strive constantly to achieve three strongly interrelated goals or core management responsibilities



These three elements are strongly interrelated

Task Needs

- Setting objectives, giving purpose and direction
- Planning tasks and identifying resources to achieve deliverables
- Allocation of responsibility, accountability and delegation
- Setting performance standards, controlling and maintaining activities
- Reporting on progress, re-assessing, adjusting plans as necessary

Individual Needs

- Coaching, assistance and support to individuals
- Counselling for problems, highs and lows
- Development of individual responsibilities and objectives
- Motivation, recognition and praise to individuals
- Understanding the individual e.g. personality, strengths, aims and ambition

Group Needs

- Teambuilding/motivating e.g. establish style, culture, approach to the group
- Team-work, cooperation and team-spirit
- Group development for maturity and capability
- Resolving group conflict, struggles or disagreements
- Discipline, standards for group performance and behaviour

Key summary of chapter

Leadership is related to other management concepts such as motivation, communication, authority, power and delegation, it is the relationship through which one person influences the behaviour and actions of other people.

Characteristics or ‘personality traits’ of good leaders

- Trustworthy, enthusiastic and need for achievement
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- Inspirational, motivational, coach and counsellor
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Leadership trait theory

Leadership trait theory is based on the idea that there are certain personality traits that an individual may be born with that make them successful leaders.

Behavioural theory

Behavioural theory views leadership as a set of behaviours, evaluating the behaviour of successful leaders, determining situational approaches to leadership and identifying a broad range of different leadership styles.

Contingency theory

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Transactional leadership

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Transformational leadership

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Distributed leadership

Distributed (collective, shared or horizontal) leadership means collaborative working with high trust and respect for every member's contribution. High trust in the expertise of individuals and a culture of autonomy with leadership distributed.

Comparing leadership or management styles

Two contrasting leadership styles generally exist, that is democratic and autocratic.
 Democratic is based on democracy, relationships and social equality.
 Autocratic a more bossy, aggressive and dominating way which concentrates on the task.

Huneryager and Heckman	Dictatorial	Autocratic	Democratic	Laissez faire
Douglas McGregor	Theory X		Theory Y	
Ashridge College	Tells	Sells	Consults	Joins
Rensis Likert	Exploitative authoritative	Benevolent authoritative	Consultative	Participative group management
Blake and Mouton	Task		Team	Country club
Tannenbaum and Schmidt	Boss-Centred (task)		Subordinate-Centred (relationship)	
Arthur Fiedler	Task orientated		Relationship orientated	
John Adair's action centred leadership	Three elements of team or group management <ul style="list-style-type: none"> • Task needs • Individual needs • Group needs 			