

# Good Leadership and Its Varieties

# Module Learning Outcomes

Recognize good and poor leadership and the varieties of leadership

- 1.1: Differentiate between leadership and management
- 1.2: Identify the traits, dimensions, and styles of effective leaders
- 1.3: Compare examples of effective and poor leadership
- 1.4: Summarize the situational theories of leadership
- 1.5: Summarize transformational and transactional theories of leadership

# Learning Outcomes: Leadership

1.1: Differentiate between leadership and management

1.1.1: Differentiate between leadership and management

# What Is Leadership?

- Leadership is about establishing a direction and influencing others to follow
- Management is successfully administering the many complex details involved in business's operation
- Both are necessary skills that often overlap
- Some differences include:
  - Leadership: influencing, change, direction, vision, creating, etc.
  - Management: planning, organizing, controlling, stability, etc.

# Formal vs. Informal Leadership

- Not all leadership based on official position
- Individuals who are assigned titles and positions of authority are expected to provide leadership- formal leadership
  - Plenty of people who have formal leadership positions but don't provide strong leadership (can leave organization lacking direction/purpose)
- Individuals who don't have official positions of leadership but exhibit leadership qualities and help create vision of company- informal

# Learning Outcomes: What Makes an Effective Leader

1.2: Identify the traits, dimensions, and styles of effective leaders

1.2.1: Identify the traits of effective leaders

1.2.2: Differentiate between task-centered and employee-centered leadership behavior

1.2.3: Differentiate between autocratic, democratic, and laissez-faire styles of leadership

# Leadership Traits

- Drive: highly motivated individuals
- Desire to Lead: want to have leadership roles and functions
- Honesty/Integrity: essential to inspiring confidence and trust from followers
- Self Esteem/Self-Confidence: lack of these creates doubts and insecurities
- Open-Mindedness: recognize innovation is valuable and are open to other ideas
- Intelligence: cognitive ability as well as relational and emotional intelligence
- Extraversion: outgoing and social in personalities
  - Not all good leaders have to be extraverts (Bill Gates, Mark Zuckerberg)

# Knowledge of the Business and Styles of Leadership

- Lack of knowledge and experience is almost impossible to overcome
- Trait-based analysis of leaders is common approach and analyzing leadership styles
- Task-Centered or Employee-Centered
  - Task: focus on giving instructions to group members to reach achievement
  - Employee: focus less on objective actions and more on building relationships between followers





# Autocratic, Democratic, or Laissez-faire

- Autocratic: makes decisions without employee involvement- authoritarian
- Democratic: involves employee team in decision-making
- Laissez-faire: hands-off approach to leadership- employees make own decisions

“A good leader inspires people to have confidence in the leader. A great leader inspires people to have confidence in themselves.”

—Eleanor Roosevelt

# Practice Question 2

Which style of leadership lends itself best with a task-centered style?

1. Autocratic.
2. Democratic.
3. Laissez-faire.

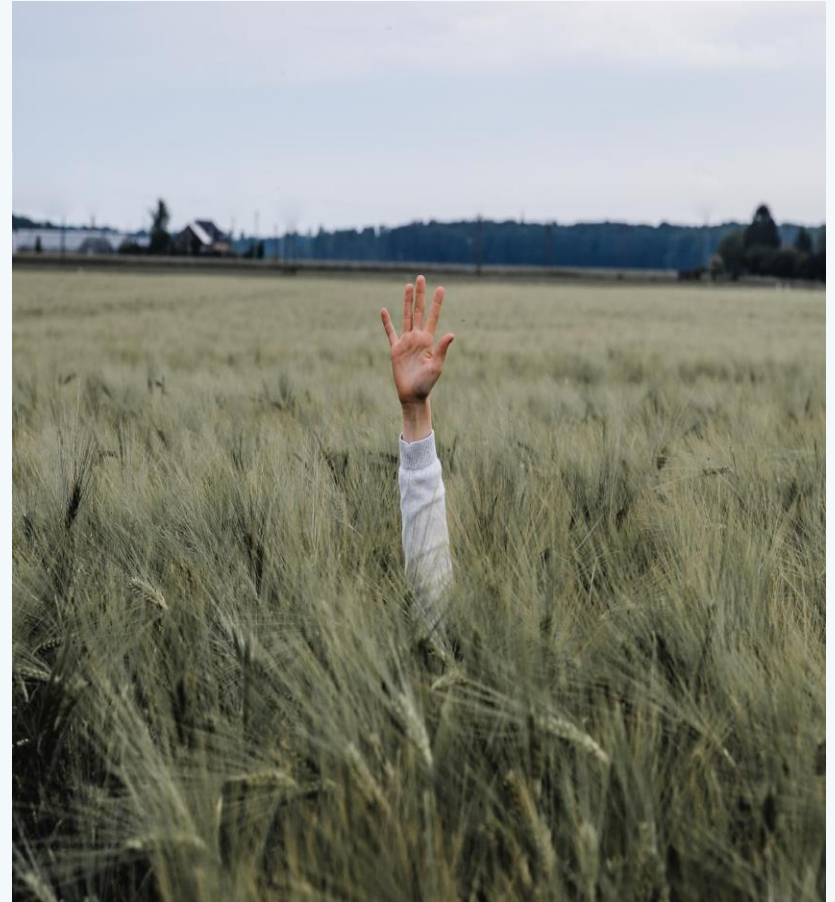
# Learning Outcomes: Effective vs. Poor Leadership

1.3: Compare examples of effective and poor leadership

1.3.1: Compare examples of effective and poor leadership

# Understanding Effective vs. Poor Leadership

- Compare examples of effective and poor leadership
- What do these traits and styles look like in practice?
- Will be looking at real-world examples of good and bad leadership to help deepen understanding
- Looking at individuals with positive and negative leadership qualities in next slides



# Warren Buffett, Berkshire Hathaway

- One of the wealthiest men in the world through leadership of investment company
- Thousands travel to hear his meetings and has become very successful
- Work is to identify companies for purchase he believes are well-managed for success
- Presents a vision, stands firmly behind it, and inspires others
- Always truthful and an optimist



# Rosalind Brewer, Starbucks

- Current COO at Starbucks, the first woman and the first African-American in this role
- Former CEO of Sam's Club
- Forward-thinking initiatives at Sam's Clubs, doubling the amount of organic products offered and advancing online ordering
- Emphasis on diversity of hiring and implementation of racial bias training
- Navigated Starbucks through negative public opinion after racially charged arrests at one of their locations



# Ginni Rometty, IBM

- IBM is successful tech company for over 100 years
- Much of its legacy is in field of computer hardware systems
- Overseen significant shift of focus for company
- Democratic, soft-spoken leadership style enabled her to be successful



# Learning Outcomes: Situational Theories of Leadership

1.4: Summarize the situational theories of leadership

1.4.1: Summarize the situational theories of leadership

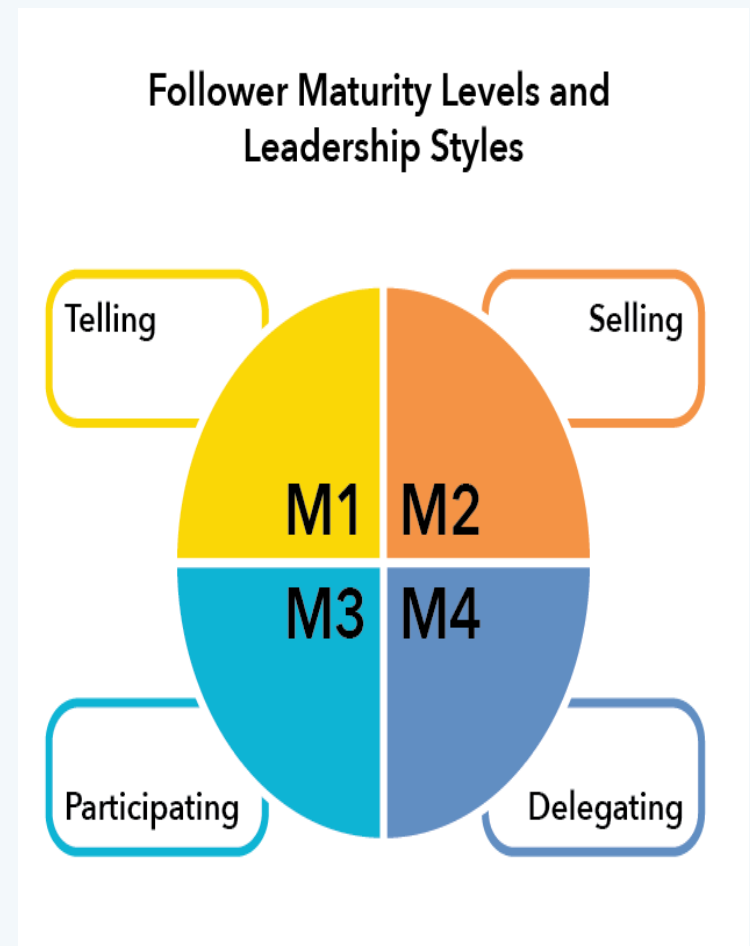


# Understanding Situational Theories of Leadership

- Work on the assumption that the most effective style of leadership changes from situation to situation
- Leader must be able to adapt his style and approach to different circumstances
- Example: some employees function better under leader who is more autocratic while others prefer leader to step back and give others chance
- Not all industries require same skills and leadership traits-many theories developed

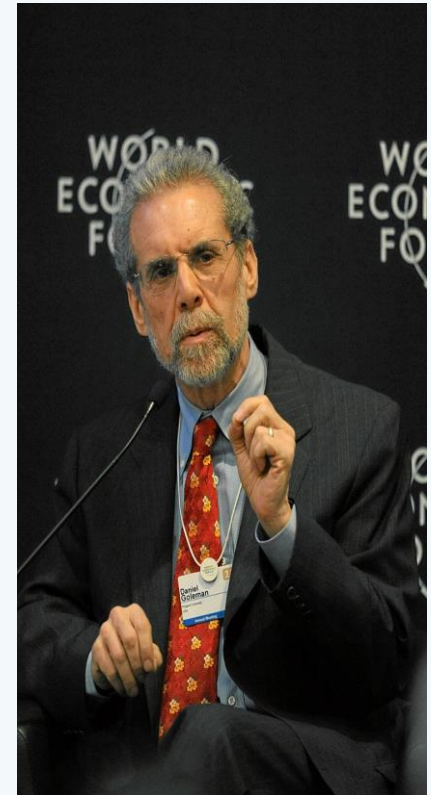
# Hersey and Blanchard's Situational Leadership Theory

- Suggests need to match two key elements correctly: leadership style of the leader and maturity/preparedness of the followers
- Main leadership approaches-telling, selling, participating, delegating
- Four levels of follower maturity-low competence and commitment (M1), low competence and high commitment (M2), high competence and low commitment (M3), and high competence and commitment (M4)
- Key to successful leadership is matching proper leadership style to maturity level



# Goleman's Model of Situational Leadership

- Theory incorporates development of the concept of “emotional intelligence”
  - Pacesetter: sets aggressive goals and standards for each employee
  - Authoritative: provides direction and goals and expects team to follow lead
  - Affiliative: praises and encourages employees refraining from criticism
  - Coaching: focuses on helping individuals build skills and develop talents
  - Democratic: involves followers in process by seeking their opinion
  - Coercive: ultimate authority and demands immediate compliance



# Normative Decision Theory

- Guide in determining optimum amount of time and group input that should be committed to a decision
- Number of options for leader
- Key Questions: is decision quality important? Does the leader have enough information to make a decision? Is the problem structured and easily analyzed? Do members have high levels of competence in working as a group?

# Practice Question 3

What do all of the leadership theories we have just reviewed have in common?

1. They reflect the democratic style of leadership.
2. They require industry knowledge.
3. They match leadership style with the environment.
4. They incorporate the concept of emotional intelligence.

# Learning Outcomes: Transformational and Transactional Theories of Leadership

1.5: Summarize transformational and transactional theories of leadership

1.5.1: Summarize transformational theories of leadership

1.5.2: Summarize transactional theories of leadership

# Transformational and Transactional Theories of Leadership

## **Transactional Leadership**

- Motivation is derived from an arrangement whereby employees are rewarded for accomplishing goals set for them
- When sales representatives are paid on commission or given bonuses

## **Transformational Leadership**

- Assume that the desires of the leader and the follower are not the same—must provide motivation
- Four categories:
  - idealized influence
  - inspirational motivation
  - intellectual stimulation
  - individualized consideration

# Class Discussion: What makes a leader?

Are leaders born and not made? Review the list of leadership traits and discuss which of them you think can be learned versus those that are inherent in one's personality make-up. What about management traits/duties? Are these learned versus inherent?



# Quick Review

- How does one differentiate between leadership and management?
- Can you identify the traits of effective leaders?
- Are you able to differentiate between task-centered and employee-centered leadership and behavior? Between autocratic, democratic, laissez-faire, relationship-oriented, task-oriented, and people-oriented styles of leadership?
- Are you able to compare examples of effective and poor leadership?
- Please summarize the situational theories of leadership.
- Can you summarize transformational and transactional leadership theories?