

Chapter 8

Leadership in Management

Learning Objectives

After completing this chapter, you'll be able to:

1. **Describe** the difference between a manager and a leader.
2. **Name** the qualities needed to be a leader.
3. **Identify** the three styles of leadership.
4. **Illustrate** the advantages of working in teams.

Why It's Important

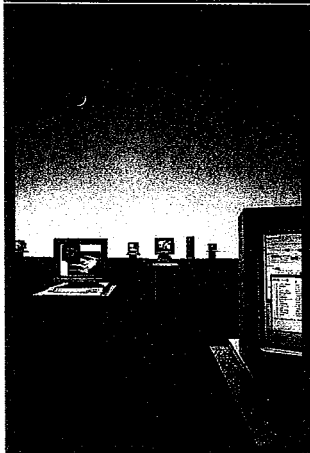
Managers need to recognize leadership qualities and leadership styles that motivate employees to be creative and productive.

Key Words

leadership
initiative
human relations
integrity
autocratic leadership
democratic leadership
free-rein leadership
delegating
self-managed teams

BusinessWeek Feature Story

The Boss in the Web Age



Communicate, Comprise, Think Globally—And Do It Fast.

Ask a chief executive officer what the job will be like in the year 2020, and the CEO is apt to give the reply, "Who knows?" With the drop-dead pace of technological upheaval, it's hard enough to scope out the business landscape three months

from now, let alone two decades. But by the time today's ambitious, twenty something dot-com entrepreneurs reach middle age and settle into the role of running multibillion-dollar operations, the corner office will hardly be recognizable.

Source: Excerpted with permission from "The Boss in the Web Age," *BusinessWeek Online*, August 28, 2000.

An Extension Activity

Vision motivates people by providing them a direction toward goals. Give an example from your life when a leader inspired you. How did this person's inspiration influence you?



To learn more about business leadership, visit the *Introduction to Business Web* site at www.introbus.glencoe.com, and click on *BusinessWeek Feature Story*, Chapter 8.

The Future of Leadership

You've probably been in a group situation where one person wants to take charge. That person might want to lead for the wrong reasons—to order everyone else around or for personal gain. Others often play “follow the leader” because they just want to be told what to do. There's more to leadership than just being in charge. The business world is faced with many challenges in the twenty-first century. The expanding vision of global business and technology affects organizations, people, and production. Management is focusing on turning individuals into cooperative team members to create and follow through with the company's vision.

Leadership Qualities

In management, **leadership** means providing direction and vision for a company. Test your leadership knowledge in Figure 8.1. Being a manager isn't the same thing as being a leader. Managing is a job. Leading is a skill. Managers focus on specific tasks and make sure the work gets done. They give orders and carry out orders. Leaders have vision. They see the big picture and never lose sight of their goal. They manage others by inspiring them rather than ordering them.

It's possible to be a good manager but not a good leader. Sometimes a good leader isn't even the person in charge. For example, Warren Sapp of the Tampa Bay Buccaneers football team is a defensive lineman and not the

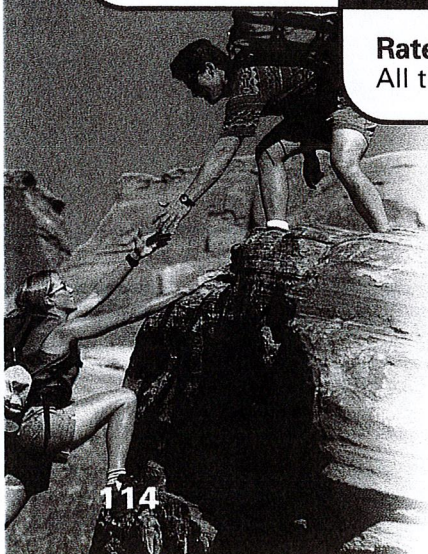
**Figure
8.1**

WHAT DO YOU KNOW ABOUT LEADERSHIP?

➡ Respond to these statements about leaders as “true” or “false.” They show some of the perceptions people sometimes have about leadership. How would you respond to each statement?

You are born a leader.	T	F
Only top-level and middle managers can be leaders.	T	F
A leader is a “boss.”	T	F

Rate your score:
All three statements are false.



quarterback. He is often considered the team's leader because of his energy, experience, and commitment to the team. Ideally, the person in charge is also a leader. To be both a good manager and a good leader takes several qualities.

Motivation

Motivation means three different things. It means having **initiative**, or the desire to take action and get things done. Someone with initiative doesn't wait to be told what to do but takes action. In business, initiative is the main quality of an entrepreneur. Good leaders also motivate others to get things done. They often do this by inspiring others with their energy, enthusiasm, and charisma, or charm.

Most importantly, motivation means having a goal, whether it's to create the best video game or to make the best skateboard ever. A true leader is motivated by a vision and inspires others with it. Civil rights activist and theologian Martin Luther King, Jr. delivered powerful speeches like "I Have a Dream," which built a vivid picture of the future with his language. One year later Congress passed the Civil Rights Act of 1964. The same year King received the Nobel Peace Prize, an outstanding award for his peace efforts.

Confidence

To lead others you also need to inspire their confidence. The best way to do this is by having self-confidence. Self-confidence means more than acting sure of yourself. It means actually knowing what you're doing. To lead you not only need a goal, but some idea of how to reach it. The more others are convinced that you know what to do, the more confidence they'll have in you.

A confident leader is also a decisive leader. Suppose you run a student magazine and it comes back from the printer with a big mistake on the cover. You could put it out as is, remove the covers, or send it back to the printer. The longer you take to decide, the more you'll look like you have no confidence in your judgement. You can get advice from your workers, but then you need to make a decision. If your decision turns out to be wrong, you take responsibility for it. People have more confidence in a leader who is willing to make mistakes and learn from them.

Communication

A leader must be good at **human relations**, or the ability to communicate with people. Even if you have a vision and the confidence to carry it out, you can't lead others if you can't communicate with them. To motivate others, you need to be able to explain what your goals are

Real-World Application

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LEADING THE PACK

Ancella Livers is a confirmed people-watcher. As a manager for the non-profit Center for Creative Leadership in Greensboro, North Carolina, she trains managers and executives.

What do you think her role is as a corporate trainer?

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to them. Many leaders use gestures, draw pictures, or tell stories to communicate their ideas. President Ronald Reagan relied a lot on body language and described scenes from movies to inspire people.

To communicate with people, a leader also needs to be a good listener. By listening to people you can understand them better and get them more involved. You need to listen to people to be informed about what they're doing, what their strengths and weaknesses are, and what they need to do a better job. You can often benefit by listening to other people's ideas and getting their advice. When Bill Clinton ran for president the first time, he traveled the country by bus and held town council meetings to find out what people wanted.

Integrity

Integrity is the most highly valued quality in a leader. **Integrity** means holding to principles like honesty, loyalty, and fairness. In order to lead, you need to set a good example. If you're willing to sacrifice the quality of your product to make a bigger profit, people aren't going to have much faith in your vision. You can't expect your employees to have good work habits if you show up late for work, leave early, and miss deadlines. A leader who tries to cover up mistakes or blame them on employees isn't going to inspire loyalty or confidence.

President Harry Truman had a sign on his desk that said, "The Buck Stops Here." That meant that he took full responsibility for whatever

You Make the Call

Ghostwrite

Ms. Fernandez is the chief executive officer (CEO) of a sunglass manufacturer. She is scheduled to speak at a national trade show.

You know Ms. Fernandez isn't a very good public speaker. You're an employee in the communications department of the company, so she asks you to *ghostwrite* a speech for her. (Ghostwriting means to write anonymously for another person who is then recognized as the author of a speech or book.)

The speech is so good, however, that a major publisher asks Ms. Fernandez to expand it and publish it as a how-to book. She asks you to ghostwrite the book. Only her name will be on the cover.

Making an Ethical Decision

1. Is it appropriate for Ms. Fernandez to ask you to write the book without being at least a co-author?
2. Is it appropriate for you to write a book without informing readers about who wrote it?
3. What if the book became an international bestseller—would that change your answers? If so, why?

happened, rather than “passing the buck” to someone else. President Truman might be considered an inspiring leader. He evoked confidence, though, because everyone knew they could trust him. If you lose the confidence and respect of people, you can’t lead them.

Developing Leadership Skills

Some people say leaders are born and not made. The exact opposite is true. A person with charisma, like the star athlete or coolest kid in class, is often mistaken for a natural born leader. Charisma, however, doesn’t make somebody a good leader. President Truman and President Richard Nixon had little charisma but were effective leaders.

Even the shiest person can become a leader. You’re not born with self-confidence, vision, and the ability to communicate. These qualities are learned through knowledge and experience. You can learn leadership skills in a number of ways:

- There are many books, videos, and courses on leadership. Some colleges even offer a degree in leadership.
- Work with someone who has leadership ability and study what he or she does. It could be a teacher, a coach, or a relative.
- Join a club, a team, a drama group, or a community organization to develop communications skills.
- Take the initiative at school, at work, or in club activities. Volunteer for projects or activities that give you an opportunity to lead.



Fast Review

1. What is the difference between being a manager and being a leader?
2. Why is integrity an important trait for a leader?

Styles of Leadership

Different leaders have different styles. Some rule with strict discipline and watch your every move. Some are easy going and leave you alone to do your work. Figure 8.2 asks you to test your communication skills. Many leaders use more than one style depending on whom they’re managing. There are three basic styles of leadership: autocratic, democratic, and free rein.

Autocratic Leadership

Autocratic means self-ruling. An **autocratic leadership** is when you like to run everything yourself and answer to no one. You make all the

Real-World Application

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LEADING THE PACK

Many successful managers and executives aren’t born leaders. In fact, Livers says, leadership is a skill that most of us learn.

What leadership quality do you want to learn?

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decisions without consulting anyone. When you give orders you expect them to be obeyed without question. Autocratic leaders assume people don't like to work, that they avoid responsibility, and that they have to be watched all the time. They usually control their workers through fear and intimidation. Henry Ford was a classic autocratic leader. He went so far as to hire secret police to spy on his managers to make sure they were doing what he told them.

The biggest problem with autocratic leaders is that people don't like to work for them. The leader's lack of trust in his or her employees doesn't inspire them to be creative. These leaders rarely give credit to their employees so there is little room for initiative. They get people to work hard as long as they're around, but once they leave workers are less productive. If something happens to an autocratic leader, there is usually no one in a position to take over the business.

An autocratic leader is useful in situations where it's important to obey orders without question. Fire fighters, combat troops, and police often have to deal with emergencies where there's no time to consult. Such people are specially trained to work that way, however, and to work as a team. An autocratic style rarely works in a business setting.

HOW GOOD ARE YOUR COMMUNICATION SKILLS?

➡ Evaluate yourself on your communication skills.
Do these traits apply to you?

1. People often don't get what I'm saying.
2. I find it easy to see things from someone else's point of view.
3. I pretend to listen even if my mind drifts away.
4. When I am wrong, I am not afraid to admit it.
5. I tend to jump to conclusions.
6. I try to put myself in the other person's shoes when we are talking.
7. It upsets me if someone disagrees with me.
8. When I work with others, I try to do my fair share of the work.

Rate your score:

If you answered that traits 2, 4, 6, and 8 apply to you, you're on the road to being a good communicator. Traits 1, 3, 5, and 7 are characteristics you may need to work on.

Democratic Leadership

Democratic leadership means that managers and employees work together to make decisions. Everyone meets, discusses a situation, and listens to everyone's opinion. New ideas are encouraged in this workplace environment. As a democratic leader you still make the final decisions, but you explain your reasons to everyone.

A democratic leader assumes that people aren't lazy and want to work. By giving them more responsibility, workers will be more productive and creative. If they don't have someone looking over their shoulders all the time they will take initiative in their work. By showing your workers you have confidence in them, they're more likely to have confidence in you.

Henry Ford's autocratic style almost ruined his company. General Motors, on the other hand, chose a more democratic style. Alfred Sloan, the chairman of GM, broke the company up into divisions and gave his managers the power to make decisions. As a result, GM started selling more cars than Ford.

Free-Rein Leadership

Free-rein leadership requires the leader to set goals for your managers and employees and then leave them alone to get the job done. This style shows the most trust and confidence in workers. Another name for this type of leadership style is *hands-off leadership*. That doesn't mean you just put other people in charge and leave them alone. You have to deal with the big decisions and keep your managers informed. You also have to be available to them if they have questions or if any problems occur.

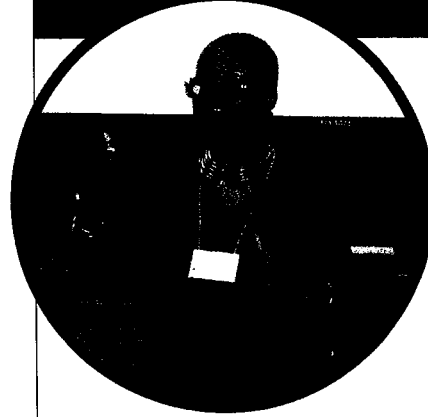
Giving managers and employees the power to run things and make decisions is called **delegating**. There are several reasons for a leader to delegate:

- You don't have the time to run everything yourself.
- You can focus on more important work.
- It gets your employees more involved.
- It gives your employees a chance to develop their own potential.

There are also reasons not to delegate. You shouldn't delegate if you're doing it because you're lazy, don't have confidence, or don't want the responsibility. That is not leadership. You also don't want to delegate power to managers who are irresponsible. Who you choose to delegate power to is a test of your leadership skill. Hiring employees who are experienced, reliable, and knowledgeable about the goals leads to success.

Real-World Application

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LEADING THE PACK

Today is the second day of training 20 top executives, several of whom are from Fortune 500 companies. Livers asks her students to think of a lesson from childhood that has played out in their adult lives. Livers leads her class in a discussion of how such a childhood role might affect leadership as an adult. **Executives in this workshop are investing time into what resource?**

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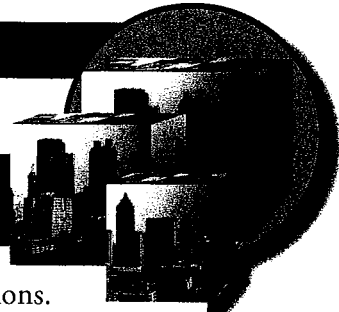


Fast Review

1. In what situations is an autocratic style of leadership useful?
2. Give reasons for a manager to delegate authority.

Business Building Blocks

Communication



Making a Group Succeed

Building a workable team isn't always an easy task, because everyone is different. Here is an exercise on creative teamwork:

Practice

Get-to-Know Bingo requires that each student takes an active part.

1. Each person takes a piece of paper and creates a 4 x 5 bingo card with 20 enclosed boxes.
2. Inside each box, write a different characteristic. (Examples: Grew up in another state, is fluent in another language, sang in a choir, is afraid of spiders, and so on.)

3. Ask each student questions. When you discover a characteristic about another player, mark that box on your card with a "X."
4. You must finish the game with a bingo on your card.

Tips for Teamwork

- Make the team's goals your top priority.
- Continue to communicate with team members outside of meetings.
- Respect the other members of your team.
- Try to inspire others to get involved.

Leadership in Teams

Only 20 or 30 years ago autocratic leadership was the main style used in most American companies. As companies learned the value of giving workers more power they started using a more democratic or free-rein style. Today, the trend is to go even further. Many companies have been putting workers on **self-managed teams**, or work groups that supervise themselves. The role of the manager is being replaced by the role of the team leader.

Self-Managed Teams

The use of self-managed teams started in Japan and came to the United States later. American companies had emphasized people working as individuals on separate jobs. Decisions were left up to managers. Japanese companies had stressed people working in teams and making decisions as a group. The Japanese method was such a success that American companies started copying them.

American companies also had too many managers running things. Every decision had to go through several managers before anything could get done. It slowed things down and was very costly. By letting teams manage

themselves, companies were able to get rid of many managing jobs and replace them with a team leader.

In a self-managed team, the leader is a team player rather than a boss. The leader doesn't have to answer to an upper management so the team is freer to get the job done.

A team leader makes decisions with the team rather than alone. This person learns a range of jobs rather than just one. The team usually works on a single project, like designing a video game. This way the project is more goal-oriented rather than task-oriented.

The Organization of Self-Managed Teams

Self-managed teams are organized in two ways: (1) each team member has a special skill or (2) the team selects one team leader. Let's examine the first type of team. Each member of the team might have special skills. For example, Dexter might be an expert in game theory, Pablo a whiz at computer graphics, and Allison skilled at storytelling. The members of your team might also be from different departments. For example, Pablo actually designs the game while Dexter deals with the budget, and Allison handles the marketing. Self-managed teams get to work on their own, but everyone is expected to produce results.

The second type of self-managed team appoints a team leader. The team leader might be appointed by a top manager or selected by the team. At W. L. Gore & Associates, Inc. (creator of GORE-TEX® fabric), there are no hierarchies, bosses, and titles. Its team approach encourages and fosters creativity and opportunity.

A team leader isn't always a manager as much as a team captain. If you're a team leader, your job isn't to give orders but to motivate your team and get the members to work together toward a shared goal.

The idea behind self-managed teams is that the whole is greater than the sum of its parts. Self-managed teams have many advantages:

- They're more goal-oriented than task-oriented.
- They're faster and more efficient.
- Team members have a chance to learn each other's jobs and obtain new skills.
- It simplifies the decision-making process.
- Team members learn to participate and cooperate with each other.
- Self-managed teams learn to solve their own problems.



Fast Review

1. What effect are self-managed teams having on management?
2. What are some advantages of self-managed teams?

Real-World Application

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LEADING THE PACK

In addition to teaching managers leadership skills, Livers also coaches executives on an individual basis over a period of time. After observing an individual in a variety of settings and under various conditions, Livers presents her observations and offers suggestions for improvement.

Why is it important to seek self-improvement?

Chapter 8 Review

Summary

1. Being a manager isn't the same thing as being a leader. A manager manages projects, people, and situations in a company. A leader has a vision, which inspires others.
2. Leaders need vision, motivation, confidence, integrity, and the ability to communicate.
3. The three basic styles of leadership are autocratic, democratic, and free rein. An autocratic leader likes to rule everything and answer to no one. One person at the top makes decisions. Firefighters, combat troops, and police often work with an autocratic leader when time is of the essence. A democratic leader means managers and employees work together to make decisions. Equal responsibility instills creativity and productivity in the people involved. Lastly, free-rein leadership, or hands-off leadership, allows the leader to set goals and let people work alone to get the job done.
4. Today's leadership trend is toward self-managed teams. The team-oriented approach allows workers to be more goal-oriented, efficient, analytical, creative, productive, and self-reliant.

Using Business Key Words

To be a successful manager, you must be a leader, an effective communicator, and a team player. Fill each blank in the following sentences with the term that best completes each sentence.

- initiative
- free-rein leadership
- autocratic leadership
- democratic leadership
- delegating
- human relations
- self-managed teams
- integrity
- leadership

1. Some managers make decisions without consulting their employees. This type of leadership is called _____.
2. Some managers ask employees for suggestions and discuss alternatives with them. This type of leadership is called _____.
3. A leader shows great _____ if she or he has the desire to take action and get things done.
4. Leaders often engage in _____ if they don't have time to run everything themselves or to get employees more involved.
5. A leadership style in which managers allow employees the freedom to decide how to do their work is called _____.
6. Providing direction and vision is called _____.
7. The ability to communicate with others is called _____.
8. Holding to the principles like honesty, loyalty, and fairness is called _____.
9. _____ is when work groups supervise themselves.

Chapter 8 Review

Review What You Learned

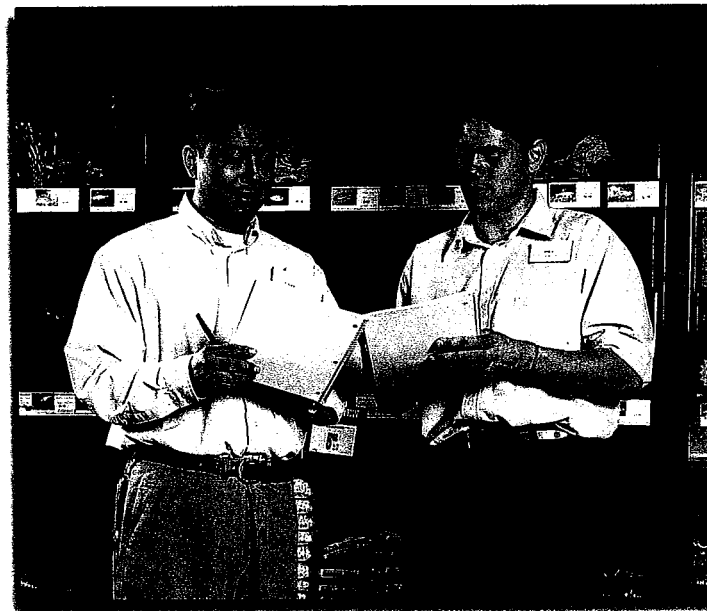
10. Which leadership style is considered the best?
11. What is the key to the modern workplace?
12. Name two disadvantages of working in teams.
13. Explain how nonverbal actions are considered a form of communication.
14. What happens if managers and employees don't communicate well?
22. More companies are adding a new type of executive to its hierarchy: the chief knowledge officer (CKO). How do you think a CKO would benefit a company?
23. Between now and the year 2020, chief executive officers (CEOs) are more likely to:
 - a. Be women and minorities.
 - b. Stay in their jobs for shorter periods of time.
 - c. Place greater emphasis on teams and consensus.
 - d. All of the above.

Understanding Business Concepts

15. Compare the three leadership styles.
16. Why do you think most managers use a mixture of leadership styles? Do you think it might be confusing to employees? Why or why not?
17. Have you ever worked as part of a team on a class project? What were the advantages and disadvantages of working this way?
18. Explain the flow of communication.
19. How has technology, especially the Internet, changed the way people communicate? Has it made a difference for you? Explain.

Critical Thinking

20. Imagine you're the manager of an ice cream store near your high school. You have five employees—a bookkeeper with ten years of experience, two college students who have worked with you for six months, and two high school students who just started last week. What leadership style(s) do you think you'll use with your employees? Explain your answer.
21. Keep a log of the number and kinds of communication skills used during one day at your school.



Viewing and Representing

Examining the Image. Draw a sketch of this photograph. Include every detail. What's the main idea? What messages and emotions are team members expressing? Invent names for the members of this self-managed team. Write a brief story on your perceptions of the image. Share your story with the class.

Chapter 8 Review

Building Academic Skills

HISTORY

Historic Leadership Styles

In a group of three or four, research the way business was conducted 100 years ago. Examine a variety of issues including leadership styles, employee rights, methods of communication, advertising techniques, and products and services available. Write a two-page paper with your findings and share with the class.

COMPUTER TECHNOLOGY

Netiquette

E-mail is a very popular form of communication. Netiquette is network etiquette, or the “dos and don’ts” of online communication. Research netiquette on the Internet and create your own list of ten rules you should follow when communicating in this way. Create a poster of your rules and display in your class.

MATH

Percentage of Sales Goal

Your manager at the Burger Barn wants each employee to sell \$350 worth of hamburgers and fries during his or her shift. Yesterday your sales totaled \$325. Today your sales totaled \$400. Determine the percentage you achieved above or below the goal for yesterday and today.

LANGUAGE ARTS

Oral Presentation

Locate and read an article on one of the following topics: effective leadership styles, teamwork, skills needed for management, or effective communication skills. Prepare a summary and present it orally to the class.

Linking School to Home

Analyzing Big Business. Think about the U.S. government as the manager of a very large corporation. Brainstorm examples of the leadership style(s) the government uses, whether or not teamwork is utilized, and the way information is communicated to the masses. Consult your parents and family members for their thoughts. Share your opinions with the class.

Linking School to Work

Observations. If you’re employed, observe the activities of your manager for a one-week period. Answer the following questions:

- What type of leadership style does your manager use with you? With others in the organization?
- Does your manager organize his or her employees into teams? If so, how effective do you think they are?

Present your findings to the class. (Note: If you aren’t employed, observe the activities of a particular teacher or friend for one week.)

Chapter 8 Review

E-Homework

Applying Technology

Emoting Emoticons. *Emoticons* are type-written pictures of facial expressions used in e-mail to communicate emotions, like happy, sad, mad, and so on. Using the Internet and other resources, create a list of emoticons.

Leadership Assessment. Use the Internet to research the three leadership styles. If possible, locate an online leadership assessment and try to determine your own leadership style.

Connecting Academics

Math. You're the CEO of Tropic Aquaria, a rapidly expanding company. You've been managing purchasing but you need to spend more time planning company goals. Purchasing takes 10½ hours a week during a five-day workweek. The employee needs to concentrate on purchasing two days a week. Before you delegate the purchasing workload to an employee, you must look at your staff's schedule. Their work hours are:

Maya	6:30 A.M. to 12 noon
Susan	8:15 A.M. to 3:00 P.M., with an hour lunch
Kele	11:45 A.M. to 5:30 P.M., with a half-hour lunch

Which employee would you assign to purchasing? How many hours a week does this person have left to work on other tasks?

Language Arts. You work at Tropic Aquaria. Tropic Aquaria runs many self-managed teams. You're on a team assigned to plan and make a pamphlet describing how to run a successful work team. Work with a small group and create a pamphlet with helpful tips and guidelines.

BusinessWeek

Analyzing the Feature Story



You read the first part of "The Boss in the Web Age" at the beginning of this chapter. Below are a few questions for you to answer about Sylvia Chen and Xcelerent Software Inc. You'll find the answers to

these questions when you're reading the entire article. First, here are the questions:

24. What leadership style is best demonstrated by Chen's actions? Give examples to support your argument.
25. How important is communication in regard to one of Xcelerent's new programs?

CREATIVE JOURNAL ACTIVITY

Interview a business or civic leader in your community. Find out how communication and teamwork affect his or her work. What are other keys to success? Report back to the class.

BUSINESS

Online



The Full Story

To learn more about business leadership, visit the *Introduction to Business* Web site at www.introbus.glencoe.com, and click on *BusinessWeek* Feature Story, Chapter 8.