

17

CHAPTER

Managing Leadership and Influence Processes

LEARNING OBJECTIVES

After studying this chapter, you should be able to:

1. Describe the nature of leadership and relate leadership to management.
2. Discuss and evaluate the two generic approaches to leadership.
3. Identify and describe the major situational approaches to leadership.
4. Identify and describe three related approaches to leadership.
5. Describe three emerging approaches to leadership.
6. Discuss political behavior in organizations and how it can be managed.

MANAGEMENT IN ACTION

When to Stand on Your Head and Other Tips from the Top

It isn't easy leading a U.S. business these days. Leaving aside the global recession, the passion for "lean and mean" operations means that there are fewer workers to do more work. Globalization means keeping abreast of cross-cultural differences. Knowledge industries present unique leadership challenges requiring better communication skills and greater flexibility. Advances in technology have opened unprecedented channels of communication. Now more than ever, leaders must be able to do just about everything and more of it. As U.S. Senator and former presidential candidate John McCain puts it, "[Leadership is] a game of pinball, and you're the ball." Fortunately, a few of corporate America's veteran leaders have some tips for those who still want to follow their increasingly treacherous path.

First of all, if you think you're being overworked—if your hours are too long and your schedule is too demanding—odds are, you're right: Most people—including executives—are overworked. And in some industries, they're *particularly* overworked. U.S. airlines, for example, now service 100 million more passengers

"[Leadership is] a game of pinball, and you're the ball."

—U.S. SENATOR JOHN MCCAIN

annually than they did just five years ago—with 70,000 fewer workers. "I used to manage my time," quips one airline executive. "Now I manage my energy." In fact, many high-ranking managers have realized that energy is a key factor in their ability to complete tasks on tough schedules. Most top corporate leaders work 80 to 100 hours a week, and a lot of them have found that regimens that allow them to refuel and refresh make it possible for them to keep the pace.

Carlos Ghosn, who's currently president of Renault and CEO of Nissan, believes in regular respites from his work-week routine. "I don't bring my work home. I play with my four children and spend time with my family on weekends," says Ghosn. "I come up with good ideas as a result of becoming stronger after being recharged." Google VP Marissa Mayer admits that "I can get by on



Bill Gates is always at the forefront of information technology. He's shown here illustrating how social networking might look in the future.

Justin Sullivan/Getty Images

four to six hours of sleep,” but she also takes a week-long vacation three times a year. Global HR consultant Robert Freedman devotes two minutes every morning to doodling on napkins. Not only does it give him a chance to meditate, but he’s thinking about publishing both his doodles and his meditations in a coffee-table book.

Many leaders report that playing racquetball, running marathons, practicing yoga, or just getting regular exercise helps them to recover from overwork. Hank Greenberg, who’s currently CEO of the financial-services firm C. V. Starr & Co., plays tennis for most of the year and skis in the winter months. “I’m addicted to exercise,” he says, because it “unwinds me.” Max Levchin, founder of Slide, which makes widgets for social-networking sites, prefers “80 or 90 hard miles on a road bike . . . starting early on Saturday mornings.” Eighty-eight-year-old Viacom CEO Sumner Redstone rises at 5 A.M. and hits both the exercise bike and treadmill before the markets open. (Redstone also recommends “lots of fish and plenty of antioxidants.”) Finally, Strauss Zelnick, CEO and chairman of Take-Two Interactive Software, is *really* serious about exercise:

I try to book my exercise like a meeting and try hard never to cancel it. . . . Generally I try to do an exercise class at the gym once a week; I train for an hour with a trainer once or twice a week; I cycle with a group of friends for an hour once to three times a week, and I lift weights with a friend or colleague twice or three times a week.

Effective leaders also take control of information flow—which means managing it, not reducing the flow until it’s as close to a trickle as they can get it. Like most executives, for example, Mayer can’t get by without multiple sources of information: “I always have my laptop with me,” he reports, and “I adore my cell phone.” Starbucks CEO Howard Schultz receives a morning voicemail summarizing the previous day’s sales results and reads three newspapers a day. Mayer watches the news all day, and Bill Gross, a securities portfolio manager, keeps on eye on six monitors displaying real-time investment data.

On the other hand, Gross stands on his head to force himself to take a break from communicating. When he’s upright again, he tries to find time to concentrate. “Eliminating the noise,” he says, “is critical. . . . I only pick up the phone three or four times a day. . . . I don’t want to be connected—I want to be disconnected.” Ghosn,

whose schedule requires weekly intercontinental travel, uses bilingual assistants to screen and translate information—one assistant for information from Europe (where Renault is), one for information from Japan (where Nissan is), and one for information from the United States (where Ghosn often has to be when he doesn’t have to be in Europe or Japan). Clothing designer Vera Wang also uses an assistant to filter information. “The barrage of calls is so enormous,” she says, “that if I just answered calls I’d do nothing else. . . . If I were to go near e-mail, there’d be even more obligations, and I’d be in [a mental hospital] with a white jacket on.”

Not surprisingly, Microsoft chairman Bill Gates integrates the role of his assistant into a high-tech information-organizing system:

On my desk I have three screens, synchronized to form a single desktop. I can drag items from one screen to the next. Once you have that large display area, you’ll never go back, because it has a direct impact on productivity.

The screen on the left has my list of e-mails. On the center screen is usually the specific e-mail I’m reading and responding to. And my browser is on the right-hand screen. This setup gives me the ability to glance and see what new has come in while I’m working on something and to bring up a link that’s related to an e-mail and look at it while the e-mail is still in front of me.

At Microsoft, e-mail is the medium of choice. . . . I get about 100 e-mails a day. We apply filtering to keep it to that level. E-mail comes straight to me from anyone I’ve ever corresponded with, anyone from Microsoft, Intel, HP, and all the other partner companies, and anyone I know. And I always see a write-up from my assistant of any other e-mail, from companies that aren’t on my permission list or individuals I don’t know. . . .

We’re at the point now where the challenge isn’t how to communicate effectively with e-mail—it’s ensuring that you spend your time on the e-mail that matters most. I use tools like “in-box rules” and search folders to mark and group messages based on their content and importance.¹

This chapter examines people like Bill Gates, Carlos Ghosn, and Strauss Zelnick to find out not only how they manage their physical and mental health, but how they focus on the tasks of leadership and how they see its role in management. We characterize the nature of leadership and discuss the three major approaches to studying leadership—traits, behaviors, and situations. After examining other perspectives on leadership, we conclude by describing another approach to influencing others—political behavior in organizations.



The Nature of Leadership

In Chapter 16, we described various models and perspectives on employee motivation. From the manager's standpoint, trying to motivate people is an attempt to influence their behavior. In many ways, leadership, too, is an attempt to influence the behavior of others. In this section, we first define leadership, then differentiate it from management, and conclude by relating it to power.

The Meaning of Leadership

Leadership is both a process and a property.² As a process—focusing on what leaders actually do—leadership is the use of noncoercive influence to shape the group or organization's goals, motivate behavior toward the achievement of those goals, and help define group or organizational culture.³ As a property, leadership is the set of characteristics attributed to individuals who are perceived to be leaders. Thus **leaders** are (1) people who can influence the behaviors of others without having to rely on force or (2) people whom others accept as leaders.

Leadership and Management

From these definitions, it should be clear that leadership and management are related, but they are not the same. A person can be a manager, a leader, both, or neither.⁴ Some of the basic distinctions between the two are summarized in Table 17.1. At the left side of the table are four elements that differentiate leadership from management. The two columns show how each element differs when considered from a management and from a leadership point of view. For example, when executing plans, managers focus on monitoring results, comparing them with goals, and correcting deviations. In contrast, the leader focuses on energizing people to overcome bureaucratic hurdles to reach goals.

Organizations need both management and leadership if they are to be effective. Leadership is necessary to create change, and management is necessary to achieve orderly results. Management in conjunction with leadership can produce orderly change, and leadership in conjunction with management can keep the organization properly aligned with its environment. Indeed, perhaps part of the reason why executive compensation has soared in recent years is the belief that management and leadership skills reflect a critical but rare combination that can lead to organizational success.

leadership

As a process, the use of noncoercive influence to shape the group's or organization's goals, motivate behavior toward the achievement of those goals, and help define group or organizational culture; as a property, the set of characteristics attributed to individuals who are perceived to be leaders

leaders

People who can influence the behaviors of others without having to rely on force; those accepted by others as leaders

power

The ability to affect the behavior of others

Leadership and Power

To fully understand leadership, it is necessary to understand power. **Power** is the ability to affect the behavior of others. One can have power without actually using it. For example, a football coach has the power to bench a player who is not performing up to par. The coach seldom has to use this power because players recognize that the power exists and work hard to keep their starting positions. In organizational settings, there are usually five kinds of power: legitimate, reward, coercive, referent, and expert power.⁵

TABLE 17.1 DISTINCTIONS BETWEEN MANAGEMENT AND LEADERSHIP

Management and leadership are related, but distinct, constructs. Managers and leaders differ in how they create an agenda, develop a rationale for achieving the agenda, execute plans, and in the types of outcomes they achieve.

Activity	Management	Leadership
Creating an agenda	<i>Planning and Budgeting.</i> Establishing detailed steps and timetables for achieving needed results; allocating the resources necessary to make those needed results happen	<i>Establishing Direction.</i> Developing a vision of the future, often the distant future, and strategies for producing the changes needed to achieve that vision
Developing a human network for achieving the agenda	<i>Organizing and Staffing.</i> Establishing some structure for accomplishing plan requirements, staffing that structure with individuals, delegating responsibility and authority for carrying out the plan, providing policies and procedures to help guide people, and creating methods or systems to monitor implementation	<i>Aligning People.</i> Communicating the direction by words and deeds to everyone whose cooperation may be needed to influence the creation of teams and coalitions that understand the visions and strategies and accept their validity
Executing plans	<i>Controlling and Problem Solving.</i> Monitoring results versus planning in some detail, identifying deviations, and then planning and organizing to solve these problems	<i>Motivating and Inspiring.</i> Energizing people to overcome major political, bureaucratic, and resource barriers by satisfying very basic, but often unfulfilled, human needs
Outcomes	Produces a degree of predictability and order and has the potential to produce consistently major results expected by various stakeholders (for example, for customers, always being on time; for stockholders, being on budget)	Produces change, often to a dramatic degree, and has the potential to produce extremely useful change (for example, new products that customers want, new approaches to labor relations that help make a firm more competitive)

Source: Reprinted with permission of The Free Press, a division of Simon & Schuster Adult Publishing Group, from *A Force for Change: How Leadership Differs from Management* by John P. Kotter. Copyright © 1990 by John P. Kotter, Inc.

Legitimate Power **Legitimate power** is power granted through the organizational hierarchy; it is the power defined by the organization to be accorded to people occupying a particular position. A manager can assign tasks to a subordinate, and a subordinate who refuses to do them can be reprimanded or even fired. Such outcomes stem from the manager's legitimate power as defined and vested in her or him by the organization. Legitimate power, then, is authority. All managers have legitimate power over their subordinates. The mere possession of legitimate power, however, does not by itself make someone a leader. Some subordinates follow only orders that are strictly within the letter of organizational rules and policies. If asked to do something not in their job descriptions, they refuse or do a poor job. The manager of such employees is exercising authority but not leadership.

Reward Power **Reward power** is the power to give or withhold rewards. Rewards that a manager may control include salary increases, bonuses, promotion recommendations, praise, recognition, and interesting job assignments. In general, the greater the number of rewards a manager controls and the more important the rewards are to subordinates, the greater is the manager's reward power. If the subordinate sees as valuable only the formal organizational rewards provided by the manager, then he or she is not a leader. If the subordinate

legitimate power

Power granted through the organizational hierarchy; the power defined by the organization to be accorded to people occupying particular positions

reward power

The power to give or withhold rewards, such as salary increases, bonuses, promotions, praise, recognition, and interesting job assignments



Barry Iverson/Alamy

Former Libyan leader Muammar Gaddafi ruled his country for years with a heavy dose of coercive power. His opponents were imprisoned, for example, and his critics constantly harassed. His heavy-handed ways played a major role in the 2011 Libyan uprising that toppled him from power.

“It is wise to persuade people to do things and make them think it was their own idea.”

—NELSON MANDELA, FORMER PRESIDENT OF SOUTH AFRICA⁸

coercive power

The power to force compliance by means of psychological, emotional, or physical threat

referent power

The personal power that accrues to someone based on identification, imitation, loyalty, or charisma

expert power

The personal power that accrues to someone based on the information or expertise they possess

also wants and appreciates the manager's informal rewards, such as praise, gratitude, and recognition, however, then the manager is also exercising leadership.

Coercive Power **Coercive power** is the power to force compliance by means of psychological, emotional, or physical threat. In the past, physical coercion in organizations was relatively common. In most organizations today, however, coercion is limited to verbal reprimands, written reprimands, disciplinary layoffs, fines, demotion, and termination. Some managers occasionally go so far as to use verbal abuse, humiliation, and psychological coercion in an attempt to manipulate subordinates. (Of course, most people would agree that these are not appropriate managerial behaviors.) James Dutt, a legendary former CEO of Beatrice Company, once told a subordinate that if his wife and family got in the way of his working a 24-hour day seven days a week, he should get rid of them.⁶ The more punitive the elements under a manager's control and the more important they are to subordinates, the more coercive power the manager possesses. On the other hand, the more a manager uses coercive power, the more likely he is to provoke resentment and hostility and the less likely he is to be seen as a leader.⁷

Referent Power Compared with legitimate, reward, and coercive power, which are relatively concrete and grounded in objective facets of organizational life, **referent power** is abstract. It is based on identification, imitation, loyalty, or charisma. Followers may react favorably because they identify in some way with a leader, who may be like them in personality, background, or attitudes. In other situations, followers might choose to imitate a leader with referent power by wearing the same kind of clothes, working the same hours, or espousing the same management philosophy. Referent power may also take the form of charisma, an intangible attribute of the leader that inspires loyalty and enthusiasm. Thus a manager might have referent power, but it is more likely to be associated with leadership.

Expert Power **Expert power** is derived from information or expertise. A manager who knows how to interact with an eccentric but important customer, a scientist who is capable of achieving an important technical breakthrough that no other company has dreamed of, and an administrative assistant who knows how to unravel bureaucratic red tape all have expert power over anyone who needs that information. The more important the information and the fewer the people who have access to it, the greater is the degree of expert power possessed by any one individual. In general, people who are both leaders and managers tend to have a lot of expert power.

Using Power How does a manager or leader use power? Several methods have been identified.⁹ One method is the *legitimate request*, which is based on legitimate power. The manager requests that the subordinate comply because the subordinate recognizes that the organization has given the manager the right to make the request. Most day-to-day interactions between manager and subordinate are of this type. Another use of power is *instrumental compliance*, which is based on the reinforcement theory of motivation. In this form of exchange, a subordinate complies to get the reward the manager controls. Suppose that a manager asks

a subordinate to do something outside the range of the subordinate's normal duties, such as working extra hours on the weekend, terminating a relationship with a longstanding buyer, or delivering bad news. The subordinate complies and, as a direct result, reaps praise and a bonus from the manager. The next time the subordinate is asked to perform a similar activity, that subordinate will recognize that compliance will be instrumental in her getting more rewards. Hence the basis of instrumental compliance is clarifying important performance–reward contingencies.

A manager is using *coercion* when she suggests or implies that the subordinate will be punished, fired, or reprimanded if he does not do something. *Rational persuasion* occurs when the manager can convince the subordinate that compliance is in the subordinate's best interests. For example, a manager might argue that the subordinate should accept a transfer because it would be good for the subordinate's career. In some ways, rational persuasion is like reward power, except that the manager does not really control the reward.

Still another way a manager can use power is through *personal identification*. A manager who recognizes that she has referent power over a subordinate can shape the behavior of that subordinate by engaging in desired behaviors: The manager consciously becomes a model for the subordinate and exploits personal identification. Sometimes a manager can induce a subordinate to do something consistent with a set of higher ideals or values through *inspirational appeal*. For example, a plea for loyalty represents an inspirational appeal. Referent power plays a role in determining the extent to which an inspirational appeal is successful because its effectiveness depends at least in part on the persuasive abilities of the leader.

A dubious method of using power is through *information distortion*. The manager withholds or distorts information to influence subordinates' behavior. For example, if a manager has agreed to allow everyone to participate in choosing a new group member but subsequently finds one individual whom she really prefers, she might withhold some of the credentials of other qualified applicants so that the desired member is selected. This use of power is dangerous. It may be unethical, and if subordinates find out that the manager has deliberately misled them, they will lose their confidence and trust in that manager's leadership.¹⁰

Summarize the key differences between leadership and management.

Identify an example you have experienced or observed to illustrate each of the five types of power discussed in this section.

CONCEPT CHECK

Generic Approaches to Leadership



Early approaches to the study of leadership adopted what might be called a “universal” or “generic” perspective. Specifically, they assumed that there was one set of answers to the leadership puzzle. One generic approach focused on leadership traits, and the other looked at leadership behavior.

Leadership Traits

The first organized approach to studying leadership analyzed the personal, psychological, and physical traits of strong leaders. The trait approach assumed that some basic trait or set of traits existed that differentiated leaders from nonleaders. If those traits could be defined, potential leaders could be identified. Researchers thought that leadership traits might

include intelligence, assertiveness, above-average height, good vocabulary, attractiveness, self-confidence, and similar attributes.¹¹

During the first half of the twentieth century, hundreds of studies were conducted in an attempt to identify important leadership traits. For the most part, the results of the studies were disappointing. For every set of leaders who possessed a common trait, a long list of exceptions was also found, and the list of suggested traits soon grew so long that it had little practical value. Alternative explanations usually existed even for relationships between traits and leadership that initially appeared valid. For example, it was observed that many leaders have good communication skills and are assertive. Rather than those traits being the cause of leadership, however, successful leaders may begin to display those traits after they have achieved a leadership position.

Although most researchers gave up trying to identify traits as predictors of leadership ability, many people still explicitly or implicitly adopt a trait orientation.¹² For example, politicians are all too often elected on the basis of personal appearance, speaking ability, or an aura of self-confidence. In addition, traits like honesty and integrity may very well be fundamental leadership traits that serve an important purpose. Intelligence also seems to play a meaningful role in leadership.¹³

Leadership Behaviors

Spurred on by their lack of success in identifying useful leadership traits, researchers soon began to investigate other variables, especially the behaviors or actions of leaders. The new hypothesis was that effective leaders somehow behaved differently than less effective leaders. Thus the goal was to develop a fuller understanding of leadership behaviors.

Michigan Studies Researchers at the University of Michigan, led by Rensis Likert, began studying leadership in the late 1940s.¹⁴ Based on extensive interviews with both leaders (managers) and followers (subordinates), this research identified two basic forms of leader behavior: job centered and employee centered. Managers using **job-centered leader behavior** pay close attention to subordinates' work, explain work procedures, and are keenly interested in performance. Managers using **employee-centered leader behavior** are interested in developing a cohesive work group and ensuring that employees are satisfied with their jobs. Their primary concern is the welfare of subordinates.

The two styles of leader behavior were presumed to be at the ends of a single continuum. Although this suggests that leaders may be extremely job centered, extremely employee centered, or somewhere in between, Likert studied only the two end styles for contrast. He argued that employee-centered leader behavior generally tends to be more effective. We should also note the similarities between Likert's leadership research and his Systems 1 through 4 organization designs (discussed in Chapter 12). Job-centered leader behavior is consistent with the System 1 design (rigid and bureaucratic), whereas employee-centered leader behavior is consistent with the System 4 design (organic and flexible). When Likert advocates moving organizations from System 1 to System 4, he is also advocating a transition from job-centered to employee-centered leader behavior.

Ohio State Studies At about the same time that Likert was beginning his leadership studies at the University of Michigan, a group of researchers at Ohio State University also began studying leadership.¹⁵ The extensive questionnaire surveys conducted during the Ohio State studies also suggested that there are two basic leader behaviors or styles: initiating-structure behavior and consideration behavior. When using **initiating-structure behavior**, the leader clearly defines the leader-subordinate role so that everyone knows what is expected, establishes formal lines of communication, and determines how tasks will be performed. Leaders using **consideration behavior** show concern for subordinates and attempt to establish a warm, friendly, and supportive climate. The behaviors identified at Ohio State are similar to those described at Michigan, but there are important differences. One major difference is that

job-centered leader behavior

The behavior of leaders who pay close attention to the job and work procedures involved with that job

employee-centered leader behavior

The behavior of leaders who develop cohesive work groups and ensure employee satisfaction

initiating-structure behavior

The behavior of leaders who define the leader-subordinate role so that everyone knows what is expected, establish formal lines of communication, and determine how tasks will be performed

consideration behavior

The behavior of leaders who show concern for subordinates and attempt to establish a warm, friendly, and supportive climate

the Ohio State researchers did not interpret leader behavior as being one-dimensional; each behavior was assumed to be independent of the other. Presumably, then, a leader could exhibit varying levels of initiating structure and at the same time varying levels of consideration.

At first, the Ohio State researchers thought that leaders who exhibit high levels of both behaviors would tend to be more effective than other leaders. A study at International Harvester (now Navistar International), however, suggested a more complicated pattern.¹⁶ The researchers found that employees of supervisors who ranked high on initiating structure were high performers but expressed low levels of satisfaction and had a higher absence rate. Conversely, employees of supervisors who ranked high on consideration had low performance ratings but high levels of satisfaction and few absences from work. Later research isolated other variables that make consistent prediction difficult and determined that situational influences also occurred. (This body of research is discussed in the section on situational approaches to leadership.¹⁷)

Managerial Grid Yet another behavioral approach to leadership is the Managerial Grid.¹⁸ The Managerial Grid provides a means for evaluating leadership styles and then training managers to move toward an ideal style of behavior. The Managerial Grid is shown in Figure 17.1. The horizontal axis represents **concern for production** (similar to job-centered and initiating-structure behaviors), and the vertical axis represents **concern for people** (similar to employee-centered and consideration behaviors). Note the five extremes of managerial behavior: the 1,1 manager

concern for production

The part of the Managerial Grid that deals with the job and task aspects of leader behavior

concern for people

The part of the Managerial Grid that deals with the human aspects of leader behavior

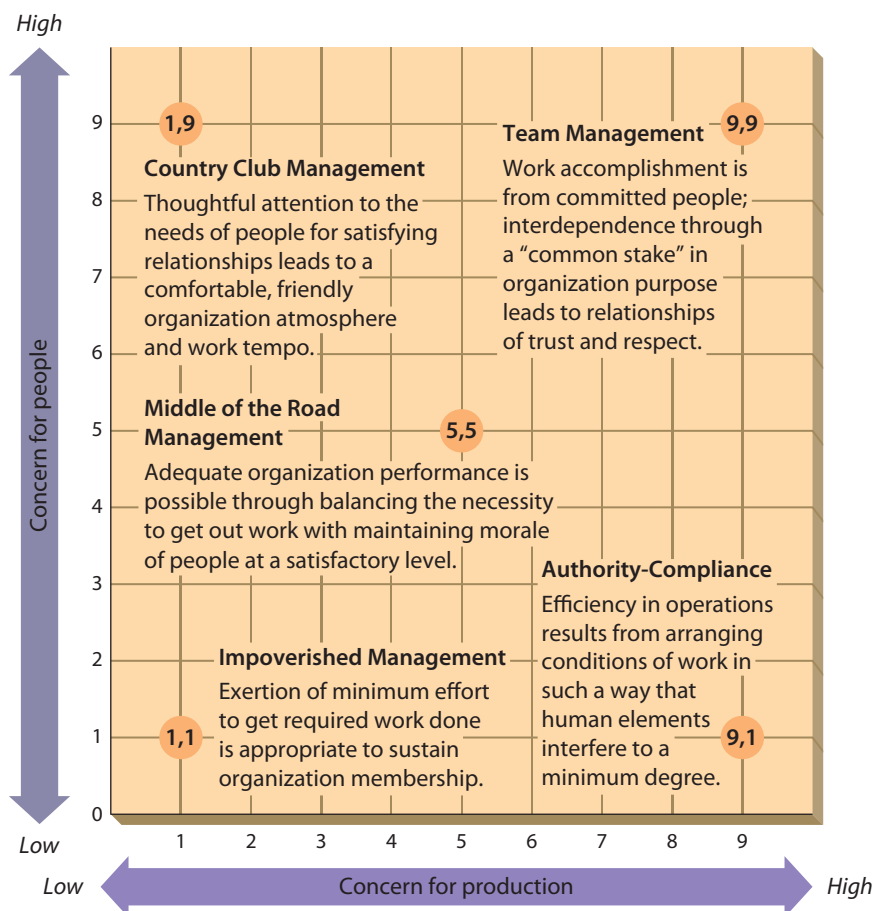


FIGURE 17.1 THE LEADERSHIP GRID

The Leadership Grid® is a method of evaluating leadership styles. The overall objective of an organization using the Grid is to train its managers using organization development techniques so that they are simultaneously more concerned for both people and production (9,9 style on the Grid).

Source: The Leadership Grid figure from *Leadership Dilemmas—Grid Solutions* by Robert R. Blake and Anne Adams McCauley. (Formerly *The Managerial Grid* by Robert R. Blake and Jane S. Mouton.) Houston: Gulf Publishing Company, p. 29. Copyright © 1997 by Grid International, Inc. Reproduced by permission of the owners.

(impoverished management), who exhibits minimal concern for both production and people; the 9,1 manager (authority-compliance), who is highly concerned about production but exhibits little concern for people; the 1,9 manager (country club management), who has exactly opposite concerns from the 9,1 manager; the 5,5 manager (middle-of-the-road management), who maintains adequate concern for both people and production; and the 9,9 manager (team management), who exhibits maximum concern for both people and production.

According to this approach, the ideal style of managerial behavior is 9,9. There is a six-phase program to assist managers in achieving this style of behavior. A.G. Edwards, Westinghouse, the FAA, Equicor, and other companies have used the Managerial Grid with reasonable success. However, there is little published scientific evidence regarding its true effectiveness.

The leader-behavior theories have played an important role in the development of contemporary thinking about leadership. In particular, they urge us not to be preoccupied with what leaders are (the trait approach) but to concentrate on what leaders do (their behaviors). Unfortunately, these theories also make universal generic prescriptions about what constitutes effective leadership. When we are dealing with complex social systems composed of complex individuals, however, few, if any, relationships are consistently predictable, and certainly no formulas for success are infallible. Yet the behavior theorists tried to identify consistent relationships between leader behaviors and employee responses in the hope of finding a dependable prescription for effective leadership. As we might expect, they often failed. Other approaches to understanding leadership were therefore needed. The catalyst for these new approaches was the realization that although interpersonal and task-oriented dimensions might be useful for describing the behavior of leaders, they were not useful for predicting or prescribing it. The next step in the evolution of leadership theory was the creation of situational models.

Describe the basic types of leader behavior identified in the generic approaches to leadership.

Setting aside the validity of the concept, what traits would you see as being most important for effective leadership?

CONCEPT CHECK



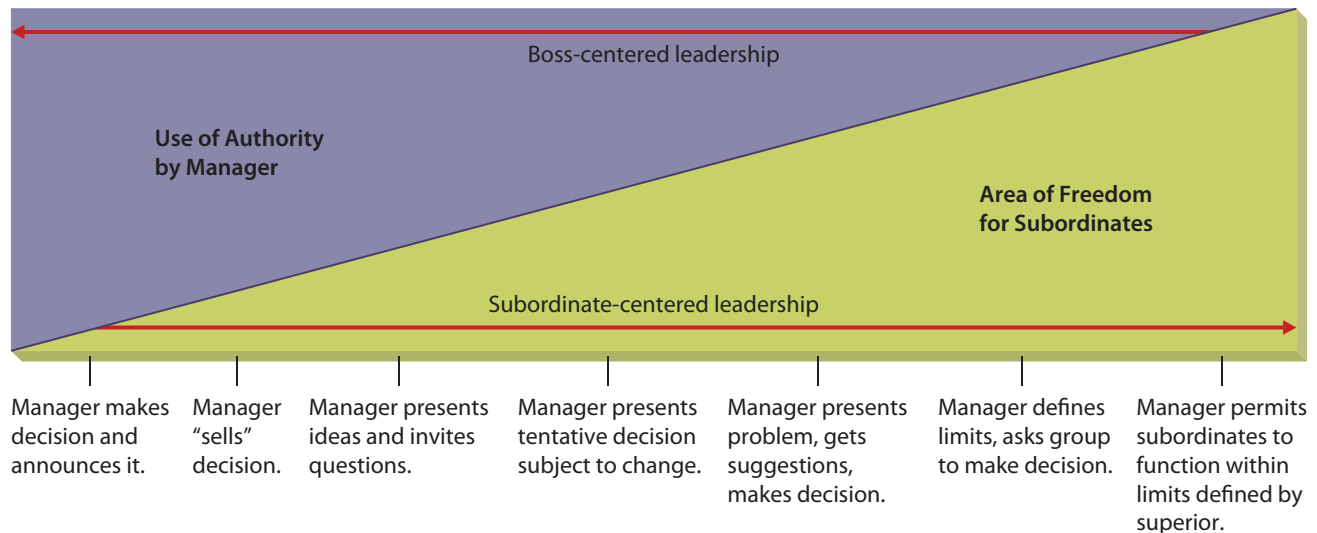
Situational Approaches to Leadership

Situational models assume that appropriate leader behavior varies from one situation to another. The goal of a situational theory, then, is to identify key situational factors and to specify how they interact to determine appropriate leader behavior. Before discussing the major situational theories, we should first discuss an important early model that laid the foundation for subsequent developments. In a 1958 study of the decision-making process, Robert Tannenbaum and Warren H. Schmidt proposed a continuum of leadership behavior. Their model is much like the original Michigan framework.¹⁹ Besides purely job-centered behavior (or “boss-centered” behavior, as they termed it) and employee-centered (“subordinate-centered”) behavior, however, they identified several intermediate behaviors that a manager might consider. These are shown on the leadership continuum in Figure 17.2.

This continuum of behavior moves from one extreme, of having the manager make the decision alone, to the other extreme, of having the employees make the decision with minimal guidance. Each point on the continuum is influenced by characteristics of the manager, the subordinates, and the situation. Managerial characteristics include the manager’s value system, confidence in subordinates, personal inclinations, and feelings of security. Subordinate characteristics include the subordinates’ need for independence, readiness to assume responsibility, tolerance for ambiguity, interest in the problem, understanding of goals, knowledge, experience, and expectations. Situational characteristics that affect decision making include the type of organization, group effectiveness, the problem itself, and time

FIGURE 17.2 TANNENBAUM AND SCHMIDT'S LEADERSHIP CONTINUUM

The Tannenbaum and Schmidt leadership continuum was an important precursor to modern situational approaches to leadership. The continuum identifies seven levels of leadership, which range between the extremes of boss-centered and subordinate-centered leadership.



Source: Reprinted by permission of the *Harvard Business Review*. An exhibit from "How to Choose a Leadership Pattern" by Robert Tannenbaum and Warren Schmidt (May–June 1973). Copyright © 1973 by the President and Fellows of Harvard College; all rights reserved.

pressures. Although this framework pointed out the importance of situational factors, it was only speculative. It remained for others to develop more comprehensive and integrated theories. In the following sections, we describe four of the most important and widely accepted situational theories of leadership: the LPC theory, the path-goal theory, Vroom's decision tree approach, and the leader-member exchange approach.

LPC Theory

The **LPC theory**, developed by Fred Fiedler, was the first truly situational theory of leadership.²⁰ As we will discuss later, LPC stands for least-preferred coworker. Beginning with a combined trait and behavioral approach, Fiedler identified two styles of leadership: task oriented (analogous to job-centered and initiating-structure behavior) and relationship oriented (similar to employee-centered and consideration behavior). He went beyond the earlier behavioral approaches by arguing that the style of behavior is a reflection of the leader's personality and that most personalities fall into one of his two categories—task oriented or relationship oriented by nature. Fiedler measures leadership style by means of a controversial questionnaire called the **least-preferred coworker (LPC) measure**. To use the measure, a manager or leader is asked to describe the specific person with whom he or she is able to work least well—the LPC—by filling in a set of 16 scales anchored at each end by a positive or negative adjective. For example, 3 of the 16 scales are:

Helpful	_____	Frustrating
	8 7 6 5 4 3 2 1	
Tense	_____	Relaxed
	1 2 3 4 5 6 7 8	
Boring	_____	Interesting
	1 2 3 4 5 6 7 8	

LPC theory

A theory of leadership that suggests that the appropriate style of leadership varies with situational favorableness

least-preferred coworker (LPC) measure

The measuring scale that asks leaders to describe the person with whom he or she is able to work least well

The leader's LPC score is then calculated by adding up the numbers below the line checked on each scale. Note in these three examples that the higher numbers are associated with positive qualities (helpful, relaxed, and interesting), whereas the negative qualities (frustrating, tense, and boring) have low point values. A high total score is assumed to reflect a relationship orientation and a low score a task orientation on the part of the leader. The LPC measure is controversial because researchers disagree about its validity. Some question exactly what an LPC measure reflects and whether the score is an index of behavior, personality, or some other factor.²¹

Favorableness of the Situation The underlying assumption of situational models of leadership is that appropriate leader behavior varies from one situation to another. According to Fiedler, the key situational factor is the favorableness of the situation from the leader's point of view. This factor is determined by leader–member relations, task structure, and position power. *Leader–member relations* refer to the nature of the relationship between the leader and the work group. If the leader and the group have a high degree of mutual trust, respect, and confidence, and if they like one another, relations are assumed to be good. If there is little trust, respect, or confidence, and if they do not like one another, relations are poor. Naturally, good relations are more favorable.

Task structure is the degree to which the group's task is well defined. The task is structured when it is routine, easily understood, and unambiguous, and when the group has standard procedures and precedents to rely on. An unstructured task is nonroutine, ambiguous, and complex, with no standard procedures or precedents. You can see that high structure is more favorable for the leader, whereas low structure is less favorable. For example, if the task is unstructured, the group will not know what to do, and the leader will have to play a major role in guiding and directing its activities. If the task is structured, the leader will not have to get so involved and can devote time to nonsupervisory activities.

Position power is the power vested in the leader's position. If the leader has the power to assign work and to reward and punish employees, position power is assumed to be strong. But if the leader must get job assignments approved by someone else and does not administer rewards and punishment, position power is weak, and it is more difficult to accomplish goals. From the leader's point of view, strong position power is clearly preferable to weak position power. However, position power is not as important as task structure and leader–member relations.

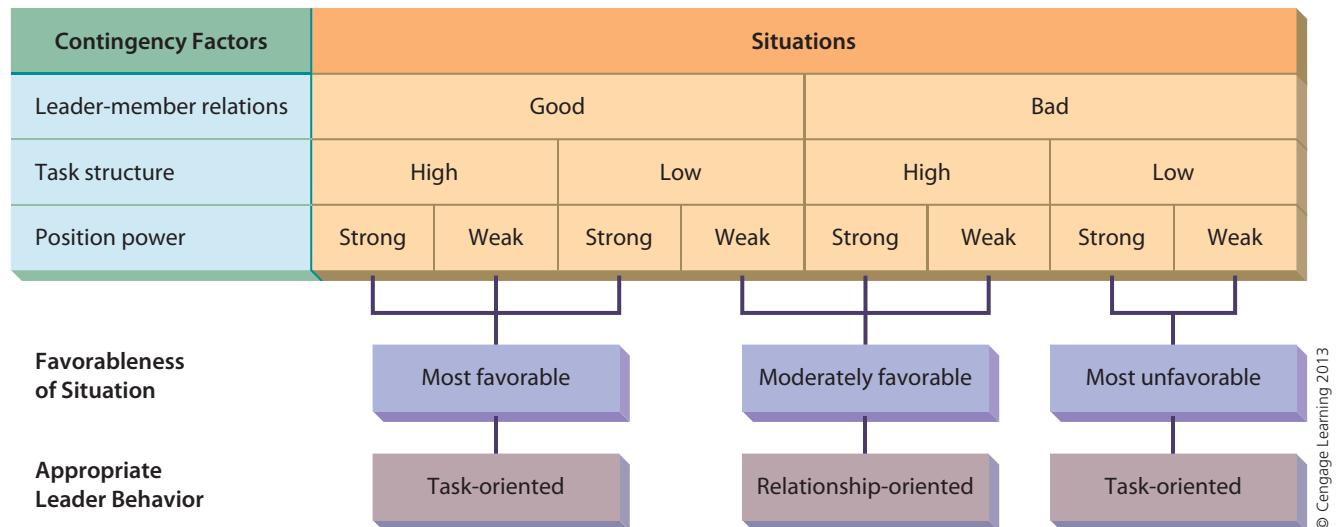
Favorableness and Leader Style Fiedler and his associates conducted numerous studies linking the favorableness of various situations to leader style and the effectiveness of the group.²² The results of these studies—and the overall framework of the theory—are shown in Figure 17.3. To interpret the model, look first at the situational factors at the top of the figure. Good or bad leader–member relations, high or low task structure, and strong or weak leader position power can be combined to yield six unique situations. For example, good leader–member relations, high task structure, and strong leader position power (at the far left) are presumed to define the most favorable situation; bad leader–member relations, low task structure, and weak leader power (at the far right) are the least favorable. The other combinations reflect intermediate levels of favorableness.

Below each set of situations are shown the degree of favorableness and the form of leader behavior found to be most strongly associated with effective group performance for those situations. When the situation is most and least favorable, Fiedler found that a task-oriented leader is most effective. When the situation is only moderately favorable, however, a relationship-oriented leader is predicted to be most effective.

Flexibility of Leader Style Fiedler argued that, for any given individual, leader style is essentially fixed and cannot be changed; leaders cannot change their behavior to fit a particular situation because it is linked to their particular personality traits. Thus, when a leader's style and the situation do not match, Fiedler argued that the situation should be changed to

FIGURE 17.3 THE LEAST-PREFERRED COWORKER THEORY OF LEADERSHIP

Fiedler's LPC theory of leadership suggests that appropriate leader behavior varies as a function of the favorableness of the situation. Favorableness, in turn, is defined by task structure, leader-member relations, and the leader's position power. According to the LPC theory, the most and least favorable situations call for task-oriented leadership, whereas moderately favorable situations suggest the need for relationship-oriented leadership.



fit the leader's style. When leader-member relations are good, task structure low, and position power weak, the leader style that is most likely to be effective is relationship oriented. If the leader is task oriented, a mismatch exists. According to Fiedler, the leader can make the elements of the situation more congruent by structuring the task (by developing guidelines and procedures, for instance) and increasing power (by requesting additional authority or by other means).

Fiedler's contingency theory has been attacked on the grounds that it is not always supported by research, that his findings are subject to other interpretations, that the LPC measure lacks validity, and that his assumptions about the inflexibility of leader behavior are unrealistic.²³ However, Fiedler's theory was one of the first to adopt a situational perspective on leadership. It has helped many managers recognize the important situational factors they must contend with, and it has fostered additional thinking about the situational nature of leadership. Moreover, in recent years Fiedler has attempted to address some of the concerns about his theory by revising it and adding such additional elements as cognitive resources.

Path-Goal Theory

The **path-goal theory** of leadership—associated most closely with Martin Evans and Robert House—is a direct extension of the expectancy theory of motivation discussed in Chapter 16.²⁴ Recall that the primary components of expectancy theory included the likelihood of attaining various outcomes and the value associated with those outcomes. The path-goal theory of leadership suggests that the primary functions of a leader are to make valued or desired rewards available in the workplace and to clarify for the subordinate the kinds of behavior that will lead to goal accomplishment and valued rewards—that is, the leader should clarify the paths to goal attainment.

Leader Behavior The most fully developed version of path-goal theory identifies four kinds of leader behavior. *Directive leader behavior* lets subordinates know what is expected of them, gives guidance and direction, and schedules work. *Supportive leader behavior* is being friendly and

path-goal theory

A theory of leadership suggesting that the primary functions of a leader are to make valued or desired rewards available in the workplace and to clarify for the subordinate the kinds of behavior that will lead to those rewards



Flying Colours Ltd/Photodisc/Jupiter images

Effective leaders often rely on a variety of different behaviors to motivate their employees. This manager, for example, is showing his team the award they won for exceeding their corporate goals. He is emphasizing achievement, making them feel like a part of the success, and providing encouragement that they can continue to excel and perform at a high level.

approachable, showing concern for subordinates' welfare, and treating members as equals. *Participative leader behavior* includes consulting with subordinates, soliciting suggestions, and allowing participation in decision making. *Achievement-oriented leader behavior* means setting challenging goals, expecting subordinates to perform at high levels, encouraging subordinates, and showing confidence in subordinates' abilities.

In contrast to Fiedler's theory, path-goal theory assumes that leaders can change their style or behavior to meet the demands of a particular situation. For example, when encountering a new group of subordinates and a new project, the leader may be directive in establishing work procedures and in outlining what needs to be done. Next, the leader may adopt supportive behavior to foster group cohesiveness and a positive climate. As the group becomes familiar with the task and as new problems are encountered, the leader may exhibit participative behavior to enhance group members' motivation. Finally, achievement-oriented behavior may be used to encourage continued high performance.

Situational Factors Like other situational theories of leadership, path-goal theory suggests that appropriate leader style depends on situational factors. Path-goal theory focuses on the situational factors of the personal characteristics of subordinates and environmental characteristics of the workplace.

Important personal characteristics include the subordinates' perception of their own abilities and their locus of control. If people perceive that they are lacking in abilities, they may prefer directive leadership to help them understand path-goal relationships better. If they perceive themselves as having a lot of abilities, however, employees may resent directive leadership. Locus of control is a personality trait. People who have an internal locus of control believe that what happens to them is a function of their own efforts and behavior. Those who have an external locus of control

assume that fate, luck, or "the system" determines what happens to them. A person with an internal locus of control may prefer participative leadership, whereas a person with an external locus of control may prefer directive leadership. Managers can do little or nothing to influence the personal characteristics of subordinates, but they can shape the environment to take advantage of these personal characteristics by, for example, providing rewards and structuring tasks.

Environmental characteristics include factors outside the subordinates' control. Task structure is one such factor. When structure is high, directive leadership is less effective than when structure is low. Subordinates do not usually need their boss to continually tell them how to do an extremely routine job. The formal authority system is another important environmental characteristic. Again, the higher the degree of formality, the less directive is the leader behavior that will be accepted by subordinates. The nature of the work group also affects appropriate leader behavior. When the work group provides the employee with social support and satisfaction, supportive leader behavior is less critical. When social support and satisfaction cannot be derived from the group, the worker may look to the leader for this support. Greater leadership support may also be an important factor in times of change or under unusually stressful conditions. The *Change* box entitled "Tips for Tough Times" on page 496 discusses some of the ways in which leaders adapt their support behavior in times of economic uncertainty.

The basic path-goal framework as illustrated in Figure 17.4 shows that different leader behaviors affect subordinates' motivation to perform. Personal and environmental

FIGURE 17.4 THE PATH-GOAL FRAMEWORK

The path-goal theory of leadership suggests that managers can use four types of leader behavior to clarify subordinates' paths to goal attainment. Personal characteristics of the subordinate and environmental characteristics within the organization both must be taken into account when determining which style of leadership will work best for a particular situation.



characteristics are seen as defining which behaviors lead to which outcomes. The path-goal theory of leadership is a dynamic and incomplete model. The original intent was to state the theory in general terms so that future research could explore a variety of interrelationships and modify the theory. Research that has been done suggests that the path-goal theory is a reasonably good description of the leadership process and that future investigations along these lines should enable us to discover more about the link between leadership and motivation.²⁵

Vroom's Decision Tree Approach

The third major contemporary approach to leadership is **Vroom's decision tree approach**. The earliest version of this model was proposed by Victor Vroom and Philip Yetton and later revised and expanded by Vroom and Arthur Jago.²⁶ Most recently, Vroom has developed yet another refinement of the original model.²⁷ Like the path-goal theory, this approach attempts to prescribe a leadership style appropriate to a given situation. It also assumes that the same leader may display different leadership styles. But Vroom's approach concerns itself with only a single aspect of leader behavior: subordinate participation in decision making.

Basic Premises Vroom's decision tree approach assumes that the degree to which subordinates should be encouraged to participate in decision making depends on the characteristics of the situation. In other words, no one decision-making process is best for all situations. After evaluating a variety of problem attributes (characteristics of the problem or decision), the leader determines an appropriate decision style that specifies the amount of subordinate participation.

Vroom's current formulation suggests that managers use one of two different decision trees.²⁸ To do so, the manager first assesses the situation in terms of several factors. This assessment involves determining whether the given factor is high or low for the decision that is to be made. For instance, the first factor is decision significance. If the decision is extremely important and may have a major impact on the organization (such as choosing a location for a new plant), its significance is high. But if the decision is routine and its consequences are not terribly important (selecting a color for the firm's softball team uniforms), its significance is low. This assessment guides the manager through the paths of the decision tree to a recommended course of action. One decision tree is to be used when the manager

Vroom's decision tree approach

Predicts what kinds of situations call for different degrees of group participation

is interested primarily in making the decision as quickly as possible; the other is to be used when time is less critical and the manager is interested in helping subordinates to improve and develop their own decision-making skills.

The two decision trees are shown in Figures 17.5 and 17.6. The problem attributes (situational factors) are arranged along the top of the decision tree. To use the model, the decision maker starts at the left side of the diagram and assesses the first problem attribute (decision significance). The answer determines the path to the second node on the decision tree, where the next attribute (importance of commitment) is assessed. This process continues until a terminal node is reached. In this way, the manager identifies an effective decision-making style for the situation.

FIGURE 17.5 VROOM'S TIME-DRIVEN DECISION TREE

This matrix is recommended for situations where time is of the highest importance in making a decision. The matrix operates like a funnel. You start at the left with a specific decision problem in mind. The column headings denote situational factors that may or may not be present in that problem. You progress by selecting high or low (H or L) for each relevant situational factor. Proceed down the funnel, judging only those situational factors for which a judgment is called, until you reach the recommended process.

	Decision Significance	Importance of Commitment	Leader Expertise	Likelihood of Commitment	Group Support	Group Expertise	Team Competence	
P R O B L E M S T A T E M E N T	H	H	H	H	—	—	—	Decide
				L	H	H	H	Delegate
						L	L	Consult (group)
					L	—	—	
			L	H	H	H	H	Facilitate
					L	L	L	Consult (individually)
					L	—	—	
				L	H	H	H	Facilitate
					L	L	L	Consult (group)
					L	—	—	
		L	H	—	—	—	—	Decide
			L	—	H	H	H	Facilitate
						L	L	Consult (individually)
						—	—	
	L	H	—	H	—	—	—	Decide
		L	—	L	—	—	H	Delegate
							L	Facilitate
	L	L	—	—	—	—	—	Decide

Source: Adapted and reprinted by permission from *Leadership and Decision-Makings*, by Victor H. Vroom and Philip W. Yetton, by permission of the University of Pittsburgh Press. Copyright © 1973 by University of Pittsburgh Press.

Decision-Making Styles The various decision styles reflected at the ends of the tree branches represent different levels of subordinate participation that the manager should attempt to adopt in a given situation. The five styles are defined as follows:

- *Decide*. The manager makes the decision alone and then announces or “sells” it to the group.
- *Consult (individually)*. The manager presents the program to group members individually, obtains their suggestions, and then makes the decision.
- *Consult (group)*. The manager presents the problem to group members at a meeting, gets their suggestions, and then makes the decision.
- *Facilitate*. The manager presents the problem to the group at a meeting, defines the problem and its boundaries, and then facilitates group member discussion as they make the decision.
- *Delegate*. The manager allows the group to define for itself the exact nature and parameters of the problem and then to develop a solution.

Vroom’s decision tree approach represents a very focused but quite complex perspective on leadership. To compensate for this difficulty, Vroom has developed elaborate expert system software to help managers assess a situation accurately and quickly and then to make an appropriate decision regarding employee participation.²⁹ Many firms, including Halliburton Company, Litton Industries, and Borland International, have provided their managers with training in how to use the various versions of this model.

FIGURE 17.6 VROOM’S DEVELOPMENT-DRIVEN DECISION TREE

This matrix is to be used when the leader is more interested in developing employees than in making the decision as quickly as possible. Just as with the time-driven tree shown in Figure 17.5, the leader assesses up to seven situational factors. These factors, in turn, funnel the leader to a recommended process for making the decision.

	Decision Significance	Importance of Commitment	Leader Expertise	Likelihood of Commitment	Group Support	Group Expertise	Team Competence	
PROBLEM STATEMENT	H	H	—	H	H	H	H	Decide
						L	L	Facilitate
				L	H	L	—	Consult (group)
						—	—	Consult (group)
		L	—	H	H	H	H	Delegate
						L	L	Facilitate
				L	H	L	—	Consult (group)
						—	—	Consult (group)
	L	H	—	—	—	H	H	Delegate
						L	L	Facilitate
						—	—	Consult (group)
						—	—	Consult (group)
	L	L	—	—	—	H	H	Delegate
						L	L	Facilitate
						—	—	Consult (group)

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THE MORE THINGS CHANGE

Tips for Tough Times



Bob Daemmrich/Alamy

How does one go about leading in a recession like the one we're currently going through? What adjustments do you have to make when money is scarce, markets are volatile, and morale needs boosting? Dennis Carey, vice chairman of Korn Ferry International, an executive-search firm, suggests that top managers start by acknowledging that leading in extreme circumstances means calling into question everything they do under normal circumstances. "You can't rely on a peacetime general to fight a war," he reminds fellow executives. "The wartime CEO prepares for the worst so that his or her company can take market share away from players who haven't." Hire away your competitors' best people, advises Carey, and keep them from grabbing yours. Or buy up their assets while they can be had at bargain prices.

Jack Hayhow, consultant and founder of Opus Training and ReallyEasyHR, adds that leaders need to make sure their employees know why they're making changes: "Clearly state to your people that we are in a recession . . . [and that] very little of what [they've] assumed to be true in the past will be true in the future. [Tell them]: 'You must understand that this is no longer business as usual. . . . My suggestion,'" says Hayhow, "would

be [something like]: 'Quit worrying about the things you can't control and focus on what you can. Find ways to contribute . . . and make it really hard for the company to let you go. . . .' If you have people who argue or debate, show them the door."

Hayhow also realizes that "when things are as bad as they are [in a recession], motivation is critical. . . . If you create an environment conducive to people motivating themselves," he contends, "you'll be able to motivate in these changing times." How do you create such an environment? "Start by matching talent with the task," says Hayhow. "Play to your employees' strengths. Figure out who does what and make sure they're spending their time where they can best utilize their talents." And don't forget to "give people some choice. . . . When people have even a little choice over what they do or how they do it, they're more committed and enthusiastic about the task." Let employees decide how to do something "or maybe even who they work with to get the job done."

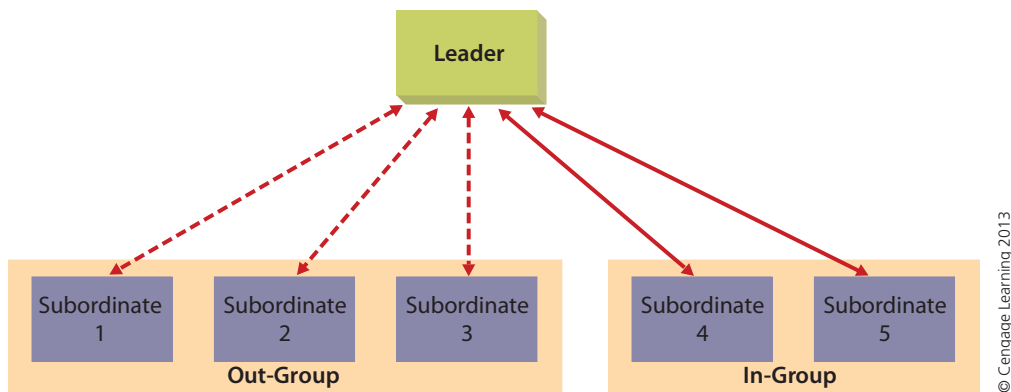
Ex-Starbucks CEO Jim Donald makes a fairly simple recommendation: "Communicate, communicate, communicate. Especially at a time of crisis," he advises, "make sure your message reaches all levels, from the very lowest to the uppermost." Kip Tindell, who's been CEO of the Container Store since its founding in 1978, agrees. That's why his managers "run around like chickens relentlessly trying to communicate everything to every single employee at all times." He admits that it's an impossible task, but he's also convinced that the effort is more important than ever in times of crisis. He also contends that his company is in a better position to ride out the economic storm "because we're so dedicated to the notion that communication and leadership are the same thing." At the very least, he says, "we're fortunate to be minus the paranoia that goes with employees who feel they don't know what's going on."

References: Emily Thornton, "Managing Through a Crisis: The New Rules," *BusinessWeek*, January 8, 2009, www.businessweek.com on April 24, 2011; Anthony Portuesi, "Leading in a Recession: An Interview with Jack Hayhow," *Driven Leaders*, February 24, 2009, <http://drivenleaders.com> on April 24, 2011; Jim Donald, "Guest Post: Former Starbucks CEO's Tips for Tough Times," *Fortune*, April 1, 2009, <http://postcards.blogs.fortune.cnn.com> on April 24, 2011; Ellen Davis, "Retail Execs Offer Insights on Leadership in Tough Economic Times," *NRF Annual 2009 Convention Blog*, January 15, 2009, <http://blog.nrf.com> on April 24, 2011.

Evaluation and Implications Because Vroom's current approach is relatively new, it has not been fully scientifically tested. The original model and its subsequent refinement, however, attracted a great deal of attention and generally was supported by research.³⁰ For example, there is some support for the idea that individuals who make decisions consistent with the predictions of the model are more effective than those who make decisions inconsistent with

FIGURE 17.7 THE LEADER–MEMBER EXCHANGE (LMX) MODEL

The LMX model suggests that leaders form unique independent relationships with each of their subordinates. As illustrated here, a key factor in the nature of this relationship is whether the individual subordinate is in the leader's out-group or in-group.



it. The model therefore appears to be a tool that managers can apply with some confidence in deciding how much subordinates should participate in the decision-making process.

The Leader–Member Exchange Approach

Because leadership is such an important area, managers and researchers continue to study it. As a result, new ideas, theories, and perspectives are continuously being developed. The **leader–member exchange (LMX) model** of leadership, conceived by George Graen and Fred Dansereau, stresses the importance of variable relationships between supervisors and each of their subordinates.³¹ Each superior–subordinate pair is referred to as a “vertical dyad.” The model differs from earlier approaches in that it focuses on the differential relationship leaders often establish with different subordinates. Figure 17.7 shows the basic concepts of the leader–member exchange theory.

The model suggests that supervisors establish a special relationship with a small number of trusted subordinates, referred to as “the in-group.” The in-group usually receives special duties requiring responsibility and autonomy; they may also receive special privileges. Subordinates who are not a part of this group are called “the out-group,” and they receive less of the supervisor’s time and attention. Note in the figure that the leader has a dyadic, or one-to-one, relationship with each of the five subordinates.

Early in his or her interaction with a given subordinate, the supervisor initiates either an in-group or an out-group relationship. It is not clear how a leader selects members of the in-group, but the decision may be based on personal compatibility and subordinates’ competence. Research has confirmed the existence of in-groups and out-groups. In addition, studies generally have found that in-group members have a higher level of performance and satisfaction than do out-group members.³²

leader–member exchange (LMX) model

Stresses that leaders have different kinds of relationships with different subordinates

Summarize the essential elements of each of the situational approaches to leadership.

Which situational approach do you think is most useful and which the least useful for managers in organizations?

CONCEPT CHECK



Related Approaches to Leadership

Because of its importance to organizational effectiveness, leadership continues to be the focus of a great deal of research and theory building. New approaches that have attracted much attention are the concepts of substitutes for leadership and transformational leadership.³³

Substitutes for Leadership

The concept of **substitutes for leadership** was developed because existing leadership models and theories do not account for situations in which leadership is not needed.³⁴ They simply try to specify what kind of leader behavior is appropriate. The substitutes concept, however, identifies situations in which leader behaviors are neutralized or replaced by characteristics of the subordinate, the task, and the organization. For example, when a patient is delivered to a hospital emergency room, the professionals on duty do not wait to be told what to do by a leader. Nurses, doctors, and attendants all go into action without waiting for directive or supportive leader behavior from the emergency room supervisor.

Characteristics of the subordinate that may serve to neutralize leader behavior include ability, experience, need for independence, professional orientation, and indifference toward organizational rewards. For example, employees with a high level of ability and experience may not need to be told what to do. Similarly, a subordinate's strong need for independence may render leader behavior ineffective. Task characteristics that may substitute for leadership include routineness, the availability of feedback, and intrinsic satisfaction. When the job is routine and simple, the subordinate may not need direction. When the task is challenging and intrinsically satisfying, the subordinate may not need or want social support from a leader.

Organizational characteristics that may substitute for leadership include formalization, group cohesion, inflexibility, and a rigid reward structure. Leadership may not be necessary when policies and practices are formal and inflexible, for example. Similarly, a rigid reward system may rob the leader of reward power and thereby decrease the importance of the role. Preliminary research has provided support for the concept of substitutes for leadership.³⁵

Charismatic Leadership

The concept of **charismatic leadership**, like trait theories, assumes that charisma is an individual characteristic of the leader. **Charisma** is a form of interpersonal attraction that inspires support and acceptance. All else being equal, then, someone with charisma is more likely to be able to influence others than is someone without charisma. For example, a highly charismatic supervisor will be more successful in influencing subordinate behavior than a supervisor who lacks charisma. Thus influence is again a fundamental element of this perspective.

Robert House first proposed a theory of charismatic leadership, based on research findings from a variety of social science disciplines.³⁶ His theory suggests that charismatic leaders are likely to have a lot of self-confidence, a firm conviction in their beliefs and ideals, and a strong need to influence people. They also tend to communicate high expectations about follower performance and express confidence in followers. Donald Trump is an excellent example of a charismatic leader. Even though he has made his share of mistakes and generally is perceived as only an "average" manager, many people view him as larger than life.

There are three elements of charismatic leadership in organizations that most experts acknowledge today.³⁷ First, the leader needs to be able to envision the future, set high

substitutes for leadership

A concept that identifies situations in which leader behaviors are neutralized or replaced by characteristics of subordinates, the task, and the organization

charismatic leadership

Assumes that charisma is an individual characteristic of the leader

charisma

A form of interpersonal attraction that inspires support and acceptance

expectations, and model behaviors consistent with meeting those expectations. Next, the charismatic leader must be able to energize others through a demonstration of personal excitement, personal confidence, and patterns of success. And, finally, the charismatic leader enables others by supporting them, empathizing with them, and expressing confidence in them.³⁸

Charismatic leadership ideas are quite popular among managers today and are the subject of numerous books and articles. Unfortunately, few studies have attempted to specifically test the meaning and impact of charismatic leadership. There are also lingering ethical issues about charismatic leadership, however, that trouble some people. For instance, President Bill Clinton was a charismatic leader. But some of his critics argued that this very charisma caused his supporters to overlook his flaws and to minimize some of his indiscretions. In contrast, President George W. Bush did not possess a high level of charisma, and this may have enabled some critics to magnify his shortcomings.

Transformational Leadership

Another new perspective on leadership has been called by a number of labels: charismatic leadership, inspirational leadership, symbolic leadership, and transformational leadership. We use the term **transformational leadership** and define it as leadership that goes beyond ordinary expectations by transmitting a sense of mission, stimulating learning experiences, and inspiring new ways of thinking.³⁹ Because of rapid change and turbulent environments, transformational leaders are increasingly being seen as vital to the success of business.⁴⁰

A widely-circulated popular press article once identified seven keys to successful leadership: trusting one's subordinates, developing a vision, keeping cool, encouraging risk, being an expert, inviting dissent, and simplifying things.⁴¹ Although this list was the result of a simplistic survey of the leadership literature, it is nevertheless consistent with the premises underlying transformational leadership. So, too, are recent examples cited as effective leadership. Take the case of 3M. The firm's new CEO is working to make the firm more efficient and profitable while simultaneously keeping its leadership role in new product innovation. He has also changed the reward system, overhauled procedures, and restructured the entire firm. And so far, at least, analysts have applauded these changes.⁴²

"Turnaround or growth, it's getting your people focused on the goal that is still the job of leadership."

—ANNE MULCAHY, FORMER CEO OF XEROX⁴³



World History Archive/Alamy

John F. Kennedy is remembered as a charismatic leader. He was a master at inspiring support and acceptance of his beliefs. It was Kennedy, for example, who set a goal of sending an astronaut to the moon by the end of the 1960s. He is shown here in Houston promoting the economic benefits of space travel.

transformational leadership

Leadership that goes beyond ordinary expectations by transmitting a sense of mission, stimulating learning experiences, and inspiring new ways of thinking

What are leadership substitutes? What specific substitutes might work in a classroom setting?

Identify a person you would consider to be a charismatic leader and describe why the person fits the definition.

CONCEPT CHECK



Emerging Approaches to Leadership

Recently, three potentially very important new approaches to leadership have emerged. One is called “strategic leadership”; the others deal with cross-cultural leadership and ethical leadership.

Strategic Leadership

Strategic leadership is a new concept that explicitly relates leadership to the role of top management. We define **strategic leadership** as the capability to understand the complexities of both the organization and its environment and to lead change in the organization in order to achieve and maintain a superior alignment between the organization and its environment. This definition reflects an integration of the leadership concepts covered in this chapter with our discussion of strategic management in Chapter 8. Its board of directors, of course, is a key element in any firm’s strategic leadership, and the *World of Difference* box on page 501, entitled “Getting on Board with Diversity,” discusses a lingering issue in the composition of U.S. boards.

To be effective as a strategic leader, a manager needs to have a thorough and complete understanding of the organization—its history, its culture, its strengths, and its weaknesses. In addition, the leader needs a firm grasp of the organization’s environment. This understanding must encompass current conditions and circumstances as well as significant trends and issues on the horizon. The strategic leader also needs to recognize how the firm is currently aligned with its environment—where it relates effectively and where it relates less

effectively with that environment. Finally, looking at environmental trends and issues, the strategic leader works to improve both the current alignment and the future alignment.⁴⁴

Jeffrey Immelt (CEO of General Electric), Hector Ruiz (CEO of Advanced Micro Devices), John Chambers (CEO of Cisco), Michael Dell (founder and CEO of Dell Computer), and Irene Rosenfeld (CEO of Kraft Foods) are generally seen as strong strategic leaders.⁴⁵ On the other hand, Ken Lewis (former CEO of Bank of America) and Mike Jeffries (CEO of Abercrombie & Fitch) have recently been cited as less effective strategic leaders.⁴⁶

[3M CEO] . . . is pulling, pushing, and driving 3M back to its R&D roots. This is a company that prides itself on developing the most iconic products. That all came out of internal innovation, and he wants to make sure that that’s not lost.”

—ANALYST AT FBR CAPITAL MARKETS⁴⁷

Cross-Cultural Leadership

Another new approach to leadership is based on cross-cultural issues. In this context, culture is used as a broad concept to encompass both international differences and diversity-based differences within one culture. For instance, when a Japanese firm sends an executive to head the firm’s operations in the United States, that person will need to become acclimated to the cultural differences that exist between the two countries and to change his or her leadership style accordingly. As noted in Chapter 5, Japan is generally characterized by collectivism, whereas the United States is based more on individualism. The Japanese executive, then, will find it necessary to recognize the importance of individual contributions and rewards, as well as the differences in individual and group roles, that exist in Japanese and U.S. businesses.

Similarly, cross-cultural factors play a growing role in organizations as their workforces become more and more diverse. Most leadership research, for instance, has been conducted on samples or case studies involving white male leaders (until several years ago, most business leaders were white males). But as more females, African Americans, and Latinos achieve leadership positions, it may be necessary to reassess how applicable current theories and models of leadership are when applied to an increasingly diverse pool of leaders.

strategic leadership

The capability to understand the complexities of both the organization and its environment and to lead change in the organization in order to achieve and maintain a superior alignment between the organization and its environment

A WORLD OF DIFFERENCE

Getting on Board with Diversity



Chip Somodevilla/Getty Images

"It's been proven again and again," says Carl Brooks, CEO of the Executive Leadership Council, a network of senior African American executives, "that companies with board members who reflect gender and ethnic diversity also tend to have better returns on equity and sales." According to Marc H. Morial, CEO of the National Urban League, which promotes economic empowerment for African Americans, a minority presence on corporate boards is also necessary to protect the interests of minority consumers and other stakeholders: "African-American voices and perspectives," he argues, "are needed on corporate boards to ensure that business decisions affecting Black America are both responsible and sensitive to the needs of our communities."

Unfortunately, says Morial, "African Americans still represent a miniscule fraction of board-level corporate leadership in America." Citing a 2009 study by the Executive Leadership Council, Morial points out that the number of blacks on *Fortune* 500 boards actually *declined* between 2004 and 2008: Even though blacks comprise 13 percent of the U.S. population, representation on corporate boards stands at "a meager 7 percent."

The same trend was confirmed a year later, with the release, in August 2010, of the U.S. Senate Democratic Hispanic Task

Force report on minority and women representation on *Fortune* 500 boards and executive teams (CEOs plus their direct reports). Here are some of the survey's findings:

- Women comprise 18 percent of all board members and just under 20 percent of executive team members (roughly 1 in 5). Those figures, of course, are far below the 50 percent proportion of women in the population.
- Minorities comprise 14.5 percent of all directors—about 1 out of every 7—and an even smaller percentage of executive-team members. That's less than half of their 35 percent proportion of the population.
- Although African Americans boast the highest minority representation on boards—8.8 percent—that's equivalent to only 69 percent of their total proportion of the population. Representation on executive teams was only 4.2 percent.
- Hispanics fared worse than any other minority. Although they represent 15 percent of the U.S. population, they comprise only 3.3 percent of board members and 3 percent of executive-team members.

The report, says, task force chair Robert Menendez (the lone Hispanic member of the U.S. Senate),

clearly confirms what we had suspected all along—that American corporations need to do better when it comes to having the board rooms on Wall Street reflect the reality on Main Street. We need to change the dynamic and make it commonplace for minorities to be part of the American corporate structure. It is not just about doing what's right, but it's a good business decision that will benefit both corporations and the communities they're tapping into and making investments in.

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Ethical Leadership

Most people have long assumed that top managers are ethical people. But in the wake of recent corporate scandals, faith in top managers has been shaken. Perhaps now more than ever, high standards of ethical conduct are being held up as a prerequisite for effective

leadership. More specifically, top managers are being called on to maintain high ethical standards for their own conduct, to exhibit ethical behavior unfailingly, and to hold others in their organization to the same standards.

The behaviors of top leaders are being scrutinized more than ever, and those responsible for hiring new leaders for a business are looking more and more closely at the background of those being considered. And the emerging pressures for stronger corporate governance models are likely to further increase commitment to selecting only those individuals with high ethical standards and to hold them more accountable than in the past for both their actions and the consequences of those actions.⁴⁸

“Reputation is everything.”

—KEN CHENAULT,
CEO OF AMERICAN EXPRESS⁴⁹

What are the three emerging approaches to leadership, and why are they important?

Can you identify any other emerging leadership issues that are likely to become important in the future?

CONCEPT CHECK



Political Behavior in Organizations

Another common influence on behavior is politics and political behavior. **Political behavior** describes activities carried out for the specific purpose of acquiring, developing, and using power and other resources to obtain one's preferred outcomes.⁵⁰ Political behavior may be undertaken by managers dealing with their subordinates, subordinates dealing with their managers, and managers and subordinates dealing with others at the same level. In other words, it may be directed upward, downward, or laterally. Decisions ranging from where to locate a manufacturing plant to where to put the company coffee maker are subject to political action. In any situation, individuals may engage in political behavior to further their own ends, to protect themselves from others, to further goals they sincerely believe to be in the organization's best interests, or simply to acquire and exercise power. And power may be sought by individuals, by groups of individuals, or by groups of groups.⁵¹

Although political behavior is difficult to study because of its sensitive nature, one early survey found that many managers believed that politics influenced salary and hiring decisions in their firm. Many also believed that the incidence of political behavior was greater at the upper levels of their organization and lesser at the lower levels. More than half of the respondents felt that organizational politics was bad, unfair, unhealthy, and irrational, but most suggested that successful executives have to be good politicians and be political to get ahead.⁵²

Common Political Behaviors

Research has identified four basic forms of political behavior widely practiced in organizations.⁵³ One form is *inducement*, which occurs when a manager offers to give something to someone else in return for that individual's support. For example, a product manager might suggest to another product manager that she will put in a good word with his boss if he supports a new marketing plan that she has developed. By most accounts, former WorldCom CEO Bernard Ebbers made frequent use of this tactic to retain his leadership position in the company. For example, he allowed board members to use the corporate jet whenever they wanted and invested heavily in their pet projects.

A second tactic is *persuasion*, which relies on both emotion and logic. An operations manager wanting to construct a new plant on a certain site might persuade others to support his goal on grounds that are objective and logical (it's less expensive; taxes are lower)

political behavior

Activities carried out for the specific purpose of acquiring, developing, and using power and other resources to obtain one's preferred outcomes

as well as subjective and personal. Ebbers also used this approach. For instance, when one board member attempted to remove him from his position, he worked behind the scenes to persuade the majority of board members to allow him to stay on.

A third political behavior involves the *creation of an obligation*. For example, one manager might support a recommendation made by another manager for a new advertising campaign. Although he might really have no opinion on the new campaign, he might think that by going along, he is incurring a debt from the other manager and will be able to “call in” that debt when he wants to get something done and needs additional support. Ebbers loaned WorldCom board members money, for example, but then forgave the loans in exchange for their continued support.

Coercion is the use of force to get one’s way. For example, a manager may threaten to withhold support, rewards, or other resources as a way to influence someone else. This, too, was a common tactic used by Ebbers. He reportedly belittled any board member who dared question him, for example. In the words of one former director, “Ebbers treated you like a prince—as long as you never forgot who was king.”⁵⁴

Impression Management

Impression management is a subtle form of political behavior that deserves special mention. **Impression management** is a direct and intentional effort by someone to enhance his or her image in the eyes of others. People engage in impression management for a variety of reasons. For one thing, they may do so to further their own careers. By making themselves look good, they think they are more likely to receive rewards, to be given attractive job assignments, and to receive promotions. They may also engage in impression management to boost their self-esteem. When people have a solid image in an organization, others make them aware of it through compliments, respect, and so forth. Still another reason people use impression management is in an effort to acquire more power and hence more control.

People attempt to manage how others perceive them through a variety of mechanisms. Appearance is one of the first things people think of. Hence, a person motivated by impression management will pay close attention to choice of attire, selection of language, and use of manners and body posture. People interested in impression management are also likely to jockey for association only with successful projects. By being assigned to high-profile projects led by highly successful managers, a person can begin to link his or her own name with such projects in the minds of others.

Sometimes people too strongly motivated by impression management become obsessed with it and may resort to dishonest or unethical means. For example, some people have been known to take credit for others’ work in an effort to make themselves look better. People have also been known to exaggerate or even falsify their personal accomplishments in an effort to build an enhanced image.⁵⁵

“Every time I turn around, there is someone sticking their head in my office reminding me what they are doing for me.”

—TREVOR TRAINA, SILICON VALLEY ENTREPRENEUR⁵⁶

Managing Political Behavior

By its very nature, political behavior is tricky to approach in a rational and systematic way. But managers can handle political behavior so that it does not do excessive damage.⁵⁷ First, managers should be aware that, even if their actions are not politically motivated, others may assume that they are. Second, by providing subordinates with autonomy, responsibility, challenge, and feedback, managers reduce the likelihood of political behavior by subordinates. Third, managers should avoid using power if they want to avoid charges of political motivation. Fourth, managers should get disagreements out in the open so that subordinates will have less opportunity for political behavior through using conflict for their own purposes. Finally, managers should avoid covert activities. Behind-the-scenes activities give the

impression management
A direct and intentional effort by someone to enhance his or her image in the eyes of others

impression of political intent, even if none really exists.⁵⁸ Other guidelines include clearly communicating the bases and processes for performance evaluation, tying rewards directly to performance, and minimizing competition among managers for resources.⁵⁹

Of course, these guidelines are much easier to list than they are to implement. The well-informed manager should not assume that political behavior does not exist or, worse yet, attempt to eliminate it by issuing orders or commands. Instead, the manager must recognize that political behavior exists in virtually all organizations and that it cannot be ignored or stamped out. It can, however, be managed in such a way that it will seldom inflict serious damage on the organization. It may even play a useful role in some situations.⁶⁰ For example, a manager may be able to use his or her political influence to stimulate a greater sense of social responsibility or to heighten awareness of the ethical implications of a decision.

What are the most common forms of political behavior in organizations?

Have you ever intentionally used impression management? When might impression management be an acceptable behavior, and when might it be an unacceptable behavior?

CONCEPT CHECK

Summary of Learning Objectives and Key Points

- Describe the nature of leadership and relate leadership to management.
 - As a process, leadership is the use of noncoercive influence to shape the group's or organization's goals, motivate behavior toward the achievement of those goals, and help define group or organization culture.
 - As a property, leadership is the set of characteristics attributed to those who are perceived to be leaders.
 - Leadership and management are often related but are also different.
 - Managers and leaders use legitimate, reward, coercive, referent, and expert power.
- Discuss and evaluate the two generic approaches to leadership.
 - The trait approach to leadership assumed that some basic trait or set of traits differentiated leaders from nonleaders.
 - The leadership behavior approach to leadership assumed that the behavior of effective leaders was somehow different from the behavior of nonleaders.
 - Research at the University of Michigan and Ohio State University identified two basic forms of leadership behavior—one concentrating on work and performance and the other concentrating on employee welfare and support.
 - The Managerial Grid attempts to train managers to exhibit high levels of both forms of behavior.
- Identify and describe the major situational approaches to leadership.
 - Situational approaches to leadership recognize that appropriate forms of leadership behavior are not universally applicable and attempt to specify situations in which various behaviors are appropriate.
 - The LPC theory suggests that a leader's behaviors should be either task oriented or relationship oriented, depending on the favorableness of the situation.
 - The path-goal theory suggests that directive, supportive, participative, or achievement-oriented leader behaviors may be appropriate, depending on the personal characteristics of subordinates and the environment.
 - Vroom's decision tree approach maintains that leaders should vary the extent to which they allow subordinates to participate in making decisions as a function of problem attributes.
 - The leader-member exchange model focuses on individual relationships between leaders and followers and on in-group versus out-group considerations.
- Identify and describe three related approaches to leadership.
 - Related leadership perspectives are
 - the concept of substitutes for leadership
 - charismatic leadership
 - the role of transformational leadership in organizations

5. Describe three emerging approaches to leadership.
 - Emerging approaches include
 - strategic leadership
 - cross-cultural leadership
 - ethical leadership
6. Discuss political behavior in organizations and how it can be managed.
 - Political behavior is another influence process frequently used in organizations.
 - Impression management, one especially important form of political behavior, is a direct and intentional effort by someone to enhance his or her image in the eyes of others.
 - Managers can take steps to limit the effects of political behavior.

Discussion Questions

Questions for Review

1. What activities do managers perform? What activities do leaders perform? Do organizations need both managers and leaders? Why or why not?
2. What are the situational approaches to leadership? Briefly describe each and compare and contrast their findings.
3. Describe the subordinate's characteristics, leader behaviors, and environmental characteristics used in path-goal theory. How do these factors combine to influence motivation?
4. In your own words, define political behavior. Describe four political tactics and give an example of each.

Questions for Analysis

5. Even though the trait approach to leadership has no empirical support, it is still widely used. In your opinion, why is this so? In what ways is the use of the trait approach helpful to those who use it? In what ways is it harmful to those who use it?
6. The behavioral theories of leadership claim that an individual's leadership style is fixed. Do you agree or disagree? Give examples to support your position. The behavioral theories also claim that the ideal style is the same in every situation. Do you agree or disagree? Again, give examples.
7. A few universities are experimenting with alternative approaches, such as allowing students to design their own majors, develop a curriculum for that major, choose professors and design courses, or self-direct and self-evaluate their studies. These are examples of substitutes for leadership. Do you think this will lead to better outcomes for students than a traditional approach? Would you personally like to have that type of alternative approach at your school? Explain your answers.

Questions for Application

8. Consider the following list of leadership situations. For each situation, describe in detail the kinds of power the leader has. If the leader were the same but the situation changed—for example, if you thought of the president as the head of his family rather than of the military—would your answers change? Why?
 - The president of the United States is commander-in-chief of the U.S. military.
 - An airline pilot is in charge of a particular flight.
 - Fans look up to a movie star.
 - Your teacher is the head of your class.
9. Think about a decision that would affect you as a student. Use Vroom's decision tree approach to decide whether the administrator making that decision should involve students in the decision. Which parts of the model seem most important in making that decision? Why?
10. Describe a time when you or someone you know was part of an in-group or an out-group. What was the relationship between each of the groups and the leader? What was the relationship between the members of the two different groups? What was the outcome of the situation for the leader? For the members of the two groups? For the organization?

Building Effective Interpersonal Skills

Exercise Overview

Interpersonal skills refer to your ability to communicate with, understand, and motivate both individuals and groups. This

exercise asks you to examine the ways in your attitudes toward work relationships reflect your political behavior in the workplace.

Exercise Task

Below is a series of 20 statements. To what extent does each statement describe your use—actual or planned—of the described behavior when you're on the job? To address this question, rate your response to each statement according to the following scale:

1 2 3 4 5
Rarely Occasionally Usually

1. ___ I use personal contacts to get jobs and promotions.
2. ___ I try to find out what's going on in every organizational department.
3. ___ I dress the same way as the people in power and develop the same interests (e.g., watch or play sports, join the same clubs, etc.).
4. ___ I purposely seek contacts and network with higher-level managers.
5. ___ If upper management offered me a raise and promotion requiring me to move to a new location, I'd say yes even if I didn't want to move.
6. ___ I get along with everyone, even people regarded as difficult to get along with.
7. ___ I try to make people feel important by complimenting them.
8. ___ I do favors for other people and ask favors in return, and I thank people, often sending thank-you notes.
9. ___ I work at developing a good working relationship with my supervisor.
10. ___ I ask my supervisor and other people for advice.
11. ___ When someone opposes me, I still work to maintain a positive working relationship with that person.
12. ___ I'm courteous, positive, and pleasant in my relationships with other people.
13. ___ When my supervisor makes a mistake, I never point it out publicly.
14. ___ I'm more cooperative (I compromise) than competitive (I try to get my own way).
15. ___ I tell the truth.
16. ___ I avoid saying negative things about my supervisor or other people behind their backs.
17. ___ I work at getting people to know me by name and face by continually introducing myself.
18. ___ I ask satisfied customers and other people familiar with my work to let my supervisor know how good a job I'm doing.

19. ___ I try to win contests and get prizes, pins, and other awards.
20. ___ I send notices of my accomplishments to higher-level managers and such outlets as company newsletters.

Scoring

1. Add up the 20 numbers in the blanks before all the questions. Your total will range between 20 and 100. This number reflects your overall political behavior: *The higher your score, the greater your political behavior.*
2. Record your score here ___ and on the scale below:

20 — 30 — 40 — 50 — 60 — 70 — 80 — 90 — 100

Nonpolitical

Political

3. Now you want to determine your use of political power in *four different areas* (e.g., learning organizational culture, being a team player, etc.). To do this, add up your numbers for each of the following *sets of questions* and then divide by 5. You will then have your average score for each area:

A. *Learning the organizational culture and getting to know the power players:*

Questions 1–5 total ___ divided by 5 = ___

B. *Developing good working relationships, especially with your boss:*

Questions 6–12 total ___ divided by 5 = ___

C. *Being a loyal, honest team player:*

Questions 13–16 total ___ divided by 5 = ___

D. *Gaining recognition:*

Questions 17–20 total ___ divided by 5 = ___

The higher your average score for each set of questions, the greater your use of political power in that area. Do you rate about the same in each area, or do you rate more highly in some areas more than others?

Adapted from Robert N. Lussier and Christopher F. Achua, *Leadership: Theory, Application, and Skill Development*, 4th ed. (Mason, OH: South-Western Cengage Learning, 2010), pp. 120–121.

Building Effective Conceptual Skills

Exercise Overview

Conceptual skills require you to think in the abstract. This exercise introduces you to one approach to assessing leadership skills and relating leadership theory to practice.

Exercise Background

At any given time, there's no shortage of publications offering practical advice on management and leadership. Most business bestseller lists in 2008 included such titles as *Good to Great*, by Jim Collins; *First, Break All the Rules*, by Marcus Buckingham; and *The 21 Irrefutable Laws of Leadership*, by John C. Maxwell. Some of these books, such as *Winning*, by former General Electric CEO Jack Welch, are written by managers with years of experience. Others are written by consultants, professors, or reporters.

Exercise Task

1. Visit the *Fortune* magazine website at www.fortune.com/fortune/quizzes/careers/boss_quiz.html. Take the leadership-assessment quiz devised by management expert Stephen Covey. Then look at Covey's scoring and comments.
2. Review carefully each question and each suggested answer. Do you see any correlation between Covey's questions and the theoretical models of leadership discussed in this chapter? Which model or models do you

Granted, a lot of these books—okay, most of them—don't have much theoretical foundation, and many are basically compendiums of opinions and suggestions unsupported by scientific evidence. Even so, many touch upon ideas that may well be worth the time it takes a busy manager to read them. Thus a real issue for contemporary managers is knowing how to analyze what they read in the popular press and how to separate the practical wheat from the pop-culture chaff. This exercise gives you a little practice in doing just that.

- think Covey is using? What details in his questions, answers, or both led you to that conclusion?
3. Use the Internet to investigate Covey's background, training, and experience. Does the information that you've gathered give you any clues to Covey's attitudes and opinions about leadership? Do you see any connection between Covey's attitudes and the items on his quiz? Explain.
4. Based on what you've learned from this exercise, how confident are you that Covey's quiz is an accurate measure of leadership ability? Explain.

Management at Work

Inside Leadership at Intel

Intel is the largest maker of semiconductor chips in the world. It dominates its industry, producing twice as many chips as its nearest competitor and selling almost \$100 million worth of them every day. For over 40 years now, one of the company's most valuable resources has been its leadership. Intel has had five CEOs since it was founded in 1969, and although each has naturally brought different strengths and taken different approaches to the job, each has contributed to Intel's remarkable record of continuous success.

Bob Noyce, a physicist with an aptitude for technology, started Intel in 1969 with chemist-physicist Gordon Moore and served as its CEO until 1975. As a leader, Noyce was known as a loyal and charismatic risk taker who had a knack for knowing when his people knew what they were doing: He was general manager at Fairchild Semiconductor when its scientists invented the integrated chip in 1959, and as head of Intel, he oversaw the development of the microprocessor by researcher Ted Hoff in the late 1960s. "The people that are supervising [a project]," he once said, "are more dependent on their ability to judge people than they are dependent on their ability to judge the work that's going on." Known affectionately as the "Mayor of Silicon Valley," Noyce also epitomized the image of the casual California high-tech

executive. He had no use for corporate jets, gaudy offices, or even reserved parking spaces and preferred a relaxed working environment in which bright employees were given the freedom to do what they were hired to do. Under his leadership, Intel developed a culture that emphasized technical proficiency over fiscal performance.

When Noyce stepped down in 1975, Gordon Moore took over as CEO and held the post until 1987, when he became chairman of the board. Back in 1965, Moore had set forth the now classic Moore's Law—the observation that the number of transistors on a microchip will double every two years—and when the new company was founded, he naturally assumed the role of chief technology innovator. From the start, Intel scientists were committed to proving the validity of Moore's Law, and they've always been fairly successful at maintaining the pace, delivering next-generation silicon technology and new processor architecture on an almost yearly basis. Today, Moore's Law is institutionalized as Intel's "tick-tock model," which is designed to put technology innovation on a reliable and predictable timetable.

Moore's leadership style was quite similar to Noyce's but—if possible—even more committed to hands-off management and the primacy of technology. According to his successor, Andy Grove, "Gordon is rational, technically

based, [and] minimalist in terms of intervention. When he has something to say, it's usually worth listening to." Much of what Gordon had to say, he said to Grove, whom he promoted to president in 1979 and who actually ran the company along with Moore until the latter's retirement. "Much of [my success] is due to standing on his shoulders," says Grove, who has always extolled the value of the mentoring relationship. "If he hadn't been there," Grove admits, "I would have been a happy, productive engineer . . . but I don't think I would have ended up running the company."

At the same time, however, Grove acknowledges the conspicuous differences in leadership styles—he himself is decisive and sometimes arrogant—and makes it clear that he thinks his was the style the company needed when he took over as CEO in 1987. He likes to refer to management theorist Peter Drucker's idea that CEOs can be identified by one of three chief roles: According to Grove, Noyce was Intel's public face or "front man" and Moore its "thought man"; he himself is a "man of action." "If I had relied on [Gordon's] leadership style," he says, "I would have been in deep trouble because [Gordon was] not an activist. My role was to be exactly the opposite [of Gordon]."

In 1985, Grove announced that Intel was staking its future on a product which, ironically, it had itself introduced back in 1971—the microprocessor, which had been biding its time in such applications as timing traffic lights. When IBM selected the Intel processor for its PC line, the company was set to begin an extremely profitable ten-year run. In 1992, profits topped \$1 billion for the first time, and for Grove's 11-year tenure as CEO, Intel grew at a compounded annual rate of 30 percent. By the time he stepped down in 1998, Grove had overseen an increase in Intel's market capitalization from \$18 billion to \$197 billion—a gain of 4,500 percent.

When Craig Barrett succeeded Grove as CEO, Intel was the most valuable company in the world. A specialist in materials science, Barrett joined Intel in 1974 as a technology development manager, and in successive positions at the VP level, he headed the company's manufacturing operations. In the 1980s, as Intel faced increasingly stiff competition from Japanese chipmakers, Barrett developed a manufacturing strategy called "copy exactly," which called for the perfection of engineering processes at a single plant before

rolling out the same method in another facility. The strategy allowed Intel to avoid costly flaws in the production process. "It wasn't until we got the Japanese competition in the mid-1980s," Barrett recalls, that "we figured out how to combine technology with manufacturing and exist as a manufacturing company, not just a technology company." When he retired as chairman in January 2009, his successor as CEO, Paul Otellini, remarked that Barrett's "legacy spans the creation of the best semiconductor manufacturing machine in the world."

How had Barrett risen through the ranks to become CEO? "Just luck," he quips, though he's quick to add that "we were able to turn manufacturing around. That caught the eye of Andy [Grove] and Gordon Moore." As chief operating officer from 1993 and the company's fourth president from 1997, Barrett had also developed a working relationship with Grove, who remained with the company as chairman and senior advisor, much like the one that Grove had enjoyed earlier with Gordon Moore. And like Grove, Barrett credits the difference in leadership styles as a critical factor in his success in the top spot: "Andy and I," says Barrett, "are very different in style. . . . Andy has a pretty instantaneous opinion. . . . I'm more of a classic engineer and a data-driven guy. Faced with a problem, I wait for the data and analyze the problem. Andy probably gets frustrated with that approach because he wants to take action. That drove me to do my part of the equation a bit faster. It was very complementary."

Barrett turned over the CEO job to Paul Otellini in 2005. With a background in finance, Otellini is the first nonengineer to lead Intel, but he's had a lot of experience in computer hardware: From 1993 to 1996, as general manager of the Peripheral Components Operation and then of the Intel Architecture Group, he was responsible for chipset operations, microprocessor and chipset business strategies, and giving technical advice to Andy Grove. He served as COO from 2002 to May 2005, when he became CEO. He announced that he would "restructure, repurpose, and resize" the company and has since moved to eliminate redundant jobs, to simplify operations by reducing the total number of products, and to sell off non-core and unprofitable businesses. He's also initiated strategies designed to bring new products to market more quickly.

Case Questions

1. What roles have referent power and expert power played in leadership at Intel? Which Intel CEOs seem to have inclined toward job-centered leader behavior? Toward employee-centered leader behavior? Toward initiation-structure behavior? Toward consideration behavior?
2. Apply the *path-goal theory of leadership* to Intel's succession of CEOs: Which kind of leader behavior best applies to each CEO—*directive*, *supportive*, *participative*, *achievement-oriented*?
3. Intel appears to rely heavily on mentoring and long-term leadership development from within. In your opinion, what are the pros and cons of such an approach? Intel also seems to have thrived on a pattern of alternating leadership styles. What are the pros and cons of this approach?
4. Of the five profiled Intel CEOs, whose leadership style most closely resembles your own? Which of the five profiled CEOs would you most like to work for? Which would you least like to work for?

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YOU MAKE THE CALL When to Stand on Your Head and Other Tips from the Top

1. Studies indicate that good leaders are typically positive and enthusiastic. In what ways do the tips cited in the vignette suggest the possession of these qualities by the various leaders who offer them? Based on their suggestions for managing stress and information flow, what other qualities might you assign, in general, to the leaders cited in the vignette?
2. Recall our discussion, in Chapter 15, of *locus of control*, which we defined as the degree to which an individual believes that his or her behavior has a direct impact on the consequences of that behavior. In what ways do the attitudes expressed or implied in the vignette suggest the degree of locus control possessed by the leaders who are cited?
3. We discussed *delegation*—the process by which managers assign work to subordinates—in Chapter 11. Not surprisingly, effective delegation eases the stress on managers. Judging from their advice on managing information flow, what sort of tasks do you think these managers delegate to others? What sort of tasks do they *not* delegate? As a result of your efforts to address these questions, can you think of a good rule of thumb for what a successful leader should and should not delegate?



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Notes

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