Leadership vs. Management: A Study of the Efficacy of Leadership and Management in Business

William Tyler Swafford
Eastern Kentucky University & University College Dublin

Marcel M. Robles
Eastern Kentucky University

Abstract

While there are areas where the responsibilities of leaders and managers overlap, real differences exist between the styles, functions, and purposes of each.

Leaders think in the long-term: setting a vision for their business and constantly imagining new ideas and changes that will help the organization improve for the future. They thrive in environments of uncertainty and chaos rather than structure and routine. Conversely, managers prefer stability, control, and certainty. They execute operational tasks in the short-term and conform to certain organizational norms. Whereas, managers adhere to the status quo, leaders love to challenge it.

In short, leaders are the strategists and managers are the tacticians. With these differences in mind, it is clear that both managers and leaders are equally vital for organizational success. Businesses increasingly need more employees with the adaptable, imaginative, visionary characteristics of leaders, while still relying on effective managers for execution and stability.

Introduction

A central discussion among today's business professionals deals with the effectiveness of leadership and management. Both approaches are intrinsic in any business administration position. Leading scholars, academics, and executives continue to debate the relative effectiveness of these two approaches. While both have their similarities, noticeable differences exist between each, which lie at the heart of the debate regarding their efficacy. The terms management and leadership are frequently used synonymously, but various scholars have highlighted the distinct differences in style and purpose apparent between the two. Leban and Zulauf pointed out, for example, that visionary styles and personal connection are essential components and motives related to leadership in a business context (2004). Conversely, Kilbort hypothesized that managers are far more reflective, analytical, and task-oriented (2004). Amidst these overt differences, and obvious similarities, it is useful to study the differences in implementation that are evident between leadership and management styles in business.

Problem Statement

The purpose of this study was to understand the efficacy of and relationship between leadership and management in business by examining the qualities and styles most associated with each approach. To fulfill this purpose, the report answers the following research questions:

1. What different roles do leaders and managers have within their organizations?
2. What behavioral and functional differences distinguish leadership and managerial approaches, and how do those serve the broader goals of the organization?
3. How do leaders and managers interact and communicate differently with their subordinates?
4. How can focusing on specific strengths and styles as leaders and managers benefit the organization?

Answering these questions further elucidates how leaders and managers can not only co-exist, but also work well together within an organization. By using different styles and fulfilling different roles, leaders and managers are both integral in advancing business goals.

Methods and Procedures

Secondary research prompted a greater comprehension of the dynamics and relationship between leadership and management. Once the different traits and styles were better understood, nine business executives from various industries, locations, and company size were interviewed. The executives included three CEOs/Presidents, two Human Resources Managers, one Law Partner, one Accounting and Tax Partner, one Director of Operations, and one Director of Accounting and Finance.

Executive responses provided a clearer understanding of professional perspectives on the differences and similarities between leaders and managers, and how they both act differently to advance business goals.

<div align="center">

Data Findings and Analysis

</div>

After analyzing the data from both the executive interviews and secondary research, the data findings below are presented.

Leadership and Management Converged

As Toor and Ofori made clear, both leaders and managers are people in positions of higher authority who are responsible for overseeing a certain group of subordinates or constituents (2008). A business executive can be both a leader and a manager simultaneously, or he/she can opt to utilize certain traits of one over the other as the situation dictates (Toor & Ofori, 2008). In business and in life, specific and unique circumstances often beckon certain responses. Toor and Ofori (2008) agreed that some situations naturally call for a more managerial response, while other scenarios necessitate the touch of a leader. Nevertheless, scholars largely agree on the notion that both inspiring leaders and efficient managers are needed for a business to function properly and experience success.

Kilbort argued that more than merely existing within an organization, an essential component of business success is the competence with which leaders and managers work together (2004). He argued

that, given the traditional layout and structure of an organization, managers are often required to address concerns and problems that leaders are not as equipped to handle. Conversely, leaders are sometimes expected to fulfill duties that are not as tailor-made for a managerial approach (Kilbort, 2004). This dichotomy demonstrates the importance of compatibility between leaders and managers.

It is also clear that a striking similarity between managers and leaders is that they are both strategic in nature (Teece, Pisano, & Shuen, 1997). While Kilbort (2004) emphasized the need for both to make up for the others' weaknesses, Teece et al. (1997) concentrated much of their focus on the need for managers and leaders to work together to formulate a strategic mode of operation for the company, in light of their respective specialties and strengths. Likewise, Gosling and Mintzberg (2003) asserted that both must go together because leadership has the capacity to inspire and strengthen the culture of a business, while management is integral in connecting leaders to lower-level employees. Both are vital for the sustenance of an efficient operation, high employee morale, and a healthy corporate environment.

Leadership and Management Juxtaposed

Although a number of similarities pervade both management and leadership practices, distinct behavioral and operational differences exist. These stylistic and functional differences oftentimes overshadow the few areas in which the responsibilities of leaders and managers overlap. Periodically, these differences are large enough to quantify one approach as advantageous over the other in a specific scenario, and it is these differences that invite the study of the various styles of leaders and managers. In society at large, leaders tend to be placed on a pedestal, hailed for their visionary and inspirational abilities, while managers are largely perceived as more mundane (Toor & Ofori, 2008).

Behavioral Differences

Throughout history, literature and popular culture have honored successful leaders. Leadership involves constructing a mission or a vision, delegating responsibilities to other employees to execute the objectives, and valuing the importance of individual employee contribution to the overarching mission of the business (Weathersby, 1999). Kilbort (2004) and Weathersby (1999) both arrived at similar conclusions that key components of leadership include employee empowerment, strong convictions, and tolerance for differences and changes. Management is most associated with the timely and efficient fulfillment of day-to-day operational tasks (Ittner & Larcker, 1997). Managers are more involved with arranging responsibilities, overseeing the execution of duties, tending to any problems that might arise in an employees' line of work, and, ultimately, producing tangible results (Toor & Ofori, 2008; Weathersby, 1999).

Conversely, leaders are more visionary and adept at communication (de Vries, Bakker-Pieper, & Oostenveld, 2010). Scholars have found that leaders are more persuasive than managers, and are more capable of motivating their subordinates to complete their tasks and make their own unique, utmost contributions to the company (Kunnanatt, 2016). While managers might mobilize support for a particular job, leaders are relied upon to generate excitement and promote a sense of purpose among the employee base with regard to a business' overall mission (Leban & Zulauf, 2004). Both managers and leaders possess significant power within an organizational structure, depending on their ranking; but they use their power in different ways (Kilbort, 2004). A core difference between the two is that managers prioritize the execution of certain short-term tasks by engaging in operational arrangements with their employees, while leaders are generally more concerned for their constituents on a personal

level, using that connection to develop long-term goals (Kilbort, 2004; Toor & Ofori, 2008). For example, the Law Partner who was interviewed commented that leaders are generally more willing to speak up for their constituents. This personal connection and advocacy for the needs of their subordinates enables leaders to attract popular support for their vision once it is formulated.

Theoretical models, which analyze the differing outcomes of each style, are common among scholarly research today. These models seek to discover how the distinct advantages of leadership and management are best combined in a business.

Functional Differences

Leaders and managers are accustomed to working in different realms, for different purposes. Maccoby (2000) wrote that "leaders are change agents, whereas managers are principally administrators" (p. 58). Usually, leaders are responsible for setting the direction of a business, looking strategically for three to five years into the future. They must stay ready to deal with changing climates, outcomes, government regulations, and industry pressures (Weathersby, 1999). Managers are more inward-looking; concerned not with extraneous factors, but instead working on the organization, planning, and scheduling of available resources needed to execute near-term business tasks (Weathersby, 1999). Leaders' decisions come from within, often from a personal set of principles, while managers mostly operate on the rules and guidelines of others (Toor & Ofori, 2008). As Toor and Ofori (2008) wrote, "Leaders' behaviors are directed by their inner values and are inspired by their future vision. On the other hand, managers' behaviors are mostly directed by others, and they are motivated by the targets they want to attain" (p. 67).

Leadership is more of a relationship between the leader and his or her subordinates that energizes the company; management is more of a function that must be exercised (Maccoby, 2000). For this reason, managers work best with order and routine, and leaders thrive in environments of uncertainty and change. When conducting interviews with various business administrators, one CEO/President from Boston noted that "The lower you go (to the managerial level), the more structure you want. The higher you go (to the leadership level), the less structure you want…when you get to the strategic or executive level, structure becomes onerous and a barrier to success."

Methods of Leadership

Leaders can carry out their visions in a variety of different ways. Much of a leaders' success depends on recognizing their individual strengths. As Rath and Conchie (2008) discussed in their book *Strengths Based Leadership: Great Leaders, Teams, and Why People Follow,* it is important for leaders to discover their strengths and structure their style around them. "What great leaders have in common is that each truly knows his or her strengths–and can call on the right strength at the right time" (Rath & Conchie, 2008, p. 39). When interviewed, the Law Partner from Kentucky labeled his greatest strength as "adaptability." Recognition of this strength, he explained, enabled him to fulfill one of the two essential components of, what in his mind, made up the ideal leader: open-mindedness (with the second component being decisiveness).

Whether the strength of a leader is communication, competition, strategy, positivity, or another trait, it is vital to invest in these strengths to determine the kind of stylistic approach a leader will take in empowering employees and providing an overall direction for the business. It is also important for leaders to surround themselves with people who possess strengths that complement their own. Rath

and Conchie (2008) divided the many leadership strengths into four overarching domains: executing, influencing, relationship building, and strategic thinking. To determine which strengths were most prevalent among business leaders today, the nine executives from wide-ranging industries and positions were interviewed.

Building relationships with employees was by far the most commonly shared leadership strength among the interviewed executives, followed by strategic thinking, executing, and influencing.

Relationship building was clearly the most pervasive leadership strength among the executives that were interviewed, as it was selected 83% of the time. Each of the other four domains, however, were chosen at least 33% of the time. Nevertheless, this information demonstrates the powerful nature of human connection. The executives believed personal relationships legitimized and supported their leadership more than the other three strengths, which are all highly essential in their own right.

Transformational Leadership

Leban and Zulauf (2004) argued that transformational leadership stands at the forefront of the various leadership approaches. Demonstration for the real concerns of people, intellectual curiosity, and fortitude are all characteristics of a transformational leader (Leban & Zulauf, 2004). Personality and a contagious charisma, while not universal, are common among transformational leaders (de Vries et al., 2010). These traits enable leaders to connect with employees and foster loyalty for them among the employee base because employees tend to work harder for leaders they can relate to and who are accessible (Toor & Ofori, 2008).

Transformational leaders are change-makers and rarely acquiesce to the status quo. Instead, they are most concerned with the constant improvement and advancement of their business, which often requires upending the status quo (Leban & Zulauf, 2004; Weathersby, 1999). Sometimes, this leadership style can provoke conflict. Conventional wisdom would indicate that conflict is not constructive in the workplace. Leaders, however, must always be prepared to handle conflict, much like change. Many times, the daring and risky approaches of transformational leaders create angst among others in the business. Leaders and managers have been known to disagree on certain objectives and compete for influence in various business areas. Disagreement, debate, and conflict, if tempered with civility and respect, can be constructive. On the other hand, conflict can spiral out of control if leaders and managers lack the maturity to handle it professionally. Whether conflict serves to benefit the organization depends on the ability of leaders and managers to work together in a professional manner and constantly search for areas of common ground.

Some executives believe a little conflict is healthy, and disagreements can lead to improvement, even positive transformation, in the quality of operations and goals. Others invariably try to avoid conflict at all costs. The group of interviewed executives was asked about their perception of conflict in the workplace. When asked their opinion of the statement: "Conflict in the workplace is detrimental and should be avoided," two-thirds of the executives disagreed at 67%, with one-third (33%) agreeing with the statement. Of the executives interviewed, 56% disagreed with the notion that conflict in the workplace was detrimental and should be avoided; and 11% strongly disagreed. However, 22% of the polled executives agreed with the statement, while 11% strongly agreed. These results show that the negative externalities often emerging from the styles of transformational leaders are widely believed to be healthy. The President and CEO of a health technology company elaborated on his disagreement with

the statement. He claimed that "every organization needs conflict--how you deal with it determines your effectiveness as a leader."

In a fast-moving, idea-driven economy, future success depends on innovation and the development of cutting-edge products and services, as well as an ability to keep pace with the competition. The quality of work performed by a leader's employees, as well as an abiding commitment to serving their customers to the optimal level, leaves little time for complacency (Toor & Ofori, 2008). Often, as Leban and Zulauf dictated, in order to improve the quality of the work environment or better meet the needs of customers, transformational leaders must make significant changes (2004). The very traits that make them effective leaders also empower them to embrace changes, risks, and uncertainty, for the good of the organization. When studies have categorized different leadership styles, transformational leaders have shown the greatest ability to fulfill performance objectives (Leban & Zulauf, 2004).

Servant-Style Leadership

An embedded ideal in leadership is service. To be effective, a leader must not only be willing, but also must be enthusiastic about serving his/her employees and customers in some fashion (Rath & Conchie, 2008). If a leader's constituents suspect that the leaders are "in it for themselves," or protecting their own interests above all else, commitment to the mission and motivation to perform for that leader will likely be low (Rath & Conchie, 2008).

Kilbort (2004) framed this dynamic a little differently than Rath and Conchie (2008), as he hypothesized that the willingness of employees to perform for their leader and organization is positively linked to how much they feel that the leader and the organization has invested in them. Customers, stakeholders, and other constituents of the business have exemplified a similar mindset (Toor & Ofori, 2008).

These direct correlations to employee empowerment and constituent service show how important servant-style leadership is in today's business climate. When asked if effective business leaders should work alongside the employees they supervise, the President and CEO of the health technology firm said that leaders are supposed to "help solve their problems" rather than merely working alongside them. While servant-style leadership is not the strength of all leaders, it has become increasingly important among business executives to use their specific strengths to serve their employees and constituents in some manner (Rath & Conchie, 2008). Doing so has clearly led to enhanced loyalty and motivation to perform among organizations in general, which promotes a better way of serving the public at large (Toor & Ofori, 2008). As this same executive noted, "some companies believe service is the competitive advantage."

Commitment to service is an important quality for both leaders and managers. Regardless of the different roles they occupy, leaders and managers both engage with their subordinates and; thus, employees develop perceptions of their leaders and managers based on how well they serve their interests. However, service is more widely understood to coincide with leadership rather than management. To illustrate this correlation, the same nine executives were polled to test whether they understood servant-style approaches to relate to leadership or management the most. Their answers to this question were very consistent and emphatic. When asked whether servant-style approaches to business administration were most connected to leadership or management, executives strongly answered in favor of leadership. In response to the question, 67% of executives answered that leaders were more likely to exemplify a servant-style approach; only 11% sided with managers; and 22% of executives answered "both."

These data exemplify how leadership and service are so widely assumed to be interconnected. If one is to succeed as a business leader, humility, healthy relationships with employees, and constituent service are all necessary. After all, an important aspect of leadership is getting others to follow an established vision. A willingness to serve others, especially subordinates, goes a long way in inspiring them to support a leader's grand strategy for the future.

Management Styles

Although leadership has a more admired rhetorical connotation in society at large, and has been glorified in literature for centuries, management techniques are just as important in getting things done in business. Ittner and Larcker (1997) discussed how managers are much more tactical and even more strategic than leaders, placing high value on the daily fulfillment of short-term business goals. Kunnanat (2016), along with most other scholars, disagreed that managers are more strategic than leaders, arguing that both epitomize strategic-based thinking in different ways. He did, however, conform to the idea that managers are more concerned with individual, small group, and tactical short-term objectives (Kunnanat, 2016).

Collectivism and individualism are two common styles attributed to managers. These theoretical labels refer to the degree to which managers interact with their employees. Individualism is the extent to which the firm allows the individuals to fill their role at work; collectivism is the extent of employee involvement in decision making at work (Teece et al., 1997). Both techniques exist along a spectrum. The high individualism style focuses on developing employees to their full potential, while the low individualism style focuses on the completion of tasks rather than on the employees themselves. The high collectivism approach, also known as "collaborative collectivism," describes the free flow of information between managers and employees (Teece et al., 1997). In this style, employees are more involved in organizational decisions.

By contrast, the low collectivism, or "unitary collectivism" approach, entails limited communication between managers and employees, and limited employee involvement in decision making (Teece et al., 1997). These contrasting management techniques exemplify the wide-range of approaches that managers can use to establish a working relationship with employees and subordinates. Certainly, some managers are best fit for one style over the others, but situations also frequently dictate which managerial approach is best to use.

Kilbort wrote that one difference between leadership and management is that managers are more inclined to seek the advice and input of employees with relation to a specific daily task, and then implement their input on numerous occasions (2004). Gosling and Mintzberg (2003) emphasized the tendency of managers to be reflective, evaluating past failures and successes in order to enhance their perspective on the current administrative challenges. Like Ittner and Larcker (1997), Teece et al. (1997) also agreed that managers demonstrate strategic thinking and employee empowerment on a consistent basis. The unique motivations and styles of managers, although distinct from those of leaders, have proven to be effective in business for a long time. As Covey noted, "Management is efficiency in climbing the ladder of success; leadership determines whether the ladder is leaning against the right wall" (as cited in Toor & Ofori, 2008, p. 69).

Summary and Conclusions

When the differences between leaders and managers are more fully understood, an organization is better equipped to maximize the input of their employees and effectively gauge the interests of their customers. Both approaches are important for a business, and both styles present their own benefits. Having a bold vision and a long-term purpose for a company is rendered useless if there is not a structure to carry out daily tasks efficiently. Conversely, daily effectiveness in fulfilling short-term goals is futile if the business lacks a specific, end-game, idea-driven purpose.

In light of the distinct differences in style and function evident in leaders and managers, it is increasingly important to find capable individuals in both categories to achieve business success. Furthermore, investment in the strengths of leaders and managers would benefit businesses as a whole. While today's idea-driven economy calls for more employees with certain leadership characteristics like adaptability and vision, both leaders and managers serve integral and indispensable roles. They complement one another.

Although literature and popular culture demonstrate a tendency to glorify leadership and downplay management, managers are as vital to business success as leaders are. Businesses are most successful when leaders and managers know how to best work with one another, as well as with their subordinates. While leaders are generally more service-minded and able to appeal to employees on a personal level, managers have a more hands-on relationship with their subordinates and directly help them accomplish their tasks. When the goals, behaviors, tasks, and functions of leaders and managers are better understood, businesses are better positioned for success. Moreover, when each leader and manager know how to merge his/her qualities together, working hand-in-hand in their different roles to advance the business' mission, organizations thrive. Businesses need leaders and managers. They both serve equally important, although different, purposes.

Recommendations

Since leadership and management are both integral in business success, organizations today should emphasize healthy working relationships between leaders and managers. Additionally, people in the media and literature should not ignore managers. While leaders are certainly highly valued, managers are also. This should be reflected in popular culture. Businesses should invest in the strengths that make both leaders and managers effective. Part of this investment involves selecting new employees who already demonstrate proficiency in the qualities that make leaders and managers so unique. Companies should also surround leaders and managers with people who complement and make up for their weaknesses, in order to form more well-rounded units as a whole.

Furthermore, businesses should stress the importance of compatibility between leaders and managers. In the hiring process, organizations should pair together an interviewee who will potentially fill a leadership role with one who is being evaluated for a managerial role in hypothetical situations. They should present them with a scenario in which they have to work together to accomplish an operational task or business goal. Investing in team-building exercises among existing leaders and managers within the company will also strengthen the working relationships between the two.

Given today's knowledge-based, fast-paced, ultra-competitive global economy, leadership development is the new competitive advantage. While managers and leaders are both equally essential for organizational success, companies increasingly need more and more of their employees to be multi-

talented, able to think on the spur of the moment, adaptable to changes, and capable of working together to develop innovative ideas and strategies for future success. All of these traits are leadership characteristics. Managers who cling solely to order, regulations, and structure can slow down companies trying to keep up with today's efficient and fast-moving competition.

"Leader-managers" are increasingly more valued than just "managers." Ideas, rather than routines, are what drive success in the 21st Century. Today, business executives flee from structure and onerous rules. Instead, they must constantly adapt and refine their ideas, visions, and purposes. Training existing employees to think in this manner, and hiring new employees who demonstrate imagination and a strategic mind will enhance a company's long-term success and better equip it to adapt to the vast and unpredictable changes of today's economy.

References

de Vries, R., Bakker-Pieper, A., & Oostenveld, W. (2010). Leadership=communication? The relations of leaders' communication styles with leadership styles, knowledge sharing and leadership outcomes. *Journal of Business and Psychology, 25*(3), 367-380. Retrieved from http://www.jstor.org/stable/40682659

Gosling, J., & Mintzberg, H. (2003). The five minds of a manager. *Harvard Business Review*, *81*(11), 54-63. Retrieved from http://homepages.se.edu/cvonbergen/files/2013/01/The-Five-Minds-of-a-Manager.pdf

Ittner, C., & Larcker, D. (1997). The performance effects of process management techniques. *Management Science, 43*(4), 522-534. Retrieved from http://www.jstor.org/stable/2634563

Kilbort, P. M. (2004). Management vs. leadership. *Physician Executive, 30*(6), 32-35. Retrieved from http://libproxy.eku.edu/login?url=http://search.ebscohost.com/login.aspx?direct=tr&d=bth&AN=15316678&site=ehostlive&scope=site

Kunnanatt, J. T. (2016). 3D leadership strategy-linked leadership framework for managing teams. *Economics, Management & Financial Markets*, *11*(3), 30-55. Retrieved from http://web.a.ebscohost.com.libproxy.eku.edu/bsi/pdfviewer/pdfviewer?sid=f84c36d6b5e403986d251819fae653c%40sessionm r4007&vid=1&hid=4209

Leban, W., & Zulauf, C. (2004). Linking emotional intelligence abilities and transformational leadership styles. *Leadership & Organization Development Journal*, *25*(7), 554-564. Retrieved from https://www.envisiongloballeadership.com/sites/ default/files/pdf/linking.pdf

Maccoby, M. (2000). Understanding the difference between management and leadership. *Research Technology Magazine*, *43* (1), 57–59.

Rath, T., & Conchie, B. (2008). *Strengths based leadership: Great leaders, teams, and why people follow*. New York, NY: Gallup Press.

Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, *18*(7), 509-533. Retrieved from http://www.jstor.org/stable/3088148?seq=1#page_scan_tab_contents

Toor, S., & Ofori, G. (2008). Leadership versus management: How they are different and why. *Leadership & Management in Engineering, 8*(2), 61-71. Retrieved from http://libproxy.eku.edu/login?url=http://search.ebscohost.com/login.aspx?direct=rue&dbth&AN=31295576&site=ehost-live&scope=site

Weathersby, G. B. (1999). Leadership vs. management. Management Review, 88(3), 5. Retrieved fromhttp://web.a.ebscohost.com.libproxy.eku.edu/bsi/pdfviewer/pdfviwer?sid=df50b8d-4cdd-417d a04c7fbf0463264a%40sessionmgr4010&vid=1&hid=4209

TYLER SWAFFORD is a George J. Mitchell Scholar and Master's student at University College Dublin, studying International Relations. He graduated *summa cum laude* from Eastern Kentucky University in 2017, where he played quarterback on the football team.

MARCEL M. ROBLES, Ph.D., is a Professor in Corporate Communication in the College of Business and Technology at Eastern Kentucky University. She teaches Managerial Report Writing, Introduction to Business, and MBA Strategic Business Communication and Research.