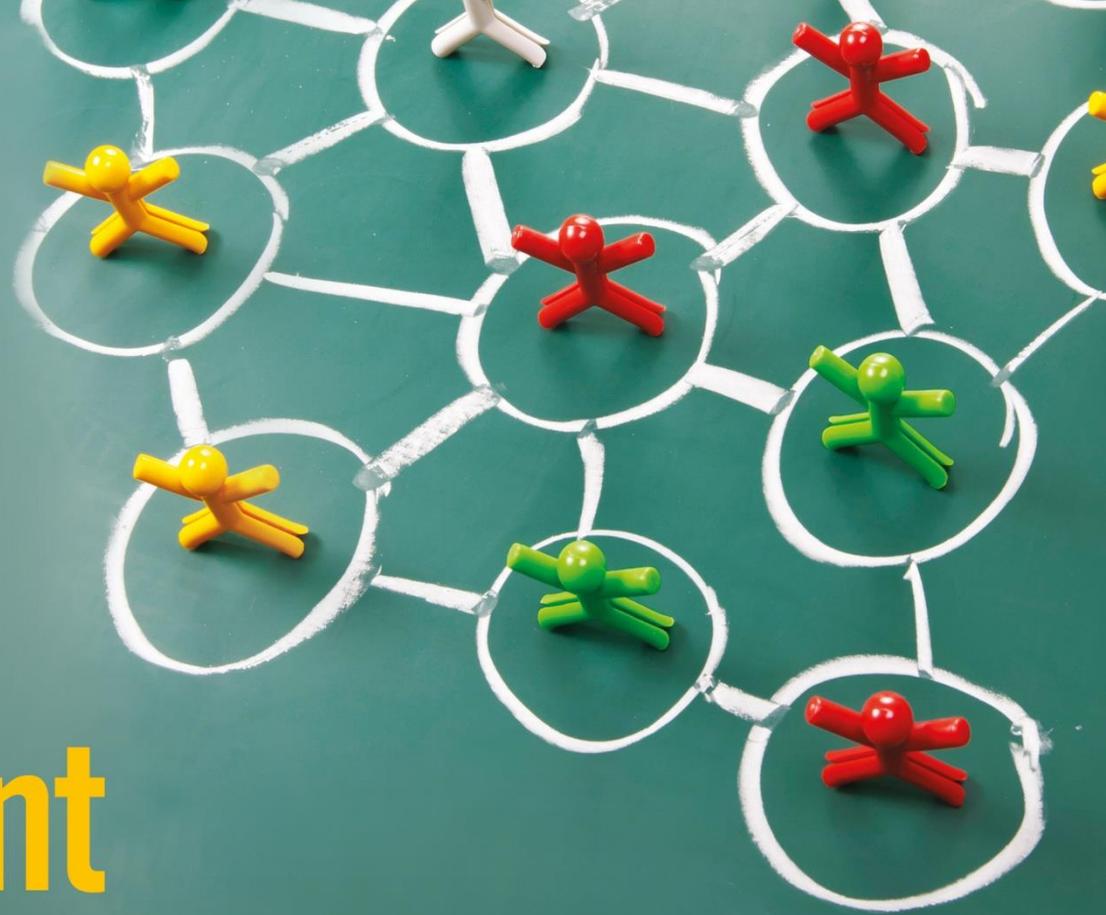


Introduction to
**Business
Management**

9TH EDITION

CHAPTER 9
LEADING





Chapter content

- Introduction
- The nature of leadership
- Leadership theories
- Motivation
- Groups and teams in organisations
- Communication
- Summary



Introduction

- Third component of management process
- Organisations employ people to activate financial, physical and informational resources
- Managers perform management function of leading by influencing, guiding and directing employees towards achieving goals



The nature of leadership

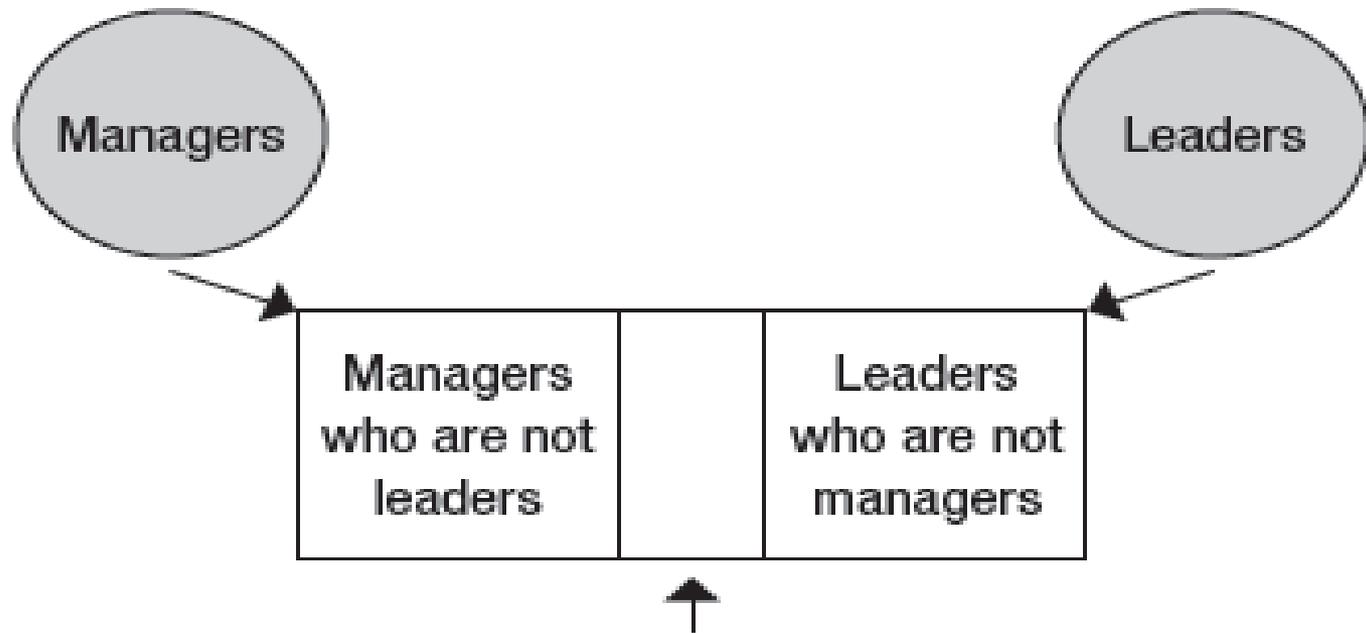
- Most researched and most controversial topic in management
- Variables such as traits, behaviour, influence, interaction patterns and role relationships
- ‘process of influencing employees to work willingly towards the achievement of organisational objectives’
- Managers take the lead to bridge the gap between formulating plans and reaching goals



Leadership and management

- Leadership is not the same as management
- Management is broader in scope comprising the four management functions
- Leadership is only one of these four functions
- Not all managers are good leaders
- Not all leaders are good managers
- Make sure you understand the difference between influencing and coercion

The integration of leadership and management



The aim to make good managers also good leaders (and vice versa)

Figure 9.1: The integration of leadership and management



Components of the leading function

- **Authority** – denotes the right of a leader to give commands and demand actions from subordinates
- **Power** – manager’s ability to influence his or her employees’ behaviour
- **Responsibility** – obligation to achieve organisational goals by performing required activities
- **Delegation** – process of assigning responsibility and authority for achieving organisational goals
- **Accountability** – evaluation of how well individuals meet their responsibilities



Authority

- Without authority, managers are unable to manage, initiate or sustain the management process
- Authority revolves around obtaining the right to demand action from employees and the right to take action
- Final authority rests with the owners or shareholders of the organisation
- Authority is transferred down from owners or stakeholders



Power

- Two types of power:
 - Position power
 - Personal power.
- Power continuum:
 - Coercive power
 - Reward power
 - Legitimate power
 - Referent power
 - Expert power.
- Those who command all five types of power are strong leaders

The power continuum

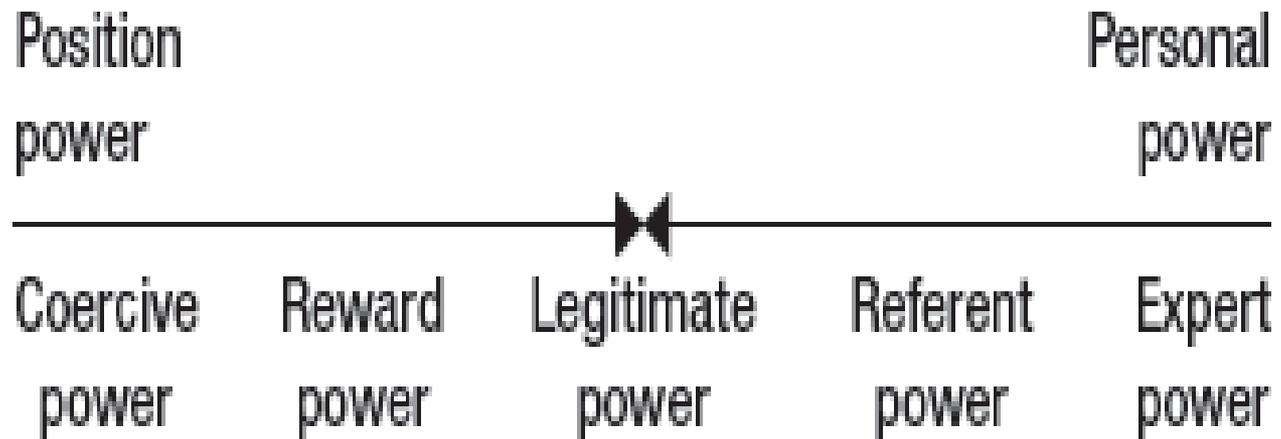


Figure 9.2: The power continuum

Uses and outcomes of power

Table 9.1: Uses and outcomes of power

Source of leader influence	Type of outcome		
	Commitment	Compliance	Resistance
Referent power	Likely If request is believed to be important to leader	Possible If request is perceived to be unimportant to leader	Possible If request is for something that will bring harm to leader
Expert power	Likely If request is persuasive and subordinates share leader's task goals	Possible If request is persuasive, but subordinates are apathetic about leader's task goals	Possible If leader is arrogant and insulting, or subordinates oppose task goals
Legitimate power	Possible If request is polite and highly appropriate	Likely If request or order is seen as legitimate	Possible If arrogant demands are made or request does not appear proper
Reward power	Possible If used in a subtle, very personal way	Likely If used in a mechanical, impersonal way	Possible If used in a manipulative, arrogant way
Coercive power	Very unlikely	Possible If used in a helpful, nonpunitive way	Likely If used in a hostile or manipulative way

Equilibrium between the power of management and employees

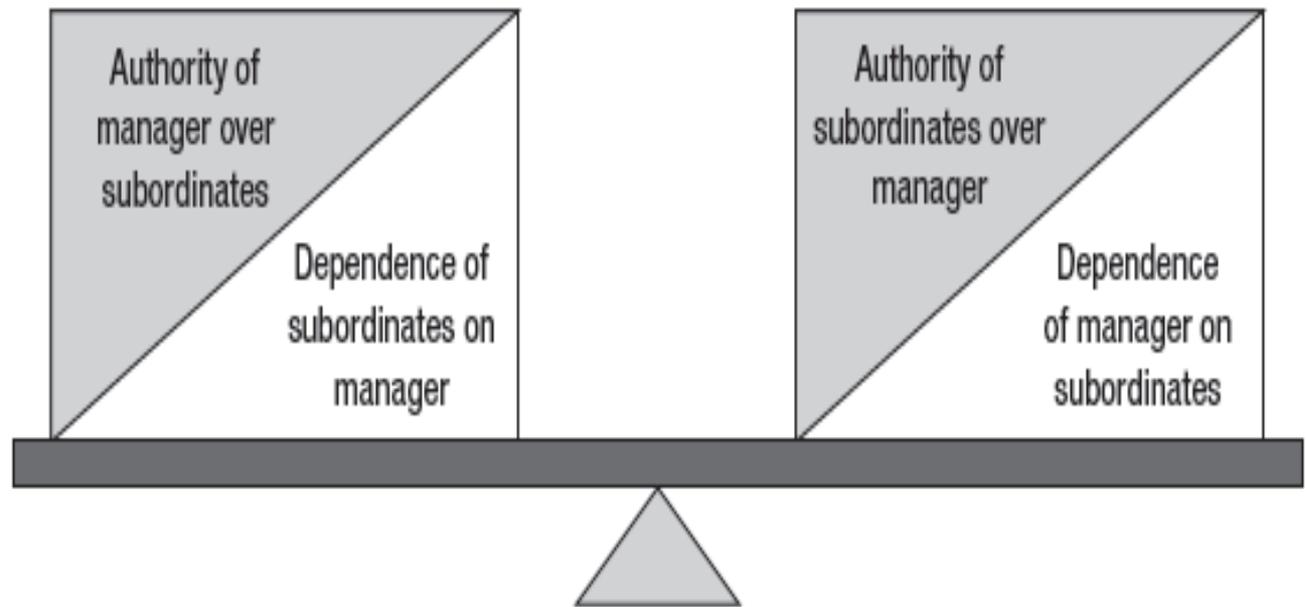


Figure 9.3: Equilibrium between the power of management and that of employees



Leadership theories

- Three main theories:
 - Trait theory - involves the identification and analysis of the traits of strong leaders
 - Behavioural theory - looks at how successful leaders behave differently compared to unsuccessful leaders
 - Contingency theory - attempts to determine the best leadership style for a given situation.



Contemporary approaches to leadership

- Trust is a vital component of effective leadership
- Five dimensions of trust:
 - Integrity
 - Competence
 - Consistency
 - Loyalty
 - Openness.



Types of leadership

- Charismatic leadership
- Visionary leadership
- Transactional and transformational leadership



Emerging approaches to leadership

Three important emerging approaches:

- Strategic leadership
- Cross-cultural leadership
- Ethical leadership



Motivation

- Motivation is an inner desire to satisfy an unsatisfied need
- It is essential that managers understand what motivates the behaviour of their employees
- By understanding what motivates them, a manager can influence employee work performance
- Performance is determined by employee ability, motivation and resources



Groups in organisations

- Informal groups
 - Interest groups
 - Friendship groups
- Formal groups
 - Command groups
 - Task groups



The characteristics of groups

- Every group is different in terms of structure and characteristics
- Dependent on the following:
 - Group size
 - Group composition
 - Group norms
 - Group cohesiveness.
- Status in group as well as leadership play an important role



Teams in organisations

- Work group – a unit of two or more people who interact primarily to share information and make decisions that will help each group member perform within their own area of responsibility.
- Work team – comprises a small number of employees with complementary competencies who work together on a project, are committed to a common purpose, and are accountable for performing tasks that contribute to achieving the organisation's goals.



The characteristics of teams

- Different types of teams can be identified:
 - Problem-solving teams
 - Self-managed work teams
 - Cross-functional teams.
- Important that organisation's performance and reward systems encourage team effort

Communication

- Effective leadership depends on constant communication between leaders and their employees

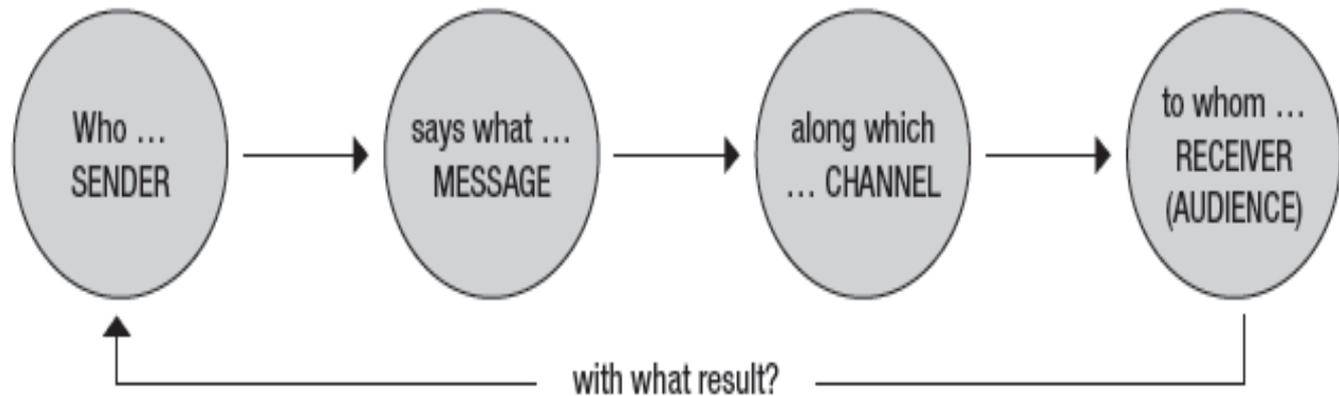


Figure 9.4: A basic communication model



Summary

- Managers need to also be good leaders
- Use authority and power to influence employees to achieve organisational goals
- Categories of leadership models and contemporary issues in leadership
- Managers need to understand what motivates their employees
- Responsibility of managing work groups and work teams
- Communication is crucial