Pathways Plus

Strategic Management and Leadership

Level 7

Units 7013V1 and 7014V1
Being a Strategic Leader and Strategic Leadership Practice
Contents

About Pathways Plus ........................................... 7

Introduction .......................................................... 11

Section 1 Aspects of leadership ............................ 13
  Topic 1: Leadership vs management ........................ 14
    1.1 Leader or manager? ........................................ 14
    1.2 Getting the balance right ................................... 17
    1.3 Many managers and too few leaders? ..................... 21
  Topic 2: Leadership: characteristics or contributions? .. 25
    2.1 Characteristics of leadership .............................. 25
    2.2 Contributions of leadership ................................ 29
Section summary .................................................... 35

Section 2 Leadership, motivations and behaviours .......... 37
  Topic 1: Leadership and motivation .......................... 39
    1.1 Transactional leadership .................................... 39
    1.2 Transformational leadership ............................... 41
    1.3 Leadership and motivational theory ....................... 46
  Topic 2: Leadership behaviours ................................ 52
    2.1 Leadership styles .......................................... 52
    2.2 Level 5 leadership ........................................... 57
Section summary .................................................... 61

Section 3 Leadership in context ............................. 63
  Topic 1: Organisational contexts and adaptations .......... 65
    1.1 The strategic context ....................................... 65
    1.2 The situational context .................................... 68
    1.3 The cultural context ....................................... 71
  Topic 2: The leader as change agent ......................... 77
2.1 Tools for culture change ............................................ 77
2.2 The leader as change agent? ................................. 82
Section summary ............................................................. 86

Section 4 Leadership vision and values ............ 89

Topic 1: Gaining followers through vision .............. 90
  1.1 Engaging people with vision .................. 90
  1.2 Communicating the vision ...................... 93

Topic 2: Gaining followers through values .......... 98
  2.1 Building trust ......................................... 98
  2.2 Authentic leadership ............................ 99
  2.3 Ethical leadership .................................. 101

Section summary .................................................. 108

Further reading ........................................ 109

Before you move on ........................................... 111

Preparing for assessment ........................................... 111
The Management and Leadership Standards .............. 111
About Pathways Plus

Development guides
There are 15 development guides in the Pathways Plus series to cover the 17 units of the qualifications at CMI Level 7: Strategic Management and Leadership.

7001V1 Personal leadership development as a strategic manager
(ISBN: 0-85946-572-1)

7002V1 Developing performance management strategies
(ISBN: 0-85946-577-2)

7003V1 Financial management
(ISBN: 0-85946-582-9)

7004V1 Strategic information management
(ISBN: 0-85946-587-X)

7005V1 Conducting a strategic management project
(ISBN: 0-85946-592-6)

7006V1/ 7011V1 Reviewing organisational strategy plans and performance/Strategic planning
(ISBN: 0-85946-597-7)

7007V1 Financial planning
(ISBN: 0-85946-503-9)

7008V1 Developing a marketing strategy
(ISBN: 0-85946-508-X)

7009V1 Strategic project management
(ISBN: 0-85946-513-6)

7010V1 Implementing organisational change strategies
(ISBN: 0-85946-518-7)

7012V1 Strategic human resource planning
(ISBN: 0-85946-523-3)

7013V1/ 7014V1 Strategic leadership/Strategic leadership practice
(ISBN: 0-85946-528-4)

7021V1 Introduction to strategic management and leadership
(ISBN: 0-85946-533-0)

7022V1 Developing risk management strategies
(ISBN: 0-85946-538-1)

7023V1 Strategic corporate social responsibility
(ISBN: 0-85946-543-8)

For further details on the development guides:
- Phone: (+44) (0)1536 207379
- Fax: (+44) (0)1536 207384
- Email: publications@managers.org.uk
How to use the development guide

The development guides provide a critical commentary to the ideas of writers and thinkers in the management and leadership field. They offer opportunities for you to investigate and apply these ideas within your working environment and job role.

Structure

Each guide is divided into sections that together cover the knowledge and understanding required for the equivalent unit or units of the Chartered Management Institute Level 7 Strategic Management and Leadership qualifications.

Each section starts with a clear set of objectives linked to the learning outcomes of the qualification. You don’t have to complete the sections in the order they appear in the guide (the mind map at the beginning of each guide will help you decide which sections and topics are of particular need or interest) but you should try to cover all sections if you are aiming for a full diploma qualification.

Activities

Throughout the guides there are activities for you to complete. These activities are designed to help you reflect on your own situation and apply your research to your organisation. Space and tables are provided within the activities for you to enter your own thoughts or findings, but in some cases you may choose to copy out the table or make notes in a separate notebook.

Timings

Timings are suggested for each activity to give you a rough idea of how long you should devote to them. They’re not hard and fast, and you must decide whether you will benefit from spending longer on some activities than stated.

Supporting resources

The text of the guides is designed to provide you with an introduction to the subject and a commentary on some of the key issues, models and thinkers in the field. The activities are there to help provide a framework for your thinking. A key component of Pathways Plus (Pathways Plus because the development guides work together with the online supporting resources to provide an overall learning journey) is the list of references given throughout the text and at the end of each topic guiding you to the most appropriate supporting resources for you to explore yourself. These are marked with the symbol SR (as shown above).

You have the opportunity to select those resources that are of most interest or relevance to you and to use them as a source of guided research on a particular topic. Many of the supporting resources are immediately available by logging into CMI’s online
management and leadership portal, ManagementDirect (MDir) (http://mde.managers.org.uk/members), or where you work for an organisation that subscribes to this service use the specific link for your organisation (http://mde.managers.org.uk/(organisation name) . These resources are marked in the reference list at the end of each topic with P+ standing for Pathways Plus. Once logged into ManagementDirect click on More.... on the navigation bar and select Senior Manager Resources, this will take you straight to the list of supporting resources as listed in the Pathways Plus topics. When there, click on the title of your development guide, the section and the topic you’re interested in and then click straight to the article, video, checklist, extract or report that you want to find.

For those resources that are not available through the CMI site, you will be directed to other sources (some also online) to reach what you need.

Preparing for assessment

Further information on assessment is available in the Student Guide produced as part of the Pathways Plus series. If you have any further questions about assessment procedures, it’s important that you resolve these with your tutor or centre coordinator as soon as possible.

Further reading

Suggestions for further reading and links to management information are available via ManagementDirect through the Study Support section of the Institute’s website at http://mde.managers.org.uk/members. Alternatively, email ask@managers.org.uk or telephone 01536 207400. You will also find titles for further reading in the Bibliography at the end of this workbook.

The CMI Management Library holds an extensive range of books and pamphlets for loan to members. A postal loan service is offered to members in the UK only. You will only pay your return postal charges. Go to www.managers.org.uk/library to review the collection and to place your requests.
Welcome to this development guide on strategic leadership. It specifically focuses on the content of the specification for Unit 7013V1 Strategic leadership and 7014V1 Strategic leadership practice. This is a subject that is probably the most written about in the organisational universe. A Google search on ‘leadership’ generates over 140 million hits!

The guide covers both theories and practical aspects of leadership via the following areas:

- **aspects of leadership** — including the difference between leaders and managers and the various characteristics and contributions of leaders
- **leadership motivations and behaviours** — the interaction of leaders and followers from the viewpoint of inner motivation and outward behaviours, including transactional and transformational theories of leadership, leadership styles, and level 5 leadership
- **leadership context** — the strategic, situational and cultural aspects that leaders have to work within and adapt to, how they can change these contexts, and the notion of leadership as less of a control issue than an ‘emerging’ one as leadership strategies make an impact on organisational direction
- **leadership vision and values** — the strategic aspect of leadership as expressed through vision and values, including communicating the vision, building trust, authentic leadership and how to be an ethical leader.

**Development guide mind map**

```
Section 1: Aspects of leadership

Section 2: Leadership motivations and behaviours

Being a Strategic Leader and Strategic Leadership Practice

Section 3: Leadership in context

Section 4: Leadership visions and values
```
Assessment

If you’re studying for the Level 7 in Strategic Management and Leadership qualifications you will be assessed by your approved centre on your knowledge and understanding of the following learning outcomes:

Unit 7013V1:
1. Understand an organisation’s ethical and value-based approach to leadership
2. Understand strategic leadership styles
3. Understand leadership strategies and their impact on organisation direction*

Unit 7014V1:
1. Understand the relationship between strategic management and leadership
2. Understand leadership principles that support organisational values
3. Understand leadership strategies and the impact on organisation direction*

* Note
Learning outcomes 7013V1.3 and 7014V1.3 have the same wording but differ in their assessment criteria as follows:

7013V1
3.1 Evaluate two differing leadership strategies
3.2 Determine situational variables which could cause a change in leadership strategy
3.3 Analyse a leadership strategy to support organisational direction

7014V1
3.1 Evaluate transformational leadership and its impact on organisational strategy
3.2 Evaluate transactional leadership and its impact on organisational strategy
3.3 Evaluate situational leadership and its impact on organisational strategy
Section 1  Aspects of leadership

Introduction

In this section you’ll look at some of the key aspects of leadership in terms of how to define leadership, as opposed to management, and the various attributes and skills of leadership as opposed to management. You’ll also consider the notion of distributed leadership and some theories concerned with leadership characteristics. You’ll finish off with a theory on leadership capabilities that challenges the idea of the ‘perfect’ leader.

Learning outcomes

This section covers the following learning outcome:

7013V1.2 Understand strategic leadership styles
7014V1.1 Understand the relationship between strategic management and leadership

Section mind map

There are two topics in this section as shown below. Check the subjects within each one and then continue with the areas you need to explore.
Topic 1: Leadership vs management

Introduction
In this topic you’ll focus on defining leadership, which you’ll do by assessing the differences and similarities between leaders and managers. You’ll consider the various attributes leaders and managers have and whether these are conflicting or complementary. You’ll also look at getting the balance right between leadership and management skills. The final part looks more closely at leadership itself, in terms of how far leadership can permeate the organisation and how leadership roles can be shared.

1.1 Leader or manager?

*Management is efficiency in climbing the ladder of success; leadership determines whether the ladder is leaning against the right wall.*

-Stephen R. Covey

We use the words ‘leader’ and ‘manager’ quite freely in contexts in which each seems to make perfect sense. We wouldn’t think of our prime minister as a ‘manager’, nor would we be inclined to call a squadron leader a ‘squadron manager’ or our immediate manager a ‘line leader’. It would seem leaders are important people, at a high level of seniority, who stand out from the crowd. Yet we speak about team leaders and this is often a line manager role. And what about project leaders? Again, there’s no necessary reason for this to be a high-level role unless it’s a high-level project.

Here’s what John Kotter has to say about the difference between being a leader and being a manager.

*Management is a set of processes that can keep a complicated system of people and technology running smoothly. Important aspects of management include planning, budgeting, organising, staffing, controlling, and problem solving.*

*Leadership is a set of practices that creates organisations in the first place or adapts them to significantly changing circumstances. Leadership defines what the future should look like, aligns people with that vision, and inspires them to make it happen despite the obstacles.*

He further notes that:

- management produces a degree of predictability and order and has the potential to consistently produce the short-term results expected by various stakeholders, such as being on time and on budget.
Leadership produces change, often to a dramatic degree, and has the potential to revolutionise processes, products, organisations or even whole markets.

In terms of change, he goes on to say, it’s 70 to 90 per cent leadership and only 10 to 30 per cent management.

### Leadership and management attributes

Developing this comparison a little further from the overarching attributes, there’s a lot more in a similar vein. Here’s a comparative list developed by Boyett and Boyett, which synthesises the views of many of the leadership gurus such as Warren Bennis, Robert Townsend and John Kotter.

<table>
<thead>
<tr>
<th>Leaders</th>
<th>Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do the right thing</td>
<td>Do things right</td>
</tr>
<tr>
<td>Are interested in effectiveness</td>
<td>Are interested in efficiency</td>
</tr>
<tr>
<td>Innovate</td>
<td>Administer</td>
</tr>
<tr>
<td>Create</td>
<td>Maintain</td>
</tr>
<tr>
<td>Focus on people</td>
<td>Focus on systems and structure</td>
</tr>
<tr>
<td>Rely on trust</td>
<td>Rely on control</td>
</tr>
<tr>
<td>Align people with a direction</td>
<td>Organise and staff</td>
</tr>
<tr>
<td>Emphasise philosophy, core values, and shared goals</td>
<td>Emphasise tactics, structure and systems</td>
</tr>
<tr>
<td>Have a long-term view</td>
<td>Have a short-term view</td>
</tr>
<tr>
<td>Ask what and why</td>
<td>Ask how and when</td>
</tr>
<tr>
<td>Challenge the status quo</td>
<td>Accept the status quo</td>
</tr>
<tr>
<td>Focus on the future</td>
<td>Focus on the present</td>
</tr>
<tr>
<td>Have their eyes on the horizon</td>
<td>Have their eyes on the bottom line</td>
</tr>
<tr>
<td>Develop visions and strategies</td>
<td>Develop detailed steps and timetables</td>
</tr>
<tr>
<td>Seek change</td>
<td>Seek predictability and order</td>
</tr>
<tr>
<td>Take risks</td>
<td>Avoid risks</td>
</tr>
<tr>
<td>Inspire people to change</td>
<td>Motivate people to comply with standards</td>
</tr>
<tr>
<td>Use person-to-person influence</td>
<td>Use position-to-position (superior-to-subordinate) influence</td>
</tr>
<tr>
<td>Inspire others to follow</td>
<td>Require others to comply</td>
</tr>
<tr>
<td>Operate outside of organisational rules, regulations, policies, and procedures</td>
<td>Operate within organisational rules, regulations, policies, and procedures</td>
</tr>
<tr>
<td>Take initiative to lead</td>
<td>Are given a position</td>
</tr>
</tbody>
</table>

Figure 1.1a: Leadership and management attributes

Source: Boyett and Boyett (2000)
Activity 1.1a
Think about the definitions of leadership and management above (and also read the CMI one) and see if you agree with them. Make some notes below and if you don’t agree, explain why not.

Assess yourself in terms of the attributes above. Which ones do you have (tick or highlight them if you wish)? Are you more a manager or more a leader?

Do you agree that the attributes are in the correct columns? (For example, do managers really take a short-term view?) If you don’t agree, explain why not. Are there any other attributes you would add to the list? Identify them.

There’s more about attributes in Topic 2.
1.2 Getting the balance right

The above activity will probably have shown you that you have some strictly leadership attributes and some management attributes. And, when you look at the various attributes of leaders and managers more closely, it quickly becomes clear that they may be seen as not so much conflicting as complementary — you need both! For example, you need to inspire your team with a vision to make the latest strategy take off, but then you also have to plan, monitor and control to ensure that the strategic vision is realised. In addition, as a manager—leader, you need to get the balance right. Too much inspiring and not enough perspiring will not lead to the promised land! For example, US President Barack Obama is considered an inspirational leader, but having ‘charisma’ and ‘vision’ will not cut the mustard if he doesn’t deliver on the economy. In this respect, taking into account the notion of ‘distributed leadership’ (which we deal with at the end of this topic), it’s the job of his chief of staff to implement his agenda, that is, perform a management function, while Obama himself can deliver on leadership. Indeed, Chief of staff Rahm Emanuel was chosen specifically because of his political experience and knowing how things are done in Washington.

Jeff Bezos, CEO of Amazon, is a good example of a leader with a sound balance of both leadership and management skills. He’s known as a number-crunching geek, who likes to analyse investment decisions carefully. These are the sorts of decisions he’s known to prefer; in fact, one of his recurring phrases is ‘we can measure that’. On the other hand, he’s a person who likes to take risks and innovate. For example, his decision to allow other ‘market place’ retailers to sell the same book at different prices on the Amazon websites, the switch away from books to other retail products, free delivery if you spend over a certain limit, providing free text search of books — all of these innovations cost money, at least in the short term, but Bezos’ customer-centric philosophy is focused on the long term. He figures that what pleases the customer will ultimately make them use the brand and spread the word to others to use the brand. In Bezos’ case, it’s his ability to know when to ignore the bottom line analysis that separates the leader in him from the manager.

Leadership vs management skills

Being in charge of a project is a good example of how leadership and management skills may interact and overlap — and, indeed, how the balance may fluctuate at any specific time. The following diagram from Max Wideman’s project management website shows the relationship between leadership and management skills vis-à-vis the various tasks and people organisation that form the different phases of the life of a project.
Look closely to see how the balance shifts. Wideman points out that leadership is most important at the start of the project — visioning, creativity, innovation, selling the idea — and less important during the execution stage — monitoring and control.

Also, leadership-management skills may be of the same type but operate at different ends of a spectrum as you go to one or other end of it. For example, as a communicator you may be a good speaker and able to sell your vision. But then, on a practical basis, you need to physically get this message across by organising appropriate meetings with stakeholders (marketing skills). As an influencer, you want to persuade stakeholders to back your project in the early planning stage, but this may also involve you in taking someone to one side if they’re not pulling their weight in the execution stage.

Another example of this spectrum is problem-solving. You may have to develop your project to solve a strategic issue, but then there are the day-to-day issues to deal with, some of which may need creative solutions. Then there’s risk at the strategic level and risk at the tactical level ...

**Activity 1.2a**

Choose four or five headings: communication, information, analysis, etc., and make an assessment of your own leadership-management skills in these areas. (It might help you to run through the project management skills listed on page 15 for this, thinking about a project you led or managed in the past.)

Explain whether you have more leadership ability in each of the skills or more management ability by listing some of the key