

21.13: Different Management Styles

Learning Objectives

- Differentiate between authoritarian, laissez-faire, and democratic management styles
- Differentiate between transformational, transactional, and narcissistic leadership styles



Regardless of their position within an organization, managers need to act as leaders. Some people think leadership means guiding others to complete a particular task, while others believe it means motivating the members of your team to be their best selves. Whatever the differences in emphasis or wording, the following is probably a fair definition: Leaders are people who know how to achieve goals and inspire people along the way.^[1] In a business setting, leadership also means being able to share a clear vision of where the company is heading while providing the knowledge, information, and methods needed to get there.

A manager can take a number of different approaches to leading and overseeing an organization. A manager's style of giving direction, setting strategy, and motivating people is the result of his or her personality, values, training, and experience. Let's examine some of the most common management styles and the circumstances under which each is most appropriate.

Autocratic/Authoritarian Management Style

Under an autocratic management style, decision-making power is concentrated in the manager. Autocratic managers don't entertain any suggestions or consider initiatives from subordinates. This style of management is effective for quick decision making but is generally not successful in fostering employee engagement or maintaining worker satisfaction. When do managers tend to use this style?

- In crisis situations, when it's impractical to solicit employee input, managers may become autocratic. For example, a manager might order employees to vacate the building because of fire or another emergency. Taking the time to seek advice or opinions is not only impractical but could endanger lives.
- Traditionally, if the workforce is comprised of low-skill workers, employee input isn't encouraged because it's considered to be of limited value or importance. However, more forward-thinking managers regard all worker input as valuable, regardless of skill level.

Laissez-Faire/Free-Rein Management Style

The laissez-faire style is sometimes described as "hands-off" management because the manager delegates the tasks to the followers while providing little or no direction. If the laissez-faire manager withdraws too much, it can sometimes result in a lack of productivity, cohesion, and satisfaction. Under this type of management, subordinates are given a free hand in deciding their own policies and methods. When do managers employ this approach?

- When workers have the skills to work independently, are self-motivated, and are held accountable for results (physicians are a good example), laissez-faire management may be effective. Highly skilled employees require less frequent instruction, and managers must rely on them to use their professional expertise to make sound decisions.
- Managers of creative or innovative employees often adopt this approach in order to foster creativity. For example, computer programmers, artists, or graphic designers can benefit from a hands-off management style. Managers step out of the way to make room for new ideas, creative problem-solving, and collaboration.

Participative/Democratic Management Style

Under a participative or democratic style of management, the manager shares the decision-making authority with group members. This approach values individual interests and perspectives while also contributing to team cohesion. Participative management can help employees feel more invested in decisions, outcomes, or the choices they've made, because they have a say in them. When is this an appropriate managerial choice?

- When an organization enters a transitional period—a merger or acquisition, expanding into a new market, closing a facility, or adding new products, for example—managers need to guide the workforce through the change. Such circumstances involve adjustments and adaptations for a large group of people, so managers may find that a participative management style is most effective.
- Businesses often encounter new or unexpected challenges. During tough times, resourceful managers will solicit input from employees at many levels within the organization. A democratic approach can uncover people with invaluable experience, advice, and solutions.

Each style of management can be effective if matched with the needs of the situation and used by a skilled, versatile manager. The best managers are adept at several styles and able to exercise good judgement about which one is suited to the task at hand.

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Transformational Leadership Style

Transformational leaders work with subordinates to identify needed change, create and share an inspiring vision, and bring about change together with committed members of a group. Transformational leadership serves to enhance the motivation, morale, and job performance of followers through a variety of mechanisms. These include connecting the follower's sense of identity and self to a project and to the collective identity of the organization; being a role model for followers in order to inspire them and to raise their interest in the project; challenging followers to take greater ownership for their work; and understanding the strengths and weaknesses of followers, allowing the leader to align followers with tasks that enhance their performance. Transformational leaders are often idealized and viewed as moral exemplars for their contributions to a team, an organization, or a community.

Transactional Leadership Style

Transactional leadership was first described by Max Weber in 1947 and later by Bernard Bass in 1981. This kind of leadership, also known as managerial leadership, focuses on supervision, organization, and performance. Unlike transformational leaders, those using the transactional approach are not looking to change the future—they value the status quo. Transactional leaders pay attention to their followers' work in order to find fault or deviation and gain their compliance through a system of rewards and punishments. There are two factors that form the basis for this reward/punishment system: contingent reward and management by exception. Contingent reward provides rewards (material or psychological) for effort and recognizes good performance. Management by exception allows the leader to maintain the status quo; the leader intervenes when subordinates do not meet acceptable performance levels and initiates corrective action to improve performance.

Narcissistic Leadership Style

Narcissistic leaders are visionary and charismatic, with a keen ability to attract and inspire followers. Anthropologist and psychoanalyst Michael Maccoby observes that “one reason we look to productive narcissists in times of great transition is that they have the audacity to push through the massive transformations that society periodically undertakes. Productive narcissists are not only risk takers willing to get the job done but also charmers who can convert the masses with their rhetoric.”^[2] Narcissism exists on a continuum from normal to pathological. To Maccoby's point, narcissistic leaders can be viewed as either productive or unproductive. Although narcissistic leaders can be transformational leaders, they can also be toxic to an organization. Narcissists tend to listen only to information and advice that supports their view, regardless of the reality. Their sense of supreme self-worth, combined with a continual need for affirmation, eliminates independent thought and creates a culture of yes people. Organizations led by narcissists are typically characterized by fierce internal competition and changing alliances. This culture can be energizing or, if everyone and everything is perceived as a threat, destructive.

? Practice Question

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In reality, leaders come in as many flavors as ice cream. There are many more types than the three described above. Some leaders are directing; others are more relaxed—acting more like a coach than a boss. Leaders might not lead with the same style all the time, either. There are occasions when managers must take a firm stand, making critical decisions on their own, and other times when they work with their employees to build a consensus before acting. Each style has its place and time, and each manager has his or her own preferred approach. Consider the CEO of Japan Airlines profiled in the following video and what his actions say about his management and leadership style.



A YouTube element has been excluded from this version of the text. You can view it online here: pb.libretexts.org/afm/?p=466

You can [view the transcript for “Humble CEO”](#) (opens in new window).

Corporate Culture

The leadership style of managers in an organization is usually indicative of the underlying philosophy, or values, of the organization. The set of *attitudes*, *values*, and *standards of behavior* that distinguishes one organization from another is called corporate culture. A corporate culture evolves over time and is based on the accumulated history of the organization, including the vision of the founders. It is also influenced by the dominant leadership style within the organization. Evidence of a company's culture is seen in its heroes (e.g., the late Andy Grove of Intel^[3], myths (stories about the company passed from employee to employee), symbols (e.g., the Nike swoosh), and ceremonies. The culture at Google, working in teams and fostering innovation, sometimes is overlooked while its employee perks are drooled over. But both are important to the company's corporate culture. Since 2007 Google has been at or near the top of *Fortune*'s list of the “100 Best Companies to Work For,” an annual list based on employee survey results tabulated by an independent company: Great Place to Work®.^[4] “We have never forgotten since our startup days that great things happen more frequently within the right culture and environment,” a company spokesperson said in response to the company first taking over the top spot.^[5]

Culture may be intangible, but it has a tremendous impact on employee morale and a company's success. Google approaches morale analytically. When it found that mothers were leaving the company in higher rates than other employee groups, the company improved its parental-leave policies. The result was a 50 percent reduction in attrition for working moms. An analytical approach along with culture-building activities such as town halls led by black employees and allies, support for transgender employees, and unconscious-bias workshops are why employees say Google is a safe and inclusive place to work.^[6] Clearly Google leaders recognize culture is critical to the company's overall success.

1. Caramela, Sammi. "4 Ways to Define Leadership." Business News Daily. September 21, 2017. Accessed June 25, 2019. <http://www.businessnewsdaily.com/3647-leadership-definition.html>. ↵
2. Maccoby, Michael. "Narcissistic Leaders: The Incredible Pros, the Inevitable Cons." Harvard Business Review. January 2004. Accessed June 25, 2019. <https://hbr.org/2004/01/narcissistic-leaders-the-incredible-pros-the-inevitable-cons>. ↵
3. Andrew S. Grove 1936-2016, Intelcom, <https://newsroom.intel.com/news-releases/andrew-s-grove-1936-2016/>, accessed September 16, 2017.) ↵
4. "How the Best Are Measured," *Great Place to Work*, <https://www.greatplacetowork.com>, accessed October 30, 2017. ↵
5. Oscar Raymundo, "5 Reasons Googlers Think It's the Best Place to Work," *Inc.*, <https://www.inc.com>, accessed November 11, 2017. ↵
6. "Fortune 100 Best Companies to Work For 2017," Fortune.com, fortune.com/best-companies/google/, accessed October 30, 2017. ↵

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