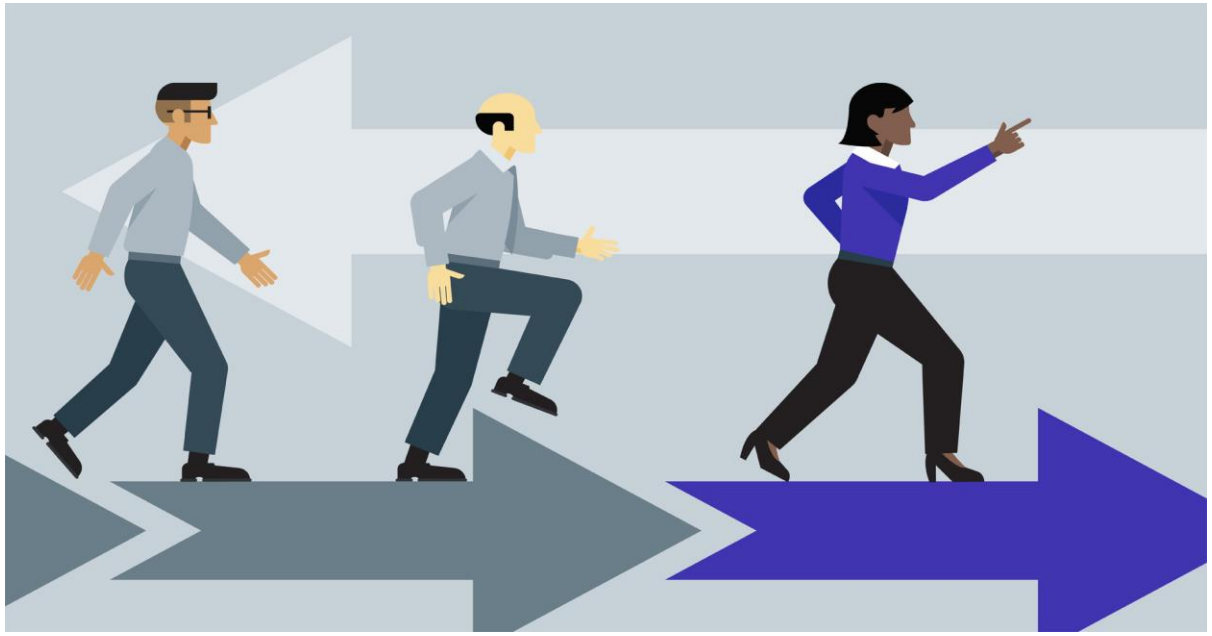
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Introduction to Management

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Chapter Seven

The Directing / Leading Function

Chapter Objectives	Contents
At the end of this course you will be able to: ✓ Define leadership ✓ Compare and contrast leadership and management; ✓ Distinguish leadership styles ✓ Explain Theories of leadership ✓ Describe employee motivation ✓ Explain organizational communication	✓ Definition of Leaders ✓ Leadership Vs Management ✓ Leadership, Power and Influence ✓ Leadership Styles ✓ Theories of Leadership ✓ Employee motivation ✓ Organizational Communication

Definitions

- “Leadership is a process whereby an individual influences a group of individuals to achieve a common goal”. (Northouse, 2004)
- “Leadership is the influencing process of leaders and followers to achieve organizational objectives through changes”. (Lussier & Achua, 2004)
- “Leadership is about articulating visions, embodying values, and creating the environment within which things can be accomplished” (Richards & Engle, 1986)
- “Leadership is the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organization…” (House et al., 1999)

Definitions

- Therefore, Leadership is the function of
  - *The Leader*
  - *The Follower and*
  - *The Situation*
- L= f(L,F,S)

Leadership Vs Management

- Management and Leadership are not the same
- In deed, managers and leaders share a number of traits.
- Leadership and management are two distinctive and complementary systems of action…… Both are necessary for success in an increasingly complex and volatile business environment.
- Strong leadership with weak management is no better, and is sometimes actually worse, than the reverse.
- Management is about coping with complexity….. Without good management, complex enterprises tend to become chaotic… Good management brings a degree of order and consistency….

Leadership Vs. Management

- Leadership, by contrast, is about coping with change…. More change always demands more leadership.
- Companies manage complexity by planning and budgeting, by organizing and staffing, and by controlling and problem solving. By contrast, leading an organization to constructive change involves setting a direction (developing a vision of the future and strategies to achieve the vision), aligning people, and motivating and inspiring them to keep moving in the right direction.

Leadership, Power and Influence

- To fully understand leadership, it is necessary to understand power.
- *Power* is the ability to affect the behavior of others.
- In organizational settings, there are usually five kinds of powers: legitimate, reward, coercive, referent, and expert power and these powers usually classified into position power and personal power.
- Accordingly, legitimate, reward and coercive power are related to positional power and referent and expert power are related to personal power.

Leadership, Power and Influence

1. Referent power: based on followers' identification and liking for the leader.
2. Expert Power: based on the followers' perceptions of the leader's competence and expertise skill.
3. Legitimate Power: associated with having status of formal job authority.
4. Reward Power: Derived from having the capacity to provide rewards to others.
5. Coercive Power: Derived from having the capacity to penalize or punish others.

Leadership Styles

- There are a number of different 'styles' to leadership that are based on different assumptions and theories.
- The style that individuals use will be based on a combination of their beliefs, values and preferences, as well as the organizational culture and norms which will encourage some styles and discourage others.

Leadership Styles

Some of these Styles are:

- Autocratic/Authoritarian
- Democratic/Participative Leadership Style
- Laissez-fair/Free-Rein Leadership Style

Leadership Styles

Autocratic Leadership Style

- In the autocratic style, the leader takes decisions without consulting with others.

Autocratic style works when:

- There is no need for input on the decision
- where the motivation of people to carry out subsequent actions would not be affected whether they were or were not involved in the decision-making.

Leadership Styles

Democratic Leadership Style

- In the democratic style, the leader involves the people in the decision-making, although the process for the final decision may vary from the leader having the final say to them facilitating consensus in the group.
- Democratic decision-making is usually appreciated by the people, especially if they have been used to autocratic decisions with which they disagreed.
- It can be problematic when there are a wide range of opinions and there is no clear way of reaching an equitable final decision.

Leadership Styles

Laissez-Faire Leadership Style

- The laissez-faire style is to minimize the leader's involvement in decision-making, and hence allowing people to make their own decisions, although they may still be responsible for the outcome.

Laissez-faire works best when people are:

- capable and motivated in making their own decisions
- where there is no requirement for a central coordination
- Highly skilled

Theories of Leadership

Trait Theory

Assumptions

- People are born with inherited traits.
- Some traits are particularly suited to leadership.
- People who make good leaders have the right (or sufficient) combination of traits.

Description

- Early research on leadership was based on the psychological focus of the day, which was of people having inherited characteristics or traits.
- Attention was thus put on discovering these traits, often by studying successful leaders,

Theories of Leadership

Behavioral Theories

Assumptions

- Leaders can be made, rather than are born.
- Successful leadership is based in definable, learnable behavior.

Description

- Behavioral theories of leadership do not seek inborn traits or capabilities. Rather, they look at what leaders actually *do*.
- If success can be defined in terms of describable actions, then it should be relatively easy for other people to act in the same way. This is easier to teach and learn then to adopt the more ephemeral (short-lived) 'traits' or 'capabilities'.

Theories of Leadership

Situational Leadership Theories

Assumptions

- The best action of the leader depends on a range of situational factors.

Description

- Situational leadership has many variants.
- Situational theories focus on adopting different leadership styles according to the situation and the team members.

Motivation

- *Motivation* is the willingness to do something and is conditioned by this action's ability to satisfy some need for the individual.
- *Need* is a physiological or psychological deficiency that makes certain outcomes appear attractive.
- Motivated employees are in a state of *tension*. In order to relieve this tension, they engage in activity. The greater the tension is the greater the activity.
- When employees are working hard at some activity we can conclude they are driven by a desire to achieve Something (i.e., a goal) they value.
- Remember motivation theories are culture-bound.

Motivation

To improve motivation:

- Leaders should recognize individual differences among employees
- Match people to jobs and responsibilities
- Use goals
- Individualize rewards whenever possible
- Link rewards to performance
- Check the system for equity

Theories of Motivation

- *Content theories* focus on human needs or desires that are internalized and give impetus to individual behavior.
- *Process theories* examine employee behavior in terms of job satisfaction related to perceived rewards (or lack of rewards) that instigate behavior.
- *Reinforcement theory* explains behavior in terms of consequences learned from past experiences that teach individuals what to do to avoid pain and to gain pleasure.

The Content Theories of Motivation

- The content theories of motivation help us to understand **human needs** and how people with different needs may respond to different work situations
- Needs are the unfulfilled **physiological** or **psychological** desire of an individual.
- Content theories of motivation use **individual needs** to explain the behaviors and attitudes of people at work.
- Also called **intrinsic**

Maslow's Theory of Motivation

- In 1943, Maslow wrote five fundamental human needs and their hierarchical nature.
- Maslow stated that individuals have five needs which he arranged in a hierarchy from the most basic level to the highest: physiological, safety, belongingness and love, esteem, and self-actualization.
- The lower the needs in the hierarchy, the more fundamental they are and the more a person will tend to abandon the higher needs in order to pay attention to sufficiently meet the lower needs.

Maslow's Hierarchy of Needs

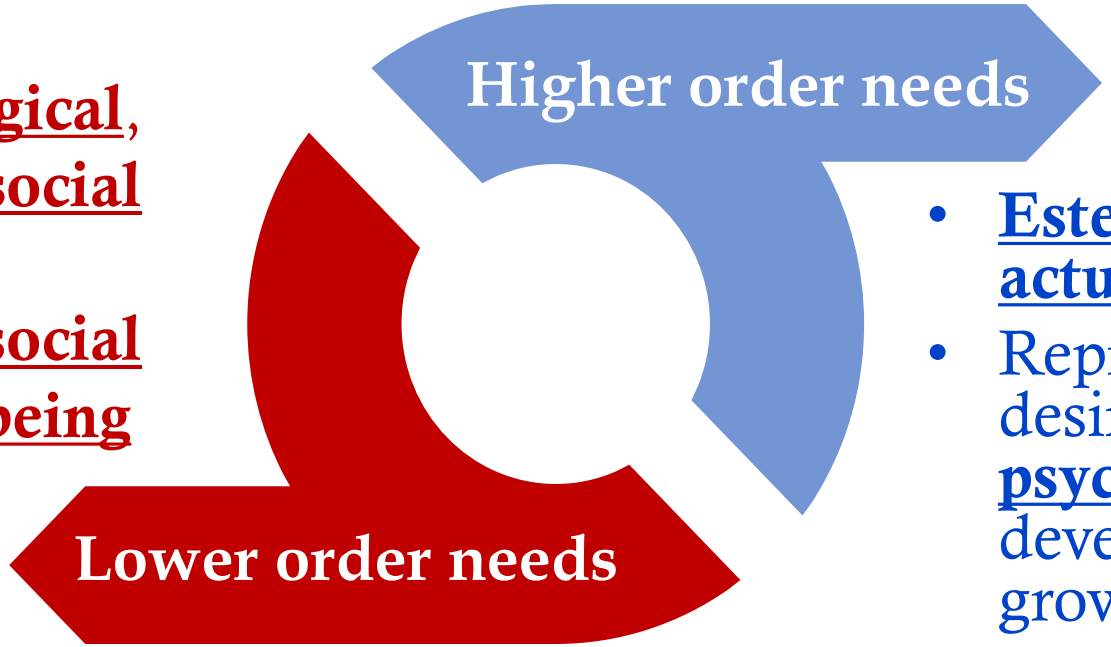


Explanations

- **Physiological needs** are to do with the maintenance of the human body.
- **Safety needs** are about putting a roof over our heads and keeping us from harm.
- **Belonging needs** introduce our tribal nature. If we are helpful and kind, others want us as friends.
- **Esteem needs** are for a higher position within a group. If people respect us, we have greater power.
- **Self-actualization needs** are our greatest achievement.

Maslow's Hierarchy of Needs

- Include **physiological**, **safety**, and **social** concerns
- Are desires for **social and physical well-being**



- **Esteem** and **self-actualization needs**
- Represent a person's desires for **psychological** development and growth

Possible Techniques to be Used by Managers

Physiological Needs	Give employees appropriate salaries, breaks and eating opportunities should be given to employees.
Safety/Security Needs	Provide the employees job security, safe and hygienic work environment, and retirement benefits so as to retain them.
Love/Social Needs	Encourage teamwork and organize social events.
Self Esteem Needs	Appreciate and reward employees on accomplishing and exceeding their targets, give deserved employee higher job rank / position in the organization.
Self-Actualization Needs	Give the employees challenging jobs and growth opportunities can be given to employees so that they can reach the peak.

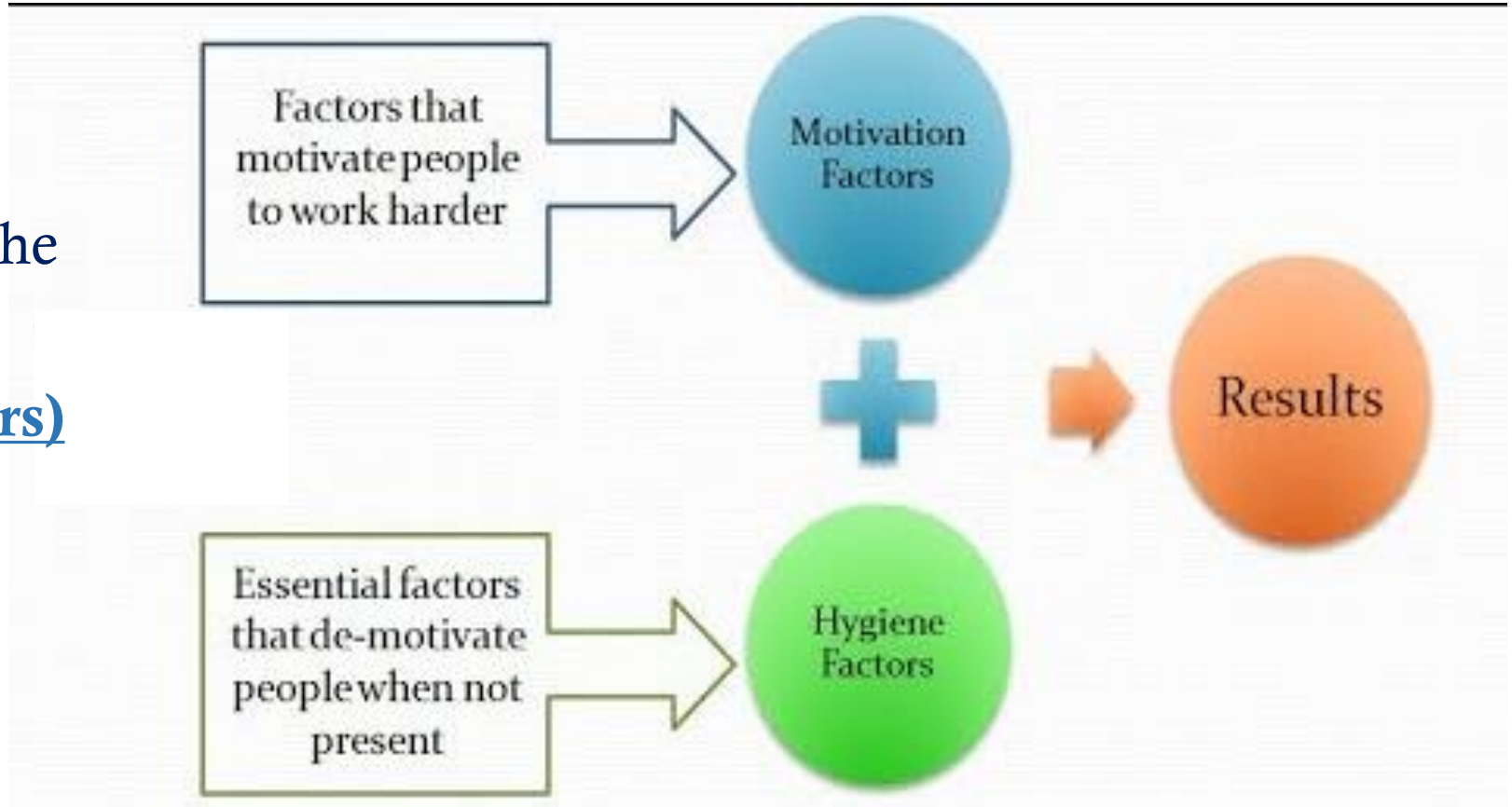
How Do These Needs Affect Human Behavior?

- **Two principles:**
  - The **deficit principle** holds that a satisfied need is not a motivator of behavior
  - The **progression principle** holds that a need at one level does not become activated until the next lower level need is already satisfied

Herzberg's Two Factor Theory

The Two factors:

- The satisfier factors (Motivators) - things relating to the nature of the job itself.
- The hygiene (dis-satisfiers) factors - things relating more to the work setting



Herzberg's Two Factor Theory

Job dissatisfaction	Job satisfaction
⊙Influenced by job context, or **hygiene** factors ○ Working conditions ○ Interpersonal relations ○ Organizational policies ○ Quality of supervision ○ Base wage or salary	⊙Influenced by **job content**, or **motivator** factors ○ Sense of achievement ○ Feelings of recognition ○ Sense of responsibility ○ Opportunity for advancement ○ Feelings of personal growth
Rule: Poor job context increases dissatisfaction	Rule: Good job content increases satisfaction

Herzberg's Two Factor Theory

- The two factor theory remains a useful reminder that there are two important aspects of all jobs:
  - **Job content (intrinsic)**-what people do in terms of job tasks, and
  - **Job context (extrinsic)**- the work setting in which they do it.
- Herzberg's advice to leaders are:
  - Always **correct poor context** to eliminate actual or potential sources of job dissatisfaction, and
  - Be sure to **build satisfier factors** into job content to maximize opportunities for job satisfaction.

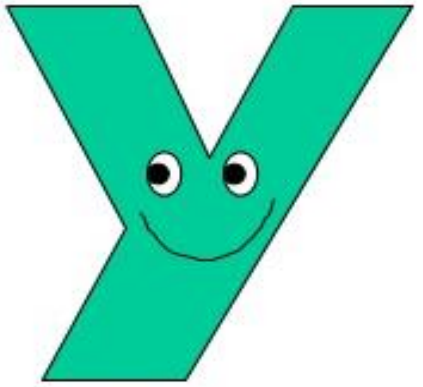
Theory X and Theory Y

- McGregor described Theory X and Theory Y
- Theory X and theory Y each represent different ways in which leaders view employees



EMPLOYEES:

Dislike/avoid work
Require coercion
Shun responsibility
Have little ambition
Seek security



EMPLOYEES:

Naturally expend effort
Will exercise self-discretion
Accept and seek responsibility
Have creative capacity
Have high level needs

Possible Techniques to be Used by Managers

Theory X

- Quite a few organizations use Theory X today.
- Theory X encourages use of tight control and supervision.
- It implies that employees are reluctant to organizational changes.
- Thus, it does not encourage innovation.

Avoid use of this as much as you can!

Possible Techniques to be Used by Managers

Theory Y

- Create and encourage a work environment which provides opportunities to employees to take initiative and self-direction.
- Encourage decentralization of authority, teamwork and participative decision making.
- Search and discover the ways in which an employee can make significant contributions in an organization.
- Harmonize and match employees' needs and aspirations with organizational needs and aspirations.

Focus on this as much as you can!

Process Theories of Motivation

- Content Theories emphasize people's perceived needs. In contrast, process theories emphasize that employees make decisions about how they will perform at work.
- They are viewed as making conscious and subconscious evaluations of contemplated actions and the consequences of those actions. few of the process theories of motivation are presented below.

Equity Theory

- Inequities occur whenever people feel that the rewards received for their work are unfair compared with the rewards other persons appear to be getting.
- The comparison points may be coworkers in the group, workers elsewhere in the organization, and even persons employed by other organizations.
- It is hard for an employee to feel motivated in the workplace if he/she feels they were treated unfairly.





Equity Theory

The ways people deal with perceived inequity include the following:

- Change their work inputs by putting less effort into their jobs.
- Change the rewards received by asking for better treatment.
- Change the comparison points by finding ways to make things seen better.
- Change the situation by transferring or quitting the job.

Possible Techniques to be Used by Managers

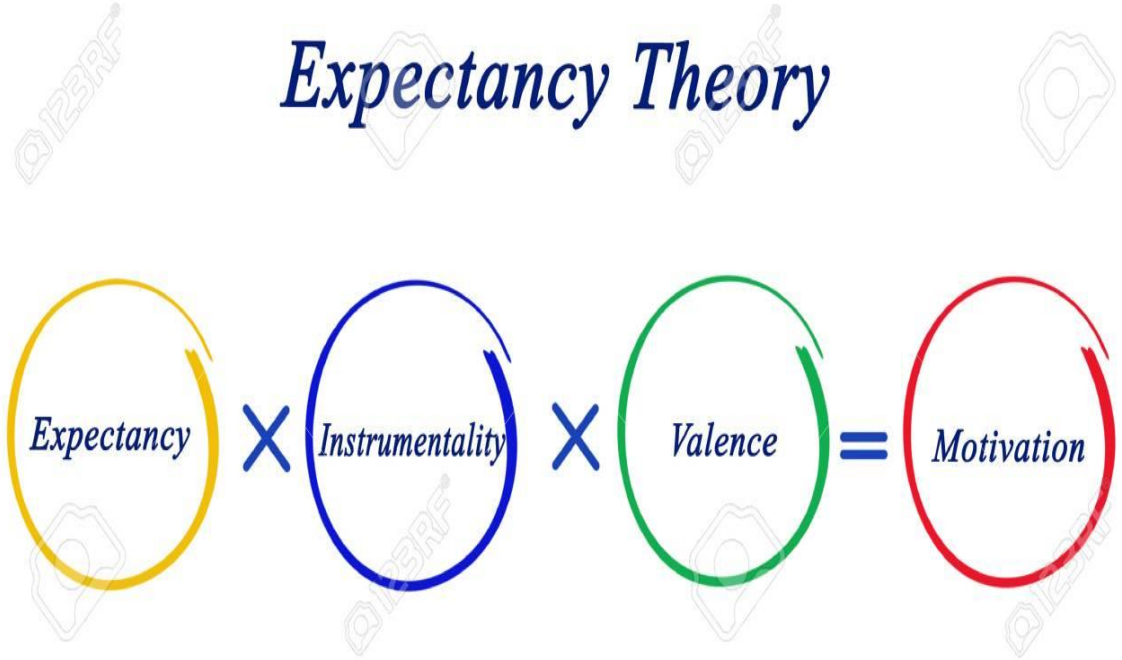
When people feel fairly treated they are more likely to be motivated; when they feel unfairly treated they are highly prone to feelings of disaffection and demotivation.

Focus on fair treatment of employees!



Expectancy Theory

- The expectancy theory of motivation asks a central question:
- *what determines the willingness of an individual to work hard at tasks important to the organization?*
- In response to this question, expectancy theory suggests that *"people will do what they can do when they want to do it."*
- More specifically, the theory suggests that the motivation to work depends on the relationships between the three expectancy factors.



Expectancy Theory

Expectancy
Perceived probability that effort will lead to good performance

X

Instrumentality
Belief that there is a connection between activity and goal.

X

Valence
Degree to which rewards are valued

=

Motivation
Reason to perform

Effort > Performance > Outcome

Motivational Flow



If I put in the Effort, will I achieve the desired level of Performance?



If I achieve the desired level of Performance, will I achieve my desired Outcome?



How valuable is the Outcome to me?

Possible Techniques to be Used by Managers

- The managers can correlate the preferred outcomes to the aimed performance levels.
- The managers must ensure that the employees can achieve the aimed performance levels.
- The deserving employees must be rewarded for their exceptional performance.
- The reward system must be fair and just in an organization.
- Organizations must design interesting, dynamic and challenging jobs.

Goal Setting Theory

- This theory's basis premise is that task goals can be highly motivating-*if they are properly set and if they are well managed.*
- Goals give direction to people in their work.
- Goals clarify the performance expectations between a leader and followers, between coworkers, and across subunits in an organization.

Goal Setting Theory

The key issues and principles in managing this goals-setting process are:

- *Set specific goals:* They lead to higher performance than more generally stated ones, such as "Do your best."
- *Set challenging goals:* As long as they are viewed as realistic and attainable, more difficult goals lead to higher performance than do easy goals.
- *Build goal acceptance and commitment:* People work harder for goals that they accept and believe in; they tend to resist goals forced on them.
- *Clarify goals priorities:* Make sure that expectations are clear as to which goals should be accomplished first and why.
- *Reward goals accomplishment:* Don't let positive accomplishments pass unnoticed; reward people for doing what they set out to do.

Reinforcement Theory of Motivation

- Reinforcement theory views human behavior as determined by its environmental consequences.

- Instead of looking within the individual to explain motivation and behavior, it focuses on the external environment and the consequences it holds for the individual.

- The basic premises of the theory are based on the *law of effect:* Behavior that results in a pleasant outcome is likely to be repeated; behavior that results in an unpleasant outcome is not likely to be repeated.

- Reinforcement is the process by which certain types of behaviors are strengthened. Thus a 'reinforcer' is any stimuli that causes certain behavior to be repeated or inhibited.

Possible Techniques to be Used by Managers

There are four reinforcement strategies, they are:

- *Positive reinforcement:* A positive reinforcement is a reward for a desired behavior.
- *Negative Reinforcement:* Negative reinforcement is the removal of an unpleasant consequence following a desired behavior.
- *Extinction:* Extinction is the withdrawal of positive reward and removal of all reinforcements following an undesirable behavior.
- *Punishment:* punishment is the administration of negative consequences following an undesirable behavior.

Meaning of Communication

- Communication is a **shared meaning** among two or more people through verbal and nonverbal transaction.
- Communication in management is the sharing, receiving and understanding of instructions, concepts, opinions and information about company affairs and reacting to such activities in one way or another.



Formal Communication

- It occurs through official channels.
- Memos, policies, procedures, and reports of committee meetings are the example of formal communication.
- In the formal communication we find:
  - vertical - upward and downward Communication
  - horizontal Communication
  - diagonal communication

Formal Communication Flow



Informal Communication

- Informal channel consists of the communication chain and networks created by friendship and social association within the work environment.
- Informal communication grows out of the social interaction among people who work together.

