# Chapter 17
# Leadership

## Chapter Outline

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# Leadership

Leadership is an extremely popular topic in organizational behavior because of the role we assume it plays in group and organizational effectiveness. We assume that the success of a group depends primarily on the quality of leadership. To have a winning season requires a good coach; to achieve a military victory requires a great commander; and to have a productive work group requires a competent supervisor. Whether they deserve it or not, leaders are usually credited for the group's success and blamed for it's failure. When a team has a losing season, instead of firing the team, the coach is fired.

The most useful definition of leadership is to view it as the ***incremental influence*** one individual exerts over another beyond mechanical compliance with routine directives. Leadership occurs when one individual influences others to do something voluntarily rather than because they were required to do it or because they feared the consequences of noncompliance. It is this voluntary aspect of leadership that distinguishes it from other influence processes such as power and authority. Although leaders may use force or coercion to influence the behavior of followers, they must also have the ability to induce voluntary compliance. By this definition, anyone in the organization can be a leader whether or not that individual is formally identified as such. Indeed, informal leaders are extremely important to the effectiveness of most organizations.

**Managers Versus Leaders**

Although leadership is similar to management, some writers make a clear difference between these topics as a way to highlight the importance and distinctive nature of leadership.

**Managing Things Versus Leading People.**  One contrast between management and leadership focuses on what is influenced: *managers manage things, while leaders lead people*.[1]  Managers focus their efforts on inanimate objects, such as budgets, financial statements, organization charts, sales projections, and productivity reports.  Leaders focus their efforts on people as they encourage, inspire, train, empathize, evaluate, and reward.  Leaders are the ones who build organizations, create organizational cultures, and shape society.  Managers focus on internal organizational issues as they maintain bureaucratic procedures and keep organizations running smoothly by solving problems.

It has also been said that "managers are people who do things right, and leaders are people who do the right thing."  This statement suggests that leaders and managers focus on different issues.  To manage means to direct, to bring about, to accomplish, and to have responsibility for.  The functions of management are planning, organizing, directing, and controlling.  The successful manager is viewed as someone who achieves results by following the prescribed activities and by maintaining behaviors and products within prescribed limits.

To lead, however, is to inspire, to influence, and to motivate.  Effective leaders inspire others to pursue excellence, to extend themselves, and to go beyond their perfunctory job requirements by generating creative ideas.  This distinction is somewhat overstated, because effective leaders do a lot of managing, and effective managers need to lead.  But is serves to emphasize an important organizational outcome: the creation of an energetic and highly committed work force that is successfully adapting to the demands of a changing environment and competently producing viable products and services.

**Controlling Complexity Versus Producing Change.**  Another contrast between management and leadership focuses on maintaining stability versus creating change.[2]

- Management focuses on *controlling complexity* –  creating order in the organization, solving problems, and ensuring consistency.
- Leadership focuses on *creating change* –  recognizing the demands of a changing environment, sensing opportunities for growth, and communicating a vision that inspires others.

Both management and leadership involve influencing others through four common roles: (1) planning – deciding what needs to be done, (2) organizing –  creating a structure of networks and relationships to get work done, (3) directing the work, and (4) controlling –  ensuring performance.  As they perform each of these roles, managers and leaders behave very differently because they focus on different outcomes, as summarized in Exhibit 17.1.

*Planning – deciding what needs to be done.*  Managers decide what to do by planning and budgeting – setting targets and goals for the future, establishing detailed steps for achieving them, and allocating resources to accomplish those plans.  Planning and budgeting are the processes managers use to control complexity and produce orderly results.  But they are not used to create change.

Leadership involves helping an organization achieve constructive change, which requires setting a direction – developing a vision of the future and strategies for producing the changes needed to accomplish the vision.

**Exhibit 17.1 Comparison Between Leadership and Management**

| Focus | Leadership<br>Producing useful change | Management<br>Controlling complexity |
|---|---|---|
| Role 1. Deciding what needs to be done | Setting direction<br>Creating a vision and strategy | Planning and budgeting |
| Role 2. Creating a structure of networks and relationships to get work done | Aligning people with a shared vision<br>Communicating with all relevant people | Organizing and staffing.<br>Structuring jobs<br>Establishing reporting relationships<br>Providing training<br>Delegating authority |
| Role 3. Directing productive work | Empowering people | Solving problems<br>Negotiating compromises |
| Role 4. Ensuring performance | Motivating and inspiring people | Implementing control systems. |

*Organizing – creating networks and relationships to get work done.* Managers perform a variety of organizing and staffing activities to create a structure for getting work done. These activities include dividing the work into distinct jobs, staffing the jobs with qualified workers, structuring jobs in defined units, establishing reporting relationships, and delegating authority for following the assigned procedures. Through organizing and staffing, managers control a complex environment and create a stable structure for getting work done.

The corresponding leadership activity is aligning people behind a shared vision of how the organization needs to change. Aligning people involves communicating a new direction to the relevant people who can work unitedly and form coalitions with a common vision and sense of direction. Change is not an orderly process, and it will be staggered and chaotic unless many people coalesce and move together in the same direction.

*Directing productive work.* Managers are problem solvers. They tend to view work as an enabling process, involving people with multiple talents and interests that may not coincide with each other or with the interests of the organization. They strive to create an acceptable employment exchange by negotiating agreements that satisfy the expectations of workers and the demands of the organization. Bargaining and compromise are used to establish an agreement, and rewards and punishment are used to maintain it.

Leaders rely on empowering people and letting them work autonomously according to their shared vision. Free to exercise individual initiative and motivated by a sense of ownership, people throughout the organization respond quickly and effectively to new opportunities and problems.

*Controlling – ensuring performance.* Managers ensure performance by implementing control systems – establishing measurable standards, collecting performance data, identifying deviations,

and taking corrective actions.

Leaders ensure performance by motivating and inspiring people to go above and beyond the formal job expectations. Motivation and inspiration energize people, not by monitoring their behavior as control mechanisms do, but by satisfying basic human needs for fulfillment, a sense of accomplishment, recognition, self-esteem, a feeling of control over one's life, and the ability to achieve one's ideals. These feelings touch people deeply and elicit a powerful response.

Control systems are supposed to ensure that normal people perform their work in normal ways, day after day. Managing routine performance is not glamorous, but it is necessary. Leadership that inspires excellence and helps organizations thrive in an uncertain world is glamorous, but it may not be any more necessary than management.

In this theory of leadership, leadership is not necessarily better than management, nor is it a replacement for it. Both functions are needed in organizations, and some believe that the skills for both functions can be acquired by everyone. However, others believe that managers and leaders require very different skills and personalities because they focus on almost opposite behaviors that must therefore be performed by different individuals. This issue is not resolved and there are data supporting both views.

## Transformational Leadership

Another contrast used to highlight a particular kind of leadership is transformational versus transactional leadership.[3] ***Transactional leaders*** manage the transactions between the organization and its members; they get things done by giving contingent rewards, such as recognition, pay increases, and advancement for employees who perform well. Employees who do not perform well are penalized. Transactional leaders frequently use the management-by-exception principle to monitor the performance of employees and take corrective actions when performance deviates from standard.

***Transformational leadership*** focuses on changing the attitudes and assumptions of employees and building commitment for the organization's mission, objectives, and strategies. Transformational leaders are described as charismatic, inspirational, and intellectually stimulating, and they show individual consideration for each member. This form of leadership occurs when leaders broaden and elevate the interests of their employees, when they generate awareness and acceptance of the purposes and mission of the group, and when they stir their employees to look beyond their own self-interest for the good of the group. The major differences between transactional and transformational leaders are shown in Exhibit 17.2.

A result that is attributed to transformational leadership is the empowerment of followers, who are capable of taking charge and acting on their own initiative. ***Empowerment*** involves providing the conditions that stimulate followers to act in a committed, concerned, and involved way in doing their work. The kinds of conditions that contribute to empowerment include providing relevant factual information; providing resources such as time, space, and money; and providing support such as backing, endorsement, and legitimacy. Empowered followers make things happen and get things done without waiting for detailed instructions or administrative approvals.

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| **Exhibit 17.2 Characteristics of Transactional and Transformational Leadership** |
+--------------------------------------------------------------------------------+

**Transactional Leadership**

- , Establishes goals and objectives
- , Designs work flow and delegates task assignments
- , Negotiates exchange of rewards for effort
- , Rewards performance and recognizes accomplishments
- , Searches for deviations from standards and takes corrective actions

**Transformational Leadership**

- , *Charismatic:* Provides vision and a sense of mission, gains respect and trust, instills pride
- , *Individualized consideration:* Gives personal attention, treats each person individually, coaches and encourages followers
- , *Intellectually stimulating:* Promotes learning, encourages rationality, uses careful problem solving
- , *Inspirational:* Communicates high performance expectations, uses symbols to focus efforts, distills essential purposes, encourages moral behavior

**Charismatic leadership** is a special kind of influence that is attributed to outstanding and gifted individuals. Followers not only trust and respect charismatic leaders, they also idolize them as great heroes or spiritual figures. Charismatic leadership is evidenced by the amount of trust followers hold in the correctness of the leader's beliefs, their unquestioning acceptance of the leader, their willing obedience, and their affection for the leader.

Charismatic leaders are described as people who have a high need for power, high self-confidence, and strong convictions about the morality of their cause. They establish their influence most importantly by the example they model in their own behavior for followers. They maintain their status by managing their charismatic perception (impression management) to preserve the follower's confidence, by articulating an appealing vision of the group's goals in ideological terms, by communicating high expectations for followers, and by expressing confidence in their followers.

Transformational leaders seek to raise the consciousness of followers by appealing to higher ideals and values such as liberty, justice, equality, peace, and humanitarianism, rather than baser emotions such as fear, greed, jealousy, or hatred. This kind of leadership should be viewed as a priceless national treasure that is sorely needed to rejuvenate society and reform institutions. Many writers have suggested that many social and economic problems, including unemployment and the decline in international competitiveness, stem from insufficient transformational leaders who dream inspired visions and motivate followers to pursue them.

Studies of transformational leadership indicate that it can be learned and that it is greatly influenced by the kind of leadership behaviors modeled in an organization. Leaders at all levels can be trained to be more charismatic, to be more intellectually stimulating, and to show more individual consideration. Successful training programs have been conducted for a variety of groups, such as first-level supervisors in high-tech computer firms, as well as senior executives of insurance firms, and officers in the Israeli military.[4]

# Leadership Traits

Leadership has been studied at three different levels – the individual, the group, and the organization.

- , At the individual level of analysis, leadership studies have focused on the traits of successful leaders.
- , At the group level, leadership studies have focused on leadership behaviors of both formal and informal leaders.
- , The organizational level of analysis has examined how organizational effectiveness is determined by the interaction between the leader, the follower, and the situation. These studies have given rise to *situational leadership theories* or *contingency theories of leadership.*

The traits of successful leaders have been studied for more than a century. World War I highlighted the need for selecting and training effective leaders, and for the quarter century between World War I and Word War II, numerous studies investigated the characteristics of good leaders. These studies are generally referred to as **trait studies**, because their primary goal was to identify the personal traits of effective leaders.

In general, the trait studies were quite disappointing. Although several traits were frequently associated with effective leaders, the research was weak and sometimes contradictory due to methodological problems associated with identifying good leaders, measuring leader traits, and measuring group effectiveness. Because of weak results, the focus of leadership research shifted from trait studies to contingency studies, which examined more than just the traits of the leader.

The research on leadership traits should not be dismissed too quickly, however. Although the traits studies were disappointing, they were not worthless. Several traits produced a significant difference in leadership effectiveness even though they did not act alone. Four major reviews have surveyed the trait studies, and the results can be summarized according to physical traits, intelligence, and personality traits.[5]

## Physical Traits

Trait studies examined such physical factors as height, weight, physique, energy, health, and appearance. To the extent that anything can be concluded regarding the relationship between these factors and leadership, it appears that leaders tend to be slightly taller and heavier, have better health, a superior physique, a higher rate of energy output, and a more attractive appearance.

To illustrate, one early study on the effects of height found that executives in insurance companies were taller than policyholders, that bishops were taller than clergymen, that university presidents were taller than college presidents, that sales managers were taller than sales representatives, and that railway presidents were taller than station agents.[6] Results of this sort, however, have not always been consistent. While one literature review found nine studies showing that leaders tend to be taller, it reported two studies showing that leaders tended to be shorter. Attractiveness and a pleasant appearance were found to be highly correlated with leaders among Boy Scouts; but among groups of delinquent youth, leaders were rated as more slovenly and unkempt.[7]

In summary, studies of personal characteristics are not particularly interesting or useful. The results are generally too weak and inconsistent to be useful in selecting leaders, nor are they useful for training purposes, because very little can be done to change most of these physical traits. The results seem to say more about cultural stereotypes than about leadership.

## Intelligence

Many studies have investigated the relationship between leadership and general intelligence, and they generally agree that leaders are more intelligent than nonleaders. The relationship between intelligence and leadership probably stems from the fact that so many leadership functions depend on careful problem solving. One review of leadership studies reported twenty-three experiments showing that leaders were brighter and had greater levels of intelligence. Only five studies reported that intelligence made no difference. In general, it appears safe to conclude that leaders are more intelligent than nonleaders, but again the correlations are small. Obviously, many other variables beside intelligence influence leadership effectiveness.[8]

An interesting conclusion from these studies is the suggestion that leaders should be more intelligent than the group, but not by too wide a margin. Members who are significantly brighter than other group members are seldom selected as leaders. Because of their superior intellect, it appears that other group members tend to reject them; they are too different from and out of touch with the rest of the group. People with high IQ's tend to have different vocabularies, interests, and goals, which create communication and interpersonal relations problems.

Leadership effectiveness also appears to be related to scholarship and knowledge. Leaders generally excel scholastically and receive better-than-average grades. General information, practical knowledge, and simply knowing how to get things done appears to be important for effective leadership, and several studies have shown a positive relationship between general knowledge and leadership ability.

## Personality Traits

Other personality traits also appear to be related to leadership, although most of the relationships are not especially strong. A list of the personality traits most frequently associated with leadership is shown in Exhibit 17.3. This list is based on the 1948 review by Ralph Stogdill of 124 studies of leadership traits. This list suggests that the average leader is more social, displays greater initiative, is more persistent, knows how to get things done, is more self-confident, displays greater cooperativeness and adaptability, and possesses greater verbal skills to facilitate communication.

Studies examining emotional adjustment quite consistently found that leaders are more emotionally mature than non-leaders. Rather consistent support was also found for the relationship between leadership and self-confidence or self-esteem. Indeed, the relationship between self-confidence and leadership generally produced some of the highest correlations of any of the personality traits tested. Honesty or integrity is another characteristic attributed to good leaders. Several reviews of the characteristics people admire most in leaders report that honesty is the most important trait.[9]

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**Exhibit 17.3 Personality Factors Most Frequently Associated with Effective Leadership**

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| Capacity | Achievement | Responsibility | Participation | Status |
|---|---|---|---|---|
| Intelligence | Scholarship | Honesty | Activity | Socioeconomic |
| Alertness | Knowledge | Dependability | Sociability | Position |
| Verbal facility | Athletic accomplishment | Initiative | Cooperation | Popularity |
| Originality | Personality adjustment | Persistence | Adaptability | |
| Judgement | | Aggressiveness | Humor | |
| | | Self-confidence | | |
| | | Desire to excel | | |

Consequently, it is not correct to conclude that personal characteristics are unrelated to leadership; some characteristics are important, but their relationships are rather complex. Four major reviews have concluded that effective leadership does not depend solely on personality traits. Situational variables are also important and the situation often determines whether a personality characteristic will be positively or negatively associated with effective leadership. Each review concluded that leadership must be examined as an interaction of three variables: characteristics of the leader, characteristics of the subordinate, and the nature of the task.

# Leader Behaviors

A second line of leadership research examined leader behaviors in the context of the group and attempted to describe what leaders actually do. These studies examined whether certain ways of behaving were more effective than others: how do effective leaders behave differently from other group members? Most of these studies started in the 1940's and have continued since then.

## Authoritarian, Democratic, and Laissez-faire Leadership

The contrasting political systems in the United States and Germany preceding World War II inspired one of the early classic studies of leadership that compared the effects of three leadership styles: authoritarian, democratic, and laissez-faire. Ten-year-old boys who were organized in groups of five participated in after-school activities under the leadership of a graduate student trained to provide democratic, autocratic, or laissez-faire leadership. Every six weeks the leaders were rotated among groups so that each group experienced each type of leadership. Under the *democratic leaders,* group decisions were made by majority vote in which equal participation was encouraged and criticism and punishment were minimal. Under the *autocratic leader,* all decisions were made by the leader and the boys were required to follow prescribed procedures under strict discipline. Under the *laissez-faire leader,* the actual leadership was minimized and the boys were allowed to work and play essentially without supervision.[10]

During the 18 weeks of this study, the performance of the boys was observed in order to assess the effects of the three leadership styles. Laissez-faire leadership produced the lowest levels of satisfaction and productivity, while autocratic leadership produced the highest levels of aggressive acts. Democratic leadership seemed to produce the most satisfied groups who also functioned in the most orderly and positive manner, which is what the researchers hoped to find. However, the effects of the leadership styles on productivity were somewhat mixed, although actual measures of

productivity were not obtained.  Under autocratic leadership, the groups spent more time in productive work activity and had more work-related conversations.  However, the autocratic groups appeared to be more productive only when the leader was present.  When the leader left the room, the amount of work-related activity dropped drastically.

The results of this study were somewhat surprising to the researchers, who had expected the highest satisfaction and productivity under democratic leadership.  This study was conducted under the direction of Kurt Lewin, a behavioral scientist who came to America from Germany just prior to World War II.  Lewin believed that the repressive, autocratic political climate he had left in Germany was not as satisfying, productive, or desirable as a democratic society.  He expected the results of the experiment to confirm his hypothesis.  Although the boys preferred a democratic leader, they appeared to be more productive under autocratic leadership.

Other studies have also shown that democratic leadership styles are not always the most productive.  In fact, some studies have found that both the satisfaction and the productivity of group members are higher under directive leaders than democratic leaders.  For example, a study of 488 managers in a consumer loan company found that employees who had high authoritarianism scores (high acceptance of strong authority relationships) were more satisfied and productive when they worked for supervisors who had little tolerance for freedom.[11]  Greater satisfaction with an authoritarian leader was also found in another study of over 1,000 workers.  This study found that employees who worked independently but were required to have frequent interaction with their superior preferred and were more satisfied with an autocratic leader.  Some examples of such employees are fire fighters, police officers, and administrative aides.[12]

## Initiating Structure and Consideration

Following World War II, a team of researchers at Ohio State University collected extensive data that were used to identify two leadership factors called initiating structure and consideration.[13]  ***Initiating structure*** consisted of leader behaviors associated with organizing and defining the work, the work relationships, and the goals.  A leader who initiated structure was described as one who assigned people to particular tasks, expected workers to follow standard routines, and emphasized meeting deadlines.  The factor of ***consideration*** involved leader behaviors that showed friendship, mutual trust, warmth, and concern for subordinates.

Survey data indicated that initiating structure and consideration are separate and independent dimensions of leadership behavior.  Therefore, a leader could be high on both dimensions, low on both dimensions, or high on one and low on the other.  Since both factors are important leader behaviors, the early studies assumed that effective leaders would be high on both dimensions; however, subsequent research failed to support this expectation.  The most effective leaders are usually high on both dimensions, but not always.  Occasionally other combinations have produced the highest levels of satisfaction and performance, including being high on one scale and low on the other or being at moderate levels on both dimensions.[14]

## Production-centered and Employee-centered Leader Behaviors

About the same time as the Ohio State University researchers were discovering the dimensions of initiating structure and consideration, a similar research program at the University of Michigan identified two similar dimensions of leadership behavior which they labeled production-centered and

employee-centered behaviors. **_Production-centered_** behaviors were similar to initiating structure, in which leaders established goals, gave instructions, checked on performance, and structured the work of the group. **_Employee-centered_** behaviors were similar to the dimension of consideration, in which the leader developed a supportive personal relationship with subordinates, avoided punitive behavior, and encouraged two-way communication with subordinates.[15]

Studies on the relationship between production-centered and employee-centered behaviors also found them to be independent dimensions of leadership. A review of twenty-four studies dispelled a popular myth suggesting that supervisors focus on either production or people, and to the extent that as they focus on one they ignore the other. These studies indicated instead that supervisors can be interested in both production and employees. Therefore, a leader who has a strong production orientation is not necessarily disinterested in the employees.[16]

## The Leadership Grid®

Another theory that combines concern for task accomplishment and a concern for people was created by Robert Blake and Jane Mouton using a 9X9 matrix called the Leadership Grid. The concern for production dimension is measured on a nine-point scale and represented along the horizontal dimension, while the vertical dimension measures an individual's concern for people, again using a nine-point scale. Blake and Mouton assume that the most effective leadership style is a 9,9 style, demonstrating both concern for production and concern for people.[17]

By responding to a questionnaire, individuals place themselves in one of the eighty-one cells on the Leadership Grid. Five different grid positions at the four corners and in the middle are typically used to illustrate different leadership styles:

*1,9 Style – Country Club Management:* a maximum concern for people with minimum concern for production. This individual is not concerned whether the group actually produces anything, but is highly concerned about the members' personal needs, interests, and interpersonal relationships.

*9,1 Style - Authority-Compliance Management:* primarily concerned with production and task accomplishment and unconcerned about people. This person wants to get the job done and wants to follow the schedule at all costs.

*1,1 Style – Impoverished Management:* minimal concern for both production and people. This person essentially abdicates the leadership role.

*5,5 Style – Middle-of-the-road Management*: a moderate concern for both people and production. This person organizes production to accomplish the necessary work while maintaining satisfactory morale.

*9,9 Style – Team Management:* a maximum concern for both production and people. This leader wants to meet schedules and get the job done, but at the same time is highly concerned about the feelings and interests of the group members.

The leadership Grid is popular among managers, and it has been used extensively in management training to help managers move toward a 9,9 style. In spite of its popularity, however, the usefulness of the Leadership Grid has not been consistently supported by research. Most of the available

research consists of case analyses that have been loosely interpreted to support it.  Empirical research has failed to show that a 9,9 leadership style is universally superior.  The demands of the situation, the expectations of other group members, and the nature of the work being performed interact in complex ways that call for a variety of leadership styles.  Consequently, the 9,9 leadership style is not always the most effective.

### Leader Behaviors as Leadership Roles

Research on leader behaviors helps us understand effective leadership in groups.  Rather than thinking of leadership strictly in terms of how a formal leader behaves, it is helpful to think of leadership as essential roles performed within a group.  This line of thinking implies that leadership consists of essential leader behaviors that can be performed by any group members.  The leadership roles of initiating structure and consideration are similar to the work roles and maintenance roles in groups.[18]  These two roles are necessary for a group to be effective and can be performed either by the formally appointed leader or by other group members.
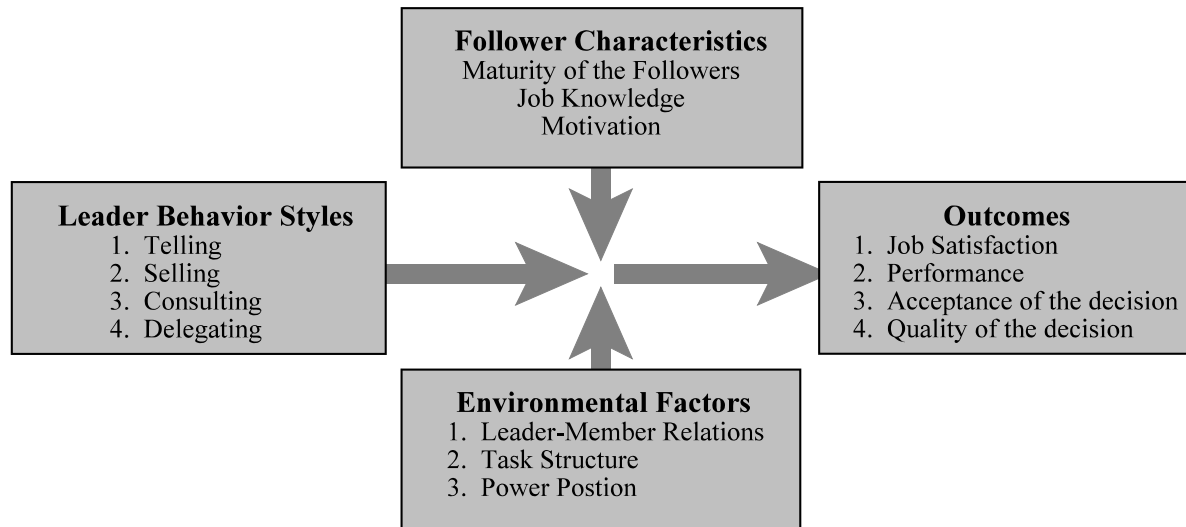
If a task is already highly structured, or if other group members are adequately structuring the task, then efforts by the leader to add additional structure are unnecessary and ineffective.  Likewise, the maintenance roles of showing consideration and concern for group members may be performed by other group members, thereby eliminating the need for the formal leader to perform this role.  In summarizing research on consideration and initiating structure, one review concluded that when the formally appointed leaders fail to perform either of these leader behaviors, an informal leader will emerge and perform them if it is necessary for success.

# Situational Leadership

Research on leader traits and behaviors failed to find one style of leadership that was universally superior.  Extensive reviews concluded that effective leadership depended on more than just the leader alone; what worked well in one situation would not necessarily work well in other situations.  These studies concluded that effective leadership depended on a combination of leadership styles, follower characteristics, and environmental factors.  This approach to leadership is referred to as situational leadership theory or contingency theories of leadership.

Five situational leadership theories have received the primary attention: (a) Paul Hersey and Ken Blanchard's life cycle theory of leadership, (b) Fred Fiedler's contingency theory of leadership, (c) Robert House's path-goal leadership theory, (d) Victor Vroom and Philip Yetton's decision-making model of leadership, and (e) Robert Tannenbaum and Warren Schmidt's model for choosing a leadership pattern.[19]  Rather than describing the development and results of each of these theories, they are combined into an integrated model of leadership effectiveness and only the summary conclusions and applications are presented here.  These theories all suggest that leader effectiveness depends on a combination of leader behavior styles, follower characteristics, and environmental factors as illustrated in Exhibit 17.4.

| **Exhibit 17.4    Situational Leadership Model** |
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┌─────────────────────────┐
│  Follower Characteristics │
│  Maturity of the Followers │
│      Job Knowledge        │
│        Motivation         │
└─────────────────────────┘
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┌──────────────────────────┐          ┌──────────────────────────────┐
│  **Leader Behavior Styles** │          │         **Outcomes**            │
│  1. Telling              │          │  1. Job Satisfaction            │
│  2. Selling              │          │  2. Performance                 │
│  3. Consulting           │          │  3. Acceptance of the decision  │
│  4. Delegating           │          │  4. Quality of the decision     │
└──────────────────────────┘          └──────────────────────────────┘

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┌──────────────────────────┐
│  Environmental Factors   │
│  1. Leader-Member Relations │
│  2. Task Structure       │
│  3. Power Postion        │
└──────────────────────────┘
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## Leader Behavior Styles

Leaders can select from among many different styles of leadership and these styles can involve varying levels of interpersonal sensitivity, affiliation, appreciation, and even humor. But, the most important variable influencing a person's leadership style is the degree to which the leader is willing to allow subordinates to participate in making decisions and directing their own actions. At one extreme is autocratic leadership where all decisions and influence come from the leader, and at the other end of the continuum is democratic leadership where the leader delegates the authority to decide and act to the members of a group. This decision is influenced by the leader's value system, especially the value the leader places on participation and involvement by subordinates. The amount of confidence leaders have in their subordinates and the leader's ability to handle uncertainty are also relevant considerations in selecting a leadership style.

When selecting a leadership style, a leader could choose any one of the following patterns that illustrate increasing levels of participation:

1. *Telling:* the leader makes all decisions and simply announces them and tells subordinates what to do. This leadership style is the most autocratic and generally the least preferred by most subordinates. However, it may be appropriate when time is limited and an immediate decision is necessary.

2. *Selling:* the leader presents a tentative decision subject to change and attempts to sell the decision to subordinates. The leader may present ideas and invite questions so that subordinates feel that their ideas are heard. Most subordinates want their feelings and ideas to be considered and they like having an opportunity to ask questions.

3. *Consulting:* The leader presents the problem to the group and obtains their suggestions and preferences before making the decision. Group participation often results in higher quality ideas than when the leader acts alone and lower resistance when implementing the decision.

4. ***Delegating:*** The leader may delegate the decision and its implementation to the group and let them handle it on their own.  Or, the leader may join the group and participate as any other member in making and implementing the decision.  This style requires great confidence in the ability and motivation of the group and usually requires much more time to make a decision.  However, the acceptance of the decision is usually much faster and the implementation is much smoother when the entire group participates.

To decide which is the most appropriate level of participation, a leader may want to consider the following questions:

— As long as it is accepted, does it make any difference which decision is selected?  Are some decisions qualitatively superior to others?

— Do I have enough information to make a high-quality decision, or do subordinates have additional information that must be considered?

— Is acceptance of the decision by subordinates crucial to effective implementation, and if I make the decision by myself will they accept it?

— Can subordinates be trusted to base their decisions on the best interests of the organization?

— Will subordinates agree on the preferred solution or will there be conflict?

— How much time do we have to make this decision and what are the costs of delaying a decision to involve others?

## Follower Characteristics

When selecting a leadership style the leader should consider such follower characteristics as whether followers have high needs for independence, whether they are ready to assume responsibility for decision making, whether they are interested in the problems, and whether they have enough experience to deal with them.  As subordinates gain greater skill and competence in managing themselves, leaders ought to provide more autonomy for them.

The appropriate leadership style depends primarily on the maturity of the followers.  Maturity is defined as the ability and willingness of people to take responsibility for directing their own behavior as it relates to the specific task being performed.  An individual or group may demonstrate maturity on some tasks and immaturity on others.  Maturity is determined by two components : job maturity (ability) and psychological maturity (willingness). Job maturity is the ability to successfully perform a task and is a function of the follower's job knowledge, training, experience, and skills. Psychological maturity refers to the willingness or motivation to perform the job and is a function of the follower's commitment and confidence.

Telling is an appropriate leadership style for subordinates who have low maturity and are both unable and unwilling to perform the job.  Selling is appropriate for followers who are able but unwilling, while consulting is well-suited for followers who are willing but unable to do the job.  Delegation requires followers who are both able and willing.

**Environmental Factors**

Many environmental forces influence the appropriate leadership style, including the culture of the organization and its history of allowing subordinates to exercise autonomy, cohesiveness of the group and the degree to which the members work together as a unit, the nature of the problem itself and whether subordinates have the knowledge and experience needed to solve it, and the pressures of time, since group decision making is time consuming and ineffective in a crisis situation.

Extensive research by Fred Fiedler demonstrated that the following environmental factors had an important impact on how leaders should act:

1. *Leader-member relations:* whether the natural relationships in the situation were friendly and pleasant or unfriendly and unpleasant.

2. *Task structure:* whether the task is relatively structured and followers know what to do without being told or whether it is unstructured and the leader must clarify the goals, identify how the task is to be accomplished, and defend the selected solution.

3. *Power position:* whether the leader has a strong power position because of official recognition and the ability to administer rewards and punishments, or whether the leader has a weak power position that is not recognized or accepted.

The combination of these three environmental factors determine whether the leader's situation is favorable or unfavorable. The most favorable position for a leader is to have positive leader-member relations, a structured task, and a strong power position. Conversely, the leader is in a very unfavorable situation when the leader-member relations are unpleasant, the task is unstructured, and the leader's power position is insecure. In between these two extremes, of course, are situations of moderate favorableness, which are very important in Fiedler's contingency theory because they call for a very different style of leadership than extremely favorable or unfavorable situations.

Fiedler's research demonstrated that in extremely favorable situations, task-oriented leaders achieve the best results because they focus on getting the work done without worrying too much about their relationships with followers. In these situations, the personal needs of followers are apparently already satisfied and interpersonal sensitivity is unnecessary since there is already a friendly and comfortable situation.

Likewise, when the situation is extremely unfavorable, the same task-oriented style of leadership achieves the best results since the job must get done and efforts to act friendly and concerned about followers will not make any difference. A task-oriented leader who simply focuses on getting the work done is more effective than a relationship-oriented leader who spends time fruitlessly trying to build good relationships in an impossible situation.

At intermediate levels of favorableness, however, a much different style of leadership is superior. Here, the ideal style is one that is sensitive to the feelings and interests of followers. Interpersonal sensitivity and involvement are important at intermediate levels since followers need to feel included and relevant. Concern for the group members is apparently a necessary prerequisite for motivating them to perform well.

# Determinants of Leadership Effectiveness

## Strategies for Improving Leadership

Since the quality of leadership contributes so greatly to the effectiveness of an organization, knowing how to increase leader effectiveness is a serious issue. Improved leader behavior is not a panacea for all organizational problems; nevertheless, quality leadership is so important that improving the quality of leadership should be an ongoing effort in every organization. Four of the most popular methods for increasing leadership effectiveness include leadership training, managerial selection and placement, organizational redesign, and rewarding leader behavior.

**Leadership Training.** Leaders can benefit from interpersonal skills training and training on the functions of management -- planning, organizing, directing, and controlling. Leaders need to know the differences between transactional and transformational leadership and have an opportunity to practice the skills involved in both kinds of leadership. Although training can help leaders acquire better leadership skills, it is doubtful that such training will change a leader's basic leadership orientation or personality structure.

**Managerial Selection and Placement.** Since basic leadership orientations are not easily changed, companies should select leaders who have leadership styles that fit the situation. Biographical information examining a person's previous leadership experiences can help to predict future leadership effectiveness. Effective leadership depends far more on good selection decisions than on training.

**Organizational Engineering.** When people are placed in situations inconsistent with their leadership style, they are generally unsuccessful and feel very frustrated until they are reassigned. Fiedler recommends that organizations engineer the job to fit the manager.[20] This approach is particularly useful when a specific individual is necessary to the organization, yet that person does not possess a compatible leadership style. The job can be changed most easily by changing the degree of task structure or the power position of the leader.

**Rewarding Leader Behavior.** Leaders can acquire new leadership skills and learn different leader behaviors if they are sufficiently motivated to experiment and learn. A variety of incentives can be provided to reward leaders for learning and developing. Pay increases and promotions are popular incentives encouraging most leaders to improve. However, the most powerful incentive is probably the intrinsic satisfaction that comes from greater self-confidence and improved interpersonal relationships between leaders and members.

## Reciprocal Influence of leader and Follower

With thousands of books and articles written about leadership, it is surprising that so little has been written about "followership." We seem to assume that leadership is a one-way process in which leaders influence followers, and we overlook the influence in the opposite direction. Only meager efforts have attempted to describe the influence of the group on the leader.

The discussion to this point has assumed that leaders influence followers – that the satisfaction and performance of the followers is caused by the leader's behavior. There are good reasons to reverse this statement, however, and argue that the behavior of the leaders is caused by the performance and

satisfaction of the followers.  When we acknowledge the leader's capacity to reward the behavior of followers, we should not overlook the capacity of the followers to reward the leader by the ways they perform.  For example, organizations reward managers according to the performance of their group.  Consequently, the managers of high-performing groups are highly rewarded because of their group's success.

One study has demonstrated the reciprocal nature of influence between leaders and subordinates.  In this study, data were collected from first-line managers and two of the supervisors who reported to them.  Leaders who were more considerate created greater satisfaction among their subordinates; but, at the same time, the performance of the subordinates caused changes in the behavior of the leaders.  Employees who performed well caused their supervisors to reward them and treat them with greater consideration.  Although research on the reciprocal influence between leaders and followers is still rather limited, it is important to remember that leadership may be significantly constrained by the followers.[21]

Some observers contend that the leadership crisis in society is not really caused by bad leaders, but by incompetent or uncooperative followers who fail to complete their work in an active, intelligent, and ethical way.  Effective followers are characterized as having (1) personal integrity that demands loyalty to the organization and a willingness follow their own beliefs, (2) an understanding of the organization and their assigned role, (3) versatility, and (4) personal responsibility.

**Constraints on Leader Behavior.**  Leaders do not have unlimited opportunities to influence others.  Leadership effectiveness is constrained by a variety of factors, such as the extent to which managerial decisions are preprogrammed due to precedent, structure, technological specifications, laws, and the absence of available alternatives.  Leadership can also be constrained by a variety of organizational factors limiting the leader's ability to either communicate with or to reinforce the behavior of subordinates.  The constraints imposed on leaders include external factors, organizational policies, group factors, and individual skills and abilities.

1. *External factors*. Leaders are constrained in what they can do because of economic realities and a host of state and federal laws.  For example, leaders are required to pay at least the minimum wage and they are required to enforce safety standards.  Leaders who have unskilled followers will have difficulty leading regardless of their leadership style, and the availability of skilled followers is influenced by the external labor market.  Some geographical areas have a much better supply of skilled employees than others.

2. *Organizational policies*.  The organization may constrain a leader's effectiveness by limiting the amount of interaction between leaders and followers and by restricting the leader's ability to reward or punish followers.

3. *Group factors*.  Group norms are created by the dynamics of the group.  If the group is highly cohesive and very determined, it can limit the leader's ability to influence the group.

4. *Individual skills and abilities*.  The leader's own skills and abilities may act as constraints since leaders can only possess so much expertise, energy, and power.  Some situations may simply require greater skills and abilities than the leader may possibly hope to possess.

**Substitutes for Leadership.**  While some situations constrain leaders, other situations make leadership unnecessary.  These variables are referred to as **leader substitutes** because they substitute

for leadership either by making the leader's behavior unnecessary or by neutralizing the leader's ability to influence subordinates.  An example of a variable that tends to substitute for leadership is training.  Subordinates who have extensive experience, ability, and training tend to eliminate the need for instrumental leadership.  Task instructions are simply unnecessary when subordinates already know what to do.

Realizing that there are constraints on a leader's behavior and that other factors may serve to neutralize or substitute for the influence of a leader helps explain why the research on leadership has produced such inconsistent results.  This inconsistency does not mean leadership is unimportant; it just illustrates the complexity of the world in which leaders are required to function.  Leadership is an extremely important function that has an enormous influence on the effectiveness of groups and organizations.  The complexity of the situation, however, may prevent us from knowing in advance which leadership behaviors will be the most effective.

# Discussion Questions

1   Identify someone who is a great transformational leader and someone who is a transactional leader.  How are they different, and what are the effects of these differences?

2   Studies of the relationship between physical traits and leadership in men suggest that leaders tend to be tall, intelligent, and handsome.  How do you account for these results?

3   What is the relationship between the two leader behaviors, initiating structure and consideration, and the two group roles: work roles and maintenance roles?  What does this association suggest in terms of essential activities for group functioning?

4   Apply Fiedler's contingency theory of leadership by identifying two situations, one extremely favorable and the other extremely unfavorable, and explain why a task-oriented leader is most effective in each situation.  Also identify a situation of moderate favorableness and explain why a relations-oriented leader would be best.

5   The relationship between the leader and the group involves a reciprocal influence relationship.  Who do you think exerts the greatest influence, the leader or the group?  Using the principles of operant conditioning, describe how a group would need to behave in order to create a punitive, authoritarian supervisor or a rewarding, participative supervisor.

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