



BUSINESS STUDIES

GRADE 12

TERM 2

CHAPTER 10

NOTES ON MANAGEMENT AND LEADERSHIP

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This chapter consists of 9 pages

CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

Learners must be able to:

MANAGEMENT AND LEADERSHIP

- Define/Elaborate on the meaning of management and leadership
- Differentiate/Distinguish between management and leadership.

LEADERSHIP STYLES

- Outline the differences/Differentiate/Distinguish between the following leadership styles:
 - Democratic
 - Autocratic
 - Laissez-Faire/Free Reign
 - Charismatic
 - Transactional
- Identify the leadership styles from given scenarios/case studies and motivate answers.
- Discuss/Evaluate/Analyse the impact (including positives/advantages and/or negatives/disadvantages) of each leadership style.
- Suggest/Recommend situations in which each leadership style can be applied in the workplace.

LEADERSHIP THEORIES

- Discuss/Explain the following theories of management and leadership:
 - Leaders and followers
 - Situational leadership
 - Transformational leadership
 - Transitional leadership
- Identify the above-mentioned leadership theories from given scenarios/statements.
- Explain/Discuss the role of personal attitude in successful leadership.
- Identify the role of personal attitude in successful leadership from given scenarios/case studies.

TERMS AND DEFINITIONS

TERM	DEFINITION
Leadership	The ability of an individual or a group of individuals to influence and
Management	Planning, organising, leading and controlling employees to achieve
Democratic leadership style	The leader invites the team members/group to contribute ideas and participate in the decision-making process.
Autocratic leadership style	The leader takes decisions on his/her own without consulting staff.
Laissez fair/Free reign	The leader delegates tasks to followers with little or no direction
Charismatic leadership style	The leader uses charm to influence followers.
Transactional leadership style	The leader focuses on motivating followers through a system of reward and punishment.
Bureaucratic leadership style	Leaders/managers make sure employees follow rules and policies.
Leaders and followers theory	Focus on relationship between leader and follower.
Situational leadership theory	Focus on the application of different leadership styles depending on the situation and the maturity level of employees.
Transformational leadership theory	The leader identifies the change needed/creates a vision to guide the change through inspiration.
Personal attitude	The manner in which the leader relates to his/her employees determines the success or failure of a business.

MANAGEMENT AND LEADERSHIP

1 Meaning of management and leadership

1.1 Meaning of management

- The coordination of Planning, organising, leading and controlling employees to achieve goals.
- A person becomes a manager because of the position in which he/she is appointed
- Managers have power because of the position of authority into which they are appointed.

1.2 Meaning of leadership

- The ability of an individual or a group of individuals to influence and guide followers or other members of an organization
- Leadership is an of inspiring subordinates to perform in order to achieve goals
- It cannot be taught, although it may be learned as it is an inborn trait
- Involves establishing a clear vision and sharing it with others so that they can willingly follow
- A leaders steps up in times of crisis and is able to think and act creatively in difficult situations

1.3 Differences between leadership and management

LEADERSHIP	MANAGEMENT
Influences human behaviour.	Guides human behaviour.
Communicates by means of interaction/behaviour/vision/values/charisma.	Communicates through management functions, e.g. line function.
Innovates/Encourages new ideas to increase productivity.	Administers plans/programs/tasks to reach targets.
Inspires staff to trust and support each another.	Controls systems and procedures to get the job done.
Focuses on what and why.	Focuses on how and when.
Focuses on the horizon/long term.	Focuses on the bottom line/short/medium/long term.
Leaders are born with natural/ instinctive leadership skills.	A person becomes a manager because of the position in which he/she is appointed.
Guides/Leads people to become active participants.	Manages the process of getting things done by exercising responsibility.
Leaders have power/influence because of his/her knowledge/skills/ intelligence.	Managers have power because of the position of authority into which they are appointed.
Always trying to find more efficient ways of completing tasks.	Enforce rules on subordinates/Ensure that tasks are completed.
Motivational/Inspirational in their approach	Instructional in their approach.
People orientated.	Task orientated.
Lead by example/trust/respect.	Manage by planning/organising/leading/control.
Does things right	Does the right things

2 Leadership styles

- Democratic
- Autocratic
- Laissez-Faire/Free Reign
- Charismatic
- Transactional

NOTE: The explanation of EACH leadership style is embedded in the advantages of each style below.

3 Situations in which each leadership style can be applied in the workplace and the impact of each leadership style on businesses

3.1 Democratic leadership style

This leadership style can be applied when:

- Group members are skilled and eager to share their ideas.
- The leader does not have all the information needed to make a decision and employees have valuable information to contribute.
- Cooperation is needed between a leader and a team.
- Decisions need to be looked at from several perspectives

Impact of the democratic leadership style on businesses

Positives/Advantages

- The leader allows the employees to participate in the decision making process, so they feel empowered/positive.
- Staff gives a variety of ideas/inputs/feedback/viewpoints that can lead to innovation/improved production methods/increased sales.
- Clear/Two way communication ensures group commitment to final decision(s).
- Authority is delegated which can motivate/inspire workers to be more productive.
- Complex decisions can be made with inputs from specialists/skilled workers.

AND/OR

Negatives/Disadvantages

- Incorrect decisions may be made if staff is inexperienced/not fully informed.
- Decision making may be time consuming because stakeholders have to be consulted.
- Employees may feel discouraged if their opinions/inputs are not considered.
- Leaders can rely too much on the input of the followers and fail to make a final decision.
- Not effective in times of crisis/when quick decisions need to be made.
- Some employees only pretend to participate in decision making and their feedback may not always be accurate.

3.2 Autocratic leadership style

This leadership style can be applied when:

- In crisis situations, e.g. in the case of unforeseen challenges/accidents.
- When all the information is available to solve the problem.
- In a crisis/urgent situation, e.g. after an accident/meeting tight deadlines
- When employees are motivated and the leader has already earned the trust of the followers.
- When dealing with employees who are not cooperative.
- When employees are new/not fully trained.

Impact of the autocratic leadership style on businesses

Positives/Advantages

- Quick decisions can be taken without consulting/considering followers/ employees.
- Work gets done in time/on schedule.
- Line of command/communication is clear as it is top-down/followers know exactly what to do.
- Direct supervision and strict control ensure high quality products/service.
- Provides strong leadership which makes new employees feel confident and safe.
- Works well in large companies where consultation with every employee is impractical.
- Clear guidance can be given to low-skilled/inexperienced/new staff.

AND/OR

Negatives/Disadvantages

- Leaders and followers may become divided and may not agree on ways to solve problems.
- Workers can become demotivated if their opinions/ideas are not considered.
- De-motivated workers impact negatively on productivity.
- New/Creative/Cost reducing ideas may not be used/implemented/never be considered.
- Followers may feel that they are not valued resulting in high absenteeism/high employee turnover.
- Experienced/Highly skilled workers will resist an autocratic leadership style because it results in slow growth/low participation/less creativity.

Differences between the democratic and autocratic leadership styles

DEMOCRATIC	AUTOCRATIC
<ul style="list-style-type: none"> • The leader involves employees in the decision making process. 	<ul style="list-style-type: none"> • A leader takes all decisions alone without involving employees.
<ul style="list-style-type: none"> • Clear/Two way communication ensures group commitment to final decision(s). 	<ul style="list-style-type: none"> • Line of command/communication is clear as it is top-down/followers know exactly what to do.
<ul style="list-style-type: none"> • People-oriented, as employee's feelings and opinions are considered. 	<ul style="list-style-type: none"> • Task-orientated as the opinions of employees are not considered.
<ul style="list-style-type: none"> • Workers feel empowered as they are involved in the decision-making process. 	<ul style="list-style-type: none"> • New employees feel confident/safe as strong leadership is provided.
<ul style="list-style-type: none"> • Useful when the leader depends on the inputs of experienced followers. 	<ul style="list-style-type: none"> • Useful in a crisis/urgent situation, e.g. after an accident/meeting tight deadlines.
<ul style="list-style-type: none"> • Handles conflict situations by involving followers in finding the best solution. 	<ul style="list-style-type: none"> • Handles conflict situations by telling followers what they should do.

3.3 Laissez-faire/ Free reign

This leadership style can be used when:

- Subordinates are experts and know what they want/can take responsibility for their actions.
- The leader is very busy and delegation of tasks will increase productivity.
- Team members need to improve/develop leadership skills.
- Suitable when employees are highly experienced and know more about the task than the leader.

Impact of the Laissez-Faire leadership style on businesses

Positives/ Advantages

- Workers/Followers are allowed to make decisions on their own work/ methods.
- Subordinates have maximum freedom and can work independently.
- Leader motivates workers by trusting them to do things themselves/on their own.
- Authority is delegated, which can be motivating/empowering to competent workers/increase productivity.
- Subordinates are experts and know what they want/can take responsibility for their actions.
- Suitable for coaching/mentoring to motivate employees to achieve more/better things.
- It can be empowering for competent followers as they are completely trusted to do their job.
- Individual team members may improve/develop leadership skills.

AND/OR

Negatives/ Disadvantages

- Lack of clear direction/leadership may be demotivating to employees.
- Employees can be held responsible for their own work which may lead to underperformance.
- Could lead to conflict when some team members act as leaders and dictate to other team members.
- Workers are expected to solve their own conflict situations.
- Productivity may be compromised with a lack of tight control over workers not meeting deadlines.
- Productivity might be low, if employees lack the necessary knowledge or skills.

3.4 Charismatic leadership style

This leadership style can be used to:

- Sell vision and achieve excellent results.
- Motivate employees as the leader is energetic/ inspiring.
- Inspire loyalty/hard work among employees.

Impact of charismatic leadership styles on businesses

Positives/Advantages

- Expert at selling vision and achieve excellent results.
- Employees are motivated as the leader is energetic/ inspiring.
- Inspires loyalty/hard work among employees.

AND/OR

Negatives/Disadvantages

- Leader believes more in him/her than the team.
- Projects can collapse if the leader leaves the team.
- Leaders are intolerant of challenges and regard themselves as irreplaceable.

3.5 Transactional leadership style

This leadership style can be applied when:

- When the business wants to maximise employee performance.
- When deadlines have to be met on short notice/under pressure.

- When workers have a low morale.
- When the strategies/business structures do not have to change.
- When productivity levels are very low/not according to targets.

Impact of the transactional leadership style on businesses

Positives/Advantages

- Encourages employees to work hard because they will receive rewards.
- Improves employees' productivity and morale.
- The goals and objectives of the business can be achieved as workers are motivated.
- Employees know what are expected of them.
- Disciplinary action procedures are well communicated.

AND/OR

Negatives/Disadvantages

- Employees may become bored/lose creativity as they have to follow rules/ procedures.
- A transactional leader will have to monitor the work performance of employees to ensure that expectations are met.
- Managing/controlling employees may be time-consuming.
- Some employees may be demoralised/ unmotivated if they fail to reach/meet targets despite having worked very hard.
- Not suitable for team work as all team members can be punished for poor performance caused by one team member.

NOTE: You must be able to identify the above mentioned leadership styles from given scenarios/case studies

4 Leadership theories

- Situational leadership
- Transformational leadership
- Leaders and followers
- Transitional leadership

4.1 Situational leadership theory

- Different leadership characteristics are needed for different situations.
- The task/situation dictates the leadership style that should be applied, so leaders are adaptable/flexible/self-assured.
- Effective application of this theory may enable leaders to accomplish their goals.
- Relationships between leaders and employees are based on mutual trust/respect/loyalty/integrity/honesty.
- Leaders have the ability to analyse the situation/get the most suitable people in the right positions to complete tasks successfully.
- Leaders analyse group members/objectives/time constraints, to adopt a suitable/relevant leadership style.
- May lead to conflict when leaders use different leadership styles/when managing employees in different situations.
- The success of this theory depends on the kind of relationship that exists between the leader and followers/subordinates/employees.

4.2 Transformational theory

- Suitable for a dynamic environment, where change could be drastic.
- The passion/vision/personality of leaders inspire followers√ to change their expectations/perceptions/motivation to work towards a common goal.
- Strategic thinking leaders develop a long term vision for the organisation and sell it to subordinates/employees.
- Leaders have the trust/respect/admiration of their followers/subordinates.
- Promotes intellectual stimulation/creative thinking/problem solving which result in the growth/development/success of the business.
- Followers are coached/led/mentored/emotionally supported through transformation/change so that they can share their ideas freely.
- Encourages followers to explore/try new things/opportunities.
- Leaders lead by example and make workers interested in their work.
- Leaders have strong, charismatic personalities√ and are very good at motivating staff to achieve results.
- Enable employees to take greater ownership for their work and to know their strengths and weaknesses.

NOTE: The transitional theory has been left on purpose as it is covered by the transformational theory, as both speak to change.

4.3 Leaders and followers

- Teams achieve great results when there is a sense of understanding between the leader and the team of followers.
- Followers listen to what is expected of them and are willing to work as a team.
- Followers easily accept responsibility when something doesn't work out.
- Leaders lead by example and reward positive behaviour.
- Leaders motivate employees to devise alternative strategies to find more efficient ways to use available resources.
- Followers might just trail along depending on leaders and other followers to pull them through the task.

5 The role of personal attitude in successful leadership

- Positive attitude releases leadership potential.
- A leader's good/bad attitude can influence the success/failure of the business.
- Leaders must know their strengths and weaknesses to apply their leadership styles effectively.
- Great leaders understand that the right attitude will set the right atmosphere.
- Leaders' attitude may influence employees'/teams' thoughts/behaviour.
- Leaders should model the behaviour that they want to see in team members.
- Successful leaders consider the abilities/skills of team members to allocate tasks/roles effectively.
- Enthusiasm produces confidence in a leader.
- A positive attitude is critical for good leadership because good leaders will stay with the task regardless of difficulties/challenges.
- Successful employees and leaders have a constant desire to work and achieve personal/professional success.
- Leaders with a positive attitude know that there is always more to learn/space to grow.

NOTE: You must be able to identify the role of personal attitude in successful leadership from given scenarios/case studies.