Management
and Leadership

INTRODUCTION

The quality of management and leadership has a significant impact on the success or failure of the organisation. Effective managers and leaders create career opportunities for employees/motivate/inspire them to achieve the organisation's objectives.

Overview

> Memorising the the key concepts and studying the meaning thereof will assist you with this topic

TOPIC	CONTENT	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

Management and Leadership	• Definition of leadership and management
	• Distinction between leadership and management.
	• Description of leadership styles
	• Impact of each leadership style on leadership and management.
	• Situations in which different leadership styles can be applied.
	• Description of theories of management and leadership
	
	• The role of personal attitude in success and leadership.
		• Define the terms leadership and management.
		• Distinguish between leadership and management.
		• Describe the following leadership styles:
		  o Democratic
		  o Autocratic
		  o Laissez-Faire/Free Reign
		  o Charismatic
		  o Transactional
		  o 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:
		  o Leaders and followers
		  o Situational leadership
		  o Transitional management/leadership
		  o Transformational leadership
		• Explain the role of personal attitude in success and leadership.

10.1 Key concepts

These definitions will help you understand the meaning of key Business Studies concepts that are used in this chapter.

Term	Definition
Leadership	The ability of an individual or a group of individuals to influence and guide followers or other members of an organization
Management	Planning, organising, leading and controlling employees to achieve goals**.**
Democratic leadership style	The leader invites the team members/group to contribute ideas and participate in the decision-making process.
Autocratic leadership style	The leader takes decisions on his/her own without consulting staff.
Laissez fair/Free reign leadership style	The leader delegates tasks to followers with little or no direction given.
Charismatic leadership style	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 style	Leaders/managers make sure employees follow rules and policies.
Leaders and followers theory	Focus on relationship between leader and follower.
Situational leadership theory	Focus on the application of different leadership styles depending on the situation and the maturity level of employees.
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.
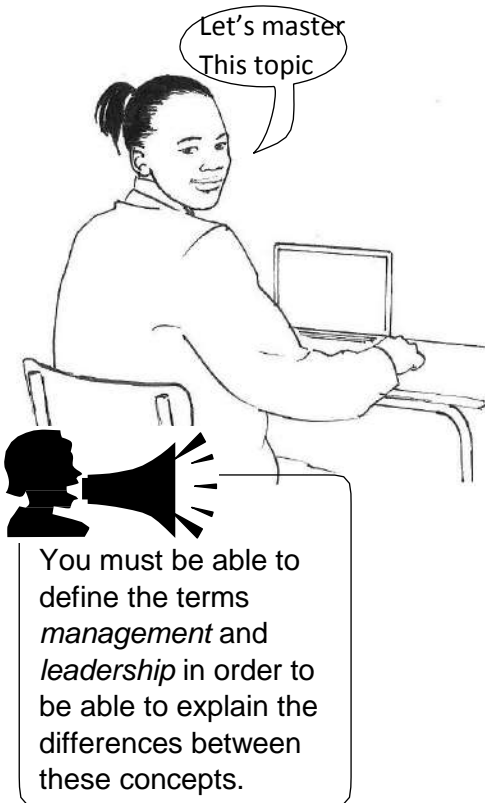
10.2 Management and Leadership

## Meaning of management and leadership

Leadership
- Leadership is the ability of an individual or a group of individuals to influence and guide followers or other members of an organisation.
- Leaders have the ability to inspire and motivate their followers.

Management
- Management has to do with planning, organising, controlling and leading employees to achieve goals.
- They set up systems and procedures to keep the organisation function optimally.

Differences between management and leadership

LEADERSHIP	MANAGEMENT
• Influences human behaviour.	• Guides human behaviour.
• Encourages new ideas to increase productivity.	• Administers plans/programs/tasks to reach targets.
• Inspires staff to trust and support each other	• Controls systems and procedures to get the job done.
• Does the right things.	• Does things right.
• Guides/Leads people to become active participants.	• Manages the process of getting things done by exercising authority.
• Motivational/Inspirational in their approach.	• Instructional in their approach.
• People orientated	• Task orientated
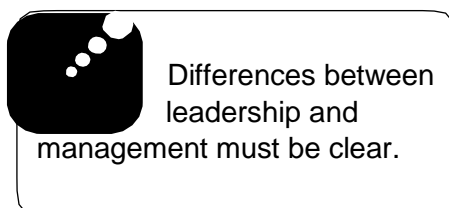
10.3 Leadership styles

The following leadership styles enables leaders/managers to perform their functions within the organisation effectively and efficiently.
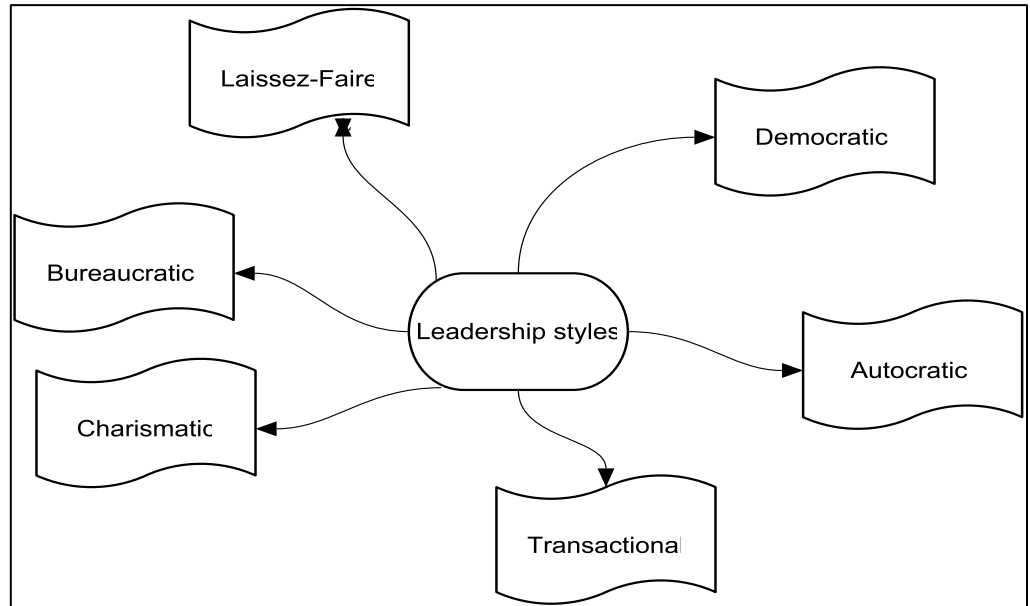
Impact of leadership styles on businesses

When the word 'impact' is used in a question you must provide either advantages or disadvantages.

Leadership style	Advantages	Disadvantages
Democratic	• Employees participate in the decision-making process, so they feel empowered/positive. • Two-way communication ensures group commitment to the final decision. • Authority is delegated which can inspire workers to be more productive.	• Incorrect decisions could be made if staff in inexperienced. • Decision making can be time consuming as all stakeholders have to be consulted. • Not effective in times of crisis when quick decisions must be made.
Autocratic	• Quick decisions can be taken without consulting employees. • Work gets done in time and on schedule. • Direct supervision and strict control ensure high quality products/service.	• Leaders and followers may become divided and may not agree on ways to solve problems. • Workers may become demotivated if their ideas are not considered. • Employees may feel that they are not valued resulting in high absenteeism.

Laissez-Faire	• Workers are allowed to make decisions on their own. • Subordinates have maximum freedom and can work independently. • Subordinates are experts and take responsibility for their actions.	• Lack of clear leadership may be demotivating to employees. • Could lead to conflict when some members dictate to other team members. • Workers are expected to solve conflict within the team.
Charismatic	• Expert at selling vision and achieve excellent results. • Employees are motivated as the leader is energetic/inspiring. • Inspires loyalty/hard work among employees.	• Leader believes more in himself/herself than the team. • Projects can collapse if the leader leaves the team. • Leaders are intolerant of challenges and regard themselves as irreplaceable.
Transactional	• Encourage employees to work hard because they will be rewarded. • Improve employees' productivity and morale. • Employees know what is expected of them.	• Work of employees must be monitored, which can be time consuming. • Some employees may be demotivated if they fail to reach targets. • Unsuitable for teamwork because of the punishment aspect if targets are not met.
Bureaucratic	• Managers ensure that rules are always followed accurately. • Employees know what is expected of them, because they receive detailed instructions. • Quality of work can be ensured.	• Complicated official rules may seem unnecessary. • Very little room for error, so workers feel they are not always treated with dignity. • Lack of creativity may lead to stagnation amongst employees.

Situations in which different leadership styles may be applied

Leadership style	Application/Situation
Democratic	• When new policies or procedures must be developed and the input of all stakeholders are required. • When the leader is new/inexperienced and depends on experienced employees.
Autocratic	• In crisis situations, e.g. in the case of unforeseen challenges. • In emergencies, where there is limited time.
Laissez-Faire	• When the organisation wants to introduce new/creative strategies. • When employees are highly skilled/experienced. • It can be used to lead field workers.
Charismatic	• When convincing followers to pursue a particular direction.
Transactional	• When the business wants to maximise employee performance. • When motivating workers to meet deadlines on short notice.
Bureaucratic	• When routine work is being performed by employees. • When managers ensure that procedures are always followed accurately.

Activity 1

1.1 Identify the leadership styles that Gem Mining has applied in EACH statement below.

1.1.1 Employees must perform tasks according to rules and procedures.
1.1.2 Management makes urgent decisions to manage crisis.
1.1.3 Supervisors use charm to motivate employees.
1.1.4 Top management depends on the inputs of experienced employees to make operational decisions.
1.1.5 Highly skilled employees are not given guidance on how to perform tasks.
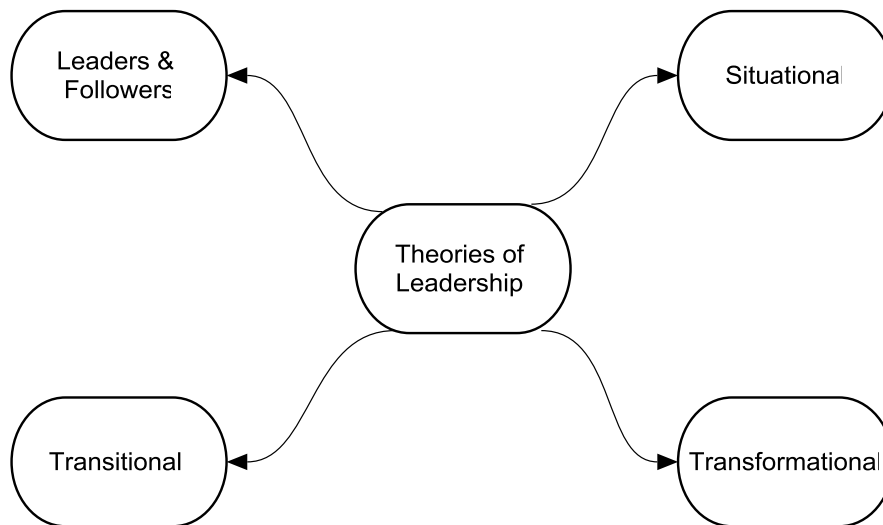1.1.6 Employees are given incentives for excellent performance.

(12)

Answers to Activity 1
1.1.1 Bureaucratic√√
1.1.2 Autocratic√√
1.1.3 Charismatic√√
1.1.4 Democratic√√
1.1.5 Laissez-Faire√√
1.1.6 Transactional√√
(6 x 2) (12)

10.4 Theories of management and leadership

The following leadership theories guide leaders on how to lead and manage their followers.

Theories of leadership and management

Theories of management and leadership	Explanations
Leaders & Followers	• Relationship between leaders and employees are based on mutual respect. • Key to success is an open and honest communication between leader and follower. • Relationship is based on respect and the ability to influence each other.
Situational	• Different leadership characteristics are needed for different situations. • The situation dictates the leadership style that should be applied. • Effective application of this theory may enable leaders to accomplish their goals.
Transformational	• The personality of leaders inspires followers to change their expectations to work towards a common goal. • Leaders have the trust and respect of followers. • Encourage followers to explore new opportunities.

Make sure that you are able to distinguish between the different theories

2.1 Identify the theory of management and leadership that applies to Monica Hair Salon in EACH of the following statements.

2.1.1 Employees are encouraged to change their work methods in order to meet customer satisfaction.
2.1.2 Monica delegate tasks to committed and hardworking employees.
2.1.3 Monica uses different leadership styles for each situation.

(6)

Answers to Activity 2

2.1.1 Transformational leadership√√
2.1.2 Leaders and followers√√
2.1.3 Situational leadership√√

(6)

10.5 The role of personal attitude in success and leadership

- Positive attitude releases leadership potential.
- A leader's good/bad attitude can influence the success/failure of the business.
- Great leaders understand that the right attitude will set the right atmosphere.
- Leaders' attitude may influence employee's thoughts and 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.

Mind mapping of content is an easy way of summarising the content. See the example below. Use the key words to write full sentence.