



# Chapter 10

## Effective Leadership

# Key to chapter content icons

Chapter  
overview



Technical  
content



Activity



Answer  
to activity



Real world  
example



Exam focus



Model



Resources



Key questions



Chapter  
summary





# CHAPTER 10: Effective Leadership

By the end of this session you should be able to:

- explain the role of effective leadership and identify the key leadership traits effective in the successful formulation and implementation of strategy and change management
- apply the concepts of entrepreneurship and ‘intrapreneurship’ to exploit strategic opportunities and to innovate successfully
- discuss the importance of leadership in defining and managing organisational culture
- advise on the style of leadership appropriate to manage strategic change

# CHAPTER 10: Effective Leadership





# Strategic leadership



**Leadership involves influencing the behaviour and efforts of others towards a common goal**

Effective strategic leaders:

- Communicate their vision
- Grow a strong organisational culture
- Set the 'tone from the top'

# Strategic leadership



**Leadership is an interpersonal influence directed toward the achievement of a goal or goals.**

Three important parts of this definition:

- **Interpersonal** – means between persons. Thus, a leader has more than one
- **Influence** – is the power to affect others.
- **Goal** – is the end one strives to attain.



# More on Leadership

## Leadership comes about by:

1. Election
2. Emergence
3. Appointment

## Types of leader:

1. Charismatic
2. Traditional
3. Situational
4. Appointed
5. Functional



# Leadership traits

- **Traits of Leadership in earlier studies**
  
- **Physical traits**
  - drive, energy, appearance, height
  
- **Personality traits**
  - adaptability, enthusiasm, self-confidence
  
- **Social traits**
  - co-operation, tact, courtesy, administrative ability

## Leadership Born Not Made. Qualities of great leaders include:

- Above average intelligence
- Initiative
- Motivation
- Self Assurance and self Confidence
- Helicopter factor –ability to rise above situation
- Enthusiasm, sociability, integrity, courage, imagination, determination, energy, faith, virility



# Leadership Style

The essence of leadership style theories is that a successful leader will exhibit a pattern of behaviour (i.e. 'style') in gaining the confidence of those they wish to lead.

## Style Theories:

- Tells/Autocratic
- Joins/Democratic
- Consults/Participative
- Sells/Persuasive

## Kurt Lewin identified three leadership style:

- Autocratic – centralized authority, low participation
- Democratic – involvement. High participation
- Free Rein/delegative style – hands off management

## Research Findings: mixed results

- No specific style was consistently better for producing better performance
- Employees were more satisfied under democratic leader than an autocratic leader.



# DIFFERENCES BETWEEN THREE TYPES

CHARACTERISTIC	AUTOCRATIC	DEMOCRATIC	LAISSEZ-FAIRE
Decision making	Employees not involved only leader take decision	Employees & leader collectively takes decision	Employees take decision but leader is still responsible.
Situation where to used	When leader live short of time and is having all information.	When leader have part of information and employees have other part of information	When employees are able to analyse the situation and able to determine the needs.
Motivation	Less motivated employees.	Motivated as involved in decision making	Motivated as free to teke decision.
Task delegation	Not	Not	Certain task are delegated.
inference	Full inference by leader as he is boosing people around	Inference from both part i.e' employees and leader.	No inference by leader.
Productive	Highly productive	Less productive	Less productive than other two.

# Contingency/contextual theories



The difficulty with style theories, is that they ignore the important influence of the context in which the leader is operating.

The modern consensus is that there is no one best style of leadership that is equally effective for all circumstances.

**Situational Approach** - suggests that a successful leader will have the required traits and behaviour to fit the needs of the situation



# Contingency/contextual theories

A leader can be a manager, but a manager is not necessarily a leader.

- Management is the process of setting and achieving the goals of the organisation through the functions of management: planning, organising, directing (or leading), and controlling.
- Generally speaking, leadership deals with the interpersonal aspects of a manager's job, whereas planning, organising, and controlling deal with the administrative aspects.
- The key point in differentiating between leadership and management is the idea that employees willingly follow leaders because they want to, not because they have to.



# Contingency/contextual theories

<b>Management</b>	<b>Leadership</b>
<b>Concentrates on project admin, including reporting and plans</b>	<b>Looks for the essence of information from the reports</b>
<b>Accepts current constraints</b>	<b>Challenges current constraints</b>
<b>Works within the existing organizational structure</b>	<b>Identifies problems with the existing structure and identifies alternatives</b>
<b>Relies on control</b>	<b>Inspires trust</b>
<b>Uses authority of the role to issue instructions</b>	<b>Uses persuasion and motivation to create the environment to follow instructions</b>
<b>Concerned with resources</b>	<b>Concerned with reasons</b>
<b>Concentrates on timeframe, budget, and resources</b>	<b>Concentrates on reasons for project and benefits</b>



# Key skills of a leader

Key skills include the following:

- An understanding of the precise requirements needed from the group.
- The ability to make decisions, sometimes under pressure.
- An understanding of human nature to appreciate the attitude of the group.
- Confidence both in the group and themselves.
- The ability to create a sense of direction.
- The leader must be interested in the long-term view of the group.
- The ability to identify opportunities and win the resources necessary to exploit them.
- The ability to inspire and motivate, to translate the vision into achievement.
- The possession of good communication skills.



# Leadership and Culture

It has been proposed that there are two types of leaders:

**Transactional leaders** tend to be more passive. They see their relationship with their followers in terms of a trade.

**Transformational leaders** more proactive. They see their role as inspiring and motivating others to work at levels beyond mere compliance.

Only transformational leadership is said to be able to change team / organisational cultures and move them in a new direction. It enhances the motivation, morale, and job performance of followers.

# Leadership and Culture



## Transactional and transformational change

Transactional change	Transformational change
<b>Leadership</b> is responsive	Proactive
<b>Focus</b> is on solving problems; delivering defined results	On setting stage for revelation; delivering innovations
<b>Process</b> works within the organizational culture	To change the organizational culture by implementing new ideas
<b>Participation</b> is by pushing employees to through reward and punishment	By pulling employees through motivational and empowerment
<b>Motivates</b> followers by appealing to their own self-interest	By encouraging them to transcend their own interests for those of the team
<b>Commitment</b> is buy-in and sign-off	Built on trust; invested in process

# Entrepreneurship

Entrepreneurship involves taking calculated risks in business with the aim of generating profit

- Innovation
- Risk
- Profit



# Intrapreneurship

**Intrapreneurship** involves applying entrepreneurial thinking and skills within an existing organisation

- For example, innovation by an employee
- Risk is borne by the employer, not the intrapreneur





# Exam focus

- The SBL exam requires you to **apply** knowledge to the situation described
- You will not earn marks for repeating theories, for example for simply identifying and explaining leadership traits
- However, if directly relevant to a task requirement, you will earn marks for **applying** theory
- For example, it may be appropriate to state that the behaviour of the CEO demonstrates ineffective leadership, for example by attempting to cover-up unethical conduct

# Chapter 10: Summary



- Strategic leaders create an organisation's vision and set its mission
- Entrepreneurs innovate and establish new ventures

# Chapter 10: Practice question



Study Question Bank	
i-Compute	45 mins

## For SBL

- Attempt the Study Question Bank questions listed above after studying this chapter
- Attempt Revision Question Bank questions in your revision phase, after studying all chapters

**Thank you**