11.1: Discuss the importance of management in the workplace.

11.2: Describe a manager’s four major tasks—planning, organizing, leading, and controlling.

11.3: Explain the skills managers need in organizations.

11.4: Explore leadership styles to identify the difference between leaders and managers.

11.5: Explore the role of leadership in promoting diversity, equity, and inclusion (DEI).

BUSINESS CASE 11.1: LITTLE COCOA BEAN—BOSTON, MASSACHUSETTS

Goal 3: Good Health and Well-Being

Tracy Skelly, entrepreneur and mother of 3-year-old Sophia, identified a significant problem in a large and growing market. Culturally relevant, healthy baby and toddler food for Black, Indigenous, and people of color does not exist. Walk down the baby food aisle of any grocery store and you primarily see overly processed, Eurocentric food. Tracy looked around and noticed that the healthy, nutrient-dense foods that she grew up eating as an Afro-Latina were not present. “Where were the papaya, collards, chayote, and tamarind?” she thought. And even if, for example, jarred plantains could be found in the baby food aisle, the manufacturing process turned a nutrient-dense food into an overly boiled, less healthy version of its whole food self.

Being a new mother and making baby food from scratch for Sophia, she started to do more research. She quickly learned that during the first 1,000 days of life the brain grows more than in any other period of life. Additionally, two-thirds of the calories consumed by babies are metabolized through their brain, which feeds overall brain growth and brain development. “The consumption of healthy and diverse food in the first few years of life is a social determinant of health,” says Tracy. “In communities of color, Black and Latinx die from health-related disease at a higher rate than their white counterparts. Research supports that this is connected to early food consumption and access to healthy options.” She reminds all of us, “What you eat in the early years of life impacts what you eat throughout life, and whole foods matter.”

Inspired by the market gap and social need, Tracy Skelly founded Little Cocoa Bean in late 2019 with a mission “to show parents how to increase their child’s consumption of healthy and diverse foods by highlighting and celebrating the food that our ancestors have eaten for centuries around the globe.”

Tracy’s original plan to produce and sell nutritional, ready-made baby foods representing African American culture and heritage was quickly stalled when the COVID-19 pandemic stifled the U.S. economy, hitting small businesses particularly hard. As many entrepreneurs were required to do, she quickly pivoted from her original plan and started offering Instagram and Facebook Live sessions sharing and showing recipes. Rather than selling ready-made food, she began selling the tools needed for her viewers to make their own, such as storage jars, bamboo plates, microwavable sanitizing bags, and reusable food pouches. In addition to healthy foods, Tracy also focuses on sustainable packaging.
In early 2022, Tracy plans to pivot back to her original concept. She has found a producer and co-packer for her tested recipes. She will be opening a physical storefront in the Boston neighborhood of Jamaica Plain that will sell her ready-made foods for infants and toddlers as well as fresh food that can be consumed on-site by young children and their families. She will continue to sell direct online utilizing her social media following, and will work to scale the brand and sell through grocery stores in the future.

In the early days of a venture, the entrepreneur wears many hats. Tracy is a leader, manager, salesperson, and is involved in every aspect of the business. Her leadership role, however, is one with which she especially connects. Tracy says, “Leadership is being the first person willing to do the hard thing, and the hard thing changes often.” For example, Little Cocoa Bean is partnering with a local women’s shelter that provides job training. Many of Tracy’s employees for the new store will likely come from this shelter. Many don’t have extensive résumés, and some may have been formerly incarcerated. As Tracy notes, “My core values require me to give people an opportunity that they might not otherwise get elsewhere. And to accept the responsibility and the consequences that come with making that choice. I’m willing to be the leader—to do the hard thing and willing to accept the risk. This holds true in all areas of my business.”

Critical Thinking Questions

1. How would you describe Tracy Skelly’s leadership style? Are there other leaders in your life who use a similar style?

2. What is the connection between core values and leadership? How do your own core values intersect with your own leadership style?

3. Entrepreneurs are leaders and managers. Does this statement hold true for Tracy Skelly?

WHAT IS MANAGEMENT?

The Little Cocoa Bean case demonstrates the impact of positive leadership on the community and the environment. Tracy Skelly’s commitment to providing healthy, diverse baby food for Black, Indigenous, and people of color helps ensure that babies get the best start in life, and her focus on sustainable packaging demonstrates her efforts to minimize environmental waste. Skelly is also making a real impact on the community by partnering with a women’s shelter with a view to offering employment opportunities. As an early entrepreneur and founder of a growing business, Skelly is both leader and manager—sometimes influencing others to act and other times organizing and planning what needs to be done.

Management is the process of working with people and organizational resources to achieve goals efficiently and effectively. Managers are the people responsible for supervising employees and directing resources. Management styles have evolved over the decades. In the past, managers were expected to give orders, closely monitor their workforce, and punish those who did not obey. Although some managers still behave in this way today, most managers tend to work more collaboratively, with an emphasis on teamwork and culture. For instance, they provide opportunities for employees to learn and grow, encourage communication, build an environment that nurtures creativity, invite feedback, openly share information with workers, and support, motivate, and guide employees through training and coaching.

Today’s most successful organizations are run by managers who display these behaviors and more. When Google carried out its own internal research, named Project Oxygen, to understand what makes a great manager, it discovered 10 main qualities (Table 11.1).

Alongside the skills and behaviors described above, managers also need the ability to adapt to rapid change and navigate uncertainty, challenge the status quo, and continuously learn new skills to meet the demands of a constantly evolving workplace. Let’s explore what managers do.
What Managers Do

Management researcher, strategy theorist, and author of *The Nature of Managerial Work*, Henry Mintzberg describes a manager’s work in terms of *managerial roles*, or organizational expectations that determine the actions of managers, including *interpersonal*, *informational*, and *decisional* roles (see Table 11.2).

In *interpersonal roles*, managers build relationships with the people with whom they work and act as a public symbol for the many people they represent. *Informational roles* require managers to gather, assess, and communicate information to individuals and teams in support of the organization's values, mission, vision, and goals.

And in *decisional roles*, managers are responsible for making judgments and decisions based on available information and analysis of the situation. Although the four management functions are essential to understanding the necessary skills for managers, it is also important to recognize Mintzberg’s role theory and how it applies to managers.

Laureen Asseo, founder of Fresh n’ Lean, an organic meal delivery company started in 2010, is a good example of a manager who fits well into Mintzberg’s theory of management roles. Asseo motivates and empowers her employees by being positive and showing them what they are capable of (*interpersonal role*); she constantly gathers data and feedback to improve the customer experience (*informational*); and she focuses on the learning aspect of mistakes rather than the mistake itself (*decisional*).

Regardless of the type of business or organization you work for, all managers need to perform the four basic functions of management and understand their importance in achieving organizational goals and objectives.

THE FOUR FUNCTIONS OF MANAGEMENT

Mintzberg’s management roles embrace the following four main management functions to help managers tackle business challenges: planning, organizing, leading, and controlling, commonly known as the POLC framework (see Figure 11.1).

Planning

Planning is a type of management function that involves setting goals for the future, designing appropriate strategies, and acquiring the right resources to achieve organizational goals and objectives. Planning is an essential part of management mainly because the other functions are unlikely to succeed without it. Even the most careful planning can have unexpected consequences; for example, in 2018, Domino’s Pizza in Russia launched a “Domino’s Forever” promotional campaign offering 100 free

<table>
<thead>
<tr>
<th>TABLE 11.1</th>
<th>The 10 Behaviors of a Great Manager, According to Google</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Is a good coach</td>
</tr>
<tr>
<td>2.</td>
<td>Empowers team and does not micromanage</td>
</tr>
<tr>
<td>3.</td>
<td>Creates an inclusive team environment, showing concern for success and well-being</td>
</tr>
<tr>
<td>4.</td>
<td>Is productive and results-oriented</td>
</tr>
<tr>
<td>5.</td>
<td>Is a good communicator—listens and shares information</td>
</tr>
<tr>
<td>6.</td>
<td>Supports career development and discusses performance</td>
</tr>
<tr>
<td>7.</td>
<td>Has a clear vision/strategy for the team</td>
</tr>
<tr>
<td>8.</td>
<td>Has key technical skills to help advise the team</td>
</tr>
<tr>
<td>9.</td>
<td>Collaborates across Google</td>
</tr>
<tr>
<td>10.</td>
<td>Is a strong decision maker</td>
</tr>
</tbody>
</table>

pizzas per year to loyal customers who tattooed the Domino’s logo on their skin. The company had not anticipated that hundreds of people would fulfill the request; it was forced to cap the number of people eligible for the deal, and end the campaign soon after it began.4

**Types of Plans**

Plans can be broad and long-term or narrow and short-term. There are several main types of plans managers use to achieve goals in an organization: strategic, tactical, operational, directional, business, and action.

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**TABLE 11.2 Henry Mintzberg’s Management Roles**

<table>
<thead>
<tr>
<th>Categories</th>
<th>Roles</th>
<th>Example Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interpersonal</td>
<td>Figurehead</td>
<td>Speaking or being present at ceremonial events, hosting guests [e.g., vendors, clients, or potential employees]</td>
</tr>
<tr>
<td></td>
<td>Leader</td>
<td>Motivating and influencing employees’ behaviors, training and mentoring employees</td>
</tr>
<tr>
<td></td>
<td>Liaison</td>
<td>Keeping up information links internally and externally to the organization</td>
</tr>
<tr>
<td>Informational</td>
<td>Monitor</td>
<td>Gathering data and information, studying industry papers, reading reports, maintaining interpersonal relationships</td>
</tr>
<tr>
<td></td>
<td>Disseminator</td>
<td>Sending messages (email, text, and voice), writing memos, forwarding relevant information</td>
</tr>
<tr>
<td></td>
<td>Spokesperson</td>
<td>Making speeches, citing the organization’s position on a subject</td>
</tr>
<tr>
<td>Decisional</td>
<td>Entrepreneur</td>
<td>Identifying new business opportunities, nurturing new projects or initiatives, selling new business</td>
</tr>
<tr>
<td></td>
<td>Disturbance handler</td>
<td>Working through employee conflict, conducting efforts during a crisis, interpreting and responding to internal and external change</td>
</tr>
<tr>
<td></td>
<td>Resource allocator</td>
<td>Approving and setting budgets, deciding the beneficiaries of internal resources, setting priorities</td>
</tr>
<tr>
<td></td>
<td>Negotiation</td>
<td>Mediating discussions with unions, protecting the organization’s interests, bargaining and agreeing to supplier deals</td>
</tr>
</tbody>
</table>

A **strategic plan** is a broad, long-term plan that helps to define the entire organization’s strategic mission and goals, and the actions needed to achieve them. Executive management such as CEOs and their teams tend to design strategic plans to assess industry, competitor, and customer trends. For example, as part of its customer service strategy, web hosting service provider SiteGround connects with its customers by providing the opportunity for them to provide feedback 24/7 through three different channels: tickets, live chat, and phone.5

A **tactical plan** supports a strategic plan by transforming it into a specific plan by applying it to particular parts of the organization. A tactical plan ensures adequate resources and assigns responsibility to each section and individuals involved in the strategy. Tactical plans are usually short-term plans, plans that cover 1 year or less and are used to achieve short-term goals.

An **operational plan** focuses on particular procedures and processes required to keep the organization running smoothly. Frontline or lower-level managers are most likely to make operational plans. These plans might involve designing a staff schedule, creating a monthly budget, or outlining performance goals for employees.

A **directional plan** is a general, flexible plan that provides guidelines for an organization’s long-term goals. Directional plans provide focus but do not include specific objectives or allocate responsibility. They are used to educate employees about where the organization is going and what it hopes to achieve in the future.

A **business plan** is a written document that describes the actions and goals needed to support organizational strategy. New businesses commonly use business plans to outline their goals and objectives. Airbnb founder Brian Chesky is famous for his one-page business plan for global domination.6

An **action plan** is the specific action, people, and resources needed to accomplish a goal. For example, the World Health Organization (WHO) has created a global action plan to strengthen collaboration between organizations working toward the health-related UN Sustainable Development Goals.7

**Organizing**

Organizing relates to preparing to execute plans. Organizing is the process of orchestrating people, structure, actions, resources, and decisions to achieve goals. A key part of the organizing function is to offer employees the opportunities for further learning and development. For example, outdoor
clothing company The North Face encourages its employees to learn more about its core mission by offering opportunities for them to go on hiking, skiing, and climbing trips led by professional athletes.8

**Leading**

Managers can ensure that activities go as planned through **leading**: the process of influencing people to achieve goals. Understanding what motivates employee behavior and communicating effectively with a diverse team is a critical skill for managers. A developer and marketer of software products, HubSpot, has been rated highly by its employees for its leadership team: "HubSpot’s leaders are truly remarkable. They care about your personal and professional growth and are passionate about solving for the customer.” 9

**Controlling**

The last of the four functions, **controlling**, is the process of monitoring activities such as financials, policies, measuring results, comparing them with goals, and correcting performance when necessary. The main aim of controlling is to ensure that performance meets the objectives of goals and plans. For example, Detroit-based financial services company Quicken Loans has a company policy of returning every customer phone call or email on the day it was received. If an employee is unable to do this, they are instructed to call Dan Gilbert, the company’s founder, who does it instead. Controlling this process is an essential part of management at Quicken Loans.10

**Different Types of Managers**

Typically, organizations are divided into different areas such as finance, operations, marketing, human resources, and administration. Each department needs managers with the right skills to specialize in these areas to ensure everything runs smoothly.
Financial Managers

Financial managers maintain the financial health of an organization by providing financial guidance and support. Duties might include preparing financial reports, monitoring cash flow and payroll, and finding ways to improve profitability.

Operations Managers

Operations managers oversee day-to-day operations and ensure processes and procedures are being applied by employees. They support people in the achievement of tasks and goals, and make sure everybody is working to the highest levels of productivity and efficiency.

Marketing Managers

Marketing managers are responsible for helping the organization promote and sell its products and services to customers. Their duties involve creating and coordinating marketing campaigns, developing marketing strategies, and overseeing the department’s marketing budget.

Human Resources Managers

Human resources managers oversee the human resources department and ensure HR teams carry out their functions and tasks. This might involve developing compensation plans, organizing employee training and development, and preparing strategic solutions for recruitment and selection.

Administrative Managers

Administrative managers oversee the day-to-day management of operations and workers. They provide support, guidance, and leadership to employees; develop and improve administrative systems, policies, and procedures; and plan office events such as meetings, conferences, and interviews.

Regardless of the different areas of specialization, managers will need to display certain skills, all of which are dependent on the type of organization for which they work.

---

**FIGURE 11.1**

<table>
<thead>
<tr>
<th>Four Functions of Management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Planning</strong></td>
</tr>
<tr>
<td>Setting goals</td>
</tr>
<tr>
<td>Designing strategies</td>
</tr>
<tr>
<td>Acquiring resources</td>
</tr>
<tr>
<td><strong>Organizing</strong></td>
</tr>
<tr>
<td>Developing employees</td>
</tr>
<tr>
<td>Ensuring resources are in place</td>
</tr>
<tr>
<td>Designing the organizational structure</td>
</tr>
<tr>
<td><strong>Leading</strong></td>
</tr>
<tr>
<td>Guiding and motivating employees</td>
</tr>
<tr>
<td>Clear communication to ensure goals are achieved</td>
</tr>
<tr>
<td><strong>Controlling</strong></td>
</tr>
<tr>
<td>Monitoring company policies</td>
</tr>
<tr>
<td>Measuring results against key objectives</td>
</tr>
<tr>
<td>Correcting performance where necessary</td>
</tr>
</tbody>
</table>
ESSENTIAL MANAGEMENT SKILLS

To carry out their duties efficiently and effectively, managers of every type need to master a variety of essential skills and strengths. **Skills** are talents or abilities that enable a person to complete a particular task, interaction, or process effectively and efficiently. Focusing on your strengths is considered to be more productive than agonizing over your weaknesses. In 2021, 18-year-old Emma Raducanu became the youngest British player to win a Grand Slam title at the U.S. Open. Raducanu’s intensive training regime includes a high-level focus on both mental and physical strength, and she uses those skills to great effect when facing formidable opponents on the court. Raducanu credits the power of sport and tennis for her inner strength:

> Through playing sport, and having to be bold on the court and fearless and fight, it’s given me inner strength. If you have that . . . then you can really achieve whatever you want.11

There are three types of skills essential for top managers, middle managers, and first-line managers: conceptual, technical, and relational skills (see Figure 11.2).

**Conceptual or abstract skills** are the ability of a manager to visualize the entire organization and think through complex systems and problems. These skills allow managers to look beyond their own department to make decisions that positively impact organizational goals. Top managers are likely to use conceptual skills to observe the world around them to find creative ways to make connections and resolve problems.

**Technical skills** are the abilities and knowledge to perform job-specific tasks. These skills are more important for first-line managers or those in their first professional roles. Common technical skills in today’s high-tech environment are coding, security, and cloud computing.12

**Relational skills** help managers collaborate and communicate with others. Managers across all three levels of management need to master relational skills to interact well with others. Daniel Springer, CEO of DocuSign, and his management team were rated highly by employees in a recent survey conducted by an anonymous company review site, Glassdoor, for truly caring about their staff and outside work.13 The TV show *Undercover Boss*, where the CEO or president of the company is placed in a lower-level position to work undercover alongside their staff, is also a good example of managers making an effort to better understand and develop empathy for their employees.14

**Other Important Management Skills**

**Critical thinking** is the use of intelligence, knowledge, and skills to question and carefully explore situations and arrive at thoughtful conclusions based on evidence and reason.15 It involves questioning and learning with an open mind. Critical thinking is one of the most in-demand skills for job candidates.16 You don’t need to be an expert in critical thinking to get a job. Many of these skills can be learned in the workplace. However, employers look for candidates who have a questioning mind, a willingness to embrace change, and a keen desire to learn.

**Communication skills** are the ability to give and receive information. Effective communication skills are essential to everybody in the workplace. Being able to express yourself in formal and informal situations and in writing is key to getting your message across to the right people. According to a study by online learning platform Udemy, communication skills are among the most practiced by employees. Chapter 13 provides more information on communication.17

**Time-management skills** are the ability to manage time effectively. As a manager, you will likely face being bombarded with emails, phone calls, instant messages, and other forms of communication. Good time management leads to less stress and anxiety, greater work performance and productivity, and a higher quality of work. Managers can manage their time effectively by prioritizing tasks, freeing up part of the day to respond to calls and emails, and eliminating unnecessary paperwork.

**Decision-making skills** are the ability to choose between possible solutions to a problem to select the best outcome. Managers often use a five-step model of decision making (also called the classical model of decision making) to help them make good decisions and find solutions to complex problems.
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(see Figure 11.3). For example, say you’re working as a manager of a large call center and your staff keep leaving their jobs.

- **Define the Problem**

  The first step is to identify the problem that needs to be solved. Figuring out the roots of the problem and why it needs a solution is the first important step to making good decisions. In this example, the problem is lack of staff commitment and the goal is to find ways to encourage staff to stay.

- **Identify and Weigh Decision Criteria**

  Now that the problem has been defined, you will need to identify and weigh the criteria in the decision. For example, the reasons why your employees are leaving.

---

**FIGURE 11.2 Skills Required by Types of Managers**

<table>
<thead>
<tr>
<th>Top Manager</th>
<th>Middle Manager</th>
<th>First-line Manager</th>
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</table>

Top managers need a higher level of conceptual skills than middle or first-line managers; middle managers require a greater degree of relational skills; and first-line managers need to possess more technical skills.

Generate Multiple Alternatives

Next, you may think of possible solutions to the defined problem. Perhaps, if you discover that your employees are not happy with their salaries, then you could consider a financial incentive, like a raise or a bonus. Alternatively, if you find out that they are simply frustrated with their role, then you could arrange for them to learn new skills that could be applied to a different role.

Rate Alternatives on the Basis of Decision Criteria

During this step, it is important to take the time to weigh the two possible solutions against each other. For example, if you analyze the figures and realize that you can’t afford to offer any more financial awards. Similarly, though you might provide your employees with the opportunities for further training, they might be reluctant to learn new skills.

Choose, Implement, and Evaluate the Best Alternative

Once the first four steps have been completed, it is time to make a decision on the basis of the information you have gathered. If financial rewards are not possible, then you might be able to create more meaningful benefits that might appeal to your staff, such as working from home for a portion of the week, flexible working hours, or more vacation time. To encourage further learning, you could explain to each of your team members why they need to gain new skills, the training tools available to them, and the type of support they will receive during the process.

So far, you have explored how managers operate in the workplace, the four main functions they need to embrace to help them tackle business challenges, and the skills they need to carry out their roles effectively. In the following section, you will learn more about leadership and the important role leaders play in organizations.

ETHICS IN BUSINESS: BALANCING COMPASSION AND BUSINESS

All employees come into the workplace with emotions; it’s human nature. Is it ethical for managers to ignore the emotions of their employees? How does a manager walk the line of compassion for employees and the need to get work done, especially when our emotions and mental well-being can limit us from performing at our highest levels? Let’s consider one of the most relevant workplace issues today—employee mental health. If an employee is experiencing mental health issues such as anxiety or depression, what is a manager to do? Consider this example.

Baxter recently graduated from college and started a new job as financial analyst for a large investment bank. Having been challenged by anxiety and depression through college, Baxter was not surprised that some of the challenges he had in school carried over to his new job. After 6 months of working, he started taking more sick days than the average employee and began to fall behind on his work. When he missed a few important deadlines, Baxter’s manager, Imani, called a meeting. During the meeting, Baxter informed Imani that he had been diagnosed with moderate anxiety and depression a few years prior, which was the cause for his recent low job performance.

Critical Thinking Questions

1. What should Imani do as a manager?
2. How does Imani balance the need to be compassionate and understanding with the need to get very important work done?

Sources:

LEADING VERSUS MANAGING OTHERS

Leadership is the process of influence aimed at directing behavior toward the accomplishment of objectives. The topic of leadership has been the subject of much fascination for researchers over the centuries, but despite numerous studies, there is no proven “right” way to be a leader; nor are there any identifiable characteristics, behaviors, or traits that describe a leader.

This is mainly because leadership has evolved over many years, helping us to function in different situations. For instance, in hunter-gatherer times, leaders were chosen for their physical strength, whereas in more recent times, leaders are more likely to be admired for their intellectual ability.

Effective leaders today are most likely to lead from a position of influence rather than power, and to use their decision-making, motivational, and communication skills to inspire others with their vision in order to generate results.

What Leaders Do

Effective leaders create a vision and motivate others to follow; empower others by providing a sense of autonomy; and lead by example to establish appropriate ethics, values, and culture. Successful leaders bring out the best in others. They share their vision with their workers on a daily basis. This helps to remind people of where the organization is going and keeps them motivated toward achieving organizational goals. Successful leaders constantly work toward changing things for the better and empower others by allowing them to take responsibility for decisions, hold themselves accountable for outcomes, and let them experience the consequences of their actions.
The Differences Between Managers and Leaders

People often use the terms managers and leaders interchangeably, but they are not the same. You can be a good manager but not a good leader; equally, you might be a good leader but not a good manager. Although both leaders and managers work with people, set goals, and influence others in order to achieve those goals, several distinctions separate the two functions. For instance, leaders tend to create the vision for organizations, and managers are responsible for implementing that vision. A leader might decide to introduce e-learning into the organization’s training program, but the manager will be expected to set goals to realize this vision.

Leaders are also responsible for creating value while managers count value. Leaders create value by looking for ways to grow the business, improve processes, and empower employees to suggest ideas and handle certain tasks without interference. Managers count value by monitoring the amount of work carried out by the team, reporting on progress, and ensuring that goals are being achieved. However, sometimes counting value can impede productivity if it is taken too far. For example, managers who expect call center employees to report every 15 minutes how many sales they have made, are distracting them from doing their job, which subtracts value. Table 11.3 outlines more differences between managers and leaders.

Although it is useful for leaders to have managerial skills, it is not essential. Of course, it is beneficial for leaders to understand the management functions, but they don’t necessarily need to be managers as well as leaders. Their primary strength lies in the ability to influence the behaviors and work of others in order to realize their vision and achieve goals. They do this by following a variety of leadership styles.

Various Leadership Styles

Although there are no identifiable characteristics of leaders, nor any style of leadership for every situation, it is worth learning about some of the most distinct leadership approaches and styles identified by leadership theorists, and how they can be effective (see Table 11.4).

Directive leadership is a style of leadership in which leaders provide specific, task-focused directions, giving commands, assigning goals, implementing guidelines, closely supervising employees, and ensuring individuals follow rules. Directive leaders tend to focus more on the technical or task aspects of the job and make decisions without asking for suggestions from others. This leadership style is often used in the military, where orders are expected to be followed through. They may also use their power to command, reprimand, or intimidate in order to spark fear to get the desired results from their subordinates. However, research shows that employees ruled by fear are less creative, have a diminished ability to think clearly, and only comply because they are forced to, not because they want to.19

Transactional leadership is a style of leadership in which leaders use rewards and punishment as motivation. Types of rewards include bonuses and salary raises, while punishment could be low or no bonus, withdrawing support, or giving a bad review. The transactional leader sets goals for followers who are expected to carry out the leader’s requests.

Transformational leadership is a style of leadership in which leaders create visions to motivate, inspire, and stimulate employees. Transformational leaders trust their followers to make decisions in their jobs and give them the freedom to be creative. Huffington Post CEO Arianna Huffington is a transformational leader who leads by prioritizing her employees’ well-being to generate high performance and productivity. Marriott follows a transformational leadership style by cultivating an inclusive environment that supports the well-being and growth of its employees.

Empowering leadership is a style of leadership in which leaders encourage followers to take ownership of their own behaviors and work processes and provide them with the support and resources to achieve their goals. Hossein Rahnama, CEO and founder of digital experience platform Flybits, empowers his employees by giving them the freedom to grow.21 Referring to Rahnama’s leadership style, team member Justin Cheung said, “His ‘you’re in charge from day one, but I’m here if you need me’ style of leadership creates a genuine feeling of autonomy and empowerment among our team.”22
In addition to the four types of leaders, those who employ situational leadership propose that leaders should adapt their leadership style based on the types of people they are leading and the requirements of the task. This means that it is up to leaders to adapt their style rather than the followers changing their style to fit the leader. Situational leaders do not rely on one particular leadership style, but they might use many different styles based on the people and situations with which they are dealing. For example, in the event of an emergency, they might use a “telling” style, where leaders provide followers with clear instructions on how to handle the situation as quickly and safely as possible. The choice of leadership style depends on how ready and able followers are to get the job done.

So far, we have described the different types of managers and leaders and the challenges and opportunities they face every day. The most successful managers and leaders lead by example to establish appropriate ethics, values, and culture, and they continuously strive to make a positive difference in the world.

They also infuse their leadership and workplace culture with diversity, equity, and inclusion (DEI) through better business practices. In the next section, we will explore DEI and the role it plays in leadership.

### ENTREPRENEURIAL MINDSET ACTIVITY: LEADING SOMEONE

Recall our discussion earlier in this chapter involving managers versus leaders. Your Mindshift exercise involves further exploring this difference between leaders and managers. Within your circle of friends, family, and colleagues, there are probably a number of people you know who are in a management position in an organization. Your job is to interview them. Ask them a series of questions about their jobs, what they do daily, and what they think are the most important aspects of their roles. After the interview, ask the person you have interviewed if you can “shadow” them for a day (or even a few hours) so you may observe their work in action.

After completing the interview, look at your notes, or listen to the recording of the interview and ask yourself: Is this manager also a leader? Why or why not? Then, if you were able to observe the manager for a day, did they practice what they said in their interview? In what ways?
DIVERSITY, EQUITY, AND INCLUSION (DEI)

Regardless of the type of leader, diversity, equity, and inclusion (DEI) have become hot topics for organizations all over the world. DEI is increasingly important in organizations because of demographic shifts, business trends, and social activism across the globe. The globalization of business has led to diverse customer populations as well as cross-cultural work teams. Organizations are working to address systemic racism, sexual harassment, and other forms of discrimination, as they are now both moral and legal imperatives. As Figure 11.4 depicts, DEI is synergistic—each element works in harmony together, which is why it is so important for organizations to pay attention to all three. An organization that embraces DEI is one that supports the full potential of the individual, where innovation thrives and employee views, beliefs, and values are integrated.

Why is DEI in the workplace so important to leaders? Because today’s workforce is composed of more people from diverse backgrounds and experiences than ever before, and the benefits of leveraging their value are tremendous. For example, studies have shown that companies that champion DEI are more likely to outperform companies with a more homogenous workforce (those that share cultural similarities and norms) in areas such as profitability (up to 36% more profitable), innovation (up to 20% higher innovation), and risk (up to 30% more capable of spotting and reducing risk). The same research has also shown that DEI-focused organizations are statistically more likely to have higher rates of employee engagement and retention.24

Indeed, global law firm Nixon Peabody takes DEI so seriously that it uses it as a benchmark for overall performance and business success.25 The following sections explore DEI in greater depth.

Diversity is the presence of differences within a given setting and is expressed in many types of forms including race and ethnicity, gender and gender identity, sexual orientation, socioeconomic status, language, culture, national origin, religion, age, ability, and political standpoint.26 Diversity of skills, thinking, and experiences also add to a richer fabric that can lead to more creative solutions to problems. For instance, research focusing on the impact of diversity in the workplace shows that teams composed of people with different backgrounds and ethnicities tend to have a higher rate of productivity, experience less conflict, have lower levels of turnover, and tend to be more creative than their competitors.27

As Figure 11.5 illustrates, diversity is mostly composed of what we don’t see, which is why it is so important to look below the surface.

Hossein Rahnama (right) and student Damyan Petkov demonstrate Flybits’ new Way Finder, which uses augmented reality to help people find things based on context awareness.

David Cooper/Toronto Star/Getty Images
There is no doubt that leaders must work hard to push back against systems and people that have marginalized underrepresented groups in the workplace. They must not only fight history but create a more inclusive future for all. But in the past so much attention has been paid to diversity with little regard to equity and inclusion. DEI is not just about overcoming injustice. When organizations focus on all three, they will have a greater chance of attaining greater levels of performance.

**Equity** is the process of ensuring that processes and programs are impartial, fair, and provide equal possible outcomes for every individual. While many organizations have made great strides in fostering a fair and equal workplace, high levels of inequality still remain. Women are often treated unfairly at work through sexual harassment or pay discrimination. Gender discrimination has also been found in hiring practices. For example, researchers found that when the highest-ranking (and male-dominated) symphony orchestras in the country began to hold “blind” auditions in their hiring processes, the likelihood of female musicians being selected increased by 30%. Not only does this research highlight the problem of gender-based hiring, but it also shows the presence of a significant gender pay gap—issues that still need to be addressed in all types of organizations around the world.

**Inclusion** is the practice of ensuring that people feel a sense of belonging in the workplace and are welcomed. Inclusion is about feeling you are truly part of the team and can be involved in decision-making processes—that one is both visible and valuable. Inclusion also relates to how well the organization connects with, engages, and utilizes people across all types of difference. Where diversity is about having and identifying employees across differences as illustrated in Figure 11.5, inclusion relates to true integration of the differences into the overall organization—into its culture.

### How Leaders Can Promote DEI in Organizations

One way that leaders can promote DEI in their companies is by implementing DEI training. This type of training is an important way to break down any barriers to DEI and eliminate prejudices or psychological barriers among those who resist attempts to make their organizations more diverse, equitable, and inclusive. In 2018, Starbucks closed thousands of its cafés to conduct DEI-related training after an employee called the police after two Black men asked to use the bathroom. The men were then arrested for trespassing. This DEI program was designed to tackle implicit bias, which is a set of positive or negative stereotypes someone may unconsciously hold toward a person or group. An example of implicit bias is inclination to believe that younger workers are more productive than senior workers (over age 50) or people who wear glasses are smarter than those who don’t. Table 11.5 lists some more examples of unconscious bias.

Leaders have to be prepared for possible feelings of resentment when DEI programs are created and employees are required to participate. Peter Cappelli, management professor and director of Wharton’s Center for Human Resources, believes people should be told what to do, rather than be told what to do.
think, by explaining the appropriate behaviors they need to demonstrate in the workplace, and why these behaviors are so important to the success of the business. In other words, changing behaviors is a precursor to changing mindsets.30 One of the best ways to address bias in the long term is to ensure that each level of an organization is as diverse as possible. As Harvard organizational sociology professor Frank Dobbin says, “We all have positive and negative biases against all types of groups, but if you work next to somebody in that group as co-equals, you’ll start to individuate members of the group instead of generalize them.”34

**Positive Ways to Promote DEI**

Many organizations today are doing various things to promote DEI in the workplace. For example, Ring Central conducts compensation equity audits to ensure that it is paying employees equitably, and Hollister Staffing has established metrics for hiring diverse talent and identifying ways to ensure its company is representative of the diversity within the community it serves.35 Organizations can also follow the seven methods outlined below to promote DEI in the workplace:

1. **Perform the Three Cs (Collect, Count, and Compare) of Diversity Data.** Organizations can collect and count data on diversity and compare these data to the numbers at other organizations. By doing this, companies can increase accountability and transparency involving DEI.36

2. **Use Diverse Job Platforms.** Organizations can find top talent from marginalized talent pools by using job platforms designed to promote underrepresented workers. These platforms include Hire Autism, Recruit Disability, and 70 Million Jobs—a job platform for people with criminal records.37

3. **Hire for DEI at Top Levels of Organization.** DEI begins at the top of the organization. A lack of diversity across senior management can result in inadequate decision making as well as send a poor message to the rest of its employees. Thus, it is imperative that the top decision makers in a company represent a wide variety of different opinions, views, and perspectives.38

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**FIGURE 11.4 DEI Model**

- **Diversity**: Having and identifying employees across differences
- **Equity**: The process of ensuring that processes and programs are impartial, fair, and provide equal access to new opportunities in order to enhance the success of all employees
- **Inclusion**: The organization connects with, engages, and utilizes people across all types of differences

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4. **Examine and Rectify Biased Hiring and Recruiting Practices.** Biased recruiting can unravel an organization’s DEI efforts. Hiring managers should be trained in understanding, recognizing, and avoiding bias during the recruitment process. This is essential for the prevention of discriminatory recruiting.39

5. **Create Transparency Involving Wages.** Organizations should be entirely transparent about how salary ties into job performance in order to avoid biased pay gaps.40

6. **Accommodate All Holidays.** There is a tendency for certain widely celebrated religious holidays to be overlooked by many U.S. companies. This can cause workers to feel alienated, especially when organizations recognize one religious tradition while ignoring other religious beliefs. Organizations can support inclusion by allowing flexible time off to allow employees to observe the customs that are most important to them.41

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**FIGURE 11.5 Dimensions of Diversity**

The iceberg model has been applied to organization studies, as it relates to organizational culture, identity, and diversity. The common use across all applications is that there are aspects we see and know are there, and there are aspects we may not see and don’t necessarily know are there. Because we only see 1/10th of an iceberg above the water, 90% is below the waterline. It has also been applied to systems thinking and problem solving to encourage looking at the whole problem or environment rather than just the obvious. As a result, there is a lot we don’t see that creates the identity of each of us.

**Sources:**
7. Use Inclusive Pronouns. Companies that respect the identities of their employees create a more welcoming and inclusive environment. Use of binary pronouns in the workplace has become outdated and hinders inclusion, particularly for those who are trans or nonbinary. Companies should consider replacing “his/her” with “theirs” in all workplace communications.42

**BUSINESS CASE 11.2: AKAMAE CO-CREATION ETHICAL FASHION**

**Mae Hong Son, Thailand**

**Goal 10: Reduced Inequality**

More than 1 million people work in Thailand’s garment and textile industry, one of the country’s most lucrative exports. Much of the garment production work is concentrated in Tak, a province on the border of Thailand and Burma (Myanmar). The region is home to many economic migrants, who are employed in the industry under oppressive conditions and low wages. The workers are also disproportionately female. It is estimated that over 70% of these migrant workers in the garment and textile industry are women.43

In addition to economic migrants, Thailand is a major destination for asylum seekers and refugees from Burma, which is home to one of the longest ongoing conflicts in the world. The conflict results in the forced migration of ethnic minority groups from resource-rich areas of the country. These refugees are placed in camps and villages where the Thai government restricts their freedom of movement, access to resources, and ability to work.44 It is estimated that 111,000 refugees live in camps along the Burma-Thailand border.45

The camps in Thailand are extremely isolated in the mountains and have no electricity or phone service. Health care and educational opportunities are scarce. The people rely on weekly

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**TABLE 11.5  ■ Types of Bias**

<table>
<thead>
<tr>
<th>Bias</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affinity Bias</td>
<td>When people are drawn to others because they share similar interests, experiences, and backgrounds (for example, growing up in the same town).</td>
</tr>
<tr>
<td>Confirmation Bias</td>
<td>The tendency to seek out information to support our views while dispensing information that does not (for instance, a manager who dislikes an employee may view their work performance more negatively than others).</td>
</tr>
<tr>
<td>Attribution Bias</td>
<td>When people negatively interpret the behaviors of another based on prior interactions rather than making an effort to understand that person (for example, an employee late to a meeting may be perceived as “lazy”).</td>
</tr>
<tr>
<td>The Halo Effect</td>
<td>The tendency to ascribe positive attributes to a person after learning something impressive about them (for example, an employee who has been promoted to a senior position at an unusually young age).</td>
</tr>
<tr>
<td>The Horns Effect</td>
<td>The tendency to view another person negatively after learning something “unsavory” about them (for example, their school is a rival of your school).</td>
</tr>
<tr>
<td>Gender Bias</td>
<td>The tendency to prefer one gender over another gender.</td>
</tr>
<tr>
<td>Ageism</td>
<td>When negative feelings toward others are based on their age.</td>
</tr>
<tr>
<td>Name Bias</td>
<td>When people prefer certain types of names over others—typically Anglo-sounding names.</td>
</tr>
<tr>
<td>Beauty Bias</td>
<td>When attractive people are treated more favorably because they are perceived to be more successful, competent, and qualified.</td>
</tr>
<tr>
<td>Height Bias</td>
<td>The tendency to judge a person who is significantly shorter or taller than the “normal range.”</td>
</tr>
<tr>
<td>Anchor Bias</td>
<td>When people hold on to a pre-existing piece of information to make decisions (such as hiring a candidate because they went to the same college as you).</td>
</tr>
<tr>
<td>Nonverbal Bias</td>
<td>When nonverbal communication attributes such as body language (e.g., a weak handshake) negatively influences our perception of others.</td>
</tr>
</tbody>
</table>

Cara Boccieri aims to transform the oppressive conditions of Thailand’s garment and textile industry and improve opportunities for artisans in refugee camps. After completing an MA in International Peace and Conflict Resolution from the United Nations University for Peace, Boccieri began her career researching solutions for humanitarian disasters. Boccieri’s 2014 book, We Don’t Know Our Future: A Holistic Approach to Refugee Settlements, was foundational research about creating self-reliant refugee communities. She found that empowering refugees is both environmentally sustainable and produces long-term benefits to host communities and governments.57

When Boccieri lived in a refugee camp on the Burma–Thailand border, she noted, “People were saying to me over and over again, ‘We have traditional skills, we don’t have access to a marketplace because we’re in these camps, but we’d like to be using these skills to move towards self-reliance. Can we create something together?’”48 The people who live in Thailand’s refugee camps have artisanal skills, many of which are fashion-related, and Boccieri saw an opportunity to collaborate with the artisans on a textile business. Her vision would also provide employment opportunities for refugees in an environment that honored their culture and unique skillset.

Boccieri’s venture into the garment and textile business is well-timed; the demand for sustainable and ethical fashion has been growing steadily around the world. Increasingly, consumers care about where their clothing is sourced, and they want to know their purchase goes to organizations that pay their employees a fair wage. Experts at ResearchAndMarkets predict that global ethical fashion will become a $15.2 billion market by 2030.49

With her humanitarian research and strategic market knowledge, Boccieri founded the ethical fashion brand Akamae in 2018. Akamae, which means “freedom,” offers co-creation fashion opportunities. Her business is in Mae Hong Son, Thailand, which has a strong influence of the Shan people from the Shan State of Burma. The Shan people include several different ethnic groups, which adds to the diversity of the jewelry and textiles Akamae produces.50 Akamae connects refugee artisans to fashion brands and designers, either through one-on-one collaborations or by facilitating creative retreats. Fashion brands and designers collaborate with artisans on a capsule garment or jewelry collection. Akamae also offers training programs for students, entrepreneurs, and investors to learn more about the co-creation business model. The refugees in the camps name their own prices, and Akamae offers the support to ensure they are confident in pricing their products.

As a leader at Akamae, Boccieri’s priority was encouraging the artisans to follow their design instincts. As people affected by trauma, some of the refugee artisans on Boccieri’s team appeared hesitant to take creative risks or provide collaborative feedback. Boccieri knew it was important to empower individuals and help build confidence in their work. “I communicated to people how valuable I see them as, that I also see myself as valuable, and together we can create things,” Boccieri said in an interview.51 Not long afterward, Boccieri said she saw once-quiet artisans collaborating and producing creative pieces.

Boccieri developed and championed the vision for the business—to create “a future for the fashion industry that values our individual choices and honors the spaces of creativity where products are created.”52 This mission would not be possible without empowering individual artisans.

Back in her initial days as a researcher in refugee camps, Boccieri listened when the refugee artisans said they wanted more responsibility and ownership over their lives. They wanted to contribute to the economy to create art, and to make a livelihood, but they were limited in the oppressive conditions of the camp. Boccieri cultivated a team of artisans, helped them develop their skillset, and connected them to the global marketplace. “I tell the women I work with every day—‘I am not a charity. I am a business. And I am here because I value your skills and experiences.’”53 Her story demonstrates how an empowering leadership style benefits both business and the world at large.

Critical Thinking Questions

1. Would you classify Boccieri as an effective manager or an effective leader? Or both?

2. Revisit Table 11.4 on the four basic types of leaders. Boccieri is an example of which of the four leadership types?

3. Consider your answer to question 2. Do you think that if Boccieri was another leader type she could have achieved the same results?
11.1 Discuss the importance of management in the workplace.

Management is the process of working with people and organizational resources to achieve goals efficiently and effectively. Managers are the people responsible for controlling employees and those resources. Today's managers place social and environmental impacts before profit to make a positive difference in the world, something that is called the triple bottom line, or the 3Ps: People, Planet, and Profit.

11.2 Describe a manager's four major tasks—planning, organizing, leading, and controlling.

There are four main management functions to help managers tackle business challenges: planning, organizing, leading, and controlling, commonly known as the POLC framework. Planning is a type of management function that involves setting goals for the future, designing appropriate strategies, and choosing the right resources to achieve organizational goals and objectives. There are several main types of plans managers use to achieve goals in an organization: strategic, tactical, operational, directional, business, and action. Organizing is the process of orchestrating people, structure, actions, resources, and decisions to achieve goals. Leading is the process of motivating and communicating with people to achieve goals. Controlling is the process of monitoring activities such as company and regulatory policies, measuring results, comparing them with goals, and correcting performance when necessary.

11.3 Explain the skills managers need in organizations.

Managers need three types of skills to be effective in organizations: conceptual, technical, and relational skills. Conceptual or abstract skills are the ability of a manager to visualize the entire organization and think through complex systems and problems; technical skills are the abilities and knowledge to perform job-specific tasks; and relational skills are the ability to help managers collaborate and communicate with others. Managers across all three levels of management need to master relational skills to interact well with others. Other important management skills include critical thinking, communication skills, time management skills, and decision-making skills.

11.4 Explore leadership styles to identify the difference between leaders and managers.

Leadership is the process of influence aimed at directing behavior toward the accomplishment of objectives. Some differences between managers and leaders include the following: leaders create the vision and management implements it; managers promote stability while leaders support change; and managers manage work while leaders lead people. There are four basic leadership styles: directive leadership, transactional leadership, transformational leadership, and empowering leadership. In addition to the four types of leaders, situational leadership is a style of leadership where leaders adapt their leadership style based on the types of people they are leading and the requirements of the task.

11.5 Explore the role of leadership in promoting diversity, equity, and inclusion (DEI).

Diversity, equity, and inclusion (DEI) are increasingly important to leaders because today's workforce is composed of more people from diverse backgrounds and experiences than ever before, and the benefits of leveraging their value are tremendous. Diversity is the presence of differences within a given setting. Equity is the process of ensuring that processes and programs are impartial, fair, and provide equal possible outcomes for every individual. Inclusion is the practice of ensuring that people feel a sense of belonging in the workplace and are welcomed. Leaders can promote DEI in their companies by implementing DEI training to break down any barriers to DEI.
Domino’s 11
Flybits 11, 5
Fresh ‘n Lean 3, 6, 8, 12, 15
Hollister Staffing 8, 10, 13
Hubspot 5, 8
Little Cocoa Bean 3
Nixon Peabody 10, 11, 16
North Face 11
Quicken Loans 15
RingCentral 13, 10, 8
Siteground 15
Udemy 11

KEY TERMS

action plan
administrative managers
business plan
communication skills
conceptual or abstract skills
controlling
critical thinking
decisional roles
decision-making skills
directional plan
directive leadership
diversity
empowering leadership
equity
financial managers
human resources managers
implicit bias
inclusion
informational roles
interpersonal roles

leadership
leading
management
managerial roles
managers
marketing managers
operational plan
operations managers
organizing
planning
relational skills
situational leaders
situational leadership
skills
strategic plan
tactical plan
technical skills
time-management skills
transactional leadership
transformational leadership

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