

LCBB6003
**Leadership and
Management, Theory and
Practice**
Group Presentation



1. Desislava Nankova (1913488): French and Raven's Five Bases of Power
2. Nadya Zarankova (1914056): Mintzberg's Managerial Roles
3. Rumyan Zarankov (1913489): Situational Leadership
4. Grigor Zarankov (1914055): Transactional Leadership
5. Ion Duluman (1917721): Huczynski and Buchanan

Lecturer: Anita Nan

OVERVIEW

French and Raven's Five Bases of Power (Desislava)

Mintzberg's Managerial Roles (Nadya)

Situational Leadership (Rumyan)

Transactional Leadership (Grigor)

Huczynski and Buchanan (Ion)

References

FRENCH AND RAVEN'S FIVE BASES OF POWER

French and Raven's Five Bases of Power are:

- **Coercive Power** - the manager's influence is based on his impact on the subordinate through punishment or the threat of punishment.
- **Reward Power** - the manager's influence is based on his effect on the subordinate through the provision or promise of providing some reward.
- **Legitimate Power** - a manager's influence is based on his right or authority to demand from his subordinates.
- **Expert Power** - the influence of a person is based on the dependence of a person or group on his knowledge and skills.
- **Referent Power** - certain persons fall under the influence of another person by virtue of his personal qualities.

Application to the case study



EXPERT POWER

- Bezos is a leader who builds his platform based on partnership. This makes him the richest man in the world.
- \$13bn (£10bn) in a single day
- His expert approach makes him a leader who influences his subordinates thanks to his knowledge, skills and experience.
- Bezos managed with his knowledge and skills to get the maximum benefit for his company in the conditions of a global crisis (correspondent, 2020).



Application to the case study

REFERENT POWER

- Bezos is an inspirational leader - \$100m to a food bank charity
- His results drive the entire organization forward, and everyone is thus inspired by his reference power
- Bezos is a leader with authority
- The world's five wealthiest people as the only one not to have signed the Giving Pledge



NOTES (DESLAVA NANKOVA)

A leader can hold and exercise different forms of power. Some derive from his position, thanks to which he can reward the good work of his associates and force them to do something by the threat of punishment. However, coercion and rewards are not the only forms of power. French and Raven discover five main forms of power, each having implications for the interaction between a manager and subordinates (Raven, 2008).

French and Raven's five bases of power are:

- Coercive Power - the manager's influence is based on his impact on the subordinate through punishment or the threat of punishment.
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- Legitimate Power - a manager's influence is based on his right or authority to demand from his subordinates.
- Expert Power - the influence of a person is based on the dependence of a person or group on his knowledge and skills.
- Referent Power - certain persons fall under the influence of another person by virtue of his personal qualities.

In expert power, Bezos' influence is based on the dependence of his employees on his knowledge and skills. These knowledge and skills become a source of power because, without them, the person or group cannot make competent decisions or act properly. This is exactly how Amazon's management model works. An expert authority of the company is being built, which is actually an informal authority and is directly connected to Bezos. Expert power exists to the extent that one's knowledge and skills that others do not possess can be used.

NOTES (DESLAVA NANKOVA)

So expert authority exists objectively but is largely in the perceptions of others. After all, this is the richest man in the world, and by that logic, he should have a lot of knowledge in the field in which he creates his business. You may be an expert in your field, but others must recognise that expertise. Moreover, Bezos managed with his knowledge and skills to get the maximum benefit for his company in the conditions of a global crisis (correspondent, 2020).

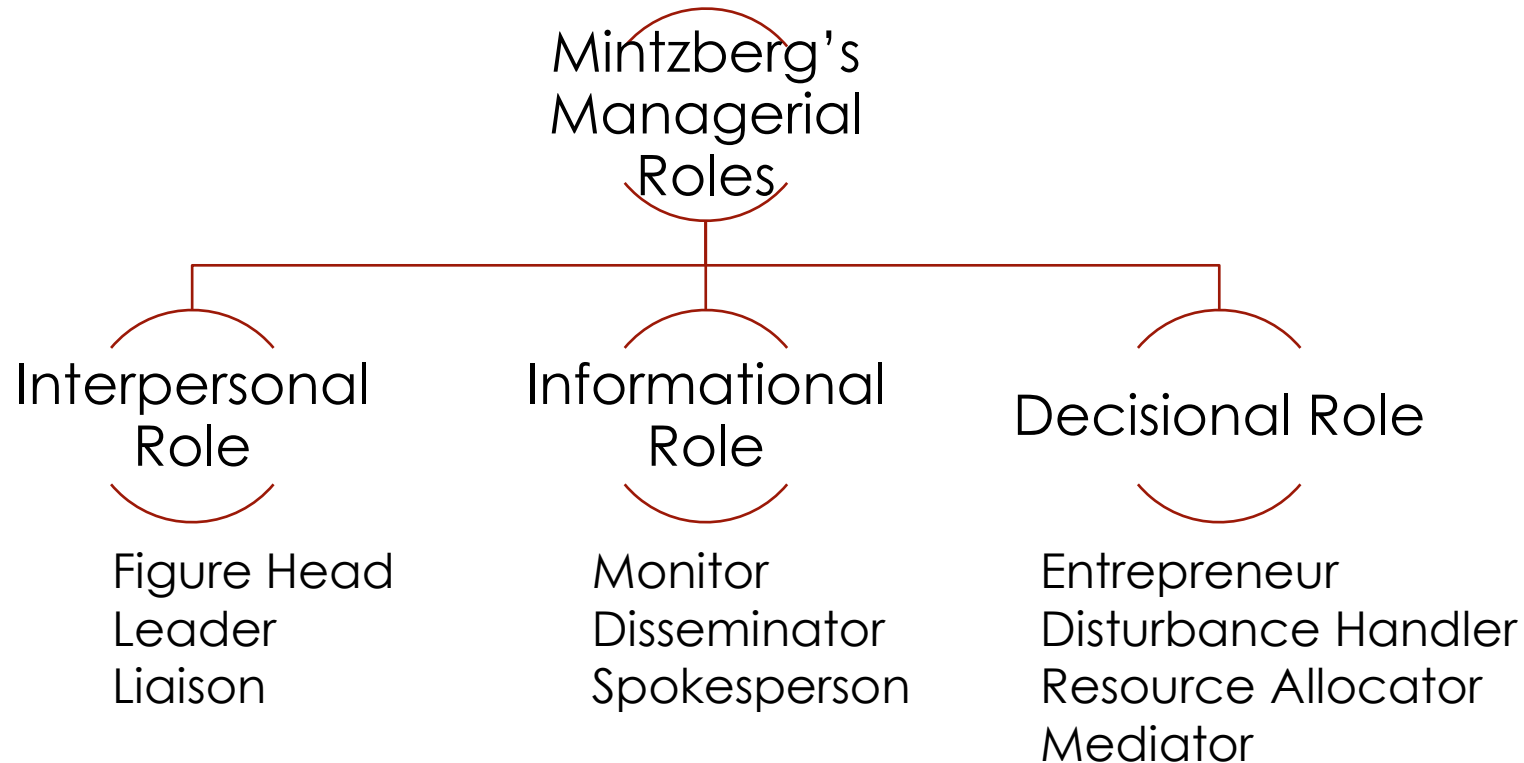
In referent power, a manager's influence is based on his employees' self-identification with him. Who wouldn't want to emulate the richest man in the world? So, employees at Amazon and other companies emulate Bezos and develop qualities that are seen in him. With this kind of power, leaders like Bezos can influence those around them on various topics, from what products to buy to which political party to vote for. It is not by chance that we can often see famous faces in advertising videos - this is because of the referential power that these personalities have over a part of society. In a work setting, a person can have referent power even if he is not a manager, as long as he is liked by others and makes them feel good. Such a person can have a strong influence. All this is possible only if a person is unique, such as Jeff Bezos. He manages to distinguish himself even from other rich people by participating in his own donation campaigns and initiatives. Referent power can be a big responsibility and can be abused quite easily, especially if this is the richest man in the world. Relying only on referent power is not a good strategy for a leader who wants to gain long-term respect. However, when combined with expert authority, it can help a leader be very successful.

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MINTZBERG'S MANAGERIAL ROLES



Interpersonal roles:

- The manager's role is relating to his authority and status in the organisation.

Information roles:

- Each manager is a central figure in obtaining, classifying and distributing information related to the area he supervises. In performing informational roles, the manager is engaged in several interactions that result in gathering and disseminating information.

Decision-making roles:

- Every manager is involved in making a variety of decisions that arise from his official authority and status in the organisation.

Application to the case study



LEADER AND MEDIATOR

- Bezos certainly fills those roles in his own organisation.
- His role as a "Leader" is related to the use of power, which includes coordination and motivational means to direct, coordinate and motivate subordinates.
- The specificity of the Amazon business created by Jeff Bezos is a mediation between customers and sellers of various goods and services. That is why he fulfils the role of "Mediator", which is part of the "decision-making roles" group.

Application to the case study

ENTREPRENEUR



- Amazon was started in a garage
- Amazon's shares have increased by 70%
- The share price rose by 8% to a record \$3,197
- An unprecedented \$189bn

NOTES (NADYA ZARANKOVA)

Mintzberg proposes a role-based approach that characterises more precisely and more fully the specifics of the manager's work and what he is expected to do by the position he holds. Henry Mintzberg presented his ideas in 1973 in his book "The Nature of Managerial Work" (Mintzberg, 1973).

Mintzberg's ten managerial roles are:

- Leader - related to the use of power, coordination and motivation.
- Liaison – it is about maintaining contacts both inside and outside the organisation.
- Figure Head – it is about strong relation between peers and subordinates.
- Monitor - involves collecting information from all possible sources for competitive advantage.
- Disseminator - providing important and privileged information to subordinates who cannot obtain it from other sources.
- Spokesperson – provide information to external stakeholders.
- Entrepreneur - identifies opportunities and threats, selects the best alternative, and makes the change itself.
- Disturbance Handler - makes decisions on interpersonal conflicts and problems.
- Resource Allocator - controls the decisions regarding the distribution of resources.
- Mediator - negotiate with other units and organisations to achieve more beneficial results for the unit or organisation.

NOTES (NADYA ZARANKOVA)

Jeff Bezos can be recognised and cast in the role of one of them. The "Leader" role of the manager is part of the "interpersonal roles" group. Bezos certainly fills that role in his own organisation. His role as a "Leader" is related to the use of power, which includes coordination and motivational means to direct, coordinate and motivate subordinates.

The specificity of the Amazon business created by Jeff Bezos is a mediation between customers and sellers of various goods and services. That is why he fulfils the role of "Mediator", which is part of the "decision-making roles" group.

In the Mediator role, the manager makes decisions as a mediator in negotiations with other units and organisations to achieve more beneficial results for the department or organisation.

For example, the manager concludes contracts with suppliers and customers, reaches agreements with internal and external partners and institutions, etc. This makes Bezos' business unique.

Another role from the listed list that perfectly matches the essence of Jeff Bezos is the role of "Entrepreneur". This role is part of the "decision roles" group. In the role of "Entrepreneur", the manager is the initiator of controllable changes. It identifies opportunities and threats, selects the best alternatives, and makes the changes itself. Bezos created an empire that started in his garage. An empire valued at billions of dollars, although Bezos' ownership is only 11%. Thus, he can be recognised as an effective manager who is constantly looking for new ideas and methods to improve the business.

Change may affect the duties and responsibilities of subordinates, new products, and new goals. One can talk about the entrepreneurship of the manager, which is expressed in a proactive search for opportunities at the cost of measured risk, striving for change and improvement. Innovation is constantly being sought, and one can point to Amazon's new approach to delivering parcels to end customers in London through environmentally friendly transport - bicycles or electric vehicles (Amazon.co.uk, 2022). An example to support the statement is that the unique business model grows in crisis conditions (as Covid-19 pandemic). From the slides, it is clear exactly by what percentage and the amount the wealth of Amazon, particularly Bezos, is growing.

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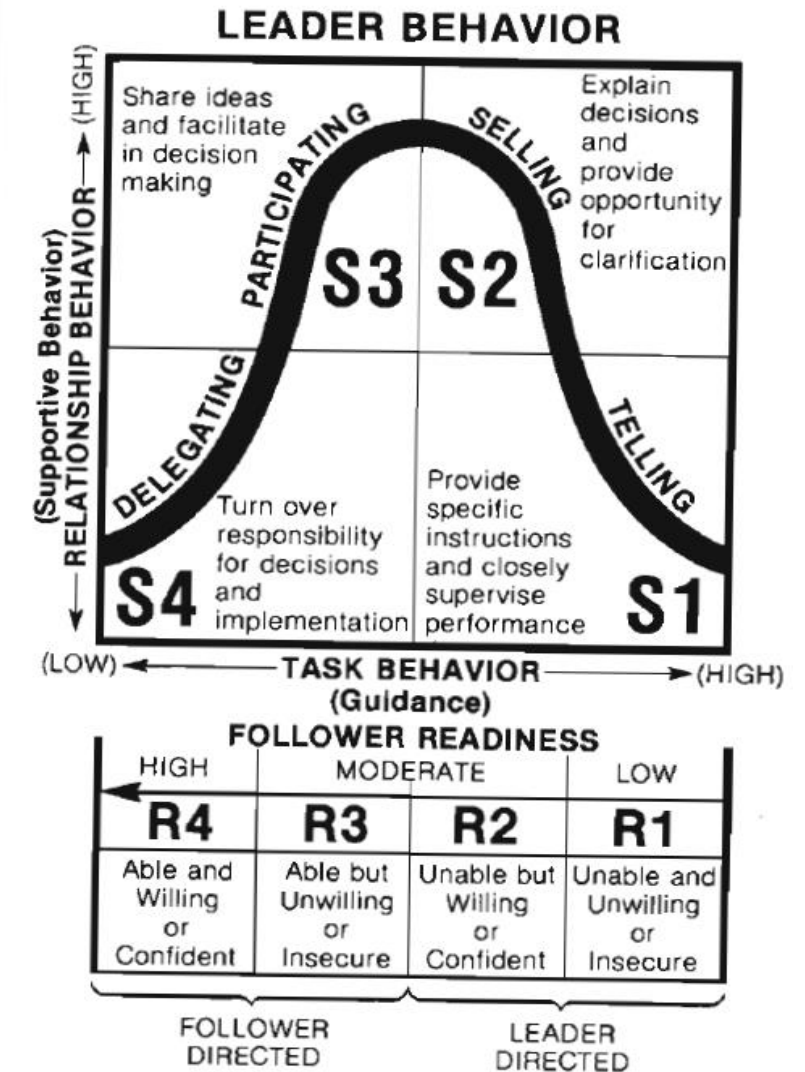
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SITUATIONAL LEADERSHIP

The Situational Leadership model addresses four types of leadership styles:

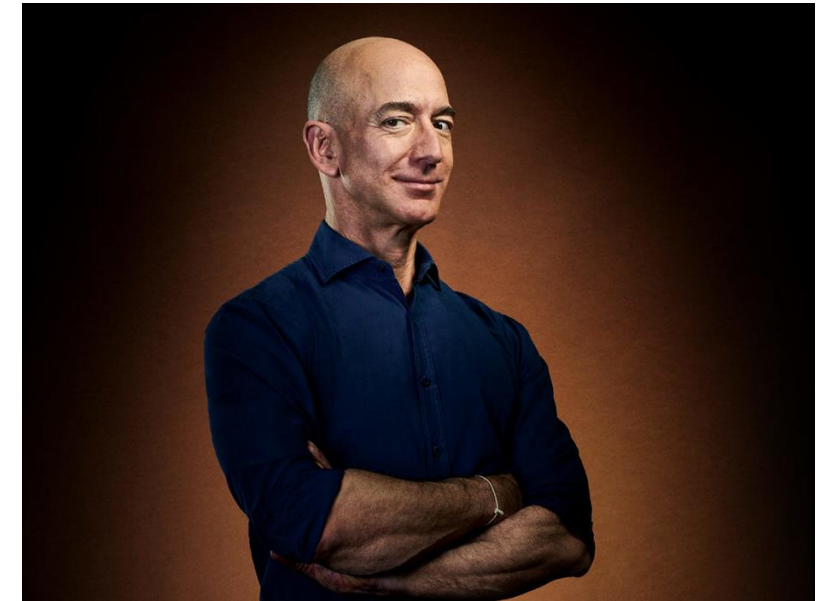
- **Telling (S1)** – helps followers who are both intimidated and inexperienced with the tasks they are responsible
- **Selling (S2)** – helps motivated but inexperienced followers develop skills
- **Participating (S3)** – helps followers solve problems
- **Delegating (S4)** – a leader empowers an individual to exercise autonomy



Application to the case study

The four levels of employee development:

- S1 – low competence and high commitment. Bezos appeals for total dedication, even this reflects the fact that he distinguishes himself from the rest of the rich.
- S2 – weak/some competence and low commitment. This is in full controversy with Bezos.
- S3 – medium/high competence and variable commitment. Bezos definitely does not espouse this characteristic in his management style and philosophy.
- S4 – high competence and high commitment. Simply put, this is Jeff Bezos.



Application to the case study

- His fortune now dwarfs the GDP of Hungary, Ukraine and Qatar.
- Bezos and his ex-wife Melinda have donated more than \$50 billion to charitable causes
- Global economic policies are “not fit for purpose” and allow the super-rich to accumulate vast amounts of money
- Support delivery drivers
- Tens of millions of people in the US without jobs



NOTES (RUMYAN ZARANKOV)

One of the most common mistakes in people management is related to the lack of a sufficiently flexible leadership style on the part of the manager towards his associates. To help managers be more flexible and adequate to the situations in which they find themselves with different associates, management specialists Hersey and Blanchard created the so-called "Situational Leadership Theory". It is simple, convincing, and quite logically has become one of the world's most popular people management models (Hersey and Blanchard, 1988). The central thesis of situational leadership theory is that there is no "best" leadership style. Instead, the most appropriate leadership style depends on the followers' level of development (maturity).

According to Hersey and Blanchard's situational leadership theory, the four leadership styles can be seen in Figure 1:

- Telling (S1) – helps followers who are both intimidated and inexperienced with the tasks they are responsible
- Selling (S2) – helps motivated but inexperienced followers develop skills
- Participating (S3) – helps followers solve problems
- Delegating (S4) – a leader empowers an individual to exercise autonomy

The four levels of employee development are:

- S1 – low competence and high commitment. Bezos appeals for total dedication, even this reflects the fact that he himself distinguishes himself from the rest of the rich and makes his own charitable foundation.
- S2 – weak/some competence and low commitment. This is in full controversy with Bezos, and even he has been accused by a number of prominent representatives of donor organisations of negatively distinguishing himself in the context of a crisis.
- S3 – medium/high competence and variable commitment. Bezos definitely does not espouse this characteristic in his management style and philosophy. It denies non-commitment to activity and selectivity in prioritising tasks.
- S4 – high competence and high commitment. Simply put, this is Jeff Bezos.

NOTES (RUMYAN ZARANKOV)

In order to relate to the case study, the situational leadership theory of Hersey and Blanchard will be used. These authors use two main leadership behaviours - “Task Behaviour” and “Supporting Behaviour” which can be directly applied to Jeff Bezos:

- Task Behaviour (Task Orientation) – Bezos certainly has this skill, having gone from a garage business to a multibillion-dollar business.
- Supportive behaviour (relationship orientation) – in this case, it can be represented by the degree to which Bezos is inclined to maintain personal relationships with the public to donate funds, even though he is not obligated actively.

Given the above, it is possible that the situational leadership model can be associated with Jeff Bezos. Some of the core principles that Bezos uses in running his company show that he operates out of the box and situationally (Get Lighthouse, 2021). The post-Covid crisis is a fact and very few companies in the world manage to seize the moment to make money. Delivery companies like Amazon are a typical example of the logistics sector that has managed to do just that. This, of course, caused a wave of backlash against the rich who got richer amid growing world hunger. But it is important to say that Bezos is not to blame for the Covid situation and ultimately, he should not be blamed for making millions a day. However, Covid was not something planned and happened suddenly. Not to mention that during Covid the whole world shut down and thanks to the reaction of Bezos, his company in this emergency situation conditions were created to deliver food, medicine and other medicines to people's homes.

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TRANSACTIONAL LEADERSHIP

- Transactional leadership is focused on the results.
- It is based on the existing structure of an organization.
- The focus is to managing individual performance (motivated by reward-penalties system) and facilitating group performance.



Application to the case study



- It is hard to reconcile this obscene figure with the reality.
- Since the Great Depression of the 1930s, Amazon's shares have increased by 70% from the start of the year.

Application to the case study



- Bezos added £10bn to his fortune just in one day.
- The rest of the world is straggle to survive.

NOTES (GRIGOR ZARANKOV)

Leading authors in the theory of human resource management, such as Mullins (Mullins, 2010), point out that there are leadership styles that aim to reboot the organisation and reorganise human resources for practical use, based on the transactional leadership style of management presented by Burns in 1978 (Burns, 1978). In it, to do the work well and for there to be good interaction between leader and followers, certain “transactions” have to be carried out, i.e., exchanging something one party wants for something the other party wants. Transactional leaders value order and structure. They manage large corporations or international organisations that require rules and regulations. Performance review is carried out to measure the employee performance, and for employee motivation reward-penalties system applies in the organisation.

Quite often, because of Jeff Bezos’ transactional style of work, he is likened to a manager rather than a leader. It follows that he acts according to his way of thinking and not according to the way of thinking of his followers. Bezos exhibits complete control and oversight over all of Amazon’s operations and is focused on Amazon’s ultimate success. This makes him unique, and the world doesn’t accept him as an ordinary human.

Bernard Bass describes this style in detail, and the author elaborates on the ideas of other authors (Bass, 1985). By default, a transactional leader knows how to recognise employee desires and tries to satisfy them. Of course, as long as the employees have put enough effort into it. Bezos has built this type of business that does just that. Amazon responded to the needs of the market at the time of Covid-19 crisis, and when most of the businesses were forced to reduce or cease their activities, Amazon thrives because it was the only organisation which has rules and structure able to respond to the huge demand of the market. This is the reason for the incredible success of the company, which led to the huge jump in its share prices.

NOTES (GRIGOR ZARANKOV)

Jeff Bezos uses this management style for his business (Amazon) because it can work well even in crises when the emphasis must be on the execution of certain tasks (Stone, 2013). Bezos clearly understands that assigning clearly defined duties to specific individuals leads to good work. He is charged with letting group members know exactly what is expected by articulating the benefits of completing tasks, explaining the consequences of failure, and offering feedback designed to keep workers on duty. This is typical strategic thinking of the transactional leader, and the result is the increasing of his fortune with 10bn in just one day.

Even the global charity development Oxfam issued a statement that it is truly shocking one person which is already wealthy to gain another fortune, when at the same time half of billion more people has been pushed to extreme poverty. But this is not coincidence, but the result of the long-term persistence and development of the structures of the company. In Bezos's case, the company achieved unprecedented success.

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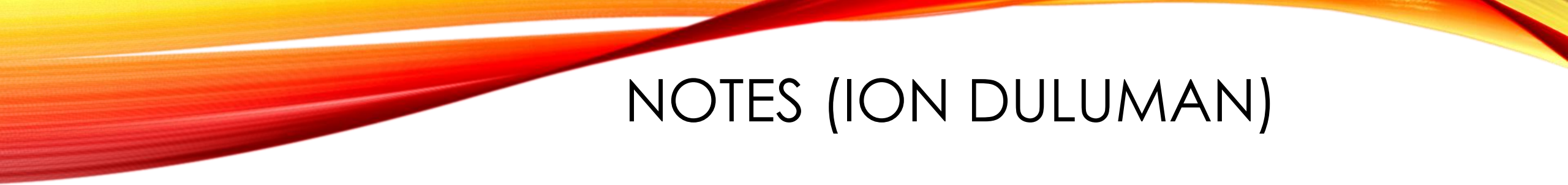
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HUCZYNSKI AND BUCHANAN



NOTES (ION DULUMAN)

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- Stone, B. (2013). *The everything store. Jeff Bezos and the Age of Amazon*. 1st ed. New York: Little, Brown and Company.

A close-up photograph of a person wearing a mustard yellow, textured knit sweater. Their hands are visible, resting on a silver laptop which is placed on a dark brown wooden desk. The person's right hand is on the trackpad, and their left hand is near the keyboard. A white, rectangular graphic with a folded corner effect is overlaid in the center of the image, containing the text "Thank you".

Thank you