

# LEARNING OUTLINE

*Follow this Learning Outline as you read and study this chapter.*

## **Who Are Leaders and What Is Leadership**

- Define leaders and leadership.
- Explain why managers should be leaders.

## **Early Leadership Theories**

- Discuss what research has shown about leadership traits.
- Contrast the findings of the four behavioral leadership theories.
- Explain the dual nature of a leader's behavior.

# LEARNING OUTLINE (cont'd)

*Follow this Learning Outline as you read and study this chapter.*

## Contingency Theories of Leadership

- Explain how Fiedler's theory of leadership is a contingency model.
- Contrast situational leadership theory and the leader participation model.
- Discuss how path-goal theory explains leadership.

## Contemporary Views on Leadership

- Differentiate between transactional and transformational leaders.
- Describe charismatic and visionary leadership.
- Discuss what team leadership involves.

# LEARNING OUTLINE (cont'd)

*Follow this Learning Outline as you read and study this chapter.*

## **Leadership Issues in the Twenty-First Century**

- **Tell the five sources of a leader's power.**
- **Discuss the issues today's leaders face.**
- **Explain why leadership is sometimes irrelevant.**

# Leaders and Leadership

- Leader – Someone who can influence others and who has managerial authority
- Leadership – What leaders do; the process of influencing a group to achieve goals
- Ideally, all managers *should be* leaders
- Although groups may have informal leaders who emerge, those are not the leaders we're studying

*Leadership research has tried to answer: **What is an effective leader?***

# Early Leadership Theories

- Trait Theories (1920s-30s)

- Research focused on identifying personal characteristics that differentiated leaders from nonleaders was unsuccessful.
- Later research on the leadership process identified seven traits associated with successful leadership:
  - ❖ Drive, the desire to lead, honesty and integrity, self-confidence, intelligence, job-relevant knowledge, and extraversion.

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## Exhibit 17–1 Seven Traits Associated with Leadership

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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 between themselves and 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.

Source: S. A. Kirkpatrick and E. A. Locke, "Leadership: Do Traits Really Matter?" *Academy of Management Executive*, May 1991, pp. 48–60; T. A. Judge, J. E. Bono, R. Ilies, and M. W. Gerhardt, "Personality and Leadership: A Qualitative and Quantitative Review," *Journal of Applied Psychology*, August 2002, pp. 765–780.

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## Exhibit 17–2 Behavioral Theories of Leadership

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|                    | Behavioral Dimension   | Conclusion   |
|--------------------|--|--|
| University of Iowa | <i>Democratic style</i> : involving subordinates, delegating authority, and encouraging participation<br><i>Autocratic style</i> : dictating work methods, centralizing decision making, and limiting participation<br><i>Laissez-faire style</i> : giving group freedom to make decisions and complete work | Democratic style of leadership was most effective, although later studies showed mixed results.  |
| Ohio State         | <i>Consideration</i> : being considerate of followers' ideas and feelings<br><i>Initiating structure</i> : structuring work and work relationships to meet job goals   | High–high leader (high in consideration and high in initiating structure) achieved high subordinate performance and satisfaction, but not in all situations. |



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## Exhibit 17–2 (cont'd) Behavioral Theories of Leadership

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|                        | Behavioral Dimension   | Conclusion  |
|------------------------|--|---|
| University of Michigan | <i>Employee-oriented</i> : emphasized interpersonal relationships and taking care of employees' needs<br><i>Production-oriented</i> : emphasized technical or task aspects of job  | Employee-oriented leaders were associated with high group productivity and higher job satisfaction. |
| Managerial Grid        | <i>Concern for people</i> : measured leader's concern for subordinates on a scale of 1 to 9 (low to high)<br><i>Concern for production</i> : measured leader's concern for getting 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).  |

# Early Leadership Theories (cont'd)

- Behavioral Theories

- University of Iowa Studies (Kurt Lewin)

- ❖ Identified three leadership styles:

- **Autocratic style:** centralized authority, low participation
      - **Democratic style:** involvement, high participation, feedback
      - **Laissez faire style:** hands-off management

- ❖ Research findings: mixed results

- No specific style was consistently better for producing better performance
      - Employees were more satisfied under a democratic leader than an autocratic leader.

# Early Leadership Theories (cont'd)

- Behavioral Theories (cont'd)

- Ohio State Studies

- ❖ Identified two dimensions of leader behavior

- **Initiating structure:** the role of the leader in defining his or her role and the roles of group members
      - **Consideration:** the leader's mutual trust and respect for group members' ideas and feelings.

- ❖ Research findings: mixed results

- High-high leaders generally, but not always, achieved high group task performance and satisfaction.
      - Evidence indicated that situational factors appeared to strongly influence leadership effectiveness.

# Early Leadership Theories (cont'd)

- Behavioral Theories (cont'd)

- University of Michigan Studies

- ❖ Identified two dimensions of leader behavior

- **Employee oriented:** emphasizing personal relationships
      - **Production oriented:** emphasizing task accomplishment

- ❖ Research findings:

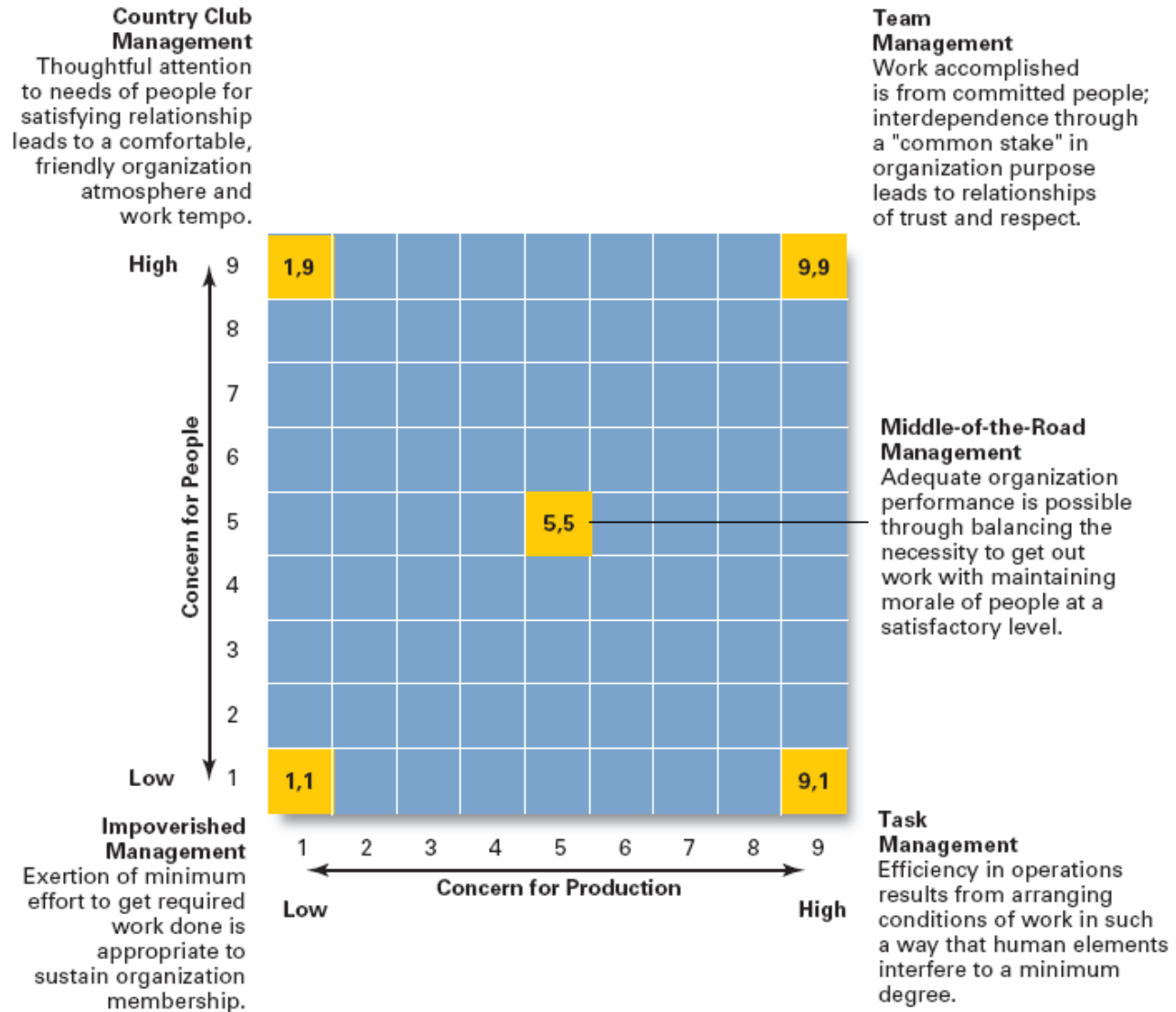
- Leaders who are employee oriented are strongly associated with high group productivity and high job satisfaction.

# The Managerial Grid

- Managerial Grid

- Appraises leadership styles using two dimensions:
  - ❖ Concern for people
  - ❖ Concern for production
- Places managerial styles in five categories:
  - ❖ Impoverished management
  - ❖ Task management
  - ❖ Middle-of-the-road management
  - ❖ Country club management
  - ❖ Team management

## Exhibit 17–3 The Managerial Grid



**Source:** Reprinted by permission of *Harvard Business Review*. An exhibit from "Breakthrough in Organization Development" by Robert R. Blake, Jane S. Mouton, Louis B. Barnes, and Larry E. Greiner, November–December 1964, p. 136. Copyright © 1964 by the President and Fellows of Harvard College. All rights reserved.

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# Contingency Theories of Leadership

- The Fiedler Model (cont'd)

- Proposes that effective group performance depends upon the proper match between the leader's style of interacting with followers and the degree to which the situation allows the leader to control and influence.

- Assumptions:

- ❖ A certain leadership style should be most effective in different types of situations.

- ❖ Leaders do not readily change leadership styles.

- Matching the leader to the situation or changing the situation to make it favorable to the leader is required.

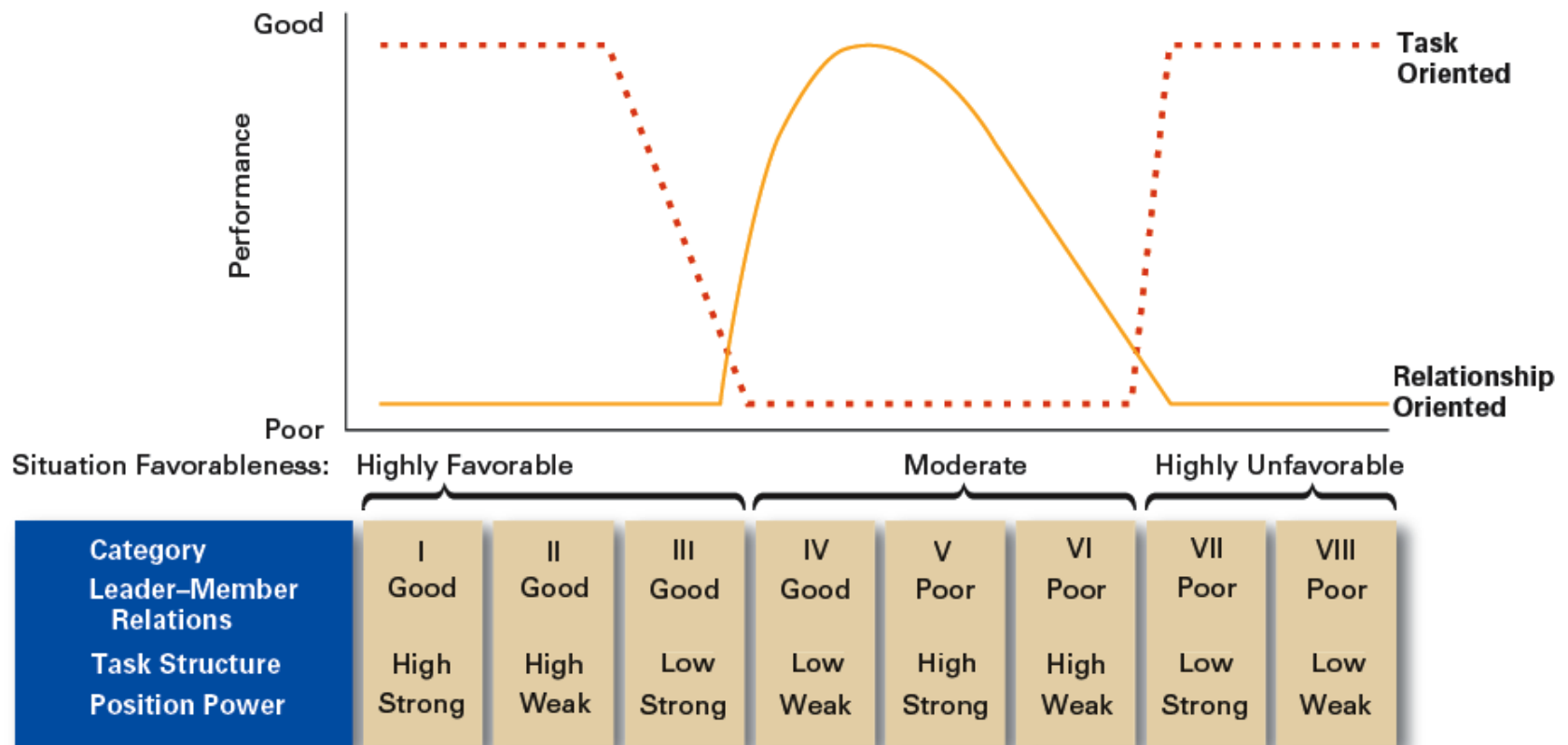
# Contingency Theories... (cont'd)

- The Fiedler Model (cont'd)

- Least-preferred co-worker (LPC) questionnaire
  - ❖ Determines leadership style by measuring responses to 18 pairs of contrasting adjectives.
    - High score: a relationship-oriented leadership style
    - Low score: a task-oriented leadership style
- Situational factors in matching leader to the situation:
  - ❖ Leader-member relations
  - ❖ Task structure
  - ❖ Position power



## Exhibit 17–4 Findings of the Fiedler Model



# Contingency Theories... (cont'd)

- Hersey and Blanchard's Situational Leadership Theory (SLT)
  - Argues that successful leadership is achieved by selecting the right leadership style which is contingent on the level of the followers' readiness.
    - ❖ **Acceptance:** leadership effectiveness depends on whether followers accept or reject a leader.
    - ❖ **Readiness:** the extent to which followers have the ability and willingness to accomplish a specific task.
  - Leaders must relinquish control over and contact with followers as they become more competent.

# Contingency Theories... (cont'd)

- Hersey and Blanchard's Situational Leadership Theory (SLT)
  - Creates four specific leadership styles incorporating Fiedler's two leadership dimensions:
    - ❖ **Telling:** high task-low relationship leadership
    - ❖ **Selling:** high task-high relationship leadership
    - ❖ **Participating:** low task-high relationship leadership
    - ❖ **Delegating:** low task-low relationship leadership

# Contingency Theories... (cont'd)

- Hersey and Blanchard's Situational Leadership Theory (SLT)

- Posits four stages follower readiness:

- ❖ **R1:** followers are unable and unwilling

- ❖ **R2:** followers are unable but willing

- ❖ **R3:** followers are able but unwilling

- ❖ **R4:** followers are able and willing

# Contingency Theories... (cont'd)

- Leader Participation Model (Vroom and Yetton)

- Posits that leader behavior must be adjusted to reflect the task structure—whether it is routine, nonroutine, or in between—based on a sequential set of rules (contingencies) for determining the form and amount of follower participation in decision making in a given situation.

# Contingency Theories... (cont'd)

- Leader Participation Model Contingencies:

- Decision significance
- Importance of commitment
- Leader expertise
- Likelihood of commitment
- Group support
- Group expertise
- Team competence



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## Exhibit 17–5 Leadership Styles in the Vroom Leader Participation Model

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- ***Decide:*** Leader makes the decision alone and either announces or sells it to group.
- ***Consult Individually:*** Leader presents the problem to group members individually, gets their suggestions, and then makes the decision.
- ***Consult Group:*** Leader presents the problem to group members in a meeting, gets their suggestions, and then makes the decision.
- ***Facilitate:*** Leader presents the problem to the group in a meeting and, acting as facilitator, defines the problem and the boundaries within which a decision must be made.
- ***Delegate:*** Leader permits the group to make the decision within prescribed limits.

**Source:** Based on V. Vroom, "Leadership and the Decision-Making Process," *Organizational Dynamics*, vol. 28, no. 4 (2000), p. 84.

## Exhibit 17–6 Time-Driven Model

| P<br>R<br>O<br>B<br>L<br>E<br>M<br><br>S<br>T<br>A<br>T<br>E<br>M<br>E<br>N<br>T | Decision<br>Significance | Importance of<br>Commitment | Leader<br>Expertise | Likelihood of<br>Commitment | Group<br>Support | Group<br>Expertise | Team<br>Competence |            |                        |                        |
|--|--------------------------|-----------------------------|---------------------|-----------------------------|------------------|--------------------|--------------------|------------|------------------------|------------------------|
|  | H                        | H                           | H                   | H                           | -                | -                  | -                  | Decide     |                        |                        |
|  |                          |                             |                     | L                           | H                | H                  | H                  | H          | Delegate               |                        |
|  |                          |                             |                     |                             |                  | L                  | L                  | -          | Consult (Group)        |                        |
|  |                          |                             |                     |                             | L                | -                  | -                  |            |                        |                        |
|  |                          |                             | L                   | H                           | H                | H                  | H                  | H          | Facilitate             |                        |
|  |                          |                             |                     |                             | L                | L                  | L                  | -          | Consult (Individually) |                        |
|  |                          |                             |                     |                             |                  | -                  | -                  |            |                        |                        |
|  |                          |                             |                     | L                           | H                | H                  | H                  | H          | Facilitate             |                        |
|  |                          |                             |                     |                             | L                | L                  | L                  | -          | Consult (Group)        |                        |
|  |                          |                             |                     |                             |                  | L                  | -                  | -          |                        |                        |
|  |                          |                             | L                   | L                           | H                | -                  | -                  | -          | -                      | Decide                 |
|  |                          |                             |                     |                             | L                | H                  | H                  | H          | H                      | Facilitate             |
|  |                          |                             |                     |                             |                  |                    | L                  | L          | -                      | Consult (Individually) |
|  |                          |                             |                     |                             |                  | L                  | -                  | -          |                        |                        |
|  | L                        | L                           | H                   | -                           | H                | -                  | -                  | -          | Decide                 |                        |
|  |                          |                             |                     |                             | L                | -                  | -                  | H          | Delegate               |                        |
|  |                          |                             | L                   | -                           | -                | -                  | L                  | Facilitate |                        |                        |
|  |                          |                             |                     |                             |                  |                    | -                  | -          | -                      | Decide                 |

**Source:** Adapted from V. Vroom, "Leadership and the Decision-Making Process," *Organizational Dynamics*, vol. 28, no. 4 (2000), p. 87.

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# Contingency Theories... (cont'd)

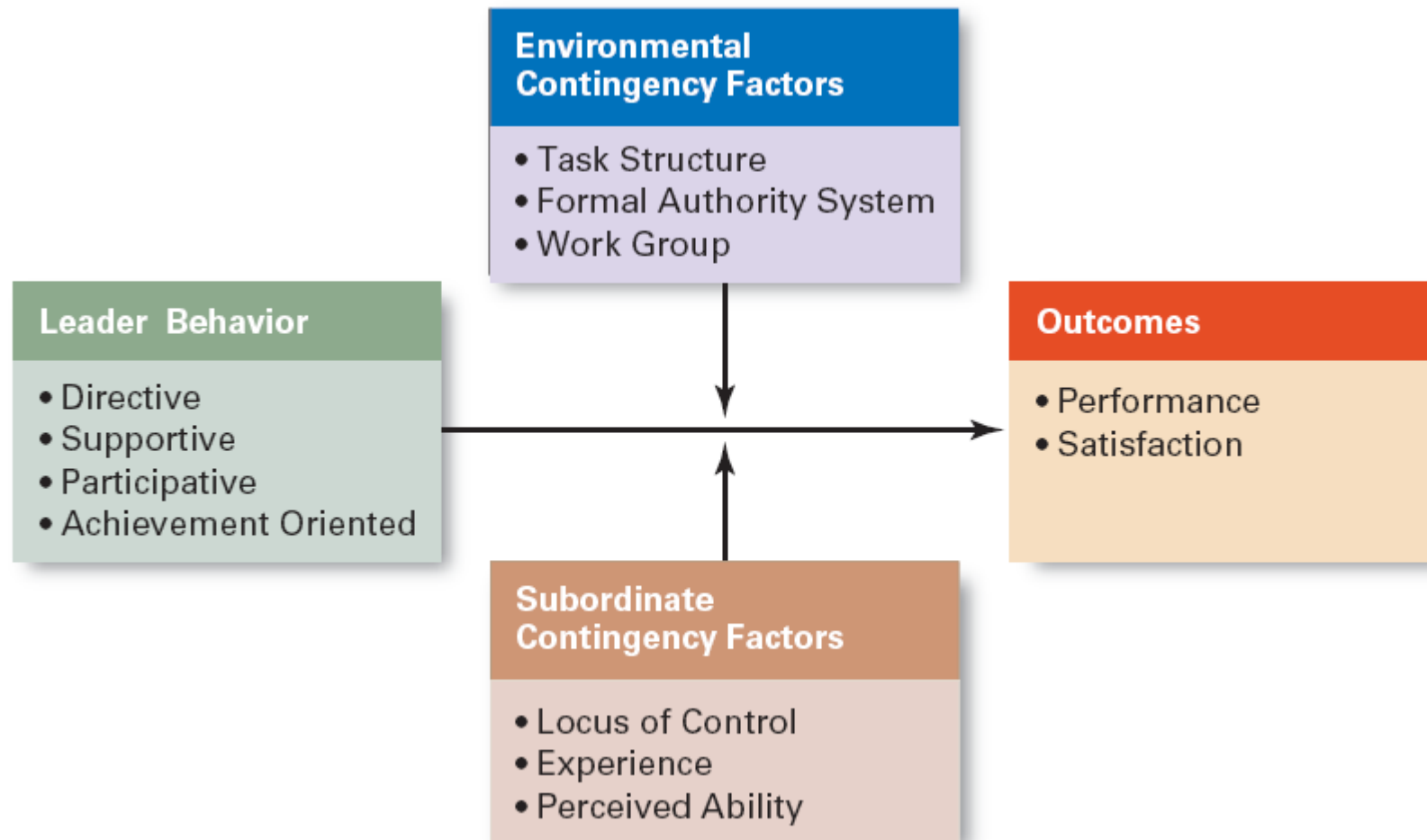
- Path-Goal Model

- States that the leader's job is to assist his or her followers in attaining their goals and to provide direction or support to ensure their goals are compatible with organizational goals.
- Leaders assume different leadership styles at different times depending on the situation:
  - ❖ Directive leader
  - ❖ Supportive leader
  - ❖ Participative leader
  - ❖ Achievement oriented leader

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## Exhibit 17–7 Path-Goal Theory

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# Contemporary Views on Leadership

- Transactional Leadership

- Leaders who guide or motivate their followers in the direction of established goals by clarifying role and task requirements.

- Transformational Leadership

- Leaders who inspire followers to transcend their own self-interests for the good of the organization by clarifying role and task requirements.
- Leaders who also are capable of having a profound and extraordinary effect on their followers.

# Contemporary Views...(cont'd)

- Charismatic Leadership

- An enthusiastic, self-confident leader whose personality and actions influence people to behave in certain ways.
- Characteristics of charismatic leaders:
  - ❖ Have a vision.
  - ❖ Are able to articulate the vision.
  - ❖ Are willing to take risks to achieve the vision.
  - ❖ Are sensitive to the environment and follower needs.
  - ❖ Exhibit behaviors that are out of the ordinary.

# Contemporary Views...(cont'd)

- Visionary Leadership

- A leader who creates and articulates a realistic, credible, and attractive vision of the future that improves upon the present situation.

- Visionary leaders have the ability to:

- Explain the vision to others.

- Express the vision not just verbally but through behavior.

- Extend or apply the vision to different leadership contexts.

# Contemporary Views...(cont'd)

- Team Leadership Characteristics

- Having patience to share information
- Being able to trust others and to give up authority
- Understanding when to intervene

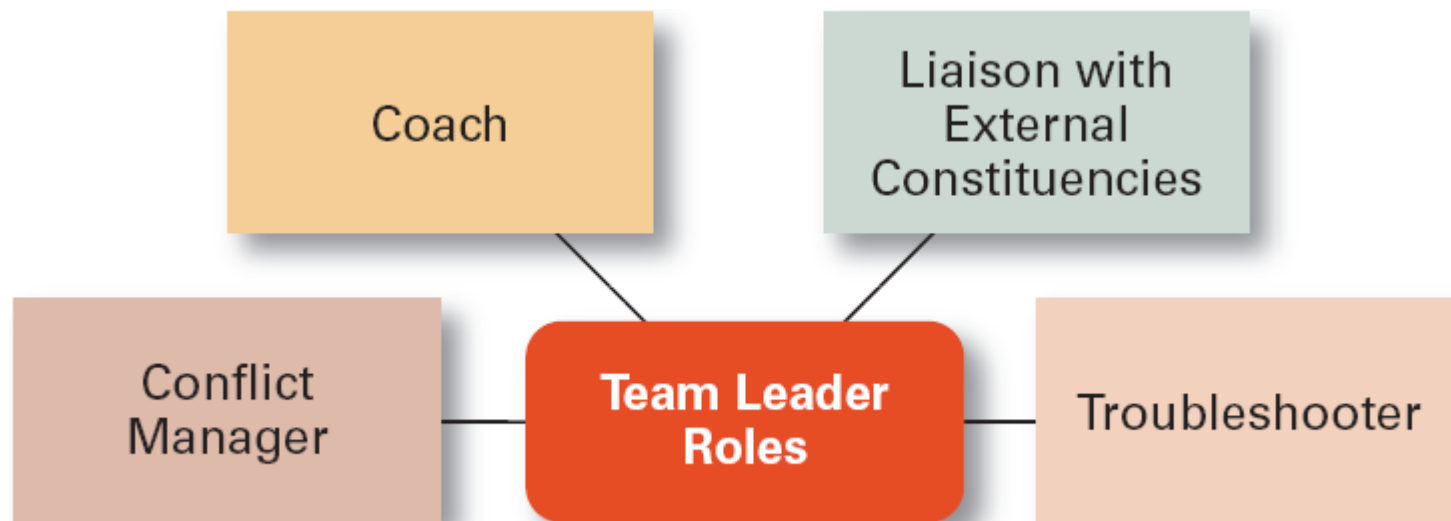
- Team Leader's Job

- Managing the team's external boundary
- Facilitating the team process
  - ❖ Coaching, facilitating, handling disciplinary problems, reviewing team and individual performance, training, and communication

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## Exhibit 17–8 Specific Team Leadership Roles

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# Leadership Issues in the 21<sup>st</sup> Century

- **Managing Power**

- **Legitimate power**

- ❖ The power a leader has as a result of his or her position.

- **Coercive power**

- ❖ The power a leader has to punish or control.

- **Reward power**

- ❖ The power to give positive benefits or rewards.

- **Expert power**

- ❖ The influence a leader can exert as a result of his or her expertise, skills, or knowledge.

- **Referent power**

- ❖ The power of a leader that arise because of a person's desirable resources or admired personal traits.



# Developing Credibility and Trust

- Credibility (of a Leader)

- The assessment of a leader's honesty, competence, and ability to inspire by his or her followers

- Trust

- Is the belief of followers and others in the integrity, character, and ability of a leader.

- ❖ **Dimensions of trust:** integrity, competence, consistency, loyalty, and openness.

- Is related to increases in job performance, organizational citizenship behaviors, job satisfaction, and organization commitment.

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**Exhibit 17–9    Suggestions for Building Trust**

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***Practice openness.***

***Be fair.***

***Speak your feelings.***

***Tell the truth.***

***Show consistency.***

***Fulfill your promises.***

***Maintain confidences.***

***Demonstrate competence.***

# Providing Ethical Leadership

- Ethics are part of leadership when leaders attempt to:
  - Foster moral virtue through changes in attitudes and behaviors.
  - Use their charisma in socially constructive ways.
  - Promote ethical behavior by exhibiting their personal traits of honesty and integrity.
- Moral Leadership
  - Involves addressing the means that a leader uses to achieve goals as well as the moral content of those goals.

# Empowering Employees

- Empowerment

- Involves increasing the decision-making discretion of workers such that teams can make key operating decisions in develop budgets, scheduling workloads, controlling inventories, and solving quality problems.
- Why empower employees?
  - ❖ Quicker responses problems and faster decisions.
  - ❖ Addresses the problem of increased spans of control in relieving managers to work on other problems.

# Cross-Cultural Leadership

- Universal Elements of Effective Leadership

- Vision
- Foresight
- Providing encouragement
- Trustworthiness
- Dynamism
- Positiveness
- Proactiveness



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## Exhibit 17–10 Selected Cross-Cultural Leadership Findings

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- **Korean leaders are expected to be paternalistic toward employees.**
- **Arab leaders who show kindness or generosity without being asked to do so are seen by other Arabs as weak.**
- **Japanese leaders are expected to be humble and speak frequently.**
- **Scandinavian and Dutch leaders who single out individuals with public praise are likely to embarrass, not energize, those individuals.**
- **Effective leaders in Malaysia are expected to show compassion while using more of an autocratic than a participative style.**
- **Effective German leaders are characterized by high performance orientation, low compassion, low self-protection, low team orientation, high autonomy, and high participation.**

*Source:* Based on J. C. Kennedy, "Leadership in Malaysia: Traditional Values, International Outlook," *Academy of Management Executive*, August 2002, pp. 15–17; F.C. Brodbeck, M. Frese, and M. Javidan, "Leadership Made in Germany: Low on Compassion, High on Performance," *Academy of Management Executive*, February 2002, pp. 16–29; M. F. Peterson and J. G. Hunt, "International Perspectives on International Leadership," *Leadership Quarterly*, Fall 1997, pp. 203–31; R. J. House and R. N. Aditya, "The Social Scientific Study of Leadership: Quo Vadis?" *Journal of Management*, vol. 23, no. 3, (1997), p. 463; and R. J. House, "Leadership in the Twenty-First Century," in A. Howard (ed.), *The Changing Nature of Work* (San Francisco: Jossey-Bass, 1995), p. 442.

# Gender Differences and Leadership

- Research Findings

- Males and females use different styles:

- ❖ Women tend to adopt a more democratic or participative style unless in a male-dominated job.
    - ❖ Women tend to use transformational leadership.
    - ❖ Men tend to use transactional leadership.

## Exhibit 17–11 Where Female Managers Do Better: A Scorecard

### Where Female Managers Do Better: A Scorecard

None of the five studies set out to find gender differences. They stumbled on them while compiling and analyzing performance evaluations.

| Skill (Each check mark denotes which group scored higher on the respective studies) | MEN | WOMEN     |
|---|-----|-----------|
| Motivating Others   |     | ✓ ✓ ✓ ✓ ✓ |
| Fostering Communication   |     | ✓ ✓ ✓ ✓ * |
| Producing High-Quality Work   |     | ✓ ✓ ✓ ✓ ✓ |
| Strategic Planning  | ✓ ✓ | ✓ ✓ *     |
| Listening to Others   |     | ✓ ✓ ✓ ✓ ✓ |
| Analyzing Issues  | ✓ ✓ | ✓ ✓ *     |

\*In one study, women's and men's scores in these categories were statistically even.

Data: Hagberg Consulting Group, Management Research Group, Lawrence A. Pfaff, Personnel Decisions International Inc., Advanced Teamware Inc.

**Source:** R. Sharpe, "As Leaders, Women Rule," *BusinessWeek*, November 20, 2000, p. 75.

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17–40



# Basics of Leadership

- Give people a reason to come to work.
- Be loyal to the organization's people
- Spend time with people who do the real work of the organization.
- Be more open and more candid about what business practices are acceptable and proper and how the unacceptable ones should be fixed.

# Leadership Can Be Irrelevant!

- Substitutes for Leadership

- Follower characteristics

- ❖ Experience, training, professional orientation, or the need for independence

- Job characteristics

- ❖ Routine, unambiguous, and satisfying jobs

- Organization characteristics

- ❖ Explicit formalized goals, rigid rules and procedures, or cohesive work groups

# Terms to Know

- leader
- leadership
- behavioral theories
- autocratic style
- democratic style
- laissez-faire style
- initiating structure
- consideration
- high-high leader
- managerial grid
- Fiedler contingency model
- least-preferred co-worker (LPC) questionnaire
- leader-member relations
- task structure
- position power
- situational leadership theory (SLT)
- readiness
- leader participation model
- path-goal theory
- transactional leaders

## Terms to Know (cont'd)

- transformational leaders
- charismatic leader
- visionary leadership
- legitimate power
- coercive power
- reward power
- expert power
- referent power
- credibility
- trust
- empowerment