

CHAPTER 12

Leading at Work



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Learning Objectives

After reading this chapter, you should be able to do the following:

1. Define what leadership is and identify traits of effective leaders.
2. Describe behaviors that effective leaders demonstrate.
3. Specify the contexts in which various leadership styles are effective.
4. Explain the concepts of transformational, transactional, charismatic, servant, and authentic leadership.
5. Understand connections between leading at work and ethics, technology, and cross-cultural management.

leadership

The act of influencing others toward a goal.

formal leaders

Those who hold a position of authority and may utilize the power that comes from their position, as well as their personal power to influence others.

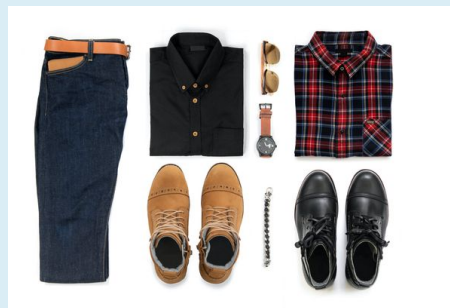
informal leaders

Those without a formal position of authority within the organization but demonstrate leadership by influencing those around them through personal forms of power.

Leadership may be defined as the act of influencing others to work toward a goal. Leaders exist at all levels of an organization. Some leaders hold a position of authority and may utilize the power that comes from their position, as well as their personal power to influence others. They are called **formal leaders**. In contrast, **informal leaders** are without a formal position of authority within the organization but demonstrate leadership by influencing others through personal forms of power. One caveat is important here: Leaders do not rely on the use of force to influence people. Instead, people willingly adopt the leader's goal as their own goal. If a person is relying on force and punishment, the person is a dictator, not a leader.

What makes leaders effective? What distinguishes people who are perceived as leaders from those who are not perceived as leaders? More importantly, how do we train future leaders and improve our own leadership ability? These are important questions that have attracted scholarly attention in the past several decades. In this chapter, we will review the history of leadership studies and summarize the major findings relating to these important questions. Around the world, we view leaders as at least partly responsible for their team or company's success and failure. Company CEOs are paid millions of dollars in salaries, bonuses, and stock with the assumption that they hold their company's future in their hands. In politics, education, sports, profit and nonprofit sectors, the influence of leaders over the behaviors of individuals and organizations is rarely questioned. When people and organizations fail, managers and CEOs are often viewed as responsible. Some people criticize the assumption that leadership always matters and call this belief "the romance of leadership." However, research evidence pointing to the importance of leaders for organizational success is accumulating.^[1]

12.1 An Inclusive Leadership Approach: The Case of Stitch Fix



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Stitch Fix is an online personal styling service that was founded in 2011 by entrepreneur Katrina Lake. Lake's vision was to disrupt the fashion retail industry by curating personalized wardrobe selections for Stitch Fix clients. In short, she sought to make personal shopping more affordable and less time-consuming using an online platform that leverages a blend of human stylists and algorithms. Starting with a modest \$42 million in venture capital investment, Lake grew Stitch Fix into a company worth over a billion dollars. In 2017 Stitch Fix underwent a high-profile IPO. Lake was the youngest female founder ever to take a company public and CEO of the only female-led tech IPO of the year.

Today, Stitch Fix's vision is to transform the way people find what they love by helping customers with discovery and decision making. The company's growth is supported by strong leadership values and a sincere belief in the ability of every individual within the organization to be a leader.

Stitch Fix employs people with a diverse set of skills, ranging from creative designers to merchandisers to data scientists. Company leadership prides itself on creating an accessible work environment with an approachable leadership team. The company fosters a culture that values dialogue and creative tension.

From a leadership development standpoint, Stitch Fix has established a regular 360-review process in which employees collect feedback from their peers and their leaders around how they engage with the company's "operating system." This operating system incorporates the organization's core values and leadership attributes, framed by the company's vision.

Stitch Fix invests heavily in professional development throughout the employee journey. Its new hire onboarding process is an immersive two-day process, whereby new employees are exposed to all functions of the company and their strategic pillars. Company leaders are an integral part of this training process, with employees hearing from a senior executive panel (including Katrina Lake) on their first day.

Leadership training continues throughout a Stitch Fix employee's career, regardless of his or her level within the organization. It is not limited to just managers and directors. This helps entry-level employees engage with the company in a meaningful way as potential leaders, and it holds senior leaders accountable for continuing to invest in their leadership styles. The company focuses this training around five leadership attributes: learn, develop, trust, inspire, and act. Stitch Fix hires and invests in people who are open to change and personal growth in order to support its bold vision.^[2]



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Case Discussion Questions

1. In your opinion, how does the Stitch Fix culture of open dialogue, creative tension, and approachable leadership impact organizational innovation?
2. Why do you think Stitch Fix invests so heavily in leadership development, even for entry-level employees? What impact do you think this might have on employee engagement, morale, and retention?
3. If you were an employee, would you want to work in an environment that focused on continual learning and development? Please explain.

4. If you were a manager, would you appreciate participating in a 360-review process? How about as an individual contributor? What are some of the benefits and drawbacks of giving and receiving feedback across different levels of the organization?
5. If you were an entrepreneur with a bold vision such as Katrina Lake's, what employment leadership values might you instill early on in the founding and scaling of your company? Why would these be important to you?

12.2 Who Is Considered a Leader?

Trait Approaches to Leadership

Learning Objectives

1. Learn the position of trait approaches in the history of leadership studies.
2. Explain the traits that are associated with leadership.
3. Discuss the limitations of trait approaches to leadership.

The earliest approach to the study of leadership sought to identify a set of traits that distinguished leaders from nonleaders. What were the personality characteristics and the physical and psychological attributes of people who are viewed as leaders? Because of the problems in measurement of personality traits at the time, different studies used different measures. By 1940, researchers concluded that the search for leadership-defining traits was futile. In recent years, though, after the advances in personality literature such as the development of the Big Five personality framework, researchers have had more success in identifying traits that predict leadership.^[3] Most importantly, charismatic leadership, which is among the contemporary approaches to leadership, may be viewed as an example of a trait approach.

The traits that show relatively strong relations with leadership are discussed below.^[4]

Intelligence

General mental ability, which psychologists refer to as “g” and is synonymous with “IQ” in everyday language, has been related to a person’s emerging as a leader within a group. Specifically, people who have high mental abilities are more likely to be viewed as leaders in their environment.^[5] We should caution, though, that intelligence is a positive but modest predictor of leadership, and when actual intelligence is measured with paper-and-pencil tests, its relationship to leadership is a bit weaker compared to when intelligence is defined as the perceived intelligence of a leader.^[6] Further, intelligence seems to suffer from “too much of a good thing” syndrome: One study in a sample of middle level managers has shown that the beneficial effects of IQ were curvilinear and peaked at an IQ of around 120. The study concluded that having a leader somewhat smarter than followers is a good thing, whereas a wider gap may not be desirable.^[7]

In addition to having a high IQ, effective leaders tend to have high emotional intelligence (EQ). People with high EQ demonstrate a high level of self- awareness, motivation, empathy, and social skills. The psychologist who coined the term *emotional intelligence*, Daniel Goleman, believes that IQ is a threshold quality: It matters for entry- to high-level management jobs, but once you get there, it no longer helps leaders, because most leaders already have a high IQ. According to Goleman, what differentiates effective leaders from ineffective ones becomes their ability to control their own emotions and understand other people’s emotions, their internal motivation, and their social skills.^[8]

New Zealand Prime Minister Jacinda Ardern gained praise for her emotionally intelligent management of COVID-19 crisis. Her clear and consistent messaging and frequent displays of empathy resulted in high levels of trust.



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Big Five Personality Traits

Psychologists have proposed various systems for categorizing the characteristics that make up an individual’s unique personality; one of the most widely accepted is the “Big Five” model, which rates an individual according to Openness to experience, Conscientiousness, Extraversion, Agreeableness, and Neuroticism. Several of the Big Five personality traits have been related to leadership emergence (whether someone is viewed as a leader by others) and effectiveness. Further, these personality traits also predict a person’s motivation to lead, or their desire to attain a leadership role.^[9]

TABLE 12.1 Big Five Personality Traits

Trait	Description
Openness	Being curious, original, intellectual, creative, and open to new ideas
Conscientiousness	Being organized, systematic, punctual, achievement oriented, and dependable
Extraversion	Being outgoing, talkative, sociable, and enjoying social situations
Agreeableness	Being affable, tolerant, sensitive, trusting, kind, and warm
Neuroticism	Being anxious, irritable, temperamental, and moody

Research points to an extraversion advantage in leadership, despite the high profile of introverted CEOs such as Amazon founder and CEO Jeff Bezos.



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For example, extraversion is related to leadership. *Extraverts* are sociable, assertive, and energetic people. They enjoy interacting with others in their environment and demonstrate self-confidence. Because they are both dominant and sociable in their environment, they emerge as leaders in a wide variety of situations. Out of all personality traits, extraversion has the strongest relationship with both leader emergence and leader effectiveness. This is not to say that all effective leaders are extraverts, but you are more likely to find extraverts in leadership positions. An example of an introverted leader is Jim Buckmaster, the CEO of Craigslist. He is known as an introvert, and he admits to not having meetings because he does not like them.^[10]

Research shows that another personality trait related to leadership is *conscientiousness*. Conscientious people are organized, take initiative, and demonstrate persistence in their endeavors. Conscientious people are more likely to emerge as leaders and be effective in that role. Research shows that the average level of conscientiousness among a firm's top management team is related to organizational performance over time.^[11] Finally, people who have *openness to experience*—those who demonstrate originality, creativity, and are open to trying new things—tend to emerge as leaders and also be quite effective. The role of agreeableness is less clear for leadership: Agreeable people who are modest, good natured, and avoid conflict are less likely to be perceived as leaders as they may be perceived as naïve or submissive.^[12] At the same time, research evidence suggests that group performance and satisfaction with leadership are higher for leaders who are agreeable.^[13]

Self-Esteem

Most US presidents have been of higher than average height, a fact that may not have impressed the notoriously short Napoleon Bonaparte.



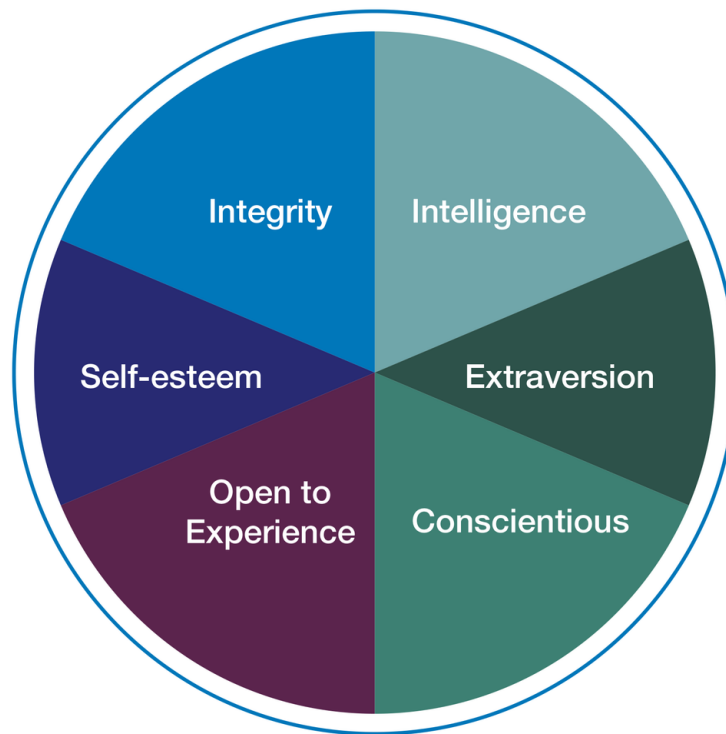
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Self-esteem is not one of the Big Five personality traits, but it is an important aspect of one's personality. The degree to which a person is at peace with oneself and has an overall positive assessment of one's self-worth and capabilities seems to be relevant to whether someone is viewed as a leader. Leaders with high self-esteem support their subordinates more and, when punishment is administered, they punish more effectively.^[14] It is possible that those with high self-esteem have greater levels of self-confidence and this affects their image in the eyes of their followers. Self-esteem may also explain the relationship between some physical attributes and leader emergence. For example, research shows a strong relationship between being tall and being viewed as a leader (as well as one's career success over life). This relationship emerged for both men and women. It is proposed that self-esteem may be the key mechanism linking height to being viewed as a leader, because people who are taller are also found to have higher self-esteem and therefore may project greater levels of charisma as well as confidence to their followers.^[15] In fact, research shows that when it comes to height, it is rewarded. One study found that each inch above average was related to \$789 more per year in salary for leaders.^[16]

Integrity

Research also shows that people who are effective as leaders tend to have a moral compass and demonstrate honesty and integrity.^[17] Leaders whose integrity is questioned lose their trustworthiness, and they hurt their company's business along the way. Warren Buffett, chairman and CEO of Berkshire Hathaway, shared the following at a commencement speech: "We look for three things when we hire people. We look for intelligence, we look for initiative or energy, and we look for integrity. And if they don't have the latter, the first two will kill you."^[18]

FIGURE 12.1 Key Traits Associated with Leadership



Despite problems in trait approaches, these findings can still be useful to managers and companies. For example, knowing about leader traits helps organizations select the right people for positions of responsibility. The key to benefiting from the findings of trait researchers is to be aware that not all traits are equally effective in predicting leadership potential across all circumstances. Some organizational situations allow leader traits to make a greater difference.^[19] For example, in small, entrepreneurial organizations where leaders have a lot of leeway to determine their own behavior, the type of traits leaders have may make a difference in leadership potential. In large, bureaucratic, and rule-bound organizations such as the government and the military, a leader's traits may have less to do with how the person behaves and whether the person is a successful leader.^[20] Moreover, some traits become relevant in specific circumstances. For example, bravery is likely to be a key characteristic in military leaders, but not necessarily in business leaders. Scholars now conclude that instead of trying to identify a few traits that distinguish leaders from nonleaders, it is important to identify the conditions under which different traits affect a leader's performance, as well as whether a person emerges as a leader.^[21]

Key Takeaway

Many studies searched for a limited set of personal attributes, or traits, which would make someone be viewed as a leader and be successful as a leader. Some traits that are consistently related to leadership include intelligence (both mental ability and emotional intelligence), personality (extraversion, conscientiousness, openness to experience, self-esteem), and integrity. The main limitation of the trait approach was that it ignored the situation in which leadership occurred. Therefore, it is more useful to specify the conditions under which different traits are needed.

What do *you* think?

1. What traits are evident in leaders you admire? What traits does this person have? Are they consistent with the traits discussed in this chapter? If not, why is this person effective despite the presence of different traits?
2. Can the findings of trait approaches be used to train potential leaders? Which traits seem easier to teach? Which are more stable?
3. How can organizations identify future leaders with a given set of traits? Which methods would be useful for this purpose?
4. What other traits can you think of that would be relevant to effective leadership?

12.3 What Do Leaders Do? Behavioral Approaches to Leadership

Learning Objectives

1. Explain the behaviors that are associated with leadership.
2. Identify the three alternative decision-making styles leaders use and the conditions under which they are more effective.
3. Discuss the limitations of behavioral approaches to leadership.

Leader Behaviors

task-oriented leader behaviors

Structuring the roles of subordinates, providing them with instructions, and behaving in ways that will increase the performance of the group (also called *initiating structure*).

people-oriented leader behaviors

Showing concern for employee feelings and treating employees with respect (also called *consideration*).

When trait researchers became disillusioned in the 1940s, their attention turned to studying leader behaviors. What did effective leaders actually do? Which behaviors made others perceive them as leaders? Which behaviors increased their success? To answer these questions, researchers at Ohio State University and the University of Michigan used many different techniques, such as observing leaders in laboratory settings as well as surveying them. This research stream led to the discovery of two broad categories of behaviors: task-oriented behaviors (sometimes called *initiating structure*) and people-oriented behaviors (also called *consideration*). **Task-oriented leader behaviors** involve structuring the roles of subordinates, providing them with instructions, and behaving in ways that will increase the performance of the group. Task-oriented behaviors are directives given to employees to get things done and to ensure that organizational goals are met. **People-oriented leader behaviors** include showing concern for employee feelings and treating employees with respect. People-oriented leaders genuinely care about the well-being of their employees, and they demonstrate their concern in their actions and decisions. At the time, researchers thought that these two categories of behaviors were the keys to the puzzle of leadership.^[22] However, research did not support the argument that demonstrating both of these behaviors would necessarily make leaders effective.^[23]

When we look at the overall findings regarding these leader behaviors, it seems that both types of behaviors, in the aggregate, are beneficial to organizations, but for different reasons. For example, when leaders demonstrate people-oriented behaviors, employees tend to be more satisfied and react more positively. However, when leaders are task oriented, productivity tends to be a bit higher.^[24] Moreover, the situation in which these behaviors are demonstrated seems to matter. In small companies, task-oriented behaviors were found to be more effective than in large companies.^[25] There is also some evidence that very high levels of leader task-oriented behaviors may cause burnout with employees.^[26]

Leader Decision Making

Another question behavioral researchers focused on involved how leaders actually make decisions and the influence of decision-making styles on leader effectiveness and employee reactions. Three types of decision-making styles were studied. In **autocratic decision making**, leaders make the decision alone without necessarily involving employees in the decision-making process. When leaders use **democratic decision making**, employees participate in the making of the decision. Finally, leaders using **laissez-faire decision making** leave employees alone to make the decision. The leader provides minimum guidance and involvement in the decision.

As with other lines of research on leadership, research did not identify one decision-making style as the best. It seems that the effectiveness of the style the leader is using depends on the circumstances. A review of the literature shows that when leaders use more democratic or participative decision-making styles, employees tend to be more satisfied; however, the effects on decision quality or employee productivity are weaker. Moreover, instead of expecting to be involved in every single decision, employees seem to care more about the overall participativeness of the organizational climate.^[27] Different types of employees may also expect different levels of involvement. In a research organization, scientists viewed democratic leadership most favorably and autocratic leadership least favorably,^[28] but employees working in large groups where opportunities for member interaction were limited preferred autocratic leader decision making.^[29] The key is to understand when each style works and vary one's style accordingly.

The track record of the laissez-faire decision-making style is more problematic. Research shows that this style is negatively related to employee satisfaction with leaders and leader effectiveness.^[30] Laissez-faire leaders create high levels of ambiguity about job expectations on the part of employees, and employees also engage in higher levels of conflict when leaders are using the laissez-faire style.^[31]

Leadership Assumptions about Human Nature

Why do some managers believe that the only way to manage employees is to force and coerce them to work while others adopt a more humane approach? Douglas McGregor, an MIT Sloan School of Management professor, believed that a manager's actions toward employees were dictated by having one of two basic sets of assumptions about employee attitudes. His two contrasting categories, outlined in his 1960 book, *The Human Side of Enterprise*, are known as Theory X and Theory Y.

According to McGregor, some managers subscribe to **Theory X**. The main assumptions of Theory X managers are that employees are lazy, do not enjoy working, and will avoid expending energy on work whenever possible. For a manager, this theory suggests employees need to be forced to work through any number of control mechanisms ranging from threats to actual punishments. Because of the assumptions they make about human nature, Theory X managers end

In a conversation with Fortune during COVID-19, Land O'Lakes CEO Beth Ford stressed the importance of leaders putting employees first, listening to them, and doing everything in their power to make them feel grounded.



Source: https://commons.wikimedia.org/wiki/File:Beth_Ford_2017.jpg. Info: <https://www.dairyfoods.com/articles/94347-put-your-employees-first-amid-pandemic-land-olakes-ceo-beth-ford-advises>

autocratic decision making

What occurs when leaders make the decision alone without necessarily involving employees in the decision-making process.

democratic decision making

What occurs when leaders and employees participate in the making of the decision.

laissez-faire decision making

What occurs when leaders leave employees alone to make the decision. The leader provides minimum guidance and involvement in the decision.

Theory X

A theory of human nature which assumes that employees are lazy, do not enjoy working, and will avoid expending energy on work whenever possible.

Theory Y

A theory of human nature which assumes that employees are not lazy, can enjoy work, and will put effort into furthering organizational goals.

up establishing rigid work environments. Theory X also assumes employees completely lack ambition. As a result, managers must take full responsibility for their subordinates' actions, as these employees will never take initiative outside of regular job duties to accomplish tasks.

In contrast, **Theory Y** paints a much more positive view of employees' attitudes and behaviors. Under Theory Y, employees are not lazy, can enjoy work, and will put effort into furthering organizational goals. Because these managers can assume that employees will act in the best interests of the organization given the chance, Theory Y managers allow employees autonomy and help them become committed to particular goals. They tend to adopt a more supportive role, often focusing on maintaining a work environment in which employees can be innovative and prosperous within their roles. One way of improving our leadership style would be to become conscious about our theories of human nature, and question the validity of our implicit theories.

Limitations of Behavioral Approaches

Behavioral approaches, similar to trait approaches, fell out of favor because they neglected the environment in which behaviors are demonstrated. The hope of the researchers was that the identified behaviors would predict leadership under all circumstances, but it may be unrealistic to expect that a given set of behaviors would work under all circumstances. What makes a high school principal effective on the job may be very different from what makes a military leader effective, which would be different from behaviors creating success in small or large business enterprises. It turns out that specifying the conditions under which these behaviors are more effective may be a better approach.

Key Takeaway

When researchers failed to identify a set of traits that would distinguish effective from ineffective leaders, research attention turned to the study of leader behaviors. Leaders may demonstrate task-oriented and people-oriented behaviors. Both seem to be related to important outcomes, with task-oriented behaviors more strongly relating to leader effectiveness and people-oriented behaviors leading to employee satisfaction. Leaders can also make decisions using autocratic, democratic, or laissez-faire styles. While laissez-faire has certain downsides, there is no best style, and the effectiveness of each style seems to vary across situations. Because of the inconsistency of results, researchers realized the importance of the context in which leadership occurs, which paved the way to contingency theories of leadership.

What do *you* think?

1. Give an example of a leader you admire whose behavior is primarily task oriented, and one whose behavior is primarily people oriented.
2. What are the limitations of autocratic decision making? Under which conditions do you think autocratic style would be more effective?
3. What are the limitations of democratic decision making? Under which conditions do you think democratic style would be more effective?
4. What are the limitations of laissez-faire decision making? Under which conditions do you think laissez-faire style would be more effective?
5. Examine your own leadership style. Which behaviors are you more likely to demonstrate? Which decision-making style are you more likely to use?

12.4 What Is the Role of the Context? Contingency Approaches to Leadership

Learning Objectives

1. Learn about the major situational conditions that determine the effectiveness of different leadership styles.
2. Identify the conditions under which highly task-oriented and highly people-oriented leaders can be successful based on Fiedler's contingency theory.
3. Describe the Path-Goal theory of leadership.
4. Describe a method by which leaders can decide how democratic or autocratic their decision making should be.

What is the best leadership style? After decades of research, management scholars have learned that more knowledge can be gained by asking: Under which conditions are certain leadership styles more effective? After the disappointing results of trait and behavioral approaches, several scholars developed leadership theories that specifically incorporated the role of the environment. Specifically, researchers started following a contingency approach to leadership—rather than trying to identify traits or behaviors that would be effective under all conditions, the attention moved toward specifying the situations under which different styles would be effective.

Fiedler's Contingency Theory

The earliest and one of the most influential contingency theories was developed by Frederick Fiedler.^[32] According to the theory, a leader's style is measured by a scale called Least Preferred Coworker scale (LPC). People who are filling out this survey are asked to think of a person who is their least preferred coworker. Then they rate this person in terms of how friendly, nice, and cooperative this person is. Imagine someone you did not enjoy working with. Can you describe this person in positive terms? If you can say that the person you hated working with was still a nice person, you would have a high LPC score. This means that you have a people-oriented personality, and you can separate your liking of a person from your ability to work with that person. On the other hand, if you think that the person you hated working with was also someone you did not like on a personal level, you would have a low LPC score. To you, being unable to work with someone would mean that you also dislike that person. In other words, you are a task-oriented person.

According to Fiedler's theory, different people can be effective in different situations. The LPC score is akin to a personality trait and is not likely to change. Instead, placing the right people in the right situation or changing the situation to suit an individual is important to increase a leader's effectiveness. The theory predicts that in “favorable” and “unfavorable” situations, a low LPC leader—one who has feelings of dislike for coworkers who are difficult to work with—would be successful. When situational favorableness is medium, a high LPC leader—one who is able to personally like coworkers who are difficult to work with—is more likely to succeed.

How does Fiedler determine whether a situation is “favorable,” “medium,” or “unfavorable”? There are three conditions creating situational favorableness: leader-subordinate relations, position power, and task structure. If the leader has a good relationship with most people and has high

position power, and the task at hand is structured, the situation is very favorable. When the leader has low-quality relations with employees and has low position power, and the task at hand is relatively unstructured, the situation is very unfavorable.

FIGURE 12.2 An Overview of Fiedler's Contingency Theory

Situational Favorableness	Leader-subordinate Relations	Position Power	Task Structure	Best Style
Favorable	Good	High	High	Low-LPC Leader
	Good	High	Low	
	Good	Low	High	
Medium	Good	Low	Low	High-LPC Leader
	Poor	High	High	
	Poor	High	Low	
Unfavorable	Poor	Low	Low	Low-LPC Leader

Sources: Partially based on information in Fiedler, F. E. (1967). *A theory of leadership effectiveness*. New York: McGraw-Hill; Fiedler, F. E. (1964). A contingency model of leader effectiveness. In L. Berkowitz (Ed.), *Advances in experimental social psychology*, vol. 1 (pp. 149–190). New York: Academic Press.

Research partially supports the predictions of Fiedler's contingency theory.^[33] Specifically, there is more support for the theory's predictions about when low LPC leadership should be used, but there is less support for situations when high LPC leadership should be more effective. Even though the theory was not supported in its entirety, it is a useful framework to think about when task- versus people-oriented leadership may be more effective. Moreover, the theory is important because of its explicit recognition of the importance of the context of leadership.

Situational Leadership

Another contingency approach to leadership is Kenneth Blanchard and Paul Hersey's Situational Leadership Theory (SLT), which argues that leaders must use different leadership styles depending on their followers' development level.^[34] According to this model, employee readiness (defined as a combination of their competence and commitment levels) is the key factor determining the proper leadership style. This approach has been highly popular with 14 million managers across 42 countries undergoing SLT training and 70% of Fortune 500 companies employing its use.^[35]

The model summarizes the level of directive and supportive behaviors that leaders may exhibit. The model argues that to be effective, leaders must use the right style of behaviors at the right time in each employee's development. It is recognized that followers are key to a leader's success. Employees who are at the earliest stages of developing are seen as being highly committed but with low competence for the tasks. Thus, leaders should be highly directive and less supportive. As the employee becomes more competent, the leader should engage in more coaching behaviors. Supportive behaviors are recommended once the employee is at moderate to high levels of competence. And finally, delegating is the recommended approach for leaders dealing with employees who are both highly committed and highly competent. While the SLT is popular with managers, relatively easy to understand and use, and has endured for decades, research has been mixed in its support of the basic assumptions of the model.^[36] Therefore, while it can be a useful way to think about matching behaviors to situations, overreliance on this model, at the exclusion of other models, is premature.

TABLE 12.2 Situational Leadership Theory Helps Leaders Match Their Style to Follower Readiness Levels

Follower Readiness Level	Competence (low)	Competence (low)	Competence (moderate to high)	Competence (high)
	Commitment (high)	Commitment (low)	Commitment (variable)	Commitment (high)
Recommended Leaders Style	Directing behavior	Coaching behavior	Supporting behavior	Delegating behavior

Ken Blanchard, one of the developers of situational leadership theory, is also known for his bestselling book *The One Minute Manager* that asserts effective managers provide goals, reprimands, and praises in one-minute increments.



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Path-Goal Theory of Leadership

Robert House's path-goal theory of leadership is based on the expectancy theory of motivation.^[37] The expectancy theory of motivation suggests that employees are motivated when they believe—or expect—that (a) their effort will lead to high performance, (b) their high performance will be rewarded, and (c) the rewards they will receive are valuable to them. According to the path-goal theory of leadership, the leader's main job is to make sure that all three of these conditions exist. Thus, leaders will create satisfied and high-performing employees by making sure that employee effort leads to performance, and their performance is rewarded by desired rewards. The leader removes roadblocks along the way and creates an environment that subordinates find motivational.

The theory also makes specific predictions about what type of leader behavior will be effective under which circumstances.^[38] The theory identifies four leadership styles. Each of these styles can be effective, depending on the characteristics of employees (such as their ability level, preferences, locus of control, and achievement motivation) and characteristics of the work environment (such as the level of role ambiguity, the degree of stress present in the environment, and the degree to which the tasks are unpleasant).

Four Leadership Styles

directive leaders

Leaders who provide specific directions to their employees. They lead employees by clarifying role expectations, setting schedules, and making sure that employees know what to do on a given work day.

supportive leaders

Leaders who provide emotional support to employees. They treat employees well, care about them on a personal level, and they are encouraging.

participative leaders

Those who make sure that employees are involved in the making of important decisions.

achievement-oriented leaders

Those who set goals for employees and encourage them to reach their goals.

Directive leaders provide specific directions to their employees. They lead employees by clarifying role expectations, setting schedules, and making sure that employees know what to do on a given work day. The theory predicts that the directive style will work well when employees are experiencing role ambiguity on the job. If people are unclear about how to go about doing their jobs, giving them specific directions will motivate them. On the other hand, if employees already have role clarity, and if they are performing boring, routine, and highly structured jobs, giving them direction does not help. In fact, it may hurt them by creating an even more restricting atmosphere. Directive leadership is also thought to be less effective when employees have high levels of ability. When managing professional employees with high levels of expertise and job-specific knowledge, telling them what to do may create a low-empowerment environment, which impairs motivation.

Supportive leaders provide emotional support to employees. They treat employees well, care about them on a personal level, and they are encouraging. Supportive leadership is predicted to be effective when employees are under a lot of stress or performing boring, repetitive jobs. When employees know exactly how to perform their jobs but their jobs are unpleasant, supportive leadership may be more effective.

Participative leaders make sure that employees are involved in the making of important decisions. Participative leadership may be more effective when employees have high levels of ability, and when the decisions to be made are personally relevant to them. For employees with a high internal locus of control (those who believe that they control their own destiny), participative leadership is a way of indirectly controlling organizational decisions, which is likely to be appreciated.

Achievement-oriented leaders set goals for employees and encourage them to reach their goals. Their style challenges employees and focuses their attention on work-related goals. This style is likely to be effective when employees have both high levels of ability and high levels of achievement motivation.

The path-goal theory of leadership has received partial but encouraging levels of support from researchers. Because the theory is highly complicated, it has not been fully and adequately tested.^[39] The theory's biggest contribution may be that it highlights the importance of a leader's ability to change styles depending on the circumstances. Unlike Fiedler's contingency theory, in which the leader's style is assumed to be fixed and only the environment can be changed, House's path-goal theory underlines the importance of varying one's style depending on the situation.

TABLE 12.3 Predictions of the Path-Goal Theory Approach to Leadership

Situation	Appropriate Leadership Style
When employees have high role ambiguity	Directive
When employees have low abilities	
When employees have external locus of control	
When tasks are boring and repetitive	Supportive
When tasks are stressful	
When employees have high abilities	Participative
When the decision is relevant to employees	
When employees have high internal locus of control	
When employees have high abilities	Achievement-oriented
When employees have high achievement motivation	

Sources: Partially based on information presented in House, R. J. (1996). Path-goal theory of leadership: Lessons, legacy, and a reformulated theory. *Leadership Quarterly*, 7, 323–352; House, R. J., & Mitchell, T. R. (1974). Path-goal theory of leadership. *Journal of Contemporary Business*, 3, 81–97.

Vroom and Yetton's Normative Decision Model

Yale School of Management Professor Victor Vroom and his colleagues Philip Yetton and Arthur Jago developed a decision-making tool to help leaders determine how much involvement they should seek when making decisions.^[40] The model starts by having leaders answer several key questions and working their way through a decision tree based on their responses. Let's try it. Imagine that you want to help your employees lower their stress so that you can minimize employee absenteeism. There are a number of approaches you could take to reduce employee stress, such as offering gym memberships, providing employee assistance programs, setting up a nap room, and so forth.

Let's refer to the model and start with the first question. As you answer each question as high (H) or low (L), follow the corresponding path down the funnel.

1. *Decision significance.* The decision has high significance, because the approach chosen needs to be effective at reducing employee stress for the insurance premiums to be lowered. In other words, there is a quality requirement to the decision. Follow the path through H.
2. *Importance of commitment.* What is the importance of employee cooperation to implement the decision? In our example, the answer is high, because employees may simply ignore the resources if they do not like them. Follow the path through H.
3. *Leader expertise.* Does the leader have all the information needed to make a high-quality decision? In our example, leader expertise is low. You do not have information regarding what your employees need or what kinds of stress reduction resources they would prefer. Follow the path through L.
4. *Likelihood of commitment.* If the leader makes the decision alone, what is the likelihood that the employees would accept it? Let's assume that the answer is low. Based on the leader's experience with this group, they would likely ignore the decision if the leader makes it alone. Follow the path from L.
5. *Goal alignment.* Are the employee goals aligned with organizational goals? In this instance, employee and organizational goals may be aligned because you both want to ensure that employees are healthier. So let's say the alignment is high, and follow H.
6. *Group expertise.* Does the group have expertise in this decision-making area? The group in question has little information about which alternatives are costlier, or more user friendly. We'll say group expertise is low. Follow the path from L.
7. *Team competence.* What is the ability of this particular team to solve the problem? Let's imagine that this is a new team that just got together and they have little demonstrated expertise to work together effectively. We will answer this as low or L.

Based on the answers to the questions we gave, the normative approach recommends consulting employees as a group. In other words, the leader may make the decision alone after gathering information from employees and is not advised to delegate the decision to the team or to make the decision alone.

FIGURE 12.3 Leadership Decision Tree

Vroom and Yetton's leadership decision tree shows leaders which styles will be most effective in different situations.

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

Source: Used by permission from Victor H. Vroom.

Decision-Making Styles

- *Decide*. The leader makes the decision alone using available information.
- *Consult individually*. The leader obtains additional information from individual members before making the decision alone.
- *Consult as a group*. The leader shares the problem with the entire group and asks for their opinion. The leader makes the final decision alone.
- *Facilitate*. The leader shares information about the problem with group members collectively, and acts as a facilitator. The leader sets the parameters of the decision.
- *Delegate*. The leader lets the team make the decision.

Vroom and Yetton's normative model is somewhat complicated, but research results support the validity of the model. On average, leaders using the style recommended by the model tend to make more effective decisions compared to leaders using a style not recommended by the model.^[41]

Key Takeaway

The contingency approaches to leadership describe the role the situation would have in choosing the most effective leadership style. Fiedler's contingency theory argued that task-oriented leaders would be most effective when the situation was the most and the least favorable, whereas people-oriented leaders would be effective when situational favorableness was moderate. Situational Leadership Theory takes the maturity level of followers into account. House's path-goal theory states that the leader's job is to ensure that employees view their effort as leading to performance, and to increase the belief that performance would be rewarded. For this purpose, leaders would use directive, supportive, participative, and achievement oriented leadership styles depending on what employees needed to feel motivated. Vroom and Yetton's normative model is a guide leaders can use to decide how participative they should be given decision environment characteristics.

What do you think?

1. Do you believe that the least preferred coworker technique is a valid method of measuring someone's leadership style? Why or why not?
2. Do you believe that leaders can vary their style to demonstrate directive, supportive, participative, and achievement-oriented styles with respect to different employees? Or does each leader tend to have a personal style that he or she regularly uses toward all employees?
3. What do you see as the limitations of the Vroom-Yetton leadership decision-making approach?
4. Which of the leadership theories covered in this section do you think are most useful and least useful to practicing managers? Why?

12.5 What's New? Contemporary Approaches to Leadership

Learning Objectives

1. Learn about the difference between transformational and transactional leaders.
2. Find out about the relationship between charismatic leadership and how it relates to leader performance.
3. Learn how to be charismatic.
4. Describe how high-quality leader-subordinate relationships develop.
5. Define servant leadership and evaluate its potential for leadership effectiveness.
6. Define authentic leadership and evaluate its potential for leadership effectiveness.

What are the leadership theories that have the greatest contributions to offer to today's business environment? In this section, we will review the most recent developments in the field of leadership.

Transformational Leadership

transformational leaders

Those who lead employees by aligning employee goals with the leader's goals. These leaders use their charisma, inspirational motivation, intellectual stimulation, and individualized consideration to influence their followers.

transactional leaders

Those who ensure that employees demonstrate the right behaviors and provide resources in exchange. These leaders provide contingent rewards and manage by exception.

Transformational leadership theory is a more recent addition to the literature, but more research has been conducted on this theory than all the contingency theories combined. The theory distinguishes transformational and transactional leaders. **Transformational leaders** lead employees by aligning employee goals with the leader's goals. Thus, employees working for transformational leaders start focusing on the company's well-being rather than on what is best for them as individual employees. On the other hand, **transactional leaders** ensure that employees demonstrate the right behaviors and provide resources in exchange.^[42]

Transformational leaders have four tools in their possession, which they use to influence employees and create commitment to the company goals.^[43] First, transformational leaders are charismatic. **Charisma** refers to behaviors leaders demonstrate that create confidence in, commitment to, and admiration for the leader.^[44] Charismatic individuals have a “magnetic” personality that is appealing to followers. Second, transformational leaders use **inspirational motivation**, or come up with a vision that is inspiring to others. Third, they use **intellectual stimulation**, which means that they challenge organizational norms and status quo, and they encourage employees to think creatively and work harder. Finally, they use **individualized consideration**, which means that they show personal care and concern for the well-being of their followers. Examples of transformational leaders include Steve Jobs of Apple Inc, and Indra Nooyi, who was the CEO of PepsiCo for 12 years. Each of these leaders is charismatic and is held responsible for the major changes in their companies.

While transformational leaders rely on their charisma, persuasiveness, and personal appeal to change and inspire their companies, transactional leaders use three different methods. **Contingent rewards** mean rewarding employees for their accomplishments. **Active management by exception** involves leaving employees to do their jobs without interference, but at the same time proactively predicting potential problems and preventing them from occurring. **Passive management by exception** is similar in that it involves leaving employees alone, but in this method the manager waits until something goes wrong before coming to the rescue.

Which leadership style do you think is more effective, transformational or transactional? Research shows that transformational leadership has a powerful influence over leader effectiveness, employee satisfaction, and employee and team creativity.^[45] In fact, transformational leaders increase the intrinsic motivation of their followers, build more effective relationships with employees, increase performance and creativity of their followers, increase team performance, and create higher levels of commitment to organizational change efforts.^[46] However, except for passive management by exception, transactional leadership styles are also effective, and they also have positive influences over leader performance as well as employee attitudes.^[47] To maximize their effectiveness, leaders are encouraged to demonstrate both transformational and transactional styles. They should also monitor themselves to avoid demonstrating passive management by exception, or leaving employees to their own devices until problems arise.

Why is transformational leadership effective? The key factor may be **trust**. Trust is the belief that the leader will show integrity, fairness, and predictability in his or her dealings with others. Research shows that when leaders demonstrate transformational leadership behaviors, followers are more likely to trust the leader. The tendency to trust in transactional leaders is substantially lower. Because transformational leaders express greater levels of concern for people's well-being and appeal to people's values, followers are more likely to believe that the leader has a trustworthy character.^[48]

Is transformational leadership genetic? Some people assume that charisma is something people are born with. You either have charisma, or you don't. However, research does not support this idea. We must acknowledge that there is a connection between some personality traits and charismatic leadership. Specifically, cognitive abilities, agreeableness, extraversion, and conscientiousness are positively related to charismatic leadership. At the same time, the relationship of personality traits to charismatic leadership accounts for only a small part of being a charismatic leader, explaining less than 10% of the variance in leadership.^[49] A large body of research has shown that it is possible to train people to increase their charisma and increase their transformational leadership.^[50]

charisma

Behaviors leaders demonstrate that create confidence in, commitment to, and admiration for the leader.

inspirational motivation

When leaders come up with a vision that is inspiring to others.

intellectual stimulation

When leaders challenge organizational norms and status quo, and encourage employees to think creatively and work harder.

individualized consideration

When leaders show personal care and concern for the well-being of their followers.

contingent rewards

Rewarding employees for their accomplishments.

active management by exception

Leaving employees alone but at the same time proactively predicting potential problems and preventing them from occurring.

passive management by exception

Leaving employees alone but then coming to the rescue if anything goes wrong.

trust

The belief that one party will show integrity, fairness, and predictability in their actions toward others.

Mustafa Kemal Atatürk, the founder of the Turkish Republic and its first president, is known as a charismatic leader. He is widely admired and respected in Turkey and around the world. His picture appears in all schools, state buildings, all denominations of Turkish lira, and in many people's homes in Turkey.



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Even if charisma can be learned, a more fundamental question remains: Is it really needed? Charisma is only one element of transformational leadership, and leaders can be effective without charisma. In fact, charisma has a dark side. For every charismatic leader whose charisma has been an asset to their firms, there are charismatic personalities who harmed their organizations, such as Jeff Skilling of Enron Corporation and Elizabeth Holmes of Theranos. Leadership experts warn that when organizations are in a crisis, a board of directors or hiring manager may turn to heroes who they hope will save the organization, and sometimes hire people who have no particular qualifications other than being perceived as charismatic.^[51]

An interesting study shows that when companies have performed well, their CEOs are perceived as charismatic, but CEO charisma has no relation to the future performance of a company.^[52] So, what we view as someone's charisma may be largely because of their association with a successful company, and the success of a company depends on a large set of factors, including industry effects and historical performance. While it is true that charismatic leaders may sometimes achieve great results, the search for charismatic leaders under all circumstances may be unwarranted.

OB Toolbox: Be Charismatic!



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- *Have a vision around which people can gather.* When framing requests or addressing others, instead of emphasizing short-term goals, stress the importance of the long-term vision. When giving a message, think about the overarching purpose. What is the ultimate goal? Why should people care? What are you trying to achieve?
- *Tie the vision to history.* In addition to stressing the ideal future, charismatic leaders also bring up the history and how the shared history ties to the future.
- *Watch your body language.* Charismatic leaders are energetic and passionate about their ideas. This involves truly believing in your own ideas. When talking to others, be confident, look them in the eye, and express your belief in your ideas.
- *Make sure that employees have confidence in themselves.* You can achieve this by showing that you believe in them and trust in their abilities. If they have real reason to doubt their abilities, make sure that you address the underlying issue, such as training and mentoring.
- *Challenge the status quo.* Charismatic leaders solve current problems by radically rethinking the way things are done and suggesting alternatives that are risky, novel, and unconventional.

Sources: Adapted from ideas in Frese, M., Beime, S., & Schoenborg, S. (2003). Action training for charismatic leadership: Two evaluations of studies of a commercial training module on inspirational communication of a vision. *Personnel Psychology*, 56, 671–697; Shamir, B., House, R. J., & Arthur, M. B. (1993). The motivational effects of charismatic leadership: A self-concept based theory. *Organization Science*, 4, 577–594.

Leader-Member Exchange (LMX) Theory

Leader-member exchange (LMX) theory proposes that the type of relationship leaders have with their followers (members of the organization) is the key to understanding how leaders influence employees.^[53] Leaders form different types of relationships with their employees. In **high-quality LMX relationships**, the leader forms a trust-based relationship with the member. The leader and member like each other, help each other when needed, and respect each other. In these relationships, the leader and the member are each ready to go above and beyond their job descriptions to promote the other's ability to succeed. In contrast, in **low-quality LMX relationships**, the leader and the member have lower levels of trust, liking, and respect toward each other. These relationships do not have to involve actively disliking each other, but the leader and member do not go beyond their formal job descriptions in their exchanges. In other words, the member does the job, the leader provides rewards and punishments, and the relationship does not involve high levels of loyalty or obligation toward each other.^[54]

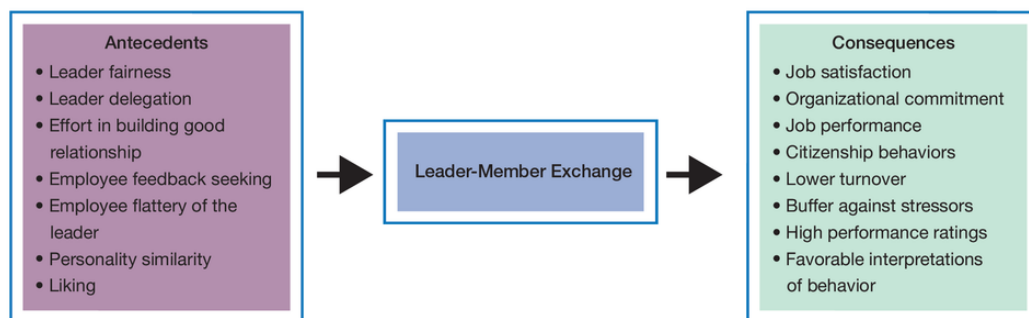
high-quality LMX relationships

A high-quality, trust-based relationship between a leader and a follower.

low-quality LMX relationships

A situation in which the leader and the employee have lower levels of trust, liking, and respect toward each other.

FIGURE 12.4 Antecedents and Consequences of Leader-Member Exchange



If you have work experience, you may have witnessed the different types of relationships managers form with their employees. In fact, many leaders end up developing differentiated relationships with their followers. Within the same work group, they may have in-group members who are close to them, and out-group members who are more distant. If you have ever been in a high LMX relationship with your manager, you may attest to the advantages of the relationship. Research shows that high LMX members are more satisfied with their jobs, more committed to their companies, have higher levels of clarity about what is expected of them, and perform at a higher level.^[55] Employees' high levels of performance may not be a surprise, as employees in high LMX relations trust their leader more, have greater levels of job satisfaction, have higher level of job motivation, and a greater sense of empowerment.^[56] Because of all the help, support, and guidance they receive, employees who have a good relationship with the manager are in a better position to perform well. Given all they receive, these employees are motivated to reciprocate to the manager, and therefore they demonstrate higher levels of citizenship behaviors such as helping the leader and coworkers.^[57] Being in a high LMX relationship is also advantageous because a high-quality relationship is a buffer against many stressors, such as being a misfit in a company, having personality traits that do not match job demands, and having unmet expectations.^[58] The list of the benefits high LMX employees receive is long, and it is not surprising that these employees are less likely to leave their jobs.^[59]

The problem, of course, is that not all employees have a high-quality relationship with their leader, and those who are in the leader's out-group may suffer as a result. But how do you develop a high-quality relationship with your leader? It seems that this depends on many factors. Managers can help develop such a meaningful and trust-based relationship by treating their employees in a fair and dignified manner.^[60] They can also test to see if the employee is trustworthy by delegating certain tasks when the employee first starts working with the manager.^[61] Employees also

have an active role in developing the relationship. Employees can put forth effort into developing a good relationship by seeking feedback to improve their performance, being open to learning new things on the job, and engaging in political behaviors such as the use of flattery.^[62] Interestingly, high performance does not seem to be enough to develop a high-quality exchange. Instead, interpersonal factors such as the similarity of personalities and a mutual liking and respect are more powerful influences over how the relationship develops.^[63] Finally, the relationship develops differently in different types of companies, and corporate culture matters in how leaders develop these relationships. In performance-oriented cultures, the relevant factor seems to be how the leader distributes rewards, whereas in people-oriented cultures, the leader treating people with dignity is more important.^[64]

Self-Assessment: Rate Your LMX

Answer the following questions using 1 = not at all, 2 = somewhat, 3 = fully agree.

1. ____ I like my supervisor very much as a person.
2. ____ My supervisor is the kind of person one would like to have as a friend.
3. ____ My supervisor is a lot of fun to work with.
4. ____ My supervisor defends my work actions to a superior, even without complete knowledge of the issue in question.
5. ____ My supervisor would come to my defense if I were "attacked" by others.
6. ____ My supervisor would defend me to others in the organization if I made an honest mistake.
7. ____ I do work for my supervisor that goes beyond what is specified in my job description.
8. ____ I am willing to apply extra efforts, beyond those normally required, to further the interests of my work group.
9. ____ I do not mind working my hardest for my supervisor.
10. ____ I am impressed with my supervisor's knowledge of his or her job.
11. ____ I respect my supervisor's knowledge of and competence on the job.
12. ____ I admire my supervisor's professional skills.

Scoring:

Add your score for 1, 2, 3 = ____ . This is your score on the *Liking* factor of LMX.

A score of 3 to 4 indicates a low LMX in terms of liking. A score of 5 to 6 indicates an average LMX in terms of liking. A score of 7+ indicates a high LMX in terms of liking.

Add your score for 4, 5, 6 = ____ . This is your score on the *Loyalty* factor of LMX.

A score of 3 to 4 indicates a low LMX in terms of loyalty. A score of 5 to 6 indicates an average LMX in terms of loyalty. A score of 7+ indicates a high LMX in terms of loyalty.

Add your score for 7, 8, 9 = ____ . This is your score on the *Contribution* factor of LMX.

A score of 3 to 4 indicates a low LMX in terms of contribution. A score of 5 to 6 indicates an average LMX in terms of contribution. A score of 7+ indicates a high LMX in terms of contribution.

Add your score for 10, 11, 12 = ____ . This is your score on the *Professional Respect* factor of LMX.

A score of 3 to 4 indicates a low LMX in terms of professional respect. A score of 5 to 6 indicates an average LMX in terms of professional respect. A score of 7+ indicates a high LMX in terms of professional respect.

Source: Adapted from Liden, R. C., & Maslyn, J. M. (1998). Multidimensionality of leader-member exchange: An empirical assessment through scale development. Journal of Management, 24, 43–72. Used by permission of Sage Publications.

Should you worry if you do not have a high-quality relationship with your manager? One problem in a low-quality exchange is that employees may not have access to the positive work environment available to high LMX members. Second, low LMX employees may feel that their situation is unfair. Even when their objective performance does not warrant it, those who have a good relationship with the leader tend to have positive performance appraisals.^[65] Moreover, they are more likely to be given the benefit of the doubt. For example, when high LMX employees succeed, the manager is more likely to think that they succeeded because they put forth a lot of effort and had high abilities, whereas for low LMX members who perform objectively well, the manager is less likely to make the same attribution.^[66] In other words, the leader may interpret the same situation differently, depending on which employee is involved, and may reward low LMX employees less despite equivalent performance. In short, those with a low-quality relationship with their leader may experience a work environment that may not be supportive or fair.

Despite its negative consequences, we cannot say that all employees want or need to have a high-quality relationship with their leader. Some employees may genuinely dislike the leader and may not value the rewards in the leader's possession. If the leader is not well liked in the company and is known as abusive or unethical, being close to such a person may imply guilt by association. Employees gain some of the benefits of a high quality exchange with their manager from alternative sources, such as by having strong relationships with their team members. Finally, not all leaders are equally capable of influencing their employees by having a good relationship with them: It also depends on the power and influence of the leader in the company as a whole and how the leader is treated within the organization. Leaders who are more powerful will have more to share with their employees.^[67]

What LMX theory implies for leaders is that one way of influencing employees is through the types of relationships leaders form with their subordinates. These relationships develop naturally through the work-related and personal interactions between the manager and the employee. Because they occur naturally, some leaders may not be aware of the power that lies in them. These relationships have an important influence over employee attitudes and behaviors. In the worst case, they have the potential to create an environment characterized by favoritism and unfairness. Therefore, managers are advised to be aware of how they build these relationships: Put forth effort in cultivating these relationships consciously, be open to forming good relationships with people from all backgrounds regardless of characteristics such as sex, race, age, or disability status, and prevent these relationships from leading to an unfair work environment.

OB Toolbox: Ideas for Improving Your Relationship with Your Manager



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Having a good relationship with your manager may substantially increase your job satisfaction, improve your ability to communicate with your manager, and help you be successful in your job. Here are some tips for developing a high-quality exchange.

- *Create interaction opportunities with your manager.* One way of doing this would be seeking feedback from your manager with the intention of improving your performance. Be careful, though: If the manager believes that you are seeking feedback for a different purpose, it will not help.
- *People are more attracted to those who are similar to them.* So find out where your similarities lie. What does your manager like that you also like? Do you have similar working styles? Do you have any mutual experiences? Bringing up your commonalities in conversations may help.
- *Utilize impression management tactics, but be tactful.* If there are work-related areas in which you can sincerely compliment your manager, do so. For example, if your manager made a decision that you agree with, you may share your support. Most people, including managers, appreciate positive feedback. However, flattering your manager in non-work-related areas (such as appearance) or using flattery in an insincere way (praising an action you do not agree with) may backfire.
- *Be a reliable employee.* Managers need people they can trust. By performing at a high level, demonstrating predictable and consistent behavior, and by volunteering for challenging assignments, you can prove your worth.
- *Be aware that relationships develop early* (as early as the first week of your working together). So be careful how you behave during the interview and your very first days. If you start off on the wrong foot, it will be harder to recover the relationship.

Servant Leadership

The early twenty-first century has been marked by a series of highly publicized corporate ethics scandals. As corporate ethics scandals shake investor confidence in corporations and leaders, the importance of ethical leadership and keeping long-term interests of stakeholders in mind is becoming more widely acknowledged.

servant leadership

A leadership approach that defines the leader's role as serving the needs of others.

Servant leadership is a leadership approach that defines the leader's role as serving the needs of others. According to this approach, the primary mission of the leader is to develop employees and help them reach their goals. Servant leaders put their employees first, understand their personal needs and desires, empower them, and help them develop in their careers. Unlike mainstream management approaches, the overriding objective in servant leadership is not limited to getting employees to contribute to organizational goals. Instead, servant leaders feel an obligation to their employees, customers, and the external community. Employee happiness is seen as an end in itself, and servant leaders sometimes sacrifice their own well-being to help employees succeed. In addition to a clear focus on having a moral compass, servant leaders are also interested in serving the community. In other words, their efforts to help others are not restricted to company insiders, and they are genuinely concerned about the broader community surrounding their organization.^[68] Commitment to a purpose, even when it may not have an immediate payoff for the company

but has clear benefits for the community is a hallmark of servant leadership. For example, the pharmaceutical company Merck's CEO Kenneth Frazier discussed his company's efforts to develop an Ebola vaccine, noting that it would have been impossible to base the decision on the robustness of the market.^[69]

Even though servant leadership has some overlap with other leadership approaches such as transformational leadership, its explicit focus on ethics, community development, and self-sacrifice are distinct characteristics of this leadership style. Research shows that servant leadership has a positive impact on employee commitment, employee citizenship behaviors toward the community (such as participating in community volunteering), and job performance.^[70] Leaders who follow the servant leadership approach create a service culture in their departments, which results in higher levels of customer service.^[71] Further, servant leaders are effective in developing teams with confidence in their capabilities, who end up performing at higher levels.^[72]

Servant leadership is a tough transition for many managers who are socialized to put their own needs first, be driven by success, and tell people what to do. In fact, many of today's corporate leaders are not known for their humility. However, leaders who have adopted this approach attest to its effectiveness. David Wolfskehl, of Action Fast Print in New Jersey, founded his printing company when he was 24 years old. He marks the day he started asking employees what he could do for them as the beginning of his company's new culture. In the next two years, his company increased its productivity by 30%.^[73]

Merck CEO Kenneth Frazier describes his company's value proposition as "discover and develop life-saving medicines for society."



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OB Toolbox: Be a Servant Leader



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One of the influential leadership paradigms involves leaders putting others first. This could be a hard transition for an achievement-oriented and success-driven manager who rises to high levels. Here are some tips to achieve servant leadership.

- *Don't ask what your employees can do for you.* Think of what you can do for them. Your job as a leader is to be of service to them. How can you relieve their stress? Protect them from undue pressure? Pitch in to help them? Think about creative ways of helping ease their lives.
- *One of your key priorities should be to help employees reach their goals.* This involves getting to know them. Learn about who they are and what their values and priorities are.
- *Be humble.* You are not supposed to have all the answers and dictate to others. One way of achieving this humbleness may be to do volunteer work.
- *Be open with your employees.* Ask them questions. Give them information so that they understand what is going on in the company.
- *Find ways of helping the external community.* Giving employees opportunities to be involved in community volunteer projects or even thinking and strategizing about making a positive impact on the greater community would help.

Authentic Leadership

authentic leadership approach

A leadership approach advising leaders to stay true to their own values.

Leaders have to be a lot of things to a lot of people. They operate within different structures, work with different types of people, and they have to be adaptable. At times, it may seem that a leader's smartest strategy would be to act as a social chameleon, changing his or her style whenever doing so seems advantageous. But this would lose sight of the fact that effective leaders have to stay true to themselves. The **authentic leadership approach** embraces this value: Its key advice is "be yourself." Think about it: We all have different backgrounds, different life experiences, and different role models. These trigger events over the course of our lifetime that shape our values, preferences, and priorities. Instead of trying to fit into societal expectations about what a leader should be, act like, or look like, authentic leaders derive their strength from their own past experiences. Thus, one key characteristic of authentic leaders is that they are self-aware. They are introspective, understand where they are coming from, and have a thorough understanding of their own values and priorities. Secondly, they are not afraid to act the way they are. In other words, they have high levels of personal integrity. They say what they think. They behave in a way consistent with their values. As a result, they remain true to themselves. Instead of trying to imitate other great leaders, they find their own style in their personality and life experiences.^[74]

One example of an authentic leader is Howard Schultz, the founder of Starbucks Corporation coffeehouses. As a child, Schultz witnessed the job-related difficulties his father experienced as a result of medical problems. Even though he had no idea he would have his own business one day, the desire to protect people was shaped in those years and became one of his foremost values. When he founded Starbucks, he became an industry pioneer by providing health insurance and retirement coverage to part-time as well as full-time employees.^[75] Witnessing his father losing jobs because of medical problems, he became passionate about a company's need to care for its employees and beyond. In 2014, he announced a \$30 million gift for U.S. troops that included job training and research on post-traumatic stress syndrome and brain injuries.

Authentic leadership requires understanding oneself. Therefore, in addition to self-reflection, feedback from others is needed to gain a true understanding of one's behavior and its impact on others. Authentic leadership is viewed as a potentially influential style, because employees are more likely to trust such a leader and develop higher quality relations with such leaders. As a result, working for an authentic leader is likely to lead to greater levels of satisfaction, performance, and overall well-being on the part of employees.^[76]

When Leadership Goes Wrong: Abusive Leadership

abusive leadership

A sustained display of hostile verbal and nonverbal behaviors toward employees.

In addition to investigating how to be an effective leader, scholars also investigated how not to be one. Those in positions of authority have the potential to influence employee happiness and well-being, as well as effectiveness. When they display dysfunctional behaviors, they have the ability to do harm.

Abusive leadership is defined as a sustained display of hostile verbal and nonverbal behaviors toward employees. Abusive leaders display behaviors such as giving employees the silent treatment, reminding them of their past mistakes, breaking promises, being rude, and lying to employees. These behaviors result in emotions such as shame and anger in employees, and results in outcomes such as leaving one's job, experiencing unhappiness on and off the job, and higher levels of stress. It is estimated that abusive leaders cost organizations more than \$20 billion, mostly due to lost productivity, absenteeism, and higher health care costs. Employees whose values are perceived to diverge from those of the manager are prime targets for abusive behaviors. There is

some evidence that abusive leadership is a function of a leader's ability to regulate their emotions. For example, research has shown that leaders are more likely to engage in abusive behaviors following nights when they experience poor sleep quality.^[77]



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Organizations should be aware that abusive leadership is contagious. In fact, new managers may model their leadership styles on abusive leaders already on staff, particularly if these abusive leaders are perceived to be competent and when the new leaders believe that ideal leaders are high in tyranny and low in interpersonal sensitivity.^[78] Abusive leadership not only hurts its targets, but it is also harmful for managers themselves in the form of reduced well-being.^[79] Organizations are advised to create selection and training systems and organizational cultures that prevent abusive behaviors from taking place.

Leader Humility

Google CEO Sundar Pichai is known for his humble leadership style.



By Maurizio Pesce from Milan, Italy [CC BY 2.0 (<https://creativecommons.org/licenses/by/2.0/>)], via Wikimedia Commons

Popular culture and news stories often create the impression that leaders should be all knowing and powerful. These days, there is increasing recognition that this view is misguided. Instead, humility is emerging as a behavioral style of effective leaders. Leader humility describes a leader's ability to view their own shortcomings accurately, an ability to appreciate the strengths of others, and an openness to feedback to learn and improve. Leader humility is related to many benefits for teams. For example, in teams with humble leaders, employees embrace a "shared leadership" approach to teamwork, which helps with team performance. Humble leaders are also beneficial to teams because these teams allocate tasks more effectively within the group. Finally, employees imitate humble leaders, which results in a group climate where team members demonstrate the same behaviors.^[80]

At the same time, there are some boundary conditions to the effectiveness of leader humility. For example, fit with team member values matters. One study has shown that when the team has high levels of power distance, leader humility had negative effects on the team, suggesting that some teams may actually expect their leaders to be all powerful, which would diminish the usefulness of leader humility for the team.^[81]

Women and Leadership

Sarah Blakely, founder of the underwear company Spanx, turned an initial investment of \$5,000 into a fortune over \$1 billion.



By Gillian Zoe Segal [CC BY-SA 4.0 (<https://creativecommons.org/licenses/by-sa/4.0/>)], from Wikimedia Commons

No discussion of leadership would be complete without a discussion of the role of gender. Women make up slightly more than half the U.S. population, earn around 60% of all college degrees, and represent 47% of the workforce, yet hold only 5% of the CEO positions of the Fortune 1,000 companies. The reasons for this are debated and are likely to be a combination of many factors. What does the leadership literature say about women and leadership? Are men and women different in their leadership styles or effectiveness?

Here is what the meta-analytic evidence says: First, unlike what stereotypes may suggest, men are not more task oriented and women are not more relationally oriented than the opposite sex. Second, confirming stereotypes, women tend to display democratic leadership and are less likely to demonstrate autocratic leadership compared to men. There are also modest differences in transformational leadership styles, with women displaying higher levels of transformational leadership styles. At the same time, when women occupied stereotypically masculine roles, they were rated as being less effective than men. Interestingly, while women were rated as demonstrating higher performance on their jobs, they were rated lower in promotion potential. The reason for this distinction is unclear, but this finding has implications for the different levels at which women hold leadership positions in organizations. One interesting research finding is that in a series of experiments, when women succeed in stereotypically masculine jobs, they are liked less, suggesting that there may be a penalty for successful women in some domains, which may include leadership. It seems likely that this issue will continue to be debated in the next decade.^[82]

Female leaders such as Angela Merkel (Germany), Jacinda Ardern (New Zealand), and Tsai Ing-Wen (Taiwan) received praise during the COVID-19 crisis for taking the crisis seriously and taking precautions early on, and saving lives. In the U.S., a study has shown that states with female governors had fewer deaths in their states as of May 5, 2020. Further, having female leadership along with early stay at home orders was associated with fewer deaths in the state. The researchers further explored the cause of these differences by examining governors' briefings, and showed that compared to male governors, female governors expressed more empathy and confidence.^[83] This study adds to the evidence base examining actual results and shows that female leaders often embrace effective leadership behaviors, leading their organizations to success.

Key Takeaway

Contemporary approaches to leadership include transformational leadership, leader-member exchange, servant leadership, and authentic leadership. The transformational leadership approach highlights the importance of leader charisma, inspirational motivation, intellectual stimulation, and individualized consideration as methods of influence. Its counterpart is the transactional leadership approach, in which the leader focuses on getting employees to achieve organizational goals. According to the leader-member exchange (LMX) approach, the unique, trust-based relationships leaders develop with employees are the key to leadership effectiveness. Recently, leadership scholars started to emphasize the importance of being humble, serving others, and adopting a customer-oriented view of leadership; another recent focus is on the importance of being true to oneself as a leader. Finally, destructive leader behaviors in the form of abusive supervision have a negative impact on morale, productivity, and employee health. While each leadership approach focuses on a different element of leadership, effective leaders will need to change their style based on the demands of the situation, as well as utilizing their own values and moral compass.

What do *you* think?

1. What are the characteristics of transformational leaders? Are transformational leaders more effective than transactional leaders?
2. What is charisma? What are the advantages and disadvantages of charismatic leadership? Should organizations look for charismatic leaders when selecting managers?
3. What are the differences (if any) between a leader having a high-quality exchange with employees and being friends with employees?
4. What does it mean to be a servant leader? Do you know any leaders whose style resembles servant leaders? What are the advantages of adopting such a leadership style?
5. What does it mean to be an authentic leader? How would such a style be developed?

12.6 Focus on Leading People, Ethics, Technology, and National Culture

Learning Objectives

1. Consider the role of leadership for ethical behavior.
2. Consider the relationship between leadership and technology.
3. Consider the role of national culture on leadership.

Leadership and Ethics



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When evaluating whether someone is an effective leader, subordinates pay attention to the level of ethical behaviors the leader demonstrates. In fact, one study indicated that the perception of being ethical explained 10% of the variance in whether an individual was also perceived as a leader. The level of ethical leadership was related to job satisfaction, dedication to the leader, and a willingness to report job-related problems to the leader.^[84]

Leaders influence the level of ethical behaviors demonstrated in a company by setting the tone of the organizational climate. Ethical leaders have a positive influence over the level of ethical behaviors displayed in their unit.^[85] By acting as a role model for ethical behavior, rewarding ethical behaviors, publicly punishing unethical behaviors, and setting high expectations for the level of ethics, leaders play a key role in encouraging ethical behaviors in the workplace.

Contemporary leadership approaches are more explicit in their recognition that ethics is an important part of effective leadership. Servant leadership emphasizes the importance of a large group of stakeholders, including the external community surrounding a business. On the other hand, authentic leaders have a moral compass, they know what is right and what is wrong, and they have the courage to follow their convictions. Research shows that transformational leaders tend to have higher levels of moral reasoning, even though it is not part of the transformational leadership theory.^[86] It seems that ethical behavior is more likely to happen when (a) leaders are ethical themselves, and (b) they create an organizational climate in which employees understand that ethical behaviors are desired, valued, and expected.

As technology allows managers to monitor employee behavior more closely through methods ranging from screen shots to keyboard strokes, managers need to keep in mind that depending on how such technology is used, employees may feel that their sense of privacy is violated and the manager does not trust them. Such methods have a real potential to erode trust in the organization and in managers.^[87] Leaders need to consider the implications of any new technology they introduce for employee perceptions of privacy, fairness, and autonomy.

Leadership and Technology



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Advances in technology make it possible to work anywhere, anytime. How do these changes affect the ability of leaders to influence employee behaviors? Do leadership concepts, such as the importance of having a high quality relationship with one's manager, or transformational leadership, continue to matter when leaders are remote? Research evidence suggests that leadership matters, even when it is mediated by technology. For example, one study on globally distributed teams has shown that leader-member exchange was a powerful influence over the performance of employees when employees and managers interacted more. This was even more important in highly distributed teams. How managers communicate with their employees, show concern for tasks, inspire, and support employees may look slightly different when it comes through a Zoom call as opposed to face to face interactions, but these interactions continue to matter for employee motivation, effectiveness, and retention.^[88]

Organizations will face an increasing number of decisions involving adopting new technology and digitization. Effective leaders will need to be on the forefront of these changes, identifying how the changes align with the company mission and vision, and energize employees to embrace and adapt to these changes. Any type of organizational change involves buy in from employees, and therefore showing empathy, listening skills, building trust, and demonstrating transformational leadership behaviors are likely to be increasingly important to the survival of businesses.

Leadership Around the Globe

Is leadership universal? This is a critical question given the amount of international activity in the world. Companies that have branches in different countries often send expatriates to manage the operations. These expatriates are people who have demonstrated leadership skills at home, but will these same skills work in the host country? Unfortunately, this question has not yet been fully answered. All the leadership theories that we describe in this chapter are U.S.-based. Thus, these leadership theories may have underlying cultural assumptions. The United States is an individualistic, performance-oriented culture, and the leadership theories suitable for this culture may not necessarily be suitable to other cultures.

People who are perceived as leaders in one society may have different traits compared to people perceived as leaders in a different culture, because each society has a concept of ideal leader prototypes. When we see certain characteristics in a person, we make the attribution that this person is a leader. For example, someone who is confident, caring, and charismatic may be viewed as a leader because we feel that these characteristics are related to being a leader. These leadership prototypes are societally driven and may have a lot to do with a country's history and its heroes.

A large group of researchers from 62 countries came together to form a project group called Global Leadership and Organizational Behavior Effectiveness or GLOBE.^[89] This group is one of the first to examine leadership differences around the world. Their results are encouraging, because, in addition to identifying differences, they found similarities in leadership styles as well. Specifically, certain leader traits seem to be universal. Around the world, people feel that honesty, decisiveness, being trustworthy, and being fair are related to leadership effectiveness. There is also universal agreement in characteristics viewed as undesirable in leaders: being irritable, egocentric, and a loner.^[90] Visionary and charismatic leaders were found to be the most influential leaders around the world, followed by team-oriented and participative leaders. In other words, there seems to be a substantial generalizability in some leadership styles.

Even though certain leader behaviors such as charismatic or supportive leadership appear to be universally desirable, what makes someone charismatic or supportive may vary across nations. For example, when leaders fit the leadership prototype, they tend to be viewed as charismatic, but in Turkey, if they are successful but did not fit the prototype, they were still viewed as charismatic.^[91] In Western and Latin cultures, people who speak in an emotional and excited manner may be viewed as charismatic. In Asian cultures such as China and Japan, speaking in a monotonous voice may be more impressive because it shows that the leader can control emotions. Similarly, how leaders build relationships or act supportively is culturally determined. In collectivist cultures such as Turkey or Mexico, a manager is expected to show personal interest in employees' lives. Visiting an employee's sick mother at the hospital may be a good way of showing concern. Such behavior would be viewed as intrusive or strange in the United States or the Netherlands. Instead, managers may show concern verbally or by lightening the workload of the employee.^[92]

There were also many leader characteristics that vary across cultures.^[93] Traits such as being autonomous, conflict avoidant, status conscious, and ambitious were culturally dependent. For example, in France, employees do not expect their leaders to demonstrate empathy. Leaders demonstrating self-sacrifice are also viewed negatively, suggesting that servant leadership would be an improper style there. In Middle Eastern cultures such as Egypt, leaders are expected to be superior to lay people. They are supposed to have all the answers, be confident, and authoritarian. In fact, leading like a benevolent autocrat (someone who cares about people but acts alone) may be an appropriate style.^[94] Even within the same geography, researchers identified substantial cultural differences. For example, in Europe, there were five clusters of cultures. Directness in interpersonal relationships was viewed positively in Nordic cultures such as Finland, but negatively in Near Eastern cultures such as Turkey. Similarly, leaders who are autonomous were viewed positively in Germanic cultures such as Austria, but negatively in Latin European cultures such as Portugal.^[95]



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Finally, in some cultures, good leaders are paternalistic. These leaders act like a parent to employees, give advice, care for them, and get obedience and loyalty in return.^[96]

Finally, leaders who are globally effective (as opposed to being effective only within a specific and single cultural context) tend to have unique competencies. Research shows that global effectiveness is a function of personality (extraversion, low neuroticism, high openness to experience), cross-cultural experiences, as well as cross-cultural competencies (high tolerance for ambiguity, low ethnocentrism).^[97]

Key Takeaway

People get their cues for ethical behaviors from leaders. Therefore, leadership characteristics and style will influence the level of ethical behaviors employees demonstrate. Being ethical is related to being perceived as a leader, and ethical leaders create a more satisfied workforce. More contemporary approaches such as servant leadership and authentic leadership explicitly recognize the importance of ethics for leadership effectiveness. Technological changes are creating new challenges for leaders, such as having to lead a remote workforce, or using electronic monitoring as a managerial tool. Some leadership traits seem to be universal. Visionary, team-oriented, and to a lesser extent participative leadership seem to be the preferred styles around the world. However, traits such as how confident leaders should be and whether they should sacrifice themselves for the good of employees and many others are culturally dependent. Even for universal styles such as charismatic and supportive leadership, how leaders achieve charisma and supportiveness seems to be culturally dependent.

What do you think?

1. What is the connection between leadership and ethical behaviors?
2. Do you believe that ethical leaders are more successful in organizations?
3. Which leadership traits and behaviors do you believe would be most important when managing employees remotely?
4. Which of the leadership theories seem to be most applicable to other cultures? Which ones are culturally dependent?

12.7 A Different Approach to Leadership at Apple: The Case of Tim Cook



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Tim Cook took the helm of Apple as CEO in 2011 after serving as the company's Chief Operating Officer. At the time, there were questions regarding how much of Apple's success was due to its founder, Steve Jobs, and whether anyone could live up to his legacy in terms of financial and innovation success. Since he took over, Cook has had some big successes such as the iPhone 6, which led to record profits in 2014, Apple Watch, and Apple Pay. This success has continued, with Apple reporting a market cap of \$1 trillion along with first quarter earnings in 2020 that were higher than any corporation in history.

It has been written that unlike his predecessor, Steve Jobs, Tim Cook doesn't crave the spotlight. In fact, he has been described as "one of the nicest and most charitable CEOs out there." He advises individuals to stay positive and "tune out" the cynics. He argues that if you don't, "They become a cancer in your mind." That is not where the differences end, however, between the approaches taken by Tim Cook and Steve Jobs.

Under Cook's leadership, Apple has taken on more social issues. For example, since Cook took over, Apple began using renewable energy for its operations, stood up to the FBI in defense of user privacy, supported access to education, and advocated for LGBTQ rights. High school student Rebecca Kahn asked Cook for an interview, and he granted her one. She writes that his "objective in life is to work for some higher purpose." When asked why she wanted to interview him, Kahn stated, "He is not just in charge of the world's largest tech company, but he personally advocates and stands up for things he believes are right. He travels the world and meets with political and innovative leaders."

Cook believes in diversity of leadership and leadership approaches. He values transparency, reads customer emails (he says they serve to humble you), admits when he's wrong, and argues that you can only do a few things that rise to the level of "great." In a speech at the University of Glasgow, Cook had some advice for those in the audience, recommending, "You have to find the intersection of doing something you're passionate about and, at the same time, . . . is in the service of other people. I would argue that, if you don't find that intersection, you're not going to be very happy in life."^[98]

**Multimedia Extension—Tim Cook: Corporations Should Have Values**[View in the online reader](#)

Case Discussion Questions

1. What did you know about Tim Cook prior to reading this case? Are you surprised to learn some of these things about his leadership style?
2. Which leadership approaches discussed in this chapter do the best job in explaining his leadership style?
3. Given what you've learned about Cook's leadership style, would you want to work for Apple? Why or why not?
4. Do you think there is a relationship between Cook's leadership approach and Apple's success? Explain.
5. What personal characteristics do you think makes Cook an effective leader?

12.8 Conclusion

In this chapter we have reviewed the most influential leadership theories. Trait approaches identify the characteristics required to be perceived as a leader and to be successful in the role. Intelligence, extraversion, conscientiousness, openness to experience, and integrity are leadership traits. Behavioral approaches identify the types of behaviors leaders demonstrate. Both trait and behavioral approaches suffered from a failure to pay attention to the context in which leadership occurs, which led to the development of contingency approaches. Recently, ethics became an explicit focus of leadership theories such as servant leadership and authentic leadership. It seems that being conscious of one's style and making sure that leaders demonstrate the behaviors that address employee, organizational, and stakeholder needs are important and require flexibility on the part of leaders.