

MANAGEMENT VS. LEADERSHIP

Last month we looked at groupthink, a phenomenon which sometimes occurs due to short-sighted management of an organisation. But is the CEO who prefers harmony to debate really acting as a leader, or a manager?

Many people assume that leadership and management are one and the same. After all, managers are often also leaders. The words “manage” and “lead” are frequently interchanged: it is not easy to explain the semantic difference between “leading the project” and “managing the project”, if we can find one. We even lump them together in our phrasing – “management and leadership” is a common enough term – and get confused as to what they really mean.

Let’s try and clarify what we are talking about.

What management is

Management is basically the same all the time. It looks after the basic day-to-day running of an organisation, and is often governed by rules set by the company. There are several layers of management in larger organisations (and sometimes in smaller ones, too!).

In many companies, the “Office Manager” has replaced the secretary (now that everybody does their own typing). This person is usually responsible for administrative tasks: making sure both salaries and bills are paid on time, arranging travel for employees, taking minutes in meetings, organising company functions, and so on.

Project Manager is another common job title or role. This person makes sure that work tasks, which utilise the core talents of the trained employees, and are in the main business area of the company, are completed on time and within budget. This takes a lot of organisational skills.

We talk about top management, which usually refers to the Managing Directors of a company, or a team consisting of Department Heads, or some similar collection of senior personnel in an organisation. These people make important decisions about the company, including hiring and firing, mergers and acquisitions, business focus, investments, and so on. This is not leadership: they are managing the more high-level aspects of the business.

In many organisations, “Manager” is a formally conferred title. You can even go to college and learn to be a manager. Managers are possibly part of but often separate to the group they manage. Offices rarely have more than one Office Manager. A Project Manager may have previously done project work, but the job is usually very time consuming, and does not any more allow him or her time to spend on such activities. Top management are rarely on the “shop floor”, although in some more innovative companies, they work with the ordinary employees to remind them of what it’s like to do everyday work.

What, then, is leadership?

What leadership is – and is not

Leadership is quite possibly the most-researched aspect of social and organisational psychology. As a result, a lot has been written on the topic. Have a look at the business section of your local bookshop and see just how many books are devoted to an attempt to explain leadership. It is fascinating to both academics and practitioners.

Some people believe that leadership comes from personality. Companies spend a lot of time, money, and effort on the selection of their high-level leaders. Yet consistent leadership traits have been very difficult to identify. Two things that are clear are: (1) leadership is a relationship between people, and (2) an effective leader is different in different situations.

Leaders do not exist without followers. The company leader appeals to employees and gets them to think in the same direction. This is not done by motivational speeches; research has demonstrated that democratic leadership, where followers are helped to achieve their potential, is the most effective in maintaining a loyal and productive workforce. Employees need to feel that leaders “understand us” and are “part of us”. Despite this research evidence, most organisations today are still run autocratically, where the boss sits in an office isolated from the other employees, and always has the final say.

Many people believe that everything a team does is the direct result of its leader, so the leader takes both the credit and the blame. When people have strong faith in their leaders, they are prepared to work much harder, even without the leader physically present. One surprising result of leadership research is that in many situations, it appears that leaders are not even necessary. But an organisation without a leader would not be trusted by many people.

As you can see, leadership is difficult to define, and research has come up with some counterintuitive but not completely definite conclusions.

How management and leadership can work together

To paraphrase Australian management researcher Professor James Sarros: the difference between a manager and a leader is that a manager says, “Go”, while a leader says, “Let’s go.”

Management researchers concede that leadership is an integral part of a manager’s job, but how much depends on the circumstances. Although some companies use job titles like “team leader”, a leader fulfils a role rather than a position. Anyone in an organisation could be a leader, given the right situation.

This principle is sometimes used politically, where each person takes on the role as leader at different times. One well-known example is the rotating Presidency of the European Union, where each EU country gets a six-month turn at being the leader.

The Presidential country is not the “manager” of the European Union. Management tasks are dealt with in Brussels. During its term, the EU President takes care of diplomacy, both within and outside of the EU: a relationship issue.

Where does this leave us?

As psychologist David Statt notes wryly: “So after a century of research on leadership and many thousands of studies we can now conclude, pretty confidently, that effective leadership depends on a number of things (though we’re not sure which ones), and it seems a good idea for leaders to be interested in people.” (Statt, 2004, p. 296).

Contrary to popular management belief, research shows that the best-performing companies do *not* owe their success to any major adjustments within the firm orchestrated by a new, charismatic leader: success is *not* due to downsizing, merging and acquisitions, the best and latest technology, large-scale organisational change, or a new business strategy. This is management by directive. The average employee will think: “This guy does not ‘understand us’”, because he has been poached from outside the company, and such decisions are decidedly autocratic: it is a recipe for disaster.

The best-performing companies build a good team of disciplined people, give them operational responsibility (democratically moving towards their potential), and encourage them to concentrate on what the company does best.

Summary

Management tends to be based on what, and leadership tends to be based on how. There are no magic formulae, and even the experts have difficulty defining what goes to make up the best leader. Leadership seems to be contingent on the situation.

Leadership is a very complex issue, and has only been touched on briefly here. Rather than provide conclusive answers, this article is intended to stimulate thought and discussion.

Some related links (copy-paste into your browser):

Leaders or managers, from Leaders Direct
<http://www.leadersdirect.com/mgevslead.html>

The Art and Science of Leadership
<http://www.nwlink.com/~donclark/leader/leader.html>

The European Union
http://europa.eu/index_en.htm

Next month, we will be discussing something very important to managers and leaders: motivation.

References:

Haslam, S.A. (2004). *Psychology in organizations: The social identity approach* (2nd ed.). London: Sage Publications.

Sarros, J.C., & Butchatsky, O. (1996). *Leadership: Australia's top CEOs – Finding out what makes them the best*. Sydney: HarperCollins Business.

Smircich, L., & Morgan, G. (2001). Leadership: The management of meaning. In Warwick Organizational Behaviour Staff (Eds.), *Organizational studies Volume 1* (pp. 463-481). Florence, KY, USA: Routledge.

Statt, D.A. (2004). *Psychology and the world of work* (2nd ed.). New York, N.Y.: Palgrave Macmillan.