



## BUSINESS STUDIES

### GRADE 12

### TERM 2

### CHAPTER 10

## NOTES ON LEADERSHIP AND MANAGEMENT

**2019**

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**CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES****Learners must be able to:**

- Define the terms leadership and management.
- Distinguish between leadership and management.
- Describe the following leadership styles:
  - Democratic
  - Autocratic
  - Laissez-Faire/Free Reign
  - Charismatic
  - Transactional
  - Bureaucratic
- Discuss/Explain/Analyse/Evaluate the impact of each leadership style on leadership and management.
- Recommend situations in which different leadership styles can be applied.
- Describe the following theories of management and leadership:
  - Leaders and followers
  - Situational leadership
  - Transitional management/leadership
  - Transformational leadership
- Explain the role of personal attitude in success and leadership.

**Terms and definitions**

<b>Term</b>	<b>Definition</b>
Leadership	The ability of an individual or a group of individuals to influence and guide
Management	Planning, organising, leading and controlling employees to achieve goals.
Democratic leadership	The leader invites the team members/group to contribute ideas and
Autocratic leadership	The leader takes decisions on his/her own without consulting staff.
Laissez fair/Free reign	The leader delegates tasks to followers with little or no direction given.
Charismatic leadership	The leader uses charm to influence followers.
Transactional leadership style	The leader focuses on motivating followers through a system of reward and punishment.
Bureaucratic leadership	Leaders/managers make sure employees follow rules and policies.
Leaders and followers	Focus on relationship between leader and follower.
Situational leadership	Focus on the application of different leadership styles depending on the
Transformational leadership theory	The leader identifies the change needed/creates a vision to guide the change through inspiration.
Personal attitude	The manner in which the leader relates to his/her employees determines the success or failure of a business.

## Definitions of leadership and management

### Leadership

- The ability of an individual or a group of individuals to influence and guide followers or other members of an organization
- Leadership is an of inspiring subordinates to perform in order to achieve goals
- It cannot be taught, although it may be learned as it is an inborn trait
- Involves establishing a clear vision and sharing it with others so that they can willingly follow
- A leaders steps up in times of crisis and is able to think and act creatively in difficult situations

### Management

- The coordination of Planning, organising, leading and controlling employees to achieve goals.
- A person becomes a manager because of the position in which he/she is appointed
- Managers have power because of the position of authority into which they are appointed.

### Differences between leadership and management

Leadership	Management
Influences human behaviour.	Guides human behaviour.
Communicates by means of interaction/behaviour/vision/values/charisma.	Communicates through management functions, e.g. line function.
Innovates/Encourages new ideas to increase productivity.	Administers plans/programs/tasks to reach targets.
Inspires staff to trust and support each another.	Controls systems and procedures to get the job done.
Focuses on what and why.	Focuses on how and when.
Focuses on the horizon/long term.	Focuses on the bottom line/short/medium/long term.
Leaders are born with natural/ instinctive leadership skills.	A person becomes a manager because of the position in which he/she is appointed.
Guides/Leads people to become active participants.	Manages the process of getting things done by exercising responsibility.
Leaders have power/influence because of his/her knowledge/skills/ intelligence.	Managers have power because of the position of authority into which they are appointed.
Always trying to find more efficient ways of completing tasks.	Enforce rules on subordinates/Ensure that tasks are completed.
Motivational/Inspirational in their approach	Instructional in their approach.
People orientated.	Task orientated.
Lead by example/trust/respect.	Manage by planning/organising/leading/control.
Does things right	Does the right things

## Leadership styles

### There are SIX leadership styles

- Democratic/ Participative
- Autocratic/ Boss-centred
- Laissez-Faire/Free Reign
- Transactional
- Charismatic
- Bureaucratic

**NOTE: The explanation of EACH leadership style is embedded in the advantages of each style.**

### Impact/Effectiveness of leadership styles on businesses

#### Impact/Effectiveness of the democratic leadership style on businesses

##### Positives/Advantages

- The leader allows the employees to participate in the decision making process, so they feel empowered/positive.
- Staff gives a variety of ideas/inputs/feedback/viewpoints that can lead to innovation/improved production methods/increased sales.
- Clear/Two way communication ensures group commitment to final decision(s).
- Authority is delegated which can motivate/inspire workers to be more productive.
- Complex decisions can be made with inputs from specialists/skilled workers.

#### AND/OR

##### Negatives/Disadvantages

- Incorrect decisions may be made if staff is inexperienced/not fully informed.
- Decision making may be time consuming because stakeholders have to be consulted.
- Employees may feel discouraged if their opinions/inputs are not considered.
- Leaders can rely too much on the input of the followers and fail to make a final decision.
- Not effective in times of crisis/when quick decisions need to be made.
- Some employees only pretend to participate in decision making and their feedback may not always be accurate.

#### Impact/Effectiveness of the autocratic leadership style on businesses

##### Positives/Advantages

- Quick decisions can be taken without consulting/considering followers/ employees.
- Work gets done in time/on schedule.
- Line of command/communication is clear as it is top-down/followers know exactly what to do.
- Direct supervision and strict control ensure high quality products/service.

- Provides strong leadership which makes new employees feel confident and safe.
- Works well in large companies where consultation with every employee is impractical.
- Clear guidance can be given to low-skilled/inexperienced/new staff.
- Useful in a crisis/urgent situation, e.g. after an accident/meeting tight deadlines.

**AND/OR**

**Negatives/Disadvantages**

- Leaders and followers may become divided and may not agree on ways to solve problems.
- Workers can become demotivated if their opinions/ideas are not considered.
- De-motivated workers impact negatively on productivity.
- New/Creative/Cost reducing ideas may not be used/implemented/never be considered.
- Followers may feel that they are not valued resulting in high absenteeism/high employee turnover.
- Experienced/Highly skilled workers will resist an autocratic leadership style because it results in slow growth/low participation/less creativity.

**Impact/Effectiveness of the Laissez-Faire leadership style on businesses**

**Positives/ Advantages**

- Workers/Followers are allowed to make decisions on their own work/ methods.
- Subordinates have maximum freedom and can work independently.
- Leader motivates workers by trusting them to do things themselves/on their own.
- Authority is delegated, which can be motivating/empowering to competent workers/increase productivity.
- Subordinates are experts and know what they want/can take responsibility for their actions.
- Suitable for coaching/mentoring to motivate employees to achieve more/better things.
- It can be empowering for competent followers as they are completely trusted to do their job.
- Individual team members may improve/develop leadership skills.

**AND/OR**

**Negatives/ Disadvantages**

- Lack of clear direction/leadership may be demotivating to employees.
- Employees can be held responsible for their own work which may lead to underperformance.
- Could lead to conflict when some team members act as leaders and dictate to other team members.
- Workers are expected to solve their own conflict situations.
- Productivity may be compromised with a lack of tight control over workers not meeting deadlines.
- Productivity might be low, if employees lack the necessary knowledge or skills.

## **Impact/Effectiveness of the transactional leadership style on businesses**

### **Positives/Advantages**

- Encourages employees to work hard because they will receive rewards.
- Improves employees' productivity and morale.
- Business goals and objectives can be achieved as employees are motivated.
- Employees know what are expected of them.
- Disciplinary action procedures are well communicated.

### **AND/OR**

### **Negatives/Disadvantages**

- Employees may become bored/lose creativity as they have to follow rules/ procedures.
- A transactional leader will have to monitor the work performance of employees to ensure that expectations are met.
- Managing/controlling employees may be time-consuming.
- Some employees may be demoralised/ unmotivated if they fail to reach/meet targets despite having worked very hard.
- Not suitable for team work as all team members can be punished for poor performance caused by one team member.

## **Impact/Effectiveness of transactional leadership**

### **Positives/Advantages**

- Encourages employees to work hard because they will receive rewards.
- Improves employees' productivity and morale.
- The goals and objectives of the business can be achieved as workers are motivated.
- Employees know what is expected of them.
- Disciplinary actions/procedures is well communicated.

### **AND/OR**

### **Negatives/Disadvantages**

- Employees can become bored because they have to follow rules/procedures/ there is no creativity in the workplace.
- A transactional leader will have to monitor the work performance of employees/ ensure that expectations are met which can be time-consuming.
- Some employees may be demoralised/ unmotivated, if they fail to reach/meet targets despite having worked very hard.
- Usually not suitable for team work, because all team members can be punished for poor performance caused by a member of a team.

## **Impact/Effectiveness of charismatic leadership styles on businesses**

### **Positives/Advantages**

- Expert at selling vision and achieve excellent results.
- Employees are motivated as the leader is energetic/ inspiring.
- Inspires loyalty/hard work among employees.

### **AND/OR**

### **Negatives/Disadvantages**

- Leader believes more in him/her than the team.
- Projects can collapse if the leader leaves the team.
- Leaders are intolerant of challenges and regard themselves as irreplaceable.

## **Impact/Effectiveness of bureaucratic leadership style on businesses**

### **Positives/Advantages**

- Managers ensure that rules/ regulations are always followed accurately.
- Works well when tight control measures need to be implemented/ followed.
- Health and safety are increased in a dangerous workplace, e.g. construction sites/mines.
- Followers know what is expected of them because of detailed instructions.
- The quality of work can be ensured.
- Ensures accountability to the general public/customers.
- Ultimate/Strict control over systems/procedures ensure high quality output.

### **AND/OR**

### **Negatives/Disadvantages**

- Complicated official rules may seem unnecessary/ time consuming.
- Leaders may acquire power/become authoritative and can disregard inputs from others.
- Very little room for error, so workers feel they are not always treated with dignity.
- Lack of creativity/innovation/ self-fulfilment may lead to stagnation/ decrease in productivity.
- Employees may feel they have become objects of work and are not treated as humans.

### Differences between democratic and autocratic leadership styles

<b>Democratic</b>	<b>Autocratic</b>
<ul style="list-style-type: none"> <li>The leader involves employees in the decision making process.</li> </ul>	<ul style="list-style-type: none"> <li>A leader takes all decisions alone without involving employees.</li> </ul>
<ul style="list-style-type: none"> <li>Clear/Two way communication ensures group commitment to final decision(s).</li> </ul>	<ul style="list-style-type: none"> <li>Line of command/communication is clear as it is top-down/followers know exactly what to do.</li> </ul>
<ul style="list-style-type: none"> <li>People-oriented, as employee's feelings and opinions are considered.</li> </ul>	<ul style="list-style-type: none"> <li>Task-orientated as the opinions of employees are not considered.</li> </ul>
<ul style="list-style-type: none"> <li>Workers feel empowered as they are involved in the decision-making process.</li> </ul>	<ul style="list-style-type: none"> <li>New employees feel confident/safe as strong leadership is provided.</li> </ul>
<ul style="list-style-type: none"> <li>Useful when the leader depends on the inputs of experienced followers.</li> </ul>	<ul style="list-style-type: none"> <li>Useful in a crisis/urgent situation, e.g. after an accident/meeting tight deadlines.</li> </ul>
<ul style="list-style-type: none"> <li>Handles conflict situations by involving followers in finding the best solution.</li> </ul>	<ul style="list-style-type: none"> <li>Handles conflict situations by telling followers what they should do.</li> </ul>

### Situations in which each leadership style can be used

#### Democratic leadership style

**This leadership style can be used when:**

- Group members are skilled and eager to share their ideas.
- The leader does not have all the information needed to make a decision and employees have valuable information to contribute.
- Cooperation is needed between a leader and a team.
- Decisions need to be looked at from several perspectives.

#### Autocratic leadership style can be applied

**This leadership style can be applied when:**

- In crisis situations, e.g. in the case of unforeseen challenges/accidents.
- When all the information is available to solve the problem.
- In emergencies, where there is a shortage of time.
- When employees are motivated and the leader has already earned the trust of the followers.
- When dealing with employees who are not cooperative.

#### Laissez-faire/ Free reign

**This leadership style can be used when:**

- Subordinates are experts and know what they want/can take responsibility for their actions.
- The leader is very busy and delegation of tasks will increase productivity.
- Team members need to improve/develop leadership skills.
- Suitable when employees are highly experienced and know more about the task than the leader.



### **Charismatic leadership style**

**This leadership style can be used to:**

- Sell vision and achieve excellent results.
- Motivate employees as the leader is energetic/ inspiring.
- Inspire loyalty/hard work among employees.

### **Transactional leadership style**

**This leadership style can be applied when:**

- When the business wants to maximise employee performance.
- When deadlines have to be met on short notice/under pressure.
- When workers have a low morale.
- When the strategies/business structures do not have to change.

### **Bureaucratic leadership style**

- Can be used where health and safety are a priority and rules have to be applied.
- Appropriate for routine jobs e.g. when employees have to follow rules on how to use dangerous machinery.

### **Leadership theories**

**NOTE: You will be expected to know the following THREE leadership theories:**

#### **Situational leadership theory**

- Different leadership characteristics are needed for different situations.
- The task/situation dictates the leadership style that should be applied, so leaders are adaptable/flexible/self-assured.
- Effective application of this theory may enable leaders to accomplish their goals.
- Relationships between leaders and employees are based on mutual trust/respect/loyalty/integrity/honesty.
- Leaders have the ability to analyse the situation/get the most suitable people in the right positions to complete tasks successfully.
- Leaders analyse group members/objectives/time constraints, to adopt a suitable/relevant leadership style.
- May lead to conflict when leaders use different leadership styles/when managing employees in different situations.
- The success of this theory depends on the kind of relationship that exists between the leader and followers/subordinates/employees.

## Transformational theory

- Suitable for a dynamic environment, where change could be drastic.
- The passion/vision/personality of leaders inspire followers√ to change their expectations/perceptions/motivation to work towards a common goal.
- Strategic thinking leaders develop a long term vision for the organisation and sell it to subordinates/employees.
- Leaders have the trust/respect/admiration of their followers/subordinates.
- Promotes intellectual stimulation/creative thinking/problem solving which result in the growth/development/success of the business.
- Followers are coached/led/mentored/emotionally supported through transformation/change so that they can share their ideas freely.
- Encourages followers to explore/try new things/opportunities.
- Leaders lead by example and make workers interested in their work.
- Leaders have strong, charismatic personalities√ and are very good at motivating staff to achieve results.
- Enable employees to take greater ownership for their work and to know their strengths and weaknesses.

**NOTE 1: The differences between the theories is embedded in the explanation of EACH theory**

**NOTE 2: The transitional theory has been left on purpose as it is covered by the transformational theory, as both speak to change.**

## Leaders and followers

- Teams achieve great results when there is a sense of understanding between the leader and the team of followers.
- Followers listen to what is expected of them and are willing to work as a team.
- Followers easily accept responsibility when something doesn't work out.
- Leaders lead by example and reward positive behaviour.
- Leaders motivate employees to devise alternative strategies to find more efficient ways to use available resources.
- Followers might just trail along depending on leaders and other followers to pull them through the task.
- Followers, who are not allowed to evaluate and openly communicate with their leaders, will lose respect for the leader.
- The team might not get along√ often blaming each other.
- The team might have insufficient resources√ at their disposal resulting in unwillingness to work.

## **The role of personal attitude in successful leadership**

- Positive attitude releases leadership potential.
- A leader's good/bad attitude can influence the success/failure of the business.
- Leaders must know their strengths and weaknesses to apply their leadership styles effectively.
- Great leaders understand that the right attitude will set the right atmosphere.
- Leaders' attitude may influence employees'/teams' thoughts/behaviour.
- Leaders should model the behaviour that they want to see in team members.
- Successful leaders consider the abilities/skills of team members to allocate tasks/roles effectively.
- Enthusiasm produces confidence in a leader.
- A positive attitude is critical for good leadership because good leaders will stay with the task regardless of difficulties/challenges.
- Successful employees and leaders have a constant desire to work and achieve personal/professional success.
- Leaders with a positive attitude know that there is always more to learn/space to grow.