

DP IB Business Management: SL



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2.3 Leadership & Management

Contents

- * Types of Leadership Styles



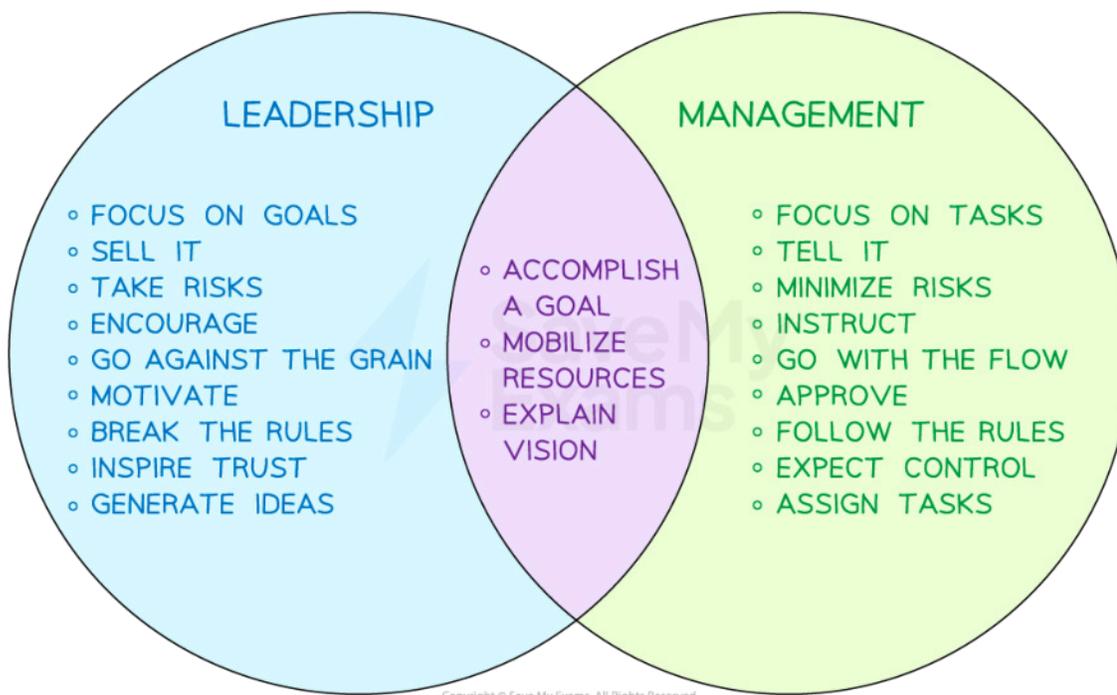
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Types of Leadership Styles

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

Diagram: characteristics of leaders and managers



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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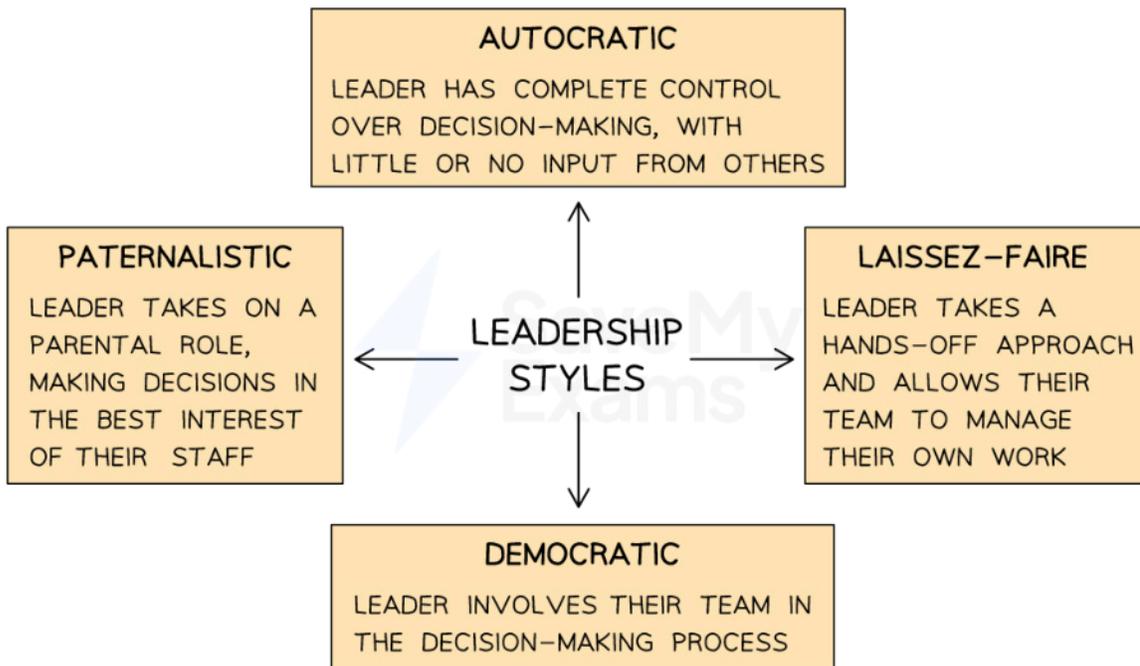
An Introduction to Leadership Styles

- 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

Diagram: four common leadership styles



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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

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



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

- While 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



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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

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**

Evaluation of Democratic Leadership

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ Democratic leadership encourages participation and involvement from employees in decision-making processes <ul style="list-style-type: none"> ▪ This involvement can lead to higher levels of employee engagement and job satisfaction as individuals feel valued and empowered when their opinions and ideas are considered ▪ Democratic leadership can encourage creativity and innovation within a business <ul style="list-style-type: none"> ▪ Employees are more likely to share ideas and think outside the box when they have a say in decision-making 	<ul style="list-style-type: none"> ▪ Decisions are made through consensus or majority agreement which can be a time-consuming process <ul style="list-style-type: none"> ▪ Engaging all team members in discussions, collecting input and reaching agreement can slow down decision-making ▪ Conflicts and disagreements may arise when different views are sought <ul style="list-style-type: none"> ▪ 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



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| <ul style="list-style-type: none"> ▪ Democratic leadership can lead to more comprehensive problem-solving and decision-making <ul style="list-style-type: none"> ▪ By considering a range of viewpoints, leaders can make more informed choices and avoid potential pitfalls | <ul style="list-style-type: none"> ▪ Democratic leadership may result in compromise on the quality of decisions <ul style="list-style-type: none"> ▪ Popular opinions may overshadow expert knowledge and decisions may be watered down or influenced by the desire for agreement rather than the best outcome |
|--|---|

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

Evaluation of Laissez-faire Leadership

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

on their expertise and knowledge

- This can lead to decreased productivity and difficulties in holding individuals accountable

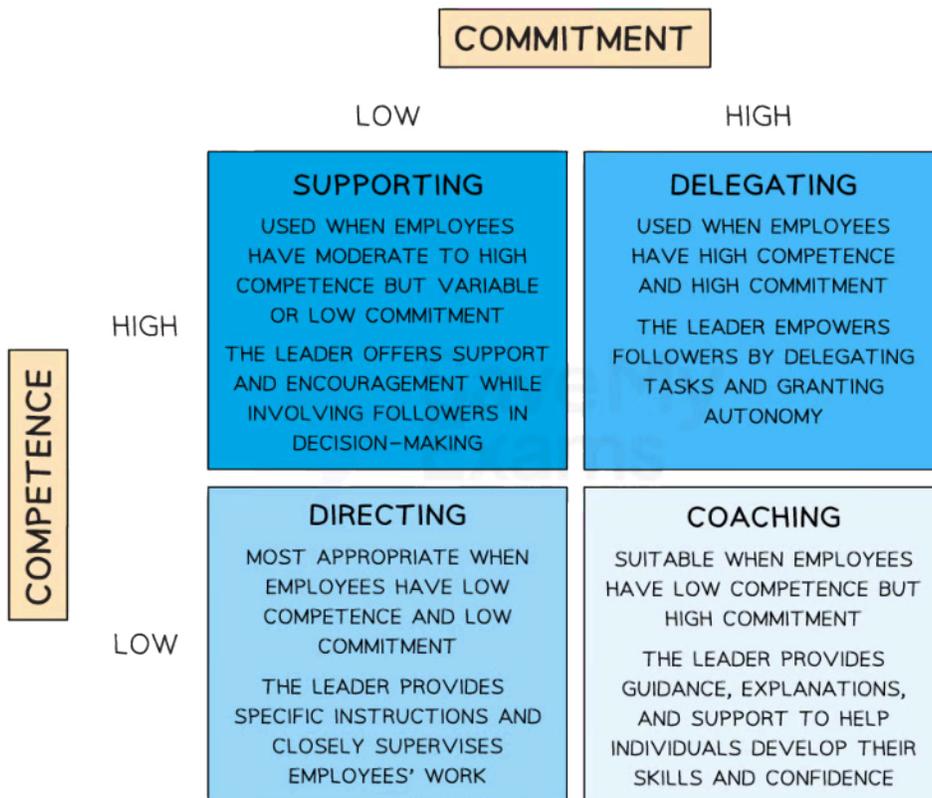


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Situational Leadership

- 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**

Diagram: Hersey and Blanchard's situational leadership model



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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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