

Chapter 3 :: Business Management and Leadership

Section 3.2 ~ Business Leadership

Jump Start

As the Triad Bakery grows, Brianna, Brittney, and Emilio realize that operations are becoming more complex. They have learned how important it is to use all of their resources effectively. They have more employees to deal with and each employee has unique needs. Even though they have some excellent workers, their leadership skills are tested in many ways. What can Brianna, Brittney, and Emilio do to help their employees be as productive as possible in the work that they do?

Leadership in the Workplace

Successful businesses depend on effective leaders to make sure that work gets done correctly, on time, and profitably. Employees who believe that their leaders respect them have more commitment to their jobs and perform their work tasks better. Becoming a good leader involves learning about and adopting leadership traits and developing human relations skills.

What is Leadership?

Leadership is more than just being friendly with or liked by employees. It takes skill to get people with different backgrounds and personalities to work well together and to perform required tasks. **Leadership** is the ability to influence individuals, groups, or teams to accomplish important goals. *Business leadership* includes improving profits, the “bottom line” of the business.

Leadership Characteristics

Leadership characteristics can be learned. Twelve traits and actions of effective leaders are listed below. Read the traits and note the actions that go with them. How many of those traits can you see in people you know? Do you know people who like to take control and make difficult decisions? Do you know others who look to other people for direction and ideas? The workplace needs both kinds of people to accomplish tasks and to improve profits.

Here are some things you can do now to develop your leadership skills.

- Study leadership and take courses that develop leadership traits.
- Help customers, complete work assignments well, and demonstrate dependability and honesty.
- Observe people in leadership positions. Note those who are effective and consider why you believe they are effective.
- Work with someone who can serve as your mentor—an older brother or sister, a teacher or coach, or a supervisor on your job.
- Demonstrate leadership traits whenever possible. Review the results, analyze what you did well, and ask for constructive feedback from others.

CHARACTERISTICS OF EFFECTIVE BUSINESS LEADERS	
Traits	Actions
Communication	Listens, speaks, and writes effectively
Confidence	Is willing to make decisions and take responsibility
Cooperation	Works well with others, develops group relationships
Courage	Takes responsible risks, makes unpopular decisions
Dependability	Follows through on commitments
Honesty	Is ethical in decisions and treatment of others
Initiative	Has the ambition and motivation to get tasks done
Intelligence	Has knowledge and understanding
Judgment	Makes decisions carefully and objectively
Objectivity	Looks at all sides of an issue before making a decision
Stability	Is not too emotional or unpredictable
Understanding	Respects the feelings and needs of others

Importance of Human Relations

Business managers spend more than half their time in **human relations** activities, that is, interacting with people. They work with employees, customers, people from other businesses and organizations, and other managers and officers in their own companies. Human relations skills are a major factor in determining whether or not a manager is successful.

It is important for business managers to be able to get along with a variety of people, including their own bosses. A business manager needs to develop five basic human relations skills: self-understanding, understanding others, communicating, team building, and developing job satisfaction.

Self-Understanding

It is important to be able to meet the expectations of others, and to do that, business leaders must first understand their own strengths and weaknesses. To improve your human relations skills, you need to be aware of how you get along with others, both individually and in groups.

A manager cannot always do exactly what employees prefer or make decisions with which everyone agrees. However, a manager should never be seen as someone who is unpredictable or unfair. Self-understanding gives the manager self-confidence and the ability to handle problems effectively.

Understanding Others

Effective business leaders recognize that people in a business are more alike than they are different. Recognizing similarities helps develop stronger teams. Differences can also improve a business. If everyone thought and acted the same, there would seldom be new ideas or anyone to question a decision in order to improve upon it.

An effective leader knows each employee and his or her skills, abilities, strengths, and weaknesses. The leader does not treat everyone alike, because employees are not all the same. An effective leader tries to involve each employee in a way that will benefit both the business and the employee.

Communicating

Communication is very important in business. Managers must have good communication skills. Communication styles can be classified in several ways. Each communication style has its place in different situations.

Formal communication methods have been established and approved by the business. *Informal* communications are common but unofficial ways that information moves in an organization. Informal communications are sometimes called “the grapevine.”

Internal communications occur between managers, employees, and work groups. *External* communications occur between those inside the business and outsiders such as customers, suppliers, government, and other businesses.

Vertical communications move up or down between management and employees. *Horizontal* communications move across the organization at the same level—employee to employee or manager to manager.

Oral communications are words spoken on a person-to-person or person- to-group basis. *Written* communications include notes, letters, memos, reports, bulletin board notices, e-mail, and texting.

Team Building

Teamwork is important in business today. Most businesses are organized into groups or teams. The combined skills and abilities of people on a team are greater than that of individuals working alone. For the team to accomplish its tasks, team members must get along and cooperate.

Managers need team-building skills to unite others to work toward a common goal. Managers should be able to identify problems the group is having and help to resolve those problems quickly.

Developing Job Satisfaction

Managers can influence how employees feel about their jobs. To achieve employee satisfaction, managers must pay attention to the needs and concerns of employees. Employees are most satisfied when their jobs allow them to use their skills and abilities and when they are rewarded for their work.

Job dissatisfaction occurs when there are poor working conditions and ineffective communications. Lack of recognition also often results in dissatisfied employees. Managers must give all employees sincere encouragement and support when it is needed.

Think Critically

1. Which of the traits of effective business leaders do you think is the most important? Least important? Give reasons why.
2. Which of the five human relations skills do you think is most important? Least important? Why?
3. Why is self-understanding important to a manager?
4. What are the differences between formal and informal communications, internal and external communications, and vertical and horizontal communications?