# Skillbook
# Understanding Leadership Styles

Leadership
Skills

**mindtools**

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# Contents

# 1.  Introduction

How people choose to lead can have a significant impact, not only on a company's culture and its identity, but also on team and organizational performance.

People use many different leadership approaches. Some take a "hands off" approach, while others prefer to take more control.

It can be difficult to know which leadership style best suits your team, your organization or even the particular situation that you find yourself in, such as a crisis.

In this **Skillbook**, we'll examine five general styles of leadership that you'll likely encounter in the workplace, and discuss the benefits and disadvantages of each. These are:

1. Bureaucratic leadership.
2. Transactional leadership.
3. Servant leadership.
4. Charismatic leadership.
5. Transformational leadership.

A good understanding of these leadership styles can help you to adapt your way of working to your boss's preferred style, allowing you to work more effectively with them.

It can also help you to become a more effective leader yourself, especially if you are able to adapt your leadership style to suit the people who you manage, your organization's culture, or changes in your own job.

In this Skillbook, you'll learn how to:

- Assess the strengths and weaknesses of your natural leadership approach.
- Identify different leadership styles.
- Decide which style is most appropriate for your workplace.
- Identify any changes that you may need to make to lead more successfully.

# 2.   General Leadership Styles

n this chapter, we'll explore the general leadership styles that most people tend to use. These are:

1.    Bureaucratic leadership.
2.    Transactional leadership.
3.    Servant leadership.
4.    Charismatic leadership.
5.    Transformational leadership.

However, it's worth noting that many leaders use a mixture of different styles. In fact, most influential people rarely use just one. The best leaders are those who are able to adapt their style to suit their particular circumstances, organization and team.

The leadership styles that we cover in this chapter will help you to recognize the leadership approaches favored by the people who you regularly work with, and may also provide some insight into your own preferred style.

## 1.   Bureaucratic Leadership

Bureaucratic leaders follow rules and regulations rigorously, and ensure that their people follow procedures precisely. They are often highly organized and enjoy structure, although this can mean that they find it hard to think "outside the box" when unexpected situations arise.

Here's an example of bureaucratic leadership.

*Sahiv is a manager at one of the largest production facilities in India. Part of his job is managing the production line at his organization's main factory unit. He's very strict with his people and regularly checks products to ensure that quality is maintained.*

*He can be very demanding to work for, but he has a reputation for consistently producing excellent results. However, sometimes his people can find it difficult to meet his high standards and are reluctant to approach him when they have problems or issues. This has resulted in high staff turnover and absenteeism.*

*Sahiv also doesn't receive bad news very well, and tends to go into "panic mode" when an unpredictable situation arises, such as when a machine breaks down. This can affect his decision making, and he often has to rely on higher management to sort these situations out for him.*

Bureaucratic leadership is most suited to managing:

- Organizations that rely heavily on procedures, such as companies that use heavy machinery or toxic substances.
- Teams that need to carry out routine tasks regularly.
- Highly structured organizations that have multiple tiers of management.

It is least suited to managing:

- Organizations where creativity is important – for instance, start-ups.
- People who are free thinkers and enjoy thinking "outside the box."
- Organizations that are people-oriented.

## 2. Transactional Leadership

This style of leadership assumes that people are motivated by reward and punishment. It also assumes that the organization works best when it has a clear chain of command.

If you work in an organization that uses a transactional leadership style, then you will likely be expected to cede all authority to your leader when you sign your job contract. This is part of the "transaction."  Your purpose is to do what your leader tells you to do.

If you do this successfully, you'll receive a predetermined reward. But, if you fail, or if your work doesn't meet an agreed standard, the organization has the right to withhold a bonus or benefit to "punish" you and other team members.

Transactional leadership boils down to:

- **Reward:** "Meet this target and you'll get a bonus, raise or promotion."
- **Punishment:** "Miss this target and you'll get no more than your basic pay, and you may even lose your job."

The following example illustrates a transactional leader in action:

*Juan is a very hands-on manager. He's committed to achieving his goals in the most efficient way possible. His team is well aware that good performance will be rewarded, but poor performance could send a below-par team member out of the door in short order.*

*Juan has established a very clear chain of command since becoming a leader. Working procedures are clearly documented, and his team members always know exactly what they're supposed to do and how they're supposed to do it. As a result, productivity levels are consistently high, providing that nothing goes wrong.*

*However, Juan's style doesn't suit some of the more creative members of the team, who feel stifled. Some of them have begun to look elsewhere for more stimulating work.*

*What's more, when Juan is asked to put together a team to come up with new ideas for improving the service that the company offers to customers, its members seem unwilling or unable to make any suggestions.*

Transactional leadership is great for boosting productivity but, because it only rewards exceptional performance, teams can easily become demoralized. This can also cause people to become reluctant to innovate or try new things, because there is a real risk that they will be punished if they make a mistake. It is also unlikely that they will be rewarded for any additional work that they do.

Transactional leadership is most suited to managing:

- Routine and straightforward tasks.
- Inexperienced teams.
- People who are ambitious or motivated by external rewards, such as compensation.
- Competitive sales environments.
- Production lines.

And it is least suited to managing:

- Knowledge-based or creative work.
- Attracting and retaining highly skilled staff.
- Skilled roles requiring flexibility.

## 3.  Servant Leadership

A servant leader is someone who focuses on other people's needs first, before considering their own. They listen and empathize with their team members, and are able to look at situations from their perspectives. They support their team members' professional and personal goals, and involve them in decisions where appropriate.

Servant leadership often helps to build strong team relationships, and can lead to higher engagement, morale and trust. It can also help to encourage creativity and innovation.

However, this type of leadership is often thought of as a long-term strategy, as it takes time to build up trust and loyalty. Some critics also believe that people who practice servant leadership can find themselves "left behind" by other leaders in their organization, particularly in competitive situations.

In the example below, we'll explore how a servant leader might act:

*Everyone on Ava's team knows that she is always "there for them." She regularly checks in with her people, and is interested in helping them to develop the skills that they need to advance their careers, even if this means that they might move on to another company.*

*She often gets team members involved when a decision needs to be made or a problem needs to be resolved, and she always makes an effort to ensure that decisions are made in the team's best interests.*

*As a result, her team is one of the most successful and long-standing in the department, with very low staff turnover, high productivity, and high engagement levels.*

*However, because of the highly democratic decision-making process in her team, it can sometimes take a while before a final decision is reached, meaning deadlines can suffer as a result.*

To be a servant leader, you must work on developing these 10 characteristics:

1. **Listening.** You'll serve people better when you listen to them intently and make an effort to understand what they're saying.
2. **Empathy.** Servant leaders are good at looking at situations from other people's points of view, and they value other people's perspectives and input.
3. **Healing.** Good servant leaders will support their people's emotional needs by ensuring that they have a healthy workplace and are happy and engaged in their roles.
4. **Self-Awareness.** The ability to see how your actions and behavior impact those around you is key to becoming a successful servant leader.
5. **Persuasion.** Servant leaders use persuasion – rather than authority – to encourage their people.
6. **Conceptualization.** Strong servant leaders make an effort to go beyond their and their team's objectives, by encouraging them to think about the "bigger picture." They focus on the organization's longer-term goals.
7. **Foresight.** Servant leaders can predict what's going to happen in the future by learning from their past experiences, identifying what's happening now, and understanding the consequences of their actions.
8. **Stewardship.** Servant leaders always take responsibility for their team's actions and performance, and are not afraid to be held accountable for them.
9. **Commitment to the Growth of People.** Servant leaders encourage their people to develop their skills, and they are committed to helping team members to achieve their career objectives.
10. **Building Community.** Servant leaders will strive to build a sense of community within their organization, and encourage their people to interact with other teams across the company.

Servant leadership is best for managing:

- Companies that like to invest in their people and have a strong sense of community.
- Highly skilled people who require flexibility.
- Creative teams, where decisions are made by the team rather than by management.

However, it is least suited to managing:

- Results-driven environments that require a high level of organization to survive – sales or production teams, for example.
- A crisis situation, where quick decisions and fast action are needed.
- Organizations, such as hospitals, where procedures and guidelines are intrinsic to success.

## 4.  Charismatic Leadership

Charismatic leadership is similar to transformational leadership – both types of leaders aim to get the best out of their people by inspiring and motivating them.

However, while transformational leaders seek to transform their teams and organizations, leaders that rely on charisma tend to focus more on themselves and their own ambitions, and may not want to "transform" or change anything to achieve them.

Charismatic leaders rely heavily on their charm and persuasion skills to inspire their team and get what they want. They will likely be very skilled communicators and have a high degree of emotional intelligence – in other words, they'll appeal to people's emotions to get them on board.

This ability to engage people means that they are often very popular and are able to inspire a high level of devotion within their teams. However, their commitment to their cause can lead to "tunnel vision" or arrogance, and they may start to bend or even break rules to achieve their goals.

In this example, we explore how a charismatic leader might behave:

*Steve is a highly admired leader in his organization. His team consistently goes out of its own way or even sets aside its own day-to-day tasks to help him. Team members are committed to pleasing him, and when they do he is always quick to praise and reward them.*

*He's only been with his company for two years, but he has risen through the ranks quickly. He's now a highly valued member of the organization, and is good at forging new relationships and partnerships with stakeholders both inside and outside the company.*

*Since he became a leader, Steve has been keen to develop a new process that he thinks will improve quality standards. However, his focus and his team's focus on this project has been so strong that they have begun to fall behind on their day-to-day goals and have missed a number of deadlines.*

*Several members of his team have also flagged some issues with the project, but Steve has failed to take these warnings seriously and has ploughed on with it. Steve has also had to attend a number of meetings outside the office for the project and, as a result, has failed to respond to a number of queries.*

Charismatic leadership is best suited for managing:

- Organizations that require social change (for instance, a company that wants its brand to become more values-led) or that are strongly committed to a particular vision.
- Situations where morale is low, and needs to be improved.
- Start-ups that need to get off the ground.

They are ill-suited to managing:

- Risk-averse organizations.
- Organizations that like to follow strict rules and regulations, and have little room for innovation.

## 5.   Transformational Leadership

One of the most effective leadership styles is transformational leadership. Transformational leaders have high integrity and emotional intelligence, and inspire their people – not with a carrot and stick but with a shared vision of the future.

Transformational leaders are active motivators. They will have excellent communication skills and are highly self-aware, empathetic and humble.

They won't necessarily lead from the front, but instead prefer to delegate responsibility among their team members. And while their enthusiasm is often infectious, and team productivity and engagement high, they may need "details people" to ensure that the team's day-to-day goals are achieved.

In the example, below, we'll take a look at what constitutes transformational leadership:

*Ann is a popular and approachable manager. She operates an open-door policy in her office, and regularly consults individual team members on how well they are progressing in their role or on current projects, to ensure that they have everything that they need to do a good job.*

*She can be tough and demanding to work for, but her enthusiasm and her clearly communicated vision inspires the team to give her its all. She works hard and has high standards, and expects the same from her team.*

*Sometimes she sets goals that seem over-ambitious, but she encourages her team to pursue professional development activities to give it the skills that it needs, and is always willing to help out when asked.*

*Her team is the envy of her peers and its members are all highly skilled, motivated and very capable. People often come to her with ideas, which she helps them to develop and implement for the good of the business.*

As the term implies, this type of leader has the ability to transform their team, their workplace, and even their company's culture. A transformational leader creates an environment where new ideas are encouraged and where team members are able to grow both personally and professionally.

This can help to build a positive and innovative workforce that is invested in doing a good job, not just for financial reward but because it is inspired to do so by its leader. In short, transformational leaders create an exciting and stimulating work environment.

Transformational leadership is most suited to managing:

- Businesses in rapidly changing industries.
- Highly skilled and experienced teams.
- Inexperienced, but ambitious, individuals.

It is least suited to managing:

- Risk-averse organizations.
- People who are only motivated by immediate, tangible rewards.

## How to Become a Transformational Leader

According to Bernard M. Bass, Professor Emeritus at the School of Management at Binghamton University (State University, New York), who developed the concept of transformational leadership in his book, "Leadership and Performance Beyond Expectations," a transformational leader has four key qualities:

1. Being a good role model.
2. Inspiring others.
3. Encouraging creativity.
4. Showing concern for individual team members.

### 1. Being a Good Role Model

Transformational leaders are first and foremost good role models for their teams. They show integrity and fairness, and have a clear set of admirable values that underpins all of their work. This builds trust between them and their teams, and gives the people they lead a sense of pride in their work.

The emphasis on "admirable" values is significant. The 2008 banking crisis and the Uber scandal of 2017 are examples of what can happen when leaders demonstrate poor values such as greed, deception and manipulation.

You could say that the people that led these organizations were "anti-transformational," and that the consequences of their poor leadership has impacted their people and their organizations negatively.

### 2. Inspiring Others

Transformational leaders are great at motivating people. They do this in three main ways:

1. They have high standards, and challenge their people to meet or exceed them. This provides a strong and unifying sense of purpose.
2. They are unfailingly optimistic, but also realistic. They use their enthusiasm to convince their team members that goals can be met and that obstacles can be overcome.
3. They communicate their vision clearly. They have the ability to paint a compelling picture of the future so that team members know exactly what the organization's goals are, and how their work can achieve them.

### 3.    Encouraging Creativity

Transformational leaders will hire team members that are highly innovative and capable. They value creativity and actively encourage people to come up with fresh ideas.

They take a "big picture" view and work hard to help their people to understand how they contribute to the organization's core mission and vision.

### 4.    Showing Concern for Individual Team Members

Transformational leaders are committed to supporting their people's individual needs and meeting the concerns of everyone on their team. They mentor team members so that their knowledge and experience is passed on to those who need it, and give them the tools that they need to become future leaders themselves.

# 3.  Identifying Your Leadership Style

N ow that we've explored the general leadership styles that you will most likely encounter in the workplace, it's important to take some time to identify the approach that best suits you.

In this chapter, we'll look at how you can identify your natural leadership style, and how you can adapt it to suit your people and your organization better.

## Action:

It's important to understand the style of leadership that you naturally prefer, as this will help you to identify and address your strengths and weaknesses.

Think about how you lead your team by answering the following questions. Then, review your answers and identify the leadership approach that you favor most.

| |
|---|
| **How do you motivate people? Do you prefer to use financial incentives, or do you try to inspire them by engaging with them and investing in them?** |
| |
| **Do you trust your people to work independently and make decisions? Or do you make all the decisions and feel as though you need to check their work to ensure that they have done it correctly?** |
| |

**Do you encourage your team members to be creative? Or do you prefer them to follow existing processes and work on perfecting them?**



**If a team member is demotivated or upset, how do you deal with it? Do you ignore them and hope the problem resolves itself, or do you talk to them privately and make an effort to understand why they are feeling that way?**



**How do you deal with unexpected change? Do you panic and ask for help from senior management? Or do you take ownership of the situation and try to fix it with the resources that you have, before taking it to your boss?**



**Would you say that values are important to you and underpin all of your work? Or do you think values don't really come into it, and that carrying out orders and meeting goals are more important?**



**Do you think that poor performance should be punished so that it doesn't happen again, or do you prefer to talk the problem through with the person so that they can learn from it?**

**How would you help a new starter in your team? Do you let them discover the best way of working by themselves? Do you invite them to collaborative team meetings? Or do you sit down with them to explain your procedures and what you expect from them?**

**In your opinion, what skills and attributes make a great leader? Is it, for instance, integrity, the ability to lead by example, or strict control and order?**

**Finally, thinking about the five general leadership styles that we learned about in the previous chapter, which style do you think that you naturally favor?**

**Bureaucratic**

**Transactional**

**Servant**

**Charismatic**

**Transformational**

You'll likely find that you have a natural preference for a particular style, but it's important to remember that there are many different approaches to leadership, and that a good leader is able to adapt their style according to their situation and the people who they lead.

The exercises on the following page will help you to look more closely at how you can adapt your approach to suit the needs of your people and your particular circumstances.

However, it's worth considering the context of your work before you go ahead and make any significant changes. If you work in a process-driven industry such as manufacturing, transformational leadership may not always be possible because of the rigidity of the processes and regulations that you will likely need to adhere to.

## Action:

In the table on the following page, list all of the team members who you lead in the column on the left. Then, think carefully about each person's preferred way of working and write down the leadership style that you think will be most beneficial to them

Once you've done this, think about your own preferred leadership style. Then, in the column on the right, write down the things that you could do to adapt your approach so that you can lead each person more effectively.

| Team Member | Most Suitable Leadership Style | How can you adapt your approach to lead this person more effectively? |
| --- | --- | --- |
| 1. | | |
| 2. | | |
| 3. | | |
| 4. | | |
| 5. | | |
| 6. | | |

Great leaders can also adapt their leadership style to suit their present circumstances. They might, for instance, have been brought in to turn around a team that has been performing poorly, or been tasked with setting up an entirely new team. In both of these cases, a leadership approach that enables them to tightly control decision making and workloads, such as bureaucratic leadership, will likely be most successful.

However, if they're managing a demotivated team or a team of highly creative experts, then servant, charismatic or transformational leadership will often prove to be more effective.

## Action:

Think about the situations listed in the left hand-column of the table, below. Then write down the style of leadership that you think will be most suitable in each situation, and list some things that you may need to do to adapt your style in the event of such a situation.

| Situation | Most Suitable Leadership Style | How can you adapt your approach to lead more effectively in this situation? |
|---|---|---|
| 1. Crisis situation (e.g. financial uncertainty, layoffs) | | |
| 2. A demotivated team | | |
| 3. An underperforming team | | |
| 4. A corporate turnaround (e.g. when a new strategy is introduced) | | |
| 5. New starters or a new team | | |

# 4.   Key Points

n order to lead effectively, it's vital that you have a good understanding of the different leadership styles that are most commonly used and the circumstances in which they are most effective.

The leadership styles that you will most likely see in the workplace are:

- Bureaucratic leadership.
- Transactional leadership.
- Service leadership.
- Charismatic leadership.
- Transformational leadership.

Bureaucratic and transactional leadership styles tend to suit large, heavily structured organizations, in which success relies on procedures and processes being carried out to exact standards and staff are motivated by reward and punishment.

In contrast, servant, charismatic and transformational leaders seek to inspire and motivate their people by communicating well with them, entrusting them with greater responsibility, and supporting them personally and professionally.

In business, transformational leadership is often the most effective way to get the best out of people, and it can help to build trust and loyalty across the organization.

Most people will naturally favor one style. At the same time, different organizational cultures and commercial situations will likely demand different leadership styles.

A highly inexperienced team, for instance, will likely benefit from a more "hands on" style, such as bureaucratic leadership. A team of experts, on the other hand, will tend to prefer a style that allows them greater independence, creativity and flexibility, such as transformational leadership.

However, it's important to note that no one style necessarily "fits all." The best leaders are those who can adapt their style to suit the needs of their organization, their team members, and the situation they're in.