Managers v Leaders

Leaders: May perform similar functions to managers, but in addition they also inspire and motivate the workforce. They consider long-term strategy, the challenges facing the business and how to overcome them.

Managers: Control and direct the workforce to follow the principles or values that have been established by the leaders.

Being a good leader involves getting people to understand and believe in your vision to work with you to achieve your goals, whereas managing is more about administering and making sure the day-to-day things are happening as they should.

Functions of Management

- **Planning** – ensure that the required resources are where they need to be.
- **Leading** – encouraging employees to carry out the require task effectively.
- **Co-ordinating** – ensuring that employees/departments are working efficiently to complete the task.
- **Functional** – organising various departments such as sales and HR.
- **Organising**.
- **Control**.

McGregor's Theory X and Theory Y

McGregor believed that there are two distinct types of managers. It depends on the beliefs of those managers as to what would best motivate their staff.

Theory X managers believe:	Theory Y managers believe:
☹ Employees are motivated only by money.	☺ Working is as natural as rest or play.
☹ Employees are lazy and dislike work – they have little ambition.	☺ The typical employee does not have an in-built dislike of work – they are ambitious, willing to train and contribute to improve their chances of promotion.
☹ Employees do not want to be involved in the decision-making process.	☺ Employees cannot be motivated by money alone – other means exist to motivate employees rather than control and punishment.
☹ Employees are selfish, ignore the needs of organisations, avoid responsibility and lack ambition.	☺ Employees will be more efficient if they are left to their own devices – trust breeds responsibility.
☹ Employees need to be controlled and directed by management.	☺ Employees want to contribute to improving efficiency – they want to be seen, noticed, rewarded and appreciated when they work well.
☹ Employees must be supervised or the quality and quantity of output will fall.	

Consequences of Theory X management:

These managers believe that employees have little or no ambition, wish to be left alone, must not be involved in the wider business environment and must be supervised if they are to maintain quality and quantity of work. This has major impacts on job design and control.

In the case of Theory X managers, the consequences for the business will be:
- strict control of formal methods of communication
- tasks must be designed so they are broken down into their simplest units
- responsibilities must be clear and unambiguous
- supervisors must maintain quality
- high level of dependence on the decision-making of senior management.

Consequences of Theory Y management:

Theory Y managers are likely to create an open structure, with both formal and informal paths of communication and delegated powers. Employees will be given responsibilities and a wider range of tasks. Theory Y managers are facilitators. It is likely that managers will adopt a democratic style – this is based on encouraging participation in decision-making.

In the case of Theory Y managers, the consequences for the business will be:
- requirement for training
- use of cell working – restructuring of production and service methods
- setting up of formal communication channels, with both vertical and lateral communication
- promotion structures
- flexible working practices.
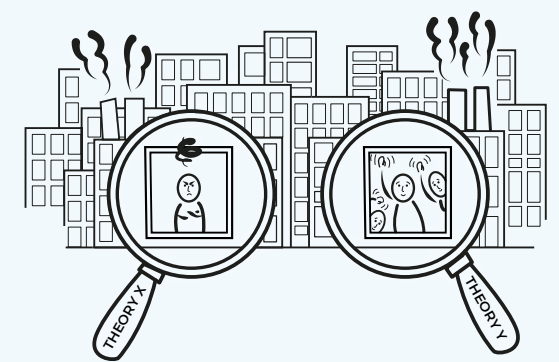
Management by Objectives [MBO] – Peter Drucker

Objectives are defined within an organisation so that the management and employees agree and understand what they need to do in order to achieve them. It involves breaking down and subdividing the aims and goals of an organisation into targets and objectives for divisions, departments, managers and finally employees.

Drucker suggested that by working together to meet the same objectives, owners, managers and employees would have a clear structure and long-term strategy that give clear goals to all stakeholders in the organisation.
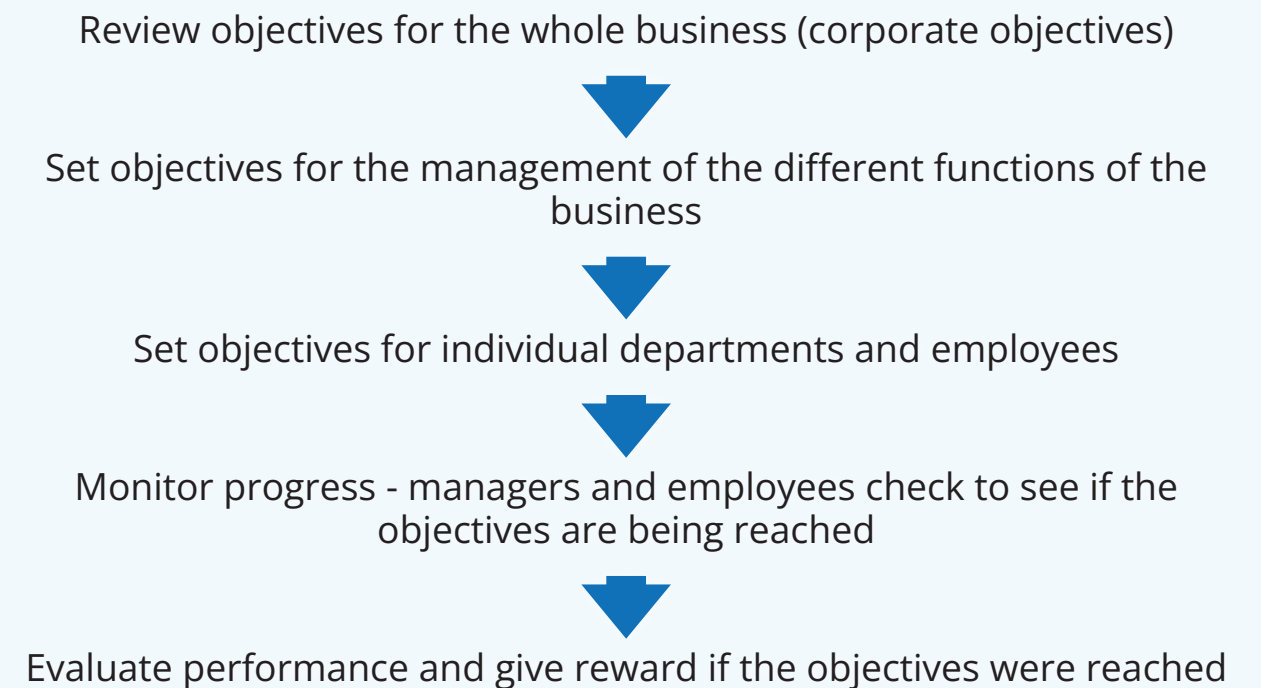
Advantages:
☑ **Improved management control** of the organisation. Managers know who is doing what and what they are supposed to be achieving. Clarity of goals.
☑ **Improved financial control**. Part of the setting of the objectives process is monitoring expenditure and revenues. Any changes from (variances from) budgeted amounts need to be explained and reacted to.
☑ It allows managers to be **aware of their responsibilities**. Managers are aware of what they should be achieving and how their role fits in with organisational objectives.
☑ The **work of departments and managers are co-ordinated**. Everyone is working together towards a common goal.
☑ It can **motivate the workforce**. When managers at all levels are involved in setting and agreeing on objectives, they will have a commitment to ensuring that objectives and goals are achieved. Involving all employees in the whole process of goal setting will give **employee empowerment**. This increases employee job satisfaction and commitment.
☑ It can **improve communication systems** within the organisation. The process of setting and agreeing objectives will itself involve communication both up and down the hierarchy.

Disadvantages:
☒ Management **time is spent on the process of setting objectives rather than managing the organisation**.
☒ The ever-changing business environment or context in which the goals are set may change over time, making the **objectives unrealistic**.
☒ **Demotivation and breakdown of working relationships**. If all levels of hierarchy are not involved in setting objectives, then they may not be committed to them.
☒ Objectives can be seen as a **form of management control**.
☒ A situation may arise where managers 'cannot see the wood for the trees'. This **loss of focus** means managers concentrate on short-term objectives at the cost of ignoring the long-term goals.

The MBO process

Review objectives for the whole business (corporate objectives)

▼

Set objectives for the management of the different functions of the business

▼

Set objectives for individual departments and employees

▼

Monitor progress - managers and employees check to see if the objectives are being reached

▼

Evaluate performance and give reward if the objectives were reached

Roles of Management

- **Interpersonal roles** – hiring, firing, training, motivating and organising.

- **Decision-making roles** – the access to information that managers have enables them to use their formal authority to make decisions.

- **Information roles** – acting as a channel for information to flow between divisions/departments within an organisation.

Character Traits of Effective Managers

A number of character traits of effective managers have been identified:
- inspirational
- empathetic
- self-aware
- enthusiastic
- hard-working.

AS Business
Management and Leadership

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Role of Leaders

Being a good leader involves getting people to understand and believe in your vision to work with you to achieve your goals.

The role of leaders include:
- creating visions and aims
- empowering and delegating
- establishing objectives
- deciding on structure
- creating new roles and jobs
- anticipating problems.

Because leaders need to lead and fulfil a number of challenging roles, a leader needs to have a number of characteristics:
- intellectual skills
- interpersonal skills
- realistic aspirations
- vision
- communicative skills
- creativity
- innovation
- commitment
- identify and respond to changes.

A good leader is the one that adapts to the needs of the employees through identifying problems and creating solutions.

Autocratic Leadership

Definition: An autocratic leadership style is one where the manager sets objectives, allocates tasks and insists on obedience.
- Group may be dependent on the leader.
- Employees are not involved in decision making.
- High levels of supervision characterise this leadership style.
- Often linked to poor levels of motivation amongst employees.
- Most suitable in a crisis situation.
- An example would be the leadership of troops in the Army.

Occasions and circumstances where strong authoritarian leadership may be required:
- ☑ If the workforce is not performing as it should if there is a crisis.
- ☑ Some employees respond well to authoritarian leadership and do not want to take on any extra responsibility or may not be capable of doing so.
- ☑ Unlikely that all employees will respond in a similar fashion. Some may well be willing to work under an autocratic leader, as they know exactly where they stand and do not wish to act on their own initiative.

However:
- ☒ The employees can often become dependent on such a leader. This tends to stifle initiative amongst the workforce.
- ☒ Those managed in such a way are often dissatisfied with the leader – this would seem to be the case here as many employees are leaving to work elsewhere.
- ☒ Autocratic leaders often insist on high levels of supervision and this can cause resentment as employees will tend to lack cohesion and may not therefore all pull in the same direction to achieve the business's goals.
- ☒ Talent is often not recognized by autocratic managers and therefore a valuable human resource may be lost or underutilised.
- ☒ Two-way communication does not occur and good ideas that may help the business may well be ignored.
- ☒ People who may possess great potential are not used in the best way and may leave to achieve their ambitions.

Bureaucratic Leadership

Controls w, tight limits on decision-making and has many guidelines and restrictions. Used when leadership skills cannot be developed in subordinates, subordinates need to be closely controlled, a high labour turnover is not too much of a disadvantage and when it is important to back up every decision with relevant paperwork. Employee participation is not actively encouraged.

However:
- ☒ Decision making is stifled by paperwork and excessive checking and re-checking of decisions and outcomes. The leader manages "by the book".
- ☒ Effective if employees performing routine tasks but employees lose interest in their work and only do what is expected of them.

Democratic Leadership

Definition: Democratic leadership styles encourage participation by employees in the decision making process:
- A democratic leader delegates a great deal, discusses issues, acts upon advice and explains the reasons for decisions.
- Democratic leadership means running a business or a department on the basis of decisions agreed among the majority.
- Can be persuasive - leader makes a decision and then persuades others in the organisation that it is a good idea.
- Can be consultative - leader consults others prior to making a decision and takes account of their views.
- Good communication skills are required to lead democratically ("we love talking...").

Possible benefits:
- ☑ Research suggests that better decisions are made as managers are able to utilise the experience and knowledge of those working in the organisation. They can adopt the ideas of a whole variety of employees.
- ☑ Employees involved with the decision making process are likely to be more highly motivated and are more likely to accept the decisions that are made. Motivated employees are likely to be more productive, have lower absenteeism and be more committed to their work.
- ☑ Employees appear to trust democratic leaders and are more willing to volunteer new and creative ideas ("We are so happy that we have offices brimming with experts...").
- ☑ Requires good two-way communication – the leader needs to be able to explain ideas clearly and understand any feedback they receive.
- ☑ More effective because managers are able to 'tap into' the ideas of employees who may be innovative, knowledgeable or experienced. This results in better decisions.
- ☑ More effective because employees are likely to be more committed and motivated to accept decisions made with their help.
- ☑ More effective because employees are more likely to volunteer new and creative ideas without fear of criticism or repercussions.
- ☑ More effective because it empowers employees and leads to, potentially, better decision making.

However:
- ☒ Democratic decision making may take a lot longer to make as lengthy consultation may take place.
- ☒ Democratic leadership may not be helpful if a business were to find itself in a crisis, when swift autocratic decision making may be required – it may result in decisions taking much longer to be reached as lengthy consultations may take place.
- ☒ Whilst a more highly skilled workforce may be more productive when their opinions are sought, they may even prefer a *laissez-faire* leadership style, having even more responsibility for making their own decisions.
- ☒ Democratic leadership styles can lead to confusion the greater the size of the group, as communication can be more difficult.
- ☒ Some groups of employees prefer to be directed rather than contribute, due to lack of interest or because they believe management are paid to make decisions and shoulder the responsibility.
- ☒ Democratic leadership may not be suited to certain circumstances – an emergency may require an autocratic approach in order to get tasks done quickly to avoid the situation escalating further.

Laissez-Faire Leadership

Definition: A *laissez-faire* type of leadership occurs when the leader has minimal input, leaving much of the running of the business to the staff, allowing them to carry out activities freely within broad limits.

Possible benefits:
- ☑ relaxed atmosphere
- ☑ employees are allowed to make their own decisions, within limits
- ☑ there are few guidelines and restrictions (used when subordinates can be trusted to work on their own initiative)
- ☑ employees are encouraged to be creative and imaginative.

However:
- ☒ Although employees do carry out activities freely within broad limits, there tends to be a lack of guidance and direction. This can result in low productivity as some employees lack the incentive to work hard.
- ☒ Communication tends to be less structured and the benefits of good communication between employees may be lost.
- ☒ Employees may feel that they have been 'thrown in at the deep end' if tasks have been delegated with few guidelines and directions.
- ☒ Rudeness to customers may occur as a result of lack of customer service training or stress because employees is unsure how to operate the equipment competently.
- ☒ Some employees can be demotivated if they dislike the unstructured manner in which they have to carry out their jobs.
- ☒ It doesn't work well if the employees are newly qualified and lack confidence. Whilst some employees would appreciate the freedom and scope to show their capabilities, it would appear that the four they have appointed do not.

Fiedler's Contingency Model

Definition: The model states that there is no one best style of leadership. Instead, a leader's effectiveness is based on the situation. This is the result of two factors:
1. **Leadership style** – it is the personality of the leaders that determine their leadership style.
2. **Situational control** – this is the amount of control and influence that the situation provides leaders over their group's behaviour, the task and the outcome.

LEADERSHIP STYLE

In order to identify a manager's leadership style, Fiedler got them to fill in a questionnaire about the person they would least like to work with (see below). This was known as 'The Least Preferred Co-worker (LPC) Scale'. This scale was used to identify two types of leadership style:
- A high score of 64 or more indicated a **high LPC person**; such a person is called **relationship-motivated**. This leader sees other people as relatively pleasant, industrious or sincere even if they find it difficult to work with them.
- A score of 57 or below indicated a **low LPC person**. This type of individual is called **task-motivated**. This leader sees their co-worker in negative terms, is determined to get the job done and believes that a poor co-worker is bad in almost every possible respect.
- An in-between score makes it difficult to identify what group the individual belongs to.

The model says that task-oriented leaders usually view their LPCs more negatively, resulting in a lower score. Fiedler called these low LPC-leaders. He said that low LPCs are very effective at completing tasks. They're quick to organize a group to get tasks and projects done. Relationship-building is a low priority.

However, relationship-oriented leaders usually view their LPCs more positively, giving them a higher score. These are high-LPC leaders. High LPCs focus more on personal connections, and they're good at avoiding and managing conflict. They're better able to make complex decisions.

SITUATIONAL CONTROL (SITUATIONAL FAVOURABLENESS)

This depends on three distinct factors:
- **Leader-Member Relations** – this is the level of trust and confidence that your team has in you. A leader who is more trusted and has more influence with the group is in a more favourable situation than a leader who is not trusted.
- **Task Structure** – this refers to the type of task you're doing: clear and structured, or vague and unstructured. Unstructured tasks, or tasks where the team and leader have little knowledge of how to achieve them, are viewed unfavourably.
- **Leader's Position Power** – this is the amount of power you have to direct the group and provide reward or punishment. The more power you have, the more favourable your situation. Fiedler identifies power as being either strong or weak.

Fielder did not believe that leaders were very good at changing or even adapting their style, making it difficult for leaders to alter their approach to suit changing circumstances.

Wright and Taylor

Wright and D. Taylor believed that it is possible to improve a leader's performance and that this could be done through education. They identified two specific gaps in existing approaches to the study of leadership:
- Firstly, there is **not enough emphasis on what leaders actually do** when they interact with their subordinates.
- Secondly, **the element of skill is largely ignored**.

They were concerned with **improving leadership skills**. The way that they did this was by providing a checklist for improving work performance.

- The skills that leaders needed to **learn are both verbal and non-verbal**.
- At the same time, leaders need to improve their ability to diagnose what needs to be done in any particular work situation and also to develop an accurate perception and evaluation of people and events – they need to be able to **adapt to different situations**.

They believed that ability and motivation are the key factors. An individual will not perform a task well unless they want to do it and have the necessary ability to do it. If an individual is not performing well, the leader will need to talk to them to find out why, then he or she will need to find skilful ways of influencing their behaviour.

Wright and Taylor devised a checklist in order to help leaders analyse performance problems. They did not expect that the checklist would find the solution to the problem – its main purpose is to provide a means of thinking over a problem systematically. They also stressed that any potential solution should be considered on a cost-benefit basis since there would be no point in spending more on it than the likely savings that would be generated by it.