

TOPIC 4: MANAGING LEADERSHIP AND MOTIVATION

Leadership: The process by which a person exerts influence over other people and inspires, motivates and directs their activities to help achieve group or organisational goals.

Manager: The people responsible for supervising the use of an organisation's human and other resources to achieve its goals.

- Captures peoples' mind, rational, consulting, persistent, problem solving, tough-minded, analytical, structures, deliberate, authoritative, stabilising, position power.

Leader: An individual who is able to exert influence over other people to help achieve group or organisational goals.

- Captures peoples' soul, visionary, passionate, creative, flexible, inspiring, innovative, courageous, imaginative, experimental, initiates change, personal power.

Leaders	Managers
▪ Does the right thing	▪ Does things right
▪ Develops visions for the future	▪ Accomplishes planned outcomes
▪ Mobilises resources	▪ Has responsibility
▪ Creates change	▪ Conducts
▪ Works within and outside organisational constraints	▪ Works within organisational constraints
▪ Emphasises effectiveness	▪ Emphasises efficiency

Sources of Managerial Power:

- **Legitimate power:** The authority that a manager has by virtue of his or her position in the firm.
 - The power to hire or fire employees.
Example: First-line manager at greeting card company.
- **Reward power:** The ability of a manager to give or withhold tangible and intangible rewards.
 - Awarding pay raises or providing verbal praise for good performance.
 - Effective managers use reward power to signal to employees that they are doing a good job.
Example: Manager in Ford Car Dealership using reward power to motivate.
- **Coercive power:** The ability of a manager to punish others.
 - Verbal reprimand, pay cuts, dismissal.
 - Limited in effectiveness and application; can have serious negative side effects.

*Example: Former CEO of Giddings and Lewis Inc. William J Fife.
Fired for over-reliance on coercive power.
Often verbally criticized, attacked and embarrassed top managers.*

- **Expert power:** Power that is based on special knowledge, skills and expertise that the leader possesses.
 - First-line and middle managers have the most expert power; it most often consists of technical ability.
*Example: Chairman of Microsoft Bill Gates
Expertise in software design.*
- **Referent power:** Power that comes from subordinates' and co-workers' respect for the personal characteristics of a leader which earns their respect, loyalty and admiration.
 - Usually held by and available for use by likable managers who are concerned about their workers.
*Example: Then COO of Advertising Agency Ogilvy and Mather Worldwide
Rochelle Lazuras
Won IBM's worldwide advertising account partly because of her referent power.*
- **Information power:** Similar to expert power, it is based on controlling the information needed by others in order to reach an important decision.
 - Example: Creative Director of medium-sized advertising agency.
Knows from informal discussions with clients and suppliers that a large organisation is about to start looking for a new advertising agency.
Uses this information to encourage and motivate team.*

Type of power	Source	Likely response from employee
Legitimate	The organisation	Compliance
Reward	The organisation	Compliance
Coercive	The organisation	Resistance
Expert	The individual	Commitment
Referent	The individual	Commitment
Information	The individual	Compliance

Trait model: Attempted to identify personal characteristics that cause effective leadership.

- Research shows that certain personal characteristics do appear to be connected to effective leadership.
- Many traits are the result of skills and knowledge and effective leaders do not necessarily possess all of these traits.

Behavioural model: Identifies the two basic types of behaviour that many leaders engage in to influence their subordinates.

- **Consideration:** Behaviour indicating that a manager trusts, respects and cares about subordinates.