

What is Leadership? How is it different from Management?

Leadership is one of the most observed and least understood phenomena. It is complex, multifaceted, and has defied precise description long before the term came into existence in the 1700s. Probably more has been written and less known about leadership than any other topic in business.

What is leadership?

There are many, sometimes conflicting definitions of leadership. It has been described as: a skill or ability; an action or behaviour; a responsibility; a process; a function of management; an experience; an influencing relationship; a position of authority; a trait or characteristic; a style... and many more. But, there is one similarity across the majority of definitions – they focus on the *process of influencing the activities of others*.

Incorporating this important similarity of influence to action, one definition of leadership then is, “Leadership is the capacity for collective action to vitalize”.

While defining leadership is difficult, the confusion around leadership is compounded by the fact that the word ‘leadership’ is used in two very different ways. Sometimes it refers to *a process that helps direct and mobilize people and their ideas*. At other times it refers to *a group of people in formal positions where leadership is expected*. The latter usage contributes greatly to the confusion since most of the people who are in positions of “leadership” today are called managers. It suggests that leadership and management is the same thing. It is not.

Leadership and management is different

Because leadership is used to describe both a process and a position, it is useful to remember that *the distinction is between leadership and management, not leaders and managers*. While some may excel at one more than the other, most persons in positions of responsibility within an organization, whether described as ‘leaders’ or ‘managers’, exercise both leadership and management in their roles.

There are some similarities between leadership and management - both involve deciding what needs to be done, creating networks of people and relationships that can accomplish an agenda and trying to ensure that those people actually get the job done. They are both complete action systems; neither is simply one aspect of the other. Each has its own distinctive purpose and characteristic activities. People who think of management as being only the implementation part of leadership ignore the fact that leadership has its own implementation processes.

Leadership is different from management, but not for the reasons that most people think. It is not the province of a chosen few. Nor is leadership necessarily better than management or a replacement for it. In business, the substantive difference between leadership and management is the focus.

Management means setting objectives and focusing on consistently producing key results through planning and budgeting, organizing and staffing, and controlling and problem-solving. Leadership focuses on potential - creating and supporting change to vitalize the organization by establishing direction, aligning people, and motivating and inspiring.

The benefit of management is handling complexity and ensuring efficiency, allowing the organization to meet its short-term targets. This does not mean that management is never associated with change; in tandem with effective leadership, it can help produce a more orderly change process. Nor does this mean that leadership is never associated with order; in tandem with effective management, an effective leadership process, the benefit of which is the vision to anticipate the big changes, can help produce the changes necessary to bring a chaotic situation under control. They are not mutually exclusive – both are necessary in today’s increasingly complex and turbulent business environment.

	Management	Leadership
<i>Creating an agenda</i>	Planning & Budgeting <ul style="list-style-type: none"> ▪ establishing detailed steps ▪ allocating necessary resources ▪ focus on the short-term, details ▪ eliminating risks 	Establishing Direction <ul style="list-style-type: none"> ▪ developing a vision & strategies for change ▪ focus on the long-term ▪ taking calculated risks
<i>Developing a human network for achieving the agenda</i>	Organizing & Staffing <ul style="list-style-type: none"> ▪ establishing structure ▪ staffing, delegating ▪ providing policies/procedures ▪ creating processes/systems ▪ focus on specialization ▪ compliance 	Aligning People <ul style="list-style-type: none"> ▪ communicating direction by words & deeds ▪ influencing the creation of teams and coalitions ▪ focusing on integration ▪ creating commitment
<i>Execution</i>	Controlling & Problem Solving <ul style="list-style-type: none"> ▪ monitoring results vs. plan ▪ identifying deviations ▪ organizing to solve problems ▪ focus on containment & control ▪ getting right person for the job 	Motivating and Inspiring <ul style="list-style-type: none"> ▪ energizing people ▪ satisfying higher-level needs ▪ focusing on empowerment ▪ creating environment for development
<i>Outcomes</i>	Predictability and Order <ul style="list-style-type: none"> ▪ consistently producing key results expected by various stakeholders 	Change <ul style="list-style-type: none"> ▪ producing (often dramatic) change to become more competitive

Source: Adapted from John Kotter, A Force for Change: How Leadership Differs from Management, 1990

Both leadership and management are crucial

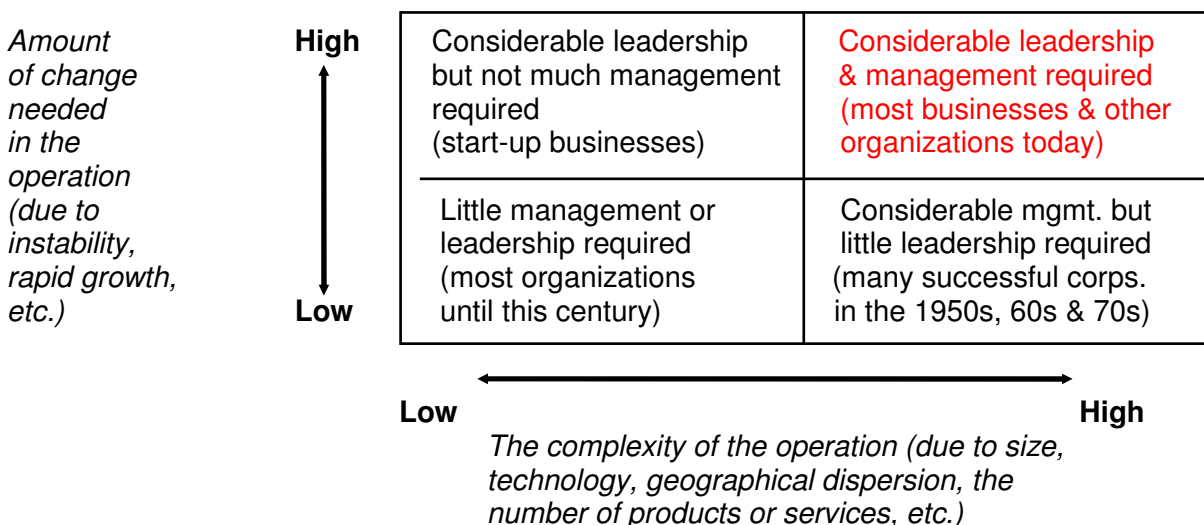
Any combination other than strong leadership and strong management has the potential for producing unsatisfactory results. Strong leadership without much management can produce change for change's sake – even if movement is in a totally unsound direction. Strong management without much leadership can turn bureaucratic and incapable of dealing with important changes in the market. This is all too often seen in corporations today, especially in large and mature ones. Under these circumstances, performance deteriorates over time, although slowly, if the firm is large and has a strong market position.

Why the distinction is important

It is important for organizations to realize the distinction and balance between leadership and management because today's and tomorrow's marketplace will demand firms to both thrive on challenges and deliver consistent results, to address both the magnitude of change and the complexity of the environment..

The net result of the many forces increasing the change and complexity in the business environment is that doing what was done yesterday, or doing it 5% better, is no longer a formula for success. Organizational success today requires skills and strategies that most people did not need in the relatively benign 1950s, 60s, and 70s. Firms do not appear to have the requisite leadership development practices mostly because until recently organizations did not need that many people to handle their leadership challenges. More change always demands more leadership, balanced with effective management.

The Relationship of Change and Complexity to the Amount of Leadership and Management Needed in a Firm (John Kotter)



Balance is achieved by ensuring that there are persons with leadership and management strengths in positions of responsibility. Successful corporations develop their top people to provide both. Unfortunately, organizations in the last two decades have concentrated more on management and much less on leadership. As a result, research strongly suggests that most firms today have insufficient leadership, and that many corporations are “over-managed” and “under-led.” Senior executives consistently report leadership strength as a top concern for their organizations. As an example, only 54% of companies surveyed by the Conference Board of Canada in 1996 said they had the leaders needed to respond to change effectively.

Companies need to develop their capacity to exercise leadership. As we shift to a knowledge economy, leadership means leveraging human capital to an even greater extent than ever before. Successful companies don't wait for leaders to come along. They actively develop them. However, evidence suggests that finding people with leadership potential and then nurturing that potential is much tougher than finding people with managerial potential and then developing those skills.

Conclusion

In order to prosper in today's environment characterized by both change and complexity, organizations require a balance between leadership and management. They must ensure that there is an abundance of both strengths. This means recognizing that people have the potential to be leader-managers, effective in both leadership and management, although perhaps to varying degrees. Regardless of how this balance is achieved, it is clear that the challenges and opportunities corporations face now and going forward in the 21st century demand more leadership.

By Anika Vinkovic in consultation with Sandy Wise.

This article was based on the work of John Kotter, including his book [A Force for Change: How Leadership Differs from Management](#), (Free Press, 1990).