Although some people treat the terms "managership" and "leadership" as synonyms, the two should be distinguished. As a matter of fact, there can be leaders of completely unorganized groups, but there can be managers, as conceived here, only where organized structures create roles. Separating leadership from managership has important analytical advantages. It permits leadership to be singled out for study without the encumbrance of qualifications relating to the more general issue of managership.

Leadership is an important aspect of managing. As this chapter will show, the ability to lead effectively is one of the keys to being an effective manager; also, undertaking the other essentials of managing—doing the entire managerial job—has an important bearing on ensuring that a manager will be an effective leader. Managers must exercise all the functions of their role in order to combine human and material resources to achieve objectives. The key to doing this is the existence of a clear role and a degree of discretion or authority to support managers' actions.

The essence of leadership is followership. In other words, it is the willingness of people to follow that makes a person a leader. Moreover, people tend to follow those whom they see as providing a means of achieving their own desires, wants, and needs.

Leadership and motivation are closely interconnected. By understanding motivation, one can appreciate better what people want and why they act as they do. Also, as noted in the previous chapter, leaders may not only respond to subordinates' motivations but also arouse or dampen them by means of the organizational climate they develop. Both these factors are as important to leadership as they are to managership.

DEFINING LEADERSHIP

Leadership has different meanings to different authors.[1] Harry Truman, the American President, said that leadership is the ability to get men (women) to do what they don't like to do and like it. In this book, **leadership** is defined as influence, that is, the art or process of influencing people so that they will strive willingly and enthusiastically toward the achievement of group goals.[2] Ideally, people should be encouraged to develop not only willingness to work but also willingness to work with zeal and confidence. Zeal is ardor, earnestness, and intensity in the execution of work;

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confidence reflects experience and technical ability. Leaders act to help a group attain objectives through the maximum application of its capabilities. They do not stand behind a group to push and prod; they place themselves before the group as they facilitate progress and inspire the group to accomplish organizational goals. A good example is an orchestra leader, whose function is to produce coordinated sound and correct tempo through the integrated effort of the musicians. The performance of the orchestra will depend on the quality of the director's leadership.

INTERNATIONAL PERSPECTIVE

Leadership at Southwest Airlines[3]

Let us consider the leadership style of Herbert Kelleher, the chairman of Southwest Airlines. He creates a family feeling among his employees by remembering their names and personally sending out birthday cards. In an attempt to stay competitive in the deregulated airline industry, he asked for, and received, considerable concessions from employees and their union. His hands-on leadership style won him the respect and followership of his employees. The austerity measures apply equally to the management and employees. His office, for example, is in a barracks-style building. Leading by example those who follow him, he seems concerned about both the tasks to be done and the people who work for him. His leadership style is also congruent with the airline's policy of providing friendly service and keeping the costs low.

After the September 11, 2001 bombing of the World Trade Center in New York and other facilities, most American airlines suffered great losses because of the downturn in airline traffic. Herb Kelleher and his successor Jim Parker handled the crisis without layoffs by adhering to Southwest's policy of the first priority to employees, second to customers, and third to shareholders (who, by the way, did very well). Southwest's approach to managing that focuses on keeping things simple, having essentially only one type of aircraft (which simplifies aircraft maintenance and inventory management of spare parts), a short turnaround to maximize the time the airplanes are in the air (which is the only time they make money), and keeping employees happy, resulted in excellent performance with no losses in the past 26 years. No wonder, Herb Kelleher was named Morningstar's CEO of the Year 2001[4].

INGREDIENTS OF LEADERSHIP[5]

Leaders envision the future; they inspire organization members and chart the course of the organization. Lee Iacocca, Chrysler's former CEO, General Electric's Jack Welch, and Bill Gates of Microsoft have provided a vision for their companies. Leaders must instill values—whether they be concern for quality, honesty, and calculated risk taking or concern for employees and customers.

Every group of people that performs near its total capacity has some person as its head who is skilled in the art of leadership. This skill seems to be a compound of at least four major ingredients: the ability to use power effectively and in a responsible

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manner, the ability to comprehend that human beings have different motivation forces at different times and in different situations, the ability to inspire, and the ability to act in a manner that will develop a climate conducive to responding to and arousing motivations.

Power and Understanding People

The first ingredient of leadership is power. The nature of power and the differences between power and authority were discussed in Chapter 9. The second ingredient of leadership is a fundamental understanding of people. As in all other practices, it is one thing to know motivation theory, kinds of motivating forces, and the nature of a system of motivation but another thing to be able to apply this knowledge to people and situations. A manager or any other leader who at least knows the present state of motivation theory and who understands the elements of motivation is more aware of the nature and strength of human needs and is better able to define and design ways of satisfying them and to administer so as to get the desired responses.

Inspiring Followers

The third ingredient of leadership is the rare ability to inspire followers to apply their full capabilities to a project. While the use of motivators seems to center on subordinates and their needs, inspiration also comes from group heads. They may have qualities of charm and appeal that give rise to loyalty, devotion, and a strong desire on the part of followers to promote what the leaders want. This is not a matter of need satisfaction; it is, rather, a matter of people giving unselfish support to a chosen champion. The best examples of inspirational leadership come from hopeless and frightening situations: an unprepared nation on the eve of battle, a prison camp with exceptional morale, or a defeated leader undeserted by faithful followers. Some may argue that such devotion is not entirely unselfish, that it is in the interests of those who face catastrophe to follow a person they trust. But few would deny the value of personal appeal in either case.

Style of the Leader

The fourth ingredient of leadership has to do with the style of the leader and the climate he or she develops. As Chapter 14 has shown, the strength of motivation greatly depends on expectancies, perceived rewards, the amount of effort believed to be required, the task to be done, and other factors which are part of an environment, as well as on organizational climate. Awareness of these factors has led to considerable research on leadership behavior and to the development of various pertinent theories. The views of those who have long approached leadership as a psychological study of interpersonal relationships have tended to converge with the viewpoint that the primary tasks of managers are the design and maintenance of an environment for performance.

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Relationship with the Boss

Gabarro and Kotter added another ingredient, namely that effective managers must develop a healthy relationship with their boss.[6] This means that this relationship is based on mutual dependence. Thus, the manager must understand the boss's goals and pressures and give attention to his or her concerns.

Principle of Leadership

Almost every role in an organized enterprise is made more satisfying for participants and more productive for the enterprise by those who can help others fulfill their desire for such things as money, status, power, and pride of accomplishment. The fundamental **principle of leadership** is: Since people tend to follow those who, in their view, offer them a means of satisfying their own personal goals, the more managers understand what motivates their subordinates and how these motivations operate, and the more they reflect this understanding in carrying out their managerial actions, the more effective they are likely to be as leaders.

Because of the importance of leadership in all kinds of group action, there is a considerable volume of theory and research concerning it. It is difficult to summarize such a large body of research in a form relevant to day-to-day management. However, examined below are several major types of leadership theory and research, together with outlines of some basic kinds of leadership styles.

INTERNATIONAL PERSPECTIVE

Canon's Fumio Mitarai—Not the Typical Japanese CEO

By Japanese standards, Canon's Fumio Mitarai is a contrarian. He is not so much a consensus builder, but rather takes decisive actions by himself such as discontinuing Canon's PC division. Moreover, rather than focusing on enlarging market share (as has been typical by Japanese companies in the US), Mitarai focuses on profits. This profit-orientation may have been influenced by his experience in America. He has been stated as saying "I had different business standards and found Japan too irrational."[7] At any rate, he increased his global digital market share from 9 per cent in 2000 to 14 per cent in 2001. Will other Japanese managers follow his example?

TRAIT APPROACHES TO LEADERSHIP

Prior to 1949, studies of leadership were based largely on an attempt to identify the traits that leaders possess. Starting with the "great man" theory that leaders are born and not made, a belief dating back to the ancient Greeks and Romans, researchers have tried to identify the physical, mental, and personality traits of various leaders. The "great man" theory lost much of its acceptability with the rise of the behaviorist school of psychology.

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Many studies of traits have been made. Ralph M Stogdill found that various researchers have identified specific traits related to leadership ability: five physical traits (such as energy, appearance, and height), four intelligence and ability traits, sixteen personality traits (such as adaptability, aggressiveness, enthusiasm, and self-confidence), six task-related characteristics (such as achievement drive, persistence, and initiative), and nine social characteristics (such as cooperativeness, interpersonal skills, and administrative ability).[8]

The discussion of the importance of traits to leadership goes on; more recently, the following key leadership traits were identified: drive (including achievement, motivation, energy, ambition, initiative, and tenacity), leadership motivation (the aspiration to lead but not to seek power as such), honesty and integrity, self-confidence (including emotional stability), cognitive ability, and an understanding of the business. Less clear is the impact of creativity, flexibility, and charisma on leadership effectiveness.

In general, the study of leaders' traits has not been a very fruitful approach to explaining leadership. Not all leaders possess all the traits, and many nonleaders may possess most or all of them. Also, the trait approach gives no guidance as to how much of any trait a person should have. Furthermore, the dozens of studies that have been made do not agree as to which traits are leadership traits or what their relationships are to actual instances of leadership. Most of these so-called traits are really patterns of behavior.

CHARISMATIC LEADERSHIP

Charismatic leadership is closely related to the previous discussion. One of the early studies of charismatic characteristics was done by Robert J House.[9] He and other authors indicate that charismatic leaders may have certain characteristics such as being self-confident, having strong convictions, articulating a vision, are able to initiating change, communicating high expectations, having a need to influence followers and supporting them, demonstrating enthusiasm and excitement, and are in touch with reality.[10] While these may be admirable characteristic, as discussed earlier, other factors such as the characteristics of the followers and the situation may impact effective leadership.

LEADERSHIP BEHAVIOR AND STYLES

There are several theories on leadership behavior and styles. This section focuses on leadership based on the use of authority, the managerial grid, and leadership involving a variety of styles, ranging from a maximum to a minimum use of power and influence.

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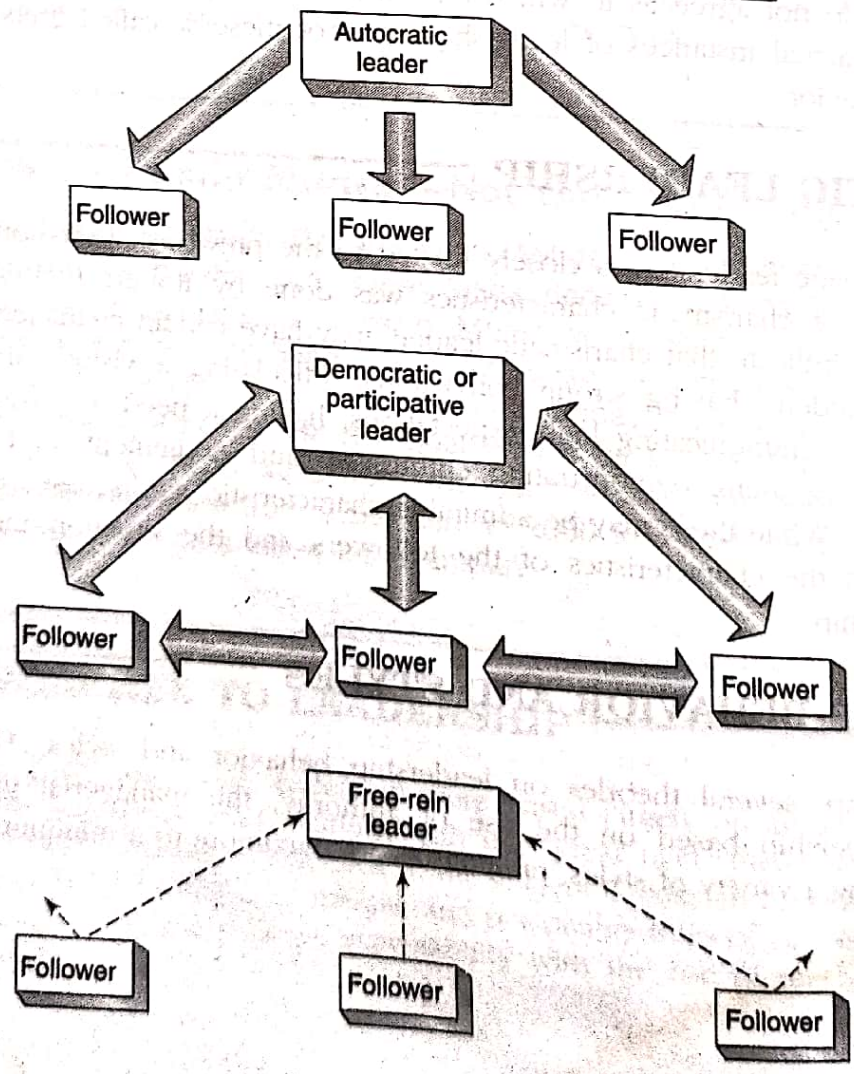
Styles Based on Use of Authority

Some earlier explanations of leadership styles classified them on the basis of how leaders use their authority. Leaders were seen as applying three basic styles. The **autocratic** leader commands and expects compliance, is dogmatic and positive, and leads by the ability to withhold or give rewards and punishment. The **democratic**, or **participative**, leader consults with subordinates on proposed actions and decisions and encourages participation from them. This type of leader ranges from the person who does not take action without subordinates' concurrence to the one who makes decisions but consults with subordinates before doing so.

The **free-rein** leader uses his or her power very little, if at all, giving subordinates a high degree of independence in their operations. Such leaders depend largely on subordinates to set their own goals and the means of achieving them, and they see their role as one of aiding the operations of followers by furnishing them with information and acting primarily as a contact with the group's external environment. Figure 15.1 illustrates the flow of influence in the three leadership situations.

Figure 15.1

The Flow of Influence with Three Leadership Styles



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There are variations within this simple classification of leadership styles. Some autocratic leaders are seen as "benevolent autocrats". Although they listen considerately to their followers' opinions before making a decision, the decision is their own. They may be willing to hear and consider subordinates' ideas and concerns, but when a decision is to be made, they may be more autocratic than benevolent.

A variation of the participative leader is the person who is supportive. Leaders in this category may look upon their task as not only consulting with followers and carefully considering their opinions but also doing all they can to support subordinates in accomplishing their duties.

The use of any style will depend on the situation. A manager may be highly autocratic in an emergency; one can hardly imagine a fire chief holding a long meeting with the crew to consider the best way of fighting a fire. Managers may also be autocratic when they alone have the answers to certain questions.

A leader may gain considerable knowledge and a better commitment on the part of persons involved by consulting with subordinates. As already noted, this is true in developing verifiable objectives under systems of managing by objectives. Furthermore, a manager dealing with a group of research scientists may give them free rein in developing their inquiries and experiments. But the same manager might be quite autocratic in enforcing a rule stipulating that employees wear a protective covering when they are handling certain potentially dangerous chemicals.

Do Women Lead Differently?

Women as managers may use a different leadership style than men. One study found that women see leadership as changing the self-interest of followers into concern for the total enterprise by using interpersonal skills and personal traits to motivate subordinates.[11] This "interactive leadership" style involves sharing information and power, inspiring participation, and letting people know that they are important. Men, in contrast, are more likely to see leadership as a sequence of transactions with their subordinates. Moreover, they more often use control of resources and the authority of their position to motivate their people. This does not mean that all successful women and men use the respective leadership styles. Certainly, some men use "interactive leadership" in guiding their subordinates, and some women use the traditional command structure in directing their followers.

The Managerial Grid

A well-known approach to defining leadership styles is the managerial grid, developed decades ago by Robert Blake and Jane Mouton. Building on previous research that showed the importance of a manager's concern both for production and for people, Blake and Mouton devised a clever device to dramatise this concern. This grid, shown in Figure 15.2, has been used throughout the world as a means of training managers and of identifying various combinations of leadership styles.

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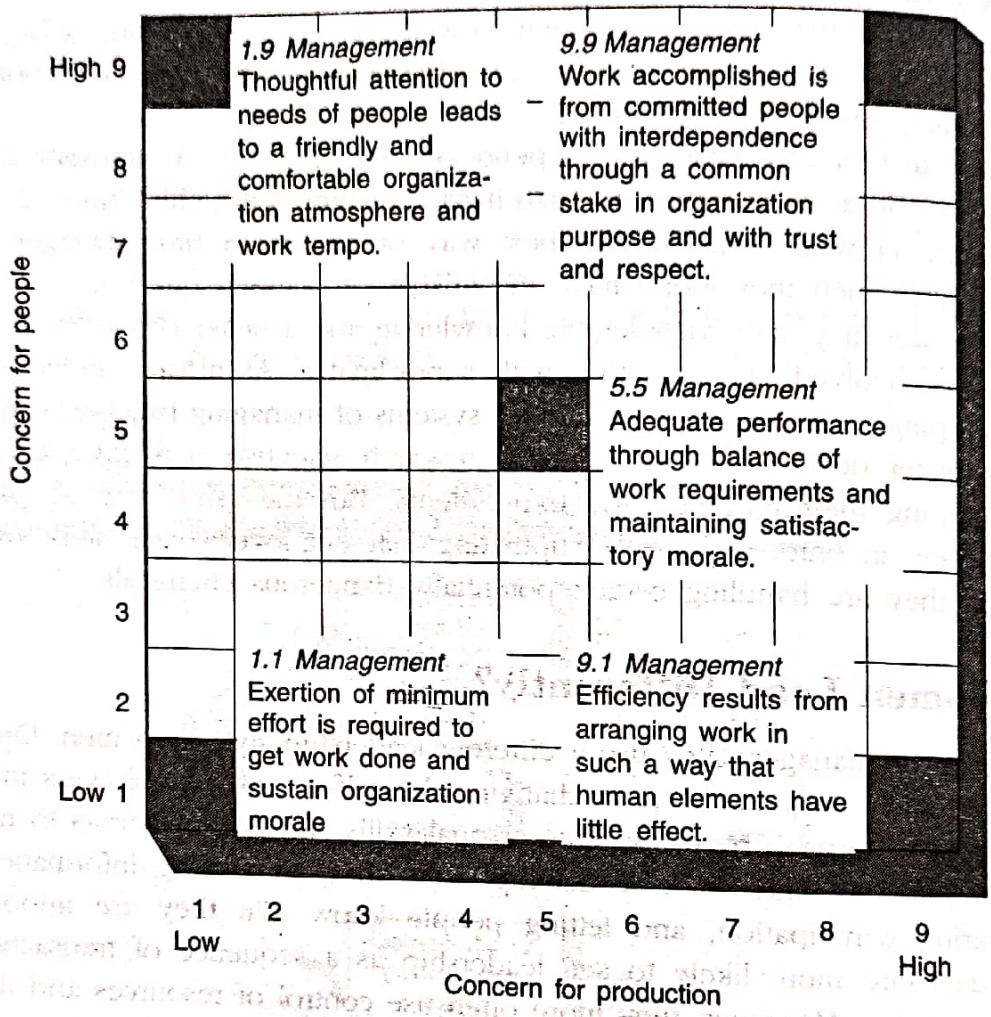
Figure 15.2

The Managerial Grid

Adapted from R. R. Blake and J. S. Mouton, *The Managerial Grid* (Houston, Texas: Gulf Publishing Company, 1964) p.10



INTERNATIONAL PERSPECTIVE

The Body Shop International[12]

The Body Shop International is an environmentally conscious and socially responsive cosmetic company with more than 1600 shops located around the world. It was founded in England in 1976 by Anita Roddick. Originally, she developed the products herself in her kitchen. Her unique philosophy and business practices were unconventional in the cosmetic industry, emphasizing the use of natural ingredients and packaging products in reusable containers. The company avoided animal testing of their products that also identified the ingredients used. Employees were selected on the basis of their idealistic motivations, and their socially and environmentally consciousness. The Body Shops methods of marketing and sales were in sharp contrast to the large cosmetic companies using fashion models and glitzy advertising.

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The Body Shop was originally very successful but the company encountered difficulties in the 1990s. Although the number of stores increased, the turnovers in the stores were flat. In 1998, Anita Roddick resigned as CEO. Some observers were wondering whether European, American, and Asian customers equally shared her social consciousness. They were also curious why people would be attracted to the Body Shop that used very little advertising if any at all. Moreover, would the company be able to maintain Roddick's philosophy and business practices after she vacated her CEO position?

The Grid Dimensions The grid has two dimensions: concern for people and concern for production. As Blake and Mouton have emphasized, their use of the phrase "concern for" is meant to convey "how" managers are concerned about production or "how" they are concerned about people, and not such things as "how much" production they are concerned about getting out of a group.

"Concern for production" includes the attitudes of a supervisor towards a wide variety of things, such as the quality of policy decisions, procedures and processes, creativeness of research, quality of staff services, work efficiency, and volume of output. "Concern for people" is likewise interpreted in a broad way. It includes such elements as degree of personal commitment towards goal achievement, maintenance of the self-esteem of workers, placement of responsibility on the basis of trust rather than obedience, provision of good working conditions, and maintenance of satisfying interpersonal relations.

The Four Extreme Styles Blake and Mouton recognize four extremes of style. Under the **1.1** style (referred to as "impoverished management"), managers concern themselves very little with either people or production and have minimum involvement in their jobs; to all intents and purposes, they have abandoned their jobs and only mark time or act as messengers communicating information from superiors to subordinates. At the other extreme are the **9.9** managers, who display in their actions the highest possible dedication both to people and to production. They are the real "team managers" who are able to mesh the production needs of the enterprise with the needs of individuals.

Another style is **1.9** management (called "country club management" by some), in which managers have little or no concern for production but are concerned only for people. They promote an environment in which everyone is relaxed, friendly, and happy and no one is concerned about putting forth coordinated effort to accomplish enterprise goals. At another extreme are the **9.1** managers (sometimes referred to as "autocratic task managers"), who are concerned only with developing an efficient operation, who have little or no concern for people, and who are quite autocratic in their style of leadership.

By using these four extremes as points of reference, every managerial technique, approach, or style can be placed somewhere on the grid. Clearly, **5.5** managers have medium concern for production and for people. They obtain adequate, but not outstanding, morale and production. They do not set goals too high, and they are likely to have a rather benevolently autocratic attitude toward people.

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The managerial grid is a useful device for identifying and classifying managerial styles, but it does not tell us why a manager falls into one part or another of the grid. To determine the reason, one has to look at underlying causes, such as the personality characteristics of the leader or the followers, the ability and training of managers, the enterprise environment, and other situational factors that influence how leaders and followers act.

Leadership as a Continuum

The adaptation of leadership styles to different contingencies has been well characterized by Robert Tannenbaum and Warren H Schmidt, developers of the **leadership continuum** concept. As Figure 15.3 shows, they see leadership as involving a variety of styles, ranging from one that is highly boss-centered to one that is highly subordinate-centered. The styles vary with the degree of freedom a leader or manager grants to subordinates. Thus, instead of suggesting a choice between the two styles of leadership—authoritarian or democratic—this approach offers a range of styles, with no suggestion that one is always right and another is always wrong.

The continuum theory recognizes that the style of leadership depends on the leader, the followers, and the situation. To Tannenbaum and Schmidt, the most important elements that may influence a manager's style can be seen along a continuum as; the forces operating in the manager's personality, including his or her value system, confidence in subordinates, inclination toward leadership styles, and feelings of security in uncertain situations; the forces in subordinates (such as their willingness to assume responsibility, their knowledge and experience, and their tolerance for ambiguity) that will affect the manager's behavior; and the forces in the situation, such as organization values and traditions, the effectiveness of subordinates working as a unit, the nature of a problem and the feasibility of safely delegating the authority to handle it, and the pressure of time.

In reviewing their continuum model in 1973 (it was first formulated in 1958), Tannenbaum and Schmidt placed circles around the model, as shown in Figure 15.3, to represent the influences on style imposed by both the organizational environment and the societal environment.[13] This was done to emphasise the open-system nature of leadership styles and the various impacts of the organizational environment and of the social environment outside an enterprise. In their 1973 commentary, they put increased stress on the interdependency of leadership style and environmental forces—such as labor unions, greater pressures for social responsibility, the civil rights movement, and the ecology and consumer movements—that challenge the rights of managers to make decisions or handle their subordinates without considering interests outside the organization.

SITUATIONAL, OR CONTINGENCY, APPROACHES TO LEADERSHIP

As disillusionment with the "great man" and trait approaches to understanding leadership increased, attention turned to the study of situations and the belief that

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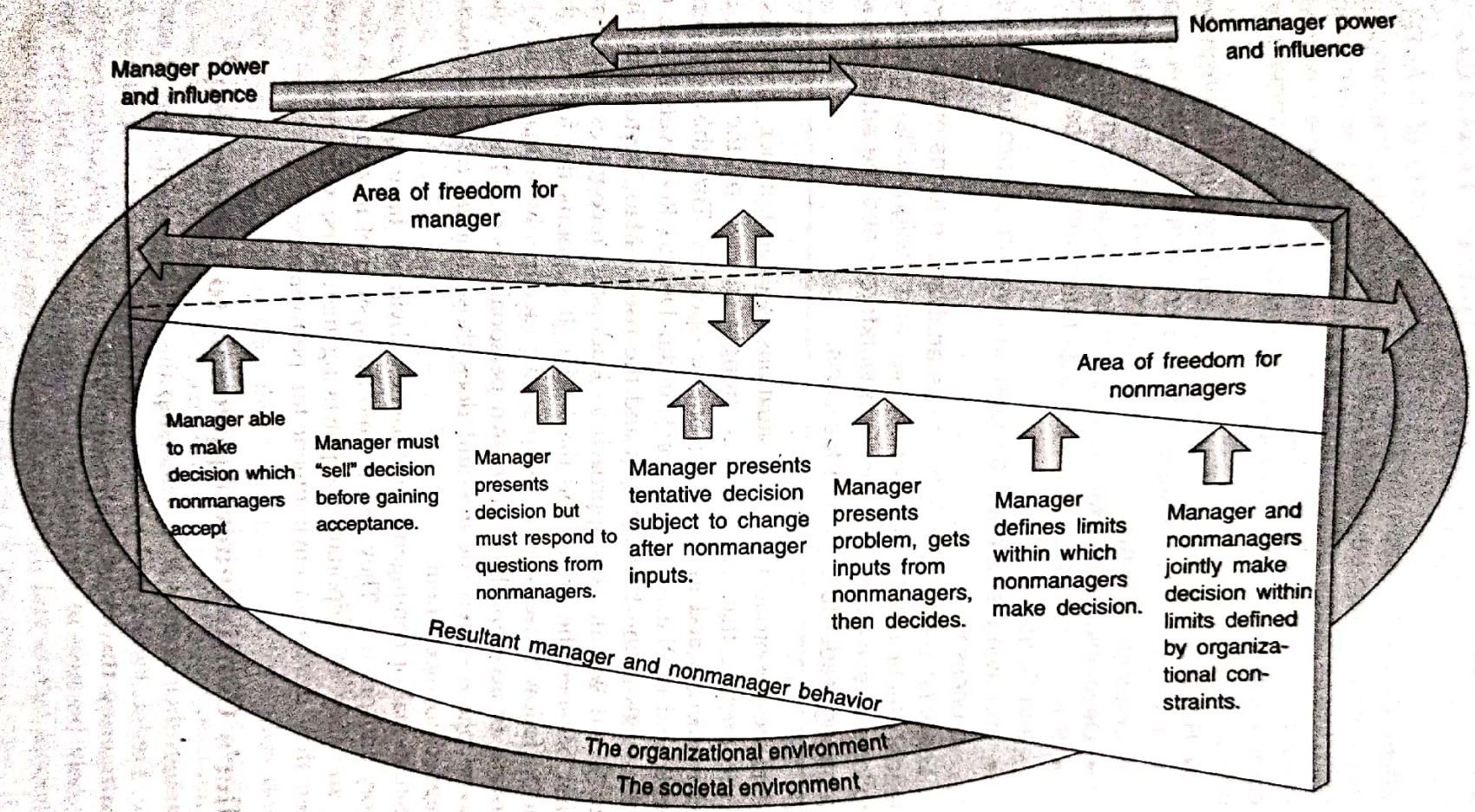
Figure 15.3

Continuum of Manager-Nonmanager Behavior

Used with permission from R. Tannenbaum and W. H. Schmidt, "Retrospective Commentary" on "How to Choose Leadership Pattern," *Harvard Business Review*, vol. 51, no. 3 (May–June 1973), p 167.



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INTERNATIONAL PERSPECTIVE

Leadership at Italian ITALTEL

When Marisa Bellisario became director and CEO of ITALTEL, a state-owned telecommunication equipment manufacturer in Italy, the company was in trouble: high losses, large debts, insufficient research and development, and an over-staffed, unionized organization.[14] Bellisario took some major steps to turn the company around and to improve productivity. Here are some examples of the new direction:

- Restructuring the organization into business units, which was accomplished through open communication and cooperation with the union.
- Leading the company into electronics, which required retraining of employees.
- Developing a program to upgrade low-skilled women in the workforce.
- Pushing for intra-European cooperation with companies in France, England, and Germany.
- Improving efficiency through innovation in products and manufacturing processes.

Leadership such as this has to be analyzed in terms of the characteristics of the leader (technical, human, conceptual, and design skills); good relations with the followers, especially the unionized workforce; and the situation, which demanded a strong leader to deal with the crisis.

leaders are the product of given situations. A large number of studies have been made on the premise that leadership is strongly affected by the situation from which the leader emerges and in which he or she operates. That this is a persuasive approach is indicated by the emergence of Franklin Delano Roosevelt in the Great Depression of the 1930s in the United States and the rise of Mao Tse-tung in China in the period after World War II. This approach to leadership recognizes that there exists an interaction between the group and the leader. It supports the follower theory that people tend to follow those whom they perceive (accurately or inaccurately) as offering them a means of accomplishing their own personal desires. The leader, then, is the person who recognizes these desires and does those things, or undertakes those programs designed to meet them.

Situational or contingency approaches obviously have much meaning for managerial theory and practice. They also tie into the system of motivation as discussed in Chapter 14, and they are important for practicing managers, who must consider the situation when they design an environment for performance.

Fiedler's Contingency Approach to Leadership[15]

Although their approach to leadership theory is primarily one of analyzing leadership style, Fred E Fiedler and his associates at the University of Illinois have suggested a **contingency theory of leadership.**[16] The theory holds that people become leaders not only because of the attributes of their personalities but also because of various situational factors and the interactions between leaders and group members.

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Critical Dimensions of the Leadership Situation On the basis of his studies, Fiedler described three critical dimensions of the leadership situation that help determine what style of leadership will be most effective:

1. Position power: This is the degree to which the power of a position, as distinguished from other sources of power, such as personality or expertise, enables a leader to get group members to comply with directions; in the case of managers, this is the power arising from organizational authority. As Fiedler points out, a leader with clear and considerable position power can obtain good followership more easily than one without such power.
2. Task structure: With this dimension, Fiedler had in mind the extent to which tasks can be clearly spelled out and people held responsible for them. If tasks are clear (rather than vague and unstructured), the quality of performance can be more easily controlled and group members can be held more responsible for performance.
3. Leader-member relations: Fiedler regarded this dimension as the most important from a leader's point of view, since position power and task structure may be largely under the control of an enterprise. It has to do with the extent to which group members like and trust a leader and are willing to follow that leader.

Leadership Styles To approach his study, Fiedler set forth two major styles of leadership. One of these is primarily task-oriented, that is, the leader gains satisfaction from seeing tasks performed. The other is oriented primarily towards achieving good interpersonal relations and attaining a position of personal prominence.

To measure leadership styles and determine whether a leader is chiefly task-oriented, Fiedler used an unusual testing technique. He based his findings on two types sources: scores on the least preferred co-worker (LPC) scale—these are ratings made by people in a group as to those with whom they would least like to work; and scores on the assumed similarity between opposites (ASO) scale, which are ratings based on the degree to which leaders see group members as being like themselves, on the assumption that people will like best, and work best with, those who are seen as most like themselves. Today the LPC scale is most commonly used in research. In developing this scale, Fiedler asked respondents to identify the traits of a person with whom they could work least well.[17] Respondents described the person by rating sixteen items on a scale of attributes, such as the following:

Pleasant :____:____:____:____:____|____:____:____:____: Unpleasant
Rejecting :____:____:____:____:____|____:____:____:____: Accepting

On the basis of his studies with this method, as well as studies done by others, Fiedler found that people who rated their co-workers high (that is, in favorable terms) were those who derived major satisfaction from successful interpersonal relationships. People who rated their "least preferred co-worker" low (that is, in unfavorable terms) were seen as deriving their major satisfaction from task performance.

From his research, Fiedler came to some interesting conclusions. Recognizing that personal perceptions may be unclear and even quite inaccurate, Fiedler nonetheless found that: Leadership performance depends as much on the organization as it depends on the leader's own attributes. Except perhaps for the unusual case, it is simply not

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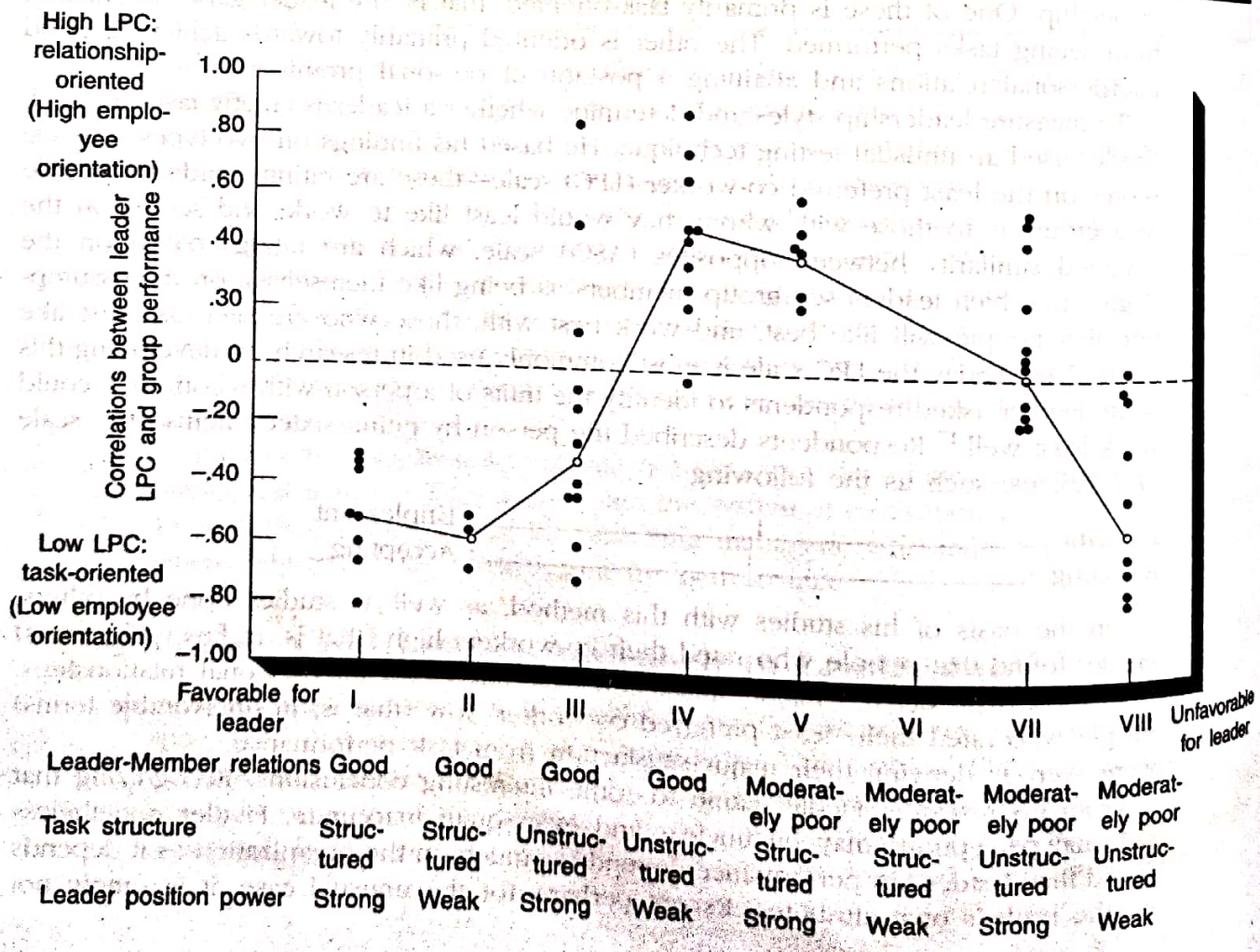
meaningful to speak of an effective leader or an ineffective leader; we can only speak of a leader who tends to be effective in one situation and ineffective in another. If we wish to increase organizational and group effectiveness, we must learn not only how to train leaders more effectively but also how to build an organizational environment in which the leader can perform well.[18]

Fiedler's contingency model of leadership is presented as a graph in Figure 15.4. This figure is really a summary of Fiedler's research, in which he found that in "unfavorable" or "favorable" situations the task-oriented leader would be the most effective. Favorableness of situation was defined by Fiedler as the degree to which a given situation enables a leader to exert influence over a group. In other words, when leader position power is weak, the task structure is unclear, and leader-member relations are moderately poor, the situation is unfavorable for the leader and the most effective leader will be one who is task-oriented. (Each dot in the graph represents findings from a research study; see the lower right hand corner for the task-oriented leader.) At the other

Figure 15.4

Fielder's Model of Leadership

Adapted from F. E. Fiedler, *A Theory of Leadership Effectiveness* (New York: McGraw-Hill Book Company, 1967), p. 146. Used with permission.



extreme, in which position power is strong, the task structure is clear, and leader-member relations are good—a favorable situation for the leader—Fiedler found that the task-oriented leader will also be most effective. However, if the situation is only moderately unfavorable or favorable (the middle of the scale in the figure), the human relations-oriented leader will be most effective.

In a highly structured situation, such as in the military during a war, where the leader has strong position power and good relations with members, there is a favorable situation in which task orientation is most appropriate. The other extreme, an unfavorable situation with moderately poor relations, an unstructured task, and weak position power, also suggests task orientation by the leader, who may reduce anxiety or ambiguity that could be created by the loosely structured situation. Between the two extremes (the middle of the scale in Figure 15.4), the suggested approach emphasizes cooperation and good relations with people.

Fiedler's Research and Management In reviewing Fiedler's research, one finds that there is nothing automatic or "good" in either the task-oriented or the people-satisfaction-oriented style. Leadership effectiveness depends on the various elements in the group environment. This might be expected. Cast in the desired role of leaders, managers who apply knowledge to the realities of the group reporting to them will do well to recognize that they are practicing an art. But in doing so, they will necessarily take into account the motivations to which people will respond and their ability to satisfy them in the interest of attaining enterprise goals.

Several scholars have put Fiedler's theory to test in various situations. Some have questioned the meaning of the LPC score, and others suggest that the model does not explain the causal effect of the LPC score on performance. Some of the findings are not statistically significant, and situational measures may not be completely independent of the LPC score.

Despite such criticism, it is important to recognize that effective leadership style depends on the situation. Although this idea may not be new, Fiedler and his colleagues drew attention to this fact and stimulated a great deal of research.

The Path-Goal Approach to Leadership Effectiveness

The **path-goal theory** suggests that the main function of the leader is to clarify and set goals with subordinates, help them find the best path for achieving the goals, and remove obstacles. Proponents of this approach have studied leadership in a variety of situations. As stated by Robert House, the theory builds on various motivational and leadership theories of others.[19]

The theory proposes that situational factors contributing to effective leadership should be considered. These factors include characteristics of subordinates, such as their needs, self-confidence, and abilities; and the work environment, including such components as the task, the reward system, and the relationship with co-workers (see Figure 15.5).

The theory categorizes **leader behavior** into four groups:

1. Supportive leadership behavior gives consideration to the needs of subordinates, shows a concern for their well-being, and creates a pleasant organizational

PART 5

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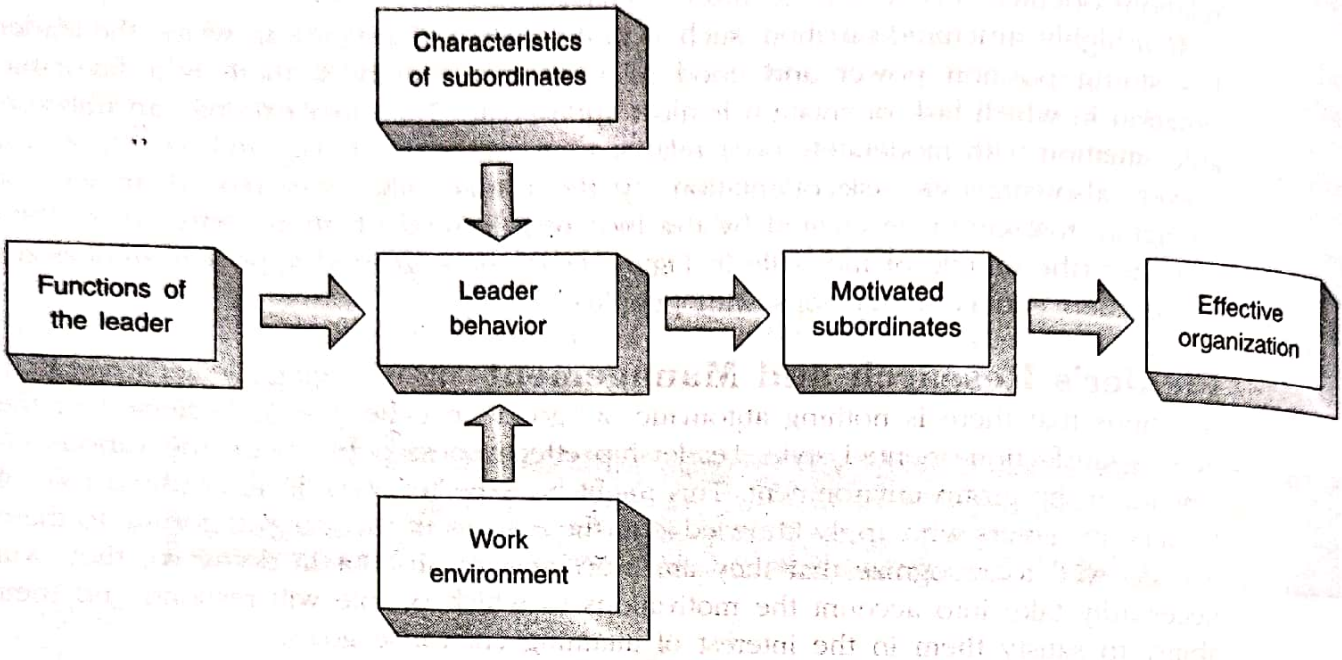
Figure 15.5
Path-Goal Approach to Leadership Effectiveness



climate. It has the greatest impact on subordinates' performance when they are frustrated and dissatisfied.

2. Participative leadership allows subordinates to influence the decisions of their superiors and can result in increased motivation.
3. Instrumental leadership gives subordinates rather specific guidance and clarifies what is expected of them; this includes aspects of planning, organizing, coordinating, and controlling by the leader.
4. Achievement-oriented leadership involves setting challenging goals, seeking improvement of performance, and having confidence that subordinates will achieve high goals.

Rather than suggesting that there is one best way to lead, this theory suggests that the appropriate style depends on the situation. Ambiguous and uncertain situations can be frustrating for subordinates, and a more task-oriented style may be called for. In other words, when subordinates are confused, then the leader may tell them what to do and show them a clear path to goals. On the other hand, for routine tasks, such as those found on the assembly line, additional structure (usually provided by a task-oriented leader) may be considered redundant; subordinates may see such efforts as overcontrolling, which, in turn, may be dissatisfying. To put it differently, employees want the leader to stay out of their way because the path is already clear enough.

The theory proposes that the behavior of the leader is acceptable and satisfies subordinates to the extent that they see it as a source for their satisfaction. Another proposition of the theory is that the behavior of the leader increases the effort of subordinates, that is, it is motivating, in so far as this behavior makes satisfaction of the needs of subordinates dependent on effective performance and the behavior

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enhances the subordinates' environment through coaching, directing, supporting, and rewarding.

The key to the theory is that the leader influences the path between behavior and goals. The leader can do this by defining positions and task roles, by removing obstacles to performance, by enlisting the assistance of group members in setting goals, by promoting group cohesiveness and team effort, by increasing opportunities for personal satisfaction in work performance, by reducing stresses and external controls, by making expectations clear, and by doing other things that meet people's expectations.

The path-goal theory makes a great deal of sense to the practicing manager. At the same time, one must realise that the model needs further testing before the approach can be used as a definite guide for managerial action.

TRANSACTIONAL AND TRANSFORMATIONAL LEADERSHIP

Managing involves carrying out the managerial functions effectively and efficiently. One of these functions relates to leading in general and to leadership in particular. A distinction can be made between transactional and transformational leaders. **Transactional leaders** identify what subordinates need to do to achieve objectives, clarify organizational roles and tasks, set up an organization structure, reward performance, and are considerate for the social needs of its followers. Such leaders work hard and try to run the organization effectively and efficiently.

Transformational leaders articulate a vision and inspire followers. They also have the capacity to motivate, shape the organizational culture, and create a climate favorable for the organizational change. Companies such as IBM and AT&T have programs to promote transformational leadership designed to transform their organizations quickly in order to be more responsive to the rapid changes in the environment. There are many similarities between transformational leaders and charismatic leaders with the former being noted for initiating innovation and change. When one thinks of charismatic leaders, one thinks of people such as Winston Churchill, Martin Luther King, and also, Mother Teresa, who inspired people through her selfless service to the poor.

INTERNATIONAL PERSPECTIVE

Leadership at The Chinese Haier Group[20]

Zhang Ruimin is the founder and CEO of the Haier Group, the most widely recognized house appliances manufacturer in China. Its products include refrigerators, air conditioners, freezers, microwave ovens, and many others. During China's Cultural Revolution, Zhang had to work in a metal processing plant that may have helped him later in leading the appliance firm.

With the opening of China, Zhang became familiar with Harvard's professor Michael Porter's book on Competitive Strategy that emphasizes the importance of recognizing customer needs. Moreover, General Electric's approach to quality management and the emphasis on corporate culture illustrated by GE's CEO Jack Welch who influenced Zhang's view of managing.

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Quality was Zhang's major concern. When visiting his refrigerator company, he noted that many of the products were defective. To demonstrate his passion for quality, Zhang had the brand new refrigerators destroyed in a dramatic fashion. Needless to say, the workers were impressed not only by Zhang's commitment to quality, but also by his 14-hours daily work schedule. What was uncommon in China at that time, he tied good performance of the employees to monetary rewards and promotions.

He also adopted other managerial practices he learned from his German partner company "Liebherr." His leadership by example transformed the bureaucratic enterprise into the Haier Group, which is the best-known Chinese refrigerator company that now operated in many countries, including the United States. But a leader cannot rest on accomplishments; a leader must articulate a vision for the future. Guided by Zhang's foresight, the Haier Company ventured into computers and pharmaceutical industries. The entrance of China into the World Trade Organization in 2001, opens opportunities, but also presents new challenges for the Haier Group. Zhang's leadership illustrates that Western management practices can be transferred to countries such as China.

SUMMARY

Leadership is the art or process of influencing people so that they contribute willingly and enthusiastically toward group goals. Leadership requires followership. There are various approaches to the study of leadership, ranging from the trait to the contingency approach. One such approach focuses on three styles: the autocratic, the democratic or participative, and the free-rein.

The managerial grid identifies two dimensions: concern for production and concern for people. On the basis of these dimensions, four extreme styles and a "middle-of-the-road" style are identified. Leadership can also be viewed as a continuum. At one extreme of the continuum, the manager has a great deal of freedom, while subordinates have very little. At the other extreme, the manager has very little freedom, whereas subordinates have a great deal.

Still another approach to leadership, built on the assumption that leaders are the product of given situations, focuses on the study of situations. Fiedler's contingency approach takes into account the position power of the leader, the structure of the task, and the relations between the leader and group members. The conclusion is that there is no one best leadership style and that managers can be successful if placed in appropriate situations. The path-goal approach to leadership suggests that the most effective leaders help subordinates achieve enterprise and personal goals. Transactional leaders clarify roles and tasks, setting up a structure, and help followers achieve objectives. Transformational leaders articulate a vision, inspire others, and transform the organization. Transformational and charismatic leadership concepts are similar.

KEY IDEAS AND CONCEPTS FOR REVIEW

- Leadership
- Ingredients of leadership
- Leadership traits
- Charismatic leadership

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