

2.3 c) Leadership styles (AO3)



"Good leadership requires you to surround yourself with people of diverse perspectives who can disagree with you without fear of retaliation."

- Doris Kearns Goodwin

"People will forget what you said, people will forget what you did, but people will never forget how you made them feel."

- Maya Angelou

"Leadership is about making others better as a result of your presence and making sure that impact lasts in your absence."

- Sheryl Sandberg

The term **leadership style** refers to the way that managers and leaders provide direction for others. The way in which they do this has a direct impact on staff motivation, productivity and morale.

The following five leadership styles are specified in the IB Business Management guide:

1. **Autocratic**
2. **Paternalistic**
3. **Democratic**
4. **Laissez-faire**
5. **Situational**

Autocratic leadership (AO3)



"If you want to make everyone happy, don't be a leader - sell ice cream."
- Steve Jobs (1955 - 2011), Co-founder of Apple

An **autocratic leader** is one who is authoritative, so centralises decision-making without consulting others or listening to their points of view. Such a leader believes in formal chains of command, where consultation with subordinates in decision-making is non-existent. Autocrats rely on their own ideas, experiences and instincts when making decisions.

It is suitable in situations where employees are unskilled, inexperienced, lack initiative and/or need to be told specifically what to do. Autocratic managers and leaders are often found in large production plants and factories where low-skilled workers need clear directions. An autocratic leadership style is also highly suitable when critical or life-threatening decisions need to be made, such as with the emergency services (police, fire and ambulance services) or in the military. Autocratic leadership is common in the armed forces, such as the military, where everyone is required to do exactly as they are told.

Advantages of autocratic leadership

Advantages of an autocratic leadership style include the following:

- It ensures the leader has complete control of the operations.
- It speeds up the business decision-making process.

- It provides workers with a clear sense of direction and clarity over their roles, as they understand exactly what is expected.
 - It is appropriate and effective when critical and urgent decisions need to be made.
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Disadvantages of autocratic leadership

Disadvantages of using an autocratic leadership style include the following points:

- Creativity and innovation are suppressed and discouraged as employees are not involved in the decision-making process.
- Similarly, it does not develop internal talents of the workforce.
- It can demotivate employees as their opinions are not valued. As Professor Becky Brodin, Saint Mary's University of Minnesota, said, "*Leadership is not wielding authority - it is empowering people.*"
- It does nothing to build an intrapreneurial spirit in the workplace (building an organizational culture of future leaders within the organization).
- Ultimately, these disadvantages can result in a higher labour turnover rate, which is costly to any organization.

Exam context

The term *leadership style* featured in the May 2024 exam session as part of Paper 1 (Before One PLC) for SL and HL candidates. This was in relation to an authoritarian leadership style and how such an approach could affect an organization's profitability - see Question 6 of the exam paper.

Steve Jobs (Apple) and **Ray Kroc (McDonald's)** were both known to be autocratic leaders. Hollywood movies about both entrepreneurs have been made about these men, showing their drive for success, and the way in which they handled people who dared to question their approach or vision. The movie trailers for both Steve Jobs and Ray Kroc can be viewed below.

Paternalistic leadership (AO3)



"The role of a leader is not to come up with all the great ideas. The role of the leader is to create an environment in which great ideas can happen."

- Simon Sinek (b.1973), British-American author

This refers to a leadership style where the manager or leader makes decisions on behalf of his/her team in the belief that these are in the best interest of the workers. A **paternalistic leader** sees employees as family members, making decisions they believe are in the best interest of the workforce (or family).

The word 'paternalistic' comes from the word 'paternal', which itself is derived from the Latin word '*pater*', meaning father. Unsurprisingly then, paternalistic leadership is common in family-run businesses.

Such a leadership style has some commonality with an autocratic leadership style because there is a clear and dominant central person, who holds control of all decision-making power. Consultation may occur, but the leader makes the decisions, guiding and protecting the team. Paternalistic leaders usually see the workers as less capable and/or experienced than themselves.

Advantages of paternalistic leadership

Advantages of a paternalistic leadership style include the following points:

- It can motivate staff as they feel guided and that their interests are protected

- It can ensure harmonious relationships at work as the leader genuinely values the staff
 - It promotes loyalty to the leader and the organization
 - It can create a sense of belonging, helping to meet workers' safety and social needs (Maslow's hierarchy of needs)
 - Overall, these advantages are good for staff morale, motivation and productivity and hence beneficial to the organization (such as lower staff turnover and higher profitability).
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Disadvantages of paternalistic leadership

Disadvantages of paternalistic leadership style include the following points:

- Decision-making is still centralized, so workers can become dissatisfied if their views are ignored
- Communication is mainly top-down, from senior management
- Paternalistic leaders may not always make the best decisions, which can lead to conflict and disagreement.

Theory of Knowledge (TOK)



To what extent does a leader or a parent always know what is 'best' for others in their care?

Democratic leadership (AO3)



"Never doubt that a small group of thoughtful, concerned citizens can change the world. Indeed, it is the only thing that ever has."

- Margaret Mead (1901 - 1978), American cultural anthropologist

A **democratic leader** is one who is willing to delegate authority and consult subordinates in decision-making. This leadership style is characterised by inclusiveness, where all employees are encouraged to share their views and ideas in the decision-making process. The word 'democratic' comes from the Greek word '*dēmokratía*', which means the "rule of the people" or "rule of the majority".

Democratic leaders involve employees in the decision-making process because they are comfortable with trusting them to carry out their jobs. To such leaders, consultation and collaboration are important to the success of the organization.

Advantages of democratic leadership

Advantages of a democratic leadership style include the following points:

- Workers feel valued as they are actively encouraged to participate in the decision-making process.
- Workers feel motivated as they are empowered.
- The most is made out of the skills, experiences and creativity of the employees.
- Collaboration leads to higher morale and improved productivity.
- The organization takes advantage of the innovative potential of its employees.

- Getting regular feedback and consulting employees also helps the organization to better understand their concerns.
 - These advantages benefit the organization from higher levels of motivation and staff loyalty.
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Disadvantages of a democratic leadership

Disadvantages of a democratic leadership style include the following points:

- It may result in disagreement and disharmony; it is not realistic to please everyone, all of the time.
- It is ineffective when critical decisions need to be made quickly, and sometimes workers just need to do what they are told to get their jobs done.
- It can be time consuming, especially if managers do not have the time to consult everyone, so decision-making is often delayed.
- Hence, democratic decision-making can be costly.
- These disadvantages can cause negative impacts on the daily operations of the organization.

Laissez-faire leadership (AO3)



"It's okay to admit what you don't know. It's okay to ask for help. And it's more than okay to listen to the people you lead - in fact, it's essential."

- Mary Barra (b. 1961), CEO of General Motors

A **laissez-faire** leadership style is one where the leader delegates a significant amount of authority to subordinates and provides them with the freedom to carry out tasks in their own way, with minimal direction or supervision. Laissez-faire leaders give workers the autonomy to make their own decisions on how best to accomplish organizational objectives. The term '*laissez-faire*' is French for 'let go' or 'let them do' (let them be).

Laissez-faire leadership is the opposite of autocratic leadership, as the leader lets go of command and control, and totally empowers the workers to achieve the organization's goals. Employees work without direct supervision as they have the power and authority to make independent decisions. However, this means that the success of laissez-faire leadership depends on the employees – their skills, talents, experiences, drive (motivation) and level of commitment.

Advantages of laissez-faire leadership

Advantages of a laissez-faire leadership style include the following:

- A laissez-faire leadership style can be motivational as employees have freedom to carry out tasks in any effective way they wish.
 - It also encourages individuals to be creative, and thus helps the firm become more innovative.
 - It helps to develop an intrapreneurial culture (where workers take on an entrepreneurial role) in the organization, helping the business to gain competitive advantages.
 - It helps to build drive (Pink's motivation theory) amongst employees because the leader places implicit trust in the workforce by giving them autonomy in decision-making.
 - Overall, the positive impacts of laissez-faire leadership help to achieve greater productivity, staff morale, lower labour turnover and higher profitability.
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Disadvantages of laissez-faire leadership

Disadvantages of a laissez-faire leadership style include:

- Monitoring and coordination of business operations are made more difficult and time-consuming, especially as there is an absence of managerial control.
- Slack (complacency) can arise due to a very minimal level of supervision involved.
- It does not suit all workers as they may want or prefer clear guidance and direction; having a large amount of freedom to make decisions can worry some workers.

Situational leadership (AO3)



"Your role as a leader is to bring out the best in others, even when they know more than you."

- Dr. Wanda Walla, Leadership coach and author

A leader who is willing and able to change leadership style according to the circumstances being faced uses what is called a **situational leadership** style. Situational leadership, coined by Paul Hersey and Kenneth H. Blanchard, involves the leader or manager adjusting their leadership style to fit the task, circumstance or situation that they find themselves in. For example, a naturally laissez-faire leader may need to switch to being autocratic or paternalistic during a crisis situation.

Sports coaches often use situational leadership during competitive games. They adjust their strategy and leadership style to match the circumstances and situation based on the team they happen to be competing against on the day. In competitive sports, as in the corporate world, there is no single best leadership style that works all of the time and in all situations. Hence, different styles are appropriate depending on the context or situation.



Sports coaches often use situational leadership

Advantages of situational leadership

Advantages of a situational leadership style in business organizations include:

- It recognises that effective leaders have to be adaptive, rather than rigid in their leadership style
- Situational leadership is possibly the most practical of leadership styles as it applies to almost all business organizations
- The dynamic nature of the external business environment means that leaders have to adjust their style to suit different situations and changes in the market.

Disadvantages of situational leadership

Disadvantages of a situational leadership style include:

- If workers become used to a particular leadership style, they may become disheartened and unsettled if the leader or manager needs changes their style
- Most people have a preferred or natural leadership style, so changing or adopting a different style can be difficult and uncharacteristic for them.

Top tip 1!

"Good leadership requires you to surround yourself with people of diverse perspectives who can disagree with you without fear of retaliation."

- Dr. Doris Kearns Goodwin (b.1943), Historian, biographer, and author

Remember that there is no single 'best' management or leadership style. Instead, there may be or a 'most appropriate' style, depending on situational factors such as the nature of the task, the skills and experience of the workforce and the organizational culture.

Top tip 2!

One useful way to remember the factors that affect the choice of leadership style is the acronym **TWICE**:

- **Task** - The style used will often depend on the nature of the task at hand, such as whether it is a routine or high-risk activity, or whether it is a time-consuming and hence costly project
- **Workers** - The skills, qualifications, confidence, experience and abilities of the workforce determine the most suitable style of leadership to use
- **Individual** - The individual leader will have his/her own personality and preferences, which determines their natural or favoured leadership style
- **Culture** - Organizational culture also determines the leadership style used, e.g., Google's organizational culture means that leaders do not need to use an autocratic leadership style, but adopt a more laissez-faire style
- **Experiences** - Leaders will have gained experience in handling different situations and circumstances. This will therefore have an impact on how they lead in different situations.?