



# SL IB Business Management



Your notes

## 2.3 Leadership & Management

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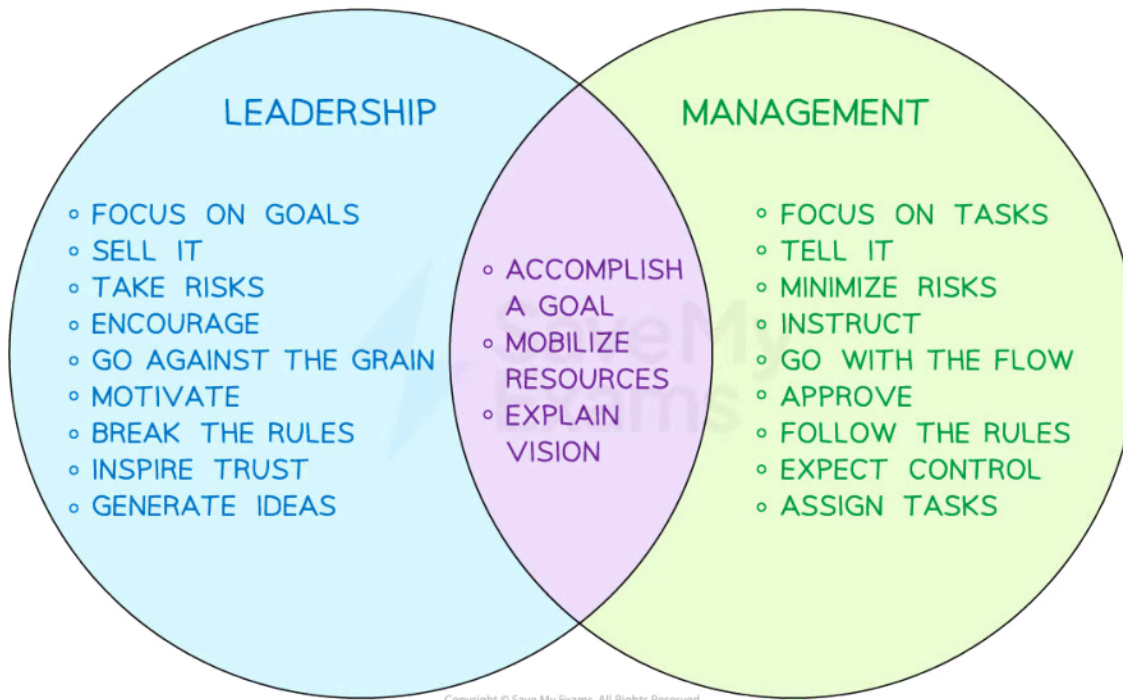


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## Types of Leadership Styles

### The Distinction Between Management & Leadership

- Leadership is about having a **vision**, sharing that vision with others and **providing direction**
- Management is the **day-to-day organisation** of the business, its resources and its staffing



*The different characteristics of leaders and managers*

#### Key differences between leadership and management

- Vision vs. Execution**  
 Leadership focuses on creating a vision, setting direction, and inspiring others to follow  
 Management focuses on executing plans, organising resources and ensuring tasks are completed on time
- Influence vs. Control**  
 Leadership focuses on influencing others to achieve a common goal by inspiring and motivating  
 Management focuses on controlling resources and processes to ensure that objectives are met

- **People vs. Processes**

Leadership focuses on people, their needs, and their motivation

Management focuses on processes, structures and systems

- **Long-term vs. Short-term**

Leadership focuses on the long-term vision and strategy

Management focuses on short-term goals and targets

- **Creativity vs. Efficiency**

Leadership encourages creativity and innovation

Management focuses more on efficiency and productivity



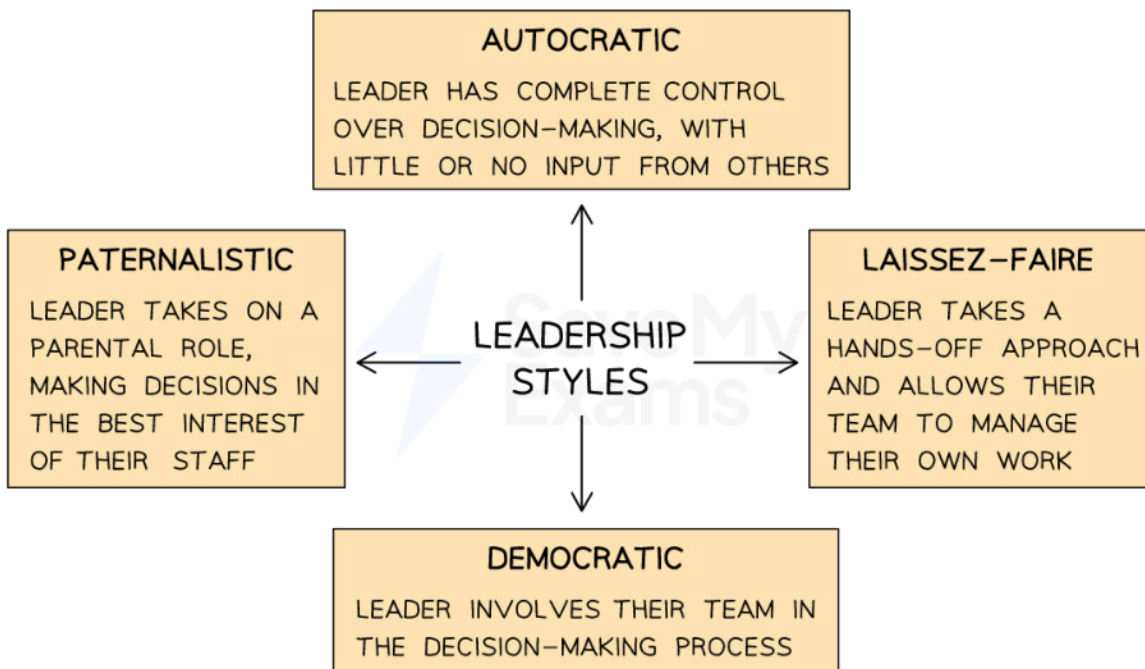
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## An Introduction to Leadership Styles

- Leadership styles are **different approaches** to leading and **managing a team or business**
- They reflect the **behaviours and attitudes of a leader towards their team members** and influence the organisational culture, productivity and performance
- A successful leader will be able to **use a variety of leadership styles** depending on the situation to achieve the best results for their business
- Four common leadership styles include:



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### *Four commonly used types of leadership styles*

- The **choice of leadership style** can be influenced by the business circumstances, as well as the nature and size of the business



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## Autocratic Leadership

- An autocratic leader is a type of leader who holds **absolute power and authority** over a business
  - The leader makes decisions without seeking input or agreement from others
  - They typically expect strict obedience and compliance from their subordinates
- Autocratic leaders often have **complete control over the decision-making process**
  - They set the direction and goals of the business
  - They do not usually consider the opinions, ideas, or expertise of their team members
  - Their decisions are generally not open to discussion or debate

### Situations when Autocratic Leadership is Especially Effective

Situation	Explanation
<b>Crisis situations</b>	<ul style="list-style-type: none"> <li>▪ In times of immediate crisis such as natural disasters or military conflicts <b>quick and decisive action</b> is often required</li> <li>▪ Autocratic leaders can make <b>swift decisions without the need for lengthy discussions</b> which can be crucial in emergency situations</li> </ul>
<b>Hierarchical organisations</b>	<ul style="list-style-type: none"> <li>▪ Organisations with highly structured hierarchies may benefit from autocratic leadership for the sake of <b>coordination and efficiency</b></li> <li>▪ In military units, for example, commanders often need to give <b>clear and direct orders that subordinates must follow</b> without question</li> </ul>
<b>Time-sensitive projects</b>	<ul style="list-style-type: none"> <li>▪ Autocratic leadership can help <b>speed up decision-making</b></li> <li>▪ In businesses with strict deadlines such as construction or event planning an autocratic leader can ensure that tasks are completed promptly by providing <b>specific instructions</b> and <b>minimising time spent on discussion</b></li> </ul>
<b>Inexperienced or unmotivated teams</b>	<ul style="list-style-type: none"> <li>▪ Autocratic leadership can be effective when working with teams lacking the necessary skills, experience or motivation</li> <li>▪ By providing clear <b>direction and close supervision</b> an autocratic leader can guide the team towards achieving their goals more efficiently</li> </ul>

**Maintaining order and discipline**

- In businesses where **strict discipline and adherence to rules** are important such as energy generation autocratic leadership may be necessary to **ensure compliance** and maintain order



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- Whilst autocratic leadership may be suitable in certain situations it can also have drawbacks including
  - **Reduced employee morale** as workers have no input into decision-making
  - **Limited creativity** as employees are required to follow strict instructions and are closely monitored
  - Lack of input from team members restricts an important source of **problem-solving ideas and innovation**

## Paternalistic Leadership

- Paternalistic leadership is where a leader assumes a 'fatherly' role towards their subordinates, acting in a **protective and authoritarian** manner
  - The leader **makes decisions for employees** while also showing concern for the **well-being and development** of subordinates even if it means limiting employees' autonomy and freedom of choice
  - The leader takes on responsibility for the **welfare of their employees**
    - They may provide guidance, support, and resources to ensure the success of their employees
    - *Huawei's* Ren Zhengfei is viewed as a paternalistic leader who has shaped the businesses culture with well-defined goals, **employee devotion and absolute obedience in return for highly competitive pay** and opportunities for staff to buy shares in the company
- Paternalistic leadership can create a **sense of security** and support among employees, increasing their loyalty and reducing staff turnover
- It can also be perceived as **controlling** and **limits creativity and innovation** within a business
- It may create a **dependency on the leader** which restricts personal growth and professional development among employees



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## Democratic Leadership

- Democratic leaders actively **involve employees** in the decision-making process and **encourage discussion**, though they have the final say
  - Consultation, collaboration, delegation and teamwork are common features of democratic leadership
- This leadership style is most effective in organisations with **skilled, experienced and creative employees**

### The Advantages and Disadvantages of Democratic Leadership

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>▪ Democratic leadership encourages participation and involvement from employees in decision-making processes                             <ul style="list-style-type: none"> <li>▪ This involvement can lead to higher levels of <b>employee engagement</b> and <b>job satisfaction</b> as individuals feel valued and empowered when their opinions and ideas are considered</li> </ul> </li> <li>▪ Democratic leadership can encourage <b>creativity and innovation</b> within a business                             <ul style="list-style-type: none"> <li>▪ Employees are more likely to <b>share ideas</b> and <b>think outside the box</b> when they have a say in decision-making</li> </ul> </li> <li>▪ Democratic leadership can lead to more comprehensive <b>problem-solving and decision-making</b> <ul style="list-style-type: none"> <li>▪ By considering a range of viewpoints, leaders can make more <b>informed choices</b> and <b>avoid potential pitfalls</b></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Decisions are made through consensus or majority agreement which can be a <b>time-consuming</b> process                             <ul style="list-style-type: none"> <li>▪ Engaging all team members in discussions, collecting input and reaching agreement can slow down decision-making</li> </ul> </li> <li>▪ <b>Conflicts</b> and <b>disagreements</b> may arise when different views are sought                             <ul style="list-style-type: none"> <li>▪ Resolving these conflicts can be challenging and time-consuming and leaders need to possess strong conflict resolution skills to ensure that disagreements do not escalate</li> </ul> </li> <li>▪ Democratic leadership may result in <b>compromise</b> on the <b>quality of decisions</b> <ul style="list-style-type: none"> <li>▪ Popular opinions may overshadow expert knowledge and decisions may be watered down or influenced by the desire for agreement rather than the best outcome</li> </ul> </li> </ul>



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## Laissez-faire Leadership

- Laissez-faire leaders play a **minimal role** in managing their business team
- Leaders provide little guidance, direction, or supervision to employees, allowing them significant **autonomy and freedom** in making decisions and completing tasks
- Laissez-faire leadership is most appropriate where leaders are working with a **highly skilled and self-motivated team** that requires minimal supervision

### Advantages and Disadvantages of Laissez-faire Leadership

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>▪ Laissez-faire leadership can <b>encourage creativity and innovation</b> within the business                             <ul style="list-style-type: none"> <li>▪ By giving employees the <b>freedom to explore ideas</b> and make decisions independently it allows for diverse perspectives and fresh approaches to problem-solving</li> </ul> </li> <li>▪ Employees are <b>empowered</b> because they have autonomy and ownership over their work                             <ul style="list-style-type: none"> <li>▪ This can enhance <b>job satisfaction, motivation, and a sense of responsibility</b> among team members as they feel trusted and valued</li> </ul> </li> <li>▪ Laissez-faire leadership allows for greater <b>flexibility in adapting</b> to changing circumstances                             <ul style="list-style-type: none"> <li>▪ Employees can quickly respond to challenges and make decisions based on their expertise and knowledge</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ The absence of direct guidance and supervision could lead to some <b>employees struggling with decision-making</b> or needing more structure and direction to perform their job effectively                             <ul style="list-style-type: none"> <li>▪ This can lead to <b>inefficiency and a lack of coordination</b> within the team and ultimately a decrease in productivity and effectiveness, as individuals may struggle to prioritise tasks or make informed decisions</li> </ul> </li> <li>▪ Without clear guidelines or standards there is a <b>risk of inconsistency</b> in the quality and outcomes of work                             <ul style="list-style-type: none"> <li>▪ Different employees may have varying approaches, leading to a <b>lack of cohesion</b> and potential <b>conflicts</b> in the team</li> </ul> </li> <li>▪ Without regular oversight it is likely to be challenging for leaders to <b>monitor progress, identify issues, and ensure that goals are being met</b> <ul style="list-style-type: none"> <li>▪ This can lead to decreased productivity and difficulties in holding individuals accountable</li> </ul> </li> </ul>

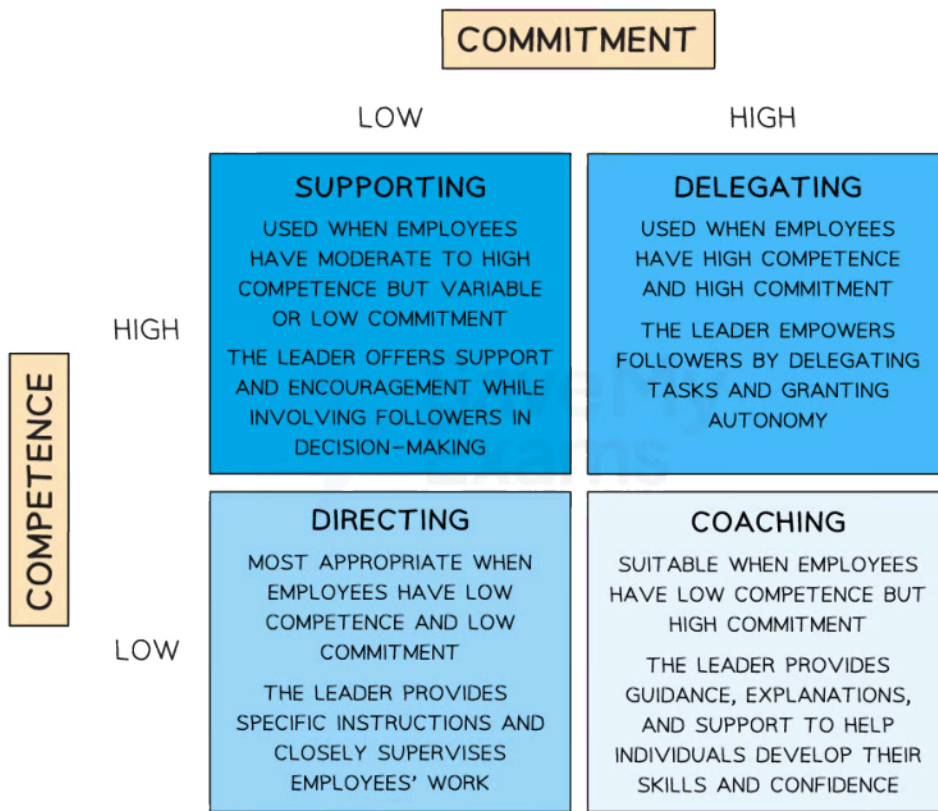




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## Situational Leadership

- Hersey and Blanchard's Situational Leadership Model suggests there is **no one-size-fits-all approach** to leading a business organisation and effective leadership depends on **adapting leadership style** to the specific situation and the needs of the employees being led
- Leaders must assess the **readiness** of employees to perform a particular task or achieve a specific goal
  - Readiness is determined by two factors
    - competence (knowledge, skills, and experience)
    - commitment (motivation and confidence)
- Based on this assessment, leaders can adopt different leadership styles to **match the situation**



Hersey & Blanchard's situational leadership model

- The situational leadership model emphasises that **effective leaders should be flexible and able to adapt their leadership style** based on the needs of their team members

- It encourages leaders to **consider the situation carefully** and assess the readiness of their followers before adopting the most appropriate leadership approach to maximise performance and development



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