

# Chapter 7

## Management and leadership



# Leadership and management

## Definitions of leadership

- Leadership means giving a lead to others. A leader gives guidance and direction, and other ('followers') follow the lead that they are given
- Leadership is the process of influencing others to accomplish a task or mission by providing purpose, direction and motivation
- Leadership is lifting a person's vision to higher sights, the raising of a person's performance to a higher standard (Drucker)

# Leadership and management

- Definition of management
- Management is about planning, controlling, putting appropriate organisation structures in place (organising), as well as communicating and co-ordinating
- It can be argued leadership is not the same as management, but it is an aspect or feature of management
- A number of writers on leadership make a distinction between 'management' and 'leadership':
  - 'management' refers to using formal authority to direct others
  - 'leadership' means providing support and encouragement to bring out the best in others
- Several writers suggest that management might be suitable for a predictable and stable working environment, but leadership is needed for the successful introduction of change

# Leadership and management

Leadership	Management
Establishing direction	Planning and budgeting
Aligning people	Organising and staffing
Motivating and inspiring	Controlling and problem solving
Needed for change	Appropriate for predictability and order

# Supervision

## Definition of supervision

- Supervision means ‘looking over’ someone else
- It is management by overseeing the performance or activities of an individual or group of individuals, and making sure that the work of the group or individuals is performed properly
- Supervision is also called ‘front line management’ and ‘supervisory management’
- It is the lowest level of management in a formal management structure

# Scientific management

## F W Taylor (1856 – 1915) and scientific management

- FW Taylor is regarded as the 'leader' of the scientific management approach
- He believed that a scientific approach should be taken to the analysis of work and the way in which tasks are carried out
- Through observation and a scientific approach to analysis, the most efficient method of organising the work to accomplish a task can be designed
- This approach applies to standard, repetitive tasks. A standard method can be designed for performing each job using a scientific approach

# Scientific management

- Taylor also argued that workers should be selected who have appropriate abilities for each job.
- These workers should be trained in the standard method.
- The trained workers should be employed to do the work in the scientifically-designed way, with the result that the task will be carried out in the most efficient way.
- Taylor also argued that workers should be given incentives (extra pay) to improve their performance

# Scientific management

- The contribution of scientific management has been to
  - demonstrate the importance of compensation for performance
  - organise standardised work on the basis of a careful study of tasks and jobs
  - show the importance of personnel selection and training
- Scientific management has its critics
  - It did not appreciate social context of work and ‘higher’ needs of workers
  - It did not acknowledge that employees respond to work and leaders in different ways
  - Scientific management tends to regard workers as uninformed individuals



# Fayol: principles of management

- The ideas of Henri Fayol are probably close to the ideas that many individuals hold about management and the functions of management
- He argued that managers are given formal authority within an organisation structure and they are responsible (to their superiors) for the effective use of their authority
- He suggested that the five functions of management are to plan, organise, command, co-ordinate and control
- There are certain principles of good management that apply to all types of organisation

# Weber and bureaucracy

- Max Weber (1864 - 1920) developed the concept of bureaucracy as a formal system of organisation and administration designed to ensure efficiency and effectiveness
- Weber considered bureaucracy to be a highly efficient form of organisation
- He identified three types of legitimate authority:
  - Traditional authority – associated with hereditary power
  - Rational-legal authority – associated with bureaucracies
  - Charismatic authority – when the individual has special personal qualities that inspire others to do what the individual asks.
- In an industrialised society, rational-legal authority is the most appropriate type of authority; therefore bureaucracy is the most appropriate form of organisation

# Stewart on bureaucracy

## Rosemary Stewart on bureaucracy

- Writing in the 1950s, Rosemary Stewart identified the characteristics that are now commonly associated with bureaucracy. The main features of bureaucracy are:
  - Specialisation of work: Specialisation applies to the jobs, not the people who do the jobs. If a person leaves his job, he is replaced by someone else who will do exactly the same job
  - A hierarchy of authority
  - A system of formal rules
  - An impersonal organisation: Authority and rewards are based on a clear set of rules

# Stewart on bureaucracy

- Stewart suggested that the growth of bureaucracy is attributable to the following factors:
  - The increasing size of organisations
  - The increasing complexity of work carried out in organisations
  - Scientific management, which involves the design of jobs for efficiency
  - The expectation of employees (and others) that they should be treated impartially

# Mayo: the human relations movement

Elton Mayo (1880 – 1949) and the human relations school of management

- Mayo's most important contribution to the study of management was to suggest that work satisfaction of employees (and possibly also their efficiency at work) depends on non-economic factors rather than the financial reward or 'scientific factors' such as working conditions
- This was discovered in the Hawthorne Experiments in the 1930s
- Performance was related to interest and involvement, not on other 'scientific factors' such as working conditions
- Mayo concluded that a lack of attention to human attitudes and relationships (e.g. motivation) was a major weakness in earlier theories of management

# Classical theory: a summary

## Classical and human relations theories of management: a summary

- Early writers suggested that there is a set of concepts and rules that apply universally to all managers and management tasks
- Scientific management proposed that a scientific and rational approach should be applied to the study of work, in order to improve efficiency
- Fayol argued that all managers have a similar role in organisations, no matter what type or size, and there are principles of good management that should be applied in every organisation
- Weber argued that bureaucracy was the ideal form of organisation in an industrial society
- Mayo identified the significance of 'human relations', and argued that it applies to all individuals at work

# Classical and modern theories

## Differences between classical and modern theories of management

- Classical theories of management attempted to identify general rules of management and organisation that should apply to all types of enterprise
- Some aspects of classical management theory are still valid: a scientific management approach to improvements in efficiency has some validity
- Modern theories include the view that the most suitable approach to management and leadership varies according to circumstances, and what is best in one situation is not necessarily the best in another
- This approach to management and leadership is called 'contingency theory'

# Drucker

- Peter Drucker (1909 – 2005)
- Drucker wrote on a wide range of management topics
- He suggested that there are five areas of management responsibility:
  - Setting objectives
  - Organising work
  - Motivating and communicating
  - Measuring
  - Developing people
- These views differ from those of Fayol



# Drucker

- Drucker also disagreed with the view of Fayol that general principles of management apply to managers in all types of organisation
- He argued instead that management in a commercial organisation is different from management in a not-for-profit organisation, because in a commercial organisation:
  - management has an economic responsibility for profit, and
  - management performance is judged by profit

# Drucker

- He suggested that in a commercial organisation there are three aspects of management, and a manager must deal with all three
- Managing the business. Managers are responsible for the success of the business and should therefore be involved in innovation and marketing. Drucker was perhaps the first writer to recommend the marketing concept of 'putting the customer first'
- Managing managers. Managers should be managed by giving them targets for achievement and assessing their performance on the basis of success in achieving those targets. Drucker is perhaps the 'inventor' of management by objectives (MBO)
- Managing workers and the work

# Kanter

Rosabeth Moss Kanter

- Kanter is best known for her work on the inefficiencies of modern bureaucracy
- The bureaucratic way of operating has become slow, complex and cumbersome
- Competition has increased and economic circumstances have changed
- The pace of change is faster (e.g. technological change) and bureaucracies are inefficient because they are slow to react to change and to adapt to their changing environment

# Kanter

- Kanter argues that the re-birth and success of organisations in a changing environment depend on:
  - innovation (developing new products, services and operating methods)
  - entrepreneurship (taking business risks)
  - participative management (encouraging employees to participate in decision-making and ‘empowering’ the employee)
- Organisations need to have a ‘flatter structure’ with fewer layers of management (and so less bureaucracy)

# Mintzberg

- Mintzberg suggested that all organisations consist of five elements or building blocks
- Operating core. The individuals who carry out the 'core' operational activities
- Strategic apex. The top level management responsible for overall effectiveness of the organisation
- Middle line. The people in an organisation who act as a link between the strategic apex and the operating core
- Technostructure. This consists of people who design the work, plan it, and train workers, but who are not directly engaged in the 'core activities' of the organisation
- Support staff. These individuals provide support services to others in the organisation to help it to function

# Mintzberg

- Mintzberg argued that in any organisation, any one of these building blocks might be dominant
- Examples:
  - In an entrepreneurial organisation, the strategic apex is dominant
  - In a bureaucracy, the technostructure is usually dominant
  - In a divisionalised organisation structure, the middle line is dominant
  - In a school, the operating core (teaching staff) is dominant
- He also identified a type of organisation that he called an adhocracy - a complex structure, making extensive use of team work or project-based work

# Ouchi: Theory Z

- Ouchi developed what he referred to as the ideal 'Theory Z' type of company
- Based on his research into US and Japanese multinational companies
- In a Theory Z organisation, there is an emphasis on the interpersonal skills that form the basis of group working, where decision-making is by consensus
- However responsibility for achieving performance targets remains with the individual, unlike the Japanese system
- There is also an emphasis in the Theory Z organisation on building trust through informal and democratic relationships, although there is a formal management hierarchy

# Ouchi: Theory Z

- Theory Z combines the 'best' of US and the 'best' of Japanese organisation.
- Japanese features
  - Long-term employment for employees (although not a lifetime 'guarantee' of employment, as in Japan)
  - Collective decision-making: decisions by consensus
  - Wider concern for the employee as a human being, not just as a worker
- US features
  - Individual responsibility for performance
- Compromise between US and Japanese features
  - Mixture of informal control and a formal control and performance management systems
  - Moderate amount of specialisation in career development



# Leadership style

- Effective leadership within an organisation involves:
  - guiding and directing others to achieve the goals of the organisation
  - making the best use of the knowledge, skills and talent of others in the organisation
  - developing the knowledge, skills and talent of others in the organisation
- There are differing theories about effective leadership style and what makes the most effective leaders

# Trait theories of leadership

- Trait theories of leadership suggest that there is a set of personal qualities and characteristics that make a good leader
- Traits include:
  - physical traits
  - personality traits
  - social traits
  - intelligence
- There are differing views about whether traits are 'genetic' or whether important traits can be learned. In other words, are there 'born leaders'?
- Or can individuals turn themselves into good leaders by developing key traits?

# Lippitt and White: leadership style

- Lippitt and White (1938) investigated the question of whether there is an ideal leadership style
- They carried out research using groups of children on arts and crafts projects, who were subjected to three different types of group leadership:
  - Autocratic leaders (authoritarian leaders)
  - Democratic leaders
  - Laissez-faire leaders

# Lippitt and White: leadership style

	<b>Morale</b>	<b>Relations with leader</b>	<b>Atmosphere</b>
<b>Autocratic</b>	Variable	Leader not well liked	Some group members aggressive. Some apathetic
<b>Democratic</b>	High	Friendly	Willingness to co-operate. Ability to work independently
<b>Laissez-faire</b>	Low	Leader not well liked	No co-operation. Inability to work independently

# Lippitt and White: leadership style

	Productivity	Quality of work
<b>Autocratic</b>	Highest	Low
<b>Democratic</b>	Good	High
<b>Laissez-faire</b>	Low	Low

- Either an autocratic or a democratic leadership style might be better, depending on whether the work called for quality and originality, or for high productivity
- Individuals respond to autocratic leaders differently: some individuals prefer this type of leader, others react in a hostile way

# Blake and Mouton's Grid

- Blake and Mouton (1964) suggested that there are two aspects to leadership:
  - concern for people, and
  - concern for production (the task).
- They suggested that the amount of concern for the task and concern for people shown by any manager can be plotted on a grid (a  $2 \times 2$  matrix)
- One side of the grid is for the individual's concern for the task, on a scale from 1 to 9
- The other side of the grid is for the person's concern for people, on a scale of 1 to 9

# Blake and Mouton's Grid

- The effectiveness of a leader can be judged according to where he or she is located on the grid
- Examples:
  - (1,1): low concern for the task, low concern for people – ‘impoverished management’
  - (1,9): low concern for the task, high concern for people – ‘country club management’
  - (9,1): high concern for the task, low concern for people – authoritarian
  - (5,5): moderate concern for the task, moderate concern for people: ‘middle of the road’
- Blake and Mouton argued that the best type of leader is on the grid at point (9,9), showing high concern for the task and also high concern for people – ‘team management’

# Leadership continuum

## Tannenbaum and Schmidt's leadership continuum

- Tannenbaum and Schmidt (1958) developed a model for analysing different styles of leadership
- Each style differs in the amount of 'freedom' that is delegated by the leader to subordinates
- They identified seven levels of delegated freedom. These are on a continuous scale (a 'continuum') from a 'tells style' at one extreme to an 'abdicates' style at the other extreme
- Their seven levels of delegated freedom, and seven styles of leadership are:



# Leadership continuum

1. Tells
  2. Tells and sells
  3. Tells and talks
  4. Consults
  5. Involves
  6. Delegates
  7. Abdicates
- They did not suggest that any particular style was better than any other
  - However an individual might change leadership style through his career, as he gains experience in leadership

# Likert's leadership styles

- Likert (1960s) identified four types of leadership style:
  - 1 Exploitive authoritative
  - 2 Benevolent authoritative
  - 3 Consultative
  4. Participative
- Likert argued that a participative style is best for profit-based, people-focused organisations

# Fiedler's contingency model

- Fiedler argued that individual leaders are either:
  - task-orientated by nature (concern for the task) or
  - relationship-orientated by nature (concern for people)
- It is impossible to change their character or style
- The most effective style of leadership depends on the nature of the work situation, and whether the work situation is favourable, unfavourable or in-between
- An organisation should therefore assess whether a work situation is favourable, unfavourable or in between, and try to appoint a leader with the more appropriate style for the work situation

# Fiedler's contingency model

- A work situation is favourable when the following conditions apply:
  - There is a good relationship between the leader and his subordinates
  - The task that the work group does is highly-structured
  - The leader has a large amount of 'position power' (a large amount of authority in view of his position in the organisation)
- Fielder argued that:
  - a task-oriented leader is better when he work situation is favourable
  - a task-oriented leader is also better when the work situation is unfavourable
  - a relationship-oriented leader is better when the work situation is in between favourable and unfavourable

# Situational leadership theory

## Hersey and Blanchard: situational leadership theory

- Hersey and Blanchard (1968) argued that the most appropriate style of leadership depended on the work situation
- Unlike Fiedler they argued that a leader is capable of changing leadership style and should adapt his style to the requirements of the work situation
- Leadership involves:
  - directing subordinates, when subordinates need guidance, and
  - supporting subordinates, when they need support rather than guidance (direction)
- The appropriate leadership style depends on the amount of guidance (direction) and the amount of support required from the leader in the work situation

# Situational leadership theory

Amount of guidance  
required

Low

High

Amount of  
support  
required

Low

Delegating style

Telling style

High

Participating style

Selling style

# Situational leadership theory

Leadership style	Most suitable when subordinates have:
Telling	Low competence High commitment
Selling	Some competence Some commitment
Participating	High competence Variable commitment
Delegating	High competence High commitment

# Handy: best fit approach

- Charles Handy has suggested that there are four factors that influence the effectiveness of a leader:
  - the leader
  - the subordinates
  - the task
  - the environment
- Handy described a 'best fit' spectrum, in which the three of these factors - leader, subordinates and tasks - are placed on a range or spectrum
- For each of the three factors there are two extremes which Handy called 'tight' and 'flexible'



# Handy: best fit approach

	One end	Spectrum	Other end
	<b>Tight</b>		<b>Flexible</b>
<b>Leader</b>	Autocrat		Democrat
<b>Subordinates</b>	Low self esteem		High self-esteem
<b>Task</b>	Routine		Important

- The aim should be to get the 'best fit' of leader, subordinates and task
- Handy suggested that for any work situation, the 'best fit' occurs when all three factors are at exactly the same position on the spectrum

# Adair: action-centred leadership

- Several writers have written about what leaders do
- Adair suggested that effective leaders need command over three aspects of leadership:
  1. Achieving the *task*
  2. Managing the *team*
  3. Managing *individuals*
- Depending on circumstances, a leader might need to use one, two or all three of these aspects, and give attention to:
  1. task needs
  2. team needs
  3. the needs of individuals in the team

# Adair: action-centred leadership

- A leader must ensure that his attention to each of these aspects is appropriate for the situation

## Adair's 50:50 rule

- Leadership contributes to the effectiveness of individuals and groups, but is not the only factor
- 50% of motivation of subordinates comes from within the individual. The other 50% comes from external influences, including leadership
- 50% of building a successful team comes from the team members. The other 50% comes from the team leader

# Bennis: enablers and originators

- Warren Bennis: leaders as enablers and originators
- Warren Bennis (1980s) made a distinction between managers and leaders
  - The role of the manager is to administer and maintain systems in order
  - Managers focus on systems and controls, and the 'bottom line' (= profit)
- Bennis referred to management as:
  - transactional leadership, which is
  - 'doing things right'

# Bennis: enablers and originators

- The function of the leader is to innovate and develop
- Leaders focus on people, not systems.
- Leaders also focus on change and the long-term prospects, rather than on short-term profit
- Bennis referred to leadership as:
  - transformational leadership, which is
  - ‘doing the right things’
- Bennis suggested that organisations need leadership at all levels in the organisation

# Kotter

	<b>Leadership</b>	<b>Management</b>
	Establishing direction	Planning and budgeting
	Aligning people	Organising and staffing
	Motivating	Controlling, problem-solving
Outcome	Change	Predictability: order

- Like Bennis, Kotter made a distinction between management and leadership
- Kotter suggested that leadership is mainly concerned with:
  - anticipating change and responding to change, and
  - having a ‘vision’ about what the organisation needs to achieve and should be doing

# Heifetz

- Heifetz has argued that leadership is an activity, and is not a personal quality
- It is wrong to confuse leadership with management authority
- Leadership comes from informal authority and the regard that the person has from subordinates
- Authority comes from position power and the formal position of the manager in the organisation hierarchy.
- A successful leader has both informal 'authority' as well as formal management authority

# Heifetz

- Heifetz (1994) also suggested that there are two types of challenge for leaders in business:
- Technical problems which have a relatively simple answer. Current knowledge can be applied to find a solution to the problem
- Adaptive problems where the answer involves a need for people to change – both their culture and outlook. People are resistant to change; therefore the solution to the problem involves getting people to learn new ways.
- Technical problems can be solved by managers (transactional leaders)
- For adaptive problems, transformational leadership is needed. Heifetz has referred to problems requiring significant change as ‘adaptive work’



# Heifetz and Laurie

- Heifetz and Laurie offer six principles for leading organisations through adaptive change:
- Get on the balcony: see the big picture
- Identify the adaptive challenge
- Regulate distress
- Maintain disciplined attention
- Give the work back to the people
- Protect the voices of leadership from below