Nilai UNIVERSITY

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FOUNDATION IN BUSINESS

SELF INSTRUCTIONAL MATERIALS

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FACULTY OF BUSINESS, HUMANITIES & HOSPITALITY

BACHELOR OF COMMERCE (HONS) IN INTERNATIONAL BUSINESS

Topic 12 ▶ Leadership

LEARNING OUTCOMES

By the end of this topic, you will be able to:

1. Explain at least 5 qualities of a leader;
2. Explain 5 main differences between leadership and management; and
3. Explain at least 5 types of leadership.

▶ INTRODUCTION

In its simplest form, leadership is influencing other people to follow. Therefore, anyone who can influence people to follow them has leadership qualities. Leadership happens at all levels within organizations and society, not just among those who work in defined "leadership positions."

12.1	OVERVIEW ON LEADERSHIP

12.1.1	What is Leadership

Leadership is a process by which an executive can direct, guide and influence the behavior and work of others towards accomplishment of specific goals in a given situation. Leadership is the ability of a manager to induce the subordinates to work with confidence and zeal.

Leadership is the potential to influence behaviour of others. It is also defined as the capacity to influence a group towards the realization of a goal. Leaders are required to develop future visions, and to motivate the organizational members to want to achieve the visions.

According to Keith Davis, "Leadership is the ability to persuade others to seek defined objectives enthusiastically. It is the human factor which binds a group together and motivates it towards goals."

The characteristics of leadership is shown below:

CHARACTERISTICS OF LEADERSHIP
1. It is a inter-personal process in which a manager is into influencing and guiding workers towards attainment of goals.
2. It denotes a few qualities to be present in a person which includes intelligence, maturity and personality.
3. It is a group process. It involves two or more people interacting with each other.
4. A leader is involved in shaping and moulding the behaviour of the group towards accomplishment of organizational goals.
5. Leadership is situation bound. There is no best style of leadership. It all depends upon tackling with the situations.

12.1.2 Importance of Leadership

Leadership is an important function of management which helps to maximize efficiency and to achieve organizational goals.

The following points justify the importance of leadership in a concern.

IMPORTANCE OF LEADERSHIP
1. **Initiates action**- Leader is a person who starts the work by communicating the policies and plans to the subordinates from where the work actually starts.
2. **Motivation**- A leader proves to be playing an incentive role in the concern's working. He motivates the employees with economic and non-economic rewards and thereby gets the work from the subordinates.
3. **Providing guidance**- A leader has to not only supervise but also play a guiding role for the subordinates. Guidance here means instructing the subordinates the way they have to perform their work effectively and efficiently.
4. **Creating confidence-** Confidence is an important factor which can be achieved through expressing the work efforts to the subordinates, explaining them clearly their

role and giving them guidelines to achieve the goals effectively. It is also important to hear the employees with regards to their complaints and problems.

5. **Building morale-** Morale denotes willing co-operation of the employees towards their work and getting them into confidence and winning their trust. A leader can be a morale booster by achieving full co-operation so that they perform with best of their abilities as they work to achieve goals.

6. **Builds work environment-** Management is getting things done from people. An efficient work environment helps in sound and stable growth. Therefore, human relations should be kept into mind by a leader. He should have personal contacts with employees and should listen to their problems and solve them. He should treat employees on humanitarian terms.

7. **Co-ordination-** Co-ordination can be achieved through reconciling personal interests with organizational goals. This synchronization can be achieved through proper and effective co-ordination which should be primary motive of a leader.

12.1.3   Role of a Leader

Following are the main roles of a leader in an organization :

MAIN ROLES OF A LEADER	
Required at all levels	Leadership is a function which is important at all levels of management. In the top level, it is important for getting co-operation in formulation of plans and policies. In the middle and lower level, it is required for interpretation and execution of plans and programmes framed by the top management. Leadership can be exercised through guidance and counseling of the subordinates at the time of execution of plans.
Representative of the organization	A leader, i.e., a manager is said to be the representative of the enterprise. He/She has to represent the concern at seminars, conferences, general meetings, etc.

	His/Her role is to communicate the rationale of the enterprise to outside public. He/She is also representative of the own department which he leads.
Integrates and reconciles the personal goals with organizational goals	A leader through leadership traits helps in reconciling/integrating the personal goals of the employees with the organizational goals. A Leader is trying to co-ordinate the efforts of people towards a common purpose and thereby achieves objectives. This can be done only if he can influence and get willing co-operation and urge to accomplish the objectives.
He/She solicits support	A leader is a manager and besides that he is a person who entertains and invites support and co-operation of subordinates. This he can do by his personality, intelligence, maturity and experience which can provide him positive result. In this regard, a leader has to invite suggestions and if possible implement them into plans and programmes of enterprise. This way, he can solicit full support of employees which results in willingness to work and thereby effectiveness in running of a concern.
As a friend, philosopher and guide	A leader must possess the three dimensional traits in him. He can be a friend by sharing the feelings, opinions and desires with the employees. A Leader can be a philosopher by utilizing his intelligence and experience and thereby guiding the employees as and when time requires. He/She can be a guide by supervising and communicating the employees the plans and policies of top management and secure their co-operation to achieve the goals of a concern. At times he can also play the role of a counselor by counseling and a problem-solving approach. He can listen to the problems of the employees and try to solve them.

12.1.4   Qualities of a Leader

A leader has got multidimensional traits in him which makes him appealing and effective in behavior. The following are the requisites to be present in a good leader:

QUALITIES OF A LEADER

Physical appearance	A leader must have a pleasing appearance. Physique and health are very important for a good leader.
Vision and foresight	A leader cannot maintain influence unless he exhibits that he is forward looking. He has to visualize situations and thereby has to frame logical programmes.
Intelligence	A leader should be intelligent enough to examine problems and difficult situations. He should be analytical who weighs pros and cons and then summarizes the situation. Therefore, a positive bent of mind and mature outlook is very important.
Communicative skills	A leader must be able to communicate the policies and procedures clearly, precisely and effectively. This can be helpful in persuasion and stimulation.
Objective	A leader has to be having a fair outlook which is free from bias and which does not reflects his willingness towards a particular individual. He should develop his own opinion and should base his judgement on facts and logic.
Knowledge of work	A leader should be very precisely knowing the nature of work of his subordinates because it is then he can win the trust and confidence of his subordinates.
Sense of responsibility	Responsibility and accountability towards an individual's work is very important to bring a sense of influence. A leader must have a sense of responsibility towards organizational goals because only then he can get maximum of capabilities exploited in a real sense. For this, he has to motivate himself and arouse and urge to give best of his abilities. Only then he can motivate the subordinates to the best.
Self-confidence and will-power	Confidence in himself is important to earn the confidence of the subordinates. He should be trustworthy and should handle the situations with full will power.
Humanist	This trait to be present in a leader is essential because he deals with human beings and is in personal contact with them. He has to handle the personal problems of his subordinates with great care and attention. Therefore, treating the human beings on humanitarian grounds is essential for building a congenial environment.
Empathy	It is an old adage "Stepping into the shoes of others". This is very important because fair judgement and objectivity comes only then. A leader should understand the problems and complaints of employees and should also have a complete view of the needs and aspirations of the

	employees. This helps in improving human relations and personal contacts with the employees.

From the above qualities present in a leader, you can understand the scope of leadership and it's importance for scope of business. A leader cannot have all traits at one time. But a few of them helps in achieving effective results.

SELF CHECK 12.1

1. Evaluate yourself and share in Nilai Uni Connect which leadership qualities you possess.

12.2	MANAGEMENT VS LEADERSHIP

Now let's jump to the leadership vs. managers section!

Leadership and management are often considered to have overlapping functions. While this can be true, these two terms have different meanings and shouldn't be used interchangeably. Both imply a unique set of functions, characteristics, and skills that share similarities.

However, they show prominent differences in some circumstances. For example, some managers do not practice leadership, while others lead without a managerial role.

A manager is generally someone who is selected or appointed within an organization. In most cases, a manager is selected based on specific technical skills, knowledge, and expertise. On the contrary, the greatest leadership skill is to influence and inspire people.

In the workplace, it is important to have both great leaders and managers. Organizations need good leaders to achieve their mission and vision. They also need good managers to ensure that things are getting done and that their teams are aligned with the company's goals.

Let's now take a look at the 5 main differences between leadership and management.

5 MAIN DIFFERENCES BETWEEN LEADERSHIP AND MANAGEMENT	
Leaders Set the Vision,	When it comes to setting and executing a company's mission and vision, managers and leaders have different roles.

Managers Follow It	Leaders are visioners. Most of them have a clear vision of where they want their organizations to be in the future. However, they themselves are not the only ones responsible for making that vision come true. Here, managers play a crucial role. While leaders may be responsible, through efficient leadership communication, to transfer the company's mission, vision and goals to the entire organization, managers are responsible for keeping employees aligned with the core company values and goals. However, most employees believe that their leaders do not spend enough time communicating goals and plans. Even though managers are the ones who can influence people to work towards the same objectives, many employees agree that their company doesn't do a good job communicating the company's goals. Moreover, employees want and expect to be informed about how their organization is doing and where it is heading. Moreover, by speaking openly about the company's goals, opportunities, and challenges, leaders are the ones who can build trust in the workplace. They can foster a productive work environment where employees feel empowered to share their own ideas, needs and concerns. The more transparent leaders are, the healthier the work environment becomes.
Leaders Think Ideas, Managers Think Execution	While a managerial culture emphasizes rationality and control, leaders are more about looking for opportunities for improvement on the organizational level. They do so by coming up with new ideas and driving the shift to a forward-thinking mindset. In other words, managers always look for answers to "how and when," while leaders look for answers to "what and why." Therefore, the managers' main responsibility is to fulfill their tasks based on the leader's vision. Their main job is to ensure that people on different functions with different responsibilities operate efficiently, productively, and feel like they can share their voice. They should always watch the bottom line by controlling employees and providing necessary information, processes, workflows and tools so that employees are enabled for success. Managers relate to people according to the role they play in a decision-making process, while leaders, who are concerned with ideas, relate in more high-level but empathetic ways. The main difference is simply between a manager's attention to how things get done and a leader's attention to what should be done to achieve greater results. As leaders always look for new ideas, they can also play a crucial role in driving change within organizations. Moreover, a leader inspires positive, incremental change by empowering employees to work toward common objectives. A leader's most powerful tool for doing so is efficient communication. Change communication messages coming from leaders should get people prepared to do things differently and give the reason why, while managers

	should continuously reinforce these messages. Yet, many managers are not even aware of why a change is happening.
Leaders Inspire People; Managers Drive Their Success	While leaders have a great power to inspire people, managers are responsible for driving their continuous success and positive work experience throughout employee's entire career journey. As managers account for over 70% of employees' engagement in the workplace, they are also held accountable for how successful and productive their teams are. However, when people are not inspired by what leadership has to say, there is little managers can do to help their people succeed. By developing a personal leadership style through self-reflection, authentic communication and continuous feedback, leaders can empower their workforce, get their followers' attention and inspire them to pursue important organizational initiatives. Studies show that employees feel less stressed and under pressure when they have the opportunity to engage with the leaders regularly. Moreover, leadership has a great power to impact employee engagement. Employees work more effectively within workplaces that support honest, open and transparent communication. Yet, many organizations still neglect the importance of two-way communication between leaders and employees. Instead, the information flows one way, and employees don't have the opportunity to join company-wide conversations.
Leaders Look in the Future, Managers Work In the Present	One of the main differences between leaders and managers is that leaders are more future-focused, while managers are more focused on the present. Therefore, the manager's most important goal is to achieve organizational goals by implementing processes and procedures around budgeting, organizational structuring, and staffing. On the other hand, leaders tend to think ahead and capitalize on future opportunities. However, the leadership's vision of the future means nothing if it can't be transparently and clearly communicated to both managers and employees. As one of the biggest drivers of employee engagement and experience in the workplace is the feeling of purpose and the alignment of employees' personal and professional values, every leader should strive towards creating that sense of purpose among employees.
Leaders Shape the Culture, Managers Endorse It	When comparing leaders vs managers, it's important to look at the organization's corporate culture. Culture is a system of values, beliefs, and behaviors that shape and determine how an organization operates and how the work gets done. When organizational culture is aligned to the overall business strategy, employees and other stakeholders act and behave in ways that support and enable the achievement of business goals.

	When it comes to the organization's culture, the difference between leadership and management is that leaders define and shape the culture. At the same time, the managers lead their employees to live up to that culture.
	It is the leader's duty to uphold the core company values and beliefs of the organization's culture through their actions, authentic communication and their decisions. Passionate and inspiring leaders have a great power to communicate the organizational culture company-wide and influence employees' behaviors.
	Their skills and leadership styles have a big impact on how employees take and live that culture, while the manager's role is to continuously support and endorse the culture within their teams.
	Therefore, driving employees to live by the company's culture and core values is impossible without the collaboration between leadership and management.

SELF CHECK 12.2

Which traits do you possess? A leader or manager or both? Share your thoughts in Nilai Uni Connect discussion forum.

12.3 TYPES OF LEADERSHIP

This section will give you insights into the leadership styles you can choose from. It will also give you an understanding of leadership courses you may want to take to hone your skills.

TYPES OF LEADERSHIP	
1. Democratic Leadership	This is as clear as its name. In democratic leadership, the leaders make or break decisions democratically, based on their team's opinion and feedback. Although it is the leader who makes the final call, every opinion counts. This is easily one of the most effective leadership styles since it allows employees to have a voice.
2. Autocratic Leadership	This is exactly the opposite of democratic leadership wherein the opinions of employees are not considered. Leaders with this style

	expect others to adhere to the decisions they take, which is not a sustainable approach for the long term.
3. Laissez-faire Leadership	Laissez-fire means "let them do". This style is the least intrusive and leaders with this approach ensure that the authority lies with the employees. While this leadership style can empower, it may also limit development, therefore, must be kept in check.
4. Strategic Leadership	Strategic leadership acts as a bridge between the senior team and the employees. Leaders adopting this style ensure that both executive interests and working conditions for the team are stable when a decision is made.
5. Transformational Leadership	This kind of leadership always aims at transforming and improving functions and capabilities. There may be tasks and schedules assigned and leaders following this style may ask employees to push their boundaries constantly. Most growth-minded companies tend to adopt this kind of leadership style.
6. Transactional Leadership	This is a very common leadership style today based on the action-and-reward concept. For instance, an employee or team may receive an incentive or bonus for achieving a target set by the company.
7. Coach-Style Leadership	This leadership style focuses on larger growth while encouraging individual team members to focus on their strengths and talent. Though this is similar to strategic and democratic leadership styles, the focus here is more on the individual.
8. Bureaucratic Leadership	This kind of leadership style goes by the books. Although leaders with this approach do listen to employees and their opinions, they may negate or reject it, in case they go against the company's ethos or policy.

Points to Ponder/Takeaways

- Leadership is a process by which an executive can direct, guide and influence the behavior and work of others towards accomplishment of specific goals in a given situation.

- Organizations need good leaders to achieve their mission and vision. They also need good managers to ensure that things are getting done and that their teams are aligned with the company's goals.

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