

Essentials of Management

# Chapter 10

## Leadership

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# Link Between Leadership and Management

- Managers must lead and manage.
- Management is more formal and scientific.
- Leadership involves more persuasion, influence, and motivation.
- Leadership involves having vision of what organization can become.
- To be an effective leader, one must also be an effective manager.

# Leadership Use of Power and Authority

- Power is ability to get things done and control resources.
- Authority is formal right to accomplish get things done and control resources.
- Leaders use different types of power to influence others.
- Team members also have sources of power.

# Types of Power

1. Legitimate power (authentic right to make certain requests)
2. Reward power (control over valuable rewards)
3. Coercive power (control over punishments)
4. Expert power (job-related knowledge as perceived by subordinates)

## *Types of Power, continued*

5. Referent power (loyalty of subordinates and desire to please leader)
  6. Subordinate power (any type of power employees can exert upward)
- Despite constraints on leader's power, some executives abuse power such as using company funds for private purposes.

# Influence Tactics

1. Leading by example
2. Leading by values
3. Assertiveness
4. Rationality (appeal to reason)
5. Ingratiation (getting person to like you)
6. Exchange (strike a bargain)
7. Coalition formation (work together)
8. Joking and kidding (subtle criticism)

# Employee Empowerment and the Exercise of Power

- Manager systematically shares power and control with group members.
- Employees better motivated based on feeling of being in charge.
- Empowerment widely used to enhance customer service.
- Leader accepts employee as partner in decision making.

# *Employee Empowerment and the Exercise of Power, continued*

- Self-leadership and empowerment
  - a. Intrinsically motivating tasks facilitate empowerment.
  - b. Manager sets example of self-leadership.
  - c. Gives encouragement and instruction in self-leadership skills.
  - d. Rewards accomplishment in self-leadership.



# *Employee Empowerment and the Exercise of Power, continued*

- Cross-cultural factors and empowerment
  - a. When cultural values support power sharing, the more likely empowerment will lead to higher productivity and morale.
  - b. One study showed that Indian workers rated supervisors low when they used empowerment extensively.

# Characteristics and Traits of Effective Leaders

1. Drive and passion (passionate about work and work associates)
2. Power motive (desire to control others)
3. Self-confidence combined with humility (dose of humility adds to influence)
4. Trustworthiness and honesty (trust and be trusted, might include open-book management)

## *Characteristics and Traits of Effective Leaders, continued*

5. Good intellectual ability, knowledge, and technical competence (leader must be smart, have knowledge of the business)
6. Sense of humor (helps relieve tension)
7. Emotional intelligence (manage ourselves and our relationships well)
8. Leadership efficacy (confident in own knowledge, skills, abilities associated with leading others)

# Behaviors and Skills of Effective Leaders

1. Is adaptable to the situation (essence of situational leadership).
2. Establishes a direction and demands high standards of performance from group.
3. Is visible and maintains a social presence (facilitates spontaneous communication).
4. Provides emotional support to group members (helps morale and sometimes productivity).

## *Behaviors and Skills of Effective Leaders, continued*

5. Gives frequent feedback and accepts feedback (no change without feedback).
6. Recovers quickly from setback, including crises (present plan, be calm and reassuring during crisis).
7. Plays the role of servant leader (primary mission is to serve needs of constituents, not chase personal glory).

# Participative Leadership Style

- Shares decision making with group, as favored in modern organization
- Three subtypes of participative leadership:
  - a. Consultative (gathers input for decision)
  - b. Consensus (works toward agreement)
  - c. Democratic (group has final authority)
- Participation works well for people who want it, but can be time consuming.

# Autocratic Leadership Style

- Leader retains most of the authority, makes decision unilaterally.
- Hands-on leadership is typical of autocratic leader.
- Typically works well in a crisis.
- Lost favor in modern organization, yet some visible leaders are autocratic including Donald Trump.

# Leadership Grid Styles

- Based on different combinations of leader's concern for results (task) and people (relationships).
- Grid identifies five styles or stereotypes of leaders based on standing on results and relationships (1-to-9 scale).
- Team management (9,9) with maximum concern for results and people is best.



# Situational Leadership II

- Leaders taught to use leadership style that matches needs of the situation or task.
- Leaders adapt their behavior to level of commitment and competence of subordinate on a given task. Four combinations are (a) Enthusiastic Beginner, (b) Disillusioned Learner, (c) Capable but Curious Performer, and (d) Self-Reliant Achiever.

## *Situational Leadership II, continued*

- Style matchup is as follows:
  - a. Directing for Enthusiastic Beginner
  - b. Coaching for the Disillusioned Learner
  - c. Supporting for the Capable but Cautious Performer
  - d. Delegating for the Self-Reliant Achiever
- Effective leader chooses style depending on subordinate's development level on given task.

# Entrepreneurial Leadership Style

- Tend to be task oriented and charismatic
- Style is linked to personal characteristics:
  1. Strong achievement drive
  2. High enthusiasm, creativity, and visionary perspective
  3. Uncomfortable with hierarchy and bureaucracy
- General point is that effective executive selects best style to fit a given situation.

# Transformational Leadership

- Transformational leader helps people and organizations make positive changes.
- Combines charisma, inspirational leadership, and intellectual stimulation.
- Transformations take place by (a) raising importance of rewards, (b) getting people to transcend self-interest, and (c) getting people past minor concerns, and to focus on self-fulfillment.

# Charismatic Leadership

- Charismatic leader:
  1. Has vision
  2. Has a masterful communication style
  3. Inspires trust
  4. Shows energy and action orientation
  5. Displays inspiring leadership
- Charisma related to personality, yet high performance can result in leader being perceived as charismatic.

# Developing Charisma

- Favorable interactions with group members enhances charismatic image.
- Specific techniques for developing charisma include (a) visioning, (b) frequent use of metaphors, (c) making others feel capable, (d) smiling frequently, (e) making others feel important, and (f) multiplying effectiveness of handshake.

# The Downside of Charismatic Leadership

- Some charismatic leaders are unethical and lead their organizations toward illegal and immoral ends.
- People willing to follow leader down quasi-legal path because of his or her charisma.
- Some charismatic leaders so caught up in publicity and socializing with politicians that they neglect operations of the business.

# Leader as Mentor and Coach

- Mentor helps protégé through tutoring, coaching, guidance, emotional support.
- Coaching helps improve performance.
- Many people can play role of mentor.
- Mentor helps protégé solve problems.
- Mentor can be informal relationship, or with mentor assigned by the company.
- Shadowing (following around) can be good for mentoring.



# Leadership During Adversity and Crisis

- Important role for leaders and managers is to help group deal with adversity and crisis, such as hurricane, product recall, or workplace violence.
  1. Make tough decisions quickly.
  2. Serve as a model for being resilient.
  3. Present a plan for dealing with the adversity or crisis.
  4. Appear confident and trustworthy.
  5. Focus on the future.

## *Leadership During Adversity and Crisis, continued*

6. Communicate widely about the problem.
  - Change to meet changing circumstances.
  - Stick with constructive core values.
  - Divide problems into smaller chunks.
  - Lead with compassion. (A crisis can take a heavy emotional toll on workers.)

# Leadership Skills

- Leadership involves personal qualities, behaviors, and skills (personal capability).
- Many of these skills are included in study of management.
- Additional skills include (a) sizing up situations so as to use correct leadership approach, (b) exerting influence, (c) motivating, and (d) developing an inspiring mission statement.