

CHAPTER 12

Leadership

(Click on title when connected to the Internet for online video teaching notes)

LEARNING OBJECTIVES (ppt12-1)

After studying this chapter, students should be able to:

1. Define *leadership* and contrast leadership and management.
2. Summarize the conclusions of trait theories of leadership.
3. Identify the central tenets and main limitations of behavioral theories.
4. Assess contingency theories of leadership by their level of support.
5. Compare and contrast *charismatic* and *transformational leadership*.
6. Define *authentic leadership* and show why effective leaders exemplify ethics and trust.
7. Demonstrate the role mentoring plays in our understanding of leadership.
8. Address challenges to the effectiveness of leadership.
9. Assess whether charismatic and transformational leadership generalize across cultures.

INSTRUCTOR RESOURCES

Instructors may wish to use the following resources when presenting this chapter:

Text Exercises

- An Ethical Choice: Working For A Toxic Boss
- Myth Or Science? Men Make Better Leaders Than Women
- Point/CounterPoint : Leaders Are Born, Not Made
- International OB: Cultivating an International Perspective: A Necessity for Leaders
- Questions for Review
- Experiential Exercise: What Is A Leader?
- Ethical Dilemma: Whole Foods' Rahodeb

Text Cases

- Case Incident 1: The Making of a Great President
- Case Incident 2: Leadership Factories

Instructor's Choice

This section presents an exercise that is NOT found in the student's textbook. Instructor's Choice reinforces the text's emphasis through various activities. Some Instructor's Choice activities are centered on debates, group exercises, Internet research, and student experiences. Some can be used in-class in their entirety, while others require some additional work on the student's part. The course instructor may choose to use these at anytime throughout the class—some may be more effective as icebreakers, while some may be used to pull together various concepts covered in the chapter.



WEB EXERCISES

At the end of each chapter of this Instructor's Manual, you will find suggested exercises and ideas for researching the WWW on OB topics. The exercises "Exploring OB Topics on the Web" are set up so that you can simply photocopy the pages, distribute them to your class, and make assignments accordingly. You may want to assign the exercises as an out-of-class activity or as lab activities with your class.

SUMMARY AND IMPLICATIONS FOR MANAGERS

Leadership plays a central part in understanding group behavior, for it's the leader who usually directs us toward our goals. Knowing what makes a good leader should thus be valuable in improving group performance.

The early search for a set of universal leadership traits failed. However, recent efforts using the Big Five personality framework have generated much more encouraging results. Extraversion, conscientiousness, and openness to experience show strong and consistent relationships to leadership.

The behavioral approach's major contribution was narrowing leadership into task-oriented (initiating structure) and people-oriented (consideration) styles. By considering the situation in which the leader operates, contingency theories promised to improve on the behavioral approach, but with the exception of LPC theory, they have not fared well in leadership research.

Research on charismatic and transformational leadership has made major contributions to our understanding of leadership effectiveness. Organizations are increasingly searching for managers who can exhibit transformational leadership qualities. They want leaders with vision and the charisma to carry out their vision.

Effective managers today must also be authentic and develop trusting relationships with those they seek to lead because, as organizations have become less stable and predictable, strong bonds of trust are replacing bureaucratic rules in defining expectations and relationships. Managers who aren't trusted aren't likely to be effective leaders.

For managers who must fill key positions in their organization with effective leaders, we have shown that tests and interviews help identify people with leadership qualities. Managers should also consider investing in leadership training such as formal courses, workshops, rotating job responsibilities, coaching, and mentoring.

The chapter opens introducing Stephen Schwarzman, chief executive of Blackstone Group. He is revealed to be an aggressive executive that thinks of business as "war." Schwarzman has led Blackstone to a significant financial return during the past 20 years. Moreover, his leadership style is suggested to be one patterned after Attila the Hun as he reportedly fired employees for minor transgressions. He is not a leader for everyone, but he is successful in his environment.

BRIEF CHAPTER OUTLINE

- I. What Is Leadership? (ppt12-2)
 - A. John Kotter believes management is about “coping with complexity.”
 - B. Leadership is “the ability to influence a group toward achievement of a vision or set of goals.”
- II. Trait Theories (ppt12-3)
 - A. Strong Leaders
 1. They identify leaders by focusing on personal qualities and characteristics such as charisma, enthusiasm, and courage.
 2. The trait approach has at least four limitations.
 - B. Big Five personality framework provided some breakthroughs. Most of the dozens of traits that emerged could be subsumed under one of the Big Five traits.
 1. Extraversion is the most important trait of effective leaders—more strongly related to leader emergence than to leader effectiveness.
 2. Conscientiousness and openness to experience strong, consistent relationships to leadership
 3. Agreeableness and emotional stability weren’t as strongly correlated with leadership.
- III. Behavioral Theories (ppt12-4)
 - A. Introduction
 1. Behavioral approach assumption: suggests that we could train people to be leaders. We can design programs to implant behavioral patterns. If training worked, we could have an infinite supply of effective leaders.
 2. Ohio State Studies (ppt12-5)
 - a. The most comprehensive and replicated of the behavioral theories resulted from research that began at Ohio State University in the late 1940s. These researchers sought to identify independent dimensions of leader behavior.
 - b. They narrowed over a thousand dimensions into two dimensions—initiating structure and consideration.
 3. University of Michigan Studies (ppt12-5)
 - a. Michigan researchers’ conclusions strongly favored the leaders who were employee oriented. Employee-oriented leaders were associated with higher group productivity and higher job satisfaction.
 - b. Production-oriented leaders tended to be associated with low group productivity and lower job satisfaction.
 - B. Summary of Trait Theories and Behavioral Theories
 1. The behavioral theories have had modest success in identifying consistent relationships between leadership behavior and group performance.
 2. As important as traits and behaviors are in identifying effective or ineffective leaders, they do not guarantee success. The context matters, too.
- IV. Contingency Theories (ppt12-6)
 - A. Introduction
 1. Tough-minded leaders seem successful in difficult times, but tend to be dismissed when the environment improves.
 2. Situational factors that influence success or failure need to be explored further.
 - B. Fiedler Model (ppt12-7)
 1. Introduction
 - a. The first comprehensive contingency model for leadership was developed by Fred Fiedler who proposed that effective group performance depends upon the proper

- match between the leader's style and the degree to which the situation gives control to the leader.
2. Identifying Leadership Style
 - a. Fiedler believed that a key factor in leadership success is the individual's basic leadership style. He created the least preferred coworker (LPC) questionnaire for this purpose.
 - b. It purports to measure whether a person is task- or relationship-oriented.
 - c. Fiedler assumes that an individual's leadership style is fixed.
 3. Defining the Situation (ppt12-8)
 - a. After assessing leadership style, it is necessary to match the leader with the situation. Fiedler has identified three contingency dimensions:
 - i. Leader-member relations—The degree of confidence, trust, and respect members have in their leader
 - ii. Task structure—The degree to which the job assignments are procedural
 - iii. Position power—The degree of influence a leader has over power variables such as hiring, firing, discipline, promotions, and salary increases
 - iv. The next step is to evaluate the situation in terms of these three contingency variables.
 4. Matching Leaders and Situations
 - a. The Fiedler model proposes matching them up to achieve maximum leadership effectiveness.
 - b. Fiedler concluded that task-oriented leaders tend to perform better in situations that were very favorable to them and in situations that were very unfavorable.
 5. Findings from the Fiedler Model
 - a. Fiedler has condensed these eight situations to three. Task-oriented leaders perform best in situations of high and low control, while relationship-oriented leaders perform best in moderate control situations.
 - b. Given Fiedler's findings, you would seek to match leaders and situations. Because Fiedler views an individual's leadership style as being fixed, there are only two ways to improve leader effectiveness.
 - i. First, you can change the leader to fit the situation.
 - ii. The second alternative would be to change the situation to fit the leader.
 6. Evaluation of Fiedler ((ppt12-10)
 - a. There is considerable evidence to support at least substantial parts of the model. If predictions from the model use only three categories rather than the original eight, there is ample evidence to support Fiedler's conclusions.
 - b. There are problems and the practical use of the model that need to be addressed. The logic underlying the LPC is not well understood and studies have shown that respondents' LPC scores are not stable.
 - c. Also, the contingency variables are complex and difficult for practitioners to assess.
- C. Other Contingency Theories
1. Situational Leadership Theory (ppt12-11)
 - a. This model—Situational Leadership Theory (SLT)—has been incorporated into leadership training programs at over 400 of the Fortune 500 companies, and over one million managers a year from a wide variety of organizations are being taught its basic elements.
 2. Path-Goal Theory
 - a. The Theory (ppt12-12)
 - b. One of the most respected approaches to leadership is the path-goal theory developed by Robert House.
 - c. It is a contingency model of leadership that extracts key elements from the Ohio State leadership research on initiating structure and consideration and the expectancy theory of motivation.
 - d. Leader Behaviors

- e. House identified four leadership behaviors:
 - i. The directive leader lets followers know what is expected of them, etc.
 - ii. The supportive leader is friendly and shows concern for the needs of followers.
 - iii. The participative leader consults with followers and uses their suggestions before making a decision.
 - iv. The achievement-oriented leader sets challenging goals and expects followers to perform at their highest level.
 - 3. Leader-Participation Model (ppt12-13)
 - a. In 1973, Victor Vroom and Phillip Yetton developed a leader-participation model. Recognizing that task structures have varying demands for routine and non-routine activities, these researchers argued that leader behavior must adjust to reflect the task structure.
- V. Leader-Member Exchange Theory (ppt12-14)
- A. The leader-member exchange (LMX) theory argues that because of time pressures, leaders establish a special relationship with a small group of their followers.
 - B. These individuals make up the in-group—they are trusted, get a disproportionate amount of the leader’s attention, and are more likely to receive special privileges.
 - C. The theory proposes that early in the history of the interaction between a leader and a given follower, the leader implicitly categorizes the follower as an “in” or an “out” and that relationship is relatively stable over time.
 - D. In-groups have similar characteristics (see Exhibit 12-2)
- VI. Charismatic And Transformational Leadership
- A. Introduction (ppt12-15)
 - 1. Views leaders as individuals who inspire followers through their words, ideas, and behaviors
 - B. Charismatic Leadership
 - 1. What Is Charismatic Leadership?
 - a. Charismatic Leadership Theory proposed by Robert House.
 - b. Followers make attributes of heroic or extraordinary leadership abilities when they observe certain behaviors. (See Exhibit 12-3)
 - C. Are Charismatic Leaders Born or Made?
 - 1. Individuals are born with traits that make them charismatic.
 - 2. Most experts believe individuals can be trained to exhibit charismatic behavior.
 - 3. This approach seems to work as evidenced by researchers who have succeeded in actually scripting undergraduate business students to “play” charismatic leaders. Moreover, followers of these leaders had higher task performance, task adjustment, and adjustment to the leader and to the group than did followers who worked under groups led by non-charismatic leaders.
 - D. How Charismatic Leaders Influence Followers (ppt12-16)
 - 1. Appealing vision
 - 2. Vision statement
 - 3. High performance expectations
 - 4. A new set of values
 - E. Does Effective Charismatic Leadership Depend on the Situation?
 - 1. A strong correlation between charismatic leadership and high performance and satisfaction among followers
 - 2. Charisma appears to be most appropriate when the follower’s task has an ideological component or when the environment involves a high degree of stress and uncertainty.
 - 3. This may explain why, when charismatic leaders surface, it’s more likely to be in politics, religion, wartime; or when a business firm is in its infancy or facing a life-threatening crisis.

- F. The Dark Side of Charismatic Leadership
 - 1. Don't necessarily act in the best interest of their companies.
 - 2. Use their charisma to shape company in their own image.
 - 3. Charismatic leadership is NOT always the best situation.
 - G. Transformational Leadership
 - 1. Introduction (ppt12-17)
 - a. Most of the leadership theories presented in the previous chapters—for instance, the Ohio State studies, Fiedler's model, path-goal theory, and the leader participation model—have concerned transactional leaders.
 - b. These kinds of leaders guide or motivate their followers in the direction of established goals by clarifying role and task requirements.
 - 2. Transformational leaders inspire followers to transcend their own self-interests for the good of the organization.
 - H. Full Range of Leadership Model (See Exhibit 12-5) (ppt12-18)
 - 1. Laissez-Faire is the most passive and least effective type
 - 2. Management by exception is slightly better
 - 3. Contingent reward leadership can be effective
 - 4. The remaining four correspond to transformational leadership:
 - 5. Individualized consideration
 - 6. Intellectual stimulation
 - 7. Inspirational motivation
 - 8. Idealized influence
 - I. How Transformational Leadership Works
 - 1. Transformational leaders:
 - a. Encourage followers to be more innovative and creative
 - b. Followers are more likely to pursue ambitious goals
 - c. Vision explains part of the effect of transformational leadership
 - 2. Evaluation of Transformational Leadership
 - a. Advantages
 - i. Transformational leadership has been supported in different countries and cultures.
 - ii. It is related to followers' motivation and satisfaction.
 - 3. Concerns
 - a. Contingent reward leadership
 - 4. Strongly correlated with:
 - a. Low turnover rates
 - b. High productivity
 - c. High satisfaction
 - J. Transformational Leadership Versus Charismatic Leadership
 - 1. Debate whether the two are the same.
 - 2. Studies show that a leader who scores high on transformational leadership is also likely to score high on charisma.
- VII. Authentic Leadership: Ethics and Trust Are the Foundation of Leadership
- A. What Is Authentic Leadership? (ppt12-19)
 - 1. Leaders know who they are
 - 2. Know what they believe in and value
 - 3. Act on those values and beliefs openly and candidly
 - B. Ethics and Leadership
 - 1. Only recently have ethicists and leadership researchers begun to consider the ethical implications in leadership.
 - 2. Ethics touches on leadership at a number of junctures.
 - C. Transformational leaders have been described by one authority as fostering moral virtue when they try to change the attitudes and behaviors of followers.

1. Unethical leaders are more likely to use their charisma to enhance power over followers, directed toward self-serving ends.
 2. The issue of abuse of power by leaders, for example, when they give themselves large salaries and bonuses while, at the same time, they seek to cut costs by laying off long-time employees
- D. Trust and Leadership (ppt 12-20)
1. Trust is a psychological state that exists when you agree to make yourself vulnerable to another because you have positive expectations about how things are going to turn out.
 2. Trust is a primary attribute associated with leadership. When trust is broken, it can have serious adverse effects on a group's performance.
- E. How is Trust Developed?
1. Trust isn't just about the leader; the characteristics of the followers will also influence the development of trust.
 2. What key characteristics lead us to believe a leader is trustworthy? Evidence has identified three: integrity, benevolence, and ability (see Exhibit 12-6). (ppt 12-21)
 3. Integrity refers to honesty and truthfulness. It seems the most critical of the three in assessing another's trustworthiness.
 4. Benevolence means the trusted person has your interests at heart, even if yours aren't necessarily in line with theirs.
 5. Ability encompasses an individual's technical and interpersonal knowledge and skills.
- F. Trust as a Process
1. Trust propensity refers to how likely a particular employee is to trust a leader. Some people are simply more likely to believe others can be trusted.
- G. What Are the Consequences of Trust?
1. Trust Encourages Taking Risks
 - a. Whenever employees decide to deviate from the usual way of doing things, or to take their supervisors' word on a new direction, they are taking a risk.
 2. Trust Facilitates Information Sharing
 - a. One big reason employees fail to express concerns at work is that they don't feel psychologically safe revealing their views.
 3. Trust Enhances Productivity
 - a. The bottom-line interest of companies also appears positively influenced by trust. Employees who trust their supervisors tend to receive higher performance ratings.
- VIII. Leading For The Future: Mentoring
- A. Mentoring (ppt 12-22)
1. A mentor is a senior employee who sponsors and supports a less-experienced employee (a protégé). The mentoring role includes coaching, counseling, and sponsorship.
 2. Why would a leader want to be a mentor?
 3. The mentor-protégé relationship gives the mentor unfiltered access to the attitudes and feelings of lower-ranking employees.
 4. The mentor-protégé relationship is a valuable communication channel that allows mentors to have news of problems before they become common knowledge to others in upper management.
 5. In addition, in terms of leader self-interest, mentoring can provide personal satisfaction to senior executives. The opportunity to share knowledge with others can be personally rewarding for the mentor.
 6. Most evidence suggests network ties, whether built through a mentor or not, are a significant predictor of career success.

IX. Challenges to the Leadership Construct

A. Introduction

1. Much of an organization's success or failure is due to factors outside the influence of leadership. In many cases, success or failure is just a matter of being in the right or wrong place at a given time.
2. Two perspectives that challenge the widely accepted belief in the importance of leadership:
 - a. The first argument proposes that leadership is more about appearances than reality. You do not have to be an effective leader as long as you look like one!
 - b. The second argument directly attacks the notion that some leadership will always be effective regardless of the situation. This argument contends that in many situations, whatever actions leaders exhibit are irrelevant.

B. Leadership as an Attribution

1. The attribution framework has shown that people characterize leaders as having such traits as intelligence, outgoing personality, strong verbal skills, aggressiveness, understanding, and industriousness.

C. Substitutes and Neutralizers to Leadership (See Exhibit 12-8)

1. Contrary to the arguments, leadership may not always be important. Data from numerous studies collectively demonstrate that, in many situations, whatever actions leaders exhibit are irrelevant.
2. Certain individual, job, and organizational variables can act as substitutes for leadership or neutralize the leader's effect to influence his or her followers.
3. Neutralizers make it impossible for leader behavior to make any difference to follower outcomes. They negate the leader's influence.
4. Substitutes make a leader's influence not only impossible but also unnecessary. They act as a replacement.

X. Online Leadership

- A. Today's managers and their employees are increasingly linked by networks rather than geographic proximity.
- B. For an increasing number of managers, good leadership skills may include the abilities to communicate support, trust, and inspiration through keyboarded words and accurately read emotions in others' messages.

XI. Finding and Creating Effective Leaders

A. Selecting Leaders (ppt12-23)

1. The entire process that organizations go through to fill management positions is essentially an exercise in trying to identify individuals who will be effective leaders.
2. Items of consideration during selection include:
 - a. Reviewing the specific requirements for the position. What knowledge, skills, and abilities are needed to do the job effectively?
 - b. Analyze the situation in order to find candidates who will make a proper match.
 - c. Testing is useful for identifying and selecting leaders. Personality tests can be used to look for traits associated with leadership—ambition and energy, desire to lead, honesty and integrity, self-confidence, intelligence, and job-relevant knowledge.
 - d. Testing to find a leadership candidate's score on self-monitoring. High self-monitors are likely to outperform their low-scoring counterparts because the former is better at reading situations and adjusting his or her behavior.
 - e. Assess candidates for emotional intelligence. High EI should have an advantage, especially in situations requiring transformational leadership.
 - f. Interviews provide an opportunity to evaluate leadership candidates.
 - g. Since nothing lasts forever, the most important event an organization needs to plan for is a change in leadership.

- h. Some organizations seem to spend no time on leadership succession and are surprised when their picks turn out poorly.
 - B. Training Leaders (ppt 12-23)
 - 1. Here are some things management can do to get the maximum effect from their leadership-training budgets:
 - 2. People are not equally trainable. Leadership training is likely to be more successful with individuals who are high self-monitors than with low self-monitors.
 - 3. It may be optimistic to believe that we can teach “vision-creation,” but we can train people to develop “an understanding about content themes critical to effective visions.”
 - 4. We also can teach skills such as trust building, mentoring, and situational-analysis skills.
 - 5. There is evidence suggesting that behavioral training through modeling exercises can increase an individual’s ability to exhibit charismatic leadership qualities.
- XII. Global Implications (ppt 12-24)
 - A. Are we different?
 - 1. We know very little about how culture might influence the validity of the theories, particularly in Eastern cultures.
 - 2. A study looked at how culture affected U.S. managers given lead for projects in foreign countries.
 - 3. The GLOBE study suggests leaders need to take culture into account whenever managing employees from different cultures.
 - 4. A number of elements making up transformational leadership appear associated with effective leadership, regardless of the country.
 - 5. Elements of transformational leadership that appear universal are vision, foresight, providing encouragement, trustworthiness, dynamism, positiveness, and proactiveness.
- XIII. Summary and Implications for Managers (ppt 12-25)
 - A. Leadership is central to understanding group behavior.
 - B. Leaders provide direction toward goals.
 - C. Traits Theory
 - 1. Generally disappointing in outcome.
 - 2. Big Five Personality Framework more successful.
 - D. Behavioral Theory
 - 1. Task-oriented style
 - 2. People-oriented style
 - 3. Contingency Theory
 - 4. Uses situational analysis
 - 5. Except for LPC, these theories have been ineffective in research.
 - E. Charismatic and Transformational Leadership
 - 1. Has made major contributions to understanding of leadership effectiveness
 - 2. Organizations seek managers/leaders with vision and charisma to carry out the vision.
 - F. Selection and Training of Leaders
 - 1. Tests and Interviews help identify people with leadership qualities.
 - 2. Training should be an investment to include formal courses, workshops, rotating job responsibilities, coaching, and mentoring.

EXTENDED CHAPTER OUTLINE

I. What Is Leadership?

- A. John Kotter believes management is about “coping with complexity.”
- B. Good management brings about order and consistency by drawing up formal plans, designing rigid organization structures, and monitoring results against the plans.
- C. Leadership is about coping with change.
- D. Leaders establish direction by developing a vision of the future; then they align people by communicating this vision and inspiring them to overcome hurdles.
- E. Leadership is “the ability to influence a group toward achievement of a vision or set of goals.”
- F. Managers use the authority inherent in their designated formal rank to obtain compliance.
- G. Management consists of implementing vision and strategy, coordinating and staffing, and handling day-to-day problems.
- H. The source of this influence may be formal. A person may assume a leadership role simply because of his/her position.
- I. Not all leaders are managers, nor, for that matter, are all managers leaders.
- J. Non-sanctioned leadership—the ability to influence that arises outside the formal structure of the organization—is often as important as or more important than formal influence.
- K. Leaders can emerge from within a group as well as by formal appointment to lead a group.
- L. Organizations need strong leadership and strong management for optimum effectiveness. Leaders must challenge the status quo, create visions of the future, and inspire organizational members.

II. Trait Theories

- A. Strong Leaders
 1. They identify leaders by focusing on personal qualities and characteristics such as charisma, enthusiasm, and courage.
 2. Research efforts at isolating leadership traits resulted in a number of dead ends. A review of 20 different studies identified nearly 80 leadership traits, but only five of these traits were common to four or more of the investigations.
- B. The trait approach has at least four limitations:
 1. Big Five personality framework provided some breakthroughs. Most of the dozens of traits that emerged could be subsumed under one of the Big Five traits.
 2. Extraversion is the most important trait of effective leaders—more strongly related to leader emergence than to leader effectiveness.
 3. Conscientiousness and openness to experience strong, consistent relationships to leadership
 4. Agreeableness and emotional stability weren’t as strongly correlated with leadership.
- C. Recent studies suggest that Emotional Intelligence (EI—See Chapter 8), may be associated with leadership. Empathy is the key. There needs to be more rigorous investigation in this area.
 1. Traits do a better job at predicting the appearance of leadership than in actually distinguishing between effective and ineffective leaders.

III. Behavioral Theories

- A. Introduction
 1. Researchers began to wonder if there was something unique in the way that effective leaders behave. The behavioral approach would have implications quite different from those of the trait approach.
 2. Trait and behavioral theories differ in terms of their underlying assumptions.

3. Trait theories' assumption: Leadership is basically inborn; therefore we could select the right leaders.
 4. Behavioral approach assumption: suggests that we could train people to be leaders. We can design programs to implant behavioral patterns. If training worked, we could have an infinite supply of effective leaders.
- B. Ohio State Studies
1. The most comprehensive and replicated of the behavioral theories resulted from research that began at Ohio State University in the late 1940s. These researchers sought to identify independent dimensions of leader behavior.
 2. They narrowed over a thousand dimensions into two dimensions—initiating structure and consideration.
 3. Initiating structure refers to the extent to which a leader is likely to define and structure his/her role and those of employees in the search for goal attainment.
 4. It includes attempts to organize work, work relationships, and goals.
 5. The leader high in initiating structure could be described as someone who “assigns group members to particular tasks,” “expects workers to maintain definite standards of performance,” and “emphasizes the meeting of deadlines.”
 6. Consideration is described as “the extent to which a person is likely to have job relationships that are characterized by mutual trust, respect for employees' ideas, and regard for their feelings.”
 7. The leader shows concern for followers' comfort, well-being, status, and satisfaction.
 8. A leader high in consideration could be described as one who helps employees with personal problems, is friendly and approachable, and treats all employees as equals.
 9. Leaders high in initiating structure and consideration tended to achieve high employee performance and satisfaction.
 10. The “high-high” style did not always result in positive consequences.
 11. Leader behavior characterized as high on initiating structure led to greater rates of grievances, absenteeism, and turnover, and lower levels of job satisfaction for routine tasks.
 12. High consideration was negatively related to performance ratings of the leader by his/her superior.
- C. University of Michigan Studies
1. Leadership studies were undertaken at the same time as those being done at Ohio State, with similar research objectives. They discovered two dimensions of leadership behavior—employee-oriented and production-oriented.
 - a. Employee-oriented leaders emphasized interpersonal relations. They took a personal interest in the needs of their employees and accepted individual differences among members.
 - b. The production-oriented leaders tended to emphasize the technical or task aspects of the job—group members were a means to that end.
 2. Michigan researchers' conclusions strongly favored the leaders who were employee oriented. Employee-oriented leaders were associated with higher group productivity and higher job satisfaction.
 3. Production-oriented leaders tended to be associated with low group productivity and lower job satisfaction.
- D. Summary of Trait Theories and Behavioral Theories
1. The behavioral theories have had modest success in identifying consistent relationships between leadership behavior and group performance.
 2. As important as traits and behaviors are in identifying effective or ineffective leaders, they do not guarantee success. The context matters, too.

IV. Contingency Theories

A. Introduction

1. Tough-minded leaders seem successful in difficult times, but tend to be dismissed when the environment improves.

2. Situational factors that influence success or failure need to be explored further.
- B. Fiedler Model
1. Introduction
 - a. The first comprehensive contingency model for leadership was developed by Fred Fiedler who proposed that effective group performance depends upon the proper match between the leader's style and the degree to which the situation gives control to the leader.
 2. Identifying Leadership Style
 - a. Fiedler believed that a key factor in leadership success is the individual's basic leadership style. He created the least preferred coworker (LPC) questionnaire for this purpose.
 - b. It purports to measure whether a person is task- or relationship-oriented.
 - c. The questionnaire contains 16 contrasting adjectives (such as pleasant-unpleasant, efficient-inefficient, open-guarded, supportive-hostile).
 - d. It asks respondents to describe the one person they least enjoyed working with by rating him or her on a scale of one to eight for each of the 16 sets of contrasting adjectives.
 - e. Fiedler believes that based on the respondents' answers to this questionnaire, he can determine their basic leadership style.
 - f. If the least preferred coworker is described in relatively positive terms (a high LPC score), the respondent is primarily interested in good personal relations with this coworker.
 - g. If the least preferred coworker is seen in relatively unfavorable terms (a low LPC score), the respondent is primarily interested in productivity and thus would be labeled task-oriented.
 - h. About 16 percent of respondents cannot be classified as either.
 - i. Fiedler assumes that an individual's leadership style is fixed.
 3. Defining the Situation
 - a. After assessing leadership style, it is necessary to match the leader with the situation. Fiedler has identified three contingency dimensions:
 - i. Leader-member relations—The degree of confidence, trust, and respect members have in their leader
 - ii. Task structure—The degree to which the job assignments are procedural
 - iii. Position power—The degree of influence a leader has over power variables such as hiring, firing, discipline, promotions, and salary increases
 - b. The next step is to evaluate the situation in terms of these three contingency variables.
 - i. Leader-member relations are either good or poor.
 - ii. Task structure is either high or low.
 - iii. Position power is either strong or weak.
 - c. Fiedler states the better the leader-member relations, the more highly structured the job, and the stronger the position power, the more control the leader has.
 - d. Altogether, by mixing the three contingency variables, there are potentially eight different situations or categories in which leaders could find themselves.
 4. Matching Leaders and Situations
 - a. The Fiedler model proposes matching them up to achieve maximum leadership effectiveness.
 - b. Fiedler concluded that task-oriented leaders tend to perform better in situations that were very favorable to them and in situations that were very unfavorable.
 - c. Fiedler would predict that when faced with a category I, II, III, VII, or VIII situation, task-oriented leaders perform better.
 - d. Relationship-oriented leaders, however, perform better in moderately favorable situations—categories IV through VI.
 5. Findings from the Fiedler Model

- a. Fiedler has condensed these eight situations to three. Task-oriented leaders perform best in situations of high and low control, while relationship-oriented leaders perform best in moderate control situations.
 - b. Given Fiedler's findings, you would seek to match leaders and situations. Because Fiedler views an individual's leadership style as being fixed, there are only two ways to improve leader effectiveness.
 - i. First, you can change the leader to fit the situation.
 - ii. The second alternative would be to change the situation to fit the leader.
6. Evaluation of Fiedler
- a. There is considerable evidence to support at least substantial parts of the model. If predictions from the model use only three categories rather than the original eight, there is ample evidence to support Fiedler's conclusions.
 - b. There are problems and the practical use of the model that need to be addressed. The logic underlying the LPC is not well understood and studies have shown that respondents' LPC scores are not stable.
 - c. Also, the contingency variables are complex and difficult for practitioners to assess.
7. Other Contingency Theories
- a. Situational Leadership Theory
 - i. This model—Situational Leadership Theory (SLT)—has been incorporated into leadership training programs at over 400 of the Fortune 500 companies, and over one million managers a year from a wide variety of organizations are being taught its basic elements.
 - ii. Situational leadership is a contingency theory that focuses on the followers.
 - iii. Successful leadership is achieved by selecting the right leadership style, which is contingent on the level of the followers' readiness. The term readiness refers to "the extent to which people have the ability and willingness to accomplish a specific task."
 - iv. The emphasis on the followers in leadership effectiveness reflects the reality that it is the followers who accept or reject the leader.
 - v. SLT views the leader-follower relationship as analogous to that between a parent and child.
 - vi. Just as a parent needs to relinquish control as a child becomes more mature and responsible, so too should leaders.
 - vii. Four specific leader behaviors—from highly directive to highly laissez-faire. The most effective behavior depends on a follower's ability and motivation.
 - viii. SLT has an intuitive appeal. Yet, research efforts to test and support the theory have generally been disappointing.
 - b. Path-Goal Theory
 - i. The Theory
 - (a) One of the most respected approaches to leadership is the path-goal theory developed by Robert House.
 - (b) It is a contingency model of leadership that extracts key elements from the Ohio State leadership research on initiating structure and consideration and the expectancy theory of motivation.
 - (c) It is the leader's job to assist followers in attaining their goals and to provide the necessary direction and/or support to ensure that their goals are compatible with the overall objectives of the firm.
 - (d) The term path-goal is derived from the belief that effective leaders clarify the path to help their followers achieve their work goals.
 - c. Leader Behaviors
 - i. House identified four leadership behaviors:
 - (a) The directive leader lets followers know what is expected of them, etc.
 - (b) The supportive leader is friendly and shows concern for the needs of followers.

- (c) The participative leader consults with followers and uses their suggestions before making a decision.
 - (d) The achievement-oriented leader sets challenging goals and expects followers to perform at their highest level.
 - d. Leader-Participation Model
 - i. In 1973, Victor Vroom and Phillip Yetton developed a leader-participation model. Recognizing that task structures have varying demands for routine and non-routine activities, these researchers argued that leader behavior must adjust to reflect the task structure.
 - ii. The model was normative—it provided a sequential set of rules that should be followed in determining the form and amount of participation in decision making, as determined by different types of situations.
 - iii. The model was a decision tree incorporating seven contingencies and five leadership styles.
 - iv. More recent work by Vroom and Arthur Jago revised this model.
 - v. Retains the same five alternative leadership styles but adds a set of problem types and expands the contingency variables to twelve.
- V. Leader-Member Exchange Theory
 - A. The leader-member exchange (LMX) theory argues that because of time pressures, leaders establish a special relationship with a small group of their followers.
 - B. These individuals make up the in-group—they are trusted, get a disproportionate amount of the leader’s attention, and are more likely to receive special privileges.
 - C. The theory proposes that early in the history of the interaction between a leader and a given follower, the leader implicitly categorizes the follower as an “in” or an “out” and that relationship is relatively stable over time.
 - 1. How the leader chooses who falls into each category is unclear.
 - 2. The leader does the choosing on the basis of the follower’s characteristics.
 - 3. In-groups have similar characteristics. (See Exhibit 12-2)
 - D. The theory and research surrounding it provide substantive evidence that leaders do differentiate among followers.
- VI. Charismatic and Transformational Leadership
 - A. Introduction
 - 1. Views leaders as individuals who inspire followers through their words, ideas, and behaviors.
 - B. Charismatic Leadership
 - 1. What Is Charismatic Leadership?
 - a. Charismatic Leadership Theory proposed by Robert House.
 - b. Followers make attributes of heroic or extraordinary leadership abilities when they observe certain behaviors. (See Exhibit 12-3)
 - c. General characteristics are:
 - i. They have vision.
 - ii. They are willing to take personal risk.
 - iii. They are sensitive to followers’ needs.
 - iv. They exhibit extraordinary behaviors.
 - 2. Are Charismatic Leaders Born or Made?
 - a. Individuals are born with traits that make them charismatic.
 - b. Most experts believe individuals can be trained to exhibit charismatic behavior.
 - c. A three-step process is suggested:
 - i. First, an individual needs to develop the aura of charisma by maintaining an optimistic view; using passion as a catalyst for generating enthusiasm; and communicating with the whole body, not just with words.
 - ii. Second, an individual draws others in by creating a bond that inspires others to follow.

- iii. Third, the individual brings out the potential in followers by tapping into their emotions.
 - d. This approach seems to work as evidenced by researchers who have succeeded in actually scripting undergraduate business students to “play” charismatic leaders. Moreover, followers of these leaders had higher task performance, task adjustment, and adjustment to the leader and to the group than did followers who worked under groups led by non-charismatic leaders.
3. How Charismatic Leaders Influence Followers
- a. Appealing vision
 - i. Vision statement
 - ii. High performance expectations
 - iii. A new set of values
4. Does Effective Charismatic Leadership Depend on the Situation?
- a. A strong correlation between charismatic leadership and high performance and satisfaction among followers
 - b. Charisma appears to be most appropriate when the follower’s task has an ideological component or when the environment involves a high degree of stress and uncertainty.
 - c. This may explain why, when charismatic leaders surface, it’s more likely to be in politics, religion, wartime; or when a business firm is in its infancy or facing a life-threatening crisis.
5. The Dark Side of Charismatic Leadership
- a. Don’t necessarily act in the best interest of their companies.
 - b. Use their charisma to shape company in their own image.
 - c. Charismatic leadership is NOT always the best situation.
- C. Transformational Leadership
1. Introduction
- a. Most of the leadership theories presented in the previous chapters—for instance, the Ohio State studies, Fiedler’s model, path-goal theory, and the leader participation model—have concerned transactional leaders.
 - b. These kinds of leaders guide or motivate their followers in the direction of established goals by clarifying role and task requirements.
 - c. Transformational leaders inspire followers to transcend their own self-interests for the good of the organization.
 - d. They change followers’ awareness of issues by helping them to look at old problems in new ways; and they are able to excite, arouse, and inspire followers to put out extra effort to achieve group goals.
 - e. Transformational leadership is built on top of transactional leadership—it produces levels of follower effort and performance that go beyond what would occur with a transactional approach alone. (See Exhibit 12-4)
 - f. Evidence indicates that transformational leadership is more strongly correlated with lower turnover rates, higher productivity, and higher employee satisfaction.
2. Full Range of Leadership Model (See Exhibit 12-5)
- a. Laissez-Faire is the most passive and least effective type.
 - b. Management by exception is slightly better.
 - c. Contingent reward leadership can be effective.
 - d. The remaining four correspond to transformational leadership:
 - i. Individualized consideration
 - ii. Intellectual stimulation
 - iii. Inspirational motivation
 - iv. Idealized influence
3. How Transformational Leadership Works
- a. Recently, great deal of research in this area
 - b. Transformational leaders:
 - i. Encourage followers to be more innovative and creative

- ii. Followers are more likely to pursue ambitious goals
 - iii. Vision explains part of the effect of transformational leadership
 - 4. Evaluation of Transformational Leadership
 - a. Advantages
 - i. Transformational leadership has been supported in different countries and cultures.
 - ii. It is related to followers' motivation and satisfaction.
 - b. Concerns
 - i. Contingent reward leadership
 - ii. Strongly correlated with:
 - (a) Low turnover rates
 - (b) High productivity
 - (c) High satisfaction
 - 5. Transformational Leadership versus Charismatic Leadership
 - a. Debate whether the two are the same
 - b. Robert House considers them synonymous.
 - c. Bernard Bass considers charisma to be part of transformational leadership.
 - d. Studies show that a leader who scores high on transformational leadership is also likely to score high on charisma.
- VII. Authentic Leadership: Ethics and Trust Are the Foundation of Leadership
 - A. What Is Authentic Leadership?
 - 1. Leaders know who they are.
 - 2. Know what they believe in and value
 - 3. Act on those values and beliefs openly and candidly
 - B. Ethics and Leadership
 - 1. Only recently have ethicists and leadership researchers begun to consider the ethical implications in leadership.
 - 2. Ethics touches on leadership at a number of junctures.
 - 3. Transformational leaders have been described by one authority as fostering moral virtue when they try to change the attitudes and behaviors of followers.
 - 4. Unethical leaders are more likely to use their charisma to enhance power over followers, directed toward self-serving ends.
 - 5. The issue of abuse of power by leaders, for example, when they give themselves large salaries and bonuses while, at the same time, they seek to cut costs by laying off long-time employees
 - 6. The topic of trust explicitly deals with honesty and integrity in leadership.
 - 7. Leadership effectiveness needs to address the means that a leader uses in trying to achieve goals as well as the content of those goals. Leadership is not value free.
 - 8. Efforts have been made to combine ethical and charismatic leadership into an idea of Socialized Charismatic Leadership.
 - C. Trust and Leadership
 - 1. Trust is a psychological state that exists when you agree to make yourself vulnerable to another because you have positive expectations about how things are going to turn out.
 - 2. Trust is a primary attribute associated with leadership. When trust is broken, it can have serious adverse effects on a group's performance.
 - 3. It is evident that it is impossible to lead people who do not trust you. Trust and trust-worthiness modulate the leader's access to knowledge and cooperation.
 - 4. When followers trust a leader, they are willing to be vulnerable to the leader's actions, confident that their rights and interests will not be abused.
 - 5. Honesty consistently ranks at the top of most people's list of characteristics they admire in their leaders.
 - D. How is Trust Developed?

1. Trust isn't just about the leader; the characteristics of the followers will also influence the development of trust.
 2. What key characteristics lead us to believe a leader is trustworthy? Evidence has identified three: integrity, benevolence, and ability (see Exhibit 12-6).
 3. Integrity refers to honesty and truthfulness. It seems the most critical of the three in assessing another's trustworthiness.
 4. Benevolence means the trusted person has your interests at heart, even if yours aren't necessarily in line with theirs.
 5. Ability encompasses an individual's technical and interpersonal knowledge and skills.
- E. Trust as a Process
1. Trust propensity refers to how likely a particular employee is to trust a leader. Some people are simply more likely to believe others can be trusted.
 2. Time is the final ingredient in the recipe for trust. Trust doesn't happen immediately: we come to trust people based on observing their behavior over a period of time.
 3. Trust can also be won in the ability domain simply by demonstrating competence.
 4. Leaders who break the psychological contract with workers, demonstrating they aren't trustworthy, will find employees are less satisfied and less committed, have higher intentions to turnover, engage in less citizenship behavior, and have lower task performance.
- F. What Are the Consequences of Trust?
1. Trust Encourages Taking Risks
 - a. Whenever employees decide to deviate from the usual way of doing things, or to take their supervisors' word on a new direction, they are taking a risk.
 2. Trust Facilitates Information Sharing
 - a. One big reason employees fail to express concerns at work is that they don't feel psychologically safe revealing their views.
 3. Trust Enhances Productivity
 - a. The bottom-line interest of companies also appears positively influenced by trust. Employees who trust their supervisors tend to receive higher performance ratings.
- VIII. Leading For The Future: Mentoring
- A. Mentoring
1. A mentor is a senior employee who sponsors and supports a less-experienced employee (a protégé). The mentoring role includes coaching, counseling, and sponsorship.
 2. As a coach, mentors help to develop their protégés' skills.
 3. As counselors, mentors provide support and help bolster protégés' self-confidence.
 4. As sponsors, mentors actively intervene on behalf of their protégés, lobby to get their protégés visible assignments, and politic to get their protégés rewards such as promotions and salary increases.
 5. Some organizations have formal mentoring programs where mentors are officially assigned to new or high-potential employees; however, most organizations rely on informal mentoring—with senior managers personally selecting an employee and taking that employee on as a protégé.
 6. Why would a leader want to be a mentor?
 - a. The mentor-protégé relationship gives the mentor unfiltered access to the attitudes and feelings of lower-ranking employees.
 - b. The mentor-protégé relationship is a valuable communication channel that allows mentors to have news of problems before they become common knowledge to others in upper management.
 - c. In addition, in terms of leader self-interest, mentoring can provide personal satisfaction to senior executives. The opportunity to share knowledge with others can be personally rewarding for the mentor.

- d. The gains of mentoring are primarily psychological.
- e. Mentors may be effective not because of the functions they provide but because of the resources they can obtain.
- f. Most evidence suggests network ties, whether built through a mentor or not, are a significant predictor of career success.

IX. Challenges To The Leadership Construct

A. Introduction

1. Much of an organization's success or failure is due to factors outside the influence of leadership. In many cases, success or failure is just a matter of being in the right or wrong place at a given time.
2. Two perspectives that challenge the widely accepted belief in the importance of leadership:
 - a. The first argument proposes that leadership is more about appearances than reality. You do not have to be an effective leader as long as you look like one!
 - b. The second argument directly attacks the notion that some leadership will always be effective regardless of the situation. This argument contends that in many situations, whatever actions leaders exhibit are irrelevant.

B. Leadership as an Attribution

1. The attribution framework has shown that people characterize leaders as having such traits as intelligence, outgoing personality, strong verbal skills, aggressiveness, understanding, and industriousness.
2. The high-high leader (high on both task and people dimensions) has been found to be consistent with attributions of what makes a good leader.
3. The attribution framework accounts for the conditions under which people use leadership to explain organizational outcomes. When an organization has either extremely negative or extremely positive performance, people are prone to make leadership attributions to explain the performance.
4. This tendency helps to account for the vulnerability of CEOs when their organizations suffer a major financial setback, and the credit for extremely positive financial results—regardless of how much or how little they contributed.
5. One finding in the attribution model of leadership literature is the perception that effective leaders are generally considered consistent or unwavering in their decisions.

C. Substitutes and Neutralizers to Leadership (See Exhibit 12-8)

1. Contrary to the arguments, leadership may not always be important. Data from numerous studies collectively demonstrate that, in many situations, whatever actions leaders exhibit are irrelevant.
2. Certain individual, job, and organizational variables can act as substitutes for leadership or neutralize the leader's effect to influence his or her followers.
3. Neutralizers make it impossible for leader behavior to make any difference to follower outcomes. They negate the leader's influence.
4. Substitutes make a leader's influence not only impossible but also unnecessary. They act as a replacement.
 - a. For example, training can replace the need for a leader's support or ability to create structure and reduce task ambiguity.
5. Organizational characteristics like explicit formalized goals, rigid rules and procedures, and cohesive work groups can also replace formal leadership.
6. Supporters of the leadership concept place an undue burden on this variable for explaining and predicting behavior. It is important to recognize explicitly that leadership is merely another independent variable in our overall OB model.

D. Online Leadership

1. Today's managers and their employees are increasingly linked by networks rather than geographic proximity.
2. Networked communication is a powerful channel that can build and enhance leadership effectiveness.

3. But when misused, it can undermine much of what a leader has achieved through verbal communication.
4. Online leaders also confront unique challenges, the greatest of which appears to be developing and maintaining trust. Identification-based trust is particularly difficult to achieve without face-to-face interaction.
5. For an increasing number of managers, good leadership skills may include the abilities to communicate support, trust, and inspiration through keyboarded words and accurately read emotions in others' messages.

X. Finding And Creating Effective Leaders

A. Selecting Leaders

1. The entire process that organizations go through to fill management positions is essentially an exercise in trying to identify individuals who will be effective leaders.
2. Items of consideration during selection include:
 - a. Reviewing the specific requirements for the position. What knowledge, skills, and abilities are needed to do the job effectively?
 - b. Analyze the situation in order to find candidates who will make a proper match.
 - c. Testing is useful for identifying and selecting leaders. Personality tests can be used to look for traits associated with leadership—ambition and energy, desire to lead, honesty and integrity, self-confidence, intelligence, and job-relevant knowledge.
 - d. Testing to find a leadership-candidate's score on self-monitoring. High self-monitors are likely to outperform their low-scoring counterparts because the former is better at reading situations and adjusting his or her behavior.
 - e. Assess candidates for emotional intelligence. High EI should have an advantage, especially in situations requiring transformational leadership.
 - f. Interviews provide an opportunity to evaluate leadership candidates.
3. Since nothing lasts forever, the most important event an organization needs to plan for is a change in leadership.
4. Some organizations seem to spend no time on leadership succession and are surprised when their picks turn out poorly

B. Training Leaders

1. Billions are spent on leadership training and development every year.
2. Here are some things management can do to get the maximum effect from their leadership-training budgets:
 - a. People are not equally trainable. Leadership training is likely to be more successful with individuals who are high self-monitors than with low self-monitors.
 - b. It may be optimistic to believe that we can teach "vision-creation," but we can train people to develop "an understanding about content themes critical to effective visions."
 - c. We also can teach skills such as trust building, mentoring, and situational-analysis skills.
 - d. There is evidence suggesting that behavioral training through modeling exercises can increase an individual's ability to exhibit charismatic leadership qualities.

XI. Global Implications

A. Are we different?

1. We know very little about how culture might influence the validity of the theories, particularly in Eastern cultures.
2. A study looked at how culture affected U.S. managers given lead for projects in foreign countries. They found:
 - a. Based on the values of Brazilian employees, a U.S. manager leading a team in Brazil would need to be team oriented, participative, and humane. Leaders

- high on consideration who emphasize participative decision making and have high LPC scores would be best suited to managing employees in this culture.
- b. Compared to U.S. employees, the French have a more bureaucratic view of leaders and are less likely to expect them to be humane and considerate. A leader high on initiating structure (relatively task oriented) will do best and can make decisions in a relatively autocratic manner. A manager who scores high on consideration (people-oriented) may find that style backfiring in France.
 - c. Employees in Egypt are more likely to value team-oriented and participative leadership than U.S. employees. However, Egypt is also a relatively high-power-distance culture, meaning status differences between leaders and followers are expected.
- B. According to the GLOBE study, Chinese culture emphasizes being polite, considerate, and unselfish. But it also has a high performance orientation. These two factors suggest consideration and initiating structure may both be important. Although Chinese culture is relatively participative compared to that of the United States, there are also status differences between leaders and employees. This suggests a moderately participative style may work best.
1. The GLOBE study suggests leaders need to take culture into account whenever managing employees from different cultures.
 2. A number of elements making up transformational leadership appear associated with effective leadership, regardless of the country.
 3. A number of elements making up transformational leadership appear associated with effective leadership, regardless of the country. This conclusion is very important because it disputes the contingency view that leadership style needs to adapt to cultural differences.
 4. Elements of transformational leadership that appear universal are vision, foresight, providing encouragement, trustworthiness, dynamism, positiveness, and proactiveness.
 5. A vision is important in any culture, then, but how it is formed and communicated may still need to vary by culture.

XII. Summary and Implications for Managers

- A. Leadership is central to understanding group behavior.
- B. Leaders provide direction toward goals.
- C. Traits Theory
 1. Generally disappointing in outcome
 2. Big Five Personality Framework more successful
- D. Behavioral Theory
 1. Task-oriented style
 2. People-oriented style
- E. Contingency Theory
 1. Uses situational analysis.
 2. Except for LPC, these theories have been ineffective in research.
- F. Charismatic and Transformational Leadership
 1. Has made major contributions to understanding of leadership effectiveness
 2. Organizations seek managers/leaders with vision and charisma to carry out the vision.
- G. Selection and Training of Leaders
 1. Tests and Interviews help identify people with leadership qualities.
 2. Training should be an investment to include formal courses, workshops, rotating job responsibilities, coaching, and mentoring.