Chapter 6: Organizational Leadership

Overview
This chapter presents information about organizational structure and leadership. No matter at what level you are in the organization, it is important that leadership and follower roles are understood. Organizational structure and culture also play a role in leadership.

Lecture Notes

A. Leadership

Leadership emphasizes the act of leading and the importance of following. A leader must have followers, or the leadership function doesn't exist.

1. **Leadership and Leaders**—leadership is the exercise of influence by one person over another. The follower behaves as the leader directs because the follower believes the leader has influence over the situation. The leadership process includes guiding, directing, and influencing activities toward organizational goals.

    a. Leadership and management are often used synonymously. Management refers to the process of achieving results through people and resources; includes organizing, planning, influencing, and controlling. Leaders are concerned with influencing people to achieve organizational results. All managers are not true leaders; they may lack influencing skills/abilities.

    b. Leadership and authority differ. Authority is the formal right to command, set group goals, and direct people's efforts toward achieving those goals. Authority relies on delegation and legal rights. Formal or informal authority is given to leaders. Legal rights provide authority to leaders to appoint managers and delegate duties. The acceptance of authority is necessary for compliance.

    c. Leadership and motivation—leaders have the ability to influence people, and they should be aware of motivational theories to be effective.

2. **Leadership and Power** are related; power is the motivational factor that provides the leader with the ability to influence behavior.

    a. Types of power include legitimate (power from holding a formal management position in an organization), reward (power comes from the leader's authority to bestow rewards), coercive (power arising from a leader's ability to mete out negative consequences or remove positive ones for not performing desired behaviors), expert (informal power resulting from special knowledge or skills), and referent (personal characteristics and traits that command respect).

    b. Categories of power include position power (based on status, reward, connection, and coercion; more effective) and personal power (through use of personal resources).

    c. Responses to the use of power may be in the form of resistance (resent the influence and deliberately avoid carrying out directives), compliance (obey orders although they may not be committed to the directives; unenthusiastic), or commitment (share leader's viewpoint and enthusiastic about carrying out directives).

d. <u>Zone of indifference</u> relates to an employee's psychological contract; position power is effective.

e. <u>Abuses of power</u> and leadership exist; they can be seen when power is used for personal gain of the leaders instead of organizational goals. It is ineffective if it is over- or underused.

3. **Developing Leadership Ability** takes place in the context of the workplace. Expertise and empathy can be learned in every situation.

a. Developing leadership ability is a <u>life-long endeavor</u>.

b. <u>Gaining knowledge and experience in a variety of ways</u> and settings is part of the process.

c. <u>Types of knowledge</u> include political, bureaucratic, technical, and professional.

d. <u>Gaining power and using it effectively</u> is important in both personal and professional situations. Power and influence result in effective coordination of both people and projects in the course of achieving goals.

e. <u>Develop affiliation and support</u> from subordinates, peers, and supervisors. Leaders should pay close attention to those that are already leaders. Groups affirm leaders.

f. <u>Supporting supervisors</u> forms an important alliance. Affiliations that succeed depend on accepting the lines of authority, identifying with the organizational goals, and learning how to communicate within the organization.

g. <u>Coordinate projects</u> to complete them efficiently; this is a major task of management. It involves planning, organizing, and directing people and resources to complete the project in a timely manner.

B. Organizing People, Delegating Authority, and Directing Others
The ability to organize and manage others is crucial to leadership effectiveness, especially delegation.

1. **Types of Organizations** have different views and structures; there are three main views.

a. <u>Classical organizational theory</u> uses strict structures; it was developed along with the strict military and governmental bureaucratic structures. It divides organizations according to function and uses a pyramid-like chain of command. When it is used effectively, it operates along well-defined lines of authority and functional control. The theory seems quite out of date, but the structural definitions are still often used.

b. <u>Neoclassical organizational theory</u> began as a criticism of classical theory because it didn't reflect what really happened in an organization. It was an attempt to humanize the rigid structure. It follows workflow and productivity of classical, but meets employee needs.

c. <u>Contemporary organizational theory</u> looks at the organization as system composed of people, formal structures, small groups, roles, and physical environment. This theory recognizes the informal communication patterns and depends on them. These patterns also fit the system to the people.

2. **Approaches to Managing People** come from the views of human nature; they reflect the degree of trust that managers have in their subordinates.

   a. Theory X looks at employees as lazy (avoid work) and requiring constant monitoring to perform. McGregor argued it was a self-fulfilling prophecy; the way people were managed impacted the characteristics they displayed.

   b. Theory Y is more optimistic; it is based on needs of affiliation, self-esteem, and self-actualization.

   c. Theory Z (William Ouchi) finds a balance between successful Japanese and traditional American business practices. He has identified seven dimensions to his theory. (*Review in the text.*)

   d. Participatory Management involves participation in different forms; today it is used to guide performance and in self-managed teams.

3. **Techniques for Organizing Work and Delegating Authority** to meet the organizational goals include:

   a. Principles of organization are generalizations that may be applied in various management situations. They include unity of command, span of control, departmentalization, commensurate authority, and the exception principle.

   b. The organization process establishes a grouping of persons with needed equipment and materials to meet objectives. Five factors must be dealt with: designing jobs and specialized tasks, coordination of separate tasks, location of decisions and authority, chain of command, and the flow of information.

   c. Line authority is direct authority, staff authority is advisory and supervisory, and functional authority is the right granted by top management.

   d. Authority is the right to command, the right to exercise the legitimate power; includes line, staff, and functional. Responsibility is the complement of authority; duty or obligation to exercise the authority to achieve.

   e. Effective delegation of authority and responsibility is required to direct and lead people. Several key actions include clearly defined assignments, specified limits of authority, employee participation, established feedback, and administrative controls.

C. Empowering Employees

Empowerment requires self-leadership and grants individuals the power to lead others. Teamwork requires that leaders arise from the team.

1. **Empowerment** is an extension of delegation in which the power and responsibility for relevant decision-making is extended to the employee as long as he or she has knowledge, power, and resources necessary for success.

   a. Sharing responsibility includes many methods; can be represented on a continuum.

   b. Motivation through empowerment means that internal rewards matter more than external.

   c. Participation and involvement grow with empowerment; employees enjoy increased skills and expectations.

2. **TQM as an Empowerment Technique** evolved from W. Edwards Deming's belief in total quality as a constant standard for industry. He advocated the use of statistical measures to track quality.

   a. Basic premises of TQM rely on satisfaction of multiple customers with products or services, employee empowerment, and use of statistical tools for problem-solving.

   b. Deming's absolutes *of quality* stem from his 14 rules regarding the achievement and maintenance of quality.

3. **Success of Empowerment in the Workplace** comes from its many advantages and few disadvantages. However, careful steps should be taken to be sure that all of the elements come together for success.

   a. Advantages include improve productivity, improve quality, improve job satisfaction, greater responsiveness, and problem-solving.

   b. Disadvantages include poor training/significant costs, pressure to achieve corporate goals cannot be disguised as empowerment; empowerment is not a shortcut.

   c. Steps to empowerment must be followed to reap the advantages over the disadvantages. (*Follow the steps described in the text*.)

Additional Resources for Students

Recommended readings (no texts should be more than two years old):

- Bateman, Thomas S. and Scott A. Snell. *Management: Building Competitive Advantages*. Irwin/McGraw Hill.

- David, Fred R. *Strategic Management: Concepts & Cases*. Prentice-Hall.

- Dessler, Gary. *Essentials of Management*. Prentice-Hall.

- Griffin, Ricky W. *Management*. Houghton Mifflin.

- Hersey, Paul, Kenneth H. Blanchard, and Dewey E. Johnson. *Management of Organizational Behavior*. Prentice-Hall.

- Robbins, Stephen P. *Organizational Behavior*. Prentice-Hall.

- Robbins, Stephen and Mary Coulter. *Management*. Prentice-Hall.

- Stoner, James, R. Edward Freeman, and Daniel R. Gilbert, Jr. *Management*. Prentice-Hall.

Current issues of periodicals or business publications are also an excellent resource. Some of the following periodicals have an accompanying Web site.

Current Periodical	*Web Address*
BusinessWeek	http://www.businessweek.com
Fortune	http://www.fortune.com
IAAP Complete Office Handbook	http://www.iaap-hq.org/products/handbook.htm
Modern Office Technology	
OfficePro	http://www.iaap-hq.org/officepro/toc.htm
The Office	