UNIT THREE
Part Three

Traits of an ethical leader

- *The personality to defy groupthink*
- *The ability to set a good example*
- *Selflessness*
- *They're not afraid to be challenged*
- *They take responsibility for everything*

The nature of leadership
- *Leadership and vision*
- *Power and influence*

Position power		Personal power	
Based on things managers can offer to others		Based on the ways managers are viewed by others	
Reward — 'If you do what I ask, I'll give you a reward.'		**Expert** — as a source of special knowledge and information	
Coercion — 'If you don't do what I ask, I'll punish you.'		**Referent** — as a person with whom others like to identify	
Legitimacy — 'Because I am the boss; you *must* do as I ask.'			

Sources of position power and personal power used by managers

- *Sources of position power*

The three bases of *position power* are reward power, coercive power and legitimate power.

- **Reward power** is the ability to influence through rewards. It is the capacity to offer something of value — a positive outcome — as a way of influencing the behaviour of other people.
- **Coercive power** is the ability to influence through punishment. It is the capacity to punish or withhold positive outcomes as a way of influencing the behaviour of other people.
- **Expert power** is the ability to influence through special expertise. It is the capacity to influence the behaviour of other people because they recognise your knowledge, understanding and skills
- **Referent power** is the ability to influence through identification. It is the capacity to influence the behaviour of other people because they admire you and want to identify positively with you.

Turning power into influence

(1) There is no substitute for expertise
(2) Likeable personal qualities are very important
(3) Effort and hard work breed respect
(4) Personal behaviour must support expressed values

Ethics and the limits to power

- The other person must truly understand the directive.
- The other person must feel capable of carrying out the directive.
- The other person must believe that the directive is in the organisation's best interests.
- The other person must believe that the directive is consistent with personal values.

Empowerment

Effective leaders empower others by providing them with the information, responsibility, authority and trust to make decisions and act independently within their areas of expertise.

Leadership traits and behaviours

- *Drive*
- *Self-confidence*
- *Creativity.*
- *Cognitive ability*
- *Business knowledge.*
- *Motivation*
- *Flexibility.*
- *Honesty and integrity.*

Transformational leadership

- **Transformational leadership** describes someone who is truly inspirational as a leader and who arouses others to seek extraordinary performance accomplishments
- **Transactional leadership**, which describes someone who is more methodical in keeping others focused on progress towards goal accomplishment. A transactional leader adjusts tasks, rewards and structures to move followers towards accomplishing organisational objectives
- *Vision*
- *Charisma*
- *Symbolism*
- *Empowerment*
- *Intellectual stimulation*
- *Integrity*

The critical components of emotional intelligence are the following.

i. *Self-awareness* is an ability to understand our own moods and emotions, and understand their impact on our work and on others.

ii. *Self-regulation* is the ability to think before we act and to control otherwise disruptive impulses.

iii. *Motivation* is the ability to work hard with persistence and for reasons other than money and status.

iv. *Empathy* is the ability to understand the emotions of others and to use this understanding to better relate to them.

v. *Social skill* is the ability to establish rapport with others and to build good relationships and networks.

<u>Drucker's 'oldfashioned' leadership</u>
He identifies the following three essentials of leadership. First, *defining and establishing a sense of mission.* Second, *accepting leadership as a responsibility rather than a rank.* Third, *earning and keeping the trust of others.* 'Effective leadership . . . is not based on being clever; it is based primarily on being consistent.

Moral leadership

- This is leadership by ethical standards that clearly meet the test of being 'good' and 'correct'.

Authentic leadership

- An authentic leader has a high level of selfawareness and clearly understands his or her personal values.

Importance of Organizing

1. Efficient Administration
2. Resource Optimization
3. Benefits Specialization
4. Promotes Effective Communication
5. Creates Transparency
6. Expansion and Growth

Principles of Organizing

1. Work Specialization
2. Authority
3. Chain of Command
4. Delegation
5. Span of Control

The major *advantages of functional structures* include the following:

- Economies of scale with efficient use of resources

- Task assignments consistent with expertise and training

- High quality technical problem-solving

- Indepth training and skill development within functions

- Clear career paths within functions.

The potential *advantages of divisional structures* include:

- More flexibility in responding to environmental changes

- Improved coordination across functional departments

- Clear points of responsibility for product or service delivery

- Expertise focused on specific customers, products and regions

Greater ease in changing size by adding or deleting divisions.