

Leadership approaches

[Business](#), [Leadership](#)



Leadership implies the ability to guide, direct, or influence people. In a certain family-owned coffee plantation, the need arose for a quick decision on enlisting the company into the stock exchange. Given its rising fortunes, future prospects and need to acquire additional expansion capital, this was a good move. But this is a family-owned business, and selling its shares to the public might amount to selling the family's fortune away.

The first son who had the running of the company under his hands had to take the decision. He was not a professional in the business, so he called for two separate meetings of the company board and the family. Having heard collectively, he was able to sell 50% of the company shares to the public, leaving 50% to the family members, discretionary rights to buy as much of the public offers as they are able.

Groups of people living in bands have no formal leadership, and all people have input in making group decisions. Most decision-making in tribes occurs within households. Occasionally, most or all members of lineages or clans convene to make important village decisions, such as about dealing with neighboring tribes. Descent groups may also regulate access to crucial resources, such as favored hunting areas, and choose where people will live. (Bodley, 2006)

According to Max de Pree (1924 -), the best management process for today's environment is participative management based on covenantal relationships. Industrial Management, in business, is a term used to describe the techniques and expertise of efficient organization, planning, direction, and control of the operations of a business.

Industrial Management and the Managerial Grid

Thus the style approach tends to analyze the individuals involved and see how best to harness their collective contributions to realizing the collective company goals. This is explained below:

Technical: The technical ingenuity of an individual alone can not accomplish the required task and as such technical expertise is best utilized in team work, especial at the middle and supervisory levels.

Human: The Human Resources of a skilled employer depends on training. For the top levels, this is most essential because it defines the course the company has to follow. Also, for the supervisory and middle level, an average proficiency is needed.

Conceptual: the conceptual power of the middle level brings up growth while that of the top level drives this growth and ensures its sustenance.

The managerial grid simply defines a hierarchy of flow of management in a leadership set-up. It clearly defines positions of authority and responsibility by all involved. A managerial grid, which consists of the CEO as the boss, includes the administrative, finance, operational and marketing management in its line of responsibilities. Work flows progressively, with each division taking decisions it is well vested on or its line of duty. Major decisions are taken by the board comprising of the CEO and managers. This enables the company to take sound and fair decisions which is responsive to the general interest of the company's sustenance.

In the theory of industrial management, organization has two principal aspects. One relates to the establishment of so-called lines of responsibility, drawn usually in the form of an organization chart that designates the executives of the business, from the president to the foreperson or department head, and specifies the functions for which they are responsible. The other principal aspect relates to the development of a staff of qualified executives.

The Managing Director or CEO is the most senior manager of a company. The managing director is responsible for the day-to-day running of the company, but has a seat on the board of directors. The managing director may also be the chairman of the company, but in large companies the role of chairman is usually separate from that of managing director.

He works with the Board of Directors or a group of directors elected by stockholders at the annual general meeting of a company to supervise the running of the company. Executive directors are managers of a company, working full time and with salaries paid by the company. Nonexecutive directors have no management position and are likely to look after the affairs of the company on a part-time basis.

The top managers of a corporation are appointed or dismissed by a corporation's board of directors, which represents stockholders' interests. However, in practice, the board of directors is often made up of people who were nominated by the top managers of the company. Members of the board of directors are elected by a majority of voting stockholders, but most stockholders vote for the nominees recommended by the current board

members. Stockholders can also vote by proxy—a process in which they authorize someone else, usually the current board, to decide how to vote for them.

Businesses rely on effective human resource management (HRM) to ensure that they hire and keep good employees and that they are able to respond to conflicts between workers and management. HRM specialists initially determine the number and type of employees that a business will need over its first few years of operation.

They are then responsible for recruiting new employees to replace those who leave and for filling newly created positions. A business's HRM division also trains or arranges for the training of its staff to encourage worker productivity, efficiency, and satisfaction, and to promote the overall success of the business. Finally, human resource managers create workers' compensation plans and benefit packages for employees.

Planning in industrial management has three principal aspects. One is the establishment of broad basic policies with respect to production; sales; the purchase of equipment, materials, and supplies; and accounting. The second aspect relates to the implementation of these policies by departments. The third relates to the establishment of standards of work in all departments.

Direction is concerned primarily with supervision and guidance by the executive in authority; in this connection a distinction is generally made between top management, which is essentially administrative in nature, and operative management, which is concerned with the direct execution of

policy. Control involves the use of records and reports to compare performance with the established standards for work.

Industrial management as just defined dates from the latter part of the 19th century. A notable impetus to its evolution was provided by the American engineer Frederick Taylor, who developed techniques for analyzing the operations involved in production and for setting standards for a day's work.

The techniques originally devised by Taylor were adapted by industrialists to other phases of business, including the employment of qualified workers, and wage incentive programs either to replace or to supplement the piecework system that had previously prevailed. Industrial management experts who succeeded Taylor have applied his techniques to a wider range of business problems. Among the leading successors are the Austrian-American management consultant and educator Peter Drucker and the American economist, writer, and diplomat John Kenneth Galbraith.

New explanations and fresh policies were urgently required; this was precisely what Keynes supplied. In his enduring work *The General Theory of Employment, Interest, and Money*, the central message translates into two powerful propositions. (1) Existing explanations of unemployment he declared to be nonsense: Neither high prices nor high wages could explain persistent depression and mass unemployment. (2)

Instead, he proposed an alternative explanation of these phenomena focused on what he termed aggregate demand—that is, the total spending of consumers, business investors, and governmental bodies. When aggregate

demand is low, he theorized, sales and jobs suffer; when it is high, all is well and prosperous.

From these generalities flowed a powerful and comprehensive view of economic behavior—the basis of contemporary macroeconomics. Because consumers were limited in the amounts that they could spend by the size of their incomes, they could not be the source of the ups and downs of the business cycle.

It followed that the dynamic forces were business investors and governments. In a recession or depression, the proper thing to do was either to enlarge private investment or create public substitutes for the shortfalls in private investment. In mild economic contractions, easy credit and low interest rates (monetary policy) might stimulate business investments and restore aggregate demand to a figure consistent with full employment. More severe contractions required the sterner remedy of deliberate budget deficits either in the form of spending on public works or subsidies to afflicted groups.

Some big corporations established overseas operations and became multinational. Producers in the United States depended on world markets to buy oil, iron, steel, and food that they exported. They also increased their overseas investments. Standard Oil (later Exxon), for instance, developed oil resources in Venezuela and the Middle East. Coca-Cola swept through Europe, where it set up bottling factories. New types of bureaucrats ran the big businesses of postwar America. In *The Organization Man* (1956),

sociologist William H. Whyte wrote that employers sought managers who would adapt to corporate culture, which rewarded teamwork and conformity.

The essential characteristic of the behavioral approach to learning is that events in the environment are understood to predict a person's behavior, not thoughts, feelings, or other events that take place inside the person. Strict behaviorists believe that it is dangerous and unscientific to treat thoughts and feelings as the causes of a person's behavior, because no one can see another person's thoughts or feelings.

Behaviorists maintain that human learning can be explained by examining the stimuli, reinforces, and punishments that a person experiences.

According to behaviorists, reinforcement and punishment, along with other basic principles such as generalization and discrimination, can explain even the most advanced types of human learning, such as learning to read or to solve complex problems.

Conclusion

In the situation described above, the head of the family coffee company simply executed collective leadership. The leader behavior thus makes sense when you realize the amount of gains that has been added to the company based on this sharp approach. This supports the leadership theory described and it has helped me to understand my feelings and behavior in this particular situation.

Business plays a vital role in the life and culture of countries with industrial and postindustrial (service- and information-based) free-market economies

such as the United States. In free-market systems, prices and wages are primarily determined by competition, not by governments. In the United States, for example, many people buy and sell goods and services as their primary occupations.

In 2001 American companies sold in excess of \$10 trillion worth of goods and services. Businesses provide just about anything consumers want or need, including basic necessities such as food and housing, luxuries such as whirlpool baths and wide-screen televisions, and even personal services such as caring for children and finding companionship.

A typical example of a non-collective leadership is in a one-man business. The Entrepreneur thus is one who assumes the responsibility and the risk for a business operation with the expectation of making a profit. The entrepreneur generally decides on the product, acquires the facilities, and brings together the labor force, capital, and production materials. If the business succeeds, the entrepreneur reaps the reward of profits; if it fails, he or she takes the loss.

In his writings, the Austrian-American economist Joseph A. Schumpeter stressed the role of the entrepreneur as an innovator, the person who develops a new product, a new market, or a new means of production. One important example was Henry Ford. In the industrialized economies of the late 20th century, giant corporations and conglomerates have largely replaced the individual owner-operator. There is still a place for the entrepreneur, however, in small businesses as well as in the developing economies of the Third World nations. (Redmond, 2006)

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