LEARNING PLAN 6: LEADERSHIP AND MOTIVATION IN ORGANIZATIONS

OVERVIEW

The nature of leadership and management are two of the most frequently discussed and researched topics in the field of organizational administration. The practicing manager in any organization needs a well-rounded understanding of these concepts so that she or he can be both a successful manager and a successful leader.

Many researchers have examined the differences between leadership and management. This topic raises a number of questions among those who study these fields. Are there differences? If so, what are the differences? In the readings for this learning plan, you will review discussions by several authors about the characteristics of leaders and managers. Must a person be born with good leadership skills, or can they be learned?

In order to be successful, an organization must employ both effective leaders and motivated employees. Setting the stage for motivation can be a challenge for managers because each employee may be motivated in different ways; however, it is important to identify these motivators because motivation improves employee productivity and encourages the achievement of organizational goals.

COMPETENCIES

UTILIZE LEADERSHIP CONCEPTS AND THEORIES.

This learning plan addresses the following learning objectives to help you master the competency:

a. Distinguish between the qualities of a manager and the qualities of a leader.
b. Distinguish among various types of power.
c. Identify types of leadership styles.
d. Identify the key elements of Blake and Mouton's Leadership Grid, Fiedler's contingency theory

UTILIZE MOTIVATION CONCEPTS AND THEORIES.

This learning plan addresses the following learning objectives to help you master the competency:

a. Distinguish between intrinsic and extrinsic rewards.
b. Describe ways that the human needs listed in Maslow's hierarchy can be met on the job
c. Identify the key elements in equity theory, Herzberg's two-factor theory, ERG theory, acquired needs theory, and behavior modification.
d. Identify elements of job design that can influence employee motivation.
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LEADERSHIP VS. MANAGEMENT

Genevieve Capowski presented her thoughts on the relative differences between managers and leaders. In her article, "Where are the leaders of tomorrow?" from Management Review, leaders were characterized as follows:

- Visionary
- Passionate
- Creative
- Flexible
- Inspiring
- Innovative
- Courageous
- Imaginative
- Experimental
- Independent

Managers were ascribed the following characteristics:

- Rational
- Consulting
- Persistent
- Problem-solving
- Tough-minded
- Analytical
- Structured
- Deliberate
- Authoritative
- Stabilizing
You'll notice there is no overlap here! In fact, some of the adjectives seem to be opposites. Does this mean a person can be either a good leader or a good manager, but not both? Let's discuss the nature of leadership further, before we answer that question.

THE NATURE OF LEADERSHIP

The debate about the differences in management and leadership seems to parallel the development of management theory and the understanding of the nature of organizations. You might reflect back on the classical theories of organizations that we reviewed in the earlier objectives of this course. Capowski reminds us of this discussion when she noted that the leaders of the past were more characteristic of the archetype of the manager, as presented above. After reviewing this journal article in the assigned readings section of the learning plan, think about whether you agree with the author that companies and organizations have traditionally been over-managed and under-led.

Building on these concepts are more recent discussions on the nature of leadership. The article by Carroll in the assigned readings introduces us to the concept of servant leadership. SERVANT LEADERSHIP has a close cousin in the concepts and discussions of humanistic leadership. These newer depictions of leaders shift from the view of the leader as the person in charge and the source of authority toward the leader as one who facilitates, encourages and supports others in the pursuit of collective organizational goals. You might begin to see a trend at this point in the literature and research: moving from supervisor versus manager to manager versus leader, and to leaders of the past/present versus leaders of the future.

POWER

Shifting back to some classic discussions, we will be reading about the concepts formulated by Hersey, Blanchard and Natemeyer on situational leadership and the bases of power. There will also be an opportunity to review the time-tested leadership evaluation grid originally designed by Blake and Mouton. Hersey et al. presented us with some important bases of power such as:

- Coercive power
- Expert power
- Legitimate power
- Referent power
- Reward power
**Coercive Power** involves forcing a subject or employee through psychological, emotional or physical threats to do something. An example of this might be a boss who says "Have this on my desk by 5:00 o'clock or you're fired!"

**Expert Power** bases itself on the knowledge or expertise of the individual. Someone with vital skills has increased power regardless of where they are on the organizational chart.

**Legitimate Power** is typically given through the hierarchy structure in an organization. An example of this would be a manager or executive who exerts power over his or her subordinates to accomplish objectives.

**Referent Power** is modeled on the following:

- identifying with the leader
- imitating the leader
- loyalty towards the leader
- the charismatic ability of the leader

Leaders who have referent power have employees who follow them based on the actions of the leader figure because the employees revere the leader and/or his ideas. A good example of a person with referent power is Dr. Martin Luther King, Jr. When he gave his "I Have A Dream" speech, listeners identified with him and his vision and became activists for his cause. Consider how different this source of power is from coercive power!

**Reward Power** involves providing or restricting rewards based on certain criteria. An example of this is the corporate use of bonuses. An employee who performs well and as desired will be given a bonus. Those that do not, will not achieve one. Further discussion of these power sources are found in the readings for this week.

Although there is no one perfect leadership style, most American businesses, governments and other organizations choose to model themselves after democratic societies such as the one we live in, rather than using an autocratic model. An autocratic model is one in which the leadership has total autonomy or control over the organization. Can you think of some examples of organizations that use an autocratic model? Why do they use it?

In a democracy or democratic-based organization, employees, management, and other stakeholders have a say in the way the firm is governed and run. An example of this would be a publicly traded company where shareholders can vote on certain issues. Having input is great, but it takes time. This is why a democratic system does not work for all organizations. Can you imagine if a fire station had a committee meeting or a vote before deciding which trucks to send out when a 911 call comes in!

Many organizations design work to be employee-centered; the focus of the workplace is on the employee versus the work being performed. Here the employee is the focal point, and everything is designed around the culture and employee schema. In a job-centered approach, it is the opposite. The
job is the focal point, and the employee simply fits in. Here you would have some well-defined roles and responsibilities to shield the company from improperly trained workers.

**Coaches** offer feedback and encouragement to the individuals on their team in order to achieve the best results. It is not unlike the coach of a sports team who encourages the development of each player in order for the team to be more successful. Coaching is a very effective, yet time-consuming endeavor. Many managers prefer a more “hands-off” style.

**Captains** are much aligned with the same function on a ship. They are the ones at the helm in charge of the change activities and making sure that all things are moving forward in the organization to make the changes happen satisfactorily.

**Charismatics** are leaders who use their charm and personal abilities to ensure that change occurs within the organization in a rapid and efficient way. Often, these individuals work to calm fears of those involved and help them to see what the benefits of the change will be.

**Commanders** are much like Captains who take charge of the situation from a global perspective. Where Captains work to chair the movement and change within their departments or their slice of the organization, commanders work on a global perspective throughout the organization to assist change.

### LEADERSHIP THEORIES

#### THE LEADERSHIP GRID

Blake and Mouton proposed a **LEADERSHIP GRID** as early as 1964. Essentially, the grid plots a two-dimensional depiction of concern for people versus concern for production as follows:

A leader must balance the well-being of the workers against reaching organizational goals, the people/production trade-off. Imagine these two extremes: on one end would be a manager that is employee-centered to the extent that goals are abandoned if it means that employees are pushed hard to achieve them. At the other end is the manager who is determined to achieve production goals at all costs, with no regard for employee satisfaction.

Effective leaders have concern for both people and production. They must be flexible and responsive to change as they motivate workers to achieve organizational goals. The managerial grid is valuable in that it gives a visual analysis of this concept.
Fred Fiedler developed a **CONTINGENCY THEORY OF LEADERSHIP**. He proposed that three situational dimensions influence the leader's effectiveness; leader-member relations, task structure, and position power. Let's look at each of these.

1. Leader-member relations refer to the degree of confidence the subordinates have in the leader. It also includes the loyalty shown to the leader.
2. Task structure refers to the routine or non-routine nature of the followers' jobs.
3. Position power is the power inherent in the leadership position, including formal authority, reward power and organizational support.

What this theory really proposes is that there is no one best way to lead. What works in one situation may not transfer to another situation. The three contingencies listed above are what a manager must evaluate before determining whether to use an authoritative or participative style of leadership. For example, effectively leading a group of workers in an automobile assembly plant (routine jobs) would differ considerably from leading an advertising agency (non-routine jobs), also taking into account the leader's having high or low position power and whether or not good rapport exists between the leader and the workers. A good leader can read these differences and adjust his or her style to the "contingency".

The contingency approach tends to explain why dictatorial supervisors can be effective in some situations and not in others. It also helps to show where participative leadership may work best and to suggest where it might fail.
SITUATIONAL THEORY OF LEADERSHIP

Closely related to the contingency theory is the SITUATIONAL THEORY OF LEADERSHIP proposed by Hersey and Blanchard. The situational theory focuses on the need for adaptability to a given situation depending on the following three dimensions:

1. The extent to which work should be task oriented or relationship oriented.
2. Being able to understand how different leadership styles interrelate with the situation.
3. Employees' ability and willingness to perform the task.

MOTIVATION

If we accept the definition of management as the coordination of the efforts of others to get things done, it becomes easy to see that motivation becomes a key concept in management. What motivates people? How do we motivate people in the workplace to produce quality work and be productive? No doubt, you have personal experience that will give you some insights into this topic, but in the activities for this learning objective, we will look at some of the classic works on needs and motivation that are still core components of most management curricula. The work of McGregor and Theory X and Theory Y have been covered in the readings of an earlier objective, so we will not repeat those here, but keep in mind this is one topic that is included under the discussion of motivation.

INTRINSIC VS. EXTRINSIC REWARDS

Motivation comes from the desire to fulfill a need. Managers use rewards to meet those needs. Pay, recognition, and promotions are examples of extrinsic rewards, or rewards that are outside of the work itself. These rewards are important, but what is equally important, and something that managers often overlook is that rewards can also come from the work being done!

When an employee is doing work he or she enjoys, work that is personally fulfilling, that matters in the world, that advances his or her knowledge and that allows him or her autonomy, he or she will be more highly motivated than an employee whose work does not accomplish these things. These rewards come from the work itself and are referred to as intrinsic rewards.
Perhaps one of the most classic and widely read theories is found in the work of Abraham Maslow and his hierarchy of needs. In his proposal, categories of needs are arranged in a hierarchy resembling a pyramid.

The reason Maslow arranged these needs in a pyramid is he believed that the lowest level of unsatisfied need became the driving motivator. As an example, a person would not be motivated by the need to achieve esteem if there was a threat to safety. Maslow reasoned that we only move to the next higher level of need as a motivator when the need in the level below has been satisfied.

In the American workplace, the first two levels are a given. An employer must provide these without question. So the focus is on the top three. Belongingness needs can be met by arranging workers into teams, by arranging the workspace so that employees come in contact with each other, and even by organizing events such as the company picnic.

Esteem needs can be fulfilled by offering extrinsic rewards such as “Employee of the Month”, bonuses, and positive feedback. Self-actualization needs vary greatly among people of different backgrounds, social station, and occupation. Meeting these needs requires a unique combination of extrinsic and
intrinsic rewards. Work that allows employees to highly develop their skills and that challenges them offers intrinsic reward. Achieving a career-long goal such as promotion to vice president offers extrinsic reward.

**ERG THEORY**

ERG Theory is much like Maslow’s Hierarchy of Needs Theory in that it describes needs in a pyramid-shaped structure. The letters in the name of this theory stand for the sections in this top-down view of a person’s needs: Existence, Relatedness, and Growth.

One of the key differences between ERG and Maslow is that Maslow felt a person could only be at one level of the pyramid of needs at any one time. Movement between levels could occur, but each level was a distinct place. The ERG theory states that a person can have needs from the various levels operating at the same time. For example, an employee can be motivated by relatedness needs (working hard in order to be accepted by co-workers) at the same time as growth needs (working hard to achieve a professional certification). If the thoughts behind the ERG Theory are true, then managers must work with their employees more closely to make sure that employees’ needs, sometimes felt simultaneously, are met and satisfied. If done correctly, this will allow for greater personal growth opportunities within the organization.
Another well-known theory is found in the work of Frederick Herzberg from his work studying the work environment of professional groups. His approach to motivation is known as the motivator-hygiene or two-factor theory. He proposes that job satisfaction is not the same as motivation. A person can have high job satisfaction, and not be motivated! Here’s how it works: First, we must determine whether a person is satisfied or dissatisfied with his or her job. Those factors include adequate pay, good working conditions, benefits like paid vacation and holidays, etc. If workers have these things, they are satisfied. If they don’t have them, they are dissatisfied. A dissatisfied worker will never be motivated because the basic job factors (called hygiene factors by Herzberg) are absent. Interestingly, removing the dissatisfying factors did not lead to satisfaction but only to less dissatisfaction.

A satisfied worker can be either motivated or unmotivated. In order to be motivated, another set of factors (called motivators by Herzberg) must be present. Motivators include interesting, challenging, and meaningful work, recognition, and involvement with decision-making. These motivators are found in the nature of the work itself. Note how several of these are similar to the higher-level needs of Maslow. It was only when the job design was addressed to improve the motivators that satisfaction improved.

One of the key points of the two-factor theory is its position on money as a motivator. The common belief that pay is a motivating factor is contradictory to Herzberg’s position. Actually, he divides pay into two distinctions. Adequate pay is a minimum expectation of workers. It leads to job satisfaction but does not motivate—a hygiene factor. A bonus tied to performance levels could be considered a motivator, but Herzberg puts much more emphasis on intrinsic rewards as motivators.

Equity theory proposes that the exchange process between two or more individuals involves inputs and outcomes. Inputs are those things that an individual brings to the exchange process, and outcomes are what are received as a product of the exchange. It should be noted that the inputs and outcomes are measured by perceptual filters. Consequently, there is a potential for misalignment of perceptions between the parties engaged in the exchange. Furthermore, a given input becomes relevant to the exchange process only when it is recognized by the other party. Likewise, an outcome must be perceived and recognized by the recipient.

The parties engaged in the exchange process judge equity from their own perspective by estimating the ratio of input to outcome. When this ratio does not meet with expectations, the party develops feelings of inequity. In other words, they think, “Hey, that’s not fair!” Inequity is most likely to result when there is an exchange of service for payment (e.g., labor in exchange
for wages). The products of inequity include: anger, guilt, dissatisfaction, and tension. Actions will be taken to bring the equation back into balance. For example, employee A has a college degree and has been with the company for five years. He makes $40,000 per year. Employee B is a new hire who has a similar degree, but was hired at $44,000. Employee A feels that the ratio of his inputs (degree, experience) to his outcomes ($40,000 salary) is not in balance with Employee B’s ratio of inputs to outcomes. He feels that there is inequity and will probably take one or more of the following actions to “even things up”: ask for a raise; not work as hard; call in sick when he’s really not; sabotage employee B’s success; or look for another job.

In order to be motivated, employees must feel that they are treated fairly.

**ACQUIRED NEEDS THEORY**

McClelland wrote of a theory that he called **acquired needs theory**. In brief, he postulated that people acquire needs as they grow and develop over a lifetime. Achievement, affiliation, and power are the three general categories of these needs. Depending upon life experience, people are motivated by different proportions of these needs.

| Achievement Needs | Affiliation Needs | Power Needs |

_Achievers_, as the name tells us, desire to succeed at goals and desire recognition for their success. They may be averse to pursuing activities that have a high risk of failure or that are low profile.

_Affiliation_ seekers strive to build social relationships with others and avoid disconformities. Their need is for acceptance.

Finally, the _power_ seekers are motivated to attain situations in which they have control over others or over activities.

Insight into an employee’s acquired needs helps a manager to customize rewards that will be most valued by each employee.
BEHAVIOR MODIFICATION

The last topic that will be reviewed here is behavior modification. Keep in mind that this is an entire discipline in and of itself, so we will just be looking at the basic concepts. Behavior modification is derived from the psychological sciences and relies upon a principle that behavior that is rewarded will be repeated and behavior that is punished will be less likely to be repeated. Now, please note that rewarding can come in the form of an actual reward or the withholding of some negative consequence. Likewise, punishment can be an actual form of punishment or the withholding of a reward. We speak of positive reinforcement as the process of rewarding a behavior so as to increase the chance it will be repeated, and negative reinforcement as the process that acts to decrease the chance that the behavior will be repeated. As an example, if an employee acts in a way that achieves a desirable outcome for the organization, a reward or recognition of that act is positive reinforcement. In contrast, an example of negative reinforcement would be a reprimand to an employee who arrives late for work or fails to complete an assigned task.

JOB DESIGN

Job Design and Work Redesign concentrate on the specification of the makeup, steps, and relationships of jobs needed to fulfill technological as well as organizational needs and the personal job needs of the employees.

Job Design has changed much over recent years in that there has been a renewed focus on the needs of the employee and self-improvement, rather than the job-focused environment that used to be the norm in organizations. Among the major reasons for this recent shift are that organizations want to harness the productive nature of positions and desire additional employee participation. Increases in employee legislation have also been a major reason.

The biggest challenge for managers is how to best assemble positions in the workplace to take full advantage of the available workforce while understanding that there will be some turnover and needs for retraining over time.

Simplifying and simplification deal with the recent pursuit by management to try to reduce each job and functions associated with it to as small a collection as possible. The idea here is that it gives management a better view of the organization from a planning and budgeting perspective. They are able to view each position in terms of its ability to complete tasks or how many tasks they can complete this way.

Job Rotation is the function of moving personnel from one position to another on a rotating basis. For example, someone in payroll might be moved to a general payments position and then on to another position. Job Rotation reduces monotony typically inherent in low-skill jobs. It also leads to cross-trained staff which can increase the efficiency of an organization.
**Job Enrichment** of a position simply means that the employees are allowed to create more enriching positions for themselves through training or other methods available in the organization. The employee, with the employer’s help, grows the job they hold in a positive manner.

**Job Enlargement** increases the level of authority for a position or adds additional tasks to a position based either on the person who occupies the position’s skills or through attrition from other positions. This has been a recent growing phenomenon. It focuses on giving employees more ownership or empowerment, of the responsibilities of the department they work in.

All three of these are used to increase motivation by meeting intrinsic needs.

**SUGGESTED READING**


**Charismatic leader**: A leader who is charming and easily attracts followers because of her personality and “people person” style.

**Democratic leader**: A leader who openly invites participation into the leadership process and takes into account the opinions and preferences of others affected by decisions.

**Empowerment**: The transfer of the authority to a person so that she or he has the power to accomplish a task.

**Expectancy theory**: This is covered in detail in the readings. Essentially, a theory that states that motivation is a combination of valence, instrumentality and expectancy.

**Extrinsic reward**: A reward that comes from the environment in which the person exists. This contrasts with intrinsic reward which is derived from the person.

**Job Enlargement**: This increases the level or authority for a position or adds additional tasks to a position based either on the person who occupies the position’s skills or through attrition from other positions.

**Job Enrichment**: Enrichment of a position simply means that the employees are allowed to create more enriching positions for themselves through training or other methods available in the organization.

**Job rotation**: The function of moving personnel from one position to another on a rotating basis.

**Motivation**: The behavior exerted to achieve wants or needs.

**Power**: The ability to control the actions of others.

**Reinforcement theory**: This is a theory that states that behaviors that are rewarded tend to be repeated and behaviors that are punished tend not to be repeated.

**Traits**: Features of characteristics of a person’s nature or manner of acting.

**Transformational leadership**: A style of leadership in which the leader sets out to improve the organization and interacts with others in a way that encourages their personal growth as well.

**Work redesign**: A process in which the existing work practices and changes are made to improve job satisfaction, effectiveness or efficiency.