**Chapter 6 Management Skills 1: Leadership and Motivation**

Chapter Objectives: At the end of this chapter you should be able to:

* To define Leadership
* To Discuss 3 styles of Leadership
* To define and learn advantages and disadvantages of Delegation
* To outline the Importance of Effective Leadership in Business
* To define Motivation
* To examine 2 Theories of Motivation
* To outline the importance of Motivation in Business

**Definition of leadership:**

Leadership is the ability to direct and influence people to behave in a way you want them too.

In Business there are typically 3 styles of Leadership people can choose to lead with.

**1. Autocratic Leadership**

An old style of leadership – not very common in Business anymore. Can be seen more so in politics and in particular dictators such as Gadaffi and Hitler.

**Decision making**

These leaders do not share their authority with subordinates, but prefer to make most of the decisions themselves. Orders are issued and directives are made to be obeyed without query. They tend to ignore the views of others during decision-making

**Trust**

They have little trust or confidence in the abilities of other staff and are unwilling to delegate power and responsibilities to subordinates.

**Persuasion**

They tend to use their position to get their own way. They may resort to intimidation and fear to persuade others. It is usually successful for a while especially if the leader is an expert in a particular field.

It will eventually fail because of a resentful group of people who will not help the leader when help is needed. The organisation will suffer from lack of co-operation and the fact that there is nobody trained to take over from the autocrat (should the need arise to take over from them).

**Outcome**

Industrial relations suffer with this type of leader. Morale will be low and employee turnover will be high. This will add to costs, reducing productivity and thus profits. An autocratic leader wants things done immediately, is often difficult to work for and is likely to have a dominant character.

**2. Democratic Leadership**

More common in Business in current times and also a popular system in politics whereby a country is run by democracy.

**Decision making**

This type of leader is willing to delegate power and responsibility to staff, and make decisions with the agreement of the majority. This style of leadership encourages peoples’ contribution to the decision making process.

**Trust**

They trust in the ability of subordinates to do their work and readily delegate authority

P**ersuasion**

They take decisions only after discussion with others and prefer to persuade others through use of reasonable arguments.

**Outcomes**

Such leaders may be popular with workers who feel that they have say in the decision-making process and have a genuine role in the organisation. Levels of job satisfaction, motivation and co-operation among workers are very high. Productivity is high which results in low staff turnover and thus higher profits.

However, Democratic leadership does not necessarily lead to better decisions being made.

Too much consultation can result in:

* Decisions taking a long time to be made (opportunities could then be missed)
* Making compromises may result in bad attempts at solutions.
* Self-interest and small-mindedness among workers can also result in bad decisions being made.

An example of a democratic business leader is Ingvaar Kempard of IKEA who surrounds himself with creative managers who have a huge input to the design process and advertising policies.

**3. Laissez Faire Leadership (To Leave Alone)**

This is the complete opposite of the Autocratic leadership style. This involves giving staff goals and targets to aim for, giving general instructions, and then stepping back and letting them get on with the job in whatever way they think best. This style of leadership is only suitable to certain situations whereby the manager has complete faith in his employees and gives them 100% control over how objectives are met.

**Decision making**

Spectator Leaders are content to let subordinates make most decisions.Only on very important issues would the manager get involved and they are then also willing to listen to the opinions of others before making a decision.

**Trust**

Spectator leaders have considerable trust in the ability of their subordinates. As a result they delegate power and responsibility freely to staff. No real control is exercised over workers.

**Persuasion**

Like democratic leaders, they persuade others primarily through the use of reasonable arguments.

Those who work for this type of leader enjoy a great sense of freedom and may even enjoy their work but the business will eventually suffer because of the lack of managerial direction.

**Outcomes**

The problem with this style is that there is little direction given to people and without direction it is very difficult to know exactly if the correct decisions and actions are being carried out.

It is hard to get an example of this type of leader, however Alex Fergusson would enjoy this type of freedom in running Man Utd. the football team, which is the vital element of Man Utd. the Business

**Delegation**

This is the process of assigning duties to staff who are allowed to act within the authority granted to them.

It means giving tasks, the responsibility for carrying out tasks and the power to make all decisions relevant to this task to members of staff. However the manager is still responsible for ensuring the task is complete.

Delegation makes full use of the skills and abilities of members of staff for the good of the business.

It will relieve the pressure on others

All organisations have objectives they wish to achieve. To achieve these individuals or groups within the organisation are given duties and tasks to perform.

Staff performing a particular task can enjoy freedom to make decisions so long as the overall objectives of the organisation are met.

**Successful delegation depends upon**

* Clear definition, clarity, and agreement about the task/duty which is being delegated.
* Authority being given to carry out the responsibility
* How performance of this duty will be judged
* Good communication between all concerned

**Importance of Effective Leadership in Business**

* + Effective leadership inspires staff to produce better quality work.
  + Effective leadership which inspires, motivates and involves staff in the running of the business will result in increased staff loyalty, reduced staff turnover and hence reduced costs.
  + Effective leadership which inspires, motivates and involves staff in the running of the business will inspire staff to be more productive, hence increasing profits.
  + A business with a good leader will improve its image and hence increase its level of sales and profits.

Management Skill 2 – Motivation

“**To become an efficient leader, you must be self-motivated**”. You must know your identity, your needs and you must have a strong urge to do anything to achieve your goals. Once you are self-motivated, only then you can motivate others to achieve their goals and to harmonize their personal goals with the common goals of the organisation.

Motivation is important to a business because if a manager can motivate their staff to work harder this will result in increased quality and increased levels of productivity. It is easy to be motivated to do tasks we like, for example playing sport. It is not so easy to perform tasks we do not like for example studying for exams. In Business, employees are motivated by

1. Pay
2. Working conditions
3. Profit-sharing schemes,
4. Promotion
5. Recognition

**There are 2 Theories of Motivation**

1. McGregor’s Theory X and Theory Y
2. Maslow’s Hierarchy of Needs

**1. McGregor’s Theory X and Theory Y – developed by American psychologist Douglas McGregor**

McGregor’s Theory X assumption is that workers have to be pushed into working.

His Theory Y is the idea that workers can become committed to their work and actively seek self-fulfilment.

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|  | **Theory X - People/Workers** | **Theory Y - People/Workers** |
| Like of Work | Dislike Work – are lazy & motivated by money | Can enjoy Work (as long as it’s interesting and challenging |
| Decision -making | Have no Ability, Ambition, or Desire to take part in work place decision making | Have the ability, intelligence, ambition and right to contribute to decision-making |
| Control | Must be controlled by a tough, decisive boss | Do not need to be controlled and can behave responsibly |
| Ability to Work | Must be forced to work and threatened with punishment | Can be trusted to work hard and can work under their own initiative |

**Disadvantages of Theory X & Advantages of Theory Y**

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|  | **Disadvantages of Theory X** | **Theory Y** |
| Innovation | The benefits of tapping into the skills, experience, motivation and ideas of staff are lost | There is a release of ideas and innovation into the business |
| Motivation | Lack of trust and motivation de-motivates staff | There is increased motivation and enthusiasm from staff |
| Quality | Low motivation will result in poorer quality goods and services | Improved quality standards |
| Staffing | Difficulties recruiting and retaining motivated and experienced staff | Increased ability to recruit and retain talented staff |
| Profitability | Lack of innovation, motivation, low quality standards and staffing difficulties will undermine long term competitiveness and profitability of the business | Increased staff motivation, ease of recruitment and innovation, resulting in higher quality goods and services, improved competitiveness and increased profitability |

**Maslow’s Hierarchy of Needs -** Developed by psychologist Abraham Maslow

Maslow believed that we have a hierarchy of needs, as one is satisfied; the higher need becomes the next motivator. He believed that at any one time people are driven by one or more of five needs.

**Maslow’s 5 needs were**

**1. Physical Needs:**

The need for food, water and sleep. Workers need wages to pay the bills and feed their families.

**2. Safety Needs :**

The need to feel safe. Workers feel insecure when a cost cutting plan is introduced to workplace or when there is a lack of safety precautions in a work place

**3. Social Needs**

The need to feel loved, to be part of a caring and concerned group such as a family. Workers want to feel that they are part of a team or an important element within a business. New workers can feel isolated and uncomfortable in a new job.

**4. Ego/Self Esteem Needs**

The need to be respected by others, for recognition or for status. Workers need to feel that they are not being taken for granted in a business and that their work is appreciated by their employers.

**5. Self-Actualisation Needs**

The need to be the best you can be, the need to utilize your skills and talents, the need for self-fulfilment. Workers want to progress in their job, to get promotion and to improve their skills and abilities.

**How the 5 Needs can be satisfied in terms of a business**

1. Physical Needs

Provide a suitable pay packet, bonuses, commission, offer and training and promotion to better paid jobs

2. Security Needs

Ensure workers have a medical check-up, have appropriate breaks and holidays, and that workers have a reasonable degree of job security. Allow workers to join trade unions.

3. Social Needs

Organise social get together for staff, encourage team-work, and ensure good relations exist between workers and between management and workers.

4. Esteem/Ego Needs

Using job titles, awards, perks (company cars), praising employees work

5. Self-Actualisation Needs

Providing workers with opportunities for self-fulfilment and promotion, help them obtain further training, let them take on different jobs in a business, share ownership, and take on more responsibility in the organisation

**Evaluation of this theory in applying it to the workplace.**

* On their own each level makes sense however Maslow argued that these needs must satisfied in the order 1 to 5. However this is not always true as employees may need to satisfy all needs at once or in fact drop from level 4/5 to 2 or 3 if their objectives are not met. For example an employee would find it difficult to be motivated to achieve his sales targets (Level 4) if his marriage has broken down (Level 3)
* Also, Maslow’s theory was first developed in the 1940’s. The world of business and the expectations of employees have changed dramatically since then. In the 1940’s employees sought a job for life and travelled little. The opposite is through now whereby workers may have several career moves and career types in their working life. Therefore in terms of work, people may go through these stages many times. Maslow’s Hierarchy of Needs does not make allowances for this important fact.

**The Benefits of having a Motivated Workforce**

1. **Increased Morale**. Workers are happier at work. This is important because workers spend so much of their time there.
2. **Fewer industrial relations problems** as employees are likely to have good working conditions and good working relations with their employers.
3. Management has the **trust of the staff** which means communications between them will be more effective.
4. Workers are likely to achieve **higher levels of productivity** which will reduce production costs and hence increase profits
5. Stress levels among workers will fall which is likely to mean **less absenteeism.**
6. **A spirit of enterprise and Intrapreneurship** will be promoted in the business which may help the business in cutting costs or in finding new products to sell or new and innovative methods of production.