What Does Leadership Involve?

TO THE POINT

What is the difference between leading and managing?

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Because the topic of leadership has fascinated people for centuries, definitions abound. This section presents a definition of leadership, reviews the different approaches or perspectives used to study leadership, and highlights the similarities and differences between leading and managing.

Leadership Defined

Disagreement about the definition of leadership stems from the fact that it involves a complex interaction among the leader, the followers, and the situation. For example, some researchers define leadership in terms of personality and physical traits, while others believe leadership is represented by a set of prescribed behaviors. In contrast, other researchers define leadership in terms of the power relationship between leaders and followers. According to this perspective, leaders use their power to influence followers' behavior. Leadership also can be seen as an instrument of goal achievement. In other words, leaders are individuals who help others accomplish their goals. Still others view leadership from a skills perspective.

There are four commonalities among the many definitions of **leadership**: (1) leadership is a process between a leader and followers, (2) leadership involves social influence, (3) leadership occurs at multiple levels in an organization (at the individual level, for example, leadership involves mentoring, coaching, inspiring, and motivating; leaders also build teams, generate cohesion, and resolve conflicts at the group level; finally, leaders build culture and generate change at the organizational level), and (4) leadership focuses on goal accomplishment.2 Based on these commonalities, leadership is defined as “a process whereby an individual influences a group of individuals to achieve a common goal.”3

There are two components of leadership missing from the above definition: the moral and follower perspectives. Leadership is not a moral concept. History is filled with examples of effective leaders who were killers, corrupt, and morally bankrupt. Barbara Kellerman, a leadership expert, commented on this notion by concluding, “Leaders are like the rest of us: trustworthy and deceitful, cowardly and brave, greedy and generous. To assume that all good leaders are good people is to be willfully blind to the reality of the human condition, and it more severely limits our scope for becoming more effective at leadership.”4 The point is that good leaders develop a keen sense of their strengths and weaknesses and build on their positive attributes.

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Moreover, research on leadership has only recently begun to recognize that the expectations, attitudes, and behavior of followers also affect how well the presumed leader can lead. “Followership” is discussed in the last section of this chapter.

Approaches to Leadership

Leadership is one of the most frequently investigated topics within the field of organizational behavior (OB) due to its importance to all organizations. As such, there are several different approaches or perspectives that have guided leadership research. While the popularity of these approaches has changed over time, knowledge of each one provides you with a better understanding of how the leadership process unfolds.

This chapter examines the different leadership approaches outlined in Table 16–1. OB researchers began their study of leadership in the early part of the 20th century by focusing on the traits associated with leadership effectiveness. This perspective was followed by attempts in the 1950s and 1960s to examine the behaviors or styles exhibited by effective leaders. This research led to the realization that there is not one best style of leadership, which in turn spawned various contingency approaches to leadership in the 1960s and 70s. Contingency approaches focused on identifying the types of leadership behaviors that are most effective in different settings. The transformational approach is the most popular perspective for studying leadership today. Research based on this approach began in the early 1980s and adheres to the idea that leaders transform employees to pursue organizational goals through a variety of leader behaviors. Finally, there are several emerging perspectives that examine leadership from new or novel points of view.

table 16–1

Approaches to Studying Leadership

|  |
| --- |
| 1. **Trait Approaches**    * Stogdill and Mann's five traits—intelligence, dominance, self-confidence, level of energy, and task-relevant knowledge.    * Leadership prototypes—intelligence, masculinity, and dominance.    * Kouzes and Posner's four traits—honesty, forward-looking, inspiring, and competent.    * Goleman—emotional intelligence.    * Judge and colleagues—two meta-analyses: importance of extraversion, conscientiousness, and openness; importance of personality over intelligence.    * Kellerman's bad traits—incompetent, rigid, intemperate, callous, corrupt, insular, and evil. |
| 1. **Behavioral Approaches**    * Ohio State studies—two dimensions: initiating structure behavior and consideration behavior.    * University of Michigan studies—two leadership styles: job centered and employee centered. |
| 1. **Contingency Approaches**    * Fiedler's contingency model—task-oriented style and relationship-oriented style; and three dimensions of situational control: leader–member relations, task structure, and position power.    * House's path–goal revised theory—eight leadership behaviors clarify paths for followers' goals; and employee characteristics and environmental factors are contingency factors that influence the effectiveness of leadership behaviors. |
| 1. **Transformational Approaches**    * Bass and Avolio's four transformational leadership behaviors—inspirational motivation, idealized influence, indivualized consideration, and intellectual stimulation.    * Full-range theory of leadership—leadership varies along a continuum from laissez-faire leadership to transactional leadership to transformational leadership. |
| 1. **Emerging Approaches**    * Leader–member exchange (LMX) model—dyadic relationships between leaders and followers is critical.    * Shared leadership—mutual influence process in which people share responsibility for leading.    * Greenleaf's servant leadership—providing service to others, not oneself.    * Role of followers in leadership process—followers manage the leader–follower relationship. |

SOURCE: Adapted from A Kinicki and B Williams, *Management: A Practical Introduction*, 5/e, p 443, McGraw-Hill, 2011. Copyright © 2011 The McGraw-Hill Companies. Reprinted with permission.

http://textflow.mheducation.com/figures/0077437640/conn.pngGo to [www.mcgrawhillconnect.com](http://www.mcgrawhillconnect.com/) for an interactive exercise to test your knowledge of the approaches to studying leadership.

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You would not believe how many different theories exist for each of these perspectives. There are literally a dozen or two. Moreover, the number of leadership theories exponentially increases if we count those proposed by managerial consultants. Rather than overwhelm you with all these theories of leadership, we focus on the historical ones that have received the most research support. We also discuss emerging perspectives that appear to have academic and practical application in the future. That said, we created a special learning module that contains descriptions of several leadership theories that are not covered in this chapter (see Learning Module C on the website for this book).

Leading versus Managing

It is important to appreciate the difference between leadership and management to fully understand what leadership is all about. Bernard Bass, a leadership expert, concluded that “leaders manage and managers lead, but the two activities are not synonymous.”5 Bass tells us that although leadership and management overlap, each entails a unique set of activities or functions. Broadly speaking, managers typically perform functions associated with planning, investigating, organizing, and control, and leaders deal with the interpersonal aspects of a manager's job. Leaders inspire others, provide emotional support, and try to get employees to rally around a common goal. Leaders also play a key role in creating a vision and strategic plan for an organization. Managers, in turn, are charged with implementing the vision and strategic plan. Table 16–2 summarizes the key characteristics associated with being a leader and a manager.6

table 16–2

Characteristics of Being a Leader and a Manager

|  |  |
| --- | --- |
| **BEING A LEADER MEANS** | **BEING A MANAGER MEANS** |
| Motivating, influencing, and changing behavior. | Practicing stewardship, directing and being held accountable for resources. |
| Inspiring, setting the tone, and articulating a vision. | Executing plans, implementing, and delivering the goods and services. |
| Managing people. | Managing resources. |
| Being charismatic. | Being conscientious. |
| Being visionary. | Planning, organizing, directing, and controlling. |
| Understanding and using power and influence. | Understanding and using authority and responsibility. |
| Acting decisively. | Acting responsibly |
| Putting people first; the leader knows, responds to, and acts for his or her followers. | Putting customers first; the manager knows, responds to, and acts for his or her customers. |
| Leaders can make mistakes when   1. They choose the wrong goal, direction, or inspiration, due to incompetence or bad intentions; or 2. They overlead; or 3. They are unable to deliver on, implement the vision due to incompetence or a lack of follow-through commitment. | Managers can make mistakes when   1. They fail to grasp the importance of people as the key resource; or 2. They underlead; they treat people like other resources, numbers; or 3. They are eager to direct and to control but are unwilling to accept accountability. |

SOURCE: Reprinted from P Lorenzi, “Managing for the Common Good: Prosocial Leadership,” *Organizational Dynamics*, vol. 33, no. 3, p 286. © 2004, with permission from Elsevier.

There are several conclusions to be drawn from the information presented in Table 16–2. First, good leaders are not necessarily good managers, and good managers are not necessarily good leaders. Second, effective leadership requires effective managerial skills at some level. For example, JetBlue ex-CEO David Neeleman was let go after an ice storm revealed managerial deficiencies in how he handled the situation.7 Good managerial skills turn a leader's vision into actionable tasks and successful implementation. Both Tim Cook, chief executive officer at Apple, who stepped in when Steve Jobs stepped down, and Alan Mulally, CEO of Ford Motor Company, endorsed this conclusion by noting that effective execution is a key driver of organizational success.8 All told then, organizational success requires a combination of effective leadership and management. This in turn leads to the realization that today's leaders need to be effective at both leading and managing.

Trait and Behavioral Theories of Leadership

TO THE POINT

What are the key trait and behavioral approaches to leadership and what are their major takeaways?

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This section examines the two earliest approaches used to explain leadership. Trait theories focused on identifying the personal traits that differentiated leaders from followers. Behavioral theorists examined leadership from a different perspective. They tried to uncover the different kinds of leader behaviors that resulted in higher work group performance. Both approaches to leadership can teach current and future managers valuable lessons about leading.

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Trait Theory

Trait theory is the successor to what was called the “great man” theory of leadership. This approach was based on the assumption that leaders such as Abraham Lincoln, Martin Luther King Jr., or Mark Zuckerberg were born with some inborn ability to lead. In contrast, trait theorists believed that leadership traits were not innate but could be developed through experience and learning. A **leader trait** is a physical or personality characteristic that can be used to differentiate leaders from followers.

Before World War II, hundreds of studies were conducted to pinpoint the traits of successful leaders. Dozens of leadership traits were identified. During the postwar period, however, enthusiasm was replaced by widespread criticism. This section reviews a series of studies that provide a foundation for understanding leadership traits. We conclude by integrating results across the various studies and summarizing the practical recommendations of trait theory.

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What Are the Core Traits Leaders Possess? Ralph Stogdill in 1948 and Richard Mann in 1959 sought to summarize the impact of traits on leadership. Based on his review, Stogdill concluded that five traits tended to differentiate leaders from average followers: (1) intelligence, (2) dominance, (3) self-confidence, (4) level of energy and activity, and (5) task-relevant knowledge. Among the seven categories of personality traits examined by Mann, intelligence was the best predictor of leadership.9 Vikram Pandit, CEO of Citigroup, is a good example of an intelligent person who has risen through the corporate ranks. He has a PhD from Columbia University and is known for his analytical skills.10

Do People Possess Prototypes about Preferred Leadership Traits? The answer is yes based on implicit leadership theory (ILT). **Implicit leadership theory** is based on the idea that people have beliefs about how leaders should behave and what they should do for their followers. These beliefs are summarized in what is called a *leadership prototype.*11 A **leadership prototype** is a mental representation of the traits and behaviors that people believe are possessed by leaders. It is important to understand the content of leadership prototypes because we tend to perceive that someone is a leader when he or she exhibits traits or behaviors that are consistent with our prototypes (recall our discussion of encoding and simplification in Chapter 7). Although past research demonstrated that people were perceived as leaders when they exhibited masculine-oriented traits and behaviors associated with masculinity, and dominance,12 more recent studies showed an emphasis on more feminine traits and styles that emphasize empowerment, fairness, and supportiveness.13 This change in prototypes bodes well for reducing bias and discrimination against women in leadership roles.

Is Honesty a Critical Leadership Trait? James Kouzes and Barry Posner attempted to identify key leadership traits by asking the following open-ended question to more than 20,000 people around the world: “What values (personal traits or characteristics) do you look for and admire in your superiors?” The top four traits included honesty, forward-looking, inspiring, and competent.14 The researchers concluded that these four traits constitute a leader's credibility. This research suggests that people want their leaders to be credible and to have a sense of direction. That said, our discussion in Chapter 3 revealed that an organization's culture significantly influences the extent to which leaders encourage and reinforce integrity at work. Consider how Tyson Foods CEO Donnie Smith regards the issue of honesty and integrity (see Real World Real People on page 467). Would you like to work at Tyson?

Is Emotional Intelligence a Key Leadership Trait? We discussed Daniel Goleman's research on emotional intelligence in Chapter 5. Recall that *emotional intelligence* is the ability to manage oneself and one's relationships in mature and constructive ways: The six components of emotional intelligence are shown in Table 5–5. Given that leadership is an influence process between leaders and followers, it should come as no surprise that emotional intelligence is predicted to be associated with leadership effectiveness. While Goleman and other consultants contend that they have evidence to support this conclusion,15 it has not been published in scientific journals. We agree with others who contend that there presently is not enough research published in OB journals to substantiate the conclusion that emotional intelligence is significantly associated with leadership effectiveness.16



Lynn Tilton, CEO of Patriarch Partners, possesses many of the leadership traits identified by trait researchers. Her company makes direct investments in distressed firms and it currently holds over 7 billion in equity in over 70 companies. She is featured in this chapter's closing case.

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Tyson CEO, Donnie Smith, Believes in Behaving with Honesty and Integrity

Mr. Smith, who teaches a Sunday school class, says one of his most important jobs as CEO is to promote an ethical culture. The company employs 120 chaplains and he blogs about integrity.

Smith mentioned in an internal blog that the Bible was one of his favorite books. When asked by a reporter from the *Wall Street Journal* whether his faith affected his leadership style, he responded, “I don't think you can say, ‘I do all my church stuff on Sunday between nine and noon, and the rest of the time I am either out for myself or running my business.'

My faith influences how I think, what I do, what I say. There are a lot of great biblical principles that are fundamental to operating a good business. Being fair and telling the truth are biblical principles.”

Smith also was asked about the extent to which Tyson can be a moral company. He stated, “We are going to do what is right. And we're going to do what is right for one reason: because it's right. Now listen, we've got 117,000 people. There might be somebody that steps out of line occasionally. We will correct that.”

**Do you agree with Donnie Smith's philosophy about management?**

SOURCE: Excerpted from S Kilman, “Tyson CEO Counts Chickens, Hatches Plan,” *The Wall Street Journal*, September 7, 2010, pp B1, B9.

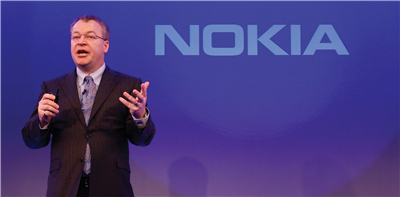
Is Personality More Important Than Intelligence? OB researcher Tim Judge and his colleagues completed two meta-analyses that bear on the subject of traits and leadership. The first examined the relationship among the Big Five personality traits (see Table 5–2 for a review of these traits) and leadership emergence and effectiveness in 94 studies. Results revealed that extraversion was most consistently and positively related to both leadership emergence and effectiveness. Conscientiousness and openness to experience also were positively correlated with leadership effectiveness.17 Judge's second meta-analysis involved 151 samples and demonstrated that intelligence was modestly related to leadership effectiveness. Judge concluded that personality is more important than intelligence when selecting leaders.18

What Traits Are Possessed by Bad Leaders? Thus far we have been discussing traits associated with “good leadership.” Barbara Kellerman believes this approach is limiting because it fails to recognize that “bad leadership” is related to “good leadership.” It also ignores the valuable insights that are gained by examining ineffective leaders. Kellerman thus set out to study hundreds of contemporary cases involving bad leadership and bad followers in search of the traits possessed by bad leaders. Her qualitative analysis uncovered seven key traits:19

1. *Incompetent.* The leader and at least some followers lack the will or skill (or both) to sustain effective action. With regard to at least one important leadership challenge, they do not create positive change. For example, James Cayne, former CEO of Bear Stearns, was reportedly off playing golf and bridge as the company collapsed.

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1. *Rigid.* The leader and at least some followers are stiff and unyielding. Although they may be competent, they are unable or unwilling to adapt to new ideas, new information, or changing times. Nokia's CEO, Stephen Elop, acknowledged that the company's significant drop in earnings in 2010 was partially due to this trait. He sent a letter to employees stating, “While competitors poured flames on our market share, what happened at Nokia? We fell behind, we missed big trends, and we lost time. At that time, we thought we were making the right decisions; but, with the benefit of hindsight, we now find ourselves years behind.” For example, a lack of action on the company's part has allowed Apple's market share of $300 + phones to go from 25 percent in 2008 to 61 percent in 2010.20
2. *Intemperate.* The leader lacks self-control and is aided and abetted by followers who are unwilling or unable effectively to intervene. Tiger Woods represents a widely known example of someone who displayed this trait by not controlling his sexual urges.
3. *Callous.* The leader and at least some followers are uncaring and unkind. Ignored or discounted are the needs, wants, and desires of most members of the group or organization, especially subordinates. Steve Jobs was known for parking his car in handicapped spaces and for being so callous that he brought employees to tears.
4. *Corrupt.* The leader and at least some followers lie, cheat, or steal. To a degree that exceeds the norm, they put self-interest ahead of the public interest. Bernie Madoff, former head of Ascot Partners hedge firm, is a prime example. His misdeeds resulted in a Ponzi scheme that bilked over $50 billion from investors.
5. *Insular.* The leader and at least some followers minimize or disregard the health and welfare of “the other,” that is, those outside the group or organization for which they are directly responsible. Philip Schoonover, former CEO of Circuit City, fired 3,400 of the most experienced employees because he felt they made too much money.
6. *Evil.* Evil leaders such as Adolf Hitler and Saddam Hussein encourage their followers to commit atrocities. They tend to use pain as an instrument of power. The harm done to men, women, and children is severe rather than slight. The harm can be physical, psychological, or both.21



Nokia's CEO, Stephen Elop, is working hard to help the company recover lost market share. How do companies like Nokia avoid the tendency to get rigid following past success?

The aforementioned traits are not the only ones associated with ineffective leadership. Additional negative traits include insensitivity to others, inability to get along with others, overemphasizing personal goals at the expense of others' success, arrogance, or hubris, focusing on self-promotion rather than on promotion of others, high need for control, building an empire by hoarding resources, making abrupt decisions without asking for input, and micromanaging others.22 Do you know leaders who possess any of these traits? Unfortunately, we have seen many examples in our consulting experiences around the world.

Gender and Leadership The increase of women in the workforce has generated much interest in understanding the similarities and differences in female and male leaders. Three separate meta-analyses and a series of studies conducted by consultants across the United States uncovered the following differences: (1) Men and women were seen as displaying more task and social leadership, respectively;23 (2) women used a more democratic or participative style than men, and men used a more autocratic and directive style than women;24 (3) men and women were equally assertive;25 and (4) women executives, when rated by their peers, managers, and direct reports, scored higher than their male counterparts on a variety of effectiveness criteria.26

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What Are the Takeaways from Trait Theory? We can no longer afford to ignore the implications of leadership traits. Traits play a central role in how we perceive leaders, and they ultimately impact leadership effectiveness. This list of positive traits shown in Table 16–3, along with the negative traits identified by Kellerman, provides guidance regarding the leadership traits you should attempt to cultivate if you want to assume a leadership role in the future. Personality tests, which were discussed in Chapter 5, and other trait assessments can be used to evaluate your strengths and weaknesses vis-à-vis these traits: The website for this book contains a host of such tests that you can take for this purpose. Results of these tests can then be used to prepare a personal development plan. We encourage you to take advantage of this resource.

table 16–3

Key Positive Leadership Traits

|  |
| --- |
| **Task competence** (intelligence, knowledge, problem-solving skills). |
| **Interpersonal competence** (ability to communicate, demonstrate caring and empathy). |
| **Intuition.** |
| **Traits of character** (conscientiousness, discipline, moral reasoning, integrity, and honesty). |
| **Biophysical traits** (physical fitness, hardiness, and energy level). |
| **Personal traits** (self-confidence, sociability, self-monitoring, extraversion, self-regulating, and self-efficacy). |

SOURCE: These traits were identified in B M Bass and R Bass, *The Bass Handbook of Leadership* (New York: Free Press, 2008), p 135.

There are two organizational applications of trait theory. First, organizations may want to include personality and trait assessments into their selection and promotion processes. For example, Nina Brody, head of talent for Take Care Health Systems in Conshohocken, Pennsylvania, used an assessment tool to assist in hiring nurses, doctors, medical assistants, and others. She wanted to hire people with traits that fit or matched the organization's culture.27 It is important to remember that this should only be done with valid measures of leadership traits. Second, management development programs can be used to build a pipeline of leadership talent. This is a particularly important recommendation in light of results from corporate surveys showing that the majority of companies do not possess adequate leadership talent to fill future needs.28 For example, both small and large companies such as EMC, McDonald's, and KPMG send targeted groups of managers to developmental programs that include management classes, coaching sessions, trait assessments, and stretch assignments.29

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*Back to the* Chapter-Opening Case

Which of the positive and negative leadership traits were displayed by Jack Griffin?

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Behavioral Styles Theory

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This phase of leadership research began during World War II as part of an effort to develop better military leaders. It was an outgrowth of two events: the seeming inability of trait theory to explain leadership effectiveness and the human relations movement, an outgrowth of the Hawthorne studies. The thrust of early behavioral leadership theory was to focus on leader behavior, instead of on personality traits. It was believed that leader behavior directly affected work group effectiveness. This led researchers to identify patterns of behavior (called *leadership styles*) that enabled leaders to effectively influence others.

The Ohio State Studies Researchers at Ohio State University began by generating a list of behaviors exhibited by leaders. At one point, the list contained 1,800 statements that described nine categories of leader behavior. Ultimately, the Ohio State researchers concluded there were only two independent dimensions of leader behavior: consideration and initiating structure. **Consideration** involves leader behavior associated with creating mutual respect or trust and focuses on a concern for group members' needs and desires. **Initiating structure** is leader behavior that organizes and defines what group members should be doing to maximize output. These two dimensions of leader behavior were oriented at right angles to yield four behavioral styles of leadership (see Figure 16–1).

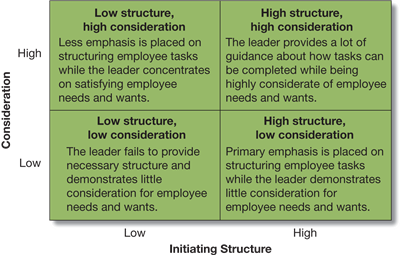


Figure 16–1

Four Leadership Styles Derived from the Ohio State Studies

It initially was hypothesized that a high-structure, high-consideration style would be the one best style of leadership. Through the years, the effectiveness of the high-high style has been tested many times.30 Overall, results do not support this prediction, but findings from a meta-analysis of more than 20,000 individuals demonstrated that consideration and initiating structure had a moderately strong, significant relationship with leadership outcomes. Results revealed that followers performed more effectively for structuring leaders even though they preferred considerate leaders.31 All told, results do not support the idea that there is one best style of leadership, but they do confirm the importance of considerate and structuring leader behaviors. Follower satisfaction, motivation, and performance are significantly associated with these two leader behaviors.

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University of Michigan Studies As in the Ohio State studies, this research sought to identify behavioral differences between effective and ineffective leaders. Researchers identified two different styles of leadership: one was employee centered; the other was job centered. These behavioral styles parallel the consideration and initiating-structure styles identified by the Ohio State group.

What Are the Takeaways from Behavioral Styles Theory? By emphasizing leader behavior, something that is learned, the behavioral style approach makes it clear that leaders are made, not born. This is the opposite of the trait theorists' traditional assumption. Given what we know about behavior shaping and model-based training, leader behaviors can be systematically improved and developed.32

Behavioral styles research also revealed that there is no one best style of leadership. The effectiveness of a particular leadership style depends on the situation at hand. For instance, employees prefer structure over consideration when faced with role ambiguity. Finally, Peter Drucker, an internationally renowned management expert and consultant, recommended a set of nine behaviors (see Table 16–4) managers can focus on to improve their leadership effectiveness. The first two practices provide the knowledge leaders need. The next four help leaders convert knowledge into effective action, and the last two ensure that the whole organization feels responsible and accountable. Drucker refers to the last recommendation as a managerial rule.

table 16–4

Peter Drucker's Tips for Improving Leadership Effectiveness

|  |
| --- |
| 1. Determine what needs to be done. |
| 1. Determine the right thing to do for the welfare of the entire enterprise or organization. |
| 1. Develop action plans that specify desired results, probable restraints, future revisions, check-in points, and implications for how one should spend his or her time. |
| 1. Take responsibility for decisions. |
| 1. Take responsibility for communicating action plans and give people the information they need to get the job done. |
| 1. Focus on opportunities rather than problems. Do not sweep problems under the rug, and treat change as an opportunity rather than a threat. |
| 1. Run productive meetings. Different types of meetings require different forms of preparation and different results. Prepare accordingly. |
| 1. Think and say “we” rather than “I.” Consider the needs and opportunities of the organization before thinking of your own opportunities and needs. |
| 1. Listen first, speak last. |

SOURCE: Reprinted by permission of Harvard Business Review. Recommendations were derived from “What Makes an Effective Executive,” by P F Drucker, June 2004, pp 58–63. Copyright 2004 by the Harvard Business School Publishing Corporation; all rights reserved.

http://textflow.mheducation.com/figures/0077437640/conn.pngGo to [www.mcgrawhillconnect.com](http://www.mcgrawhillconnect.com/) for a self-assessment to learn how ready you are to assume the leadership role.

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*Back to the* Chapter-Opening Case

Which of Peter Drucker's tips were violated by Jack Griffin?

http://textflow.mheducation.com/figures/0077437640/graylinebot.png

Situational Theories

TO THE POINT

What are the similarities and differences between Fiedler's contingency model and House's revised path-goal theory, and how can managers apply these situational theories?

Situational leadership theories grew out of an attempt to explain the inconsistent findings about traits and styles. **Situational theories** propose that the effectiveness of a particular style of leader behavior depends on the situation. As situations change, different styles become appropriate. This directly challenges the idea of one best style of leadership.33 Let us closely examine two alternative situational theories of leadership that reject the notion of one best leadership style. We conclude this section by discussing an approach you can use to implement situational theories.

Fiedler's Contingency Model

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Fred Fiedler, an OB scholar, developed a situational model of leadership. It is the oldest and one of the most widely known models of situational leadership. He labeled the model *contingency theory* because it is based on the premise that a leader's effectiveness is contingent on the extent to which a leader's style fits or matches characteristics of the situation at hand. To understand how this matching process works, we need to consider the key leadership styles identified by Fiedler and the situational variables that constitute what Fiedler labels *situational control.* We then review relevant research and managerial implications.34

Leadership Styles Fiedler believes that leaders have one dominant or natural leadership style that is resistant to change. A leader's style is described as either task-motivated or relationship-motivated. Task-motivated leaders focus on accomplishing goals, whereas relationship-motivated leaders are more interested in developing positive relationships with followers. These basic styles are similar to initiating structure/concern for production and consideration/concern for people that were previously discussed. To determine an individual's leadership style, Fiedler developed the least preferred co-worker (LPC) scale. High scores on the survey (high LPC) indicate that an individual is relationship-motivated, and low scores (low LPC) suggest a task-motivated style.

Situational Control Situational control refers to the amount of control and influence the leader has in her or his immediate work environment. Situational control ranges from high to low. High control implies that the leader's decisions will produce predictable results because the leader has the ability to influence work outcomes. Low control implies that the leader's decisions may not influence work outcomes because the leader has very little influence. There are three dimensions of situational control: leader–member relations, task structure, and position power. These dimensions vary independently, forming eight combinations of situational control (see Figure 16–2).

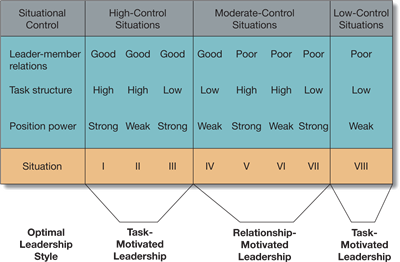


Figure 16–2

Representation of Fiedler's Contingency Model

SOURCE: Adapted from F E Fiedler, “Situational Control and a Dynamic Theory of Leadership,” in *Managerial Control and Organizational Democracy*, ed B King, S Streufert, and F E Fiedler (New York: John Wiley & Sons, 1978), p 114.

The three dimensions of situational control are defined as follows:

* **Leader–member relations** reflect the extent to which the leader has the support, loyalty, and trust of the work group. This dimension is the most important component of situational control. Good leader–member relations suggest that the leader can depend on the group, thus ensuring that the work group will try to meet the leader's goals and objectives.
* **Task structure** is concerned with the amount of structure contained within tasks performed by the work group. For example, a managerial job contains less structure than that of a bank teller. Because structured tasks have guidelines for how the job should be completed, the leader has more control and influence over employees performing such tasks. This dimension is the second most important component of situational control.
* **Position power** refers to the degree to which the leader has formal power to reward, punish, or otherwise obtain compliance from employees.

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Linking Leadership Motivation and Situational Control Fiedler suggests that leaders must learn to manipulate or influence the leadership situation in order to create a match between their leadership style and the amount of control within the situation at hand. These contingency relationships are depicted in Figure 16–2. The last row under the Situational Control column shows that there are eight different leadership situations. Each situation represents a unique combination of leader–member relations, task structure, and position power. Situations I, II, and III represent high-control situations. Figure 16–2 shows that task-motivated leaders are hypothesized to be most effective in situations of high control. The Real World/Real People on page 474 illustrates how Carol Bartz, Yahoo!'s CEO, used task-motivated leadership to turn around the company. We suspect that she was operating within situation III. Under conditions of moderate control (situations IV, V, VI, and VII), relationship-motivated leaders are expected to be more effective. Finally, the results orientation of task-motivated leaders is predicted to be more effective under the condition of very low control (situation VIII).

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Carol Bartz Uses Task-Motivated Leadership to Turn around Yahoo!

Not yet six weeks into the job, Yahoo Inc. Chief Executive Carol Bartz is preparing a company-wide reorganization that underscores the new CEO's belief in a more top-down managerial approach.

The plan aims to speed up decision making and give Yahoo products a more consistent appearance by consolidating certain functions that have previously been spread out across the company….

A straight-talker, Ms. Bartz has become known for stubbornly starting meetings on time, say employees. She doesn't bring her BlackBerry into meetings, according to workers who have begun leaving behind theirs as well.

She's requested briefings with staff at several levels of the organization, seeking updates on major projects and testing employees by asking, “What would you do if you were me?” say people familiar with her process.

And she hasn't shied from changing course on major projects. While Bartz's style initially helped Yahoo to overcome past problems, the board of directors was unhappy with the company's stock performance and profitability. She was fired in September 2011.

**Do you think that Bartz should have been more relationship oriented given that she was only on the job for six weeks? Explain.**

SOURCE: Excerpted from J E Vascellaro, “Yahoo CEO Set to Install Top-Down Management,” *The Wall Street Journal*, February 23, 2009, p B1.



Former Yahoo! Inc. Chief Executive Carol Bartz.

Takeaways from Fiedler's Model Although research only provides partial support for this model and the LPC scale,35 there are three key takeaways from Fiedler's model. First, this model emphasizes the point that leadership effectiveness goes beyond traits and behaviors. It is a function of the fit between a leader's style and the situational demands at hand. As a case in point, a team of researchers examined the effectiveness of 20 senior-level managers from GE who left the company for other positions. The researchers concluded that not all managers are equally suited to all business situations. The strategic skills required to control costs in the face of fierce competition are not the same as those required to improve the top line in a rapidly growing business or balance investment against cash flow to survive in a highly cyclical business.… We weren't surprised to find that relevant industry experience had a positive impact on performance in a new job, but that these skills didn't transfer to a new industry.36

This study leads to the conclusion that organizations should attempt to hire or promote people whose leadership styles *fit* or *match* situational demands.

Second, this model explains why some people are successful in some situations and not in others, such as the example of Jack Griffin in the chapter-opening case. Leaders are unlikely to be successful in all situations. If a manager is failing in a certain context, management should consider moving the individual to another situation. Don't give up on a high-potential person simply because he or she was a poor leader in one context. Finally, leaders need to modify their style to fit a situation. Leadership styles are not universally effective.

Path–Goal Theory

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Path–goal theory was originally proposed by Robert House in the 1970s.37 It was based on the expectancy theory of motivation discussed in Chapter 8. Recall that expectancy theory is based on the idea that motivation to exert effort increases as one's effort→performance→outcome expectations improve. Leader behaviors thus are expected to be acceptable when employees view them as a source of satisfaction or as paving the way to future satisfaction. In addition, leader behavior is predicted to be motivational to the extent it (1) reduces roadblocks that interfere with goal accomplishment, (2) provides the guidance and support needed by employees, and (3) ties meaningful rewards to goal accomplishment. The Real World Real People above illustrates how the basic principles of this theory are used by Cascade Engineering in Grand Rapids, Michigan, to help transition welfare recipients to gainful employment. Cascade employs 900 people, and 40 are Welfare-to-Career participants. Cascade is implementing its third Welfare-to-Work program. The first two failed, and the current one has significantly reduced the turnover of participants.

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http://textflow.mheducation.com/figures/0077437640/real.pngreal WORLD // real PEOPLE

Cascade Engineering Uses the Principles of Path-Goal Theory to Help People Transition from Welfare to a Career

The Welfare-to-Career program has five key components:

1. A government case worker is on-site to assist and support participants.
2. An assessment tool is used to identify and remove barriers to employment.
3. Training and onboarding are used to help participants understand work-related norms and the “hidden rules” of different working classes (e.g., poverty versus middle class).
4. A specific career track is used to motivate workers to develop their skills.
5. A culture grounded in the values of respect and dignity is reinforced.

“Michigan Department of Human Services caseworker Joyce Gutierrez-Marsh has an office on site. She explains that while many employees lose cash assistance as their incomes rise, they receive food stamps, child care assistance and Medicaid for children and continue to be her clients. She identifies barriers to work attendance and channels clients into assistance programs to overcome those barriers.”

The most common barriers are lack of child care and transportation. To accommodate these barriers, Cascade changed its attendance policy to include sick children as a legitimate reason to miss work. For transportation, the company first appealed to local government officials to extend the bus route because it stopped a quarter-mile away. The route was extended and Welfare-to-Career participants are eligible for 90 days of free bus travel. The company also created a partnership with a taxi company to help employees get home when they were asked to go home at odd times. Supervisors call the cab company, and the company pays the bill. Welfare-to-Career employees can also “take advantage of other programs, such as a $900 annual car repair benefit or a one-time $2,000 car purchase benefit.”

**Can Cascade's approach be used in other communities and companies?**

SOURCE: Excerpted and derived from K Tyler, “From Dependence to Self-Sufficiency,” *HR Magazine,* September 2010, pp 35–39.



This mountaineering guide in yellow is a great example of a path–goal leader. His job is to reduce roadblocks during an ascent and to provide coaching and support during the journey. Would you like to attempt this type of a hike?

House proposed a model that describes how leadership effectiveness is influenced by the interaction between four leadership styles (directive, supportive, participative, and achievement-oriented) and a variety of contingency factors. **Contingency factors** are situational variables that cause one style of leadership to be more effective than another. Path–goal theory has two groups of contingency variables. They are employee characteristics and environmental factors. Five important employee characteristics are locus of control, task ability, need for achievement, experience, and need for clarity. Two relevant environmental factors are task structure (independent versus interdependent tasks) and work group dynamics. In order to gain a better understanding of how these contingency factors influence leadership effectiveness, we illustratively consider locus of control (see Chapter 5), task ability and experience, and task structure.

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Employees with an internal locus of control are more likely to prefer participative or achievement-oriented leadership because they believe they have control over the work environment. Such individuals are unlikely to be satisfied with directive leader behaviors that exert additional control over their activities. In contrast, employees with an external locus tend to view the environment as uncontrollable, thereby preferring the structure provided by supportive or directive leadership. An employee with high task ability and experience is less apt to need additional direction and thus would respond negatively to directive leadership. This person is more likely to be motivated and satisfied by participative and achievement-oriented leadership. Oppositely, an inexperienced employee would find achievement-oriented leadership overwhelming as he or she confronts challenges associated with learning a new job. Supportive and directive leadership would be helpful in this situation. Finally, directive and supportive leadership should help employees experiencing role ambiguity. However, directive leadership is likely to frustrate employees working on routine and simple tasks. Supportive leadership is most useful in this context.

There have been about 50 studies testing various predictions derived from House's original model. Results have been mixed, with some studies supporting the theory and others not. House thus proposed a new version of path–goal theory in 1996 based on these results and the accumulation of new knowledge about OB.38

A Reformulated Theory The revised theory is presented in Figure 16–3. There are three key changes in the new theory. First, House now believes that leadership is more complex and involves a greater variety of leader behavior. He thus identified eight categories of leadership styles or behavior (see Table 16–5). The need for an expanded list of leader behaviors is supported by current research and descriptions of business leaders.

table 16–5

Categories of Leader Behavior within the Revised Path–Goal Theory

|  |  |
| --- | --- |
| **CATEGORY OF LEADER BEHAVIOR** | **DESCRIPTION OF LEADER BEHAVIORS** |
| Path–goal clarifying behaviors | Clarifying employees' performance goals; providing guidance on how employees can complete tasks; clarifying performance standards and expectations; use of positive and negative rewards contingent on performance |
| Achievement-oriented behaviors | Setting challenging goals; emphasizing excellence; demonstrating confidence in employees' abilities |
| Work-facilitation behaviors | Planning, scheduling, organizing, and coordinating work; providing mentoring, coaching, counseling, and feedback to assist employees in developing their skills; eliminating roadblocks; providing resources; empowering employees to take actions and make decisions |
| Supportive behaviors | Showing concern for the well-being and needs of employees; being friendly and approachable; treating employees as equals |
|  |  |
| Interaction-facilitation behaviors | Resolving disputes; facilitating communication; encouraging the sharing of minority opinions; emphasizing collaboration and teamwork; encouraging close relationships among employees |
| Group-oriented decision-making behaviors | Posing problems rather than solutions to the work group; encouraging group members to participate in decision making; providing necessary information to the group for analysis; involving knowledgeable employees in decision making |
| Representation and networking behaviors | Presenting the work group in a positive light to others; maintaining positive relationships with influential others; participating in organizationwide social functions and ceremonies; doing unconditional favors for others |
| Value-based behaviors | Establishing a vision, displaying passion for it, and supporting its accomplishment; demonstrating self-confidence; communicating high performance expectations and confidence in others' abilities to meet their goals; giving frequent positive feedback |

SOURCE: Descriptions were adapted from R J House, “Path–Goal Theory of Leadership: Lessons, Legacy, and a Reformulated Theory,” *Leadership Quarterly,* 1996, pp 323–52.

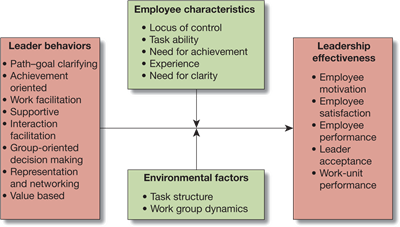


Figure 16–3

A General Representation of House's Revised Path–Goal Theory

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The second key change involves the role of intrinsic motivation (discussed in Chapter 9) and empowerment (discussed in Chapter 15) in influencing leadership effectiveness. House places much more emphasis on the need for leaders to foster intrinsic motivation through empowerment. Shared leadership represents the final change in the revised theory. That is, path–goal theory is based on the premise that an employee does not have to be a supervisor or manager to engage in leader behavior.

Rather, House believes that leadership is shared among all employees within an organization. More is said about shared leadership in the final section of this chapter.

Takeaways from House's Theory There are not enough direct tests of House's revised path–goal theory using appropriate research methods and statistical procedures to draw overall conclusions. Nonetheless, there are three important takeaways from this theory. First, effective leaders possess and use more than one style of leadership. Managers are encouraged to familiarize themselves with the different categories of leader behavior outlined in path–goal theory and to try new behaviors when the situation calls for them. Consider the leader behaviors exhibited by Bob Iger, CEO of Walt Disney Company. He prefers to work behind the scenes and does not host any Disney TV productions. He is known to say hello to everyone he encounters on the Disney campus and participates in a Disney team that competes in the Malibu, California, triathalon to raise money for charity. He loves to study operational statistics and is very interested in studying and using consumers' attitudes to make decisions. Since taking over the helm at Disney, Iger patched up the rocky relationship between Pixar and Disney and ultimately purchased Pixar for $7 billion. He also resolved several contentious issues with former director Roy Disney and Comcast. Iger empowers his employees and allows them plenty of freedom to make decisions. At that same time, he holds people accountable for their work.39 This example illustrates that Iger uses path–goal clarifying behaviors, achievement-oriented behaviors, work-facilitation behaviors, supportive behaviors, interaction-facilitation behaviors, and representation and networking behaviors.

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Second, the theory offers specific suggestions for how leaders can help employees. Leaders are encouraged to clarify the paths to goal accomplishment and to remove any obstacles that may impair an employee's ability to achieve his or her goals. In so doing, managers need to guide and coach employees during the pursuit of their goals. Third, a small set of employee characteristics (i.e., ability, experience, and need for independence) and environmental factors (task characteristics of autonomy, variety, and significance) are relevant contingency factors.40 Managers are advised to modify their leadership style to fit these various employee and task characteristics.

http://textflow.mheducation.com/figures/0077437640/conn.pngGo to [www.mcgrawhillconnect.com](http://www.mcgrawhillconnect.com/) for an interactive exercise to test your knowledge of House's Path–Goal Theory.

Applying Situational Theories

Although researchers and practitioners support the logic of situational leadership, the practical application of such theories has not been clearly developed. A team of researchers thus attempted to resolve this problem by proposing a general strategy that managers can use across a variety of situations. The general strategy contains five steps.41 We explain how to implement the steps by using the examples of a head coach of a sports team and a sales manager.

1. *Identify important outcomes.* This step entails a determination of the goals the leader is trying to achieve. For example, the head coach may have goals to win or to avoid injury to key players whereas a sales manager's goals might be to increase sales by 10% or to decrease customers' complaints. It is important to identify the key goals that exist at a specific point in time.
2. *Identify relevant leadership types/behaviors.* This step requires the manager to identify the specific types of behaviors that may be appropriate for the situation at hand. The list of behaviors shown in Table 16–5 is a good starting point. A head coach in a championship game, for instance, might focus on achievement-oriented and work-facilitation behaviors. In contrast, a sales manager might find path–goal clarifying, work-facilitation, and supportive behaviors more relevant for the sales team. Don't try to use all available leadership behaviors. Rather, select the one or two that appear most helpful.
3. *Identify situational conditions.* Fiedler's contingency theory and House's path–goal theory both identify a set of potential contingency factors to consider. That said, there may be other practical considerations. For example, a star quarterback on a football team may be injured, which might require the team to adopt a different strategy toward winning the game. Similarly, managing a virtual sales team from around the world will affect the types of leadership that are most effective in this context.
4. *Match leadership to the conditions at hand.* This is the step in which research cannot provide conclusive recommendations because there simply are too many possible situational conditions. This means that you should use your knowledge about organizational behavior to determine the best match between leadership styles/behaviors and the situation at hand. The coach whose star quarterback is injured might use supportive and values-based behaviors to instill confidence that the team can win with a different quarterback. Our virtual sales manager also might find it useful to use the empowering leadership associated with work-facilitation behaviors (see Table 16–5) and to avoid directive leadership.

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1. *Determine how to make the match.* It's now time to implement the leadership style or behaviors you determined were most appropriate in step 4. There are two basic approaches you can use according to contingency theory and House's path–goal theory. You can either change the person in the leadership role or the leader can change his or her style or behavior. Returning to our examples, it is not possible to change the head coach in a championship game. This means that the head coach needs to change his or her style or behavior. In contrast, the organization employing the sales manager might move him or her to another position because the individual is too directive and does not like to empower others. Alternatively, the sales manager could change his or her behavior.

http://textflow.mheducation.com/figures/0077437640/grayline.png

*Back to the* Chapter-Opening Case

Discuss how Jack Griffin could have applied the five steps to applying situational theories.

http://textflow.mheducation.com/figures/0077437640/graylinebot.png

Caveat When Applying Situational Theories

Can you think of any downside to applying situational theories? Interestingly, there are. A team of OB researchers recently tested the possibility that there are unintended negative consequences when managers use a situational approach with members from a team. Study findings revealed that treating group members differently resulted in some employees feeling that they were not among the leader's “in-group” (i.e., a partnership characterized by mutual trust, respect, and liking): The concept of in-groups and out-groups is discussed later in the chapter. These negative feelings in turn had a counterproductive effect on employees' self-efficacy and subsequent group performance. The point to remember is that leaders of teams need to be careful when treating individual team members differently. There are potential pros and cons to the application of situational theories in a team context.42

The Full-Range Model of Leadership: From Laissez-Faire to Transformational Leadership

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One of the most recent approaches to leadership is referred to as a *full-range model of leadership*. The authors of this model, Bernard Bass and Bruce Avolio, proposed that leadership behavior varied along a continuum from laissez-faire leadership (i.e., a general failure to take responsibility for leading) to transactional leadership to transformational leadership.43 Examples of laissez-faire leadership include avoiding conflict, surfing the Internet during work, failing to assist employees in setting performance goals, failing to give performance feedback, or being so hands-off that employees have little idea about what they should be doing. Of course, laissez-faire leadership is a terrible way for any manager to behave and should be avoided. What gender do you think engages in more laissez-faire leadership? A meta-analysis revealed that men displayed more of this type of leadership than women.44 It is important for organizations to identify managers who lead with this style and to train and develop them to use behaviors associated with transactional and transformational leadership. Both transactional and transformational are positively related to a variety of employee attitudes and behaviors and represent different aspects of being a good leader. Let us consider these two important dimensions of leadership.

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**Transactional leadership** focuses on clarifying employees' role and task requirements and providing followers with positive and negative rewards contingent on performance. Further, transactional leadership encompasses the fundamental managerial activities of setting goals, monitoring progress toward goal achievement, and rewarding and punishing people for their level of goal accomplishment.45 You can see from this description that transactional leadership is based on using rewards and punishment to drive motivation and performance. Consider how Stephen Greer, founder of Hartwell Pacific, a scrap metal recycling business in Asia used transactional leadership to combat several million dollars in fraud and theft from his employees in Mexico and his operations in Asia.

Example. For Hartwell Pacific, the biggest strain was a lack of control systems. Greer was so focused on new markets that he glossed over niceties like accounting procedures, inventory audits, and reference checks for new hires.…

When he finally realized the extent of the fraud in his nascent empire, Greer pulled back, eventually liquidating the operation in Mexico. He also instituted a system of close oversight. He appointed local finance managers who reported directly to headquarters, creating checks and balances on local general managers. He started requiring three signatories for all company checks. He installed metal detectors to prevent theft. Once a month, the local managers flew to headquarters, where they compared revenues, costs, and overall performance. If one plant seemed to be overpaying for supplies, or if revenues seemed out of line with inventory, Greer began asking hard questions—ones he should have been asking all along.46

Greer's use of transactional leadership helped to correct the fraud and theft problems and the company ultimately experienced profitable growth.

In contrast, **transformational leaders** “engender trust, seek to develop leadership in others, exhibit self-sacrifice and serve as moral agents, focusing themselves and followers on objectives that transcend the more immediate needs of the work group.”47 Transformational leaders can produce significant organizational change and results because this form of leadership fosters higher levels of employee engagement, trust, commitment, and loyalty from followers than does transactional leadership. That said, however, it is important to note that transactional leadership is an essential prerequisite to effective leadership and that the best leaders learn to display both transactional and transformational leadership to various degrees. In support of this proposition, research reveals that transformational leadership leads to superior performance when it augments or adds to transactional leadership.48 General Electric's CEO Jeff Immelt represents a good example of transformational leadership. The example that follows illustrates how Immelt is using it as a vehicle to improve the leadership talent within the company.

Example. Immelt intends to spend this year exploring new ideas, which he describes as “wallowing in it,” to decide how GE should shape and measure its leaders. He has solicited management suggestions from a broad range of organizations—from Google to China's Communist Party—and sent 30 of his top people to more than 100 companies worldwide. He's holding monthly dinners with 10 executives and an external “thought leader” to debate leadership. He launched a pilot program to bring in personal coaches for high-potential talent, a practice that GE once reserved mainly for those in need of remedial work. To increase exposure to the world beyond GE, Immelt is even reconsidering the age-old rule that employees can't sit on corporate boards. “I think about it all the time,” he says. “You have to be willing to change when it makes sense.”49

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How Does Transformational Leadership Transform Followers?

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Transformational leaders transform followers by creating changes in their goals, values, needs, beliefs, and aspirations. They accomplish this transformation by appealing to followers' self-concepts—namely their values and personal identity. Figure 16–4 presents a model of how leaders accomplish this transformation process.

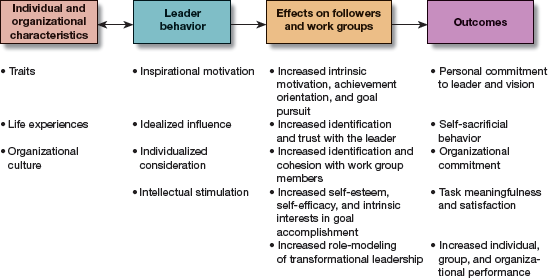


Figure 16–4

A Transformational Model of Leadership

SOURCE: Based in part on D A Waldman and F J Yammarino, “CEO Charismatic Leadership: Levels-of-Management and Levels-of-Analysis Effects,” *Academy of Management Review,* April 1999, pp 266–85; and B Shamir, R J House, and M B Arthur, “The Motivational Effects of Charismatic Leadership: A Self-Concept Based Theory,” *Organization Science,* November 1993, pp 577–94.

http://textflow.mheducation.com/figures/0077437640/conn.pngGo to [www.mcgrawhillconnect.com](http://www.mcgrawhillconnect.com/) for an interactive exercise to test your knowledge of transformational leadership.

Figure 16–4 shows that transformational leader behavior is first influenced by various individual and organizational characteristics. For example, research reveals that transformational leaders tend to have personalities that are more extraverted, agreeable, and proactive and less neurotic than nontransformational leaders. They also have higher emotional intelligence.50 Female leaders also were found to use transformational leadership more than male leaders.51 It is important to note, however, that the relationship between personality traits and transformational leadership is relatively weak. This suggests that transformational leadership is less traitlike and more susceptible to managerial influence. This conclusion reinforces the notion that an individual's life experiences play a role in developing transformational leadership and that transformational leadership can be learned. Finally, Figure 16–4 shows that organizational culture influences the extent to which leaders are transformational. Cultures that are adaptive and flexible rather than rigid and bureaucratic are more likely to create environments that foster the opportunity for transformational leadership to be exhibited.

Transformational leaders engage in four key sets of leader behavior (see Figure 16–4).52 The first set, referred to as *inspirational motivation*, involves establishing an attractive vision of the future, the use of emotional arguments, and exhibition of optimism and enthusiasm. A vision is “a realistic, credible, attractive future for your organization.”53 According to Burt Nanus, a leadership expert, the “right” vision unleashes human potential because it serves as a beacon of hope and common purpose. It does this by attracting commitment, energizing workers, creating meaning in employees' lives, establishing a standard of excellence, promoting high ideals, and bridging the gap between an organization's present problems and its future goals and aspirations. Carl-Henric Svanberg, current chairman of British Petroleum and former CEO of Ericsson, understands the importance of establishing an organization's vision. He concluded that in large organizations “you can't just tell everyone, ‘Turn left and work fast,' You have to share with them the vision you want to accomplish and get everybody on board and enthusiastic about it. When you get them to march in the same direction, you can really move mountains together.”54



Frank Blake, Home Depot's CEO, gained leadership experience at the U.S. Department of Energy and General Electric. His transformational leadership has helped the company improve profitability over the last few years.

*Idealized influence*, the second set of leader behaviors, includes behaviors such as sacrificing for the good of the group, being a role model, and displaying high ethical standards. Home Depot's CEO Frank Blake exhibited idealized influence when he “accepted an annual pay package worth one-quarter of his predecessor's, and he is also finding creative ways to motivate employees, including giving merit awards for great customer service and assigning store workers more decision-making power.”55 Through their actions, transformational leaders like Frank Blake model the desired values, traits, beliefs, and behaviors needed to realize the vision.

The third set, *individualized consideration*, entails behaviors associated with providing support, encouragement, empowerment, and coaching to employees. These behaviors necessitate that leaders pay special attention to the needs of their followers and search for ways to help people develop and grow. You can do this by spending time talking with people about their interests and by identifying new learning opportunities for them. For example, Jeff Immelt, CEO of General Electric, invites one of the company's officers to his home every other Friday for a casual evening of drinks, some laughs, dinner, and conversation about world events. On Saturday, they get back together to talk about the individual's career. This “high touch” approach is a great way for Immelt to get to know his employees and to serve as a mentor.56

Showing interest in people by remembering their names and previous conversations are other simple ways in which you can demonstrate individualized consideration. Finally, treating people with respect and telling them the truth with compassion also represent examples of consideration.

*Intellectual stimulation,* the fourth set of leadership behaviors, involves behaviors that encourage employees to question the status quo and to seek innovative and creative solutions to organizational problems. As you can see, this dimension of transformational leadership pertains to encouraging employee creativity, innovation, and problem solving. The group problem-solving techniques discussed in Chapter 12 can help to stimulate employees. Further, fostering an adhocracy culture—recall our discussion in Chapter 3—will assist in creating a work environment that promotes intellectual stimulation. You can use any of the cultural embedding techniques we discussed in Chapter 3 in this pursuit.

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Research and Managerial Implications

Components of the transformational model of leadership have been the most widely researched leadership topic over the last decade. Overall, relationships outlined in Figure 16–4 generally were supported by previous research. For example, a meta-analysis of 49 studies indicated that transformational leadership was positively associated with measures of leadership effectiveness and employees' job satisfaction.57 At the organizational level, a second meta-analysis demonstrated that transformational leadership was positively correlated with organizational measures of effectiveness.58

Support for transformational leadership underscores six important managerial implications. First, the establishment of a positive vision of the future—inspirational motivation—should be considered a first step at applying transformational leadership. Why? Because the vision represents a long-term goal, and it is important for leaders to begin their influence attempts by gaining agreement and consensus about where the team or organization is headed. It also is critical to widely communicate the vision among the team or entire organization.59 People can't get excited about something they don't know about or don't understand. Second, the best leaders are not just transformational; they are both transactional and transformational, and they avoid a laissez-faire or “wait-and-see” style.60 We encourage you to use both transactional and transformational leadership.

Third, transformational leadership not only affects individual-level outcomes like job satisfaction, organizational commitment, and performance, but it also influences group dynamics and group-level outcomes.61 Managers can thus use the four types of transformational leadership shown in Figure 16–4 as a vehicle to improve group dynamics and work-unit outcomes. This is important in today's organizations because most employees do not work in isolation. Rather, people tend to rely on the input and collaboration of others, and many organizations are structured around teams. The key point to remember is that transformational leadership transforms individuals as well as teams and work groups. We encourage you to use this to your advantage.

Fourth, transformational leadership works virtually. If you lead geographically dispersed people, then it is important to focus on how you can display the four transformational leader behaviors in your emails, tweets, webinars, and conference calls.62 Fifth, employees at any level in an organization can be trained to be more transactional and transformational.63 This reinforces the organizational value of developing and rolling out a combination of transactional and transformational leadership training for all employees. These programs, however, should be based on an overall corporate philosophy that constitutes the foundation of leadership development.

Finally, transformational leaders can be ethical or unethical. Whereas ethical transformational leaders enable employees to enhance their self-concepts, unethical ones select or produce obedient, dependent, and compliant followers. Top management can create and maintain ethical transformational leadership by

1. Creating and enforcing a clearly stated code of ethics.
2. Recruiting, selecting, and promoting people who display ethical behavior.
3. Developing performance expectations around the treatment of employees—these expectations can then be assessed in the performance appraisal process.
4. Training employees to value diversity.
5. Identifying, rewarding, and publicly praising employees who exemplify high moral conduct.64