Contingency Theories

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Assess contingency theories of leadership by their level of support.

Some tough-minded leaders seem to gain a lot of admirers when they take over struggling companies and lead them out of the doldrums. However, predicting leadership success is more complex than isolating a few traits or behaviors. What works in very bad times and in very good times doesn’t seem to translate into long-term success. When researchers looked at situational influences, it appeared that under condition a, leadership style x would be appropriate, whereas style y was more suitable for condition b, and style z for condition c. But what were conditions a, b, and c? We next consider four approaches to isolating situational variables: the Fiedler model, situational theory, path–goal theory, and the leader-participation model.

The Fiedler Model

Fred Fiedler developed the first comprehensive contingency model for leadership.16 The Fiedler contingency model proposes that effective group performance depends on the proper match between the leader’s style and the degree to which the situation gives the leader control.

Fiedler contingency model

 The theory that effective groups depend on a proper match between a leader’s style of interacting with subordinates and the degree to which the situation gives control and influence to the leader.

Identifying Leadership Style

Fiedler believes a key factor in leadership success is the individual’s basic leadership style. He created the least preferred co-worker (LPC) questionnaire to identify that style by measuring whether a person is task or relationship oriented. The LPC questionnaire asks respondents to think of all the co-workers they have ever had and describe the one they least enjoyed working with by rating that person on a scale of 1 to 8 for each of 16 sets of contrasting adjectives (such as pleasant–unpleasant, efficient–inefficient, open–guarded, supportive–hostile). If you describe the person you are least able to work with in favorable terms (a high LPC score), Fiedler would label you relationship oriented. If you see your least-preferred co-worker in unfavorable terms (a low LPC score), you are primarily interested in productivity and are task oriented. About 16 percent of respondents score in the middle range17 and thus fall outside the theory’s predictions. Our discussion relates to the 84 percent who score in the high or low range of the LPC questionnaire.

least preferred co-worker (LPC) questionnaire

 An instrument thatpurports to measure whether a person is task or relationship oriented.

Fiedler assumes an individual’s leadership style is fixed; if a situation requires a task-oriented leader and the person in the leadership position is relationship oriented, either the situation has to be modified or the leader has to be replaced to achieve optimal effectiveness.

What’s My LPC Score?

In the Self-Assessment Library (available in MyManagementLab), take assessment IV.E.5 (What’s My LPC Score?).

Defining the Situation

After assessing an individual’s basic leadership style through the LPC questionnaire, we match the leader with the situation. Fiedler identified three contingency or situational dimensions:

 Leader–member relations is the degree of confidence, trust, and respect members have in their leader.

 Task structure is the degree to which the job assignments are procedurized (that is, structured or unstructured).

 Position power is the degree of influence a leader has over power variables such as hiring, firing, discipline, promotions, and salary increases.

leader–member relations

 The degree of confidence, trust, and respect subordinates have in their leader.

task structure

 The degree to which job assignments are procedurized.

position power

 Influence derived from one’s formal structural position in the organization; includes power to hire, fire, discipline, promote, and give salary increases.

We evaluate the situation in terms of these three variables. Fiedler states that the better the leader–member relations, the more highly structured the job, and the stronger the position power, the more control the leader has. A very favorable situation (in which the leader has a great deal of control) might include a payroll manager who is well respected and whose employees have confidence in him (good leader–member relations), activities that are clear and specific—such as wage computation, check writing, and report filing (high task structure), and provision of considerable freedom to reward and punish employees (strong position power). An unfavorable situation might be that of the disliked chairperson of a volunteer United Way fundraising team. In this job, the leader has very little control.

Matching Leaders and Situations

Combining the three contingency dimensions yields eight possible situations in which leaders can find themselves (Exhibit 12-1). The Fiedler model proposes matching an individual’s LPC score and these eight situations to achieve maximum leadership effectiveness.18 Fiedler concluded that task-oriented leaders perform better in situations very favorable to them and very unfavorable. So, when faced with a category I, II, III, VII, or VIII situation, task-oriented leaders perform better. Relationship-oriented leaders, however, perform better in moderately favorable situations—categories IV, V, and VI. Fiedler later condensed these eight situations down to three.19 Task-oriented leaders perform best in situations of high and low control, while relationship-oriented leaders perform best in moderate control situations.

How would you apply Fiedler’s findings? You would match leaders—in terms of their LPC scores—with the type of situation—in terms of leader–member relationships, task structure, and position power—for which they were best suited. But remember that Fiedler views an individual’s leadership style as fixed. Therefore, there are only two ways to improve leader effectiveness.



Exhibit 12-1

Findings from the Fiedler Model

First, you can change the leader to fit the situation—as a baseball manager puts a right- or left-handed pitcher into the game depending on the hitter. If a group situation rates highly unfavorable but is currently led by a relationship-oriented manager, for example, the group’s performance could be improved under a manager who is task-oriented. The second alternative is to change the situation to fit the leader by restructuring tasks or increasing or decreasing the leader’s power to control factors such as salary increases, promotions, and disciplinary actions.

Evaluation

Studies testing the overall validity of the Fiedler model find considerable evidence to support substantial parts of it.20 If we use three categories rather than the original eight, ample evidence supports Fiedler’s conclusions.21 But the logic underlying the LPC questionnaire is not well understood, and respondents’ scores are not stable.22 The contingency variables are also complex and difficult for practitioners to assess.23

Other Contingency Theories

Although LPC theory is the most researched contingency theory, three others deserve mention.

Situational Leadership Theory

Situational leadership theory (SLT) focuses on the followers. It says successful leadership depends on selecting the right leadership style contingent on the followers’ readiness, the extent to which they are willing and able to accomplish a specific task. A leader should choose one of four behaviors depending on follower readiness.

situational leadership theory (SLT)

 A contingency theory that focuses on followers’ readiness.

If followers are unable and unwilling to do a task, the leader needs to give clear and specific directions; if they are unable and willing, the leader needs to display high task orientation to compensate for followers’ lack of ability, and high relationship orientation to get them to “buy into” the leader’s desires. If followers are able and unwilling, the leader needs to use a supportive and participative style; if they are both able and willing, the leader doesn’t need to do much.

SLT has intuitive appeal. It acknowledges the importance of followers and builds on the logic that leaders can compensate for their limited ability and motivation. Yet research efforts to test and support the theory have generally been disappointing.24 Why? Possible explanations include internal ambiguities and inconsistencies in the model itself as well as problems with research methodology in tests. So, despite its intuitive appeal and wide popularity, any endorsement must be cautious for now.

Path–Goal Theory

Developed by Robert House, path–goal theory extracts elements from the Ohio State leadership research on initiating structure and consideration, and the expectancy theory of motivation.25 The theory suggests it’s the leader’s job to provide followers with information, support, or other resources necessary to achieve goals. (The term path–goal implies effective leaders clarify followers’ paths to their work goals and make the journey easier by reducing roadblocks.)

path–goal theory

 A theory that states that 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 group or organization.

Photo 12-3 CEO Alan Mulally led a successful turnaround effort at Ford Motor Company by applying the path–goal theory. He directed managers and employees toward the goal of making Ford globally competitive and profitable and developed the Way Forward plan that focused on everyone in the company operating as one team around the world.

Source: REUTERS/James Fassinger.

According to path–goal theory, whether a leader should be directive or supportive, or should demonstrate some other behavior, depends on complex analysis of the situation. The theory predicts:

 Directive leadership yields greater satisfaction when tasks are ambiguous or stressful than when they are highly structured and well laid out.

 Supportive leadership results in high performance and satisfaction when employees are performing structured tasks.

 Directive leadership is likely to be perceived as redundant among employees with high ability or considerable experience.

In a study of 162 workers in a document-processing organization, researchers found workers’ conscientiousness was related to higher levels of performance only when supervisors set goals and defined roles, responsibilities, and priorities.26 Other research has found that goal-focused leadership can lead to higher levels of emotional exhaustion for subordinates who are low in conscientiousness and emotional stability.27 These studies demonstrate that leaders who set goals enable conscientious followers to achieve higher performance but may cause stress for workers who are low in conscientiousness.

Leader-Participation Model

The final contingency theory we cover argues that the way the leader makes decisions is as important as what she or he decides. Victor Vroom and Phillip Yetton’s leader-participation model relates leadership behavior and participation in decision making.28 Like path–goal theory, it says leader behavior must adjust to reflect the task structure. The model is normative—it provides a decision tree of seven contingencies and five leadership styles for determining the form and amount of participation in decision making.

leader-participation model

 A leadership theory that provides a set of rules to determine the form and amount of participative decision making in different situations.

As one leadership scholar noted, “Leaders do not exist in a vacuum”; leadership is a symbiotic relationship between leaders and followers.29 But the theories we’ve covered to this point assume leaders use a fairly homogeneous style with everyone in their work unit. Think about your experiences in groups. Did leaders often act very differently toward different people? Our next theory considers differences in the relationships leaders form with diverse followers.

Leader–Member Exchange (LMX) Theory

Think of a leader you know. Does this leader have favorites who make up his or her ingroup? If you answered “yes,” you’re acknowledging the foundation of leader–member exchange theory.30 Leader–member exchange (LMX) theory argues that, because of time pressures, leaders establish a special relationship with a small group of their followers. These individuals make up the ingroup—they are trusted, get a disproportionate amount of the leader’s attention, and are more likely to receive special privileges. Other followers fall into the outgroup.

leader–member exchange (LMX) theory

 A theory that supports leaders’ creation of ingroups and outgroups; subordinates with ingroup status will have higher performance ratings, less turnover, and greater job satisfaction.

LMX 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”; that relationship is relatively stable over time. Leaders induce LMX by rewarding employees with whom they want a closer linkage and punishing those with whom they do not.31 For the LMX relationship to remain intact, the leader and the follower must invest in the relationship.

Just how the leader chooses who falls into each category is unclear, but there is evidence ingroup members have demographic, attitude, and personality characteristics similar to those of their leader or a higher level of competence than outgroup members32 (see Exhibit 12-2). Leaders and followers of the same gender tend to have closer (higher LMX) relationships than those of different genders.33 Even though the leader does the choosing, the follower’s characteristics drive the categorizing decision.

Research to test LMX theory has been generally supportive, with substantive evidence that leaders do differentiate among followers; these disparities are far from random; and followers with ingroup status will have higher performance ratings, engage in more helping or “citizenship” behaviors at work, and report greater satisfaction with their superior.34 One study conducted in Portugal and the United States found that leader–member exchange was associated strongly with followers’ commitment to the organization when leaders were seen as embodying the values and identity of the organization.35 These findings for ingroup members shouldn’t be surprising, given our knowledge of self-fulfilling prophecy (see Chapter 6). Leaders invest resources with those they expect to perform best. Believing ingroup members are the most competent, leaders treat them as such and unwittingly fulfill their prophecy.



Exhibit 12-2

Leader-Member Exchange Theory

Leader–follower relationships may be stronger when followers have a more active role in shaping their own job performance. A study in Turkey demonstrated that when leaders differentiated strongly among their followers in terms of their relationships (some followers had very positive leader–member exchange, others very poor), employees responded with more negative work attitudes and higher levels of withdrawal behavior.36 Research on 287 software developers and 164 supervisors showed leader–member relationships have a stronger impact on employee performance and attitudes when employees have higher levels of autonomy and a more internal locus of control.

An Ethical Choice Holding Leaders Ethically Accountable

No one thinks leaders shouldn’t be accountable. Leaders must balance many and conflicting stakeholder demands. The first, largely unspoken, demand is for strong financial performance; leaders are probably terminated more often for missing this goal than for all other factors combined. When one balances the often-extreme pressure for financial performance with the desire most leaders have to act ethically toward their employees, there is unfortunately little leadership accountability to ensure ethical leadership is happening. Given that pressure, ethical leadership may be under-rewarded and depend solely on the leader’s innate decency.

Ethical leadership is a relatively new area of research attention. Demonstrating fairness and social responsibility and abiding by the law even run counter to many old-school models of leadership. Consider, for example, legendary management guru Peter Drucker’s advice (1967): “It is the duty of the executive to remove ruthlessly anyone—and especially any manager—who consistently fails to perform with high distinction. To let such a man stay on corrupts the others.” Modern ethical leadership guidelines say this cut-throat mindset fails to consider the moral implications of treating people as objects at an organization’s disposal.

While few organizations still require “performance at all costs,” financiers, shareholders, and boards have the reward power to teach leaders which outcomes to value. Ethical leadership resounds positively throughout all organizational levels, resulting in responsible and potentially highly profitable outcomes, but the ultimate ethical test will come when shareholders—and leaders—show signs of balancing these accountabilities themselves.

Sources: T. E. Ricks, “What Ever Happened to Accountability?” Harvard Business Review (October 2012), pp. 93–100; J. M. Schaubroeck et al., “Embedding Ethical Leadership Within and Across Organizational Levels,” Academy of Management Journal 55 (2012), pp. 1053–1078; and J. Stouten, M. van Dijke, and D. De Cremer, “Ethical Leadership,” Journal of Personnel Psychology 11 (2012), pp. 1–6.

What are the effects of servant leadership? One study of 123 supervisors found it resulted in higher levels of commitment to the supervisor, self-efficacy, and perceptions of justice, which all were related to organizational citizenship behavior.93 This relationship between servant leadership and follower OCB appears to be stronger when followers are focused on being dutiful and responsible.94 Second, servant leadership increases team potency (a belief that one’s team has above-average skills and abilities), which in turn leads to higher levels of group performance.95 Third, a study with a nationally representative sample found higher levels of citizenship associated with a focus on growth and advancement, which in turn was associated with higher levels of creative performance.96

Servant leadership may be more prevalent and more effective in certain cultures.97 When asked to draw images of leaders, for example, U.S. subjects tend to draw them in front of the group, giving orders to followers. Singaporeans tend to draw leaders at the back of the group, acting more to gather a group’s opinions together and then unify them from the rear. This suggests the East Asian prototype is more like a servant leader, which might mean servant leadership is more effective in these cultures.