



LEADERSHIP IN ORGANIZATIONS

There Is a Difference between
Leaders and Managers

David I.

Leadership in Organizations

**There Is a Difference between
Leaders and Managers**

David I. Bertocci

UNIVERSITY PRESS OF AMERICA,[®] INC.
Lanham • Boulder • New York • Toronto • Plymouth, UK

Contents

List of Tables	vii
Preface	ix
Acknowledgments	xiii
Introduction	xv
PART ONE: WHAT IS LEADERSHIP?	
1 The Evolving Nature of Leadership	3
2 Definitions of Leadership	5
3 Functional Differences between Leaders and Managers	9
Comparing Leaders and Managers	9
The Process of Leadership	13
Strategic Issues	15
Summary	16
PART TWO: THEORIES AND PRINCIPLES OF LEADERSHIP	
4 Personality Characteristics or Traits of Leaders	19
The Emergence of Trait Theories	19
The Search for Traits	20
Developing Leadership Skills	22
Criticisms of Trait Theory	23
Strengths of Trait Theory	24
Identifying Leaders	24
Summary	25

5	Personal Behavior Theories of Leadership	28
	The Research Bases	28
	A Comparison of Research Approaches	31
	Summary	32
6	Situational Theories of Leadership	33
	Situational Factors	34
	Fiedler's Contingency Theory	35
	Path-Goal Theory	37
	The Hersey-Blanchard Theory	39
	The Vertical Dyad-Linkage Theory/Leader-Member	
	Exchange Theory	40
	Summary	41
7	Charismatic Leadership	43
	Stages of Charismatic Leadership	44
	Charisma and Vision	44
	Charismatic Leadership in Crises	45
	Examples of Charismatic Leaders	45
	Summary	46
8	Transactional and Transformational Leadership	48
	Transactional Leadership	48
	Transformational Leadership	49
	Summary	51
9	A Critical Review of Leadership Theories	53
	Trait Theory	53
	Behavioral Theory	55
	Fiedler's Contingency Theory	55
	Path-Goal Theory	56
	Vertical Dyad-Linkage Theory	57
	Transactional Leadership Theory	58
	Transformational Leadership Theory	59
	Summary	60
 PART THREE: LEADERSHIP: POWER, CONFLICT, AND CHANGE		
10	Leadership and Power	65
	The Need for Power	65
	Formal and Informal Leaders	66
	Power in Organizations	66
	Summary	71

11	Leadership and Conflict	74
	What is Conflict?	74
	Dealing with Conflict	76
	Where Does Conflict Come From?	76
	Pondy's Model of Organizational Conflict	77
	Managing Personal Conflict or Conflict Among Individuals	77
	Managing Substantive Conflict	79
	The Dynamics of Conflict Escalation	80
	Strategies for Managing Inter-group Conflict	82
	Summary	84
12	Leadership and Change	86
	The Changing Environment	87
	Reasons for Change	88
	Types of Organizational Change	89
	Change in the Organization—Today	92
	Change in the Workplace—The Next Decade	93
	Resistance to Change	94
	Understanding Change Management	96
	Making Change Less Threatening	98
	Summary	100
	Findings and Conclusions	103
	Additional Reading Sources	107
	Bibliography	109
	About the Author	113

Preface

Leadership in Organizations is the first in a series of three books written primarily for distance-learning students in online undergraduate and graduate programs with a focus on management, leadership and organizational development. This first book introduces concepts of leadership and leadership theories and principles across a broad spectrum and is intended for students in online courses on leadership, management and business. It presents a unique perspective on leadership by approaching the subject from a management perspective as well as a leadership perspective. A significant theme of the book is the distinction between leadership and management.

ONLINE DISTANCE EDUCATION

While there are numerous management textbooks in countless libraries and bookstores everywhere, most are not written with online distance-learning students in mind. In several respects, online students are unlike students in a traditional college campus setting. Most online students are working adults with full-time or part-time jobs, growing families, and endless responsibilities that demand their time and compete for their attention. Yet they have a motivation and desire to learn and grow and to advance their education. As busy adults, they need textbooks that not only contain the necessary material without extraneous narrative and are clearly written and easy to read but also are engaging and stimulating.

As I discovered during my online education, and while teaching online courses for over twelve years, online distance education is challenging. Having obtained both my masters and doctoral degrees in a distance-learning

program as a mature adult with a full-time job, growing family, dependant parents, and other demanding obligations, I found it important that textbooks present the material in clear and understandable language and in a format that is self-explanatory. Yet very few textbooks filled this need. Instead, I found texts were written with the assumption that a professor was in the classroom ready to explain and describe the information and conduct a classroom discussion—a luxury that online students do not always have.

Thus, this book is written primarily for students in online distance-learning programs who do not always have classroom participation opportunities to seek explanations of the material. It assumes that texts for online education must be clearly written at an appropriate level and must present the material in an appropriate structure and format so that students can understand the material without the benefit of direct classroom participation. It addresses a need for textbooks that are both engaging and specifically designed to meet these criteria.

In addition to my online graduate coursework and research, and my experience teaching online undergraduate and graduate courses, I bring to this book many years of hands-on leadership experience from a number of work situations in the military and in industry. Thus, the selection and syntheses of the literature cited in this book reflect a real-world view of leadership theory and principles based upon direct experience.

OVERVIEW OF THE TEXT

The material in this book is organized in three parts and is designed so the student will gain basic information from early chapters, beginning with an introduction to leaders and leadership—what it is and what it is not. Part one introduces the student to concepts of leadership. Chapter 1 surveys the evolving nature of leadership. Chapter 2 presents definitions of leaders and leadership from several well-known sources. Chapter 3 discusses leadership in organizations and the differences between leaders and managers. By presenting factual material from recognized authors and experts in the subject matter, the student has access to an overview of leaders and leadership from several different perspectives. The end of each chapter leads the student through the findings to reach conclusions based on the information presented.

Part two introduces theories and principles of leadership by comparing the findings of selective studies on underlying theories and principles of leadership. It focuses on the evolution of leadership theory from genetic and trait theories of leadership (chapter 4) to the more recent and popular theories of leadership, including personal behavior theories (chapter 5); situational theo-

ries of leadership (chapter 6); charismatic leadership (chapter 7); and transformational leadership (chapter 8). Students will find the descriptions and explanations of the material on leadership are given in the text and summarized in tables.

Part three presents applications of the theories and principles of leadership in relation to power, conflict, and change in an organizational setting. Chapter 10 introduces students to what is meant by leadership as it applies to power within an organization and its relationship to position and authority. Chapters 11 and 12 present material on the differences between leaders and managers as they apply to two important functions of leadership in organizations: responding to conflict; and responding to change in an organization setting. Once again, material from several noted authors is considered, and conclusions are drawn based on the findings and data presented.

Thus, *Leadership in Organizations* is designed not only to convey a real-world view of leadership theory and principles that is meaningful for working online students but also to encourage online students to compare and contrast real-world situations with leadership theories. In doing so, online students of management and leadership learn to recognize the dynamics of leadership theory in operation and can begin to apply leadership principles in working situations.

David I. Bertocci, Ph.D.
Montclair, Virginia
June 2008

Introduction

First of all, it is difficult to separate *leadership* from *leaders*. Their meanings are intertwined; and by describing one, we automatically and mentally consider the other. This makes it difficult to talk about leadership without talking about leaders. When we do, we often consider the concept of leadership in terms of persons who demonstrate examples of leadership. So it is essential to any discussion of leadership and leaders to include a discussion of the qualities of leadership, the characteristics displayed by respected leaders, and the attributes of leaders.

But here is a complication. New leaders emerge every day, and as new examples of leadership come to our attention, our definitions of what makes a leader and what exactly leadership is are also changing. This is what makes a study of leaders and leadership so exciting and challenging. Can anyone deny that Rudy Giuliani displayed extraordinary leadership qualities during the 911 crisis? Can anyone deny that Jack Welch was a leader of General Electric Corporation over the years he served as its CEO?¹ Or that Bill Gates was the leader of Microsoft over the years he served as its CEO? What about “Chainsaw” Al Dunlap of Sunbeam?² Or even Captain James T. Kirk from the *Starship Enterprise*? Or General Colin Powell? You can insert your own example here as well: leaders from your workplace; leaders from your place of religious worship; leaders from your community. Based on the evidence, I find—and I hope you do, too,—that leadership theory is dynamic. What we once thought of as the “absolute” definition of leadership continues to give way to new definitions just as our examples of leaders evolve.

But consider the opposite—what I call “non-leaders.” You know them: they can’t make decisions; they ponder over things endlessly; they can’t seem to see the big picture; they have difficulty making up their mind on a course

of action; and generally get lost in the minutia. When they finally come to a decision, it's too late or their decisions are flawed. They don't seem to have a solid vision of what needs to be done; how it is going to be accomplished; and what everybody's role is in getting it done. More importantly, they can't get followers to willingly reach high levels of performance or achieve lofty goals. These "non-leaders" engage in endless meetings with no decisions forthcoming; their followers have no clue as to what is going on; and the person in charge seems lost by unfolding events. Floundering describes the situation best.

Leaders, on the other hand, seem to know exactly what has to be done; specifically how it is going to be accomplished; who is going to do what; what the end result will be and why it is important. Leaders seem to have an innate ability to see the big picture; to be able to delegate the work; to empower followers to achieve great and lofty goals; and magnetically attract people to want to get their part of the task done efficiently and effectively.

Leaders know where they are; where they are going or what has to be done; how they are going to get there (or how they are going to get the task done). They have a unique ability to get others to follow them. Importantly in this context, leaders can communicate their vision: this is where we are; this is where we want to go; and this is how we are going to get there. Leaders have the ability to present a clear path for followers to take and followers willingly follow them—whether the path leads to wartime combat, a business venture, or cleaning up one of the largest cities in the world.

Every group to which you belong—family, sports, social, study, work—probably includes one person you consider to be more influential than the others. When this person speaks, others listen; when this person suggests or directs action to be taken, others take that action. Consider the example of Michael Corleone (portrayed by Al Pacino) in the movie *The Godfather*. When Michael's father was shot, Michael calmly sat in the chair and laid out the plan his older brothers were unable to formulate. In spite of being the youngest, Michael displayed the leadership to take whatever action was needed or scripted. He seemed to know what had to be done, how it was to be done, and communicated the plan clearly and logically, getting his brothers to follow his plan of action. This example is from a movie based on novel about organized crime figures, but the character serves as an example of a few of the capabilities that also distinguish legitimate leaders: Real leaders just seem to be able to visualize what is needed and how to accomplish it.

Indeed, we often take for granted the importance of leaders for the effectiveness of work undertaken by groups of individuals who alone could not accomplish their legitimate intended purposes. Because of the importance of leadership in organizations, leaders have been the subjects of countless stud-

ies, novels, stories, and trade publications, all attempting to say something about what leaders do, what leadership is, and even how to be a leader.³

Generally speaking, we can say that leaders are individuals who motivate or influence other individuals to do what they might not do in the absence of the leader's influence. However, in the example of leadership influence demonstrated by Michael Corleone in *The Godfather*, certain organizational norms related to organized crime come into play. Thus, it is important to qualify and measure the type of leadership influence. Typically, a leader's effectiveness is measured by the accomplishment of a legitimate shared goal, or a combination of goals, by individuals who can choose to follow (or not follow) a given leader's influence. But how does one measure the type of coercive influence practiced by members of street gangs, organized crime, prostitution rings, drug cartels, terrorist organizations or other illegal or illegitimate activities in which followers may not have the freedom to *willingly* choose to follow a given "leader"? Individuals may view the leader as effective or ineffective according to the satisfactions they derive from the total experience. In fact, acceptance of a leader's directives or requests rests largely on the followers' expectations that a favorable response can lead to an attractive outcome for the individual follower, not necessarily the group or organization.

In our study of leadership in legitimate organizations, we are concerned with how a leader can make a difference in measures of organizational effectiveness: production, efficiency, quality, flexibility, satisfaction, competitiveness and development. Yet, in spite of numerous studies, scholars and practitioners of leadership still cannot completely and accurately measure the degree of difference that leaders can and do make in any organization. Gibson, Ivancevich, and Donnelly note three important reasons why:⁴

- First, organizations tend to select their leaders from those with similar backgrounds, experiences, and qualifications as the previous leader. The similarity of selected individuals reduces the range of characteristics exhibited by leaders. The similarity of leaders also can produce a self-selection bias wherein leaders select individuals similar to themselves to succeed them.
- Second, leaders at even the highest levels do not have unilateral control over resources that they need to accomplish their task. Followers whom they depend upon as well as financial resources are sometimes just not under their control, so leaders become dependent on others to support their ventures. Major decisions require approval, review, and suggested modification by others.
- Third, leaders cannot control or modify many important factors in a situation. Labor markets, environmental factors, and policies are often outside a

leader's direct control. External factors may be overwhelming and uncontrollable, no matter how astute, insightful, and influential a leader may be in a situation.

So where does this leave us? In an organizational context, some leaders chosen to fit a certain profile may not, after all, be leaders; instead, they are, in effect, managers. Thus, this book approaches the subject of leadership in organizations by considering the differences between leaders and managers. We will also explore some of the numerous ways scholars attempt to explain, define, and examine leadership and what constitutes a leader.

In Part one, we consider how scholars have tried to identify characteristics that define a leader. Gibson, Ivancevich, and Donnelly found certain personality characteristics to describe leaders. Earlier study and research focused on identifying intellectual, emotional, physical and other personal traits of effective leaders. This approach assumes that a finite number of identifiable traits for certain leaders can be found. Later research suggests that personality characteristics such as alertness, energy level, tolerance for stress, emotional maturity, originality, personal integrity and self-confidence are associated with effective leadership. Thus, to a significant extent, the personnel testing component found in many organizations is based upon the trait theory of leadership.⁵

Gibson, Ivancevich, and Donnelly also cite studies conducted by Edwin Ghiselli, who reported several personality traits associated with leader effectiveness. Ghiselli studied leaders in organizations and was particularly interested in significant similarities among leaders at different levels in organizations. He contrasted supervisors, middle managers, and CEOs, and found some differences in their personality traits. For example, he found that the ability to initiate action decisively was related to the individual's level in the organization. The higher the person advanced in the organization, the more important this trait became. CEOs were more decisive than middle managers, who were more decisive than first-line supervisors. Ghiselli also found that self-assurance was related to one's hierarchical position in the organization.⁶

More recent studies conclude that achievement, motivation, ambition, tenacity, initiative, and self-confidence are associated with leadership. Although these characteristics do not identify actual or potential leaders in every instance, they appear to have sufficient validity as predictors of leadership ability. Lastly, leaders seem to exhibit a relatively high need for power, but they act on that need in socially acceptable ways. Effective leaders work within the system to accomplish socially desirable outcomes. This particular orientation to use power for constructive purposes, termed *socialized power orientation*, has been well-established as one of the motivations of leaders.

This orientation also distinguishes our present study of leaders and leadership in organizations from the coercive orientations involved in illegal or illegitimate activities in which followers may not have the freedom to *willingly* choose to follow a given “leader.”

Another motivation that sets leaders apart is a relatively high need for achievement, particularly as reflected in the field of their interests. Lee Iacocca, Sam Walton, Jack Welch, or Norman Schwarzkopf would certainly rate very high on the need for achievement in their chosen fields. You can name others. Some studies indicate that effective leaders have a relatively weak need for affiliation, suggesting that they are more motivated by getting a task completed than by interacting with other people. However, a weaker need for affiliation does not preclude the effective leader from the applying interpersonal skills to get followers to do what they need to do.

Turning to the ways scholars have tried to formulate the concept of leadership, Part two of this book introduces several current theories of leadership. Owing to the large volume of leadership theory published in countless books and academic papers, our study will be limited to a review or executive summary of the following theories: the trait theory of leadership; personal behavior theory; job-centered and employee-centered leadership; Fiedler’s contingency theory; the Hersey-Blanchard situational leadership theory; the vertical dyad-linkage theory; charismatic leadership; and transactional and transformation leadership theory. We will also look briefly at two leadership models: the contingency model; and the path-goal model. This gives the student an overview of the predominant leadership theories.

Next, leaders and leadership in organizations are often considered in terms of the power relations within the organization, so it is appropriate that we give some attention to the relationship between leadership and power within the organization. Also, conflict and change within organizations is inevitable, and there seems to be a significant difference in the way managers deal with conflict and change compared to the way leaders affect and deal with conflict and change. Thus, Part three addresses leadership in relation to power, conflict and change in organizational settings.

Finally, returning to the examples of leaders, the Additional Reading Sources introduces three books by business leaders who emerged as real-world examples of leadership in their organizations. Using the definitions of leadership and leadership theory and principles covered in this book as a foundation, we can compare and contrast their examples with the underlying theories and use the results to reinforce or modify our own leadership style and techniques. Their stories range from practical applications of leadership principles and behavioral theory to the more colorful personality traits of leaders.

NOTES

1. An autobiographical account of Jack Welch's business career is found in Jack Welch and John A. Byrne, *Jack: Straight from the Gut* (New York: Warner Business Books, 2001).

2. Noted for his success in turning around companies that were on the downhill slide, "Chainsaw" Al Dunlap describes his leadership techniques in Albert J. Dunlap and Bob Andelman, *Mean Business: How I Save Bad Companies & Make Good Companies Great* (New York: Random House, 1996).

3. See the Additional Reading Sources near the end of this book for three examples selected from the trade press.

4. James L. Gibson, John M. Ivancevich, and James H. Donnelly Jr., *Organizations: Behavior, Structure, Processes*, 9th ed. (Boston: Irwin McGraw Hill, 1997), 270–92.

5. Gibson, *Organizations*, 9th ed., 274–75.

6. Edwin E. Ghiselli, *Explorations in Management Talent*. Santa Monica, CA: Goodyear, 1971; Edwin E. Ghiselli, "The Validity of Management Traits in Relation to Occupational Level," *Personnel Psychology* (Summer 1963): 109–13, cited by James L. Gibson, John M. Ivancevich, and James H. Donnelly Jr., *Organizations: Behavior, Structure, Processes*, 10th ed. (Boston: Irwin McGraw Hill, 2000), 274.

Part One

WHAT IS LEADERSHIP?

Chapter One

The Evolving Nature of Leadership

The subject of leadership requires us to consider the evolving nature of leadership in organizations. According to Pearce and Robinson, the job of leading a company has never been more demanding, and it will only become more challenging amidst the global dynamism businesses face today.¹ In today's global environment, organizations need to be increasingly receptive to change, responsive, more flexible and less structured. While the CEO will likely remain the ultimate authority, corporations will depend increasingly on the skills of top leaders as well as a host of subordinate leaders to show the way, coordinate, make decisions, and act quickly.

This perspective of the evolving nature of leadership in organizations that are flexible and responsive reflects the needs of organizations that tend to be more like virtual organizations, where employees live and work where the jobs are. The growing surge towards more virtual organizations will require all the more emphasis on able leadership and a strong culture to shape decisions that must be made quickly, especially when the stakes are high. Thus, in the future, every line manager will have to exercise leadership prerogatives to an extent unthinkable twenty years ago.

John Kotter, a widely recognized leadership expert predicted this evolving role of leadership in an organization when he distinguished between management and leadership:² Management has certain complex and often routine functions relating to an organization. As we have seen, one of the most significant developments of the twentieth century has been the emergence of large organizations bringing with it even more complexity in the management functions. Good management brings calmness and stability to an organization and tries to eliminate what sometimes can be chaotic circumstances that

threaten their very existence. Good management brings a degree of order and consistency to the quality and profitability of products or services.

Leadership, by contrast, is about vision, big picture views, and coping with change. Part of the reason leadership has become so important in recent years is that the business world has become more global, more competitive and more volatile. As a result, the old way of doing things just isn't sufficient. Doing what was done yesterday, or doing it five percent better, is no longer a formula for success. Major changes in organizational design, structure and leadership are becoming essential for survival in this new environment. Thus, coping with organizational change demands effective leadership.³

Organizational leadership involves action on two key elements: 1) Guiding the organization to deal with constant change. This requires leaders who embrace change; who do so by clarifying and communicating strategic intent or vision; and who build their organization and shape its culture to fit with opportunities and challenges; and 2) Providing the management skill to deal with change in the organization. This means identifying and staffing the organization with supporting managers prepared to provide operational leadership and vision as never before. According to this perception of leadership, organizational leadership involves creating a vision; seeing the big picture, communicating that vision or path to the future, then guiding and shepherding the organization to move toward achieving that vision. Thus, creating a vision for the organization is critically important step to providing leadership in organizations.

Considering the manner in which organizations have traditionally gone about selecting their top managers from within their organizations leads one to question whether in the current changing environment the best leaders for an organization are likely to emerge from within the organization, especially if an organization's particular brand of leadership may be skewed. This scenario leads us to two questions: What is leadership? And what constitutes a leader? Thus, we turn to definitions of leadership in the next chapter.

NOTES

1. John A. Pearce and Richard B. Robinson, *Strategic Management*. 10th ed. (New York: McGraw Hill, 2007), 358–89.

2. John P. Kotter, "What Leaders Really Do," in *Managing People and Organizations*, ed. John J. Gabarro (Boston: Harvard Business School Publications, 1992), 102–14.

3. Pearce, *Strategic Management*, 358–89.

Chapter Two

Definitions of Leadership

Leadership definitions can be found in many places, and we will attempt to provide several noteworthy definitions in this chapter. As we noted in chapter 1, our notions of leaders and leadership are evolving. There is a continual search for leadership among our government leaders. Not a day goes by when members of Congress and the President are not questioned with regard to their leadership. High profile CEOs are also examined for their leadership skills, especially if the company has been the target of some ethical issue or if the company has not made a sizeable profit, has lost considerable business, or has become the object of a merger and acquisition transaction.

There are many examples of good leadership and bad leadership in history and in current news. All one has to do is read the daily papers or watch the TV news for current examples. It seems that the concept of leadership is best described by a series of associated behaviors, related functions, situational considerations, and some similar personal characteristics. But none of these accurately describe exactly what constitutes leadership or provides a clear definition. However, each of them provides a glimpse of what is meant by leadership and each tends to describe certain qualities of a leader. Thus, we will consider several of the more noted definitions of leadership and attempt to arrive at a consensus on what leadership involves based on a comparison of their key elements.

First, Stogdill's *Handbook of Leadership*, an authoritative source of leadership theory, defines leadership as:

... an interaction between members or a group. Leaders are agents of change, persons whose acts affect other people more than other people's acts affect them. Leadership occurs when one group member modifies the motivation or competencies of others in the group.¹

Thus, according to Stodgill's definition, leadership involves the use of influence. It also implies that even impersonal relationships can involve leadership. Stodgill's definition stresses the importance of being a change agent—being able to affect a follower's behavior and performance.

Second, Gibson, Ivancevich and Donnelly define leadership as the process by which one individual influences others to accomplish desired goals without coercive types of influence. Leadership is:

... an attempt to use non coercive influence to motivate individuals to accomplish some goal.²

Third, *Webster's New World Dictionary* defines *leadership* as "the position or guidance of a leader or the ability to lead" the followers of a group.³

Fourth, an interesting definition of leaders and leadership comes from a book by Jennifer M. George and Gareth R. Jones, who define leadership as the exercise of influence by one member of a group or organization over other members to help the group achieve its goals. Thus, a leader is the individual who exerts such influence. They also distinguish between formal and informal leaders: formal leaders have authority over followers in an organization by virtue of their position in the organization. Informal leaders lack formal authority but exercise influence over followers by their talent, skills, or friendship.⁴

Finally, in describing some of the characteristics found in leaders, Shelly Kirkpatrick and Edwin Locke describe a model of leadership comprised of five characteristics found in leaders:⁵

- Achievement: A leader's need to achieve is essential to complete difficult projects, obtain work and educational experiences, and to start and finish projects.
- Ambition: A leader's ambition drives learners to set challenging goals to achieve.
- Energy: A leader focuses energy on successfully handling an intense and demanding project.
- Tenacity: A leader demonstrates staying power in completing difficult projects and overcoming sizeable obstacles.
- Initiative: A leader is proactive rather than reactive, seizing opportunities and not hesitating to initiate action to correct identified problems.

Note that none of these characteristics of leaders or the any of the definitions above has anything to do with making a profit. Instead, all of the definitions given above (and possibly many others one can think of) include the concepts such as the following:

- Leaders are agents of change, persons whose acts affect other people more than other people's acts affect them.
- Leaders modify the motivation of others in the group.
- Leaders use a non-coercive form of influence used to motivate a group to accomplish goals.

To summarize, these definitions tell us that leadership involves some form of influence. An important element of leadership involves being a change agent—being able to affect the behavior and performance of other people. Leaders just seem to get groups of people (followers) to do things they normally wouldn't do. Lastly, each definition focuses on the accomplishment of some goal by which we can measure a leader's effectiveness.⁶

These definitions of leadership lead us to the following working definition: From my perspective, leadership is the combination of characteristics or personality traits in an individual that compels that person to inspire others to achieve goals that, without the leader's motivation, would not normally be accomplished. In an organizational setting, leaders have a clear mental picture of where the organization is; where the organization needs to go; and how the organization is going to get there. Leaders present a clear path for followers to take to accomplish a task or goal. Thus, leaders instinctively seem to know what needs to be done, when it needs to be done, and how it is going to be accomplished; and they get followers to work together to complete the tasks necessary to accomplish the goal.

Although leadership is important and has been studied by behavioral scientists for decades, it still remains something of a mystery. We still lack consensus on exactly what leadership is, how it should be analyzed, what makes leaders different or unique from non-leaders. Yet experts agree that leaders *are* somehow different from non-leaders.

Where we find consensus among researchers, it centers around the following issues: leadership is distinguishable from management; leadership is complex; leadership attributes can be developed through experience, training, and analysis; and leadership effectiveness depends on the relationships among leaders, followers, and the circumstances involved. Thus, we explore these issues in the next chapter.

NOTES

1. Ralph M. Stogdill, *Handbook of Leadership*. (New York: Free Press, 1974), 43–44.
2. James L. Gibson, John M. Ivancevich, and James H. Donnelly Jr., *Organizations: Behavior, Structure, Processes*, 10th ed. (Boston: Irwin McGraw Hill, 2000), 272.

3. ———. *Webster's New World Dictionary*. (New York: Prentice Hall Press, 1986).
4. Jennifer M. George and Jones, Gareth, *Understanding and Managing Organizational Behavior*, 4th ed. (Upper Saddle River, NJ: Prentice Hall, 2005), 357, 398.
5. Shelley A. Kirkpatrick and Edwin A. Locke, "Leadership: Do Traits Matter?" *The Executive* (May 1991): 48–60, cited by Gibson, *Organizations*, 10th ed., 275.
6. Gibson, *Organizations*, 10th ed., 274–75.

Chapter Three

Functional Differences between Leaders and Managers

Some leaders are very good managers and some managers are very good leaders. However, management typically reflect different functions in an organization. A manager in a formal organization is responsible for functions such as planning, organizing, controlling, budgeting, staffing, problem solving, and other fundamental tasks necessary to run the business, whereas a leader typically does not function well in the management functions and instead provides a vision of what needs to be done and how it is going to be accomplished that drives the performance of the organization in accomplishing its goals.

COMPARING LEADERS AND MANAGERS

In comparing differences between leadership and management functions, Dr. David Kozak notes that successful organizations need both management and leadership, although it is commonly accepted that managers deal with systems, processes, budgets, equipment, and “things,” while leaders deal with visions and people.¹ In addition, anyone in at any level can play a leadership role and need not be in a top management position to make a leadership contribution. However, and this is a major point, for an organization to thrive, there must be leadership at the top. A comparison of leaders and managers compiled by Dr. Kozak is presented in table 3.1.

Another difference is that a leader’s effectiveness is typically measured by the accomplishment of one or a combination of goals, whereas a manager’s effectiveness is typically measured by profit margins. Individuals may view a leader as effective or ineffective according to the satisfaction they derive from

Table 3.1. A Comparison of Leaders and Managers

<i>Leaders:</i>	<i>Managers:</i>
Goal oriented	Task oriented
Inspires / Empowers	Directs
Thoughtful	Industrious
Results oriented	Action oriented
Effective	Efficient
Long-term planner	Short-term planner
Policy oriented	Implementation oriented
Mission oriented	Program oriented
Attracts talent	Recruits talent
Works in the future	Works in present
Studies the environment	Observes operations
National / International perspective	Agency perspective
Process oriented	Product oriented
Consults	Consulted
Decides	Recommends
Utilizes staff work	Provides staff work
Mediates	Champions
Focuses on concepts	Focuses on details
Looks outward	Looks inward
Represents entire institution / unit/ agency	Represents separate organizational functions
Sees the whole	Sees parts of the whole
Operates in internal and external politics	Operates in internal politics
Delegates	Oversees

Source: Data from David C. Kozak, "Leadership," *Gannon University Magazine*, Winter 1998, 5.

the total work experience in accomplishing goals. In fact, acceptance of a leader's directives or requests rests largely on their followers' expectations that a favorable response can lead to an attractive outcome.²

As we noted in the definitions of leadership in chapter 2, a significant aspect of leadership is the ability of followers to freely choose whether to follow the leader or not. Unless followers have some choice to follow or not follow, leaders cannot lead. Leadership results when a person influences followers freely and willingly to accept requests without any apparent exertion of power. Through an ability to influence, the leader creates and uses the power and authority received from the followers.

On the management side in a typical hierarchical organization structure, the manager directs, instructs, or commands. The organizational structure itself places a manager over the followers or employees, so they have little or no alternative but to comply with a manager's orders and directives. If followers risk punitive actions and truly have no choice, the situation becomes one of domination and intimidation.

Thus, one of the major differences between managers and leaders is not in the leaders or the managers themselves, but in their followers. In the case of leadership, followers are free to either follow the leader or not. In the case of managers, normally employees do not necessarily have the same freedom if they risk the loss of their jobs. Of course, one can argue this premise with numerous cases of leadership in military situations where military members do not have the freedom to follow the leaders or not; but based on this distinction, it is easy to understand why followers who are empowered to complete a specific task tend to be more effective and efficient than followers who simply carry out a task under direct and close supervision.

In an article titled, "What Leaders Really Do," John P. Kotter argues that leadership is different from management for many and varied reasons and not what most people think.³ He contends that leadership and management are two completely different philosophies of action and that each has its own unique functions and characteristics. According to Kotter, one of the primary differences between management and leadership centers on their basic and primary functions. Whereas management is about complexity in personnel issues, organizational design and structure, budget preparation and execution, staffing, control of input and output, and numerous Human Resources issues, leadership is about vision, big picture issues, change and the future.⁴ Part of the reason leadership has become so important in recent years is that the business world has become more competitive and more volatile owing to faster technological changes, greater international competition, rise of the internet, deregulation of markets, and a host of other changes that have taken place. Thus, they find most companies are "over-managed" and "under-led" and need to develop their capacity to exercise leadership.

As an example, Kotter uses a simple military analogy: a peacetime army can survive with good administration and management both up and down the chain of command, but a wartime army needs leadership at all levels. They contend that no one has figured out a way to "manage" soldiers into battle; they must be led. In a roundabout way, they have analyzed one of the major problems plaguing the military service today. Military officers are often recognized and promoted during peacetime for their management skills, some rising to top levels of each service; but when a war starts these senior officers, who were recognized and promoted for their management skills, are not prepared to be wartime leaders of an army at war and in battle. It seems true that soldiers in combat cannot be "managed" into combat but must be led to face the enemy.⁵

Another difference between leaders and managers is how they go about accomplishing or coping with their primary functions and responsibilities.

Managers cope with complexity by planning and budgeting, setting goals, establishing steps for achieving those targets, then allocating resources to accomplish those plans. Managers function within an organizational structure wherein everyone has a job and a clear reporting channel. Managers ensure plan accomplishment by controlling and problem solving, by organizing and staffing the plan, by formally and informally comparing results to the plan, preparing reports, organizing meetings, and other methods to ensure plan adherence. Leaders cope with change by setting a direction for the organization as a whole, developing a vision of what has to be done and how it is to be completed, setting an overall strategy, communicating the strategy to followers, getting the right people to do the work (called alignment rather than organizing and staffing), delegating responsibility or empowering people for carrying out the strategy, and getting followers to want to complete their part of the task.

These are significant differences. Managers tend to plan, organize, structure, and budget, whereas leaders tend to visualize what has to be done, mentally develop a clear path to accomplish the change in the situation, and communicate what has to be done to their followers. For example, setting a direction with a clear vision of what has to be done is quite different than developing plans and budgets to accomplish the same goal. If the goal is to improve performance in the organization by ten percent over the next year, managers will accomplish that by developing a plan, developing a budget, staffing a group to study the plan, and perhaps re-organize the organizational structure. Leaders, on the other hand, will have a clear vision of what has to be done, can communicate their vision to followers, and empower those followers to play their role in the strategy. They generally know what has to be done, how it is going to be accomplished and what is needed to accomplish that task.

Leaders are able to generate highly energized behavior by communicating to followers how they are part of the solution to the problem. Empowerment tends to make followers believe they truly are an important part of the work and their participation is crucial to accomplishment of the mission. Managers, on the other hand, measure performance as compliance with the plan and evaluate deviations to that plan as an ongoing action. Deviations are then dealt with on a case by case basis.

Employees may or may not see the big picture even as they complete their part of the overall plan. Consider the example of two workers with two different visions:⁶ Two auto workers performing the same repetitive operation in different manufacturing plants were asked, "What are you doing?" The first worker replied, "I'm welding door hinges on the door frame." The second worker, when asked, replied, "I'm helping to build transportation systems for

the benefit of mankind.” Which of the two would inspire the highest quality performance?

THE PROCESS OF LEADERSHIP

These differences between leaders and managers lead us to consider the process of leadership. Jay Conger has proposed a four-stage model of the process of leadership that embraces the qualities of leadership we have already noted:⁷

- Formulating a strategic vision;
- Communicating the vision to others;
- Building trust through technical expertise, personal risk-taking, self-sacrifice, and unconventional behavior; and
- Demonstrating the means to achieve the vision through role modeling, empowerment, and unconventional tactics.

In formulating a strategic vision, leaders create a vision for the organization by asking what the company is trying to do and what it wants to become. Developing a carefully reasoned answer to these questions pushes leaders to consider the company's business character and to develop a clear picture of where the company needs to be headed over the next five to ten years. A leader's vision of what the organization really is, what it does, and where it's going, helps establish a strong organizational identity. The strategic vision represents what an organization must become in order to compete and survive in the future and is the grand strategy that conceptually represents the evolution from the present to the future. A well-conceived strategic vision prepares a company for the future, establishes long-term direction, and indicates the company's intent to stake out a particular business position.

To communicate the vision to others, Thompson and Strickland stress the importance of establishing and communicating a vision of a future state, a condition that does not presently exist and has never existed before. By communicating a vision, the leader provides an organization with an all-important bridge from the present to the future. A vision cannot be established by edict or coercion. It is more an act of persuasion, of creating enthusiastic and dedicated commitment to the visionary concept simply because it is right for the times, right for the organization, and most importantly, right for the people working toward it. By focusing attention on a vision, the leader operates on the emotional and spiritual resources of the organization, on its values, commitment, and aspirations.⁸

A vision always refers to a future condition, a circumstance that does not presently exist in the organization but is in the future. The vision should be projected in time and space beyond the boundaries of ordinary planning activities, but should not be so far distant as to be beyond the ability of incumbents in the organization to realize. A vision statement “pulls” rather than “pushes” an organization into the future. A shared vision is a powerful, energizing force in any organization. The vision pulls the organization in the desired direction; it yields alignment toward a common future state. Thus, the power of a vision is that individuals have a commitment to a common view of success for the organization. Table 3.2 recapitulates several points to remember about creating and communicating a strategic vision for an organization.

Table 3.2. Key Considerations in Creating a Strategic Vision

-
1. Performance management, quality, and productivity improvement require a vision of what the organization is to be.
 2. There is a systematic “grand strategy” that conceptually represents the evolution from the present to the future.
 3. Motives and incentives need to be established for people in your organization to be active about performance improvement.
 4. Underlying values and beliefs, stated in the form of guiding principles, need re-examining and realignment.
 5. Management processes and practices need to be redesigned and more effectively implemented in order to successfully respond to challenges.
 6. By focusing attention on a vision, the leader operates on the emotional and spiritual resources of the organization, on its values, commitment, and aspirations. The manager, by contrast, operates on the physical resources of the organization, on its capital, human skills, raw material, and technology.
 7. With a vision, the leader provides the all important bridge from the present to the future of the organization.
 8. A vision articulates a view of a realistic, credible, attractive future for the organization, a condition that is better in some important ways than what now exists.
 9. The vision grabs and pulls people toward it and provides a unified purpose.
 10. A vision always refers to a future state, a condition that does not presently exist.
 11. The vision animates, inspires, and transforms purpose into action.
 12. To choose a direction, a leader must first have developed a mental image of a possible and desirable future state for the organization.
 13. The vision should be projected in time and space beyond the boundaries of ordinary planning activities, but should not be so far distant as to be beyond the ability of incumbents in the organization to realize.
-

Sources: Adapted from Gibson, *Organizations*, 9th ed.; Gibson, *Organizations*, 10th ed.; George, *Understanding and Managing Organizational Behavior*, 4th ed.; Gabarro, ed., *Managing People and Organizations*; Thompson, *Strategic Management Concepts and Cases*, 9th ed.; Thompson, *Strategic Management Concepts and Cases*, 12th ed.

Although strategic planning merits a separate study from that of leadership, three aspects of forming a well-conceived strategic vision and expressing it in a mission statement overlap with strategic planning in an organization:⁹

- Understanding what business the company is in. A company's business is defined by what needs it is trying to satisfy, by which customer groups it is targeting, by the technologies it will use, and the functions it will perform in serving the target market.
- Communicating the vision and mission in ways that are clear, concise, exciting and inspiring.
- Deciding when to alter the company strategic course and change its business mission.

Thus, with regard to building trust and demonstrating the means to achieve the vision, Pearce and Robinson note the importance of setting forth the strategic intent of the organization and directing the inevitable changes that must occur if the organization is to thrive in a global economy.¹⁰ Traditionally, the concept of vision has been a description or picture of what the organization could be that accommodates the needs of all of its stakeholders. The intensely competitive, rapidly changing global marketplace leads us to refine this concept to better reflect what an organization must become to establish and sustain its position in a global setting. Leaders do this by concentrating simultaneously and very clearly on vision and performance. Relative to performance, a key element of organizational leadership is to make clear the performance expectations a leader has for the organization and the managers in it, as they move toward a strategic vision.

STRATEGIC ISSUES

It follows then that leaders spend considerable time shaping and refining their organizational structure and making it function effectively to accomplish strategic intent. Because leaders are attempting to embrace change, they are often rebuilding or remaking their organization to align it with the ever-changing environment and needs of a new strategy. And because embracing change often involves overcoming resistance to change, leaders find themselves addressing strategic issues as they attempt to build or rebuild their organization. Examples of these overlapping issues include the following:¹¹

- Ensuring a common understanding about organizational priorities.
- Clarifying responsibilities among managers and organizational units.

- Empowering newer managers and pushing authority lower in the organization.
- Uncovering and remedying problems in coordination and communication across the organization and across boundaries inside and outside the organization.
- Gaining the personal commitment to a shared vision from managers throughout the organization.
- Keeping closely connected with what's going on inside and outside the organization and with its customers.

SUMMARY

In this chapter, we began by considering some of the characteristics that distinguish leaders and managers. Key differences between leaders and managers are summarized in table 3.1. Next we reviewed four stages in the process of leadership. To complete the picture, we examined how leaders formulate a strategic vision for an organization and guide the organization to embrace it. Key points to remember concerning the formulation of the vision statement are summarized in table 3.2.

In summary, creation of an initial vision statement is the role of the organization's top management. It is the creation of a compelling vision that distinguishes leaders from managers. The successful leader is one who has the practicality to convert the vision into reality. This conversion is accomplished through the strategic planning process.

NOTES

1. David C. Kozak, "Leadership," *Gannon University Magazine*, Winter 1998, 2–7.
2. George, *Understanding*, 398.
3. Kotter, "What Leaders Really Do," 102–14.
4. Kotter, "What Leaders Really Do," 103.
5. Kotter, "What Leaders Really Do," 103.
6. Arthur A. Thompson, Jr. and A. J. Strickland, III, *Strategic Management Concepts and Cases*, 12th ed. (New York: McGraw Hill Companies, 2001), 41.
7. Gibson, *Organizations*, 10th ed., Instructor's Manual, Lecture Resource Guide, eds. Courtney Hunt, Monty Lynn, and Terry Gaston, IM12–109.
8. Arthur A. Thompson, Jr. and A. J. Strickland, III, *Strategic Management Concepts and Cases*, 9th ed. (Boston: Times Mirror Higher Education Group, Inc., 1996), 27–28.
9. Thompson, *Strategic Management*, 9th ed., 23.
10. Pearce, *Strategic Management*, 361–62.
11. Pearce, *Strategic Management*, 361–62.