

Chapter 16

Being an Effective Leader

Learning Objectives

16.1 Define leader and leadership.

16.2 Compare and contrast early theories of leadership.

16.3 Describe the three major contingency theories of leadership.

16.4 Describe contemporary views of leadership.

16.5 Compare the various theories of leadership for their validity.

16.6 Discuss 21st-century issues affecting leadership.

What does leadership look like? When Russia invaded Ukraine in March 2022, many observers would say that Ukraine's President Volodymyr Zelenskyy demonstrated great leadership. One might not expect to find a leader in a former television actor, but Zelenskyy's response to the invasion demonstrated a leadership style that those observing from around the world admired. Despite an extreme risk of danger, he stayed rooted in the Kyiv capital to rally the morale of his brutalized country, standing up for his country's ideals. In the face of unequal odds and putting his own fear aside, he stood his ground, and his words inspired confidence in the troops that went into battle. His skillset and ability to relate to people and tap into their emotions have helped inspire his country and build global support. In response to Zelenskyy's leadership, the EU quickly placed tough financial sanctions on Russia, and tech companies, oil giants, and sporting associations shut down business with Russia.¹

Management Myth: Leaders are born, not made.

Management Reality: Leadership is a skill that managers can build with awareness and effort.

WHO Are Leaders, and What Is Leadership?

LO16.1 Define leader and leadership.

Our definition of a **leader** is someone who can influence others and who has managerial authority. **Leadership** is a process of leading a group and influencing that group to achieve its goals. It's what leaders do.

leader

Someone who can influence others and who has managerial authority

leadership

A process of influencing a group to achieve goals

Are all managers leaders? Because leading is one of the four management functions, yes, ideally, all managers *should* be leaders. Thus, we're going to study leaders and leadership from a managerial perspective.² Leaders and leadership, like motivation, are organizational behavior topics that have been researched a lot. Most of that research has been aimed at answering the question: *What is an effective leader?* Let's look at some early leadership theories that attempted to answer that question.

EARLY Leadership Theories

LO16.2 Compare and contrast early theories of leadership.

People have been interested in leadership since they started coming together in groups to accomplish goals. However, it wasn't until the early part of the 20th century that researchers actually began to formally study leadership. These early leadership theories focused on the *leader* (leadership trait theories) and how the *leader interacted* with their group members (leadership behavior theories).

Leadership Traits

Researchers at the University of Florida and University of North Carolina reported that taller men, compared to shorter men, tended to possess higher levels of social esteem, become successful leaders, earn more money, and have greater career success.³ What does a study of height have to do with trait theories of leadership? Well, that's also what leadership trait theories have attempted to do—identify certain traits that all leaders have.

Leadership research in the 1920s and 1930s focused on isolating leader traits—that is, characteristics—that would differentiate leaders from nonleaders. Some of the traits studied included physical stature, appearance, social class, emotional stability, fluency of speech, and sociability. Despite the best efforts of researchers, it proved impossible to identify a set of traits that would *always* differentiate a leader (the person) from a nonleader. Maybe it was a bit optimistic to think that a set of consistent and unique traits would apply universally to all effective leaders, no matter whether they were in charge of Procter & Gamble, the Moscow Ballet, the country of France, a local collegiate chapter of Alpha Chi Omega, a McDonald's franchise, or Oxford University. However, later attempts to identify traits consistently associated with *leadership* (the process of leading, not the person) were more successful. Ten traits shown to be associated with effective leadership are described briefly in **Exhibit 16-1**.

Researchers eventually recognized that traits alone were not sufficient for identifying effective leaders, because explanations based solely on traits ignored the interactions of leaders and their group members as well as situational factors. Possessing the appropriate traits only made it more likely that an individual would be an effective leader. Therefore, leadership research from the late 1940s to the mid-1960s concentrated on the preferred behavioral styles that leaders demonstrated. Researchers wondered whether something unique in what effective leaders *did*—in other words, in their *behavior*—was the key.

Leadership Behaviors

Carter Murray, CEO of the advertising agency FCB, once told a colleague, “Look, I think you're amazing, incredibly talented and you can do even more than you think in your wildest dreams. And I am not going to manage you to do that. You will determine that yourself.”⁴ In contrast, Elon Musk built a reputation as the CEO of Tesla and SpaceX of being harsh and unforgiving, telling workers who did not want to return to the office following the COVID-19 pandemic that they could “pretend to work someplace else.”⁵ These two leaders, as you can see, behaved in two very different ways. What do we know about leader behavior, and how can it help us in our understanding of what an effective leader is?

Exhibit 16-1**Ten Traits Associated with Leadership**

1. **Drive.** Leaders exhibit a high effort level. They have a relatively high desire for achievement, they are ambitious, they have a lot of energy, they are tirelessly persistent in their activities, and they show initiative.
2. **Desire to lead.** Leaders have a strong desire to influence and lead others. They demonstrate the willingness to take responsibility.
3. **Honesty and integrity.** Leaders build trusting relationships with followers by being truthful or nondeceitful and by showing high consistency between word and deed.
4. **Self-confidence.** Followers look to leaders for an absence of self-doubt. Leaders, therefore, need to show self-confidence in order to convince followers of the rightness of their goals and decisions.
5. **Intelligence.** Leaders need to be intelligent enough to gather, synthesize, and interpret large amounts of information, and they need to be able to create visions, solve problems, and make correct decisions.
6. **Job-relevant knowledge.** Effective leaders have a high degree of knowledge about the company, industry, and technical matters. In-depth knowledge allows leaders to make well-informed decisions and to understand the implications of those decisions.
7. **Extraversion.** Leaders are energetic, lively people. They are sociable, assertive, and rarely silent or withdrawn.
8. **Proneness to guilt.** Guilt proneness is positively related to leadership effectiveness because it produces a strong sense of responsibility for others.
9. **Emotional intelligence.** Empathetic leaders can sense others' needs, listen to what followers say (and don't say), and read the reactions of others.
10. **Conscientiousness.** People who are disciplined and able to keep commitments have an apparent advantage when it comes to leadership.⁶

Researchers hoped that the **behavioral theories of leadership** would provide more definitive answers about the nature of leadership than did the trait theories.⁷ The four main leader behavior studies are summarized in **Exhibit 16-2**.

behavioral theories of leadership
Theories that identify behaviors that differentiate effective leaders from ineffective leaders

Exhibit 16-2**Behavioral Theories of Leadership**

	Behavioral Dimension	Conclusion
University of Iowa	Democratic style: Involving subordinates, delegating authority, and encouraging participation Autocratic style: Dictating work methods, centralizing decision making, and limiting participation Laissez-faire style: Giving the group freedom to make decisions and complete work	The democratic style of leadership was most effective, although later studies showed mixed results.
Ohio State	Consideration: Being considerate of followers' ideas and feelings Initiating structure: Structuring work and work relationships to meet job goals	High-high leaders (high in consideration and high in initiating structure) achieved high subordinate performance and satisfaction, but not in all situations.
University of Michigan	Employee oriented: Emphasized interpersonal relationships and taking care of employees' needs Production oriented: Emphasized technical or task aspects of job	Employee-oriented leaders were associated with high group productivity and higher job satisfaction.
Managerial Grid	Concern for people: Measured leader's concern for subordinates on a scale of 1 to 9 (low to high) Concern for production: Measured leader's concern for getting the job done on a scale of 1 to 9 (low to high)	Leaders performed best with a 9,9 style (high concern for production and high concern for people).

autocratic style

A leader who dictates work methods, makes unilateral decisions, and limits employee participation

democratic style

A leader who involves employees in decision making, delegates authority, and uses feedback as an opportunity for coaching employees

laissez-faire style

A leader who lets the group make decisions and complete the work in whatever way it sees fit

initiating structure

The extent to which a leader defines their role and the roles of group members in attaining goals

consideration

The extent to which a leader has work relationships characterized by mutual trust and respect for group members' ideas and feelings

high-high leader

A leader high in both initiating structure and consideration behaviors

managerial grid

A two-dimensional grid for appraising leadership styles



Apple's former senior vice president of retail, Angela Ahrendts, is an employee-oriented leader. Her compassionate and nurturing behavior toward subordinates helps them realize their full potential, inspires them to succeed, and results in their loyalty and job satisfaction. Caring for her employees has contributed to Ahrendts's success as an entrepreneur and business leader. She has recently left Apple and is now on the board at Airbnb, where she's been charged with building community among customers.

Source: PA Images/Alamy Stock Photo

UNIVERSITY OF IOWA STUDIES The University of Iowa studies explored three leadership styles to find which was the most effective.⁸ The **autocratic style** described a leader who dictated work methods, made unilateral decisions, and limited employee participation. The **democratic style** described a leader who involved employees in decision making, delegated authority, and used feedback as an opportunity for coaching employees. Finally, the **laissez-faire style** leader let the group make decisions and complete the work in whatever way it saw fit. The researchers' results seemed to indicate that the democratic style contributed to both good quantity and quality of work.

Had the Iowa group found the answer to the question of the most effective leadership style? Unfortunately, it wasn't that simple. Later studies of the autocratic and democratic styles showed mixed results. For instance, the democratic style sometimes produced higher performance levels than the autocratic style, but at other times it didn't. However, more consistent results were found when a measure of employee satisfaction was used. Group members were more satisfied under a democratic leader than under an autocratic one.⁹

Now leaders had a dilemma. Should they focus on achieving higher performance or on achieving higher member satisfaction? This recognition of the dual nature of a leader's behavior—that is, focus on the task and focus on the people—was also a key characteristic of the other behavioral studies.

THE OHIO STATE STUDIES The Ohio State studies identified two important dimensions of leader behavior.¹⁰ Beginning with a list of more than 1,000 behavioral dimensions, the researchers eventually narrowed it down to just two that accounted for most of the leadership behavior described by group members. The first was called **initiating structure**, which referred to the extent to which a leader defined their role and the roles of group members in attaining goals. It included behaviors that involved attempts to organize work, work relationships, and goals. The second was called **consideration**, which was defined as the extent to which a leader had work relationships characterized by mutual trust and respect for group members' ideas and feelings. A leader who was high in consideration helped group members with personal problems, was friendly and approachable, and treated all group members as equals. They showed concern for (were considerate of) their followers' comfort, well-being, status, and satisfaction. Research found that a leader who was high in both initiating structure and consideration (a **high-high leader**) sometimes achieved high group task performance and high group member satisfaction, but not always.

Leaders who were high in initiating structure but low in consideration (a **high-low leader**) sometimes achieved high group task performance but low group member satisfaction. Leaders who were low in both initiating structure and consideration (a **low-low leader**) achieved low group task performance and low group member satisfaction.

UNIVERSITY OF MICHIGAN STUDIES Leadership studies conducted at the University of Michigan at about the same time as those done at Ohio State also hoped to identify behavioral characteristics of leaders that were related to performance effectiveness. The Michigan group also came up with two dimensions of leadership behavior, which they labeled employee-oriented and production-oriented.¹¹ Leaders who

were *employee-oriented* were described as emphasizing interpersonal relationships. The *production-oriented* leaders, in contrast, tended to emphasize the task aspects of the job. Unlike the other studies, the Michigan researchers concluded that leaders who were employee-oriented were able to get high group productivity and high group member satisfaction.

THE MANAGERIAL GRID The behavioral dimensions from these early leadership studies provided the basis for the development of a two-dimensional grid for appraising leadership styles. This **managerial grid** used the behavioral dimensions "concern for people" (the vertical part of the grid) and "concern for production" (the horizontal part of the grid) and evaluated a leader's use of these behaviors, ranking them

on a scale from 1 (low) to 9 (high).¹² Although the grid had 81 potential categories into which a leader's behavioral style might fall, only five styles were named: impoverished management (1,1, or low concern for production, low concern for people), task management (9,1, or high concern for production, low concern for people), middle-of-the-road management (5,5, or medium concern for production, medium concern for people), country club management (1,9, or low concern for production, high concern for people), and team management (9,9, or high concern for production, high concern for people). Of these five styles, the researchers concluded that managers performed best when using a 9,9 style. Unfortunately, the grid offered no answers to the question of what made a manager an effective leader; it only provided a framework for conceptualizing leadership style. In fact, little substantive evidence supports the conclusion that a 9,9 style is most effective in all situations.¹³

Leadership researchers were discovering that predicting leadership success involved something more complex than isolating a few leader traits or preferable behaviors. They began looking at situational influences; specifically, which leadership styles might be suitable in different situations and what these different situations might be.

CONTINGENCY Theories of Leadership

LO16.3 Describe the three major contingency theories of leadership.

“The corporate world is filled with stories of leaders who failed to achieve greatness because they failed to understand the context they were working in.”¹⁴ In this section, we examine three contingency theories—Fiedler, Hersey-Blanchard, and path-goal—that focus on context. Each looks at defining leadership style and the situation and attempts to answer the *if-then* contingencies (that is, *if* this is the context or situation, *then* this is the best leadership style to use).

The Fiedler Model

The first comprehensive contingency model for leadership was developed by Fred Fiedler.¹⁵ The **Fiedler contingency model** proposed that effective group performance depended on properly matching the leader's style and the amount of control and influence in the situation. The model was based on the premise that a certain leadership style would be most effective in different types of situations. The keys were to (1) define those leadership styles and the different types of situations, and then (2) identify the appropriate combinations of style and situation.

Fiedler proposed that a key factor in leadership success was an individual's basic leadership style, either task-oriented or relationship-oriented. To measure a leader's style, Fiedler developed the **least-preferred coworker (LPC) questionnaire**. This questionnaire contained 18 pairs of contrasting adjectives—for example, pleasant–unpleasant, cold–warm, boring–interesting, or friendly–unfriendly. Respondents were asked to think of all the coworkers they had ever had and to describe that one person they *least enjoyed* working with by rating them on a scale of 1 to 8 for each of the 18 sets of adjectives (the 8 always described the positive adjective out of the pair, and the 1 always described the negative adjective out of the pair).

If the leader described the least-preferred coworker in relatively positive terms (in other words, a “high” LPC score), then the respondent was primarily interested in good personal relations with coworkers and the style would be described as *relationship-oriented*. In contrast, if you saw the least-preferred coworker in relatively unfavorable terms (a low LPC score), you were primarily interested in productivity and getting the job done; thus, your style would be labeled as *task-oriented*. Fiedler did acknowledge that a small number of people might fall between these two extremes and not have a cut-and-dried leadership style. One other important point is that Fiedler

Fiedler contingency model

A leadership theory proposing that effective group performance depends on the proper match between a leader's style and the degree to which the situation allows the leader to control and influence

least-preferred coworker (LPC) questionnaire

A questionnaire that measures whether a leader is task or relationship oriented

leader-member relations
One of Fiedler's situational contingencies that describes the degree of confidence, trust, and respect employees have for their leader

task structure
One of Fiedler's situational contingencies that describes the degree to which job assignments are formalized and structured

position power
One of Fiedler's situational contingencies that describes the degree of influence a leader has over activities such as hiring, firing, discipline, promotions, and salary increases

assumed a person's leadership style was fixed and stable, regardless of the situation. In other words, if you were a relationship-oriented leader, you'd always be one, and the same would be true for being task-oriented.

After an individual's leadership style had been assessed through the LPC, it was time to evaluate the situation in order to match the leader with the situation. Fiedler's research uncovered three contingency dimensions that defined the key situational factors in leader effectiveness.

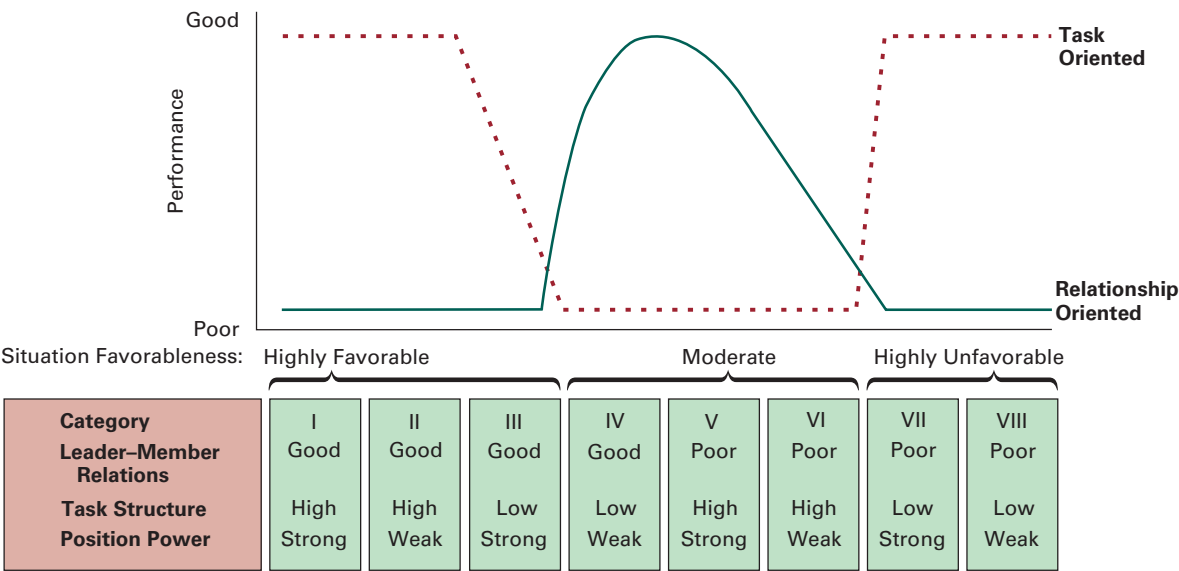
- **Leader-member relations:** The degree of confidence, trust, and respect employees have for their leader; rated as either good or poor
- **Task structure:** The degree to which job assignments are formalized and structured; rated as either high or low
- **Position power:** The degree of influence a leader has over activities such as hiring, firing, discipline, promotions, and salary increases; rated as either strong or weak

Each leadership situation was evaluated in terms of these three contingency variables, which, when combined, produced eight possible situations that were either favorable or unfavorable for the leader. (See **Exhibit 16-3.**) Categories I, II, and III were classified as highly favorable for the leader; categories IV, V, and VI were moderately favorable for the leader; and categories VII and VIII were described as highly unfavorable for the leader.

Once Fiedler had described the leader variables and the situational variables, he had everything he needed to define the specific contingencies for leadership effectiveness. To do so, he studied 1,200 groups where he compared relationship-oriented versus task-oriented leadership styles in each of the eight situational categories. He concluded that task-oriented leaders performed better in very favorable situations and in very unfavorable situations. (See the top of Exhibit 16-3, where performance is shown on the vertical axis and situation favorableness is shown on the horizontal axis.) On the other hand, relationship-oriented leaders performed better in moderately favorable situations.

Because Fiedler treated an individual's leadership style as fixed, only two ways could improve leader effectiveness. First, you could bring in a new leader whose style better fit the situation. For instance, if the group situation was highly unfavorable but was led by a relationship-oriented leader, the group's performance could be improved

Exhibit 16-3
The Fiedler Model



by replacing that person with a task-oriented leader. The second alternative was to change the situation to fit the leader. This could be done by restructuring tasks; by increasing or decreasing the power that the leader had over factors such as salary increases, promotions, and disciplinary actions; or by improving leader–member relations.

Research testing the overall validity of Fiedler’s model has shown considerable evidence to support the model.¹⁶ However, his theory wasn’t without critics. The major criticism is that it’s probably unrealistic to assume that a person can’t change their leadership style to fit the situation. Effective leaders can, and do, change their styles. Another is that the LPC wasn’t very practical. Finally, the situation variables were difficult to assess.¹⁷ In spite of these shortcomings, the Fiedler model showed that effective leadership style needed to reflect situational factors.

Hersey and Blanchard’s Situational Leadership Theory

Paul Hersey and Ken Blanchard developed a leadership theory that has gained a strong following among management development specialists.¹⁸ This model, called **situational leadership theory (SLT)**, is a contingency theory that focuses on followers’ readiness. Before we proceed, two points need clarification: why a leadership theory focuses on the followers and what is meant by the term *readiness*.

The emphasis on the followers in leadership effectiveness reflects the reality that it *is* the followers who accept or reject the leader. Regardless of what the leader does, the group’s effectiveness depends on the actions of the followers. This important dimension has been overlooked or underemphasized in most leadership theories. And **readiness**, as defined by Hersey and Blanchard, refers to the extent to which people have the ability and willingness to accomplish a specific task.

SLT uses the same two leadership dimensions that Fiedler identified: task and relationship behaviors. However, Hersey and Blanchard go a step further by considering each as either high or low and then combining them into four specific leadership styles, described as follows:

- **Telling (high task–low relationship):** The leader defines roles and tells people what, how, when, and where to do various tasks.
- **Selling (high task–high relationship):** The leader provides both directive and supportive behavior.
- **Participating (low task–high relationship):** The leader and followers share in decision making; the main role of the leader is facilitating and communicating.
- **Delegating (low task–low relationship):** The leader provides little direction or support.

The final component in the model is the four stages of follower readiness:

- **R1:** People are both *unable and unwilling* to take responsibility for doing something. Followers aren’t competent or confident.
- **R2:** People are *unable but willing* to do the necessary job tasks. Followers are motivated but lack the appropriate skills.
- **R3:** People are *able but unwilling* to do what the leader wants. Followers are competent, but don’t want to do something.
- **R4:** People are both *able and willing* to do what is asked of them.

SLT essentially views the leader–follower relationship as being like that of a parent and a child. Just as a parent needs to relinquish control when a child becomes more mature and responsible, so, too, should leaders. As followers reach higher levels of readiness, the leader responds not only by decreasing control over their activities but also by decreasing relationship behaviors. The SLT says if followers are at R1 (*unable and unwilling* to do a task), the leader needs to use the telling style and give clear and specific directions; if followers are at R2 (*unable and willing*), the leader needs to use the selling style and display high task orientation to compensate for the followers’ lack of ability and high relationship orientation to get followers to “buy

situational leadership theory (SLT)
A leadership contingency theory that focuses on followers’ readiness

readiness
The extent to which people have the ability and willingness to accomplish a specific task

into” the leader’s desires; if followers are at R3 (*able* and *unwilling*), the leader needs to use the participating style to gain their support; and if employees are at R4 (both *able* and *willing*), the leader doesn’t need to do much and should use the delegating style.

SLT has intuitive appeal. It acknowledges the importance of followers and builds on the logic that leaders can compensate for ability and motivational limitations in their followers. However, research efforts to test and support the theory generally have been disappointing.¹⁹ Possible explanations include internal inconsistencies in the model as well as problems with research methodology. Despite its appeal and wide popularity, we have to be cautious about any enthusiastic endorsement of SLT.

Path-Goal Model

path-goal theory

A leadership theory that says the leader’s job is to assist followers in attaining their goals and to provide direction or support needed to ensure that their goals are compatible with the goals of the group or organization

Another approach to understanding leadership is Robert House’s **path-goal theory**, which states that it’s the leader’s job to provide followers with information, support, or other resources necessary to achieve goals. Path-goal theory takes key elements from the expectancy theory of motivation.²⁰ The term *path-goal* is derived from the belief that effective leaders remove the roadblocks and pitfalls so that followers have a clearer path to help them get from where they are to the achievement of their work goals.

House identified four leadership behaviors:

- **Directive leader:** Lets subordinates know what’s expected of them, schedules work to be done, and gives specific guidance on how to accomplish tasks
- **Supportive leader:** Shows concern for the needs of followers and is friendly
- **Participative leader:** Consults with group members and uses their suggestions before making a decision
- **Achievement-oriented leader:** Sets challenging goals and expects followers to perform at their highest level

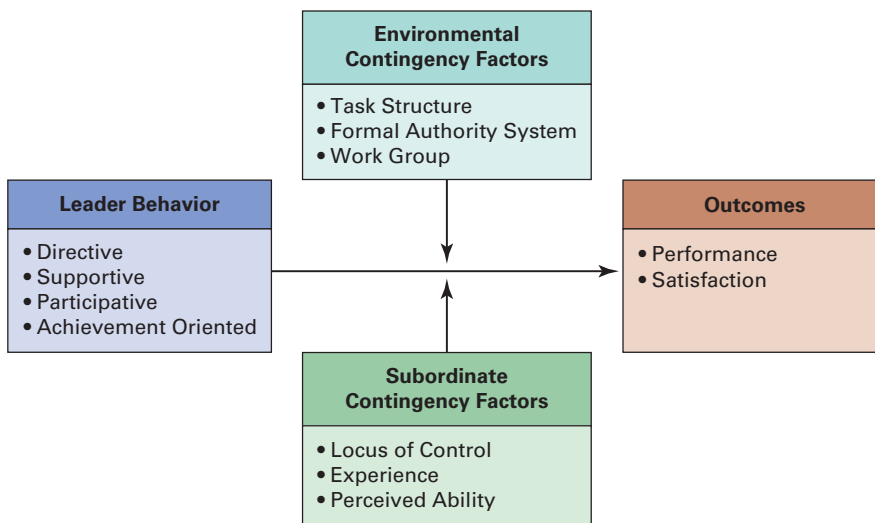
In contrast to Fiedler’s view that a leader couldn’t change their behavior, House assumed that leaders are flexible and can display any or all of these leadership styles depending on the situation.

As **Exhibit 16-4** illustrates, path-goal theory proposes two situational or contingency variables that moderate the leadership behavior–outcome relationship: those in the *environment* that are outside the control of the follower (factors including task structure, formal authority system, and the work group) and those that are part of the personal characteristics of the *follower* (including locus of control, experience, and perceived ability). Environmental factors determine the type of leader behavior required if subordinate outcomes are to be maximized; personal characteristics of the follower determine how the environment and leader behavior are interpreted. The theory proposes that a leader’s behavior won’t be effective if it’s redundant with what the environmental structure is providing or is incongruent with follower characteristics. For example, some predictions from path-goal theory are:

- Directive leadership leads to greater satisfaction when tasks are ambiguous or stressful than when they are highly structured and well laid out. The followers aren’t sure what to do, so the leader needs to give them some direction.
- Supportive leadership results in high employee performance and satisfaction when subordinates are performing structured tasks. In this situation, the leader only needs to support followers, not tell them what to do.
- Directive leadership is likely to be perceived as redundant among subordinates with high perceived ability or with considerable experience. These followers are quite capable, so they don’t need a leader to tell them what to do.
- The clearer and more bureaucratic the formal authority relationships, the more leaders should exhibit supportive behavior and de-emphasize directive behavior. The organizational situation has provided the structure as far as what is expected of followers, so the leader’s role is simply to support.



Dan Reynolds (left), leader of the group Imagine Dragons, uses the participative approach of the path-goal theory. His approach to songwriting is that each member writes songs constantly and works on putting together their songs as a group. Reynolds strives to create a shared environment in which band members work together as a unit. Source: Derek Storm/Everett Collection/Alamy Stock Photo

Exhibit 16-4
Path-Goal Model

- Directive leadership will lead to higher employee satisfaction when there is substantive conflict within a work group. In this situation, the followers need a leader who will take charge.
- Subordinates with an internal locus of control will be more satisfied with a participative style. Because these followers believe they control what happens to them, they prefer to participate in decisions.
- Subordinates with an external locus of control will be more satisfied with a directive style. These followers believe that what happens to them is a result of the external environment, so they would prefer a leader who tells them what to do.
- Achievement-oriented leadership will increase subordinates' expectancies that effort will lead to high performance when tasks are ambiguously structured. By setting challenging goals, followers know what the expectations are.

A review of the research to test path-goal theory suggests mixed support.²¹ To summarize the model, however, an employee's performance and satisfaction are likely to be positively influenced when the leader chooses a leadership style that compensates for shortcomings in either the employee or the work setting. However, if the leader spends time explaining tasks that are already clear or when the employee has the ability and experience to handle them without interference, the employee is likely to see such directive behavior as redundant or even insulting.

CONTEMPORARY Views of Leadership

LO16.4 Describe contemporary views of leadership.

What are the latest views of leadership? Given the widespread interest in the topic of leadership, you won't be surprised to learn that there are a number of new and interesting directions in leadership research. **We review a number of them in the following pages.**

Leader–Member Exchange (LMX) Theory

Have you ever been in a group in which the leader had “favorites” who made up their in-group? If so, that's the premise behind leader–member exchange (LMX) theory.²²

Leader–member exchange theory (LMX) says leaders create in-groups and out-groups, and those in the in-group will have higher performance ratings, less turnover, and greater job satisfaction.

LMX theory suggests that early on in the relationship between a leader and a given follower, a leader will implicitly categorize a follower as an “in” or an “out.” That relationship tends to remain fairly stable over time. Leaders also encourage LMX

leader–member exchange theory (LMX)

The leadership theory that says leaders create in-groups and out-groups and those in the in-group will have higher performance ratings, less turnover, and greater job satisfaction

by rewarding those employees with whom they want a closer linkage and punishing those with whom they do not.²³ For the LMX relationship to remain intact, however, both the leader and the follower must invest in the relationship.

It's not exactly clear how a leader chooses who falls into each category, but evidence shows that in-group members have demographic, attitude, personality, and even gender similarities with the leader, or they have a higher level of competence than out-group members.²⁴ The leader does the choosing, but the follower's characteristics drive the decision.

Research on LMX has been generally supportive. It appears that leaders do differentiate among followers; that these disparities are not random; and that followers with in-group status will have higher performance ratings, engage in more helping or "citizenship" behaviors at work, and report greater satisfaction with their boss.²⁵

charismatic leader

Someone to whom followers attribute heroic or extraordinary leadership abilities when they observe certain behaviors and tend to give power



Jacinda Ardern is a charismatic leader. The former prime minister of New Zealand demonstrated empathy, authenticity, and even humor as she led her country.

Source: Jeremy Sutton-Hibbert/Alamy Stock Photo

Charismatic Leadership

Former prime minister of New Zealand Jacinda Ardern's service in office was a challenge as she led her country through a terrorist attack, a natural disaster, and a global pandemic. Observers suggest that it was her approach to leading that earned her the respect of the country, demonstrating empathy, authenticity, and even humor as she overcame these tough obstacles.²⁶ Ardern is what we call a **charismatic leader**—that is, someone to whom followers attribute heroic or extraordinary leadership abilities when they observe certain behaviors and tend to give power.²⁷

A number of authors have attempted to identify personal characteristics of the charismatic leader.²⁸ The most comprehensive analysis identified five such characteristics: they have a vision, the ability to articulate that vision, a willingness to take risks to achieve that vision, a sensitivity to both environmental constraints and follower needs, and behaviors that are out of the ordinary.²⁹

An increasing body of evidence shows impressive correlations between charismatic leadership and high performance and satisfaction among followers.³⁰ Although one study found that charismatic CEOs had no impact on subsequent organizational performance, charisma is still believed to be a desirable leadership quality.³¹ But we can't ignore that charisma has a potential downside. Charismatic leaders who are larger than life don't necessarily act in the best interests of their organizations.³² Research has shown that individuals who are narcissistic are also higher in some behaviors associated with charismatic leadership. Many charismatic—but corrupt—leaders have allowed their personal goals to override the goals of their organizations. For example, Elizabeth Holmes was able to raise millions of dollars for her company Theranos by convincing investors that the technology she developed to run blood tests with a single drop of blood worked—even though she never shared any data to support her claim. She was later found guilty of fraud.³³ Hopefully the corrupt charismatic leaders such as Holmes stand out largely because they're the exceptions.

If charisma is desirable, can people learn to be charismatic leaders? Or are charismatic leaders born with their qualities? Although a small number of experts still think that charisma can't be learned, most believe that individuals can be trained to exhibit charismatic behaviors.³⁴ For example, researchers have succeeded in teaching undergraduate students to "be" charismatic. How? They were taught to articulate a far-reaching goal, communicate high performance expectations, exhibit confidence in the ability of subordinates to meet those expectations, and empathize with the needs of their subordinates; they learned to project a powerful, confident, and dynamic presence; and they practiced using a captivating and engaging voice tone. The researchers also trained the student leaders to use charismatic nonverbal behaviors, including leaning toward the follower when communicating, maintaining direct eye contact, and having a relaxed posture and animated facial expressions. In groups with these "trained"

charismatic leaders, members had higher task performance, higher task adjustment, and better adjustment to the leader and to the group than did group members who worked in groups led by noncharismatic leaders.

One last thing we should say about charismatic leadership is that it may not always be needed to achieve high levels of employee performance. It may be most appropriate when the follower's task has an ideological purpose or when the environment involves a high degree of stress and uncertainty.³⁵ This distinction may explain why, when charismatic leaders surface, it's more likely to be in politics, religion, or wartime, or when a business firm is starting up or facing a survival crisis. For example, Martin Luther King Jr. used his charisma to bring about social equality through nonviolent means, and Steve Jobs achieved unwavering loyalty and commitment from Apple's technical staff in the early 1980s by articulating a vision of personal computers that would dramatically change the way people lived.

Transformational-Transactional Leadership

Many early leadership theories viewed leaders as **transactional leaders**; that is, leaders who lead primarily by using social exchanges (or transactions). Transactional leaders guide or motivate followers to work toward established goals by exchanging rewards for their productivity.³⁶ But another type of leader—a **transformational leader**—stimulates and inspires (transforms) followers to achieve extraordinary outcomes. Examples include Satya Nadella at Microsoft and Jeff Bezos, former CEO of Amazon. They pay attention to the concerns and developmental needs of individual followers; they change followers' awareness of issues by helping those followers look at old problems in new ways; and they are able to excite, arouse, and inspire followers to exert extra effort to achieve group goals.

Transactional and transformational leadership shouldn't be viewed as opposing approaches to getting things done.³⁷ Transformational leadership develops from transactional leadership. Transformational leadership produces levels of employee effort and performance that go beyond what would occur with a transactional approach alone. Moreover, transformational leadership is more than charisma because the transformational leader attempts to instill in followers the ability to question not only established views, but also those views held by the leader.³⁸

transactional leaders

Leaders who lead primarily by using social exchanges (or transactions)

transformational leaders

Leaders who stimulate and inspire (transform) followers to achieve extraordinary outcomes

Learning from FAILURE Childhood Lessons on Failure

Sarah Blakely, founder of the shapewear company Spanx, which was valued at \$1.2 billion when the Blackstone Investment Bank bought a majority stake in 2021, learned about failure as a child. Her dad regularly asked her at the dinner table, "What have you failed at this week?" And then he would celebrate when he learned she tried something and failed. This early experience of talking about and even celebrating failures helped her reframe the idea of failure as something that is expected. She learned the outcome of what you do is not what is important; it is about trying and the gift of what you learn when you fail.

She was lucky to learn this lesson early, because she experienced a lot of failure before founding Spanx. For instance, she wanted to become a lawyer, but she failed the LSAT exam twice. And then she spent seven years

trying to sell fax machines before coming up with the idea for her shapewear when she had to attend an event and did not like how her white pants looked. Cutting the feet off some tights to wear under the pants, she realized that she had created something of value. Using her savings to create a prototype and making mistakes along the way, she launched Spanx in 2000. Eventually, the company took off and in 2012, she became the youngest female self-made billionaire.

Because she does not fear failure, she also has embraced a leadership style that went against advice she received early in her career. Many told her to get prepared to fight, that "business is war." She ignored the advice and chose to approach business her way, leading with empathy, intuition, and vulnerability instead.³⁹

The evidence supporting the superiority of transformational leadership over transactional leadership is overwhelmingly impressive. For instance, studies that looked at managers in different settings, including the military and business, found that transformational leaders were evaluated as more effective, higher performers, more promotable than their transactional counterparts, and more interpersonally sensitive.⁴⁰ In organizations that engage in project-based work, transformational leaders have been found to be more effective due to the high level of change, uncertainty, and complexity involved in project-based work.⁴¹ In addition, evidence indicates that transformational leadership is strongly correlated with lower turnover rates and higher levels of productivity, employee satisfaction, creativity, goal attainment, follower well-being, and corporate entrepreneurship, especially in start-up firms.⁴²

Authentic Leadership

Ted Lasso is about a fictional character, but the show highlights a coach who demonstrates strong leadership characteristics. Throughout the show, the Ted Lasso character provides advice such as “doing the right thing is never wrong” and “courage is about being willing to try.” As a coach in a sport he never played, Ted Lasso is honest about his shortcomings and exudes positivity, all characteristics of an authentic leader.⁴³

Authentic leadership focuses on the moral aspects of being a leader. Authentic leaders know who they are, know what they believe in, and act on those values and beliefs openly and candidly. More specifically, authentic leaders have been found to possess four qualities: they are self-aware, are transparent, openly solicit views that challenge their deeply held positions, and are guided by strong moral standards.⁴⁴ They're also typically humble.

The combination of these qualities leads followers to consider them as ethical people and trust them as a result. When leaders practice what they preach, or act on their values openly and candidly, followers tend to develop a strong affective commitment and trust in their leader and, to a lesser degree, to improve their performance and organizational citizenship behavior.⁴⁵

Ethical Leadership

The airline industry was hit hard by the COVID-19 pandemic. With travel on hold, many airlines had to make tough decisions, including laying off workers. **Delta Air Lines, however, was able to navigate the challenge with a priority of people over profits,** finding other cost-cutting strategies to avoid layoffs. Delta's CEO Ed Bastian led that vision, stating that every morning during the early days of the pandemic he thought “today's decisions are going to reveal the character of this company.” Bastian's **actions reflect his commitment to ethical leadership, which was recognized by the Society for Human Resource Management, which named him the 2023 Ethical Leader of the Year.**⁴⁶

Leadership is not value-free. In assessing its effectiveness, we need to address the *means* that a leader uses to achieve goals as well the content of those goals. **The role of the leader in creating the ethical expectations for all members is crucial.**⁴⁷ Ethical top leadership not only influences direct followers, but also spreads all the way down the command structure, because top leaders set expectations and expect lower-level leaders to behave consistent with ethical guidelines.⁴⁸ In fact,

research suggests that the ethical or unethical behavior of leaders has long-lasting effects on the moral behavior of employees by impacting the overall work environment.⁴⁹

Leaders rated as highly ethical tend to be evaluated very positively by their subordinates, who are also more satisfied and committed to their jobs and experience less strain and turnover intentions.⁵⁰ Followers of such leaders are also more motivated,

authentic leadership

Leaders who know who they are, know what they believe in, and act on those values and beliefs openly and candidly



Ed Bastian, the CEO of Delta Air Lines, is an example of an ethical leader. In 2023 he was recognized by the Society for Human Resource Management as the Ethical Leader of the Year. Source: Everett Collection Inc./Alamy Stock Photo

perform better, and engage in more organizational citizenship behaviors and fewer counterproductive work behaviors.⁵¹

Servant Leadership

Why is Ukraine's President Zelenskyy, whom we mentioned in the chapter opener, considered a good leader? Some argue it's because he puts his people first, seeing his role as serving his country. Instead of hiding in fear, he took to the streets to reassure the public that the country was ready to defend itself against Russia.⁵² In fact, he stated the importance of leaders serving others in his inaugural address, saying, "We need people in power who will serve the people. This is why I really do not want my pictures in your offices, for the president is not an icon, an idol, or a portrait. Hang your kids' photos instead and look at them each time you are making a decision."⁵³

Servant leadership is an "other-oriented" approach to leadership, where the leader looks outward.⁵⁴ Servant leaders go beyond their self-interest and focus on opportunities to help followers grow and develop. What's unique about servant leadership is that relative to other approaches to leadership, it puts the needs of followers ahead of attending to one's own needs. Its specific characteristics include caring about followers' personal problems and well-being, empowering followers with responsibility and decision-making influence, helping subordinates grow and succeed, and serving as a model of integrity.⁵⁵ Servant leadership can be a challenge; some find the approach to be emotionally depleting due to devoting significant time and energy to others. However, research has shown that leaders who are skilled at seeing others' perspectives find servant leadership less depleting.⁵⁶

One study of 71 general managers of restaurants in the United States and over 1,000 of their employees found that servant leaders tend to create a culture of service, which in turn improves restaurant performance and enhances employees' attitudes and performance by increasing employees' identification with the restaurant.⁵⁷ Another study of Chinese hairstylists found similar results, with servant leadership predicting customer satisfaction and stylists' service performance.⁵⁸

One interesting aside is that servant leadership may be more prevalent and effective in certain cultures.⁵⁹ When asked to draw images of leaders, for example, US subjects tended to draw them in front of the group, giving orders to followers. Singaporeans, in contrast, tended to draw leaders at the back of the group, acting more to gather a group's opinions together and then unify them from the rear. This suggests that the East Asian prototype is more like a servant leader, which might mean servant leadership is more effective in these cultures.

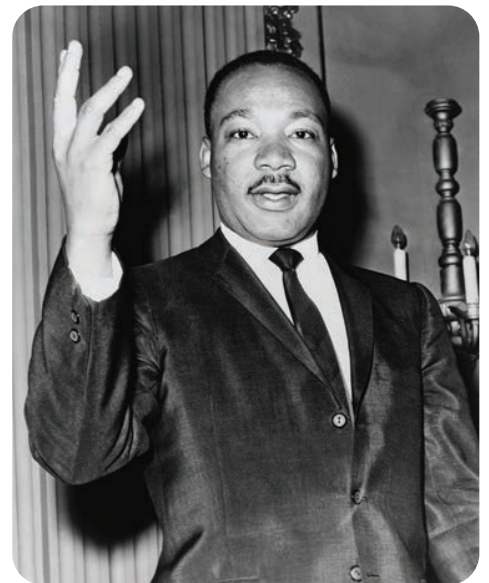
Emergent Leadership

Whereas most leadership research focuses on top-down leaders who have formal and legitimate leadership roles, the growing number of organic and flexible organizations has created opportunities to examine informal leaders. **Emergent leadership** occurs when the leader of a group or team naturally arises instead of being appointed. Emergent leaders are those who are perceived by their peers as being leaderlike and accepted as the informal leader. They lead at the team level, have not been formally appointed, and do not play a permanent role. Although theories on emergent leadership have been researched for decades, the growth of informal management and flatter organizational hierarchies has led to an increased focus on the characteristics of emerging leaders and how an organization can effectively leverage their talent.⁶⁰

How do you recognize an emergent leader? It is the person in a group or team who is detecting and solving problems, setting meeting agendas, keeping track of deadlines, assigning tasks, and providing team members feedback. For example, when

servant leadership

Leadership that goes beyond self-interest and focuses on opportunities to help followers grow and develop



Dr. Martin Luther King Jr. provides an example of servant leadership, which is defined as leadership that goes beyond self-interest and focuses on opportunities to help followers grow and develop.

Source: GL Archive/Alamy Stock Photo

emergent leadership

When the leader of a group or team naturally arises instead of being appointed

the COVID-19 pandemic led many workplaces to shift to remote work, formal leadership in many companies was focused on high-level strategic concerns; informal leaders emerged on teams to support workers transitioning to remote work.⁶¹

Followership

Here's a statement beyond debate: You can't be a leader without any followers! So leaders can only be as effective as their ability to engage followers. Research tends to prioritize the leader, but we are learning more about the role of the follower in effective leadership.⁶²

The leader–follower interaction is two-way. First, it's obvious that leaders need to motivate and engage their followers to achieve end goals. But often overlooked is the fact that followers influence the attitudes, aptitudes, and behaviors of leaders.⁶³ The two need to work together to move the collective forward.⁶⁴ Leadership is a process that emerges from a relationship between leaders and followers who are bound together as part of the same social group. For success, followers need a set of skills that are complementary to those of the leader.⁶⁵ In fact, evidence suggests that followers are not just passive recipients of a leader's influence; rather, they actively make sense of and even shape a leader's behavior.⁶⁶

What defines a good follower? Through most of the 20th century, the answer was unquestioned obedience and deference to a leader. However, as the nature of work has changed, requiring more cooperation and group work, the importance of followers has emerged, and a good follower can help a leader succeed.⁶⁷ Today, as leaders engage in less unilateral decision making and more collaboration, great followership is characterized by a different set of qualities:⁶⁸

- ***They can manage themselves.*** Effective followers are self-directed. They are self-motivated and can work without close supervision.
- ***They are strongly committed to a purpose outside themselves.*** Effective followers are committed to something—a cause, a product, a work team, an idea, an organization—in addition to the cares of their own lives. Most people like working with colleagues who are emotionally, as well as physically, committed to their work.
- ***They are enthusiastic.*** They approach their work with a positive attitude. They “buy into” their leader's vision.
- ***They build their competence and focus their efforts for maximum impact.*** Effective followers master skills that will be useful to their organization, and they hold higher performance standards than their job or work group requires.
- ***They are courageous, honest, and credible.*** Effective followers establish themselves as independent, critical thinkers whose knowledge and judgment can be trusted. They hold high ethical standards, give credit where credit is due, and aren't afraid to admit their mistakes.

INTEGRATING Theories of Leadership

LO16.5 Compare the various theories of leadership for their validity.

We've introduced a number of leadership theories in this chapter. Let's try to see what commonalities might exist among these theories, how they might be complementary or overlap, and how they can be integrated to help you better understand what makes an effective leader.

Traits

Let's begin with traits. Although there is no single trait or set of traits that are unique to leaders, several traits seem to regularly appear in research studies of leaders. We noted 10 of them in Exhibit 16-1. Of these, the most powerful appear to be intelligence,

emotional intelligence, and conscientiousness.⁶⁹ But these traits may more accurately reflect the *perception* of leadership rather than actual leadership *effectiveness*. Our conclusion is that even if traits play a role in defining leaders, their role is small and dependent on situational factors.

Behaviors

The behavioral theories we discussed focused on a number of dimensions: democratic, autocratic, and laissez-faire styles; directive and participative; initiating structure and consideration; employee-oriented and production-oriented; concern for people and concern for production. Even the most cursory review of these dimensions suggests considerable overlap, if not redundancy. In addition, transitional, transformational, charismatic, and leader–member exchange theories all include leadership behaviors.

Efforts to streamline these behaviors have found that three metacategories encompass almost all of these:⁷⁰

- **Task-oriented behavior:** This describes transactional leader behavior, initiating structure, directive behavior, and production orientation.
- **Relations-oriented behavior:** This describes leaders who care about their followers' needs, treat members equally, and are friendly and approachable. This would describe consideration, a democratic style, employee and people oriented, participative behavior, transformational leadership, and LMX's in-group.
- **Change-oriented behavior:** This leader behavior includes communicating a vision of change, encouraging innovative thinking, and risk-taking. It's a major component of both transformational and charismatic leadership.

Using these three behaviors, researchers have found that relations-oriented leadership accounted for most of the differences in both employee commitment and job performance.⁷¹

In terms of reducing redundancy and confusion, efforts at comparing ethical and authentic leadership with transformational leadership found considerable overlap. Specifically, it appears that transformational leadership encompasses almost all of the same variables as ethical and authentic leadership.⁷² So although both authentic and ethical leadership may help in understanding a few focused employee outcomes, they don't "offer much that transformational leadership does not already provide."⁷³ Meanwhile, transformational leadership does appear to be related to employee commitment, trust, satisfaction, and performance.

Contingency Factors

There is no shortage of contingency factors that have been introduced to help explain when leaders are most likely to be effective. Some, however, appear to be more relevant. We'll look at four.

A follower's *experience* appears important. The more experience an employee has, the less dependent they are on a leader. It appears a leader's guidance is particularly important when an employee is new. But experienced employees don't require close supervision and are likely to find task-oriented behavior by a leader as unnecessary or even insulting.

A follower's *ability* also appears important. Like experience, high levels of ability allow employees to perform their work with minimal supervision.

Culture has consistently proven to be a highly relevant contingency variable in leadership.⁷⁴ *Organizational culture* shapes what leadership style is appropriate. Regardless of a leader's predisposition, what's defined as "appropriate" in a prison or military organization is likely to be very different than in a consulting firm or an academic department in a university. *National culture* also shapes what's appropriate and acceptable. The same relations-oriented style that's appropriate and effective in Sweden is likely to be seen as weak and ineffective in Mexico.

LEADERSHIP Issues in the 21st Century

LO16.6 Discuss 21st-century issues affecting leadership.

Today's leaders face some important issues. In this section, we look at several of them.

Managing Power

Where do leaders get their power—that is, their right and capacity to influence work actions or decisions? Five sources of leader power have been identified: legitimate, coercive, reward, expert, and referent.⁷⁵

Legitimate power and authority are the same. Legitimate power represents the power a leader has as a result of their position in the organization. Although people in positions of authority are also likely to have reward and coercive power, legitimate power is broader than the power to coerce and reward.

Coercive power is the power a leader has to punish or control. Followers react to this power out of fear of the negative results that might occur if they don't comply. Managers typically have some coercive power, such as being able to suspend or demote employees or to assign them work they find unpleasant or undesirable.

Reward power is the power to give positive rewards. A reward can be anything a person values, such as money, favorable performance appraisals, promotions, interesting work assignments, friendly colleagues, and preferred work shifts or sales territories.

Expert power is power based on expertise, special skills, or knowledge. If an employee has skills, knowledge, or expertise that's critical to a work group, that person's expert power is enhanced.

Finally, **referent power** is the power that arises because of a person's desirable resources or personal traits. It develops out of admiration of another and a desire to be like that person. Referent power explains why celebrities are paid millions of dollars to endorse products in commercials. Marketing research shows that people like Ariana Grande, Kim Kardashian, and LeBron James have the power to influence your choice of beauty products and athletic shoes.

Most effective leaders rely on several different forms of power to affect the behavior and performance of their followers. For example, the commanding officer of a military submarine employs different types of power in managing their crew and equipment. They give orders to the crew (legitimate), praise them (reward), and discipline those who commit infractions (coercive). As an effective leader, they also strive to have expert power (based on their expertise and knowledge) and referent power (based on their being admired) to influence their crew.

Developing Credibility and Trust

We saw the importance trust plays in a variety of leadership theories. In fact, it's probably fair to say that a lack of credibility and trust is likely to undermine leadership. But how can leaders build credibility and trust? Let's start with making sure we know what the terms mean and why they're so important.

The main component of **credibility** is honesty. Surveys show that honesty is consistently singled out as the number one characteristic of admired leaders. "Honesty is absolutely essential to leadership. If people are going to follow someone willingly, whether it be into battle or into the boardroom, they first want to assure themselves that the person is worthy of their trust."⁷⁶ In addition to being honest, credible leaders are competent and inspiring. They are personally able to effectively communicate their confidence and enthusiasm. Thus, followers judge a leader's credibility in terms of their honesty, competence, and ability to inspire.

Trust is closely entwined with the concept of credibility; in fact, the terms are often used interchangeably. **Trust** is defined as the belief in the integrity, character, and ability of a leader. Followers who trust a leader are willing to be vulnerable to the leader's actions because they are confident that their rights and interests will not be abused.⁷⁷ Research has identified five dimensions that make up the concept of trust.⁷⁸

legitimate power

The power a leader has as a result of their position in the organization

coercive power

The power a leader has to punish or control

reward power

The power a leader has to give positive rewards

expert power

Power that's based on expertise, special skills, or knowledge

referent power

Power that arises because of a person's desirable resources or personal traits

credibility

The degree to which followers perceive someone as honest, competent, and able to inspire

trust

The belief in the integrity, character, and ability of a leader

WORKPLACE CONFIDENTIAL Dealing with a Micromanager

Micromanaging has been described as probably the most common complaint about a boss. What exactly is *micromanaging*, and what can you do if you find yourself working for a micromanager?

A micromanager is someone who wants to control every particular aspect, down to the smallest detail, of your work. For you, it can be very frustrating, stressful, and demoralizing. What are some signs that you are being micromanaged? Your manager checks on your progress multiple times a day, asks for frequent updates, tells you how to complete tasks, is obsessed with meaningless details, or becomes irritated if you make a decision on your own. But just monitoring your work doesn't make your boss a micromanager. Every manager has a responsibility for controlling activities for which they are responsible. And good managers are detail oriented. The difference is that micromanagers obsess on details, lose sight of priorities, and behave as if they don't trust you. Good managers, on the other hand, understand the value of delegation. Unfortunately, you might not always have one of these.

There's a long list of reasons why your boss might be micromanaging you, including insecurity, lack of trust in others, risk aversion, or lack of confidence in your ability. Additionally, other reasons might be having too little to do, thinking they are being helpful, or just being a control freak.

Self-assessment: If you feel that you are being micromanaged, the place to start is with self-assessment. Ask yourself: "Is it *me*?" Is there any reason your boss might feel the need to micromanage? For instance, have you shown up late to work? Have you missed some deadlines? Have you been distracted at work lately? Have you made mistakes that have reflected negatively on your boss? Start your assessment by making sure that your manager's behavior isn't rational and reasonable.

New to the job: The next question to ask is: Are either you or your manager new on the job? If you're new, your manager may just be temporarily monitoring your work until they are confident of your ability and you prove yourself. If your manager is new, either to the current position or in their first managerial position, be patient as they adjust. Micromanaging is not uncommon among new managers who, with little experience, are fearful of delegation and

being held accountable for results. And experienced managers, in a new position, may be overly controlling until they're confident of your abilities. So if either you or your boss is new, you might want to give it some time.

Changing conditions: A final step before you take any action should be to assess whether conditions have changed. If your boss's micromanaging behavior is a change from past behavior, consider whether it might be justified by changing conditions. Is your organization going through layoffs? Is there a major reorganization going on? Has your manager been given additional projects with pressing deadlines? Is there new upper-level leadership at the company? Any of these types of conditions can increase stress and lead your boss to micromanaging. If the conditions creating stress are temporary, the strong oversight behavior may be just short term.

Talk to your manager: If you've come to the conclusion that your manager's behavior isn't temporary and it's creating difficulties for you to do your job properly, you and your manager need to talk. It's very possible your manager is unaware that there's a problem. In a nonconfrontational voice, specifically explain how the oversight is impacting your work, creating stress, and making it harder for you to perform at your full capabilities. You want to demonstrate that you've got things under control and that you know what is expected of you.

Keep your manager updated: In addition to talking to your manager, you want to alleviate any concerns that work isn't being done correctly or that your manager might be unable to answer questions about your work progress. This is best achieved by regularly updating your manager on your work's status. No one likes surprises, especially ones that might reflect negatively on their management skills. This can best be achieved by proactively providing updates before they're requested.

Reinforce your manager's positive behaviors: When your manager leaves you alone, express gratitude about the hands-off approach. By positively reinforcing trust, you increase the probability that it will continue. Over time, when combined with your regular updates and your solid performance, you're very likely to see a decline in the micromanaging behavior.⁷⁹

- **Integrity:** Honesty and truthfulness
- **Competence:** Technical and interpersonal knowledge and skills
- **Consistency:** Reliability, predictability, and good judgment in handling situations
- **Loyalty:** Willingness to protect a person, physically and emotionally
- **Openness:** Willingness to share ideas and information freely

Of these five dimensions, integrity seems to be the most critical when someone assesses another's trustworthiness.⁸⁰ Both integrity and competence were seen in our earlier discussion of leadership traits to be consistently associated with leadership. Workplace changes have reinforced why such leadership qualities are important. For instance, the

trends toward empowerment and self-managed work teams have reduced many of the traditional control mechanisms used to monitor employees. If a work team is free to schedule its own work, evaluate its own performance, and even make its own hiring decisions, trust becomes critical. Employees have to trust managers to treat them fairly, and managers have to trust employees to conscientiously fulfill their responsibilities.

Also, leaders have to increasingly lead others who may not be in their immediate work group or may even be physically separated—members of cross-functional or virtual teams, individuals who work for suppliers or customers, and perhaps even people who represent other organizations through strategic alliances. These situations don't allow leaders the luxury of falling back on their formal positions for influence. Many of these relationships, in fact, are fluid and fleeting, so the ability to quickly develop trust and sustain that trust is crucial to the success of the relationship. Research suggests that leaders can build trust by behaving in a way that shows compassion and also communicating with humility.⁸¹

Why is it important that followers trust their leaders? Research has shown that trust in leadership is significantly related to positive job outcomes, including job performance, organizational citizenship behavior, job satisfaction, and organizational commitment.⁸²

Now, more than ever, managerial and leadership effectiveness depends on the ability to gain the trust of followers.⁸³ Downsizing, financial challenges, and the increased use of temporary employees have undermined employees' trust in their leaders and shaken the confidence of investors, suppliers, and customers. Today's leaders are faced with the challenge of rebuilding and restoring trust with employees and with other important organizational stakeholders.

Leading Virtual Teams

CEO Matt Mullenweg of tech company Automattic Inc., known for its websites including Tumblr and Wordpress, leads a remote workforce of more than 1,300 employees across 76 countries. The company's agile, empowered teams have helped grow the company to a \$3 billion valuation, and Mullenweg notes, "If we make it look easy, it's because we work incredibly hard at it."⁸⁴ We discussed the growth of virtual teams in **Chapter 15** and know that many companies have at least some remote workers. Because they lack the "face-to-face" feature of other types of teams, they provide a unique challenge to managers. Specifically, how do you lead people who are physically separated and might be in different time zones, geographic locations, or residing in a different culture?

With a lack of in-person contact, many leaders find it difficult to achieve work group cohesion and to actually ensure that work is being completed. The significant increase in virtual work during the COVID-19 pandemic highlighted many of these challenges to leaders. For example, many companies attempted to replicate in-person interactions by increasing contact through video meetings, but too much video time can lead to exhaustion and burnout.⁸⁵ Leaders need to take a different approach in the virtual environment.

So what are some strategies for virtual leaders? Beyond ensuring the right technology is in place to support communication, leading virtual teams requires work establishing norms and expectations, building collaborative relationships, and establishing trust.⁸⁶ Building relationships, in particular, requires leaders to find ways to stay connected, meaning going beyond just video meetings and actually checking in on workers to make sure they have what they need. Essentially, they need to lead with empathy.⁸⁷ Further, without physical presence, virtual leaders must shift from managing time and activity to focusing on outcomes and results.⁸⁸

Leadership Training

We know that some people have traits that make them good leaders, but evidence suggests that with effort, individuals can become better leaders.⁸⁹ Although it requires a personal commitment to develop leadership skills, many companies invest in leadership

training. In fact, organizations around the globe spend billions of dollars, yen, and euros on leadership training and development. In the United States alone, it has been estimated that companies spend more than **\$92 billion a year on formal training and development.**⁹⁰ These efforts take many forms—from \$50,000 leadership programs offered by universities such as Harvard and organizations such as Disney to sailing experiences at the Outward Bound School.

Is leadership training effective? A number of individual studies have been done on leadership effectiveness with mixed results.⁹¹ However, a comprehensive review of over 300 studies found very encouraging results when certain conditions are met. It was found that leadership training composed of multiple sessions and combining information, demonstration, and practice methods was effective in creating real behavioral change and in positively influencing organizational and subordinate outcomes.⁹²

More specifically, there is some consensus about characteristics of effective leadership training. One is contextualization (ensuring that learning is set in the strategy and culture of the organization); another is personalization (enabling participants to seek out learning related to their aspirations).⁹³

First, let's recognize the obvious: Some people don't have what it takes to be a leader. Period. For instance, evidence indicates that leadership training is more likely to be successful with individuals who are high self-monitors rather than low self-monitors. Such individuals have the flexibility to change their behavior as different situations may require. In addition, organizations may find that individuals with higher levels of a trait called "motivation to lead" are more receptive to leadership development opportunities.⁹⁴

What kinds of things can individuals learn that might be related to being a more effective leader? It may be a bit optimistic to think that "vision creation" can be taught, but implementation skills can be taught. People can be trained to develop "an understanding about content themes critical to effective visions."⁹⁵ We can also teach skills such as trust-building and mentoring. And leaders can be taught situational analysis skills. They can learn how to evaluate situations, how to modify situations to make them fit better with their style, and how to assess which leader behaviors might be most effective in given situations.

TRAINING ON ARTIFICIAL INTELLIGENCE Throughout the text, we have discussed how AI is impacting the practice of management. Unlike some other technologies, AI does not require you to be a data scientist or IT specialist to leverage its potential, but leaders do need to become AI literate to effectively integrate AI into an organization's strategy. Leaders have increasingly become data-driven, and harnessing the power of AI to improve organizational decision making and streamline processes offers leaders an opportunity to reallocate their time to focus on leader responsibilities such as mentoring and motivating workers.

Experts suggest three paths to prepare leaders to engage with AI. First, through individual learning and self-study. There are also third-party resources for leader training programs, such as a company's IT provider. Finally, larger organizations may want to consider developing their own internal training programs. And as we discussed in **Chapter 7**, leaders need training specifically on AI ethical issues. In addition to training, organizations may consider adding a chief artificial intelligence officer to their leadership team to help optimize AI.⁹⁶

When Leadership May Not Be Important

Despite the belief that some leadership style will always be effective regardless of the situation, leadership may not always be important! Data from numerous studies collectively demonstrate that, in many situations, whatever actions leaders exhibit are



US Naval Forces Europe-Africa Fleet Master Chief Raymond Kemp Sr. speaks to a multinational group of senior enlisted leaders during the Combined Joint Maritime Enlisted Leadership Development Program (ELDP), Back Bone University.
Source: AB Forces News Collection/Alamy Stock Photo

irrelevant. Certain individual, job, and organizational variables can act as *substitutes* for leadership or *neutralize* the leader's effect to influence their followers.⁹⁷

Neutralizers make it impossible for leader behavior to make any difference to follower outcomes. They negate the leader's influence. Substitutes, on the other hand, make a leader's influence not only impossible but also unnecessary. They act as a replacement for the leader's influence. For instance, characteristics of employees such as their experience, training, "professional" orientation, or indifference toward organizational rewards can substitute for, or neutralize the effect of, leadership. Experience and training can replace the need for a leader's support or ability to create structure and reduce task ambiguity. Jobs that are inherently unambiguous and routine or that are intrinsically satisfying may place fewer demands on the leadership variable. And organizational characteristics like explicit formalized goals, rigid rules and procedures, and cohesive work groups can also replace formal leadership.

Chapter 16

PREPARING FOR: Exams/Quizzes

CHAPTER SUMMARY by Learning Objectives

LO16.1 DEFINE leader and leadership.

A leader is someone who can influence others and who has managerial authority. Leadership is a process of leading a group and influencing that group to achieve its goals. Managers should be leaders because leading is one of the four management functions.

LO16.2 COMPARE and contrast early theories of leadership.

Early attempts to define leader traits were unsuccessful, although later attempts found eight traits associated with leadership.

The University of Iowa studies explored three leadership styles. The only conclusion was that group members were more satisfied under a democratic leader than under an autocratic one. The Ohio State studies identified two dimensions of leader behavior—initiating structure and consideration. A leader high in both those dimensions at times achieved high group task performance and high group member satisfaction, but not always. The University of Michigan studies looked at employee-oriented leaders and production-oriented leaders. They concluded that leaders who were employee oriented could get high group productivity and high group member satisfaction. The managerial grid looked at leaders' concern for production and concern for people, and identified five leader styles. Although it suggested that a leader who was high in concern for production and high in concern for people was the best, there was no substantive evidence for that conclusion.

As the behavioral studies showed, a leader's behavior has a dual nature: a focus on the task and a focus on the people.

LO16.3 DESCRIBE the three major contingency theories of leadership.

Fiedler's model attempted to define the best style to use in particular situations. He measured leader style—relationship oriented or task oriented—using the least-preferred coworker questionnaire. Fiedler also assumed a leader's style was fixed. He measured three contingency dimensions: leader-member relations, task structure, and position power. The model suggests that task-oriented leaders performed best in very favorable and very unfavorable situations, and relationship-oriented leaders performed best in moderately favorable situations.

Hersey and Blanchard's situational leadership theory focused on followers' readiness. They identified four leadership styles: telling (high task–low relationship), selling (high task–high relationship), participating (low task–high relationship), and delegating (low task–low relationship). They also identified four stages of readiness: unable and unwilling (use telling style), unable but willing (use selling style), able but unwilling (use participative style), and able and willing (use delegating style).

The path-goal model developed by Robert House identified four leadership behaviors: directive, supportive, participative, and achievement oriented. He assumed that a leader can and should be able to use any of these styles. The two situational contingency variables were found in the environment and in the follower. Essentially, the path-goal model says that a leader should provide direction and support as needed; that is, structure the path so the followers can achieve goals. The path-goal model proposes that a leader's behavior won't be effective if it's redundant with what the environmental structure is providing or is incongruent with follower characteristics.

LO16.4 DESCRIBE contemporary views of leadership.

Leader–member exchange theory (LMX) says that leaders create in-groups and out-groups and that those in the in-group will have higher performance ratings, less turnover, and greater job satisfaction.

A charismatic leader is an enthusiastic and self-confident leader whose personality and actions influence people to behave in certain ways. People can learn to be charismatic.

A transactional leader exchanges rewards for productivity, while a transformational leader stimulates and inspires followers to achieve goals. Transformational leaders have been associated with better outcomes than transactional leaders.

Authentic leadership focuses on the moral aspects of being a leader. Authentic leaders also openly solicit views that challenge their own positions and are self-aware, transparent, and humble. Ethical leaders create a culture in which employees feel that they could and should do a better job. Servant leaders go beyond their self-interest and focus on opportunities to help followers grow and develop. Emergent leaders naturally arise from a group or team instead of being appointed.

Followership recognizes the role of followers in the leadership process. Not only do leaders need to motivate followers, but followers also influence the attitudes and behaviors of leaders.

LO16.5 COMPARE the various theories of leadership for their validity.

If traits play a role in defining leaders, their role is small and dependent on situational factors. In terms of behaviors, relationship-oriented leadership appears to account for most of the differences in both employee commitment and job performance. And transformational leadership encompasses almost all of the same variables as ethical and authentic leadership. Among contingency factors, the most relevant appear to be follower's experience and ability, organizational culture, and national culture.

LO16.6 DISCUSS 21st-century issues affecting leadership.

The five sources of a leader's power are legitimate (authority or position), coercive (punish or control), reward (give positive rewards), expert (special expertise, skills, or knowledge), and referent (desirable resources or traits).

Today's leaders face the issues of managing power, developing trust, leading virtual teams, and becoming an effective leader through leadership training.

REVIEW AND DISCUSSION QUESTIONS

- 16-1. What conclusions from the four theories on leadership behavior are most important? Are supervisors born able to initiate structure, set goals, involve subordinates, delegate authority, encourage participation, or show consideration? Explain.
- 16-2. According to Fiedler's contingency model of leadership, how do leaders use the least-preferred coworker (LPC) questionnaire to find the best leadership style for their situation?
- 16-3. If employees vary in their ability and willingness to perform tasks at work, how do leaders determine the amount of direction and support to provide each employee? Hint: consider the situational leadership and path-goal theories.
- 16-4. Why are the relationships between the leader and their subordinates important to the leader-member exchange theory? Are these relationships different in the presence of a charismatic leader?
- 16-5. Differentiate between transactional and transformational leaders and between ethical and servant leaders.
- 16-6. Which source of a leader's power is most effective and why? Rank the five sources from most to least effective.
- 16-7. Micromanaging can make a well-intentioned leader less effective. How can the leader's followers gain more autonomy and empowerment when needed?
- 16-8. Why is trust between leaders and employees important? Give an example of how a leader can demonstrate credibility to employees in a face-to-face, hybrid, and remote work environment.

PREPARING FOR: My Career

ETHICS DILEMMA

Shakespeare's play *Henry V* describes how the king disguises himself as a common soldier to walk among his troops to determine the army's morale before the battle at Agincourt.⁹⁸ In a modernized spin, you can observe a similar dynamic on the show *Undercover Boss*.⁹⁹ It features a company's "boss" working undercover in their own company to determine how the organization really works. Typically, the executive works undercover for a week, and then the employees the leader has worked with are summoned to company headquarters and either rewarded

or punished for their actions. Bosses from organizations ranging from White Castle and College HUNKS Hauling Junk and Moving to NASCAR and Dippin' Dots have participated.

- 16-9. Do you think a credible leader would need to go undercover? Is it ethical for a leader to go undercover in their organization? Why or why not?
- 16-10. What ethical issues could arise? How would an authentic leader deal with those issues?

SKILLS EXERCISE Choosing an Effective Group Leadership Style Skill

About the Skill

Effective leaders are skillful at helping the individuals and groups they lead to be successful. Working one-on-one or with a group means adapting your leadership style to be consistently effective. Situational factors, including follower characteristics, are critical to evaluate as you select your leadership style for one-on-one interactions. When interacting with a group, the stage of group development, task structure, position power, leader-member relations, employees' job characteristics, organizational culture, and national culture are key situational factors to consider when determining the most appropriate leadership style.

Steps in Practicing the Skill

Use the following suggestions to choose an appropriate leadership style when leading groups:

- **Determine the stage your group or team is operating in: forming, storming, norming, or performing.** Because each team stage involves specific and different issues and behaviors, it is essential to know the stage your team is in. *Forming* is the first stage of group development, during which people join a group, become familiar with each other, and then help begin to define the group's purpose. *Storming* is the second stage, characterized by intragroup conflict. *Norming* is the third stage, characterized by

consistency and agreement about how work is assigned and allocated. *Performing* is the fourth stage, when the group is cohesive and performs at a high level. Each stage has certain leader behaviors that are more appropriate:

- **Forming:** Helpful leader behaviors include having all team members introduce themselves to one another, answering member questions to establish a foundation of trust and openness, modeling the behaviors you expect from the team members, and clarifying the team's goals, procedures, and expectations.
- **Storming:** These behaviors include identifying sources of conflict and directing it toward functional types of conflict. It may be necessary to adopt a mediator role, encourage a win-win philosophy, restate the team's vision and its core values and goals, encourage open discussion, encourage analysis of team processes in order to identify ways to improve, enhance team cohesion and commitment, and provide recognition to individual team members as well as the team.
- **Norming:** These behaviors should include securing yourself as the team's leader, showing consistency in how you direct the team to accomplish its goals, providing performance feedback to individual team members and the team as a whole, encouraging the team to articulate a vision for the future, and finding ways to publicly and openly communicate the team's vision.
- **Performing:** Appropriate leader behaviors for this stage include providing regular and ongoing performance feedback, fostering innovation and innovative behavior, stepping back from directing how work must be done by encouraging team members to accomplish the work in ways that capitalize on their strengths, celebrating achievements (large and small), and advocating for the

team whenever it needs additional support or resources to continue doing its work.

- **Monitor the group for changes in behavior and adjust your leadership style accordingly.** Because a group is not a static entity, it will go through up periods and down periods. You should adapt your leadership style to the needs of the situation. If the group appears to need more direction from you, provide it. If it is functioning at a high level, remove obstacles and provide additional resources to help it function at an even higher level.

Practicing the Skill

The following suggestions are activities you can do to practice the behaviors in choosing an effective leadership style:

1. Think of a group or team you currently belong to or have been a part of, or think of a college or professional team you follow closely. What type of leadership style did the leader of this group appear to exhibit? Give some specific examples of the leadership behaviors they used. Evaluate the leadership style. Was it appropriate for the group? Why or why not? What would you have done differently? Why?
2. Observe a sports team (either college or professional) that has consistently been highly successful and one that has consistently been a disappointment. Do different leadership styles appear to be used in these team situations? Has leadership or financial support been consistent? Give some specific examples of leadership behaviors that led to success and disappointment. To what degree do you think leadership style instead of luck or a single player influenced the team's outcomes?

WORKING TOGETHER Team Exercise

After reading about the different leadership traits and behaviors, list those you think a good leader possesses. Now reflect on your current ability to lead. What combination of skills, traits, or behaviors do you need to develop to become a better transactional leader? Which additional skills would you need to develop to become a better transformational leader? Once you have your list and thoughts on what you need to become a better transactional and transformational

leader, get together with three or four other students to brainstorm strategies to develop into better transactional and transformational leaders. Focus on developing some steps you can take while still in college. Which would help you to become a better transactional leader? A transformational leader? Each student should write a brief personal leadership development plan after your discussion.

MY TURN TO BE A MANAGER

- Think of the different organizations to which you belong. Make a table with the name of the organizations across the top and the style of leadership presented in this chapter in a column below. In rows, make a check for the style of leading (no names, please) observed in each organization. Write a short paper summarizing your

results and evaluate if the styles being used match those you hoped would be used.

- Write down three prominent leaders from your hometown, county, state, or province. Make a bulleted list of these individuals' sources of power and the characteristics they exhibit that make you think of them as leaders.