



LEADERSHIP

Research Findings, Practice, and Skills

Andrew J. DuBrin

Eighth Edition

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Leadership

Research Findings, Practice, and Skills

Eighth Edition

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Rochester Institute of Technology



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and Skills, Eighth Edition****Andrew J. DuBrin**

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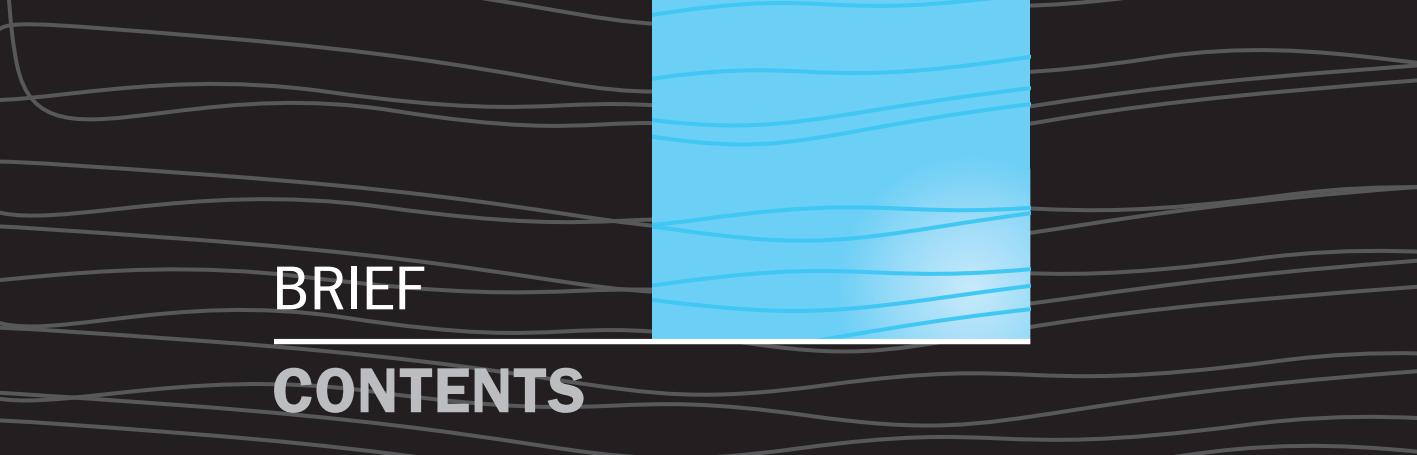
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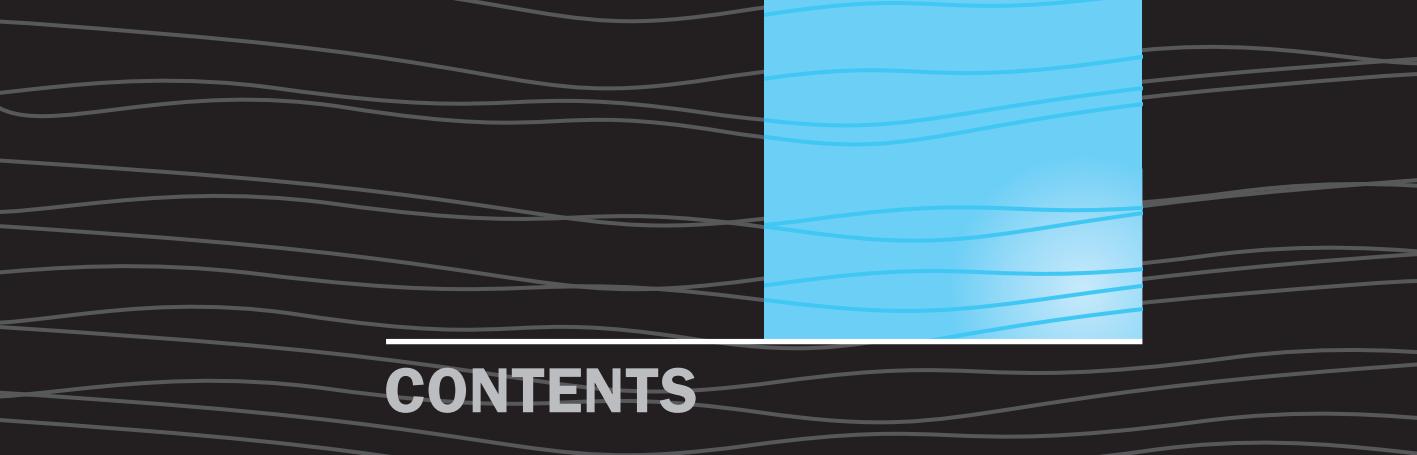
To Rosie, Clare, Camila, Sofia, Eliana, Julian, Carson, and Owen



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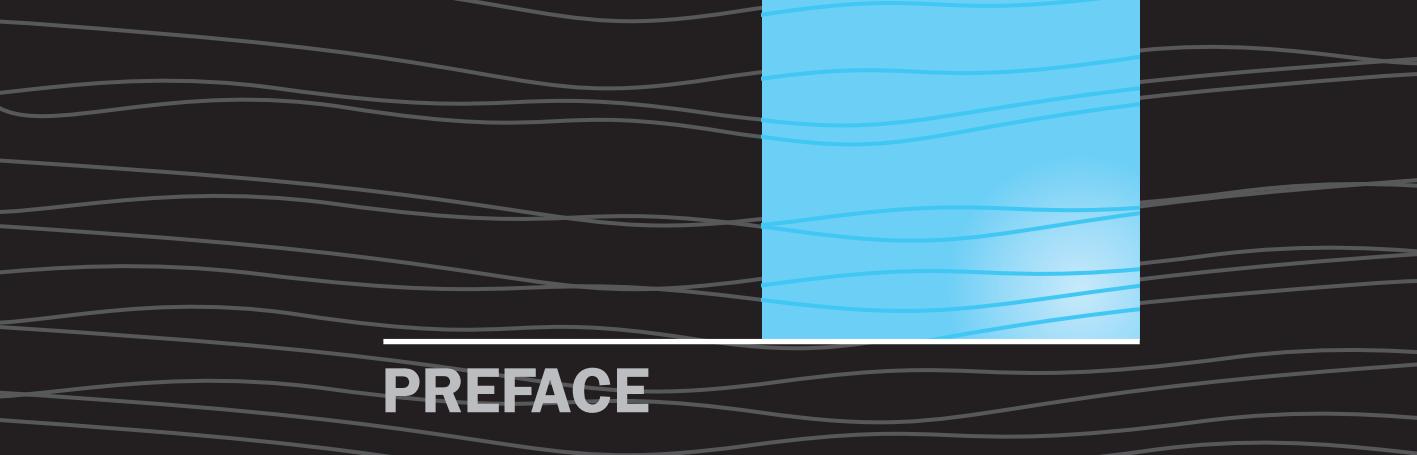
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PREFACE

Welcome to the eighth edition of *Leadership: Research Findings, Practice, and Skills*. The new edition of this text is a thorough update of the seventh edition, which has been used widely in both graduate and undergraduate courses in leadership.

Many scholars and managers alike are convinced that effective leadership is required to meet most organizational challenges. Today, organizations recognize that leadership transcends senior executives. As a result, organizations require people with appropriate leadership skills to inspire and influence others in small teams, task forces, and units at all organizational levels.

Without effective leadership at all levels in organizations, it is difficult to sustain profitability, productivity, and good customer service. In dozens of different ways, researchers and teachers have demonstrated that leadership does make a difference. Many curricula in business schools and other fields, therefore, now emphasize the development of leadership skills. With the recent exposures of the dark side of business leadership, such as CEOs finding ways to create fortunes for themselves at the expense of employees and stockholders, more attention than ever is being paid to the values and personal characteristics of leaders. Toward that end, this text continues to emphasize the qualities of effective leaders, including an entire chapter on leadership ethics and social responsibilities.

Purpose of the Text

The purpose of this text is implied by its title—*Leadership: Research Findings, Practice, and Skills*, eighth edition. It is designed for undergraduate and graduate courses in leadership that give attention to research findings about leadership, leadership practice, and skill development. The text best fits courses in leadership that emphasize application and skill building. *Leadership* is also designed to fit courses in management development that emphasize the leadership aspect of management. In addition, it can serve as a supplement to organizational behavior or introductory management courses that emphasize leadership.

The student who masters this text will acquire an overview of the voluminous leadership literature that is based both on research and experience. Information in this text is not restricted to research studies and syntheses of research and theories; it also includes the opinions of practitioners, consultants, and authors who base their conclusions on observations rather than empirical research.

What the text is *not* also helps define its nature and scope. This book does not attempt to duplicate the scope and purpose of a leadership handbook by integrating theory and research from several thousand studies. At the other extreme, it is not an evangelical approach to leadership espousing one leadership technique. I have attempted to find a midpoint between a massive synthesis of the literature and a trade book promoting a current leadership fad. *Leadership: Research Findings, Practice, and Skills*, eighth edition, is designed to be a mixture of scholarly integrity, examples of effective leadership in action, and skill development.

Leadership is not intended to duplicate or substitute for an organizational behavior text. Because almost all organizational behavior texts are survey texts, they will mention many of the topics covered here. My approach, however, is to emphasize skill development and prescription rather than to duplicate basic descriptions of concepts and theories. I have tried to minimize overlap by emphasizing the leadership aspects of any concept presented here that might also be found in an organizational behavior or management text. Often when overlap of a topic exists, the presentation here focuses more on skill development than on a review of theory and research. For example, the section on motivation emphasizes how to apply basic explanations of motivation such as expectancy theory and worker engagement, but I do not present an overview of motivation theories as is found in an organizational behavior text.

One area of intentional overlap with organizational behavior and management texts does exist: a review of most basic leadership theories. In such instances, however, I emphasize skill development and ideas for leadership practice stemming from these older theories.

Features of the Book

To accomplish its purpose, this textbook incorporates many features into each chapter in addition to summarizing and synthesizing relevant information about leadership:

- **Chapter Outlines** giving the reader a quick overview of the topics covered
- **Learning Objectives** to help focus the reader's attention on major outcomes
- Boldfaced key **terms**, listed at the end of the chapter and defined in a **Glossary** at the back of the textbook
- Real-life and hypothetical **examples** throughout the textbook
- **Leader in Action** inserts describing the leadership practices, behaviors, and personal attributes of real-life leaders
- **Leadership Self-Assessment Quizzes** relating to both skills and personal characteristics
- **Leadership Skill-Building Exercises**, including role plays, to emphasize the activities and skills of effective leaders
- End-of-chapter **Summaries** that integrate all key topics and concepts
- End-of-chapter **Guidelines for Action and Skill Development**, giving additional suggestions for improving leadership skill and practice
- **Discussion Questions and Activities** suited for individual or group analysis
- Two **Leadership Case Problems** per chapter, which illustrate the major theme of the chapter and contain questions for individual or group analysis
- **Role plays** accompanying all the case problems to help reinforce the opportunity for learning interpersonal skills within the case problems

- A **Leadership Portfolio** skill-building exercise in each chapter that instructs the student to record progress in developing leadership skills and behaviors

Framework of the Text

The text is a blend of description, skill development, insight development, and prescription. Chapter 1 describes the meaning, importance, and nature of leadership, including leadership roles and the importance of followership. Chapter 2 identifies personal attributes associated with effective leaders, a subject that has experienced renewed importance in recent years. Charismatic and transformational leadership, an extension of understanding the personal attributes of leadership, is the subject of Chapter 3.

Chapter 4 surveys behaviors and practices associated with effective leadership in a variety of situations, and describes leadership styles. Chapter 5 extends the study of styles by describing the contingency and situational aspects of leadership. Chapter 6 focuses on leadership ethics and social responsibility. Chapter 7 describes how leaders use power and politics. Chapter 8 extends this topic by analyzing the tactics leaders use to influence people. Chapter 9 describes how leaders foster teamwork and empower team members.

The next five chapters deal with specific leadership skills: motivating and coaching skills (Chapter 10), which constitute the basis of many leadership positions; creativity and innovation (Chapter 11); communication (including nonverbal, social media, and cross-cultural communication) and conflict resolution skills (Chapter 12); vision and strategy creation and knowledge management (Chapter 13); and effective leadership in international and culturally diverse settings (Chapter 14).

Chapter 15 concludes the book with an overview of approaches to leadership development and learning. In addition, there is a discussion of leadership succession and the challenges facing a new leader.

Changes in the Eighth Edition

The eighth edition of *Leadership: Research Findings, Practice, and Skills* is a thorough update of the seventh edition, although the structure and key subject areas of the previous edition are retained. Some of the changes in this edition reflect the recent leadership information I felt should be included in the new edition. To make way for the new material, I have selectively pruned older examples and research findings, and deleted some concepts that seem to be only slight variations of another concept in the text. The following list highlights the changes in the eighth edition, in addition to updating research and opinion.

Changes Throughout the Text

- A role-playing or other experiential activity linked to all end-of-chapter cases
- Twelve new chapter introductions plus updating of introductions in Chapters 1 and 15
- Fourteen Leader in Action boxes are new
- Fifteen new cases
- To help readers better identify with the introductory cases and Leader in Action inserts, we present more examples of business firms that students

have either patronized or have been patronized by people in their network. Three examples are Campbell Soup, Amazon.com, and Chipotle.

- New research findings presented in each chapter
- New examples throughout
- At four places we describe how modern research supports a given leadership principle of Dale Carnegie
- Four Guidelines for Action and Skill Development are supplemented with additional information
- Seven new Skill-Building Exercises, plus three of them with new components
- Two new figures (Chapters 1 and 14)
- Five new Leadership Self-Assessment Quizzes
- For all but three introductory cases or Leader in Action inserts, the formal education of the featured leader is included to reinforce the importance of formal education to leadership development. (The three exceptions are stories about programs rather than individual leaders.)

Content Changes Within Chapters

Chapter 1 explains emergent leadership, provides information about relationship building electronically, and emphasizes the interactive nature of leadership, and active followers who contribute to the group mission. Information is presented about leader job fatigue and burnout. A new basic framework or model of leadership is presented that has features in common with the model presented in previous editions. Chapter 2 presents new information about leadership integrity, trust, and authenticity including experimental evidence related to these traits. Information is presented about leader positive state and job performance. Proactive personality is included as a task-related leadership trait, and information is presented about physical energy and leadership performance.

Chapter 3 adds new company vision statements and involvement of employees in vision implementation. Research evidence is provided that some aspects of charisma can be taught, and that transformational leadership facilitates proactive behavior among group members. Chapter 4 describes how the fit between initiating structure and consideration needed versus given relates to job performance. More information is presented about entrepreneurial leaders and the impact of servant leadership on organizational performance. New research is cited about gender differences in leadership.

Chapter 5 gives new guidelines for application of the normative decision model, additional information about the contingency aspects of LMX theory, and an expanded discussion of leadership during a crisis. Chapter 6 now includes information about leader moral identity and ethical behavior, and five dimensions of ethical leadership behavior. A method for evaluating sustainability initiatives is cited, and a section appears about social entrepreneurship. Chapter 7 describes how power can be directed toward self-serving behavior. Information is presented about the leader taking into account group member expectations about empowerment, and research on the positive impact of empowerment.

Information is provided about the importance of perception of political behavior on the impact of the leader's use of organizational politics. Research evidence is given about how political skills facilitate leaders being able to carry out both transformational and transactional leadership.

Chapter 8 describes how social norms can be used to gently manipulate people, and the impact of leading by example on the organizational citizenship behavior of subordinates. Chapter 9 presents research about how mutual helping by team members improves team effectiveness. Mention is made of power sharing for team development, how interaction with team members enhances team work, and stand-up comedy as a form of off-site training. Research is cited about LMX can facilitate leader emergence and team performance.

Chapter 10 includes a section of the impact of worker engagement on productivity, and how meaningful work contributes to employee engagement. A meta-analysis of the impact of goals on group performance is cited. Research is mentioned that supports the Dale Carnegie leadership principle of giving recognition to employees. Chapter 11 provides several new business examples of thinking outside the box and emphasizes how spotting opportunities is part of business creativity. Neuroscience research is mentioned indicating that both the right brain and left brain are needed for creativity. New information is presented about working within constraints to enhance creativity. The use of whiteboards to collect creative ideas receives mention, as does asking “What-if?” questions to enhance creativity.

Chapter 12 adds several new subjects: how “conversations” fit into leader networking, the impact of telepresence on the importance of effective nonverbal communication, and showing respect as part of effective listening. Also new is the leader’s personality as a variable affecting how much conflict he or she has to resolve, and research support for Dale Carnegie leadership principle of face-saving in negotiation.

Chapter 13 adds a section on maintaining a human and emotional aspect of strategy, and expands discussion of the leader’s role in strategy implementation. New subjects presented are crowdsourcing for gathering strategy inputs, disruptive technology stemming from revolutionary thinking, and how servant leadership facilitates knowledge creation. Chapter 14 now contains information about how cultural diversity can enhance team performance, an English-only policy and cultural sensitivity, and avoiding names that could be embarrassing in another culture. Chapter 15 now includes using a composite mentor for leadership development, the use of tweets for mentoring, more information about simulations in leadership development, and the evaluation of leadership development programs. More information is provided about promotion from within for leadership succession.

Supplements to Accompany This Text

Instructor’s Companion Site Access important teaching resources on this companion website. For your convenience, you can download electronic versions of the instructor supplements from the password-protected section of the site, including the Instructor’s Manual, Cognero Testing files, Word Test Bank files, PowerPoint® slides, and a Video Guide.

Instructor’s Manual Designed to increase the teaching and learning value of *Leadership: Research Findings, Practice, and Skills*, Eighth Edition, this manual features an outline and lecture notes for each chapter, suggestions for using the

experiential exercises found in each chapter, and possible answers to the end-of-chapter discussion and case questions.

Cengage Learning Testing Powered by Cognero This is a flexible, online system that allows you to author, edit, and manage test bank content from multiple Cengage Learning solutions; create multiple test versions in an instant; and deliver tests from your LMS, your classroom, or wherever you want. Cengage Learning Testing Powered by Cognero works on any operating system or browser, no special installs or downloads needed. You can create tests from school, home, the coffee shop—anywhere with Internet access.

Word Test Bank files These files have been converted from the Cognero testing system. All questions have been scrutinized for accuracy, the test bank for each chapter includes true/false, multiple-choice, and essay questions, all correlated to national business Standards learning objectives, and are identified with the level of difficulty and page references.

PowerPoint® Lecture Presentations An asset to any instructor, the lectures provide outlines for every chapter, illustrations from the text, and emphasize key concepts providing instructors with a number of learning opportunities for students.

DVD Guide Designed to facilitate use of the accompanying DVD, this guide provides summaries of each segment as well as suggested questions to launch classroom discussions.

DVD Videos compiled specifically to accompany Leadership: Research Findings, Practice, and Skills, Eighth Edition, allow students to engage with the textual materials by applying theories and concepts of real-world situations.

Mindtap The Leadership: Research Findings, Practice, and Skills, eighth edition, now includes a robust set of online resources within the Mindtap platform designed to facilitate student progress through the stages of learning, allowing them to **ENGAGE** with the course content, **CONNECT** to the concepts through knowledge and comprehension activities, **PERFORM** as leaders through the application of those concepts, and **LEAD** through participation in real-world experiential exercises.

MindTap from Cengage Learning represents a new approach to a highly personalized, online learning platform. A fully online learning solution, MindTap, combines all of a student's learning tools—readings, multimedia, activities and assessments into a singular Learning Path that guides the student through the curriculum. Instructors personalize the experience by customizing the presentation of these learning tools to their students; even seamlessly introducing their own content into the Learning Path via “apps” that integrate into the MindTap platform. Additionally, MindTap provides interoperability with major Learning Management Systems (LMS) via support for open industry standards and fosters partnerships with third-party educational application providers to provide a highly collaborative, engaging, and personalized learning experience. Learn more at www.cengage.com/mindtap.

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A.J.D.

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The Nature and Importance of Leadership

LEARNING OBJECTIVES

After studying this chapter and doing the exercises, you should be able to

- Explain the meaning of leadership, and how it differs from management.
- Describe how leadership influences organizational performance.
- Pinpoint several important leadership roles.

- Identify the major satisfactions and frustrations associated with the leadership role.
- Describe a framework for understanding leadership.
- Recognize how leadership skills are developed.
- Pinpoint several traits, behaviors, and attitudes of a successful follower.

CHAPTER OUTLINE

The Meaning of Leadership

Leadership as Shared Responsibility and Collaboration

Leadership as a Relationship

Leadership Versus Management

The Impact of Leadership on Organizational Performance

Research and Opinion: Leadership Does Make a Difference

Research and Opinion: Formal Leadership Does Not Make a Difference

Leadership Roles

The Satisfactions and Frustrations of Being a Leader

Satisfactions of Leaders

Dissatisfactions and Frustrations of Leaders

A Framework for Understanding Leadership

Skill Development in Leadership

Followership: Being an Effective Group Member

Types of Followers

Essential Qualities of Effective Followers

Collaboration Between Leaders and Followers

Summary

Key Terms

Guidelines for Action and Skill Development

Leadership Case Problem A

Leadership Case Problem B

Notes

Andre Sougarret is a serious-minded, highly focused engineer who is also the manager of the government-owned El Teniente copper mine in Chile. One day news

broke that thirty-three men were trapped deep within a gold mine in his country. Three days after the event, Sougarret was summoned by Chile's president, Sebastian Pinera. The

president's orders were clear—the forty-six-year-old engineering leader would be in charge of the rescue operation.

Whether the miners were dead or alive, it would be the responsibility of Sougarret and his chosen team to complete the rescue operation as rapidly as possible. Sougarret faced enormous pressure because he had to decide where and how to drill through multiple layers of volcanic rock to reach the exact spot where the miners were located.

At the mine, the methodical Sougarret encountered a mass of confusion and anxiety. Loads of people, including rescue workers, police workers, and firefighters, were milling around, along with relatives desperately seeking word about the status of the trapped miners. Sougarret and his team cut through the confusion by asking the right questions to understand the critical elements in this complex situation.

Sougarret's next move—in order to get the rescue mission started and decrease some of the confusion—was to ask the rescue workers to leave until they might be needed later. He also requested any available maps of the mine.

Sougarret's team began by involving a risk manager, and the team grew to 300 people in the next several

weeks. At the moment, Sougarret was placed in charge of the rescue operation; seven companies were already assigned to the task. Sougarret kept on those he thought could make the biggest contribution.

A key part of the rescue operation was building three shafts. At the end it was Plan B, a 28-inch wide shaft that reached the miners first, beating the estimate of how long the rescue operation would take by a couple of months. A remaining step was to encase the top of the funnel in steel pipes and test the workability of the escape capsule. At this point, Sougarret was no longer apprehensive. "The last stage for me was like butter," he said.

As soon as the last miner had been pulled to the surface, the rescue team held up a sign with the words, *Misión Cumplida, Chile* (Mission Accomplished, Chile), a scenario watched by more than one billion television viewers.

In reflecting on the Chilean miracle, a business reporter said, "... the saving of those men gave us something we don't see enough, a brilliant example of human excellence—of cohesion, of united and committed action, of planning, of execution, of caring. They used the human brain and spirit to save life."¹

The description of Andre Sougarret touches on many leadership topics to be covered in this book, including the ideas that providing direction is part of a leader's job, that technical expertise is an important leadership role, and that a superior leader can help workers get through a crisis.

Our introductory chapter begins with an explanation of what leadership is and is not. We then examine how leaders make a difference, the various roles they play, and the major satisfactions and frustrations they experience. The chapter also includes an explanation of how reading this book and doing the various quizzes and exercises will enhance your own leadership skills. It concludes with a discussion of followership—giving leaders good material to work with.

The Meaning of Leadership

You will read about many effective organizational leaders throughout this text. The common characteristic of these leaders is their ability to inspire and stimulate others to achieve worthwhile goals. Therefore, we can define **leadership** as the ability to inspire confidence and support among the people who are needed to achieve organizational goals.²

A Google search of articles and books about leadership in organizations indicates 123 million entries. In all those entries, leadership has probably been defined in many ways. Here are several other representative definitions of leadership:

- A process in which an individual influences a group of individuals to achieve a common goal.
- The influential increment over and above mechanical compliance with directions and orders.
- An act that causes others to act or respond in a shared direction.
- The art of influencing people by persuasion or example to follow a line of action.
- An effort to maintain control and power over others.
- The principal dynamic force that motivates and coordinates the organization in the accomplishment of its objectives.³
- The exercise of social influence between and among many sources of leadership (including the leader, follower, and setting), working toward a common goal by using various mechanisms including the leader's traits, behavior, and emotion.⁴
- First figuring out what's right, and then explaining it to people, as opposed to first having people explain to you what's right, and then just saying what they want to hear (as defined by former New York mayor and presidential candidate Rudy Giuliani).⁵

Importantly, leadership is not only found among people in high-level positions. Quite the contrary: Leadership is needed at all levels in an organization and can be practiced to some extent even by a person not assigned to a formal leadership position. For example, working as a junior accountant, a person might take the initiative to suggest to management that they need to be more careful about what they classify as a true sale. It has been suggested that for improved business results to come about, it will be because managers below the C-suite (such as CEO, COO, and CFO) take the initiative and risks to drive the company in a different direction. Change needs to come about from leaders at lower levels, rather than relying exclusively on leadership from the top.⁶

Another way of understanding that leadership can be exercised by many people in the organization is the presence of people who provide leadership to others who do not have a job title suggesting that they are managers or leaders. You can also rise to leadership when people come to respect your opinion and personal characteristics and are thus influenced by you. **Emergent leaders** are group members who significantly influence other group members even though they have not been assigned formal authority.⁷ You, therefore, can exert some leadership by being an influential coworker. A team member who is influential based on personal attributes and behaviors will often be regarded as a leader by peers.

The ability to lead others effectively is a rare quality. It becomes even rarer at the highest levels in an organization because the complexity of

such positions requires a vast range of leadership skills. This is one reason that firms in search of new leadership seek out a select group of brand-name executives with proven track records. It is also why companies now emphasize leadership training and development to create a new supply of leaders throughout the firm.

Leadership as Shared Responsibility and Collaboration

Many leadership theorists and managers agree that the leadership role within a team is seldom the responsibility of one person. Rather, several individuals within the team may serve as leaders, both by formal assignment and informally. Leadership may shift, depending on whose expertise is the most relevant at the moment,⁸ such as one member of a marketing team having advanced expertise in using social media for product promotion.

The essence of shared and collaborative leadership is reflected in the comments of Nick Petrie who conducted a study on leadership development. He said, “There is a transition occurring from the old paradigm in which leadership resided in a person or role, to a new one in which leadership is a collective process that is spread throughout networks of people.”⁹

A key force driving collaborative leadership is the hyperconnected organizational world fostered by e-mail and social media, along with globalization. The collaborative leadership style is well suited to harness the power of this multitude of connections.¹⁰ For example, a head of marketing can readily gather and welcome the input of thousands of people on broadening the market for a product. In this way, the head of marketing collaborates with people from afar instead of developing the strategy alone.

More will be presented and shared about collaborative leadership throughout the book, especially in the discussion in Chapter 4 about leadership styles, and Chapter 9 about developing teamwork.

Leadership as a Relationship

A modern study of leadership emphasizes that it consists of a relationship between the leader and the people being led. A theoretical analysis by Gail T. Fairhurst and Mary Uhl-Bien explains that leadership is not a trait or behavior of an individual, but a phenomenon generated in the interactions among people acting in a given setting. The social actions between and among people enable them to work together in meaningful ways to produce leadership outcomes. For example, a leader at a vehicle dealership might be pursuing the outcome of generating more revenue per vehicle purchase. By building good relationships with dealer associates, he or she gains their cooperation in generating useful ideas for generating more revenue, such

as pushing harder to get customers to purchase a navigation and security system that generates monthly revenue.

The *given setting* mentioned previously refers to the context of the relationship. In a high-power and authority context, such as an entry-level employee working with the CEO, the communication is likely to be both tasks based and relationship oriented as well. The entry-level worker, having much less power and authority, is likely to emphasize politeness, speak formally, and be complimentary.¹¹

Research indicates that having good relationships with group members is a major success factor for the three top positions in large organizations. James Kouzes and Barry Posner conducted an online survey asking respondents to indicate, among other responses, which would be more essential to business success in five years: social skills or Internet skills. Seventy-two percent indicated social skills, and 28 percent, Internet skills. The authors concluded that the web of people matters more than the web of technology.¹² (Yet a person who lacks Internet skills may not have the opportunity to be in a position to manage relationships.) Building relationships with people is such an important part of leadership that the theme will be introduced at various points in this text.

How leaders build relationships has changed somewhat in the modern era and its emphasis on interacting with people electronically. It is common practice for leaders to give recognition and praise via e-mail or a posting on the company social media site, or a public social media site such as Facebook or Twitter. The late Steve Jobs, the Apple Company cofounder, however, emphasized that leaders should not let communication technology block them from interacting face-to-face with work associates. “There’s a temptation in our networked age to think that ideas can be developed by e-mail and iChat. That’s crazy. Creativity comes from spontaneous meetings, from random discussions.”¹³ In addition to sparking innovation, the face-to-face encounters help develop relationships.

Leadership Versus Management

To understand leadership, it is important to grasp the difference between leadership and management. We get a clue from the standard conceptualization of the functions of management: planning, organizing, directing (or leading), and controlling. Leading is a major part of a manager’s job, yet a manager must also plan, organize, and control.

Broadly speaking, leadership deals with the interpersonal aspects of a manager’s job, whereas planning, organizing, and controlling deal with the administrative aspects. Leadership deals with change, inspiration, motivation, and influence.

According to John P. Kotter, a prominent leadership theorist, managers must know how to lead as well as manage. Without being led as well as

managed, organizations face the threat of extinction. Following are several key distinctions between management and leadership:

- Management produces order, consistency, and predictability.
- Leadership produces change and adaptability to new products, new markets, new competitors, new customers, and new work processes.
- Leadership, in contrast to management, involves having a vision of what the organization can become and mobilizing people to accomplish it.
- Leadership produces change, often to a dramatic degree, such as by spearheading the launch of a new product or opening a new market for an old product. Management is more likely to produce a degree of predictability and order.
- Top-level leaders are likely to transform their organizations, whereas top-level managers just manage (or maintain) organizations.
- A leader creates a vision (lofty goal) to direct the organization. In contrast, the key function of the manager is to implement the vision. The manager and his or her team thus choose the means to achieve the end that the leader formulates.¹⁴

If these views are taken to their extreme, the leader is an inspirational figure, and the manager is a stodgy bureaucrat mired in the status quo. But we must be careful not to downplay the importance of management. Effective leaders have to be good managers themselves or be supported by effective managers. A germane example is the inspirational entrepreneur who is so preoccupied with motivating employees and captivating customers that he or she neglects internal administration. As a result, costs skyrocket beyond income, and such matters as funding the employee pension plan and paying bills and taxes on time are overlooked. In short, the difference between leadership and management is one of emphasis. Effective leaders also manage, and effective managers also lead.

Management guru Henry Mintzberg, a professor at McGill University, based on firsthand information, strongly supports the position that the difference between leadership and management should not be overdrawn. Mintzberg writes:

How would you like to be managed by someone who doesn't lead? That can be awfully dispiriting. Well, then, why would you want to be led by someone who doesn't manage? That can be terribly disengaging; how are such "leaders" to know what is going on?¹⁵

An example of how a company might recognize the difference between leadership and management took place at the Boston investment firm GMO LLC. The company brought on the first chief executive in its thirty-two-year history, Marc Mayer. His role was to take care of running the company (management) so that senior officials could focus more on navigating the treacherous market (strategic leadership).¹⁶

The Impact of Leadership on Organizational Performance

An assumption underlying the study of leadership is that leaders affect organizational performance. Boards of directors—the highest-level executives of an organization—make the same assumption. A frequent antidote to major organizational problems is to replace the leader in the hope that the newly appointed leader will reverse performance problems. Here we will review some of the evidence and opinion, pro and con, about the ability of leaders to affect organizational performance.

Research and Opinion: Leadership Does Make a Difference

The idea that leaders actually influence organizational performance and morale is widely believed, and there has been a moderate amount of research and opinion that deals with this issue. Think back to the story of the chief engineer who spearheaded activities to rescue the miners in Chile. It is difficult to imagine that the rescue would have been accomplished without an effective leader and manager in charge. Here we look at a sample of the existing research and opinion on the topic of leaders making a difference on performance.

Another case history example of how the right approach to leadership can make a positive impact on organizational performance is the situation of chairman and CEO Mark Leslie at Veritas Software. When he joined the company 1990, he knew the type of culture he wanted to create. The culture included making decision making more transparent, which included a monthly staff meeting with managers worldwide being invited to listen in. Leslie emphasized sharing information, including earning projections. During the eleven years Leslie spent at Veritas, the number of employees increased from 12 to 6,000, and annual revenues increased from \$95,000 to \$1.5 billion. As Leslie looks back on his time at Veritas, he is convinced that the culture of openness was a driver of success.¹⁷

The Center on Leadership & Ethics at Duke University conducted a survey about executive leadership based on 205 executives from public and private companies. One of the issues explored was whether leadership actions can affect performance. It was concluded that they can indeed, but only if the leader is perceived to be responsible and inspirational. Such behaviors included engaging employees in the company's vision and inspiring employees to elevate their goals. Another contributor to organizational performance was promoting an environment in which employees have a sense of responsibility for the entire organization.¹⁸

The *flexible leadership theory* developed by Gary Yukl, a professor of management at the University of Albany, also provides insight as to when leaders contribute to organizational performance. One proposition of the theory is that organizational performance is stronger when the influence of

middle- and lower-level leaders on important decisions is commensurate with their unique, relevant knowledge.¹⁹ The implication is that involving leaders throughout the organization in making decisions improves company performance—if these leaders are knowledgeable about the problem to be resolved. (This proposition contrasts with leadership advisers who think that anybody should be encouraged to participate in decision making.)

In another study, a group of researchers analyzed 200 management techniques as employed by 150 companies over ten years. The aspect of the study evaluating the effects of leadership found that CEOs influence 15 percent of the total variance (influencing factors) in a company's profitability or total return to shareholders. The same study also found that the industry in which a company operates also accounts for 15 percent of the variance in profitability. So, the choice of a CEO leader is as important as the choice of whether to remain in the same industry or enter a different one.²⁰

An overview of research on managerial succession over a recent twenty-year period provides more support for the idea that leadership has an impact on organizational performance. A consistent relationship was found between who is in charge and how well an organization performed as measured by a variety of indicators. Using different methodologies, these studies arrived at the same conclusion that changes in leadership are followed by changes in company performance. Statistical analyses suggest that the leader might be responsible for somewhere between 15 percent and 45 percent of a firm's performance.²¹

Leadership researcher Bruce J. Avolio from the University of Washington, along with four colleagues, conducted a comprehensive synthesis of 200 studies about the impact of leadership. The studies analyzed included those conducted in laboratories and in work settings. The many outcomes of leadership studied included the satisfactions of subordinates and organizational performance. One of the many study findings was that the leader's activities had a 66 percent probability of achieving a positive outcome.²²

How leaders impact organizational (or unit) performance is the essential subject of this book. For example, good results are attained by developing teamwork and formulating the right strategy.

Research and Opinion: Formal Leadership Does Not Make a Difference

In contrast to the previous argument, the anti-leadership argument holds that the impact of the leader on organizational outcomes is smaller than the impact of forces within the situation. To personalize this perspective, imagine yourself appointed as the manager of a group of highly skilled investment bankers. How well your group performs could be attributed as much to their talent and to economic conditions as to your leadership.

The two major arguments against the importance of leadership are substitutes for leadership and leadership irrelevance.

Substitutes for Leadership At times, competent leadership is not necessary, and incompetent leadership can be counterbalanced by certain factors in the work situation. Under these circumstances, leadership itself is of little consequence to the performance and satisfaction of team members. According to this viewpoint, many organizations have **substitutes for leadership**. Such substitutes are factors in the work environment that provide guidance and incentives to perform, making the leader's role almost superfluous,²³ as shown in Figure 1-1.

1. **Closely knit teams of highly trained individuals.** When members of a cohesive, highly trained group are focused on a goal, they may require almost no leadership to accomplish their task.
2. **Intrinsic satisfaction.** Employees who are engaged in work they find strongly self-motivating, or intrinsically satisfying, require a minimum of leadership. Part of the reason is that the task itself grabs the worker's attention and energy. The worker may require little leadership as long as the task is proceeding smoothly.
3. **Information technology.** Some companies today use computer-aided monitoring and computer networking to take over many of the supervisor's leadership functions. The computer provides productivity and quality data, and directions for certain tasks are entered into the information system. (We could argue here that the computer is being used to control, rather than to lead, workers.) From a positive perspective, the information technology can provide workers at all levels with useful performance feedback enabling them to guide their own productivity.
4. **Professional norms.** Workers who incorporate strong professional norms often require a minimum of supervision and leadership. A group of certified professional accountants may not need visionary leadership to inspire them to do an honest job of auditing the books of a client or advising against tax fraud.

Leadership Irrelevance Jeffrey Pfeffer, a professor of organizational behavior at Stanford University, theorizes that leadership is irrelevant to most organizational outcomes. Rather, it is the situation that must be carefully

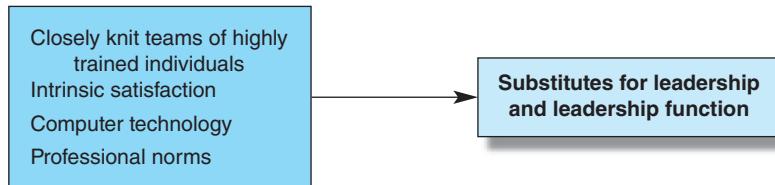


FIGURE 1-1 Substitutes for Leadership.

analyzed. Pfeffer argues that factors outside the leader's control have a larger impact on business outcomes than do leadership actions.²⁴ In recent years, the sales of smartphones have surpassed the sale of personal computers, including laptops and tablet computers. The sales boom in these could be better attributed to an outside force of handheld communication technology becoming so essential for so many people than to inspirational leadership within telecommunications companies.

Another aspect of the leader irrelevance argument is that high-level leaders have unilateral control over only a few resources. Furthermore, the leader's control of these resources is limited by obligations to stakeholders like consumers and stockholders. Finally, firms tend to choose new organizational leaders whose values are compatible with those of the firm. The leaders therefore act in ways similar to previous leaders.

Jim Collins, who has extensively researched how companies endure and how they shift from average to superior performance, also doubts the relevance of leadership. According to his earlier research, corporate leaders are slaves of much larger organizational forces. Collins makes the analogy of children holding a pair of ribbons inside a coach and imagining they are driving the horse. It is not the leader's personality that makes a difference; more important is the organization's personality.²⁵

Another argument for leadership irrelevance is that in the modern organization effective leadership means widespread collaboration in obtaining ideas, rather than the heroic leader doing all the innovating. According to this point of view, instead of centralizing leadership in the hands of a few, authority and power are shared, and people lead themselves.²⁶ (The concept of shared leadership was mentioned above in relation to the meaning of leadership and will surface at several places in the text.)

The leader irrelevance argument would have greater practical value if it were recast as a leader constraint theory, which would hold that leaders are constrained in what they can do but still have plenty of room to influence others.

A useful perspective on whether leadership makes a difference is to ask the right question as framed by J. Richard Hackman and Ruth Wageman. Instead of asking if leaders make a difference, we should be asking under what conditions leaders make a difference.²⁷ A crisis mode is an example of a situation in which a strong leader usually makes a difference, such as getting field units back on track after a hurricane or product recall.

Leadership Roles

Another way to gain an understanding of leadership is to examine the various roles carried out by leaders. A role in this context is an expected set of activities or behaviors stemming from one's job. Leadership roles are a subset of the managerial roles studied by Henry Mintzberg and others.²⁸ Before reading ahead to the summary of leadership roles, you are invited to complete Leadership Self-Assessment Quiz 1-1.



LEADERSHIP SELF-ASSESSMENT QUIZ 1-1

Readiness for the Leadership Role

Instructions: Indicate the extent to which you agree with each of the following statements, using the following scale: 1, disagree strongly; 2, disagree; 3, neutral; 4, agree; 5, agree strongly.

		DS	D	N	A	AS
1.	I like having people count on me for ideas and suggestions.	1	2	3	4	5
2.	I have definitely inspired other people.	1	2	3	4	5
3.	It's a good practice to ask people provocative questions about their work.	1	2	3	4	5
4.	It's easy for me to compliment others.	1	2	3	4	5
5.	I have many more friends and followers on social working websites than do most people.	1	2	3	4	5
6.	I like to cheer people up even when my own spirits are down.	1	2	3	4	5
7.	What my team accomplishes is more important than my personal glory.	1	2	3	4	5
8.	Many people imitate my ideas.	1	2	3	4	5
9.	Building team spirit is important to me.	1	2	3	4	5
10.	I would enjoy coaching other members of the team.	1	2	3	4	5
11.	It is important to me to recognize others for their accomplishments.	1	2	3	4	5
12.	I would enjoy entertaining visitors to my firm even if it interfered with my completing a report.	1	2	3	4	5
13.	It would be fun for me to represent my team at gatherings outside our unit.	1	2	3	4	5
14.	The problems of my teammates are my problems too.	1	2	3	4	5
15.	Resolving conflict is an activity I enjoy.	1	2	3	4	5
16.	I would cooperate with another unit in the organization even if I disagreed with the position taken by its members.	1	2	3	4	5
17.	I am an idea generator on the job.	1	2	3	4	5
18.	It is fun for me to bargain whenever I have the opportunity.	1	2	3	4	5
19.	Team members listen to me when I speak.	1	2	3	4	5
20.	People have asked me to assume the leadership of an activity several times in my life.	1	2	3	4	5
21.	I have always been a convincing person.	1	2	3	4	5
22.	I enjoy imagining a bright future for a group to which I belong.	1	2	3	4	5
23.	Several people have told me that I have good ability to see the big picture.	1	2	3	4	5
24.	I am willing to listen to people gripe and complain about their job.	1	2	3	4	5
25.	I enjoy the opportunity to work with people from cultures different than my own.	1	2	3	4	5

Scoring and Interpretation: Calculate your total score by adding the numbers circled. A tentative interpretation of the scoring is as follows:

- **90–100:** High readiness for the leadership role
- **60–89:** Moderate readiness for the leadership role

QUIZ 1-1 (continued)

- **40–59:** Some uneasiness with the leadership role
- **39 or less:** Low readiness for the leadership role

If you are already a successful leader and you scored low on this questionnaire, ignore your score. If you scored surprisingly low and you are not yet a leader, or are currently performing poorly as a leader, study the statements carefully. Consider changing your attitude or your behavior so that you can legitimately answer more of the statements with a 4 or a 5. Studying the rest of this text will give you additional insights that may be helpful in your development as a leader.

Leading is a complex activity, so it is not surprising that Mintzberg and other researchers identified ten roles that can be classified as part of the leadership function of management.

- 1. *Figurehead.*** Leaders, particularly high-ranking managers, spend some part of their time engaging in ceremonial activities, or acting as a figurehead. Four specific behaviors fit the figurehead role of a leader:
 - a. entertaining clients or customers as an official representative of the organization
 - b. making oneself available to outsiders as a representative of the organization
 - c. serving as an official representative of the organization at gatherings outside the organization
 - d. escorting official visitors
- 2. *Spokesperson.*** When a manager acts as a spokesperson, the emphasis is on answering letters or inquiries and formally reporting to individuals and groups outside the manager's direct organizational unit. As a spokesperson, the managerial leader keeps five groups of people informed about the unit's activities, plans, capabilities, and possibilities (vision):
 - a. upper-level management
 - b. clients or customers
 - c. other important outsiders such as labor union
 - d. professional colleagues

Dealing with outside groups and the general public is usually the responsibility of top-level managers.

- 3. *Negotiator.*** Part of almost any manager's job description is trying to make deals with others for needed resources. Four illustrative negotiating activities are as follows:
 - a. bargaining with superiors for funds, facilities, equipment, or other forms of support

- b. bargaining with other units in the organization for the use of staff, facilities, equipment, or other forms of support
 - c. bargaining with suppliers and vendors for services, schedules, and delivery times
 - d. bargaining with job candidates about starting compensation and benefits
- 4. Coach and motivator.** An effective leader takes the time to coach and motivate team members, and sometimes to inspire large groups of people inside the organization. This role includes five specific behaviors:
- a. informally recognizing team members' achievements
 - b. providing team members with feedback concerning ineffective performance
 - c. ensuring that team members are informed of steps that can improve their performance
 - d. implementing rewards and punishments to encourage and sustain good performance
 - e. inspiring people through such means as being charismatic, creating visions, telling interesting stories, and being highly ethical
- 5. Team builder.** A key aspect of a leader's role is to build an effective team. Activities contributing to this role include:
- a. ensuring that team members are recognized for their accomplishments, such as through letters of appreciation
 - b. initiating activities that contribute to group morale, such as giving parties and sponsoring sports teams
 - c. holding periodic staff meetings to encourage team members to talk about their accomplishments, problems, and concerns
- 6. Team player.** Related to the team-builder role is that of the team player. Three behaviors of team players are:
- a. displaying appropriate personal conduct
 - b. cooperating with other units in the organization
 - c. displaying loyalty to superiors by fully supporting their plans and decisions
- 7. Technical problem solver.** It is particularly important for supervisors and middle managers to help team members solve technical problems. Two activities contributing to this role are:
- a. serving as a technical expert or adviser, such as helping the group make optimum of social marketing to promote the company.
 - b. performing individual contributor tasks on a regular basis, such as making sale calls or repairing machinery.

In recent years, many leaders have taken the initiative to experience some of the day-by-day tasks of workers at lower levels in the organization.²⁹ For example, the CEO of a restaurant chain might work as a server

for two weeks, or the head of a call center might work as a customer-service technician for a few weeks. The leader develops a strong empathy for the basic work of the company. At the same time, the CEO demonstrates technical expertise.

8. **Entrepreneur.** Although not self-employed, managers who work in large organizations have some responsibility for suggesting innovative ideas or furthering the business aspects of the firm. Three entrepreneurial leadership role activities are:
 - a. reading trade publications and professional journals to keep up with what is happening in the industry and profession
 - b. talking with customers or others in the organization to keep aware of changing needs and requirements
 - c. getting involved in situations outside the unit that could suggest ways of improving the unit's performance, such as visiting other firms, attending professional meetings or trade shows, and participating in educational programs
9. **Strategic planner.** Top-level managers engage in strategic planning, usually assisted by input from others throughout the organization. Carrying out the strategic-planner role enables the manager to practice strategic leadership. The strategist role is concerned with shaping the future of the organization, or a unit within the larger organization. Specific activities involved in this role include:
 - a. setting a vision and direction for the organization and providing innovative ideas to pursue
 - b. helping the firm deal with the external environment
 - c. helping develop organizational policies
 - d. being a thought leader in the sense of the organization being widely respected for advancing a field or producing a superior product³⁰
10. **Executor.** In carrying out the executor role, the leader makes things happen, often helping translate plans into action. Parts of this role include:
 - a. translating strategy into action, such as helping develop action plans
 - b. making change happen
 - c. holding people accountable to ensure that productive work is accomplished

A common thread in the leadership roles of a manager is that the managerial leader in some way inspires or influences others. An analysis in the *Harvard Business Review* concluded that the most basic role for corporate leaders is to release the human spirit that makes initiative, creativity, and entrepreneurship possible.³¹ An important practical implication is that managers at every level can exercise leadership. For example, a team leader can make an important contribution to the firm's thrust for efficiency by explaining to team members how to minimize duplications in a mailing list. Leadership Skill-Building Exercise 1-1 provides an opportunity to apply role analysis to yourself.



LEADERSHIP SKILL-BUILDING EXERCISE 1-1

My Leadership Role Analysis

Here is an opportunity for you to think through your current level of skill or potential ability to carry out successfully the ten leadership roles already described. Each role will be listed along with a reminder of one of its key aspects. Check next to each role whether it is an activity you could carry out now, or something for which you will need more experience and preparation. For those activities you check as “capable of doing it now,” jot down an example of your success in this area. For example, a person who checked “capable of doing it

now” for Role 7, technical problem solver, might have written: “I helped the restaurant where I was an assistant manager bring in more revenue during off-peak hours. I promoted an early-bird supper for senior citizens.”

Few readers of this book will have had experience in carrying out most of these roles. So relate the specific roles to any leadership experience you may have had, including full-time work, part-time work, volunteer work, clubs, committees, and sports.

LEADERSHIP ROLE	CAPABLE OF DOING IT NOW	NEED PREPARATION AND EXPERIENCE
1. Figurehead (Engage in ceremonial activities; represent the group to outsiders.)	<input type="checkbox"/>	<input type="checkbox"/>
2. Spokesperson (Answer inquiries; report information about the group to outsiders.)	<input type="checkbox"/>	<input type="checkbox"/>
3. Negotiator (Make deals with others for needed resources.)	<input type="checkbox"/>	<input type="checkbox"/>
4. Coach and motivator (Recognize achievements; encourage; give feedback and advice; inspire people.)	<input type="checkbox"/>	<input type="checkbox"/>
5. Team builder (Contribute to group morale; hold meetings to encourage members to talk about accomplishments and concerns.)	<input type="checkbox"/>	<input type="checkbox"/>
6. Team player (Correct conduct; cooperate with others; be loyal.)	<input type="checkbox"/>	<input type="checkbox"/>
7. Technical problem solver (Help group members solve technical problems; perform individual contributor tasks.)	<input type="checkbox"/>	<input type="checkbox"/>
8. Entrepreneur (Suggest innovative ideas and further business activity of the group; search for new undertakings for the group.)	<input type="checkbox"/>	<input type="checkbox"/>
9. Strategic planner (Set direction for others based on external environment.)	<input type="checkbox"/>	<input type="checkbox"/>
10. Executor (Makes things happen, often helping translate plans into action.)	<input type="checkbox"/>	<input type="checkbox"/>

Interpretation: The more of the ten roles you are ready to perform, the more ready you are to function as a manager or to perform managerial work. Your study of leadership will facilitate carrying out more of these roles effectively. For purposes of skill development, choose one of the roles in which you need preparation and experience. Read some information in this text or

elsewhere about the role, and then practice that role when the opportunity arises. Or create an opportunity to practice that role. For example, assume you have a valuable skill such as gathering followers on a social media website. During the next couple of weeks, coach a beginner in creating effective social media posts.

The accompanying Leader in Action helps illustrate both leadership roles and the fact that a leader can make a difference.



LEADER IN ACTION

Rosalind Brewer, Top Executive at Sam's Club, Makes an Impact

Rosalind Brewer, who had already held a variety of high-level leadership positions in business, was appointed as president and CEO of Sam's Club in January 2012. A major business unit of Wal-Mart, Sam's Club is a member's only purchasing channel for individuals and small-business owners with 110,000 associates and 620 clubs.

Brewer was hired by Wal-Mart in 2006, as regional vice president, overseeing operations in Georgia. A couple of years later, she was appointed division president of the Southeast, and later became president of Wal-Mart East. After graduating as a chemistry major at college, Brewster worked for Kimberly-Clark Corp., beginning as a scientist in Nonwoven Technology and Product Development. She became president of the Global Nonwovens Sector in 2004.

At Sam's Club, Brewer has implemented a growth strategy focused on information technology and innovation, offering attractive locally oriented merchandise, and looking for opportunities to expand the number of club locations. She has also emphasized expanding e-commerce, giving members the convenience of shopping anywhere, anytime.

Former Wal-Mart president and CEO Mike Duke, described Brewer's leadership approach. He said that she came to Wal-Mart with an outstanding background in consumer packaged goods, and then developed into a talented merchant and retailer. Duke says, "She has strong strategic, analytical, and operational skills, and has successfully managed a large and complex business. I've also been struck by Roz's servant leadership (focus on helping subordinates) when I have visited stores with her. She always lets her team do the talking with her focus on how to better support their needs."

Brewer thinks that her various leadership experiences have taught her how to lead change by identifying problems, creating a team, and drawing the roadmaps. She believes that these steps are a successful formula and set of tools for leaders.

Brewer advises leaders to be agile, but never compromise core values, no matter how strong the pressures are for immediate results. She also emphasizes the importance of keeping your ego under control, "... because you are not the business, just the leader at the time."

When asked why she chose to stay with Wal-Mart, Brewer says that it is a rare company that allows her to impact many lives and many issues. "There is no other employer in the world like this today," she says. "We provide opportunities that may only the military can compete with."

Rosalind ("Roz") Brewer has received many awards so far in her career for her business accomplishments, including the following three. In 2013, she was named one of the World's 100 Most Powerful Women by *Forbes*. In 2010, she was included in *Black Enterprise*'s "75 Most Powerful Woman in Business." Brewer is the recipient of the Spelman College Legacy of Leadership award. When asked why she chose to serve on the Spelman College Board of Trustees, Brewer said, "I chose to serve as a trustee because of the genuine love I have for my alma mater and my personal interest in investing in the education of African-American women."

Brewer holds a B.S. from Spelman College, and is a graduate of the Advanced Management Program at the Wharton School of the University of Pennsylvania. Brewer believes that her education shaped her career by teaching her discipline. She says, "College for me required focus, determination, independence and drive. My coursework at the end was grueling. My chemistry/science background has been my key to my ability to solve problems."

QUESTIONS

1. How important do you think grueling coursework and discipline are for becoming a successful business leader?

ACTION (continued)

2. What information might you take away from this excerpt about a business leader that would help you in your present or future leadership roles?
3. How does Brewer's analysis of the merits of Wal-Mart as an employer fit your perception of the company?

Source: Original story created from facts and observations in the following sources: Carolyn M. Brown, "Rosalind Brewer Makes

History as Sam's Club CEO," *Black Enterprise* (www.blackenterprise.com), January 3, 2012, pp. 1–2; Mille Alderman, "From Chemist to CEO, Rosalind Brewer Knows a Thing or Two About Hard Work," *AY Magazine* (www.aymag.com), September 2012, pp. 1–4; "Trustees: Rosalind G. Brewer, C'84," (www.Spelman.edu/about-us), September 30, 2013, pp. 1–2; "Executive Team: Rosalind G. Brewer, President & CEO, Sam's Club," (<http://www3.samsclub.com/NewsRoom/AboutUs/ExecutiveTeam/>), September 30, 2013, Sam's West Inc.

The Satisfactions and Frustrations of Being a Leader

The term *leader* has a positive connotation for most people. To be called a leader is generally better than to be called a follower or a subordinate. (The preferred term for a person who reports to a leader or manager is *team member*, *group member*, or *associate*. Researchers, however, continue to use the terms *subordinate* and *follower* for technical purposes.) Yet being a leader, such as a team leader, vice president, or COO (chief operating officer), does not always bring personal satisfaction. Some leadership jobs are more fun than others, such as being the leader of a successful group with cheerful team members.

Because most of you are contemplating becoming a leader or moving further into a leadership role, it is worthwhile to examine some of the potential satisfactions and frustrations many people find in being an organizational leader.

Satisfactions of Leaders

The types of satisfactions that you might obtain from being a formal leader depend on your particular leadership position. Factors such as the amount of money you are paid and the type of people in your group influence your satisfaction. Leaders often experience seven sources of satisfaction.

1. A feeling of power and prestige. Being a leader automatically grants you some power. Prestige is forthcoming because many people think highly of people who are leaders. In some organizations, top-level leaders are addressed as Mr., Mrs., or Ms., whereas lower-ranking people are referred to by their surnames. Yet most leaders encourage others to address them by their first names.

2. A chance to help others grow and develop. A leader works directly with people, often teaching them job skills, serving as a mentor, and listening to personal problems. Part of a leader's job is to help other people become managers and leaders. A leader often feels as much of a people helper as does a human resource manager or a counselor. Kip Tindell, founder of the Container Store, says that one of the most rewarding aspects of his job is enriching people's lives.³²

3. High income. Leaders, in general, receive higher pay than team members, and executive leaders in major business corporations typically earn several million dollars per year. A handful of business executives receive compensation of over \$100 million per year and several have received over \$150 million as compensation for being fired. If money is an important motivator or satisfier, being a leader has a built-in satisfaction. In some situations, a team leader earns virtually the same amount of money as other team members. Occupying a team leadership position, however, is a starting point on the path to high-paying leadership positions.

4. Respect and status. A leader frequently receives respect from group members. He or she also enjoys a higher status than people who are not occupying a leadership role. Status accompanies being appointed to a leadership position on or off the job. When an individual's personal qualifications match the position, his or her status is even higher.

5. Good opportunities for advancement. Once you become a leader, your advancement opportunities increase. Obtaining a leadership position is a vital first step for career advancement in many organizations. Staff or individual contributor positions help broaden a person's professional experience, but most executives rise through a managerial path.

6. A feeling of being in on things. A side benefit of being a leader is that you receive more inside information. For instance, as a manager you are invited to attend management meetings. In those meetings, you are given information not passed along to individual contributors. One such tidbit might be plans for expansion or downsizing.

7. An opportunity to control money and other resources. A leader is often in the position of helping to prepare a department budget and authorize expenses. Even though you cannot spend this money personally, knowing that your judgment on financial matters is trusted does provide some satisfaction. Many leaders in both private and public organizations control annual budgets of several million dollars.

Dissatisfactions and Frustrations of Leaders

About one out of ten people in the work force is classified as a supervisor, administrator, or manager. Not every one of these people is a true leader. Yet the problems these people experience often stem from the leadership portions of their job. Many individual contributors refuse to accept a leadership role because of the frustrations they have seen leaders endure. These frustrations include the following:

- 1. Too much uncompensated overtime.** People in leadership jobs are usually expected to work longer hours than other employees. Such unpaid hours are called casual overtime. People in organizational leadership positions typically spend about fifty-five hours per week working. During peak periods of peak demands, this figure can surge to eighty hours per week.

2. ***Too many headaches.*** It would take several pages to list all the potential problems leaders face. Being a leader is a good way to discover the validity of Murphy's law: "If anything can go wrong, it will." A leader is subject to a batch of problems involving people and things. Many people find that a leadership position is a source of stress, and many managers experience burnout.
3. ***Facing a perform-or-perish mentality.*** Many leaders face an enormous amount of pressure to either perform or be fired. These pressures often can be found in companies owned by private equity (or buyout) firms. The head of each company owned by an equity firm is expected to make the company profitable through such means as slashing costs, boosting sales in international markets, and paying down debt. There is also considerable pressure on the CEO to improve operations by making them more efficient.³³
4. ***Not enough authority to carry out responsibility.*** People in managerial positions complain repeatedly that they are held responsible for things over which they have little control. As a leader, you might be expected to work with an ill-performing team member, yet you lack the power to fire him or her. Or you might be expected to produce high-quality service with too small a staff and no authority to become fully staffed.
5. ***Loneliness.*** The higher you rise as a leader, the lonelier you will be in a certain sense. Leadership limits the number of people in whom you can confide. It is awkward to confide negative feelings about your employer to a team member. It is equally awkward to complain about one group member to another. Some people in leadership positions feel lonely because they miss being one of the gang.
6. ***Too many problems involving people.*** A major frustration facing a leader is the number of human resource problems requiring action. The lower your leadership position, the more such problems you face. For example, the office supervisor spends more time dealing with problem employees than does the chief information officer. If you do not like dealing with people problems, you are not suited for a leadership or management position.³⁴
7. ***Too much organizational politics.*** People at all levels of an organization, from the office assistant to the chairperson of the board, must be aware of political factors. Yet you can avoid politics more easily as an individual contributor than you can as a leader. As a leader you have to engage in political byplay from three directions: below, sideways, and upward. Political tactics such as forming alliances and coalitions are a necessary part of a leader's role. Another troublesome aspect of organizational politics is that there are people lurking who want to take you out of the game, particularly if you are changing the status quo. These enemies within might attack you directly in an attempt to shift the issue to your character and style and avoid discussing the changes you are attempting to implement. Or your superiors might divert you from your goals by keeping you overwhelmed with the details of your change effort.³⁵ In addition, backstabbers may agree with you in person but bad-mouth you to others.

8. ***The pursuit of conflicting goals.*** A major challenge facing leaders is to navigate among conflicting goals. The central theme of these dilemmas is attempting to grant others the authority to act independently, yet still getting them aligned or pulling together for a common purpose.³⁶ Many of the topics relating to these conflicting goals are discussed at later points in the text.
9. ***Being perceived as unethical, especially if you are a corporate executive.*** The many corporate financial scandals made public in recent years have led to extreme perceptions that CEOs, in particular, are dishonest, unethical, and almost criminal in their behavior. Even if 95 percent of corporate leaders are honest and devoted to their constituents, the leader still has to deal with the possibility of being perceived as dishonest.
10. ***Job fatigue and burnout as a result of the preceding nine problems.*** Leaders occupying high-level positions face so many pressures that many of them experience fatigue and even burnout—intense fatigue and resentment caused by dealing with heavy stress over a prolonged period of time. According to a study conducted by Harvard Medical School faculty, 96 percent of senior leaders reported at least some burnout, with one-third describing their burnout as extreme. The round-the-clock attention to responsibilities contributes to the excessive fatigue. Another major contributor to leader burnout is being responsible for an action that hurts so many people, such as laying off workers.³⁷

A Framework for Understanding Leadership

Many different theories and explanations of leadership have been developed because of the interest in leadership as a practice and as a research topic. Several attempts have been made to integrate the large number of leadership theories into one comprehensive framework.³⁸ The framework presented here focuses on the major sets of variables that influence leadership effectiveness. The basic assumption underlying the framework can be expressed in terms of a simple formula with a profound meaning:

$$L = f(l, gm, s)$$

The formula means that the leadership process is a function of the leader, group members (or followers), and other situational variables. Bruce J. Avolio emphasizes that leadership is a function of both the leader and the led and the complexity of the context (setting and environment).³⁹ In other words, leadership does not exist in the abstract but takes into account factors related to the leader, the person or persons being led, and a variety of forces in the environment. A charismatic and visionary leader

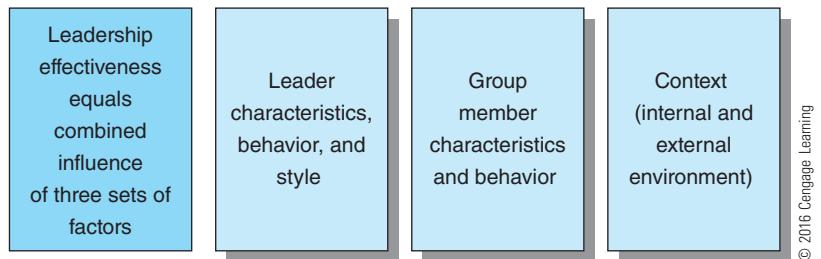


FIGURE 1-2 A Basic Framework for Understanding Leadership.

Leader characteristics and behavior are described in Chapters 2, 3, 4, 8, 11, and 12. Group member characteristics and behavior are described in Chapters 5, 9, and 12. The context of leadership is described in Chapters 5, 13, 14, and 15.

might be just what a troubled organization needs to help it achieve world-class success. Yet a group of part-time telemarketers might need a more direct and focused type of leader to help them when their telephone calls mostly meet with abrupt rejection from the people solicited.

The basic framework presented in Figure 1-2 emphasizes this situational perspective. According to this model, leadership can best be understood by examining its key variables: leader characteristics and traits, behavior and style, group member characteristics, and the internal and external environment. At the left side of the framework, **leadership effectiveness** refers to attaining desirable outcomes such as productivity, quality, and satisfaction in a given situation. Whether or not the leader is effective depends on the three sets of variables in the box.

The left box, *leader characteristics and behavior* refers to the inner qualities, such as self-confidence and problem-solving ability that help a leader function effectively in many situations. *Leader behavior and style* refers to the activities engaged in by the leader, including characteristic approach, that relate to his or her effectiveness. A leader who frequently coaches group members and practices participative leadership, for example, might be effective in many circumstances.

Group member characteristics refers to attributes of the group members that could have a bearing on how effective the leadership attempt will be. Intelligent and well-motivated group members, for example, help the leader do an outstanding job. The *internal and external environment* also influences leadership effectiveness. A leader in a culturally diverse environment, for example, will need to have multicultural skills to be effective. All of the topics in this text fit somewhere into this model, and the fit will be more obvious at some places than at others.

The information at the bottom of Figure 1-2 outlines how the elements of leadership line up with chapters in the text.

A key point of this model is that leadership is a multilevel phenomenon. The leader interacts with group members one at a time, and also with the group. At the same time, leadership takes place in the context of the organization and the external environment. As noted by leadership scholars Francis J. Yammarino and Fred Danjsereau, leadership involves a movement from one level (person level) to a higher level (leader–follower group level).⁴⁰ After that come the organizational and societal levels. A brief example of leadership as a multilevel phenomenon follows:

Team leader Ashley decides to coach team member Li on how to express her ideas more forcibly when making a PowerPoint presentation. Ashley recognizes that Li is shy, so she moves slowly with her coaching. Ashley also recognizes that she is working with a supportive team, so she thinks that the team will be encouraging toward Li in whatever progress she makes. In addition, Ashley recognizes that the organization as a whole encourages assertiveness, so she feels justified in coaching Li toward being more assertive in her presentations. Yet at the same time Ashley understands that Li was raised in a culture (society level) that values humility and timidity so she does not push Li too fast to make improvements.

A recently developed integrative process model of leadership provides two implications⁴¹ of the framework presented in Figure 1-2. The first implication is that *context influences leadership at any given moment*. Context in this sense refers to any external stimuli that may impact the nature of leadership. For example, if the organization is facing a crisis, the leader might have to emphasize compassion for people and provide clear guidance about a plan to deal with the crisis.

The second implication is that leadership is a process with intrapersonal and interpersonal mechanisms (or modes of transmission). The intrapersonal mechanisms include the leader's traits and emotions. Among the traits are cognitive skills and personality factors that influence leadership effectiveness, such as an intelligent person being effective at developing strategy. The interpersonal mechanisms refer to the impact of the leader on the behavior of others. For example, a leader who is perceived to be charismatic might influence others to make personal sacrifices for the good of the organization.

Skill Development in Leadership

Leadership skills are in high demand. Executives who recruit candidates for high-level management jobs list leadership skills as the top attributes they want. Leadership skills are also sought in candidates for entry-level professional positions.⁴² Although students of leadership will find this information encouraging, developing leadership skills is more complex and ambiguous than developing a structured skill such as inserting an additional memory

card into a computer. Nevertheless, you can develop leadership skills by studying this textbook, which follows a general learning model:

- 1. Conceptual information and behavioral guidelines.** Each chapter in this textbook presents useful information about leadership, including a section titled “Guidelines for Action and Skill Development.”
- 2. Conceptual information demonstrated by examples and brief descriptions of leaders in action.** Students can learn much from reading about how effective (or ineffective) leaders operate.
- 3. Experiential exercises.** The textbook provides an opportunity for practice and personalization through cases, role plays, and self-assessment quizzes. Self-quizzes are emphasized here because they are an effective method of helping you personalize the information, thereby linking conceptual information to yourself. For example, you will read about the importance of assertiveness in leadership and also complete an assertiveness quiz.
- 4. Feedback on skill utilization, or performance, from others.** Feedback exercises appear at several places in the text. Implementing some of the skills outside of the classroom will provide additional opportunities for feedback.
- 5. Practice in natural settings.** Skill development requires active practice. A given skill has to be practiced many times in natural settings before it becomes integrated comfortably into a leader’s mode of operation. A basic principle of learning is that practice is necessary to develop and improve skills. Suppose, for example, that you read about giving advice in the form of questions, as described in Chapter 10. If you practice this skill at least six times in live settings, you will probably have acquired an important new skill for coaching others.

Leadership Skill-Building Exercise 1-2 gives you the opportunity to begin developing your leadership skills systematically.



LEADERSHIP SKILL-BUILDING EXERCISE 1-2

My Leadership Portfolio

Here, we ask you to begin developing a leadership portfolio that will be a personal document of your leadership capabilities and experiences. In each chapter, we will recommend new entries for your portfolio. At the same time, we encourage you to use your imagination in determining what constitutes a suitable addition to your leadership portfolio.

We suggest you begin your portfolio with a personal mission statement that explains the type of leadership

you plan to practice. An example might be, “I intend to become a well-respected corporate professional, a key member of a happy and healthy family, and a contributor to my community. I aspire to lead many people toward constructive activities.” Include your job resume in your portfolio, and devote a special section to leadership experiences. These experiences can be from the job, community and religious activities, and sports. (See Leadership Self-Assessment Quiz 1-2.)



LEADERSHIP SELF-ASSESSMENT QUIZ 1-2

The Leadership Experience Audit

Instructions: Readers of this book vary considerably in their leadership, managerial, and supervisory experience. Yet even readers who have not yet occupied a formal leadership position may have had at least a taste of being a leader. Use the following checklist to record any possible leadership experiences you might have had in the past or have now.

- | | |
|--|--------------------------|
| 1. Held a formal leadership position, such as vice president, department head, manager, assistant manager, team leader, group leader, or project manager | <input type="checkbox"/> |
| 2. Seized the opportunity on the job to take care of a problem, although not assigned such responsibility | <input type="checkbox"/> |
| 3. Headed a committee or task force | <input type="checkbox"/> |
| 4. Was captain or co-captain of an athletic team | <input type="checkbox"/> |
| 5. Held office in a club at high school, career school, or college | <input type="checkbox"/> |
| 6. Was editor of a campus newspaper or section of the newspaper such as sports | <input type="checkbox"/> |
| 7. Organized a study group for a course | <input type="checkbox"/> |
| 8. Organized an ongoing activity to sell merchandise at people's homes, such as for Avon, Mary Kay, or Tupperware | <input type="checkbox"/> |
| 9. Worked in multilevel sales and recruited and guided new members | <input type="checkbox"/> |
| 10. Organized a charity drive for a school or religious organization | <input type="checkbox"/> |
| 11. Organized a vacation trip for friends or family | <input type="checkbox"/> |
| 12. Took charge during a crisis, such as by helping people out of a burning building or a flooded house | <input type="checkbox"/> |
| 13. Was head of a choir or a band | <input type="checkbox"/> |
| 14. Headed a citizens' group making demands on a company or the government | <input type="checkbox"/> |
| 15. Organized a group of friends to help out people in need, such as physically disabled senior citizens | <input type="checkbox"/> |
| 16. Other | <input type="checkbox"/> |

Interpretation: The more experiences you checked, the more leadership experience you already have under your belt. Leadership experience of any type can be valuable in learning to work well with people and coordinate their efforts. Many CEOs in a variety of fields got their start as assistant fast-food restaurant managers.

Followership: Being an Effective Group Member

To be an effective leader, one needs good followers. Leaders cannot exist without followers. As we mentioned at the outset of this book, the word *followers* suffers from political incorrectness, yet it is a neutral term as used by leadership researchers. A point of view that represents a modern view of leadership, as explained by J. Richard Hackman and Ruth Wageman, is that leaders are also followers and followers also exhibit leadership. Each boss is

also a subordinate, such as a team leader reporting to a middle manager.⁴³ And each subordinate will often carry out a leadership role, such as heading up a short-term project—or even organizing this year's holiday party. Another perspective on followers is that they are the people who get things done; that the bright ideas of leaders would go nowhere without the doers.⁴⁴

Most of the topics in our study of leadership are aimed at inspiring, motivating, and influencing group members to want to achieve organizational goals. It is also valuable, however, to focus on three key aspects of being an effective group member: types of followers, the personal characteristics of productive followers, and the importance of collaboration between leaders and followers.

Types of Followers

A major challenge in being a leader is to recognize that followers differ substantially in talent and motivation. Similarly, a challenge in becoming an effective follower is to understand your basic approach to being a group member. Barbara Kellerman offers a typology that helps explain how followers differ from one another. She focuses on the defining factor of the level of engagement with the leader or group to arrive at five types of follower, as illustrated in Figure 1-3. At one end of the continuum is “feeling and doing nothing.” At the other end is “being passionately committed and deeply involved.”⁴⁵

1. Isolates are completely detached and passively support the status quo by not taking action to bring about changes. They do not care much about their leaders and just do their job without taking an interest in the overall organization. Isolates need coaching, yet sometimes firing them is the only solution.

2. Bystanders are free riders who are typically detached when it fits their self-interests. At a meeting, a bystander is more likely to focus on the refreshments and taking peeks at his or her personal text messages. Bystanders have low internal motivation, so the leader has to work hard to find the right motivators to spark the bystander into action.

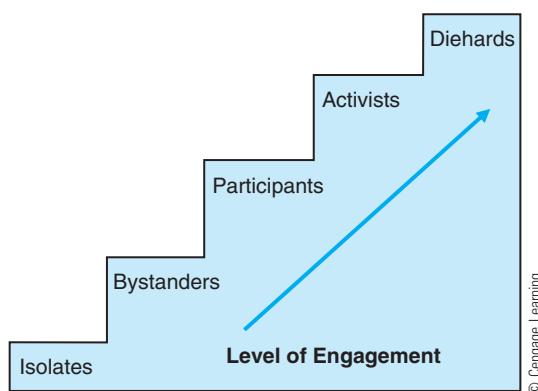


FIGURE 1-3 Followers Classified by Level of Engagement.

3. Participants show enough engagement to invest some of their own time and money to make a difference, such as taking the initiative to learn new technology that would help the group. Participants are sometimes for, and sometimes against, the leader and the company. The leader has to review their work and attitudes carefully to determine whether or not the participant is being constructive.

Participants have also been regarded as *active followers*, or those who make a major contribution to the mission of the group. The term derives from experiences at the space shuttle activities at NASA, and the National Outdoor Leadership School that includes mountain climbing, expeditions, and adventure paths. Leaders at both activities said that success in their ventures requires a single-minded focus on the goal and a team of active followers.⁴⁶ Such individuals will inform the leader and the group about what they think is necessary for success, or survival, such as alerting the leader to a potential avalanche.

4. Activists are considerably engaged, heavily invested in people and processes, and eager to demonstrate their support or opposition. They feel strongly, either positively or negatively, about their leader and the organization and act accordingly. An activist might be enthusiastic about reaching company goals, or so convinced that the company is doing the wrong thing that he or she blows the whistle (reports the company to an outside agency). The leader has to stay aware of whether the activist is for or against the company.

5. Diehards are super-engaged to the point that they are willing to go down for their own cause, or willing to oust the leader if they feel he or she is headed in the wrong direction. Diehards can be an asset or a liability to the leader. Diehards have an even stronger tendency to be whistleblowers than do activists. A diehard, for example, might take it on her own to test the lead quantity of paint in children's furniture sold by the company. Leaders have to stay in touch with diehards to see if their energy is being pointed in the service of the organization.

The categorization of followers just presented adds a touch of realism to understanding the challenging role of a leader. Not everybody in the group is supercharged and eager to collaborate toward attaining organizational goals.

Essential Qualities of Effective Followers

As observed by Robert E. Kelley, effective followers share four essential qualities:⁴⁷

- 1. Self-management.** The key to being a good follower is to think for oneself and to work well without close supervision. Effective group members see themselves as being as capable as their leaders.
- 2. Commitment.** Effective followers are committed to something beyond themselves, be it a cause, product, department, organization, idea, or value. To a committed group member, the leader facilitates progress toward achieving a goal.

- 3. Competence and focus.** Effective followers build their competence and focus their efforts for maximum impact. Competence centers on mastering skills that will be useful to the organization. Less effective group members rarely take the initiative to engage in training and development.
- 4. Courage.** Effective followers establish themselves as independent, critical thinkers and fight for what they believe is right. A good follower, for example, might challenge the company's policy of taking ninety days to make good on accounts payable, or of recruiting key people almost exclusively from people with demographic characteristics similar to those of top management.

This list is illustrative, since almost any positive human quality would contribute directly or indirectly to being an effective group member or follower. Another way of framing the qualities of effective followers is to say that such followers display the personal characteristics and qualities of leaders. Although leaders cannot be expected to change the personalities of group members, they can take steps to encourage these qualities. Interventions such as coaching, empowerment, supportive communication, and frequent feedback would support effective followership.

Collaboration Between Leaders and Followers

A key role for followers is to collaborate with leaders in achieving organizational goals, as reflected in the emphasis on collaborative leadership. As described by leadership guru Warren Bennis, the post-bureaucratic organization (a type of organization that came after the bureaucratic era, such as team-based organizations) requires a new kind of alliance between leaders and the led. When high-level leaders do not make all of the decisions but solicit input from knowledgeable group members, leaders and followers work together more closely.⁴⁸

A related point here is that the new leader and the led are close allies. Great leaders are made by great groups; every organizational member needs to contribute energy and talent to help leaders carry out their roles successfully.

SUMMARY

Leadership is the ability to inspire confidence in and support among the people who are needed to achieve organizational goals. Leading is a major part of a manager's job, but a manager also plans, organizes, and controls. Leadership is said to deal with change, inspiration, motivation, and influence. In contrast, management deals more with maintaining equilibrium and the status quo. Leadership is often regarded as a partnership or collaboration between leaders and group members.

Many people attribute organizational performance to leadership actions. Some research evidence supports this widely accepted view. For example, one study showed that leadership actions can affect performance, but only if the leader is perceived to be responsible and inspirational. Others argue that certain factors in the work environment, called substitutes for leadership, make the leader's role almost superfluous. Among these factors are close-knit teams of highly trained workers, intrinsic satisfaction

with work, computer technology, and professional norms. Another anti-leadership argument is that the leader is irrelevant in most organizational outcomes because the situation is more important and the leader has unilateral control over only a few resources. Moreover, since new leaders are chosen whose values are compatible with those of the firm, those values actually are more important.

Examining the roles carried out by leaders contributes to an understanding of the leadership function. Ten such leadership roles are the figurehead, spokesperson, negotiator, coach and motivator, team builder, team player, technical problem solver, entrepreneur, strategic planner, and executor. An important implication of these roles is that managers at every level can exert leadership.

Leadership positions often are satisfying because they offer such things as power, prestige, the opportunity to help others, high income, and the opportunity to control resources. At other times being a leader carries with it a number of frustrations, such as facing a perform-or-perish mentality, insufficient authority, having to deal with human problems, and too much organizational politics. The leader also has the difficult task of balancing workers' need to be independent with their need to commit to a common purpose.

The framework for understanding leadership presented here is based on the idea that the leadership process is a function of the leader, group members,

and other situational variables. According to the model, leadership can best be understood by examining its key variables: leader characteristics and traits, leader behavior and style, group member characteristics, and the internal and external environment. Leadership effectiveness is dependent on all three sets of variables. Another point of the model is that leadership is multilevel, involving the individual, the small group, and the organization. The society and culture might also need to be taken into account. Two implications of the model are that context influences leadership at any given moment, and leadership is a process with intrapersonal and interpersonal mechanisms.

Leadership skills can be developed by following a general learning model that involves acquiring conceptual knowledge, reading examples, doing experiential exercises, obtaining feedback, and practicing in natural settings.

A major challenge facing leaders is that followers differ substantially in characteristics, including level of engagement from feeling and doing nothing to total passion, commitment, and involvement. To be an effective leader, one needs good followers with characteristics such as self-management, commitment, competence and focus, and courage. A key role for followers is to collaborate with leaders in achieving organizational goals. The post-bureaucratic organization requires a new kind of alliance between leaders and the led.

KEY TERMS

leadership 2
emergent leaders 3

substitutes for leadership 9
leadership effectiveness 21



GUIDELINES FOR ACTION AND SKILL DEVELOPMENT

Vast amounts of information have been gathered about leaders and leadership, and many different leadership theories have been developed. Many leadership research findings and theories are confusing and contradictory. Nevertheless, from this thicket of information emerge many useful leadership

concepts and techniques to guide you toward becoming a more effective leader.

As you work toward leadership effectiveness, first be familiar with the approaches to leadership described in this text. Then choose the formulation that seems best to fit the leadership situation you

face. For example, if you are leading a team, review the information about team leadership. Typically, an effective leader needs to combine several leadership approaches to meet the demands of a given situation. For instance, a leader might need to combine creative problem solving and emotional support to members to help the team rebound from a crisis.

The eclectic (choosing from among many) approach we recommend is likely to be more effective than accepting an idea such as “there are six secrets to leadership success.”

Discussion Questions and Activities

1. Why is being perceived as having leadership qualities considered a compliment by most people?
2. Give an example of how you have exerted leadership on or off the job in a situation in which you did not have a formal leadership position. Explain why you describe your activity as leadership.
3. What would a boss of yours have to do to demonstrate that he or she is an effective leader and an effective manager?
4. Identify a business or sports leader who you think is highly effective, and explain why you think he or she is highly effective.

5. Many people who were voted “the most likely to succeed” in their high school yearbooks become leaders later on in their career. How can you explain this finding?
6. Top-level leaders of major business corporations receive some of the highest compensation packages in the work force. Why are business leaders paid so much?
7. If so much useful information is available about leadership, why do we still find so many managers who cannot gain the respect of their subordinates?
8. Considering that so many people of all ages do much of their communication with text messages, what would be wrong with leaders communicating with group members mostly through texting?
9. A twenty-five-year-old manager of a branch of a fast-food restaurant was told by her boss that she was not an effective leader. She replied, “For \$29,000 a year, how can you expect me to be an effective leader?” What do you think of her argument?
10. In what way might being an effective follower help prepare a person for becoming an effective leader?

LEADERSHIP CASE PROBLEM A

Elon Musk, Business Leader and Superhero

While still in his early forties, Elon Musk had established himself as one of the world's best known entrepreneurs and corporate leaders. His rise to fame began in 1999 when he founded X.com, an online payment company that eventually became PayPal, and was later sold to eBay for \$1.5 billion in stock. In a few years, Musk invested this large amount of money into three start-up companies.

Musk wanted to start a low-cost Mars mission that would capture the imagination of thousands of people about space travel. To make life interplanetary, Musk reasoned that a transport system was needed that would be completely and rapidly reusable. To meet this need, in 2002, he founded Space Exploration Technologies (or SpaceX). In

2012, the Dragon spacecraft of SpaceX delivered 500 pounds of provisions and equipment to the International Space Station. Dragon returned nine days later, landed in the Pacific Ocean precisely on target two minutes ahead of schedule and in excellent condition.

In his quest to help Earth become less dependent on carbon-generating fuels, he cofounded Tesla, the electric car company and SolarCity that manufacture and markets solar-energy systems. Tesla automobiles are sold directly to consumers, often through two dozen stores of galleries in the United States. Traditional dealers dislike this direct approach to sales because they say it violates state franchise laws.

Musk was raised in South Africa and Canada before coming to the United States to complete his college education. He holds undergraduate degrees in physics and business from the University of Pennsylvania. Musk acquired his expertise in aerospace engineering on his own, including being guided by textbooks on subjects such as fundamentals of liquid propellants as well as propulsion elements. Musk has also carefully studied the biography of Albert Einstein.

Musk is a strong believer in simplicity in technical design, manufacturing, and in running an organization. Tim Mueller, the director of propulsion systems at SpaceX, says that the bureaucracy is much simpler in his company than in an organization such as NASA that has to satisfy so many constituents. He says, "If you want to change something or fix something, just talk to Elon. It keeps the signal-to-noise ratio high."

Musk displays a strong belief in his own capabilities and creativity, seen as a sign of hubris by some observers. He believes that he has a design that will allow for the colonization of Mars. Musk has filed for almost no patents because he believes that he is so strongly ahead of the field that nobody else could copy his technology. Musk's reasoning is that if you move fast enough, nobody can catch you.

Several people who worked for Musk in the past describe him as autocratic and blunt, often to the point of being offensive. Steve Jurveson, a SpaceX board member said about Musk, "Like Steve Jobs, Elon does not tolerate C or D players. But I'd say he's nicer than Jobs and a bit more refined than Bill Gates." In 2013, when three battery-related fires erupted in Tesla cars, Musk responded combatively to critics via his blog. He pointed out that gasoline fires were a greater potential danger than battery fires in an electric vehicle.

Musk is such a fanatic about design that he devotes hours to personally inspecting every Tesla car. He will notice a headlamp misaligned by a few millimeters. He once said that the wrong type of screw in a sun visor, "feels like daggers in my eyes."

Jon Farveau, a friend of Musk, and the director of *Iron Man* movies claims that Musk is the basis for his version of comic book hero Tony Stark, the playboy who invents a flying suit with built-in weapons.

Questions

1. Which roles does Musk appear to occupy as a leader of his companies?
2. What would you perceive to be a key advantage and a key disadvantage of reporting directly to Musk?
3. What is your overall evaluation of Elon Musk as both a business leader and a leader in society?
4. What factors might have Musk, similar to the late Steve Jobs, going for him as a leader that people will put up with his blunt approach to people?

Sources: Original case based on facts and observations in the following sources: Ashlee Vance, "Elon Musk, Man of Tomorrow," *Bloomberg Businessweek*, September 17–September 23, 2012, pp. 74–79; Richard Branson, "Elon Musk: Our Escort to the Future," *Time*, April 29/May 6, 2013, pp. 34–35; Jeffrey Kluger, "Rocket Man: Billionaire Elon Musk is Getting America Back In the Space Game," *Time*, June 18, 2012, pp. 44–48; Alan Ohnsman, "Telsa CEO Uses Twitter to Find Engineers for 'Autopilot' Car," *Bloomberg News*, September 19, 2011; Mike Ramsey and Valerie Bauerline, "Telsa Clashes with Car Dealers: Electric-Vehicle Maker Wants to Sell Directly to Consumers; Critics Say Plan Violates Franchises Laws," *The Wall Street Journal*, June 18, 2013, pp. B1, B2; Diane Brady, "Elon Musk," *Bloomberg Businessweek*, May 2–May 8, 2011, p. 76.

ASSOCIATED ROLE PLAY

One student plays the role of a direct report to Musk who believes that he should stop trying to sell Tesla automobiles directly to the public. You

think, for example, that Tesla Motors Inc. might be better off distributing its vehicles through Toyota or Ford dealers, or perhaps establishing a

network of Tesla dealers. Another person plays the role of Elon Musk who may not take kindly to a direct report who disagrees with his marketing strategy. Run the role play for about six minutes,

and observe how effectively the direct report is in gaining acceptance of his or her opinion. Observe also the leadership skills of Musk in dealing with dissent.

LEADERSHIP CASE PROBLEM B

Does Julia Share Too Much Responsibility?

Julia is the director of the municipal bond group of a financial services firm. Julia has four managers reporting to her, each of whom supervises a unit of the group: retail sales, institutional sales, customer service, and internal administration.

Laura, the branch director and company vice president, heard rumblings that the group was not receiving enough supervision, so she decided to investigate. During a dinner meeting requested by Laura, she asked Julia about her approach to leading the group. Julia replied:

I am leading my four managers as if they are all responsible professionals. I believe in management by exception. Unless I am aware of a problem, I am hesitant to get involved in how my managers conduct their work. Don't forget that as the head of the municipal bond group, I have some responsibility for spending time with major customers as well as meeting with you and other senior executives. I do hold a weekly meeting, and conduct my annual performance reviews as required."

Laura thanked Julia for having attended the dinner and said that the meeting was informative. With Julia's permission, Laura said that she would be visiting the municipal bond group to have a few casual conversations with the four managers.

When asked about Julia's leadership, the first manager said his nickname for Julia was Macro Julia; instead of being a micromanager, she went to the other extreme and was a *macromanager* who had minimal contact with the group. He added that at times Julia didn't seem to even care what was happening. The manager said, "I recently asked Julia's advice about finding a good contact

who could introduce me to the pension fund manager of a hospital. Julia told me that a big part of my job was to develop contacts on my own."

The second manager Laura spoke to said that she enjoyed working with Julia because she was a nice person who didn't get in her hair. "I don't need a boss to remind me to attain my goals or get my work done on time. A little smile of encouragement here and there is all I need," the manager said.

The third manager said to Laura, "I think Julia would be a great manager for me a few years down the road. But right now, I do not want to feel so much on my own. Julia is a talented person who I could learn from. Yet she is more involved with customers and higher-level management than she is with her managers. I'm new in the field, so I could use more of a coaching style of manager."

The fourth manager said, "I remember meeting Julia a few times, but I don't remember much about her. You said she is my manager? I don't care if my comments get back to her, because I'm joining a competitor next month."

Discussion Questions

- To what extent has Julia chosen the right approach to leading the managers in her unit of the financial services firm?
- What advice can you offer Julia to be a more effective leader?
- What advice can you offer Laura to help Julia be a more effective leader?
- Explain whether you think Laura was justified in asking Julia's direct reports about Julia's approach to leadership.

ASSOCIATED ROLE PLAY

One student plays the role of Gus, who asks Laura for a good contact who could introduce him to the pension fund manager of a hospital. Gus believes that the manager should help him directly develop useful business contacts. Another person plays the role of Laura who believes that an effective leader emphasizes sharing and empowerment. As a result, she wants to encourage Gus to develop his own contacts.

Run the role play in front of the class or within a small group for about five minutes. Observers will concentrate on how successful Laura has been in getting Gus to develop contacts on his own. Also observe how effective Gus has been as a follower in prompting Laura to provide him more specific guidance.

NOTES

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Traits, Motives, and Characteristics of Leaders

LEARNING OBJECTIVES

After studying this chapter and doing the exercises, you should be able to

- Identify general and task-related traits that contribute to leadership effectiveness.
- Describe how emotional intelligence contributes to leadership effectiveness.
- Identify key motives that contribute to leadership effectiveness.
- Describe cognitive factors associated with leadership effectiveness.
- Discuss the heredity versus environment issue in relation to leadership effectiveness.
- Summarize the strengths and weaknesses of the trait approach to leadership.

CHAPTER OUTLINE

Personality Traits of Effective Leaders

General Personality Traits

Task-Related Personality Traits

Leadership Motives

The Power Motive

The Drive and Achievement Motive

Tenacity and Resilience

Cognitive Factors and Leadership

Cognitive (or Analytical) Intelligence

Knowledge of the Business or Group Task

Creativity

Insight into People and Situations

Farsightedness and Conceptual Thinking

The Influence of Heredity and Environment on Leadership

The Strengths and Limitations of the Trait Approach

Summary

Key Terms

Guidelines for Action and Skill Development

Leadership Case Problem A

Leadership Case Problem B

Notes

Denise Morrison attained her long-time goal of becoming a CEO of a major business corporation when she was promoted to that position at Campbell Soup Co. in 2011 eight years after joining the company.

Although the company is best known for its soups, Campbell is a global manufacturer of other well-known brands including Pepperidge Farm and Prego.

Morrison attributes some of her refinements in her leadership approach to advice from sponsors and mentors. While she was working in a senior leadership position at Nabisco, Doug Conant pulled Morrison aside and said that she was so results driven and so transaction-oriented that she wasn't investing enough time in building relationships. (Conant later became CEO of Campbell Soup, but had hired Morrison at Nabisco.) Conant said, "When you build those relationships of trust, you can then bring your ideas to those relationships and get more done. You will have more influence."

A few years later, Conant said that Morrison has the essential leadership qualities of humility and perseverance, and an appetite for learning second to none. At the same time, she works collaboratively with people to think through a strategy.

Morrison also sharpens her leadership approach through discussions with her sister, Maggie Wilderotter, the chairwoman and chief executive officer of Frontier Communications. She said "being a new CEO, she's been thrown into a lot of different situations that are new to her, so I'm a good sounding board. Denise also has a lot of traits that impress me, but most impressive, she is a learner."

In describing what it takes to succeed in a high-level business leadership position, Morrison says that there are three keys. First, she always surrounds herself with strong people. Second, she believes in having open lines of communication and collaborating across an organization. Third, a leader needs good strategies combined with good execution. In describing her biggest weakness as a leader, Morrison says that she is impatient. While she prides herself in being a good listener, she always feels a need for speed.

Morrison says that business success is about growth, and that she defines success as driving sustainable profit growth. Success in her perception is also about leaving a legacy, and that ultimately her legacy will be about how well the company performs against the strategy that she and her team have put in place. Morrison adds that she wants to make a lasting impact.

Morrison obtained a B.S. degree in economics and psychology from Boston College, graduating *magna cum laude*. Always adventuresome, in high school she was a majorette and fire-twirler.¹

The vignette just presented describes a highly placed manager who has several of the leadership traits discussed in this chapter, particularly the ability to think conceptually (see the big picture), as well as being self-confident yet showing humility at the same time. Morrison also sheds some light on the debate whether parts of leadership are inherited considering that her sister is a CEO. (Not mentioned above, her father was an executive at AT&T, and several other family members are business leaders.)

When people evaluate managers in terms of their leadership effectiveness, they often scrutinize the managers' traits and personal characteristics. Instead of focusing only on the results the managers achieve, those making the evaluation assign considerable weight to the manager's attributes, such as adherence to high standards. Many people believe intuitively that personal characteristics strongly determine leadership effectiveness.

The trait-based perspective on leadership has reemerged in recent years after having fallen out of favor for decades. A group of researchers analyzed the results of many syntheses of studies about leadership effectiveness. The traits groupings covered were personality and intelligence, and the leadership effectiveness criteria included group performance and satisfaction with the leaders. The behaviors studied included factors such as providing structure to subordinate and being considerate. A major conclusion for this study of many studies is that traits and behaviors combined explain a minimum of 31 percent of leadership effectiveness, with behaviors accounting for even more of the differences.²

The trait-based perspective also acknowledges that the situation often influences which trait to emphasize, such as a supervisor of highly technical workers needing to emphasize problem-solving ability. In contrast, a supervisor of workers performing nontechnical, repetitive work might need to emphasize enthusiasm as a motivator.

This chapter and the following chapter concentrate on personal characteristics; Chapter 4 describes the behaviors and skills that contribute to leadership effectiveness. Recognize, however, the close association between personal characteristics and leadership skills and behaviors. For example, creative thinking ability (a characteristic) helps a leader formulate an exciting vision (leadership behavior). The combination of traits and behaviors helps to explain why leaders show individual differences in effectiveness.³ For example, a leader who is highly intelligent, trustworthy, and passionate about the mission of the group is likely to achieve more success than his or her counterpart who has average intelligence, untrustworthy, and is indifferent about what work the group is performing.

Personality Traits of Effective Leaders

Characteristics associated with leadership can be classified into three broad categories: personality traits, motives, and cognitive factors. These categories of behavior serve as helpful guides. However, they are not definitive: A convincing argument can often be made that an aspect of leadership placed in one category could be placed in another. Nevertheless, no matter how personal characteristics are classified, they point toward the conclusion that effective leaders are made of the *right stuff*. Published research about the trait perspective first appeared in the mid-nineteenth century, and it continues today. Since a full listing of every personal characteristic ever found to be associated with leadership would take several hundred pages, this chapter discusses only the major and most consistently found characteristics related to leadership effectiveness. In this section of the chapter, we focus on personality traits.

Observations by managers and human resource specialists, as well as dozens of research studies, indicate that leaders have certain personality traits.⁴ These characteristics contribute to leadership effectiveness in many situations, as long as the leader's style fits the situation reasonably well. For example, an executive might perform admirably as a leader in several different high-technology companies with different organizational cultures. However, his or her intellectual style might make him or her a poor fit with production workers. Leaders' personality traits can be divided into two groups: general personality traits such as self-confidence and trustworthiness, and task-related traits, such as an internal locus of control.

General Personality Traits

We define a general personality trait as a trait that is observable both within and outside the context of work. That is, the same general traits are related

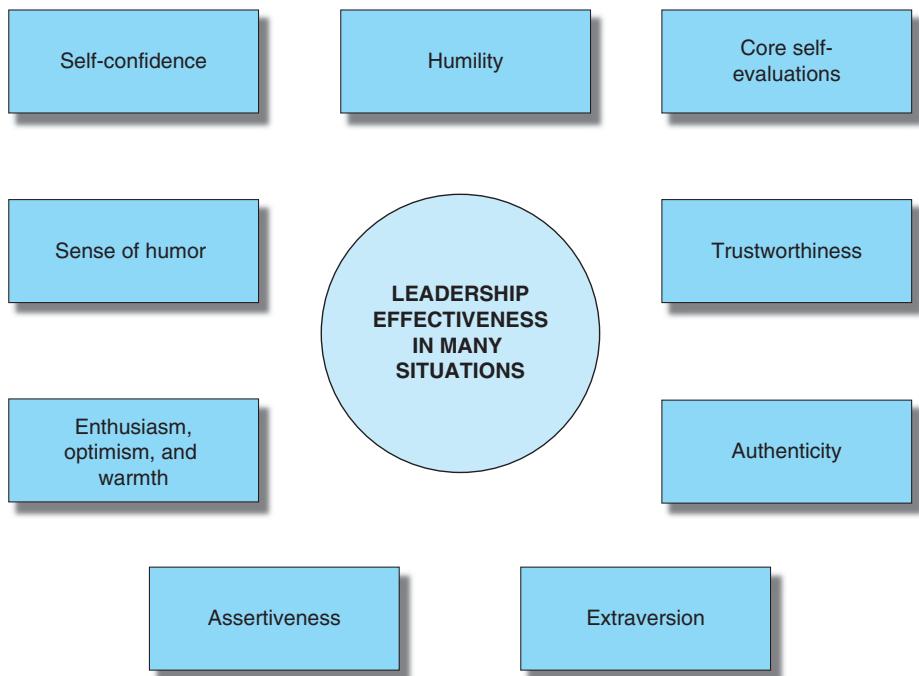


FIGURE 2-1 General Personality Traits of Effective Leaders.

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to success and satisfaction in both work and personal life. Figure 2-1 lists the general personality traits that contribute to successful leadership.

Self-Confidence Self-confidence improves one's performance in a variety of tasks, including leadership.⁵ A leader who is self-assured without being bombastic or overbearing instills self-confidence in team members. A self-confident team leader of a group facing a seemingly impossible deadline might tell the group, "We are understaffed and overworked, but I know we can get this project done on time. I've been through tough demands like this before. If we work like a true team, we can pull it off."

Self-confidence was among the first leadership traits researchers identified, and it currently receives considerable attention as a major contributor to leadership effectiveness.⁶ In addition to being self-confident, the leader must project that self-confidence to the group. He or she may do so by using unequivocal wording, maintaining good posture, and making appropriate gestures such as pointing an index finger outward.

Self-confidence is not only a personality trait. It also refers to a behavior and an interpersonal skill that a person exhibits in a number of situations. It is akin to being cool under pressure. We can conclude that a person is a self-confident leader when he or she maintains composure when dealing with a crisis, such as while managing a large product recall. The interpersonal skill comes into play in being able to keep others calm

during turmoil. In speaking about the suitability of job candidates who were recently military officers, Noel Tichy, director of the Global Business Partnership at the University of Michigan said, “There’s a big pool of these officers who had had the kind of under-fire judgment experience that makes them really valuable.”⁷

Leadership Self-Assessment Quiz 2-1 gives you an opportunity to think about your level of self-confidence.



LEADERSHIP SELF-ASSESSMENT QUIZ 2-1

How Self-Confident Are You?

Indicate the extent to which you agree with each of the following statements. Use a 1-to-5 scale: (1) disagree strongly; (2) disagree; (3) neutral; (4) agree; (5) agree strongly.

	DS	D	N	A	AS
1. I frequently say to people, “I’m not sure.”	5	4	3	2	1
2. I have been hesitant to take on any leadership assignments.	5	4	3	2	1
3. Several times, people have asked me to be the leader of the group to which I belonged.	1	2	3	4	5
4. I perform well in most situations in life.	1	2	3	4	5
5. At least several people have told me that I have a nice, firm handshake.	1	2	3	4	5
6. I am much more of a loser than a winner.	5	4	3	2	1
7. I am much more of a winner than a loser.	1	2	3	4	5
8. I am cautious about making any substantial change in my life.	5	4	3	2	1
9. I dread it when I have to learn a new skill, such as reading a foreign language.	5	4	3	2	1
10. I freely criticize other people, even over minor matters such as their hair style or word choice.	5	4	3	2	1
11. I become extremely tense when I know it will soon be my turn to present in front of the group or class.	5	4	3	2	1
12. Speaking in front of the class or other group is a frightening experience for me.	5	4	3	2	1
13. When asked for my advice, I willingly offer it.	1	2	3	4	5
14. I feel comfortable attending a social event by myself.	1	2	3	4	5
15. It is rare that I change my opinion just because somebody challenges me.	1	2	3	4	5

Scoring and Interpretation: Calculate your total score by adding the numbers circled. A tentative interpretation of the scoring is as follows:

- **65–75:** Very high self-confidence, with perhaps a tendency toward arrogance
- **55–64:** A high, desirable level of self-confidence
- **35–54:** Moderate, or average, self-confidence
- **15–34:** Self-confidence needs strengthening

Humility Although self-confidence is a key leadership trait, so is humility, or being humble at the right times. Part of humility is admitting that you do not know everything and cannot do everything, as well as admitting your mistakes to team members and outsiders. A leader, upon receiving a compliment for an accomplishment, may explain that the group deserves the credit. The case for humility as a leadership trait is made strongly by Stephen G. Harrison, the president of a consulting firm, in his comment about how the definition of great leadership has changed: “Great leadership is manifested or articulated by people who know how to underestimate it. There is leadership value in humility, the leadership that comes from putting people in the lime-light, not yourself. Great leadership comes from entirely unexpected places. It’s understatement, it’s dignity, it’s service, it’s selflessness.”⁸

Core Self-Evaluations Self-confidence is one way of looking at the self that contributes to leadership effectiveness. Extensive research suggests that a set of four other related self-perceptions also contributes to leadership effectiveness. **Core self-evaluations** is a broad personality trait that captures bottom-line self-assessment that is composed of self-esteem, locus of control, generalized self-efficacy, and emotional stability. All four traits are positively related to each other. Self-esteem deals with feeling positive toward the self, and generalized self-efficacy means roughly the same thing as being self-confident in many situations. Locus of control refers to whether a person feels personally responsible for events happening to him or her, helping the leader deliver a take-charge attitude. Emotional stability refers to having emotional control, not being neurotic, and having good mental health.

A leader with positive core evaluations is more likely to make decisions more rapidly and pursue initiatives to implement the decisions. Such a leader will feel confident, be steady under pressure, and believe that he or she can control the external environment to some extent.⁹ One of the qualities admired in Jeff Smisek, CEO of Continental Airlines Inc., is his reputation for providing stable leadership to the company. Having a high standing on the trait of emotional stability contributes to stable leadership.¹⁰

Trustworthiness Being trustworthy and earning trust is considered so essential to effective leadership that some companies use these factors to evaluate leaders and managers. Furthermore, evidence and opinion continue to mount that being trustworthy and/or honest contributes to leadership effectiveness. According to a study conducted by Linda Stewart, CEO of the consultancy Interaction Associates, high levels of trust are closely associated with high levels of organizational performance. At the same time, the lower performing companies in the study had lower levels of trust.¹¹ (In both findings, we are assuming that leadership behavior influenced organizational performance.)

An effective leader or manager is supposed to *walk the talk*, thereby showing a consistency between deeds (walking) and words (talk). In this context, **trust** is defined as a person’s confidence in another individual’s intentions and motives and in the sincerity of that individual’s word.¹²

Leaders must be trustworthy, and they must also trust group members. Trust is closely related to *transparency*, in which organizational leadership is open rather than secretive about activities that affect the welfare of stakeholders. Given that so many people distrust top-level business leaders, as well as political leaders, gaining and maintaining trust is a substantial challenge. The following trust builders are worthy of a prospective leader's attention and implementation:¹³

- Make your behavior consistent with your intentions. Practice what you preach, and set the example. Let others know of your intentions and invite feedback on how well you are achieving them.
- When your organization or organizational unit encounters a problem, move into a problem-solving mode instead of looking to blame others for what went wrong.
- Honor confidences. One incident of passing along confidential information results in a permanent loss of trust by the person whose confidence was violated.
- Maintain a high level of integrity. Build a reputation for doing what you think is morally right in spite of the political consequences.
- Listen with compassion and attentiveness when interacting with others. Appear attentive by your body language such as maintaining eye contact, moving toward the person, and put away electronic interrupters such as a smartphone.
- Tell the truth in ways people can verify. It is much easier to be consistent when you do not have to keep patching up your story to conform to an earlier lie. An example of verification would be for a group member to see if the manager really did attempt to buy new conference room furniture as promised.
- Admit mistakes. Covering up a mistake, particularly when everybody knows that you did it, destroys trust quickly.
- Make trust pay in terms of receiving rewards. Trust needs to be seen as a way of gaining advantage.

It takes a leader a long time to build trust, yet one brief incident of untrustworthy behavior can permanently destroy it. Leaders are usually allowed a fair share of honest mistakes. In contrast, dishonest mistakes quickly erode leadership effectiveness.

When a leader is perceived as trustworthy, the organization benefits, as indicated above. Kurt T. Dirks and Donald L. Ferrin examined the findings and implications of research during the last four decades about trust in leadership. The review involved 106 studies and 27,103 individuals. The meta-analysis (quantitative synthesis of studies) emphasized supervisory leadership based on the importance of trust in day-to-day interactions with group members. Trusting a leader was more highly associated with a variety of work attitudes of group members. The highest specific relationships with trust were as follows: more job satisfaction, more commitment to the organization, less intention to leave the company, and more satisfaction with the leader. The relationship of trust to job performance was statistically

significant but quite low.¹⁴ One reason may be that many people perform well for a leader they distrust out of fear of being fired or bad-listed.

Michael E. Palanski and Francis J. Yammarino conducted an online experiment, a study in a health care organization, and a lab study to investigate how integrity relates to job performance. (Integrity was defined as the consistency between words and actions.) No direct relationship between integrity and job performance was found, yet integrity facilitated the leader being trusted, which in turn was associated with higher performance. Leader integrity also enhanced job satisfaction to some extent, which in turn can sometimes enhance job performance.¹⁵

Leadership Self-Assessment Quiz 2-2 gives you the opportunity to examine your own tendencies toward trustworthiness.

Authenticity Embedded in the trait of being trustworthy is **authenticity**—being genuine and honest about your personality, values, and beliefs as well as having integrity. Bill George, a Harvard Business School professor and former chairman and CEO of Medtronic, developed the concept of authentic leadership. In his words, “Authentic leaders demonstrate a passion for their purpose, practice their values consistently, and lead with their hearts as well as their heads. They establish long-term meaningful relationships and have the self-discipline to get results. They know who they are.”¹⁶ To become an authentic leader and to demonstrate authenticity, be yourself rather than attempting to be a replica of someone else. Others respond to your leadership, partly because you are genuine rather than phony. The authentic leader can emphasize different values and characteristics to different people without being phony. For example, a corporate-level manager at Goodyear service centers might engage in more banter when he or she visits a service center than when meeting with financial analysts.

George and several colleagues conducted an intensive leadership development study of 125 diverse business leaders to understand how they became and remain authentic. The authentic leaders typically learned from their experiences by reflecting on them. They also took a hard look at themselves to understand what they really believe, such as whether they really care if their workers are satisfied. The authors of the study concluded that the leader being authentic is the only way to create long-term, positive business results.¹⁷

Authentic leadership can also have a payoff in terms of daily interactions with group members. A study conducted with two telecom firms in China found that employees who reported to supervisors with authentic leadership behavior tended to be better organizational citizens, and were also more engaged in their work.¹⁸ (Organizational citizenship behavior refers to a willingness to help out beyond one's job description without expecting to be rewarded.)

A team of researchers conducted two studies to better understand the relationship between authentic leadership and job performance. The settings chosen were a police organization and a training camp at a U.S. Army base. These difficult, or extreme, settings were chosen because such



LEADERSHIP SELF-ASSESSMENT QUIZ 2-2

Behaviors and Attitudes of a Trustworthy Leader

Instructions: Listed here are behaviors and attitudes of leaders who are generally trusted by their group members and other constituents. After you read each characteristic, check to the right whether this is a behavior or attitude that you appear to have developed already, or whether it does not fit you at present.

	FITS ME	DOES NOT FIT ME
1. Tells people he or she is going to do something, and then always follows through and gets it done.	<input type="checkbox"/>	<input type="checkbox"/>
2. Is described by others as being reliable.	<input type="checkbox"/>	<input type="checkbox"/>
3. Is good at keeping secrets and confidences.	<input type="checkbox"/>	<input type="checkbox"/>
4. Tells the truth consistently.	<input type="checkbox"/>	<input type="checkbox"/>
5. Minimizes telling people what they want to hear.	<input type="checkbox"/>	<input type="checkbox"/>
6. Is described by others as “walking the talk.”	<input type="checkbox"/>	<input type="checkbox"/>
7. Delivers consistent messages to others in terms of matching words and deeds.	<input type="checkbox"/>	<input type="checkbox"/>
8. Does what he or she expects others to do.	<input type="checkbox"/>	<input type="checkbox"/>
9. Minimizes hypocrisy by not engaging in activities he or she tells others are wrong.	<input type="checkbox"/>	<input type="checkbox"/>
10. Readily accepts feedback on behavior from others.	<input type="checkbox"/>	<input type="checkbox"/>
11. Maintains eye contact with people when talking to them.	<input type="checkbox"/>	<input type="checkbox"/>
12. Appears relaxed and confident when explaining his or her side of a story.	<input type="checkbox"/>	<input type="checkbox"/>
13. Individualizes compliments to others rather than saying something like “You look great” to many people.	<input type="checkbox"/>	<input type="checkbox"/>
14. Does not expect lavish perks for himself or herself while expecting others to go on an austerity diet.	<input type="checkbox"/>	<input type="checkbox"/>
15. Does not tell others a crisis is pending (when it is not) just to gain their cooperation.	<input type="checkbox"/>	<input type="checkbox"/>
16. Collaborates with others to make creative decisions.	<input type="checkbox"/>	<input type="checkbox"/>
17. Communicates information to people at all organizational levels digitally and in person.	<input type="checkbox"/>	<input type="checkbox"/>
18. Readily shares financial information with others.	<input type="checkbox"/>	<input type="checkbox"/>
19. Listens to people and then acts on many of their suggestions.	<input type="checkbox"/>	<input type="checkbox"/>
20. Generally engages in predictable behavior.	<input type="checkbox"/>	<input type="checkbox"/>

Scoring and Interpretation: These statements are mostly for self-reflection, so no specific scoring key exists. However, the more of these statements that fit you, the more trustworthy you are—assuming you are answering truthfully. The usefulness of this self-quiz increases if somebody who knows you well also answers it about you. Your ability and willingness to carry out some of the behaviors specified in this quiz could have an enormous impact on your career because so many business leaders in recent years have not been perceived as trustworthy. Being trustworthy is therefore a career asset.

contexts provide greater opportunity for leaders to encourage positive attitudes and reduce negativity among subordinates. The results of both studies showed that leaders rated as being more authentic had subordinates rated as more effective performers. The underlying mechanism appeared to be that group members who reported to an authentic leader reported experiencing more positive emotions and fewer negative emotions than those individuals reporting to a less authentic leader.¹⁹ In short, having an authentic leader puts you in a better mood and can elevate your job performance.

Extraversion Extraversion (the scientific spelling for *extroversion*) has been recognized for its contribution to leadership effectiveness because it is helpful for leaders to be gregarious, outgoing, and upbeat in most situations. Also, extraverts are more likely to want to assume a leadership role and participate in group activities. A meta-analysis of seventy-three studies involving 11,705 subjects found that extraversion was the most consistent personality factor related to leadership effectiveness and leadership emergence.²⁰ (*Emergence* refers to someone being perceived as having leadership qualities.) Extraversion is also the personality trait most consistently and strongly related to the type of leadership that brings about major changes (the transformational type).²¹

Extraversion may be an almost innate personality characteristic, yet most people can move toward becoming more extraverted by consciously attempting to be friendlier toward people including smiling and asking questions. An example is, “How are things going for you today?”

Research evidence suggests that an extraverted leader may be more effective in stimulating good job performance among laid back than proactive workers. (The proactive worker takes the initiative to solve problems and seize opportunities.) The authors of the study in question, Adam M. Grant, Francesca Gino, and David A. Hofmann, sent questionnaires to managers and their employees at 130 franchises of a U.S. pizza delivery company. Managers were asked to rate their own extent of extraversion. Employees were asked to estimate how often they and their coworkers “try to bring about improved procedures,” among other proactive behaviors. Data were also collected on store profitability, yet controlling for location such as being close to a college campus. (A laboratory study was also conducted about extraverted leaders and proactive employees, finding comparable results.) Among the findings in the pizza franchise study that provide clues to the best leadership approach to proactive employees were the following:

- In stores where employees were below average in proactive personality, extraverted leadership was associated with 16 percent higher profits than average.
- In stores where employees offered ideas, extroverted leadership was associated with 14 percent lower profits.

A key conclusion drawn from the study is that when employees are proactive, extraverted leadership is associated with lower performance.

The problem is that extraverted leaders may attempt to come up with most of the ideas for improvement themselves, rather than listening carefully to employee suggestions. Furthermore, with proactive employees leaders need to be receptive to suggestions from the group. When employees are not proactive, extraverted leadership was associated with higher group performance.²² The implication is that with less proactive group members, the leader needs to act more demonstratively and set a clear direction.

Assertiveness Letting others know where you stand contributes to leadership effectiveness, and also contributes to being or appearing extraverted. **Assertiveness** refers to being forthright in expressing demands, opinions, feelings, and attitudes. Being assertive helps leaders perform many tasks and achieve goals. Among them are confronting group members about their mistakes, demanding higher performance, setting high expectations, and making legitimate demands on higher management. A director of her company's mobile phone service unit was assertive when she said to her staff, "Our cell service is the worst in the industry. We have to improve." An assertive person is reasonably tactful rather than being aggressive and obnoxious. A leader with good sensitivity, or emotional intelligence, knows when assertiveness crosses the line into aggressiveness, such as insulting subordinates or making unreasonable demands.

Enthusiasm, Optimism, and Warmth In almost all leadership situations, it is desirable for the leader to be enthusiastic. Group members tend to respond positively to enthusiasm, partly because enthusiasm may be perceived as a reward for constructive behavior. Enthusiasm is also a desirable leadership trait because it helps build good relationships with team members. A leader can express enthusiasm both verbally ("Great job"; "I love it") and nonverbally (making a fist-bump or high-five gesture).

Ajay Banga, the CEO of MasterCard, exemplifies an enthusiastic executive. Shortly after joining the company as president and chief operating officer in 2009, he developed the reputation of being the company's cheerleader, shaking up its low-key culture with hugs and fist bumps in the hallway.²³

Enthusiasm often takes the form of optimism, which helps keep the group in an upbeat mood and hopeful about attaining difficult goals. The optimistic leader is therefore likely to help bring about exceptional levels of achievement. Yet, there is a potential downside to an optimistic leader. He or she might not develop contingency plans to deal with projects that do not go as well as expected.²⁴ An overly optimistic information technology manager, for example, might not take into account that an earthquake could hit the geographic area where company data are stored.

Being a warm person and projecting that warmth is part of enthusiasm and contributes to leadership effectiveness in several ways. First, warmth helps establish rapport with group members. Second, the projection of warmth is a key component of charisma. Third, warmth is a trait that helps

provide emotional support to group members. Giving such support is an important leadership behavior. Fourth, being warm is engaging, whereas being cold tends to create distance from others.

Experimental evidence has been collected suggesting that a leader with a positive emotional state can have a positive impact on job performance. As framed by James B. Avey, Bruce J. Avolio, and Fred Luthans, being positive is part of having positive psychological capital that includes self-efficacy, optimism, hope, and resilience. As part of a broader experiment, engineers in an aerospace company were assigned to leaders with a high or low positive psychological capital. (Low positive psychological capital means that the leader has a negative emotional state.) Leaders in the experiment were given either positive or negative scripts to reflect the two differences in positive psychological states. The experimental task for the engineers was to solve a complex aerospace engineering task. A positive relationship was found between the leader's positive state and (a) the follower's positive state, and (b) performance. The study therefore supports the conventional wisdom that leaders with a positive attitude can facilitate group members developing a positive attitude and performing well.²⁵

Leadership Skill-Building Exercise 2-1 provides an opportunity to use display positive psychological capital to group members.

Sense of Humor Whether humor is a trait or a behavior, the effective use of humor is an important part of the leader's role. Humor adds to the approachability and people orientation of a leader. Laughter and humor serve such functions in the workplace as relieving tension and boredom and defusing hostility. Because humor helps the leader dissolve tension and defuse conflict, it helps him or her exert power over the group. Self-effacing humor is the choice of comedians and organizational leaders alike. By being self-effacing, the leader makes a point without insulting or slighting anybody. Instead of criticizing a staff member for being too technical, the leader might say, "Wait, I need your help. Please explain how this new product works in terms that even I can understand."



LEADERSHIP SKILL-BUILDING EXERCISE 2-1

Enthusiasm, Optimism, and Warmth on the Job

One person plays the role of the CEO of an American company that makes medical devices, including a computerized leg prosthesis that enables the wearer to engage in everyday activities comfortably, as well as play demanding physical sports such as tennis, soccer, and half-court basketball (within limits). The CEO as well as the top-management team have just learned that a medical device manufacturer located in Malaysia has produced an equally

good prosthetic leg that will be sold in the United States for one-half the price of their device. The CEO has scheduled an 8:30 A.M. Monday meeting to discuss the problem. The CEO believes that enthusiasm, optimism, warmth, as well as the display of positive psychological capital will be necessary to help the team deal with this peril. About five other students will play the role of the top-management team members who attend the meeting.

Humor as used by leaders has been the subject of considerable serious inquiry, and here are a few recommendations based on this research:²⁶

- People who occupy high-status roles joke at a higher rate than those of lesser status and tend to be more successful at eliciting laughter from others. (A possible reason that high-status people elicit more laughter is that lower-status people want to please them.)
- Self-enhancing humor (building up yourself) facilitates the leader's acquisition of power from superiors by increasing the leader's appeal.
- Executives and other managers who use self-deprecating humor appear more approachable and likeable to subordinates.
- Aggressive humor can be used to victimize, belittle, and cause others some type of disparagement—and will lead to negative outcomes such as stress and counter-hostility among group members. (No surprise to readers here.)

Task-Related Personality Traits

Certain personality traits of effective leaders are closely associated with task accomplishment. The task-related traits described here are outlined in Figure 2-2.

Proactive Personality Leadership is often perceived to mean about the same thing as taking the initiative. Initiative, in turn, is closely related to being proactive, or creating or controlling a situation by causing something to happen, rather than reacting after the event happens. According to its original research-based definition, a person with a **proactive personality** has a relatively stable tendency to effect environmental change.²⁷ Proactive behavior usually stems from a proactive personality and refers to self-initiated anticipatory action with the intent of either changing the situation or one's own behavior and attitudes.²⁸ An effective leader therefore often has a proactive personality, and therefore exhibits proactive behavior.

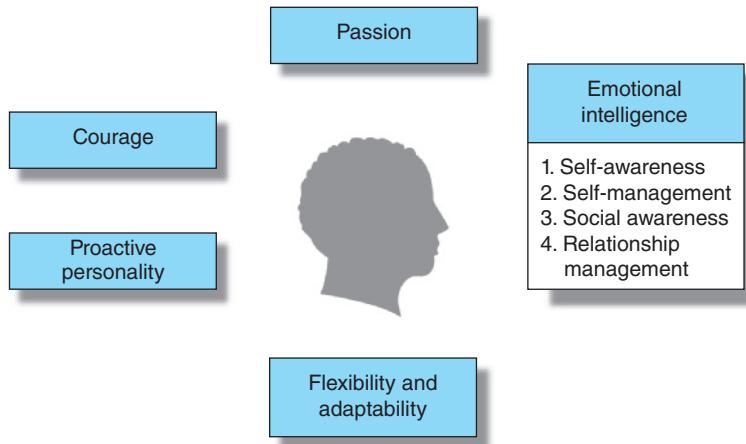


FIGURE 2-2 Task-Related Personality Traits of Leaders.

Most of the leaders, you will read about in this book, show high proactivity including the CEO described in the chapter opener who wants to leave a legacy. An example of research evidence for the importance of leader proactivity is found in a study of district managers and their business units from a large U.S.-based consumer packaged goods company. The managers were rated on their proactivity by their immediate managers, using statements such as "Takes charge in situations where a leader is needed." Part of the study found that proactive high-level managers establish more challenging goals for their business units, which in turn are associated with higher sales performance.²⁹

Leadership Self-Assessment Quiz 2-3 gives you an opportunity to think through your own tendencies toward having a proactive personality and therefore being proactive.



LEADERSHIP SELF-ASSESSMENT QUIZ 2-3

My Tendencies Toward Being a Proactive Personality

Indicate on a 1-to-5 scale the extent of your agreement with the statements below: agree strongly (AS), agree (A), neutral (N), disagree (D), and disagree strongly (DS).

	AS	A	N	D	DS
1. I plan carefully for things that might go wrong.	5	4	3	2	1
2. I don't worry about problems until after they have taken place.	1	2	3	4	5
3. If I see something that is broken, I fix it.	5	4	3	2	1
4. I have been told several times that I am good at taking the initiative.	5	4	3	2	1
5. I often let things like a computer password expire without making the necessary changes.	1	2	3	4	5
6. When something important needs doing, I wait for somebody else to take the initiative.	1	2	3	4	5
7. I think that having a home security system is a good investment in money.	5	4	3	2	1
8. I look around for good opportunities that would help me in my career or personal life.	5	4	3	2	1
9. I don't give much thought to the future because there is not much I can do about it.	1	2	3	4	5
10. It is a good idea to start saving or investing for retirement at the beginning of your career.	5	4	3	2	1
11. I begin projects and tasks by myself, without requiring prompting from somebody else.	5	4	3	2	1
12. The old saying, "The early bird gets the worm," doesn't make much sense in real life.	1	2	3	4	5
13. I let the future take care of itself without giving it much thought.	1	2	3	4	5
14. I set my own goals rather than have others set them for me.	5	4	3	2	1
15. I create a lot of change both in work and personal life.	5	4	3	2	1
16. I have often asked for feedback on my job performance.	5	4	3	2	1
17. If your job is going well, it is a bad idea to explore new job possibilities from time to time.	1	2	3	4	5

QUIZ 2-3 (continued)

	AS	A	N	D	DS
18. Once you have chosen a satisfactory career, it is a bad idea to explore the possibilities of another career from time to time.	1	2	3	4	5
19. I readily express my opinion about the effectiveness of a work process.	5	4	3	2	1
20. It is best to stick carefully to your job description rather than create responsibilities for yourself.	1	2	3	4	5
21. I regularly take positive steps to increase the chances that I will stay healthy and physically fit.	5	4	3	2	1
22. I am quite innovative both in work and personal life.	5	4	3	2	1

Scoring and Interpretation: Total the numbers corresponding to your answers.

- **100–125:** Scores in this range suggest that you have strong tendencies toward being a proactive personality. Such proactivity should be (or already is) an asset to you in your career and personal life. Yet scoring 115 points or more could suggest that you sometimes annoy people with your constant need for taking on new responsibility and creating change.
- **70–99:** Scores in this range suggest that you have about average tendencies toward being proactive. To enhance your success and have more fun in life, you might attempt to become more proactive.
- **25–69:** Scores in this range suggest that you have a problem with proactivity. Both your work and personal life would probably be enhanced if you became more proactive.

Source: The idea for this scale and several of its statements stem from Thomas S. Bateman and J. Michael Grant, "The Proactive Component of Organizational Behavior: A Measure and Correlates," *Journal of Organizational Behavior*, March 1993, p. 112.

Passion for the Work and the People A dominant characteristic of effective leaders is their passion for their work and to some extent for the people who help them accomplish the work. The passion goes beyond enthusiasm and often expresses itself as an obsession for achieving company goals. Many leaders begin their workday at 6:00 A.M. and return to their homes at 7:00 P.M. After dinner, they retreat to their home offices to conduct business for about two more hours. Information technology devices, such as tablet computers and smart phones, feed the passion for work, making it possible to be in touch with the office even during golf or a family picnic. The downside to extreme passion for work is that it can lead to work addiction, thereby interfering with other joys in life.

Passion for their work is especially evident in entrepreneurial leaders, no matter what size and type of business. A given business, such as refurbishing engines, might appear mundane to outsiders. The leader of such a business, however, is willing to talk for hours about tearing down old engines and about the wonderful people who help do the job.

One of the ways for an entrepreneur to inject passion into a business is to tell a *creation-of-the-enterprise story*. The story should inspire people to understand how your product or cause will make the world a better place. Howard Schultz, the founder and chairman of Starbucks, provides an example.³⁰

Schultz's story begins in 1961, when his father broke his ankle at work and was left without income, insurance or any way to support his family. The family's fear inspired change. Schultz grew up driven to create a company in which employees have a safety net woven of respect and dignity.

Emotional Intelligence Many different aspects of emotions, motives, and personality that help determine interpersonal effectiveness and leadership skill have been placed under the comprehensive label of *emotional intelligence*. **Emotional intelligence** refers to the ability to do such things as understanding one's feelings, have empathy for others, and regulate one's emotions to enhance one's quality of life. This type of intelligence generally has to do with the ability to connect with people and understand their emotions. Many of the topics in this chapter (such as warmth) and throughout the text (such as political skill) can be considered related to emotional intelligence. In addition to being an ability, emotional intelligence is also a trait, or part of the leader's personality.³¹

Based on research in dozens of companies, Daniel Goleman discovered that the most effective leaders are alike in one essential way: They all have a high degree of emotional intelligence. Cognitive intelligence (or general mental ability) and technical skills are considered threshold capabilities for success in executive positions. Yet, according to Goleman, without a high degree of emotional intelligence, a person can have excellent training, superior analytical skills, and loads of innovative suggestions, but he or she still will not make a great leader. His analysis also revealed that emotional intelligence played an increasingly important role in high-level management positions, where differences in technical skills are of negligible importance. (Keep in mind, however, that most high-level managers would not have advanced to their position if they lacked good technical skills or business knowledge.) Furthermore, when star performers were compared with average ones in senior leadership positions, differences in emotional intelligence were more pronounced than differences in cognitive abilities.³²

Four key factors in emotional intelligence are described next, along with a brief explanation of how each factor links to leadership effectiveness. The components of emotional intelligence have gone through several versions, and the version presented here is tied closely to leadership and interpersonal skills. The leader who scores high in emotional intelligence is described as *resonant*.³³

1. Self-awareness. The ability to understand your own emotions is the most essential of the four emotional intelligence competencies. Having high self-awareness allows people to know their strengths and limitations and have high self-esteem. Resonant leaders use self-awareness to accurately measure their own moods, and they intuitively understand how their moods affect others. (Effective leaders seek feedback to see how well their actions are

received by others. A leader with good self-awareness would recognize such factors as whether he or she was liked or was exerting the right amount of pressure on people.)

2. *Self-management.* This is the ability to control one's emotions and act with honesty and integrity in a consistent and adaptable manner. The right degree of self-management helps prevent a person from throwing temper tantrums when activities do not go as planned. Resonant leaders do not let their occasional bad moods ruin their day. If they cannot overcome the bad mood, they let work associates know of the problem and how long it might last. (A leader with high self-management would not suddenly decide to fire a group member because of one difference of opinion.)

3. *Social awareness.* This includes having empathy for others and intuition about organizational problems. Socially aware leaders go beyond sensing the emotions of others by showing they care. In addition, they accurately size up political forces in the office. (A team leader with social awareness, or empathy, would be able to assess whether a team member had enough enthusiasm for a project to assign it to him. A CEO who had empathy for a labor union's demands might be able to negotiate successfully with the head of the labor union to avoid a costly strike.)

4. *Relationship management.* This includes the interpersonal skills of being able to communicate clearly and convincingly, disarm conflicts, and build strong personal bonds. Resonant leaders use relationship management skills to spread their enthusiasm and solve disagreements, often with kindness and humor. (A leader with good relationship management skills would not burn bridges and would continue to enlarge his or her network of people to win support when support is needed. A leader or manager with good relationship management skills is more likely to be invited by headhunters to explore new career opportunities.)

It is also helpful to recognize that emotional intelligence has relevance for leaders other than those in the executive suite. Two studies with students taking a course in organizational behavior, and assigned small-group projects, examined how emotional intelligence was related to emergent leadership. Among the dimensions of emotional intelligence measured, it was found that the ability to understand emotions was the most consistently related to leadership emergence.³⁴ In other words, the study participants with the best skill in understanding emotions in others were more likely to be perceived as having leadership qualities.

If leaders do not have emotional intelligence, they may not achieve their full potential despite their high cognitive intelligence. Almost daily, a scanning of newspapers will reveal an organizational leader who was disgraced or dismissed because of displaying poor emotional intelligence. Sometimes the business leader is a person of outstanding reputation and accomplishment. Among the frequent errors in emotional intelligence are lying about credentials, repeated sexual harassment of subordinates and customers, and insider trading. Most of the leaders described in this book have good

emotional intelligence. Here are two examples of making good use of emotional intelligence on the job:³⁵

- Your company is approached about merging. The due diligence process suggests everything is favorable, yet your gut instinct says something is amiss. Rather than ignore your intuition, use it to motivate yourself to gather more information on the principals in the company.
- Your stomach knots as you prepare for a presentation. Your anxiety may stem from your sense that you are not well prepared. The emotionally intelligent response is to dig into the details and rehearse your presentation until the knots are replaced by a sense of welcome anticipation and confidence.

Research on emotional intelligence and leadership has also focused on the importance of the leader's mood in influencing performance. Daniel Goleman, Richard Boyatzis, and Annie McKee believe that the leader's mood and his or her associated behaviors greatly influence bottom-line performance. One reason is that moods are contagious. A cranky and ruthless leader creates a toxic organization of underachievers (who perform at less than their potential). In contrast, an upbeat and inspirational leader breeds followers who can surmount most challenges. Thus mood finally affects profit and loss. The implication for leaders is that they have to develop emotional intelligence regarding their moods. It is also helpful to develop a sense of humor, because lightheartedness is the most contagious of moods.³⁶ Furthermore, evidence has accumulated that leaders who express positive emotions are more likely to receive high ratings from subordinates. Conversely, leaders who display negative emotions tend to be rated as less effective.³⁷

A concluding note about the study of emotional intelligence is that it contributes to the understanding of leadership because Emotional Intelligence highlights the importance of leaders making effective use of emotions. Information about emotional intelligence also leads to a better understanding of how leadership emerges, leadership behaviors, and leadership effectiveness. Nevertheless, some proponents of emotional intelligence go too far in their claims about its importance in relation to leadership effectiveness. Specifically, we cannot overlook the contribution of general mental ability (cognitive intelligence) to being an effective leader. Two separate syntheses of research studies suggest that emotional intelligence is only one of various factors (including other personality traits, cognitive ability, and functional skills) that influences what leaders accomplish.³⁸

Flexibility and Adaptability A leader is someone who facilitates change. It therefore follows that a leader must be flexible enough to cope with such changes as technological advances, downsizings, global outsourcing, a shifting customer base, and a changing work force. **Flexibility**, or the ability to adjust to different situations, has long been recognized as an important leadership characteristic. Leaders who are flexible are able to adjust to the demands of changing conditions, much as antilock brakes enable an automobile to adjust to changes in road conditions. Without the underlying trait of flexibility, a person might be an effective leader in only one or two situations. The manufacturing industry exemplifies a field in which

situation adaptability is particularly important because top executives are required to provide leadership for both traditional production employees as well as highly skilled professionals.

Courage Leaders need courage to face the challenges of taking prudent risks and taking initiative in general. Courage comes from the heart, as suggested by the French word for heart, *coeur*. Leaders must face up to responsibility and be willing to put their reputations on the line. It takes courage for a leader to suggest a new undertaking, because if the undertaking fails, the leader is often seen as having failed. Courageous leadership has also been described as *gutsy*. Many people criticized the late Steve Jobs (the former Apple Inc. CEO and then Chairman) and his management team when they initiated Apple stores because they saw no useful niche served by these retail outlets. Apple stores were an immediate and long-lasting success, vindicating the judgment of Jobs and his team. The more faith people place in the power of leaders to cause events, the more strongly they blame leaders when outcomes are unfavorable.

According to Kathleen K. Reardon, courage in business is a special kind of calculated risk taking that comes about with experience. One of the requirements of taking an intelligent gamble is having contingency plans.³⁹ For example, if Apple stores had failed, the properties could have been sold to other posh retailers, thereby reducing possible losses.

Leadership Motives

Effective leaders have frequently been distinguished by their motives and needs. In general, leaders have an intense desire to occupy a position of responsibility for others and to control them. Figure 2-3 outlines four

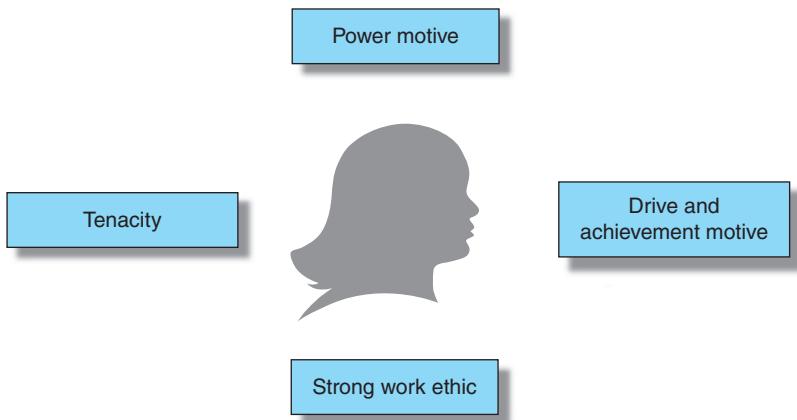


FIGURE 2-3 Leadership Motives.

specific leadership motives or needs. All four motives can be considered task related.

The Power Motive

Effective leaders have a strong need to control resources. Leaders with high power motives have three dominant characteristics: (1) they act with vigor and determination to exert their power, (2) they invest much time in thinking about ways to alter the behavior and thinking of others, and (3) they care about their personal standing with those around them.⁴⁰ The power motive is important because it means that the leader is interested in influencing others. Without power, it is much more difficult to influence others. Power is not necessarily good or evil; it can be used for the sake of the power holder (personalized power motive) or for helping others (socialized power motive).⁴¹

Personalized Power Motive Leaders with a personalized power motive seek power mostly to further their own interests. They crave the trappings of power, such as status symbols, luxury, and money. The wealthiest of CEOs purchase luxury condominium apartments in major cities, even when they have another home. Some leaders with strong personalized power motives typically enjoy dominating others. Their need for dominance can lead to submissive subordinates who are frequently sycophants and yes-persons.

Another characteristic of leaders with a personalized power motive is that they do not worry about everybody liking them. They recognize that as you acquire power, you also acquire enemies. In the words of successful college football coach Steve Spurrier, “If people like you too much, it’s probably because they are beating you.”⁴²

Socialized Power Motive Leaders with a socialized power motive use power primarily to achieve organizational goals or a vision. In this context, the term *socialized* means that the leader uses power primarily to help others. As a result, he or she is likely to provide more effective leadership. Leaders with socialized power motives tend to be more emotionally mature than leaders with personalized power motives. They exercise power more for the benefit of the entire organization and are less likely to manipulate others through the use of power. Leaders with socialized power motives are also less defensive and more willing to accept expert advice. Finally, they have longer-range perspectives.⁴³

It is important not to draw a rigid line between leaders with personalized power motives and those with socialized power motives. The distinction between doing good for others and doing good for oneself is often made on the basis of very subjective criteria. A case in point is Denise Morrison, the CEO of Campbell Soup. The many nutritious, relatively

low-priced foods her company manufactures facilitate the well-being of millions of people throughout the world. At the same time, Morrison is growing in power and stature because the company she leads is so successful.

The Drive and Achievement Motive

Leaders are known for working hard to achieve their goals. **Drive** refers to a propensity to put forth high energy into achieving objectives and to persistence in applying that energy. Drive also includes **achievement motivation**—finding joy in accomplishment for its own sake. Entrepreneurs and high-level corporate managers usually have strong achievement motivation. Such people have a consistent desire to:

1. Achieve through their efforts and take responsibility for success or failure
2. Take moderate risks that can be handled through their own efforts
3. Receive feedback on their level of performance
4. Introduce novel, innovative, or creative solutions
5. Plan and set goals⁴⁴

Drive usually requires a high level of physical energy, especially because many leadership positions require long hours and heavy travel. In recognition of the energy requirements of their position, many business executives emphasize physical fitness. An extreme case in point is Gary Smith, the CEO of Clena Corp., a manufacturer of telecommunications network systems. He has converted stables on his private property into a facility devoted to CrossFit exercises. Such exercises involve mixing different heavy exercises into one session, such as bouncing a medicine ball against a wall, power lifting, and pushups.⁴⁵

Tenacity and Resilience

A final observation about the motivational characteristics of organizational leaders is that they are *tenacious*. Tenacity multiplies in importance for organizational leaders because it takes a long time to implement a new program or to consummate a business deal, such as acquiring another company. Resilience is part of tenacity because the tenacious person will bounce back from a setback through continuous effort. Visualize the leader of an information technology group in a large corporation. Perhaps he or she builds a website to process customer orders, and the first attempt fails. Instead of giving up, he or she tenaciously works with the team to fix the problems, thereby bouncing back from a major setback in his or her career.

Cognitive Factors and Leadership

Mental ability as well as personality is important for leadership success. To inspire people, bring about constructive change, and solve problems creatively, leaders need to be mentally sharp. Another mental requirement is the ability to sort out essential information from less essential information and then store the most important information in memory. Problem-solving and intellectual skills are referred to collectively as **cognitive factors**. We discuss five cognitive factors that are closely related to cognitive intelligence, as shown in Figure 2-4. The descriptor *cognitive* is somewhat necessary to differentiate traditional mental ability from emotional intelligence.

Cognitive (or Analytical) Intelligence

Being very good at solving problems is a fundamental characteristic of effective leaders in all fields. Business leaders, for example, need to understand how to analyze company finances, use advanced software, manage inventory, and deal with international trade regulations. Research spanning 100 years has demonstrated that leaders receive higher scores than most people on mental ability tests, including IQ (a term for a test score that for many people is synonymous with intelligence). A meta-analysis of 151 studies found a positive relationship between intelligence and job performance of leaders in many different settings. The relationship is likely to be higher when the leader plays an active role in decision making and is not overly stressed. The researchers also found support for the old idea that intelligence contributes the most to leadership effectiveness when the leader is not vastly smarter than most group members.⁴⁶ Again, group members prefer that their leaders be smarter than the average group member even if the difference is not huge.

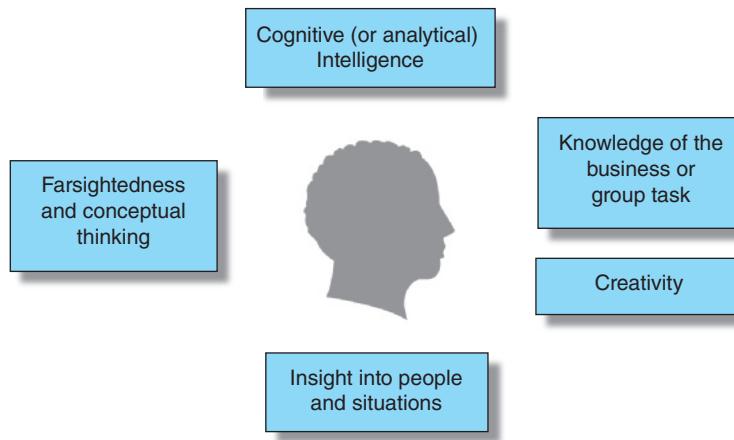


FIGURE 2-4 Cognitive Factors and Leadership.

The top 1 percent in combined mental ability (as measured by intelligence tests) and income includes large numbers of successful professionals such as doctors, lawyers, and business executives.⁴⁷

Cognitive intelligence is all the more useful for leadership when it is supplemented by **practical intelligence**, the ability to solve everyday problems by using experience-based knowledge to adapt to and shape the environment. Practical intelligence is sometimes referred to as street smarts.⁴⁸ A leader with good practical intelligence would know, for example, not to deliver a vision statement on a day most of the company employees were worried about a power outage in their homes created by a massive lightning storm.

A study with printing industry CEOs along with founders of printing industry and graphics companies lends support to the importance of practical intelligence for leaders. The primary finding of the study was that entrepreneurs who learn through concrete experience and amplify their practical intelligence with growth goals are more likely to lead and operate growing ventures.⁴⁹

David Fischer, the vice president of marketing at Facebook, illustrates a leader with good cognitive as well as practical intelligence. A former Google executive, he said he knew when he was hired that Facebook Chief Executive Mark Zuckerberg would not tolerate pop-up ads or marketing campaigns that dominate the Facebook home screen. This demand pushed Fischer to create ways to make ad products that will also engage readers.⁵⁰ Although he works with a team, Fischer also has to generate useful ideas himself.

Knowledge of the Business or Group Task

Intellectual ability is closely related to having knowledge of the business or the key task the group is performing. An effective leader has to be technically competent in some discipline, particularly when leading a group of specialists. It is difficult for the leader to establish rapport with group members when he or she does not know what the group members are doing and when the group does not respect the leader's technical skills.

The importance of knowledge of the business is strongly recognized as an attribute of executive leadership. Leaders at every level are expected to bring forth useful ideas for carrying out the mission of the organization or organizational unit. A representative example is that according to a team of researchers, a key requirement for the chief supply chain management officer is "end-to-end understanding of the supply chain."⁵¹

Knowledge of the business or the group task is particularly important when developing strategy, formulating mission statements, and sizing up the external environment. Chapter 13 deals with strategy formulation at length.

Creativity

Many effective leaders are creative in the sense that they arrive at imaginative and original solutions to complex problems. The marketing vice president of Facebook presented as an example of high intelligence also illustrates the importance of creative thinking. Creative ability lies on a

continuum, with some leaders being more creative than others. At one end of the creative continuum are business leaders who think of innovative products and services. One example was the late Steve Jobs of Apple Inc. Jobs contributed creative product ideas to his company including endorsing the development of the iPod, followed by the iPhone and iPad. Even while on medical leave, and working from home, Jobs had been involved in product development and company strategy formulation.

At the middle of the creativity continuum are leaders who explore imaginative—but not breakthrough—solutions to business problems. At the low end of the creativity continuum are leaders who inspire group members to push forward with standard solutions to organizational problems. Creativity is such an important aspect of the leader's role in the modern organization that the development of creative problem-solving skills receives separate attention in Chapter 11.

Insight into People and Situations

Another important cognitive trait of leaders is **insight**, a depth of understanding that requires considerable intuition and common sense. Intuition is often the mental process used to provide the understanding of a problem. Insight helps speed decision making. Jeff Bezos of Amazon.com believes that the bigger the decision, such as whether or not to enter a particular business, the greater the role of insight and intuition.

Insight into people and situations involving people is an essential characteristic of managerial leaders because it helps them make the best use of both their own and others' talents. For example, it helps them make wise choices in selecting people for key assignments. Insight also enables managers to do a better job of training and developing team members because they can wisely assess the members' strengths and weaknesses. Another major advantage of being insightful is that the leader can size up a situation and adapt his or her leadership approach accordingly. For instance, in a crisis situation, group members welcome directive and decisive leadership. Being able to read people helps the manager provide this leadership.

You can gauge your insight by charting the accuracy of your hunches and predictions about people and business situations. For example, size up a new coworker or manager as best you can. Record your observations and test them against how that person performs or behaves many months later. The feedback from this type of exercise will help sharpen your insights.

Farsightedness and Conceptual Thinking

To develop visions and corporate strategy, a leader needs **farsightedness**, the ability to understand the long-range implications of actions and policies. A farsighted leader recognizes that hiring talented workers today will give the firm a long-range competitive advantage. A more shortsighted view would be to hire less-talented workers to satisfy immediate employment needs. The farsighted leader/manager is not oblivious to short-range needs



LEADER IN ACTION

Kevin A. Plank, Founder of Under Armour Inc.

Kevin A. Plank is the entrepreneurial leader who founded Under Armour Inc., the popular line of sports apparel. Plank launched a basic idea of tight, breathable, sports clothes, and built into a company of several billion dollars in annual sales, and a 3 percent share of the sports apparel market in the United States and Canada.

While a student at the University of Maryland, Plank started several businesses, including Cupid's Valentine, a small firm that delivered roses on Valentine's Day. Savings from the rose delivery business became the startup money for Under Armour. As Plank became frustrated with the inability of his T-shirts to absorb perspiration and keep him dry, he searched for material that would wick the sweat from his body, making him lighter and faster. Plank did find the right type of synthetic fabric, used in women's lingerie. He had a tailor create a handful of prototypes, and asked his teammates to give the T-shirts a try, suggesting that the sweat-absorbing shirts would enhance their performance. Plank later sent sample T-shirts to professional football players, asking them to pass them out to other players in the locker room. An advertisement in *ESPN The Magazine* prompted \$1 million in direct sales the following year.

To market his new business, Plank traveled extensively, visiting locker rooms across the country to introduce athletes and equipment managers to a novel item—a tight-fitting, moisture-wicking T-shirt that provides muscle support and regulates the body temperature. Over the years, the product line has expanded including professional and amateur team uniforms, footwear, and even loose-fitting garments such as tennis shirts.

A major part of the company image Plank has created is that of a youthful, athletic lifestyle. The average employee age is in the low thirties, and most are physically fit. Employees work out physically on company premises, and food in the company cafeteria is coded according to its level of healthiness, including "God" foods, "slow" foods, and "Whoa" foods.

Plank has made Under Armour a place where anyone with a creative idea will be listened to carefully and encouraged. Many suggestions for improvement come from employees in their early twenties. Plank will sometimes clap his hands in enthusiasm when he and an employee agree on a course of action, such as a product improvement. Plank stays actively involved in the details of the business such as new product development and seeking the most appropriate professional athletes for product endorsements.

A key part of Plank's management style is to incorporate athletic values into the office environment. Instead of meetings, the company holds "huddles." Employees are encouraged to "manage the clock," "execute the play," and "respect your teammates."

Plank is so excited about entrepreneurship that he initiated the Cupid's Cup Business and Innovation Competition and Showcase, named after the Valentine's Day rose delivery business he started while at college. The initiative encourages young entrepreneurs to compete for an opportunity to build their businesses. Plank is also a frequent speaker at organizations and universities throughout the United States.

QUESTIONS

1. What evidence is presented in this story that Kevin Plank has good cognitive skills?
2. Which personality traits does Plank appear to possess?
3. Assuming that he had a job available in your field, how would you enjoy reporting directly to Plank?

Source: Original story created from facts and observations in the following sources: Daniel Roberts, "Under Armour Gets Serious," *Fortune*, November 7, 2011, pp. 152–162; "Kevin Plank and Under Armour," (www.uabiz.com), pp. 1–3; Jean Marbella, "Under Armour Founder Kevin Plank Sees Himself as the Underdog: CEO Grounds Myriad Ambitions in His Maryland Roots," *Baltimore Sun* (<http://articles.baltimore-sun.com>), May 9, 2013, pp. 1–2; Jason Fagone, "Kevin Plank, the Man Under the Armour," *Men's Journal* (www.mensjournal.com), September 2013, pp. 1–8.



LEADERSHIP SKILL-BUILDING EXERCISE 2-2

Group Feedback on Leadership Traits

The class organizes into groups of about seven people. A volunteer sits in the middle of each group. Each group member looks directly at the person in the hot seat and tells him or her which leadership trait, characteristic, or motive he or she seems to possess. It will help if the feedback providers offer a few words of explanation for their observations. For example, a participant who is told that he or she has self-confidence might also be told, “I noticed how confidently you told the class about your

success on the job.” The group next moves on to the second person, and so forth. (We assume that you have had some opportunity to observe your classmates prior to this exercise.)

Each member thus receives positive feedback about leadership traits and characteristics from all the other members in the group. After all members have had their turn at receiving feedback, discuss as a group the value of the exercise.

but will devise an intermediate solution, such as hiring temporary workers until people with the right talents are found.

Conceptual thinking refers to the ability to see the overall perspective, and it makes farsightedness possible. A conceptual thinker is also a *systems thinker*, because he or she understands how the external environment influences the organization and how different parts of the organization influence each other. A good conceptual thinker recognizes how his or her organizational unit contributes to the firm or how the firm meshes with the outside world.

The CEO of PepsiCo, Indra Nooyi, believes that the single most important skill needed for any CEO today is strategic acuity (meaning conceptual thinking and farsightedness). She notes that over twenty-five years ago, when she was chosen to run the European business for PepsiCo, Roger Enrico, the company CEO at the time, said, “I’m pulling you back.” When Nooyi asked why, Enrico replied, “I can get operating executives to run a profit-and-loss-center. But I cannot find people to help me re-conceptualize PepsiCo. That’s the skill in shortest supply.”⁵²

The accompanying Leader in Action insert gives you a CEO in the sports apparel field to study in terms of his personal attributes including cognitive skills.

To help personalize the information about key leadership traits presented so far, do Leadership Skill-Building Exercise 2-2.

The Influence of Heredity and Environment on Leadership

Which contributes more to leadership effectiveness, heredity or environment? Are leaders born or made? Do you have to have the right stuff to be a leader? Many people ponder these issues now that the study of leadership is in vogue. The most sensible answer is that the traits, motives, and characteristics required for leadership effectiveness are caused by a combination

of heredity and environment. Leaders are both born and made. Personality traits and mental ability traits are based on certain inherited predispositions and aptitudes that require the right opportunity to develop. Cognitive intelligence is a good example. We inherit a basic capacity that sets an outer limit to how much mental horsepower we will have. Yet people need the right opportunity to develop their cognitive intelligence so that they can behave brightly enough to be chosen for a leadership position.

Evelyn Williams, who directs the leadership development program at Stanford University, makes the following metaphor: "I think leadership is a combination of nature and nurture. Just as some musicians have a special talent for playing instruments, some people seem to be born with leadership abilities. But whatever their natural talent, people can certainly learn to be better musicians—and better leaders."⁵³

The physical factor of energy also sheds light on the nature-versus-nurture issue. Some people are born with a biological propensity for being more energetic than others. Yet unless that energy is properly channeled, it will not help a person to become an effective leader.

Advances in neuroscience provide additional evidence that there is most likely a genetic and biological component to leadership. David Rock, founder of the NeuroLeadership Institute in Australia, points out that an effective leader is adaptive, such as knowing when to be dogmatic versus collaborative, or when to focus on details versus the big picture. To be adaptive, a person needs an integrated brain. Such integration requires strong connections across all regions of the brain. These connections are mostly genetic although they can be enhanced through mental activities such as creativity training. When the brain is well integrated, the leader can switch between different approaches with ease, such as being tough and unforgiving in one situation and displaying empathy in another.⁵⁴

A convincing example of how brain structure can influence leadership behavior comes from a study about the use of neurological imaging to classify transformational versus non-transformational leaders. As will be explained in the next chapter, transformational leaders bring about major positive changes. In the brain imaging study referenced here, leaders were classified as transformational versus non-transformational based on psychological test results. The 200 leaders studied came from a variety of industries as well as the military. A complex analysis of EEG recordings was able to classify leaders as transformational versus non-transformational with an astonishing 92.5 percent accuracy. A key finding was that transformational leadership is linked to dominance of the frontal part of the brain—precisely the part of the brain associated with executive functions such as planning and foresight.⁵⁵ Keep in mind that the frontal part of the brain can be developed through concentrated intellectual activity over time, suggesting that becoming a transformational leader requires more than having inherited a brain with a dominant frontal lobe.

Research about emotional intelligence reinforces the statements made so far about leadership being a combination of inherited and learned factors. The outermost areas of the brain, known collectively as the neocortex,

govern analytical thinking and technical skill, which are associated with cognitive or traditional intelligence. The innermost areas of the brain govern emotions, such as the rage one might feel when being criticized by a customer. Emotional intelligence originates in the neurotransmitters of the limbic system of the brain, which governs feelings, impulses, and drives.

A person's genes, therefore, influence the emotional intelligence necessary for leadership. However, experience is important for emotional intelligence because it increases with age,⁵⁶ and a person usually becomes better at managing relationships with practice. As one turnaround manager said, "I've restructured five different companies, and I've learned to do it without completely destroying morale."

The Strengths and Limitations of the Trait Approach

A compelling argument for the trait approach is that there is convincing evidence that leaders possess personal characteristics that differ from those of non-leaders. Based on their review of the type of research reported in this chapter, Kirkpatrick and Locke concluded: "Leaders do not have to be great men or women by being intellectual geniuses or omniscient prophets to succeed. But they do need to have the 'right stuff' and this stuff is not equally present in all people."⁵⁷ The current emphasis on emotional intelligence, charisma, innovative thinking, and ethical conduct, which are really traits, attitudes, and behaviors, reinforces the importance of the trait approach.

Understanding the traits of effective leaders serves as an important guide to leadership selection. If we are confident that honesty and integrity, as well as creativity and imagination, are essential leadership traits, then we can concentrate on selecting leaders with those characteristics. Another important strength of the trait approach is that it can help people prepare for leadership responsibility and all of the issues that accompany it. A person might seek experiences that enable him or her to develop vital characteristics such as self-confidence, good problem-solving ability, and assertiveness.

A limitation to the trait approach is that it does not tell us which traits are absolutely needed in which leadership situations. We also do not know how much of a trait, characteristic, or motive is the right amount. For example, some leaders get into ethical and legal trouble because they allow their ambition to cross the borderline into greed and gluttony. In addition, too much focus on the trait approach can breed an elitist conception of leadership. People who are not outstanding on key leadership traits and characteristics might be discouraged from seeking leadership positions.

A subtle limitation to the trait approach is that it prompts some people to believe that to be effective, you have to have a high standing on almost every leadership characteristic. In reality, the majority of effective leaders are outstanding in many characteristics but are low on others. Another possible limitation to the trait approach is that some leaders might be

convinced that they must be strong on one trait at the exclusion of its polar opposite, such as always being extraverted and avoiding introversion. Peter Grauer, the CEO of Bloomberg Ltd., believes that a combination of opposite traits is often required for leadership effectiveness. For example, a leader who is a big-picture thinker might also need to be strong at details. He says that such a leader can give direction on little things and also encourage big ideas.⁵⁸

A balanced perspective on the trait approach is that certain traits, motives, and characteristics increase the probability that a leader will be effective, but they do not guarantee effectiveness. The leadership situation often influences which traits will be the most important.⁵⁹ At the same time, different situations call for different combinations of traits. Visualize yourself as managing a restaurant staffed by teenagers who had never worked previously. You would need to emphasize warmth, enthusiasm, flexibility, and adaptability. Less emphasis would be required on cognitive skills and the power motive.



READER'S ROADMAP

In this chapter, we focused on the traits, motives, and characteristics of the leader—his or her inner qualities. In the next chapter, we dig further into leadership qualities by studying charismatic and transformational leadership.

SUMMARY

The trait-based perspective of leadership contends that certain personal characteristics and skills contribute to leadership effectiveness in many situations. General personality traits associated with effective leadership include (1) self-confidence; (2) humility; (3) core self-evaluations; (4) trustworthiness; (5) authenticity; (6) extraversion; (7) assertiveness; (8) enthusiasm, optimism, and warmth; and (9) sense of humor.

Some personality traits of effective leaders are closely associated with task accomplishment. Among them are (1) proactive personality, (2) passion for the work and the people, (3) emotional intelligence, (4) flexibility and adaptability, and (5) courage. Emotional intelligence is composed of four traits: self-awareness, self-management, social awareness, and relationship management.

Certain motives and needs associated with leadership effectiveness are closely related to task accomplishment. Among them are (1) the power motive,

(2) the drive and achievement motive, (3) strong work ethic, and (4) tenacity and resilience.

Cognitive factors are also important for leadership success. They include cognitive (or analytical) intelligence and knowledge of the business or group task (or technical competence.) Practical intelligence contributes to cognitive intelligence. Creativity is another important cognitive skill for leaders, but effective leaders vary widely in their creative contributions. Insight into people and situations, including the ability to make effective judgments about business opportunities, also contributes to leadership effectiveness. Farsightedness and conceptual thinking help leaders to understand the long-range implications of actions and policies and to take an overall perspective.

The issue of whether leaders are born or bred frequently surfaces. A sensible answer is that the traits, motives, and characteristics required for leadership effectiveness are a combination of heredity and environment.

The trait approach to leadership is supported by many studies showing that leaders are different from non-leaders, and that effective leaders are different from less effective leaders. Nevertheless, the

trait approach does not tell us which traits are most important in which situations or how much of a trait is required. Also, different situations call for different combinations of traits.

KEY TERMS

core self-evaluations	40	emotional intelligence	50	practical intelligence	57
trust	40	flexibility	52	insight	58
authenticity	42	drive	55	farsightedness	58
assertiveness	45	achievement motivation	55		
proactive personality	47	cognitive factors	56		



GUIDELINES FOR ACTION AND SKILL DEVELOPMENT

Because emotional intelligence is so important for leadership success, many organizations sponsor emotional intelligence training for managers. One way to get started on improving emotional intelligence would be to attend such a training program. However, like all forms of training, emotional intelligence training must be followed up with consistent and determined practice. A realistic starting point in improving your emotional intelligence is to work with one of its four components at a time, such as the empathy aspect of social awareness.

Begin by obtaining as much feedback as you can from people who know you. Ask them if they think you understand their emotional reactions, and how well they think you understand them. It is also helpful to ask someone from another culture or someone who has a severe disability how well you communicate with him or her. (A higher level of empathy is required to communicate well with somebody much different from you.) If you have external or internal customers, ask them how well you appear to understand their position.

Another way of gaining insight into one's level of emotional intelligence would be complete a professional assessment of EQ (emotional intelligence quotient), combined with an interview by a skilled professional to supplement the assessment. One such instrument is the *Emotional Intelligence Appraisal-Me Edition* that also offers an e-learning course to strengthen emotional intelligence.⁶⁰

If you find any area of deficiency, work on that deficiency steadily. For example, perhaps you are not perceived as taking the time to understand a point of view quite different from your own. Attempt to understand other points of view. Suppose you believe strongly that money is the most important motivator for practically everybody. Speak to a person with a different opinion, and listen carefully until you understand that person's perspective.

A few months later, obtain more feedback about your ability to empathize. If you are making progress, continue to practice. Then, repeat these steps for another facet of emotional intelligence. As a result of this practice, you will have developed another valuable interpersonal skill.

Another way of developing emotional intelligence is through *mindfulness*, which refers to being more aware of your thoughts and actions. Reflect carefully on how you react to people and what you are thinking. As with meditation, pay careful attention to the moment. For example, you might be a participant in an intense meeting, and you think of a witty comment that at first you feel cannot wait. Through mindfulness, you might decide to postpone the comment until a less intense moment.⁶¹

A constructive approach to applying trait theory to attain your goals in a given situation is to think through which combination of traits is the most likely to lead to positive outcomes in the situation at

hand. Finding the right cluster of traits to emphasize is usually much more useful than emphasizing one trait. You might be leading a group, for example, that is worried because it needs a creative idea to become more productive. Here you might emphasize your cognitive skills, be assertive about expressing your ideas, and also express enthusiasm about the group's chances for success.

Discussion Questions and Activities

1. Which personality trait or traits in a leader have you found to be the most effective in dealing with you? Why?
2. Suppose a college student graduates with a major for which he or she lacks enthusiasm. What might this person do about becoming a passionate leader?
3. What have you observed personally to be helpful about a leader displaying a sense of humor?
4. What would lead you to conclude that a leader was non-authentic (phony)?
5. Under what circumstances do you think it is acceptable for a leader to lose emotional control, such as ranting, swearing, or crying?
6. What are your best-developed leadership traits, motives, and characteristics? How do you know?
7. Provide an example of a leader you have observed who appears to have good cognitive intelligence, yet is lacking in practical intelligence.
8. Which do you think is the most outstanding leadership trait, motive, or characteristic of the person teaching this class? Explain your answer.
9. If leadership ability is partially inherited, to what extent is it still worthwhile for a person without any family members who have held leadership positions to pursue a career as a high-level business leaders?
10. Many people who disagree with the trait approach to leadership nevertheless still conduct interviews when hiring a person for a leadership position. Why is conducting such interviews inconsistent with their attitude toward the trait approach?

LEADERSHIP CASE PROBLEM A

Store Manager, Ensign Jimmy Badger

During his senior year in high school, Jimmy Badger decided that he would apply for a scholarship with the Naval Reserve Officers Training Corps (NROTC) Scholarship Program. The prospect of having a scholarship that included the cost of tuition, textbooks, lab fees, and minor living expenses seemed outstanding. The focus of the NROTC program on developing leadership skills, including community-service activities, was another plus for Jimmy. He reasoned also that the formal education he would receive would help prepare him for a good career in whatever field he chose. Furthermore, Jimmy thought that serving his country for the six required years was an excellent idea. In his words, "If the powers that be think our country needs a Navy, I want to do my part."

Jimmy found appealing the idea that after graduation from college he would be commissioned as an Ensign in the Naval Reserve, if he committed to

a minimum of five years of active duty service. After a successful four years at his chosen state university, Jimmy became submarine officer Ensign Badger. The five years in the Navy fulfilled their promise. Jimmy enjoyed working with sailors, other officers at his level, and more experienced officers. Jimmy particularly enjoyed being a leader and having so much responsibility. He noted that "One mistake in a submarine can have disastrous consequences for hundreds of people."

Jimmy's superiors thought highly of his work, and they consistently give him outstanding performance evaluations (fitness reports). The one area of suggested improvement in his performance as a naval officer was that at times his performance expectations of those in his command tended to be unrealistically high. A senior officer once told him, "Ensign Badger, this is not your grandfather's Navy. You need to be a little more patient with young sailors."

When Jimmy began his job search as he approached the end of his naval service, he found that many companies were actively recruiting former military officers. The most attractive opportunities were for management positions, or management training programs that would lead quickly to a management position. After a brief job search, Jimmy accepted a management training position at one of the best-known home-improvement chains.

From the start of the training program, Jimmy knew that he had made a good career choice. He believed strongly that his command experience in the Navy, as well as his formal education and part-time jobs, were a strong combination for being successful as a store manager. Jimmy began by working as a store associate for three months in order to learn the business from an entry-level perspective. Next, he was appointed as manager of the tool department at one store for nine months.

Jimmy's giant step into a leadership position took place when he was appointed as the store manager at a medium-size store in the chain, located in Denver, Colorado. In his first meeting with the department managers and other key personnel, Jimmy told them, "I am so pleased to have command of this store. I will soon be asking you for your suggestions as to how to make our store one of the highest-performing units in the company. Communication with me will be constant. My smartphone will be turned on 24/7 to listen to your problems, as well as to inform you of any trouble spots I observe."

A few months into his position, Jimmy transmitted an e-mail to every worker in the store, department supervisors included. The e-mail read in part: "Last evening during my late-night inspection, I noticed several deficiencies in the parking lot that I do not want to see repeated. I found several shopping carts scattered around the lot, instead of in their designated parking space. I found garbage on

the ground. I saw two of our store associates puffing cigarettes outside the store.

"All of the above are totally unacceptable. Let me know by the end of your shift how you are going to fix the problem."

Toward the end of Jimmy's first year, the human resources department conducted its annual morale and job satisfaction survey using the company intranet. Participants were assured that all responses would be anonymous. As a result, participants were encouraged to be entirely candid. Several of the write-in comments about store manager Jimmy Badger were as follows:

- Our manager is energetic and eager to win. He is still learning about the home-improvement business, but I think his high standards will help us down the road.
- I heard that Jimmy was an officer on a submarine. Will somebody please tell Jimmy to not worry so much? One mistake by a store associate will not drown us.
- Our man Jimmy Badger is a good leader. But he needs to know that some of the yahoos we hire as store associates don't fix their mistakes with one dressing down.
- I like our store manager. But I think he thinks that our ship is sinking and his job is to pull off a rescue mission.

Questions

1. Which leadership characteristics of Jimmy Badger are revealed in this case? Justify your conclusions.
2. To what extent should Jimmy modify his leadership approach?
3. What do you think of the home-improvement store's positive bias toward hiring former military officers for its management training program?

ASSOCIATED ROLE PLAY

Today, district manager Lola Sanchez holds a performance review with store manager Jimmy Badger. One student plays the role of Lola, who is

not looking forward to this review. She is pleased with Jimmy's results, but she is concerned that he is going too far in pushing for high standards of

behavior and compliance with store rules. Lola worries that Jimmy's high standards of performance and behavior might create some unwanted turnover. Another student plays the role of Jimmy, who is expecting an outstanding performance

evaluation because of his high standards of performance and behavior. Run the role play for about eight minutes, with observers providing some feedback after the role players have completed their task.

LEADERSHIP CASE PROBLEM B

Blunt Brittany

Brittany is the director of merchandising for Auto Pal, a large chain of automotive supply stores in the United States and Canada. The company has continued to grow in terms of stores and income, as so many more people keep their vehicles longer, and also perform more maintenance, such as oil changes, by themselves. Merchandising is a core function of Auto Pal because the chain distributes thousands of products in its stores, from floor mats to transmissions.

With profit margins thin, and heavy competition, the pace of conducting business at Auto Pal is hectic. Brittany moves quickly when dealing with her direct reports, sometimes to their surprise.

Sid, a merchandise specialist for vehicle cleaning and polishing supplies, recently requested a two-week paternity leave because he and his wife were expecting a baby any moment now. Brittany replied that such a request was kind of wimpy, and a little bit out of the ordinary. "Don't you have a mother-in-law who can help with the new baby? Or, are you so poor that you can't hire a nanny for two weeks?"

Katie, a merchandising specialist for batteries, regulators, and radiators, sent Brittany a detailed report about new procurement software that might save thousands of dollars for Auto Pal in the long run. Brittany sent back an e-mail stating in part, "Does this great new software come from

a company that employs a relative of yours? We are already using state-of-the art software."

Jeff, the office manager, and one of Auto Pal's most senior employees, sent Brittany an e-mail asking if he could take his ten days of vacation in five two-day pieces next year instead of ten consecutive working days. The next day, Brittany wrote back, "I like your idea Jeff. In this way your work flow would be less disrupted. And besides, an old-timer like you needs a few more long weekends than the rest of us do."

One day, Auto Pal CEO Derek asked Brittany how well she was proceeding with her strategic plan for next year. Brittany replied, "Not much progress yet. I'm running around putting out fires and dealing with the realities of making sure my team gets the right merchandise into the stores. Maybe you could have one of those overpaid marketing specialists dream up a strategic plan that I could sign off on."

Questions

1. In which leadership trait or characteristic does Brittany seem to need the most development?
2. How would you rate Brittany's warmth and enthusiasm as a leader?
3. What action would you recommend that Derek take to improve Brittany's leadership effectiveness?

ASSOCIATED ROLE PLAY

CEO Derek has heard some rumors that Brittany is insensitive in dealing with her direct reports, and he has also observed some of this insensitivity

in his interactions with Brittany. At the same time, Derek recognizes that her leadership in merchandising has helped Auto Pal grow and prosper.

Derek decides to schedule a one-on-one meeting with Brittany. She thinks that perhaps the meeting will be a good opportunity for her to complain about how thin-skinned some of her

direct reports appear to be. Run the role play for about eight minutes with observers, providing some feedback after the role players have completed their task.



LEADERSHIP SKILL-BUILDING EXERCISE 2-3

My Leadership Portfolio

For this addition to your leadership portfolio, first select five of the traits, motives, and characteristics described in this chapter that you think you have already exhibited. For each of these attributes, explain why you think you have it. An example would be as follows:

Insight into people and situations: As a restaurant manager, my job was to help hire an assistant manager who would share some of the responsibilities of running the restaurant. I invited a friend of mine, Laura, to apply for the position, even though she had never worked in a restaurant. I noticed that she was businesslike and also had a good touch with people. Laura was hired, and she proved to be a fantastic assistant manager. I obviously sized her up correctly.

Second, select several leadership traits, motives, or characteristics that you think you need to develop to enhance your leadership skills. Explain why you think you need this development, and how you think you might obtain it. An example would be as follows:

Passion for the work and people: So far I am not particularly passionate about any aspect of work or any cause, so it is hard for me to get very excited about being a leader. I plan to read more about my field and then interview a couple of successful people in this field to find some aspect of it that would be a joy for me to get involved in.



LEADERSHIP SKILL-BUILDING EXERCISE 2-4

Analyzing the Traits, Motives, and Characteristics of a Well-Known Leader

Choose one or two well-known leaders as a topic for discussion. *Well-known* in this context refers to somebody whom the majority of the class has observed, either in person or through the media, including the Internet, newspapers, and on YouTube. Take a few class moments to agree on which leader or leaders will be analyzed. Possibilities include (a) your

college president, (b) your country president or prime minister, or (c) a well-known NFL coach.

The next step is for the class to discuss this leader's traits, motives, and characteristics, using ideas from this chapter of the text. Look to see if you can find consensus about the leader's strongest and weakest personal attributes.

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Charismatic and Transformational Leadership

LEARNING OBJECTIVES

After studying this chapter and doing the exercises, you should be able to

- Describe many of the traits and behaviors of charismatic leaders.
- Explain the visionary component of charismatic leadership.
- Explain the communication style of charismatic leaders.
- Have an action plan for developing your charisma.
- Explain the nature of transformational leadership.
- Identify several of the impacts of charismatic and transformational leadership on performance and behavior.
- Describe the concerns about charismatic leadership from the scientific and moral standpoint.

CHAPTER OUTLINE

The Meanings of Charisma

Charisma: A Relationship Between the Leader, Group Members, and Other Stakeholders

The Effects of Charisma

Three Types of Charismatic Leaders

Characteristics of Charismatic Leaders

The Vision Component of Charismatic Leadership

The Communication Style of Charismatic Leaders

Leadership by Inspiration

Leadership by Storytelling

Extensive Use of Social Networking

The Development of Charisma

Techniques for Developing Charisma

Transformational Leadership

How Transformations Take Place

Attributes of Transformational Leaders

The Impact of Transformational and Charismatic Leadership on Performance and Behavior

Concerns about Charismatic Leadership

Challenges to the Validity of Charismatic Leadership

The Dark Side of Charismatic Leadership

Summary

Key Terms

Guidelines for Action and Skill Development

Leadership Case Problem A

Leadership Case Problem B

Notes

Panera Bread Co. is the major player in the fast-casual restaurant business, referring to the space between fast-food and fine dining. The restaurant chain, with over 1,700 outlets in the United States and Canada, is headed by Ron Shaich, a business leader who feels committed to reducing poverty, including hunger. His combination of business success, intelligence, and commitment to his values has inspired many people to recognize that Shaich is making an impact on society. He is also regarded as a restaurant business visionary.

The Panera Cares cafés originated by Shaich are located in areas that have struggled economically, including Detroit and St. Louis, and where the customer base is mixed income. In these five cafés, there are no prices listed next to menu items and no cash registers. Instead, the customer finds donation boxes at the end of the counter with signs reading, "Take what you need, leave your fair share." Panera cashiers take food orders and dispense receipts indicating how much the items typically cost. The customer decides how much cash to leave, or how much to charge his or her credit card.

Shaich notes that about one million customers per year are served in these cafés. Twenty percent of customers leave more than the suggested donation; 60 percent leave the suggested donation; and 20 percent leave considerably less than the suggested donation. Some people, particularly bands of teenagers, have abused the system.

Shaich says many critics thought it didn't make business sense for a publicly traded company to devote time and resources to building a nonprofit enterprise. He explains that Panera Care is a conscious approach to business whereby making a difference in the community strengthens the business. "Panera Cares is a powerful differentiator," he says, "that helps build trust with our customers, pride with our associates, and ultimately enhances the competition."

Shaich knows that five pay-what-you-want cafés will not cure poverty nor end world hunger. Yet they can be a stimulus for other consumer companies such as Home Depot and Gap to reach out to the neediest members of the community. He believes that more companies should do more than extract profits from society.¹

The words and actions of Ron Shaich illustrate a couple of key points about charismatic and transformational leaders. They think big, are committed to their values, and are willing to pursue a nontraditional path. The study of charismatic and transformational leadership, an extension of the trait theory, has become an important way of understanding leadership. One of the many reasons that charisma is important is that it facilitates leaders in carrying out their roles. Charisma makes the leader's job much easier. In today's fiercely competitive global economy, leaders need to energize their constituents more than ever. Helping people attain stretch goals and understand why change is necessary is done more quickly with charisma than relying solely on reasoning and logic.² (A stretch goal tests most of your capabilities but is not so difficult to attain that you are likely to fail.)

In this chapter, we examine the meaning and effects of charismatic leadership, the characteristics of charismatic leaders, how such leaders form visions, and how one develops charisma. We also describe the closely related and overlapping subject of transformational leadership. Finally, we look at the dark side of charismatic leadership.

The Meanings of Charisma

Charisma, like leadership itself, has been defined in various ways. Nevertheless, there is enough consistency among these definitions to make charisma a useful concept in understanding and practicing leadership. *Charisma* is a

Greek word meaning “divinely inspired gift.” In the study of leadership, **charisma** is a special quality of leaders whose purposes, powers, and extraordinary determination differentiate them from others.³ In general use, the term *charismatic* means to have a charming and colorful personality, such as that shown by many talk-show hosts.

The various definitions of charisma have a unifying theme. Charisma is a positive and compelling quality that makes many others want to be led by the person that has it. The phrase *many others* is chosen carefully. Few leaders are perceived as charismatic by *all* of their constituents. A case in point is the late Steve Jobs of Apple Inc., whose name surfaces frequently in discussions of charisma. *Fortune* magazine once declared Jobs to be the CEO of the Decade in part because he has cheated death (overcome pancreatic cancer for a while) and changed our world.⁴ In contrast, a news reporter and novelist described Jobs as “a brilliant but short-tempered figure known for his outsized ego and penchant for control.” He was also known to be stubborn and arrogant.⁵ Furthermore, Jobs was cruelly insulting toward people who challenged him. Such behavior is hardly a characteristic of an inspiring leader.

Given that charisma is based on perceptions, an important element of charismatic leadership involves the *attributions* made by group members about the characteristics of leaders and the results they achieve. According to attribution theory, if people perceive a leader to have a certain characteristic, such as being visionary, the leader will more likely be perceived as charismatic. Attributions of charisma are important because they lead to other behavioral outcomes, such as commitment to leaders, self-sacrifice, and high performance.

A study of attributions and charisma found that the network a person belongs to influences the attributions he or she makes. The subjects in the study were police workers who rated the director of a police organization and students in an introductory business course who rated the charisma of their professors. The study found that network members influenced to some extent whether the study participants perceived their leader or professor to be charismatic and that perceptions of charisma were the closest among friends within networks.⁶ What about you? Are your perceptions of the charisma of your professors influenced by the opinions of your network members?

Charisma: A Relationship Between the Leader, Group Members, and Other Stakeholders

A key dimension of charismatic leadership is that, like all leadership, it involves a relationship or interaction between the leader and the people being led. Furthermore, the people accepting the leadership must attribute charismatic qualities to the leader. John Gardner believes that charisma applies to leader-constituent relationships in which the leader has an exceptional gift for inspiration and nonrational communication. At the same time, the constituents’ response is characterized by awe, reverence, devotion, or emotional dependence.⁷ Sheryl Sandberg, the COO of Facebook, has this type of

relationship with many of her employees. Sandberg's most avid supporters believe she is an inspired executive to whom they can trust their careers.

Charismatic leaders use impression management to deliberately cultivate a certain relationship with group members. In other words, they take steps to create a favorable, successful impression, recognizing that the perceptions of constituents determine whether they function as charismatic leaders.⁸ Impression management seems to imply that these leaders are skillful actors in presenting a charismatic face to the world. But the behaviors and attitudes of truly charismatic leaders go well beyond superficial aspects of impression management, such as wearing fashionable clothing or speaking well. For example, a truly charismatic leader will work hard to create positive visions for group members.

A notable aspect of charismatic and transformational leaders is that their influence extends beyond the immediate work group and beyond reporting relationships. An example is that some consumers are influenced to purchase products from a company, and some suppliers want to do business with it, based partly on the charisma of a company leader.⁹ An example is Kevin A. Plank, the CEO of Under Armour, described in Chapter 2, who inspires many people in the community to wear Under Armour products.

Another way in which the highly charismatic leader influences external stakeholders is that he or she becomes the symbol of the organization. If the leader meets the stakeholders' (or followers') needs, such as wanting to identify with a powerful figure, the stakeholders will have favorable interactions with the organization. Plank fits this role in part because he is athletic and was a college football player.

Charismatic leadership is possible under certain conditions. The constituents must share the leader's beliefs and must have unquestioning acceptance of and affection for the leader. The group members must willingly obey the leader, and they must be emotionally involved both in the mission of the charismatic leader and in their own goals. Finally, the constituents must have a strong desire to identify with the leader.¹⁰

The Effects of Charisma

The study of charisma grows in importance when its effects are recognized, such as whether by being charismatic a leader can enhance productivity, lower accidents, and enhance job satisfaction. Much of the impact of charisma is based on the positive affect (emotion) the charismatic leader triggers among the group members. A group of researchers conducted a study of firefighters and their leaders to explore how the emotional component of charisma affects the mood and happiness of subordinates.

The firefighter study followed a preliminary laboratory study with college students designed to explore how the leader's emotion might affect subordinate behavior. The field study involved 216 firefighters and 48 officers. Happiness, including positive affect and negative affect (unhappiness), was measured through a questionnaire. Leader charisma was measured by a questionnaire quite similar to one presented later in this chapter.

The results suggested that firefighters under the command of a charismatic officer were happier than those under the command of a noncharismatic officer. Charismatic leaders who expressed positive emotion and thoughts tended to have an even stronger impact on the positive emotional state of firefighters. The positive affect of the officers also tended to reduce negative affect among the firefighters.

A conclusion of the study going beyond firefighters is that one of the ways by which charismatic leaders emotionally touch subordinates is through enhancing their positive affect. Furthermore, happier leaders spread their positive mood to group members.¹¹

Another major impact of a charismatic leader in a senior-level position is that he or she leaves a personal stamp on the organization. A few years ago, when Microsoft Corp. was in the process of seeking a new CEO to help revitalize the company, many observers thought that only by bringing back Bill Gates to his former position could the task be accomplished. Although Gates had vacated his operating role at Microsoft years ago, most people still identified him as the driving force and charismatic figure behind the company. A business writer commented, “As long as Microsoft’s founder is around, only Mr. Gates will be able to inflict on Microsoft the change it needs.”¹² When a new CEO, Satya Nadella, was appointed, Gates shifted from the role of chairman to being a technical advisor for Nadella, thereby continuing Gates’s influence on the direction of Microsoft.

The information just presented is useful for the aspiring charismatic leader. Using charisma and a positive mood to help workers become happy is valuable. Productivity might increase as stress might be reduced, resulting in less time lost to illness. Also, not being charismatic enough can sometimes make it difficult to hold on to a high-level leadership position.

Three Types of Charismatic Leaders

The everyday use of the term *charisma* suggests that it is a straightforward and readily understood trait. As already explained, however, charisma has different meanings and dimensions. As a result, charismatic leaders can be categorized into various types, with the three most relevant for today described here: socialized charismatics, personalized charismatics, and celebrities.¹³

Following the distinction made for the power motive, some charismatic leaders use their power for the good of others. A **socialized charismatic** is a leader who restrains the use of power in order to benefit others. This type of leader also attempts to bring group members’ values in line with his or her values. The socialized charismatic formulates and pursues goals that fulfill the needs of group members and provide intellectual stimulation to them. Followers of socialized charismatics are autonomous, empowered, and responsible. A study conducted in a health care organization indicated that direct reports of leaders perceived to be socialized charismatics are

less likely to engage in workplace deviance (such as lying, stealing, and cheating). Part of the reason is that the socialized charismatic imparts positive values to group members.¹⁴

The effect of the socialized charismatic on followers provides more insight into this type of charismatic. In the socialized relationship, the followers have a clear sense of who they are and a clear set of values. The charismatic relationship gives them an opportunity to express their important values within the framework of being a group member, such as wanting to work together to preserve the planet. In a socialized relationship, the followers derive a sense of direction and self-expression not from identifying with the leader but from the leader's message.¹⁵ The message of the socialized charismatic in this situation might be, "We want to make money but we want to contribute to a sustainable environment at the same time."

A second type of charismatic leader is the **personalized charismatic**. Such individuals serve primarily their own interests and so exercise few restraints on their use of power. Personalized charismatics impose self-serving goals on constituents, and they offer consideration and support to group members only when it facilitates their own goals. Followers of personalized charismatics are typically obedient, submissive, and dependent. They also identify more with the leader than the leader's message and therefore might follow the leader down an unethical path, such as granting homeowner loans that will most likely result in a high foreclosure rate.

The *celebrity charismatic* can be found in organizational life as well as in the political and entertainment realms. Charismatic people of this type may overlap with the other types such as being socialized and personalized. Carly Fiorina, the former Hewlett-Packard CEO and one-time candidate for U.S. Senator, was perceived by many to be a celebrity charismatic. She was often accused of being more interested in personal fame than taking care of the internal operations of Hewlett-Packard. Howard Schultz, the founder and CEO of Starbucks, has emerged into a celebrity CEO because he often takes a stand on national and political issues, such as urging people to get the federal debt under control.

Characteristics of Charismatic Leaders

The outstanding characteristic of charismatic leaders is that they are charismatic, and therefore they can attract, motivate, or lead others. They also have other distinguishing characteristics. Because charisma is a key component of transformational leadership, many of these characteristics also apply to transformational leaders. A **transformational leader** is one who brings about positive, major changes in an organization. Many charismatic leaders, however, are not transformational. Although they inspire people, they may not bring about major organizational changes. As we look at the characteristics of charismatic leaders,¹⁶ you will note that many of these characteristics apply to leaders in general.

First, charismatic leaders are *visionary* because they offer an exciting image of where the organization is headed and how to get there. A vision is

more than a forecast; it describes an ideal version of the future of an entire organization or an organizational unit. The next section provides additional information about vision in leadership, including guidelines on how to develop a vision. Chapter 13, which discusses the leadership aspects of business strategy, also contains information about formulating visions.

Charismatic leaders also possess *masterful communication skills*. To inspire people, the charismatic leader uses colorful language and exciting metaphors and analogies. (More about the communication skills of charismatic leaders is presented later in this chapter.) Another key characteristic is the *ability to inspire trust*. Constituents believe so strongly in the integrity of charismatic leaders that they will risk their careers to pursue the chief's vision. Charismatic leaders are also *able to make group members feel capable*. Sometimes they do this by enabling group members to achieve success on relatively easy projects. They then praise the group members and give them more demanding assignments.

Charismatic people are typically tactful in social situations based partly on their ability to read other people's emotions (part of emotional intelligence). Related to reading emotions is the ability to connect with people, as in the now overdone phrase, "I feel your pain." For example, during a severe business downturn, a company leader might say, "I know a lot of you are worried about losing your jobs. Working with you as a team, we are fighting to avoid layoffs."

In addition, charismatic leaders demonstrate an *energy and action orientation*. Like entrepreneurs, most charismatic leaders are energetic and serve as role models for getting things done on time. *Emotional expressiveness and warmth* are also notable. A key characteristic of charismatic leaders is the ability to express feelings openly. A bank vice president claims that much of the charisma people attribute to her can be explained very simply: "I'm up front about expressing positive feelings. I praise people, I hug them, and I cheer if necessary. I also express my negative feelings, but to a lesser extent." Nonverbal emotional expressiveness, such as warm gestures and frequent (nonsexual) touching of group members, is also characteristic of charismatic leaders.

An example of a charismatic business executive who combines an action orientation with emotional expressiveness and warmth is Luis Manuel Ramirez, the CEO of the Industrial Solutions unit of GE. According to one observer, he "emits energy like one of GE's new WATT electric vehicle chargers. His hands are in perpetual motion, now orchestrating through the air, now reaching out to gently touch the wrist of the interviewer for emphasis."

The ability of Ramirez to adapt to multiple, global environments also enhances his charisma, including emotional expressiveness. As Ramirez explains:

When they see my face in the Middle East, they think I am Middle Eastern. In India, they think I am Indian. In Europe, maybe I was born in southern Spain. People see that I am not the typical Anglo-American, and they ask me where I am from. It is like an icebreaker.¹⁷

Another trait of charismatic leaders is that they *romanticize risk*. They enjoy risk so much that they feel empty in its absence. Jim Barksdale, now a venture capitalist for online startup companies and former CEO of Netscape, says that the fear of failure is what increases your heart rate. As great opportunists, charismatic people yearn to accomplish activities others have never done before. Risk taking adds to a person's charisma because others admire such courage. In addition to treasuring risk, charismatic leaders use *unconventional strategies* to achieve success.

Charismatic leaders often have a *self-promoting personality*. They frequently toot their own horn and allow others to know how important they are. Richard Branson, the colorful chairman of the Virgin Group, has relied on self-promotion to build his empire, a collection of about 200 companies with the Virgin trademark. Among his antics have been flying around the world in a balloon, and sliding down the side of a silver ball attached to a New York City building. He also conducts much of his business electronically from his private island in the Virgin Islands.

Another characteristic observed in many charismatic leaders is that they challenge, prod, and poke. They test your courage and your self-confidence by asking questions like "Do your employees really need you?" Larry Ellison, the celebrity charismatic who is founder and CEO of Oracle Corporation, often asks workers to explain how their job contributes to the organization.

Many charismatic leaders are narcissistic, or self-adoring in excess. On the positive side, the air of confidence and dominance so characteristic of narcissisms often inspires followers. During a crisis, for example, followers might want a narcissistic leader who believes that he or she is talented enough to get through a crisis. The narcissistic leader is likely to be charming except when engaging in excessive self-puffery and blaming others for mistakes.

Donald Trump exemplifies a well-known business leader who displays both the positive and negative aspects of narcissism. Trump is primarily a real-estate developer with his name on many office buildings and condominiums. He also has his name on dozens of products, is the titular head of an entrepreneurial institute, and has twice explored the possibilities of running for U.S. President. Lots of people find "the Donald" to be a compelling individual and want to work for him or with him. Trump receives untold thousands of unsolicited e-mails, social networking messages, and letters from people who want to partner with him in a business deal. (Money adds to charisma.) Yet some people dislike Trump because they perceive him to be arrogant and overbearing.

A final strategy for becoming more charismatic is really an amalgam of the ideas already introduced: Being *dramatic and unique* in significant, positive ways is a major contributor to charisma. This quality stems from a combination of factors, such as being energetic, promoting yourself, romanticizing risk, and being emotionally expressive. Leadership scholar Warren G. Bennis contends that great leaders, particularly those in public life, are great actors. The effective leader sells people on a vision to elevate their spirits.¹⁸

To personalize charisma characteristics, go through the charisma checklist presented below. If you can respond to checklist with a reasonable degree of objectivity, the quiz should enhance your understanding of how you might or might not be perceived as charismatic by many people at this stage of your career.



LEADERSHIP SELF-ASSESSMENT QUIZ 3-1

A Checklist of Behaviors and Attitudes Reflecting Charisma

Instructions: Indicate whether each of the following statements applies to you now, or whether it does not apply now or probably never will.

	APPLIES NOW	DOES NOT APPLY OR PROBABLY NEVER WILL
1. Many people have said that I am likeable and charming.	<input type="checkbox"/>	<input type="checkbox"/>
2. In groups I have been part of or led, I have offered a vision that others accepted.	<input type="checkbox"/>	<input type="checkbox"/>
3. I have more physical energy than most people, and the energy is apparent to other people.	<input type="checkbox"/>	<input type="checkbox"/>
4. I do a good job of telling true stories and anecdotes to others on the job.	<input type="checkbox"/>	<input type="checkbox"/>
5. My appearance in terms of dress and personal grooming is well above average.	<input type="checkbox"/>	<input type="checkbox"/>
6. I communicate a lot of passion about my own work, or about the task of the group.	<input type="checkbox"/>	<input type="checkbox"/>
7. I am successful at making other people feel important.	<input type="checkbox"/>	<input type="checkbox"/>
8. I am candid without being offensive.	<input type="checkbox"/>	<input type="checkbox"/>
9. I make frequent use of a firm handshake or fist-bumps when greeting people I know or first-time introductions.	<input type="checkbox"/>	<input type="checkbox"/>
10. My posture is good and I look people in the eye without being accused of staring at them.	<input type="checkbox"/>	<input type="checkbox"/>
11. I have taken sensible risks at least several times in my life.	<input type="checkbox"/>	<input type="checkbox"/>
12. I am comfortable in letting other people know of my accomplishments.	<input type="checkbox"/>	<input type="checkbox"/>
13. I have been told that I have a warm smile.	<input type="checkbox"/>	<input type="checkbox"/>
14. People listen to me when I talk at a meeting.	<input type="checkbox"/>	<input type="checkbox"/>
15. I have an exceptional number of social media friends and followers.	<input type="checkbox"/>	<input type="checkbox"/>

Scoring and Interpretation: The more of these fifteen statements that apply to you now, the greater the probability that you are perceived to be charismatic by many people. If twelve or more of the statements in the checklist apply to you now, you have above average charismatic tendencies. Answering these statements is so subjective that it would be helpful for one or two people who know you well to also respond to the checklist in relation to you. You might then compare your responses to the responses of the other person or persons.

The Vision Component of Charismatic Leadership

A major buzzword in leadership and management is **vision**, the ability to imagine different and better future conditions and ways to achieve them. A vision is a lofty, long-term goal. An effective leader is supposed to have a vision, whereas an ineffective leader either lacks a vision or has an unclear one. Being a visionary is far from an ordinary task, and recent research in neuroscience suggests that visionary leaders use their brain differently than others.

Studies conducted at Arizona State University by Pierre Balthazard required participants to think about the future. Brain activity was measured through EEG technology. A key finding was that levels of brain activity differed significantly between those participants considered visionaries and nonvisionaries. Classifying a business, academic, or political leader as “visionary” was based on interview observations. Visionaries showed much higher levels of brain activity in the areas of the brain associated with visual processing and the organization of information. For example, visionaries showed higher activity in the occipital lobe, which is associated with visual processing and procedural memory.¹⁹

Many people use the terms *vision* and *mission* interchangeably, yet management theorists see them differently. According to organizational change specialist Peter M. Senge, a mission is a purpose, and reason for being, whereas a vision is a picture or image of the future we seek to create.²⁰ A mission of a company that rents private warehouse space to consumers and small business might be, “To extend the living and working space of responsible people.” The same company’s vision might be, “To create a more comfortable, less cramped world for the decades ahead.”

Creating a vision is one of the major tasks of top management, yet quite often vision statements fail to inspire constituents. According to Jim Collins, a vision statement is likely to be more inspirational when it combines three elements:

- 1.** A reason for being beyond making money
- 2.** Timeless, unchanging core values
- 3.** Ambitious but achievable goals

Mechanisms should then be established that set the values into action.²¹ At Google, for example, engineers have “20 percent time,” in which they are free to pursue projects about which they are passionate. (In recent years, many fewer engineers have been allocated 20 percent of their time to dream up new ideas.) This policy supports the company vision of being a world-class innovator. A vision is also considered an important part of strategy implementation. Implementing the vision (or ensuring that the vision is executed) is part of the leader’s role. This is true despite the opinion that the leader creates the vision and the manager implements it.

Vision statements typically relate to the entire organization, yet a leader or manager responsible for an organizational unit can have a vision about what he or she is attempting to accomplish. An example is Laura Ipsen, the senior

vice president and general manager of Smart Grid Cisco. Her big idea (vision) is to create the twenty-first century energy ecosystem—and take a big piece of what is forecasted to be a \$100 billion smart-grid market.²²

Visions have become so popular that some companies have them reproduced on wallet-size plastic cards, key rings, and coffee mugs. It has been said than an effective vision fits on a T-shirt. Here are several sample vision statements:

Google: To make nearly all information accessible to everyone all the time.

Microsoft Corporation: To enable people throughout the word to realize their potential.

Anheuser-Busch: Be the world's best beer company. Through all of our products, services, and relationships, we will add to life's enjoyment.

GM: GM's vision is to be the world leader in transportation products and related services. We will earn our customers' enthusiasm through continuous improvement driven by the integrity, teamwork, and innovation of GM people.

Kraft Foods: Helping People Around the World Eat and Live Better.

Although many vision statements appear as if they could be formulated in fifteen minutes, managers invest considerable time in their preparation and often use many sources of data. To create a vision, obtain as much information from as many of the following sources as necessary.²³

- Your own intuition about developments in your field, the market you serve, demographic trends in your region, and the preferences of your constituents. Think through what are the top industry standards.
- The work of futurists (specialists in making predictions about the future) as it relates to your type of work.
- A group discussion of what it takes to delight the people your group serves. Analyze carefully what your customers and organization need the most.
- Annual reports, management books, business magazines, and Internet search engine results to uncover the type of vision statements formulated by others.
- Group members and friends; speak to them individually and collectively to learn of their hopes and dreams for the future.
- For a vision of the organizational unit, support the organization's vision. You might get some ideas for matching your unit's vision with that of the organization.

After vision statements have been formulated, a wide range of employees must be involved in implementing the vision. Research conducted with 340 employees from a health maintenance organization (HMO) found that two-way communication between leaders and group members had an impact on employees actually integrating the vision into their work. An example of a research statement measuring upward communication about the vision statement was "I initiate conversation with my immediate supervisor about aligning my work behavior with the company's vision." An example of a

vision integration statement was, “The vision serves as a ‘mental guideline’ on how to do my job.”²⁴ A vision for an HMO to be integrated into work behavior would include an idea such as, “Become a regional standout in helping out patients prevent becoming ill in the future.”

Leadership Skill-Building Exercise 3-1 gives you an opportunity to practice vision formulation. Keep in mind that a critic of vision statements once said that it is often difficult to tell the difference between a vision and a hallucination. Google’s vision statement about making nearly all the information in the world accessible to everyone appears to be close to a hallucination.²⁵ For example, the amount of information available is nearly infinite, and not everybody on the planet has access to Google.

The Communication Style of Charismatic Leaders

Charismatic and transformational leaders typically communicate their visions, goals, and directives in a colorful, imaginative, and expressive manner. In addition, they communicate openly with group members and create a comfortable communication climate. To set agendas that represent the interests of their constituents, charismatic leaders regularly solicit constituents’ viewpoints on critical issues. They encourage two-way communication with team members while still promoting a sense of confidence.²⁶ Here we describe three related aspects of the communication style of charismatic leaders: leadership by inspiration, leadership by storytelling, and communication via social networking.

Leadership by Inspiration

According to Jay A. Conger, the era of managing by dictate is being replaced by an era of leadership by inspiration. An important way to inspire others is to articulate a highly emotional message. An example would be the CEO



LEADERSHIP SKILL-BUILDING EXERCISE 3-1

Formulating a Vision

Along with your teammates, assume the role of the top management group of an organization or organizational unit that is in need of revitalization. Your revitalization task is to create a vision for the organization. Express the vision in not more than twenty-five words, using the guidelines for developing a vision described in the text. Come to an agreement quickly on the organization or large organizational unit that needs a vision. Or choose one of the following:

- The manufacturer of an electric-powered automobile
- An online store that sells used designer clothes for women and men
- A waste disposal company
- A chain of home-improvement and hardware stores
- A manufacturer of watches retailing for a minimum of \$25,000

explaining to her top-management team, “If we continue to provide such outstanding customer service we will double our market share within one year.” Conger has observed two major rhetorical techniques of inspirational leaders: the use of metaphors and analogies, and the ability to gear language to different audiences.²⁷

Using Metaphors and Analogies A well-chosen analogy or metaphor appeals to the intellect, to the imagination, and to values. The charismatic Mary Kay Ash (now deceased), founder of the cosmetics company Mary Kay, Inc., made frequent use of metaphors during her career. To inspire her associates to higher performance, she often said: “You see, a bee shouldn’t be able to fly; its body is too heavy for its wings. But the bumblebee doesn’t know that and it flies very well.” Mary Kay explained the message of the bumblebee metaphor in these terms: “Women come to us not knowing they can fly. Finally, with help and encouragement, they find their wings—and then they fly very well indeed.”²⁸

Gearing Language to Different Audiences Metaphors and analogies are inspiring, but effective leaders must also choose the level of language that will suit their audience. This is important because constituents vary widely in verbal sophistication. One day, for example, a CEO might be attempting to inspire a group of Wall Street financial analysts, and the next day he or she might be attempting to inspire first-level employees to keep working hard despite limited salary increases.

An executive’s ability to speak on a colloquial level helps create appeal. A person with the high status of an executive is expected to use an elevated language style. When the person unexpectedly uses the everyday language of an operative employee, it may create a special positive response. One of the many reasons mega-developer Donald Trump is so popular with construction workers and tradespeople is that he often speaks to them in a tough-guy language familiar to them.

Leadership by Storytelling

Another significant aspect of the communication style of charismatic and transformational leaders is that they make extensive use of memorable stories to get messages across. **Leadership by storytelling** is the technique of inspiring and instructing team members by telling fascinating stories. The technique is a major contributor to building a strong company culture. Storytelling also helps bring out the need for organizational change. A Coca-Cola company executive might tell a story about how the company’s clean-water efforts prevented deaths of thousands of children in an African village. At the same time, the executive might emphasize that Coca-Cola must move more quickly to help thousands of other people throughout the world who lack safe drinking water.

Storytelling as a leadership tool has been elevated to such a level that some companies hire corporate storytelling consultants to help their

executives develop the art. Storytelling is regarded as a useful tool for getting people to embrace change, because a well-crafted story captures people's attention.

A team of researchers in Germany conducted an experiment to investigate whether story telling by a leader had an impact on subordinates. The leaders in the experiment were actors whose stories were videotaped, and the stories told were related to life experiences of the leader. A modest amount of evidence indicated that leaders are perceived to be more authentic when they tell life stories that include negative turning point.²⁹ An example of a negative turning point for an entrepreneurial leader would be, "My savings were down to zero, I was unemployed, and my family and I faced eviction when I thought of the idea for founding this company. The first day we opened for business I had no customers and no employees. Today we have hundreds of customers across the country, and 75 employees."

To get started developing the skill of leadership by storytelling, do Leadership Skill-Building Exercise 3-2.

Extensive Use of Social Networking

To help facilitate their interpersonal communication, charismatic leaders make extensive use of social networks—both in face-to-face interactions and through social media websites. The members of the network are basically contacts with whom the leader has some kind of relationship. The vast majority of managers and professionals also rely on social networking, yet charismatic leaders are particularly aware of its relevance for accomplishing their purposes.

Face-to-Face Networks Charismatic leaders are aware of the importance of face-to-face interactions for establishing effective relationships with constituents. A charismatic leader is therefore likely to invest time in such activities as the following: having lunch with group members, visiting group members at their offices or cubicles, chatting with subordinates in the parking lot or cafeteria, dropping by break rooms to chat for a few moments, and attending as many company social functions as feasible.



LEADERSHIP SKILL-BUILDING EXERCISE 3-2

Charismatic Leadership by Storytelling

Instructions: Gather in a small problem-solving group to develop an inspiring anecdote about something that actually happened, or might have happened, at a current or former employer. Search for a scenario that illustrates an important value of the firm. For example, the CEO of a large international bank while on vacation discovered a

company ATM that was not working properly. He immediately went inside the bank branch to investigate the problem and what could be done about it.

Share your stories with other members of the class, and discuss whether this exercise could make a contribution to leadership development.

In recognition of the importance of internal networks for building relationships and accomplishing goals, some large firms establish formal networking groups. An example is the GE Women's Network, which has 100,000 active members worldwide. The Women's Network was created in 1997 to help women working at GE advance their careers and contribute to company success. A key focus of the initiative includes sharing the experience, best practices, and knowledge of successful women role models. Members of the network cultivate their leadership skills, business practices, and career opportunities.

The focus on the network on leadership, advancement, and career-broadening opportunities has helped the company get to the point where women run businesses generating 20 percent of total company revenues. Women outside GE are invited to some of the key networking events, which help the GE women strengthen their external as well as internal networks. Also, the company outsiders are key customers who might develop ties with the GE women that lead to a better working relationship and more sales.³⁰

Social Networking Sites The charismatic leader goes beyond the ordinary use of public social networking sites (such as Facebook, Twitter, G+, and LinkedIn), and company-special social media sites. The ordinary use of these websites would be to post status reports, present due dates, ask questions, and perhaps post trivial personal information. A more charismatic use of social networking sites would be to post messages designed to inspire, motivate, and make group members feel good about themselves and the organization. A few examples of messages that might project charisma are as follows:

- I liked the cost-saving suggestion you made in this morning's meeting. I think it will result in cost-effective savings.
- Congratulations on having attained your certification as a professional office administrator. Our company can use more professionalism like that.
- I am so sorry that Taboo, your 15-year-old-cat, passed away. Yet it's wonderful to know that you had all the love and friendship for so long. (A charismatic leader will often show empathy.)

Despite the positive use of social networking sites to project charisma, the leader has to guard against posting sensitive information, such as an idea for a new product or service, or legal problems the company might be facing.

The Development of Charisma

A person can increase charisma by developing some of the traits, characteristics, and behaviors of charismatic people. Several of the charismatic characteristics described earlier in the chapter are capable of development. For example, most people can enhance their communication skills, become more emotionally expressive, take more risks, and become more self-promoting. In this section, we examine several behaviors of charismatic people that can be developed through practice and self-discipline.

Techniques for Developing Charisma

Create Visions for Others Being able to create visions for others will be a major factor in your being perceived as charismatic. A vision uplifts and attracts others. To form a vision, use the guidelines presented previously in the chapter. The visionary person looks beyond the immediate future to create an image of what the organization or unit within is capable of becoming. A vision is designed to close the discrepancy between current and ideal conditions. The vision thus sees beyond current realities.

Another characteristic of an effective vision formulated by the leader is that it connects with the goals and dreams of constituents.³¹ For example, the leader of a group that is manufacturing fuel cells for electric cars might listen to team members talk about their desires to help reduce pollution in the atmosphere and then base the vision statement on a “desire to save the planet” or “reduce global warming.”

Be Enthusiastic, Optimistic, and Energetic A major behavior pattern of charismatic people is their combination of enthusiasm, optimism, and high energy. Without a great amount of all three characteristics, a person is unlikely to be perceived as charismatic by many people. A remarkable quality of charismatic people is that they maintain high enthusiasm, optimism, and energy throughout their entire workday and beyond. Elevating your energy level takes considerable work, but here are a few feasible suggestions:

1. Get ample rest at night, and sneak in a fifteen-minute nap during the day when possible. If you have a dinner meeting where you want to shine, take a shower and nap before the meeting.
2. Exercise every day for at least ten minutes, including walking. No excuses are allowed, such as being too busy or too tired or the weather being a handicap.
3. Switch to a healthy, energy-enhancing diet.
4. Keep chopping away at your To Do list, so you do not have unfinished tasks on your mind—they will drain your energy.

An action orientation helps you be enthusiastic, optimistic, and energetic. “Let’s do it” is the battle cry of the charismatic person. An action orientation also means that the charismatic person prefers not to agonize over dozens of facts and nuances before making a decision.

Be Sensibly Persistent Closely related to the high energy level of charismatics is their almost-never-accept-no attitude. I emphasize the word almost because outstanding leaders and individual contributors also know when to cut their losses. If an idea or a product will not work, the sensible charismatic absorbs the loss and moves in another, more profitable direction.

Remember People’s Names Charismatic leaders, as well as other successful people, can usually remember the names of people they have seen only a few times. (Sorry, no charisma credits for remembering the names of everyday work associates.) This ability is partly due to the strong personal interest charismatic leaders take in other people.

The surest way to remember names, therefore, is to really care about people. Failing that, the best way to remember a name is to listen carefully to the name, repeat it immediately, and study the person's face. You can also use the many systems and gimmicks available for remembering names, such as associating a person's name with a visual image. For example, if you meet a woman named Betsy Applewhite, you can visualize her with a white apple (or a white tablet computer) on her head. The best system of name retention remains to listen carefully to the name, repeat it immediately, and study the person's face.

Develop Synchrony with Others A subtle, yet defining, aspect of a truly charismatic person is one who connects well with others. Psychology professor Frank Bernieri studies physical signals that people send to each other, and concludes that being in synch physically with other people is part of charisma. If someone is in synchrony with you, you tend to think he or she is charismatic. A practical method of being in synch with another person is to adjust your posture to conform to his or her posture. The other person stands up straight, and so do you; when he or she slouches, you do also. Charismatic people make these postural adjustments almost subconsciously, or at least without giving the process much thought. Highly skilled charismatic people through the timing of their breaths, gestures, and cadence can entrap listeners into synchrony to the point that they "breathe and sway in tune with the speaker."³²

Develop a Personal Brand, Including Making an Impressive Appearance A current trend in career advancement is to build a personal brand. Understanding your basket of strengths forms the basis for developing your **personal brand**. Your identity as shown on the Internet, including social networking sites such as Facebook, is also part of your personal brand. Your personal brand makes you unique, thereby distinguishing you from the competition.³³ Perhaps your brand will not reach the recognition of Nike or Rolex, but it will help develop your reputation. Your personal brand also helps you attract people to accept your leadership.

Another component of your personal brand is your appearance. By creating a polished appearance, a person can make slight gains in projecting a charismatic image. An example of this approach is Frank Bisignano, the CEO of First Data Corp., an electronics payment firm based in Atlanta. Bisignano has a strong record as a transformational leader in the financial industry, and the Brooks Brothers suits and Hermès ties he wears to work enhance his charisma.³⁴ In most cases, the effect of appearance depends on the context. If exquisite clothing and good looks alone made a person a charismatic leader, those impressive-looking store associates in upscale department stores and boutiques would all be charismatic leaders. Therefore, in attempting to enhance your charisma through appearance, it is necessary to analyze your work environment to assess what type of appearance is impressive. Frank Bisignano with his highly polished appearance would create a negative image at a Silicon Valley firm.

Despite these caveats, there is much you can do to enhance your appearance. In recent years, there has been a surge of image consultants who help businesspeople develop an appearance that is useful in influencing people and getting hired. These consultants perform such services as helping you

shop for a new wardrobe, suggesting a new hairstyle, or helping you revamp your slouching posture.

Be Candid Charismatic people, especially effective leaders, are remarkably candid with people. Although not insensitive, the charismatic person is typically explicit in giving his or her assessment of a situation, whether the assessment is positive or negative. Charismatic people speak directly rather than indirectly, so that people know where they stand. Instead of asking a worker, “Are you terribly busy this afternoon?” the charismatic leader will ask, “I need your help this afternoon. Are you available?”

Display an In-Your-Face Attitude The preferred route to being perceived as charismatic is to be a positive, warm, and humanistic person. Yet some people, including business and sports figures, earn their reputation for charisma by being tough and nasty. An in-your-face attitude may bring you some devoted supporters, although it will also bring you many detractors. The tough attitude is attractive to people who themselves would like to be mean and aggressive.

Experimental evidence exists that charismatic leadership can be taught. John Antonakis, Marika Fenley, and Sui Liechti of the University of Lausanne tested whether individuals could be taught to behave more charismatically, and whether changes in charisma affected the impact of leaders. One study involved middle managers, and a second study involved videotapes of MBA students giving a speech. Participants in both studies were trained in charismatic techniques quite similar to those previously mentioned here. Charisma was measured by ratings of coworkers or other students on behaviors and attitudes similar to the checklist presented earlier in the chapter. Training had a significant impact on charisma ratings given by coworkers and other students. In addition, the charisma of individuals had a significant impact on ratings of being a prototypical (conforming to a stereotype) leader, and the probability of the personal emerging as a leader.³⁵

Transformational Leadership

Transformational leadership focuses on what the leader accomplishes, yet it still pays attention to the leader's personal characteristics and his or her relationship with group members. As mentioned previously, the transformational leader helps bring about major, positive changes by moving group members beyond their self-interests and toward the good of the group, organization, or society. The essence of transformational leadership is developing and transforming people.³⁶ As a result, the organization is transformed. In contrast, the *transactional* leader focuses on more routine transactions, rewarding group members for meeting standards (contingent reinforcement). Extensive research by Bernard M. Bass indicates that the transformational-versus-transactional distinction has been observed in a wide variety of organizations and cultures.³⁷

The accompanying Leadership Self-Assessment Quiz 3-2 shows how transformational leadership is measured as perceived by subordinates.



LEADERSHIP SELF-ASSESSMENT QUIZ 3-2

The Dual-Level Transformational Leadership (TFL) Scale

Directions: Check which of the following statements are true or relatively true in relation to a specific manager or supervisor you work for now or in the past.

THE INDIVIDUAL-FOCUSED TFL SUBSCALE

- | | |
|--|--------------------------|
| 1. Encourages me to set high goals for myself. | <input type="checkbox"/> |
| 2. Communicates high performance expectations to me. | <input type="checkbox"/> |
| 3. Shows confidence in my ability to meet performance expectations. | <input type="checkbox"/> |
| 4. Demonstrates total confidence in me. | <input type="checkbox"/> |
| 5. Encourages me to live up to my potential. | <input type="checkbox"/> |
| 6. Helps me develop my strengths. | <input type="checkbox"/> |
| 7. Suggests training to improve my ability to carry out the job. | <input type="checkbox"/> |
| 8. Provides me with developmental experiences. | <input type="checkbox"/> |
| 9. Provides feedback to help me develop my abilities. | <input type="checkbox"/> |
| 10. Provides coaching to help me improve my job performance. | <input type="checkbox"/> |
| 11. Gets me to look at problems from many different angles. | <input type="checkbox"/> |
| 12. Challenges me to think about old problems in new ways. | <input type="checkbox"/> |
| 13. Challenges me to be innovative in my approach to work assignments. | <input type="checkbox"/> |
| 14. Encourages me to be an independent thinker. | <input type="checkbox"/> |
| 15. Commends me when I achieve my goals. | <input type="checkbox"/> |
| 16. Gives me positive feedback when I perform well. | <input type="checkbox"/> |
| 17. Gives me special recognition when my work is very good. | <input type="checkbox"/> |
| 18. Acknowledges improvement in my quality of work. | <input type="checkbox"/> |

THE GROUP-FOCUSED TFL SUBSCALE

- | | |
|---|--------------------------|
| 1. Encourages team members to take pride in our team. | <input type="checkbox"/> |
| 2. Says things that make us feel proud to be members of the team. | <input type="checkbox"/> |
| 3. Says positive things about the team. | <input type="checkbox"/> |
| 4. Encourages others to place the interests of the team ahead of their own interests. | <input type="checkbox"/> |
| 5. Emphasizes the uniqueness of the team. | <input type="checkbox"/> |
| 6. Articulates a compelling vision of the future of our team. | <input type="checkbox"/> |
| 7. Talks optimistically about the future of our team. | <input type="checkbox"/> |
| 8. Talks enthusiastically about what needs to be accomplished by our team. | <input type="checkbox"/> |
| 9. Communicates a clear direction of where our team is going. | <input type="checkbox"/> |
| 10. Fosters collaboration among team members. | <input type="checkbox"/> |
| 11. Encourages group members to be team players. | <input type="checkbox"/> |
| 12. Develops a team attitude and spirit among team members. | <input type="checkbox"/> |
| 13. Gets the team to work together for the same goal. | <input type="checkbox"/> |
| 14. Resolves friction among team members in the interest of teamwork. | <input type="checkbox"/> |

Scoring and Interpretation: The Transformational Leadership Scale is a research instrument that subordinates respond to in relation to their manager. The greater the number of statements that apply to the manager, the more he or she is a transformational leader.

Source: Adapted from Xiao-Hua (Frank) Wang and Jane M. Howell, "Exploring the Dual Effects of Transformational Leadership on Followers," *Journal of Applied Psychology*, November 2010, p. 1144.

So, who is a transformational leader? One example from the retail business is Hubert Joly, a turnaround specialist, who came in from outside the company to be appointed as CEO of Best Buy. Over a period of fifteen years, Joly had developed a track record of successfully turning around companies in the media technology and service sectors.

Best Buy had been losing market share to competitors, the stock price was falling rapidly, and the former CEO was dismissed because he was having an affair with an employee. Joly helped limit Best Buy from functioning as a showroom in which many consumers would visit the stores mostly to try out merchandise, and then purchase the product online. Under Joly, Best Buy soon matched online prices but also offered the experience of touching merchandise and asking questions. Joly cut costs and reduced the workforce, particularly at company headquarters. He also emphasized selling large appliances and promoting the Geek Squad. Under the transformational leadership of Joly, both profits and employee morale showed some improvement, but enhancing sales and profits consistently proved to be a problem.³⁸

How Transformations Take Place

Leaders often encounter the need to transform organizations from low performance to acceptable performance or from acceptable performance to high performance. At other times, a leader is expected to move a firm from a crisis mode to high ground. To accomplish these lofty purposes, the transformational leader attempts to overhaul the organizational culture or subculture. His or her task can be as immense as the process of organizational change. To focus our discussion specifically on the leader's role, we look at ten ways in which transformations take place.³⁹ (See also Figure 3-1.)

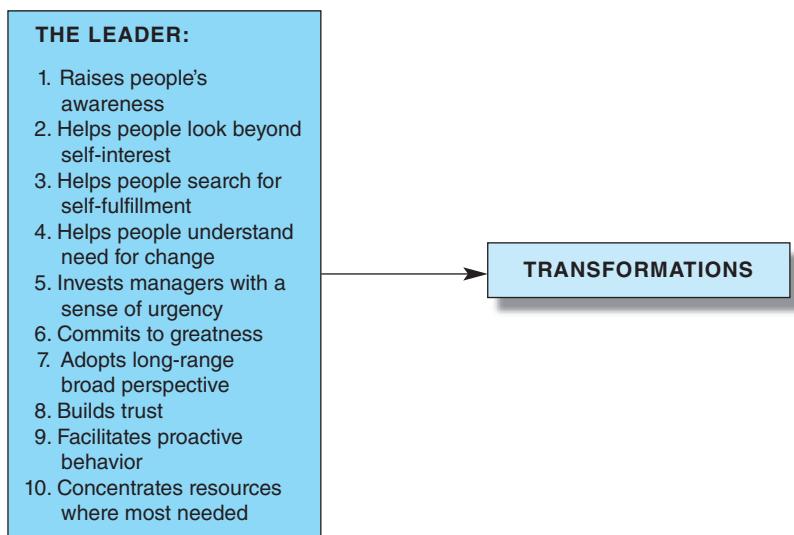


FIGURE 3-1 How Transformations Take Place.

1. Raising people's awareness. The transformational leader makes group members aware of the importance and values of certain rewards and how to achieve them. He or she might point to the pride workers would experience should the firm become number one in its field. At the same time, the leader should point to the financial rewards accompanying such success.

2. Helping people look beyond self-interest. The transformational leader helps group members look to the big picture for the sake of the team and the organization. The executive vice president of a bank told her staff members, "I know most of you dislike doing your own support work. Yet if we hire enough staff to make life more convenient for you, we'll be losing money. Then the government might force us to be taken over by a larger bank. Who knows how many management jobs would then have to be cut."

3. Helping people search for self-fulfillment. The transformational leader helps people go beyond a focus on minor satisfactions to a quest for self-fulfillment. The leader might explain, "I know that making sure you take every vacation day owed you is important. Yet if we get this proposal out on time, we might land a contract that will make us the envy of the industry." (Being the envy of the industry satisfies the need for self-fulfillment.)

Related to helping people search for self-fulfillment is for transformational leaders to help workers understand how their values fit the values of the organization (person–organization value congruence). A study conducted with 140 managers enrolled in an MBA program suggested that transformational leadership influenced work group effectiveness. The impact on effectiveness tended to be positive because of the leader's ability to help workers understand that there was a good fit between their values and those of the organization. Visualize a leader of a group of workers engaged in the fabrication of cement pipes, and that many of the group members value helping people.⁴⁰ The transformational leader would be able to enhance group effectiveness by explaining how the pipes are instrumental in delivering potable water to a wide variety of people.

4. Helping people understand the need for change. The transformational leader must help group members understand the need for change both emotionally and intellectually. The problem is that change involves dislocation and discomfort. An effective transformational leader recognizes this emotional component to resisting change and deals with it openly. Dealing with the emotional conflicts of large numbers of staffers is obviously an immense task. One approach taken by successful leaders is to conduct discussion groups in which managers and workers are free to discuss their feelings about the changes. This approach has been used quite effectively when firms are downsized. Many of the survivors feel guilty that they are still employed while many competent coworkers have lost their jobs. Clearly, conducting these sessions requires considerable listening skill on the manager's part.

5. Investing managers with a sense of urgency. To create the transformation, the leader assembles a critical mass of managers and imbues in them the urgency of change. The managers must also share the top leader's vision

of what is both necessary and achievable. To sell this vision of an improved organization, the transformational leader must capitalize on available opportunities.

6. Committing to greatness. Peter Koestenbaum argues that business can be an opportunity for individual and organizational greatness. By adopting this greatness attitude, leaders can ennable human nature and strengthen societies. Greatness encompasses striving for business effectiveness such as profits and high stock value, as well as impeccable ethics. An emphasis on ethical leadership instills a desire for customer service and quality and fosters feelings of proprietorship and involvement.⁴¹ (A commitment to greatness is, of course, important for all leaders, not just those who are transformational.)

7. Adopting a long-range perspective and at the same time observing organizational issues from a broad rather than a narrow perspective. Such thinking on the part of the transformational leader encourages many group members to do likewise. Unless many people think with a future orientation, and broadly, an organization cannot be transformed.

8. Building trust. Another useful process for transforming a firm is to build trust between leaders and group members, particularly because distrust and suspicion are rampant during a company revival. Dave Cote, CEO of one of the world's largest conglomerates, Honeywell International, led one of the best corporate comebacks in recent history. His greatest accomplishment in the turnaround was unifying Honeywell's formerly fractured, disenchanted culture. At the same time, he developed a successful business strategy, including a cooperative approach in dealing with asbestos lawsuits. Cote also shifted the company to a less aggressive type of accounting, and a shift to manufacturing efficiencies.⁴² Such moves in a highly ethical direction helped Cote gain the trust of the workforce including managers.

9. Facilitating proactive behavior. Another way in which transformational leaders bring about transformations is to facilitate proactive behavior on the part of subordinates. By being proactive, subordinates take the initiative to bring about positive change. Imagine a Best Buy store manager who responds positively to the change efforts of the CEO Hubert Joly. The store manager is likely to encourage store associates to listen more attentively to customer inquiries and provide useful suggestions. Proactive behavior is facilitated by giving group members more autonomy, or the opportunity to make decisions independently, as revealed in a study of sixty-nine companies in the Netherlands. In addition to being granted autonomy, workers are more likely to be proactive if they have self-perceived ability to perform proactive tasks successfully (*role breadth self-efficacy*).⁴³

10. Concentrating resources on areas that need the most change. The turnaround artist or transformational leader cannot take care of all problems at once in a troubled organization. A practical strategy is to get around limitations on funds, staff, or equipment by concentrating resources on problem areas that are most in need of change and have the biggest potential payoff.

For example, when police chief Bill Bratton turned around the much-maligned New York Police Department in the mid-1990s, he concentrated resources on the narcotics squad because so much crime is related to narcotics. During Bratton's tenure as the head of the NYPD, serious crime dropped by 33 percent and the murder rate decreased by 50 percent.⁴⁴

Attributes of Transformational Leaders

Transformational leaders possess the personal characteristics of other effective leaders, especially charismatic leaders. In addition, a compilation of studies suggests that nine qualities are particularly helpful in enabling leaders to bring about transformations.⁴⁵ Our discussion of those qualities follows.

Above all, transformational leaders are *charismatic*. Two key personality factors enhancing their charisma are agreeableness and extraversion, which combine to enhance their interpersonal relationships. Of these, extraversion had the biggest impact.⁴⁶ Included in the charisma of transformation leaders are their optimism and their openness to the viewpoints of others. An example of a charismatic, transformational leader is Akio Toyoda, the president of Toyota Motor Corporation. Among his charismatic behaviors are race car driving, being a TV pitchman for his company, and having a rock star persona. Among the transformations he is credited with are helping Toyota overcome the effects of an embarrassing 2009 recall, and the effects of the 2011 earthquakes that severely damaged the company's production facilities.⁴⁷

Unless they are the brutal slash-and-burn type of turnaround manager, transformational leaders have the respect, confidence, and loyalty of group members. One reason is that managers who use the transformational leadership style tend to score higher on *emotional intelligence*. A specific attribute here is that transformational leaders read emotions well.⁴⁸

Similar to effective leaders in general, transformational leaders often have positive core self-evaluations. (As described in Chapter 2, this composite personality factor is composed of self-esteem, locus of control, generalized self-efficacy, and emotional stability.) A study conducted with three high-tech companies in China found that leaders with positive core evaluations were more likely to be perceived as transformational by subordinates.⁴⁹

Charismatic, transformational leaders create a *vision*. By communicating a vision, they convey a set of values that guide and motivate employees. The vision describes an optimistic picture of what the organization will become after the transformation is complete, such as a division being threatened with being shut down becoming the leading division in a conglomerate.

Although transformational leaders are often greatly concerned with organizational survival, they also take the time to *encourage the personal development of their staff*. As group members develop, their performance is likely to increase. Transformational leaders also give *supportive leadership*, such as by giving positive feedback to group members and recognizing individual achievements. Supportive leadership also contributes to the development of group members.

Transformational leaders, like most effective leaders and managers, practice *empowerment* by involving team members in decision making. Empowerment

is a key component of developing group members. *Innovative thinking*, another important characteristic, helps transformational leaders achieve their goals; for example, they might develop innovative ways to raise cash and cut costs quickly. Transformational leaders encourage their staff to think innovatively as well and give them challenging assignments. As with other effective leaders and managers, they also *lead by example*. During a period of cost-cutting, for example, a transformational leader might fly business coach and eat in the company cafeteria instead of having gourmet food catered to his or her office.

A study conducted with 132 managers and 407 subordinates indicated that managers who are perceived to be transformational score higher on a test of *moral reasoning* than do transactional leaders.⁵⁰ In contrast to the type of transformational leaders in the study just mentioned, those who specialize in rescuing failed corporations do not appear to score high in moral reasoning. Such actions include shutting down many company facilities, laying off much of the work force, and canceling contracts with various vendors.

Not every leader classified as transformational will have the nine characteristics just described. For example, some transformational leaders are brusque with people rather than agreeable. Furthermore, it is not always easy to determine whether a given leader can be accurately described as transformational. Sometimes situational forces contribute more heavily to the turnaround than do the leader's personal qualities. The director of an indoor tennis club was complimented about how he transformed the club from one that was close to bankruptcy and short on membership. He replied, "It wasn't me. Two of our competitors closed down and we picked up a lot of their membership."

The Impact of Transformational and Charismatic Leadership on Performance and Behavior

Although the present discussion deals primarily with transformational leadership, we also include the impact of charismatic leadership because the two overlap. The general picture of the impact of transformational leadership is that, at its best, it can arouse followers to a higher level of thinking. Transformational leaders appeal to the ideals and values of their constituents, thereby enhancing commitment to a carefully crafted vision. Followers are inspired to develop new ways of thinking about problems. Group members become more responsible because they are inspired, and they engage in more constructive behavior such as organizational citizenship behavior—or helping out even without the promise of a reward.⁵¹ Workers who report to transformational leaders are even more likely to have a positive mood throughout the workday.⁵²

Here we look at several empirical studies about the effects of charismatic and transformational leadership in work settings. The studies summarized here are also useful in understanding how transformational leadership affects behavior.

Overall Validity of Transformational Leadership Timothy A. Judge and Ronald F. Piccolo reviewed eighty-seven studies to examine the impact of transformational leadership on various measures of performance. The researchers also

evaluated the impact of transactional leadership and laissez-faire leadership on performance. Laissez-faire leadership is a style that gives group members the freedom to do basically what they want with almost no direction. The three approaches to leadership were measured by questionnaires based on subordinates' perceptions.

Transformational leadership showed the highest overall relationships on six criteria: (a) follower job satisfaction, (b) follower leader satisfaction, (c) follower motivation, (d) leader job performance, (e) group or organization performance, and (f) rated leader effectiveness. Interestingly, transactional leadership was also shown to produce good results, and laissez-faire leadership was associated with negative results. Unlike previous studies, transactional leadership showed a strong positive relationship to transformational leadership. (Ordinarily, transformational leadership and transactional leadership are negatively related because transformational leaders are said not to engage in routine transactions with group members.) Transformational leadership was negatively related to laissez-faire leadership.⁵³ The explanation is most likely that transformational leaders are actively involved with group members.

Team Level Performance Transformational and charismatic leadership also have positive effects on work teams. A study investigated the relationship between charismatic leadership behavior and team performance in both work settings in the United States and India, and in teams working on a simulation project in a business strategy course. As part of the same study, the researchers investigated how being part of a network influences perceptions of charisma. A major finding was that leaders who are in a central position in an advice network tend to be seen as charismatic by subordinates. In turn, leader charisma inspires and facilitates team performance, as rated by managers and the course instructor.⁵⁴

Organizational Level Performance A group of researchers studied the impact of leadership effectiveness on organizational performance that reinforces several of the ideas already presented in this book. Data were collected from 134 mid-level managers from a large Brazilian energy company. The personality traits of the participants and transformational leadership were measured by questionnaires completed by subordinates, and performance was measured by both ratings from superiors and company records. The findings indicated that leadership effectiveness as measured by organizational outcomes (or business results) was a direct function of the leader's transformational behavior. Furthermore, intelligence and conscientiousness are the individual differences that contribute the most to being a transformational leader. A study of this nature emphasizes how transformational leadership can benefit organizations.⁵⁵

The accompanying Leader in Action insert illustrates a leader who helps bringing about major changes in one of the world's best known business corporations.



LEADER IN ACTION

Mary Barra, CEO of GM

In early 2014, the product global chief of General Motors Co., Mary Barra, was named the new company CEO. When Barra, age 51 at the time, was appointed to this position, she was the first woman to become CEO of a major vehicle manufacturer. Departing CEO Dan Akerson stated that he picked Barra to be his successor based on her ability to “make order out of chaos.” In March 2014 Barra faced the chaos of the recall of 2.53 million cars for faulty switches, and 1.3 million vehicles for power steering problems.

As the head of product development as well as global purchasing and supply chain, Mary Barra was the highest-ranking woman in the global automobile and truck industry. She was promoted to head of product development in 2011. Previous to her appointment as head of product development, Barra spent four years as Vice President, Global Human Resources. Joining GM after graduation as an electrical engineer, she was soon identified as a person with executive potential. She moved up the corporate ladder steadily in jobs in manufacturing, administration, and internal communications before the HR position.

Dan Ackerson, the CEO of General Motors, regards Barra as one of his key change agents in his efforts to remake the often slow-moving company culture. Ackerson identifies Barra as “a strong leader and change agent who knows the business inside and out.” He placed Barra on his short list of internal candidates to be his successor.

In 2013, Barra told the Most Powerful Women Summit organized by *Fortune* magazine that her directive to GM’s designers and engineers is simple, “No more [expletive meaning poorly made] cars, with no excuses.”

In one of her initiatives to change the culture, Barra has helped GM loosen the controls over engineers, allowing them more creative freedom with vehicles. She said her approach is “empowering them to make the decisions, and I think you see it with some of the vehicles we just put out, whether it’s the Chevrolet Impala or the Cadillac CTS or the Corvette.” One of the organizational complexities Barra wants to change is the practice of having twelve executive chief engineers responsible for every automobile, truck, or crossover that the

company makes around the world. (Barra perceives this practice as too complex.)

As the head of HR, she deleted a ten-page dress code section in the HR handbook and replaced it with two words, “dress appropriately.” Barra said that GM was entrusting its employees with million dollar budgets but did not think that employees could dress for work without detailed instructions. She believes that this same approach to simplicity can be applied throughout the company in its various processes and mechanisms.

Barra believes that her thrust for creative freedom and simplicity will strengthen GM in the long term. She is adamant about leading by persuasion rather than direct commands. Barra said that when employees say “I’m doing it because Mary told me to do it” is the day she loses.

Barra received a bachelor of science in electrical engineering (BSEE) from the General Motors Institute (now the Kettering University). Later she graduated with an MBA from Stanford University. She was raised in a GM family, with her father having been a diemaker in a Pontiac plant for 39 years.

QUESTIONS

1. Why might Barra be classified as a transformational leader?
2. What relevance might Barra’s experience in HR have for the product development of vehicles?
3. Based on whatever information you might have available, how well is Mary Barra doing as the CEO?

Sources: Original story created from facts and observations in the following sources: Alex Taylor III, “Big Wheel at GM,” *Fortune*, December 24, 2012, p. 22; Justin Lloyd-Miller, “For GM’s Mary Barra, Simplicity is the Key to Quality,” *Wall Street Cheat Sheet* (<http://wallstcheatsheet.com>). October 21, 2013; TTAC Staff, “GM Puts Mary Barra In Charge of Purchasing Too, Says ‘No Excuses...No More Crappy Cars’,” *The Truth about Cars* (www.thetruthaboutcars.com), October 24, 2013, pp. 1–28; Beth Kowitt, “GM’s Mary Barra to Staff: ‘No More Crappy Cars,’ ” *CNNMoney* (<http://management.fortune.cnn.com>), October 16, 2013, pp. 1–2.

Concerns about Charismatic Leadership

Up to this point, an optimistic picture has been painted of both the concept of charisma and charismatic leaders. For the sake of fairness and scientific integrity, contrary points of view must also be presented. The topic of charismatic leadership has been challenged from two major standpoints: the validity of the concept and the misdeeds of charismatic leaders.

Challenges to the Validity of Charismatic Leadership

Some leadership researchers doubt that charisma can be accurately defined or measured. Conducting research about charisma is akin to conducting research about high quality: You know it when you see it, but it is difficult to define in operational terms. Furthermore, even when one leader is deemed to be charismatic, that leader has many detractors. According to the concept of **leadership polarity**, leaders are often either revered or vastly unpopular. Martha Stewart is a prime example of a leader who experiences leadership polarity. Many of her fans are mesmerized by her personality and accomplishments. Many of her detractors detest her (perhaps based on envy) and were gleeful when Stewart was accused of insider trading and spent time in prison. People who disliked Stewart also enjoyed reading about her legal disputes with Macy's over whether she could also merchandise her products at Macy's and J.C. Penney at the same time.⁵⁶ Stewart, along with other celebrity charismatics, is often perceived as being narcissistic, with little real concern for others. Charisma needs to be mixed with humility for full effectiveness.

Another problem with the concept of charisma is that it may not be necessary for leadership effectiveness. Warren Bennis and Burt Nanus hypothesized that instead of charisma resulting in effective leadership, the reverse may be true: People who are outstanding leaders are granted charisma (perceived as charismatic) by their constituents as a result of their success.⁵⁷ A representative example is that when retailing executive Ron Johnson had major successes at Target and Apple, he was regarded as highly charismatic. Yet, when his business strategy failed as CEO of J.C. Penney, he was ridiculed being insensitive to his customer base—a perception of weak charisma. The take-away lesson here is that if you are successful in attaining goals, it will enhance your charisma.

The Dark Side of Charismatic Leadership

Some people believe that charismatic leadership can be exercised for evil purposes. This argument was introduced previously in relation to personalized charismatic leaders. Many years ago, Robert Tucker warned about the dark side of charisma, particularly with respect to political leaders:

The magical message which mesmerizes the unthinking (and which can often be supplied by skilled phrase makers) promises that things will become not just better but perfect. Charismatic leaders are experts at promising Utopia. Since perfection is the end, often the most heinous actions can be tolerated as seemingly necessary means to that end.⁵⁸

Some charismatic leaders are unethical and lead their organizations and outsiders toward illegal and immoral ends. People are willing to follow the charismatic leader down a quasi-legal path because of his or her personal magnetism. Perhaps the most widely publicized financial fraud in history was carried out by Bernard M. Madoff. Investors lost about \$50 billion before approximately 10 percent of their money was recovered a few years later. Madoff, whose career included a term as the president of NASDAQ, a popular stock exchange, was well liked and considered by many to be warm and charismatic. His ability to defraud people depended somewhat on his ability to be well liked and trusted.

Boards of directors currently seek CEOs who do not overemphasize charisma and celebrity status at the expense of concentrating on running the business. In this way, the dark side of charisma can be minimized. Recognize that a true charismatic and transformational leader is highly concerned about human welfare and attaining outstanding organizational performance.



READER'S ROADMAP

In Chapter 2, we focused on the traits, motives, and characteristics of the leader—the inner qualities. Here we dug further into leadership qualities by studying charismatic and transformational leadership. In the next chapter, we focus more sharply on the actions of leaders in terms of their behaviors, attitudes, and styles.

SUMMARY

Charisma is a special quality of leaders whose purposes, powers, and extraordinary determination differentiate them from others. It is also a positive and compelling quality of a person that makes many others want to be led by that person. An important element of charismatic leadership involves the attributions made by group members about the characteristics of leaders and the results they achieve. Social network members often influence a person's attributions of charisma. The relationship between group members and the leader is important because of these attributions. Charismatic leaders frequently manage their impressions to cultivate relationships with group members.

Much of the impact of charisma is based on the positive effect the charismatic leader triggers

among group members. A study with firefighters showed that having a charismatic leader contributed to their happiness. In a top-level executive position, being perceived as not having enough charisma can lead to your downfall.

Three major charismatic leader subtypes are socialized (helping others), personalized (self-interested), and celebrity. Charismatic leaders have characteristics that set them apart from non-charismatic leaders: They have a vision, masterful communication skills, the ability to inspire trust, and the ability to make group members feel capable. They are tactful; they have energy and an action orientation; they are emotionally expressive and warm; they romanticize risk; they use unconventional strategies; they have self-promoting

personalities; and they emphasize being dramatic and unique.

The idea of vision is closely linked to charisma because charismatic leaders inspire others with an uplifting and attractive vision. Visionaries may have different levels of brain activities than nonvisionaries in certain areas of the brain. A vision is more future-oriented than a mission. In formulating a vision, it is helpful to gather information from a variety of sources, including one's own intuition, futurists, and group members.

Charismatic and transformational leaders communicate their visions, goals, and directives in a colorful, imaginative, and expressive manner. Communication effectiveness allows for management by inspiration. One technique for inspiring others is to use metaphors, analogies, and organizational stories. Another is gearing language to different audiences. Charismatic and transformational leaders also extensively use memorable stories or anecdotes to get messages across. Social networking sites can be used to communicate the leader's charisma.

A person can increase his or her charisma by developing some of the traits, characteristics, and behaviors of charismatic people. The suggestions presented here include creating visions for others; being enthusiastic, optimistic, and energetic; being sensibly persistent; remembering people's names; developing a personal brand and making an impressive appearance; being candid; and displaying an in-your-face attitude.

To bring about change, the transformational leader attempts to overhaul the organizational culture or subculture. Specific change techniques include raising people's awareness of the importance of certain rewards and getting people to look beyond their self-interests for the sake of the team and the organization. Transformational lea-

ders help people search for self-fulfillment and understand the need for change, and they invest managers with a sense of urgency. The transformational leader also commits to greatness, adopts a long-range perspective, builds trust, facilitate proactive behavior by subordinates, and concentrates resources where change is needed the most.

Transformational leaders have characteristics similar to those of other effective leaders. In addition, they are charismatic, extraverted, create a vision, encourage personal development of the staff, and give supportive leadership. Emphasis is also placed on empowerment, innovative thinking, and leading by example. Transformational leaders are likely to be strong on moral reasoning.

Transformational leadership can arouse followers to a higher level of thinking and to engage in more constructive behavior. Transformational leadership is positively related to the criteria of follower job satisfaction, leader satisfaction, follower motivation, leader job performance, group or organization performance, and rated leader effectiveness. Transactional leadership attains the same results to a lesser degree, whereas laissez-faire leadership is negatively related to such criteria. Transformational and charismatic leadership also have positive effects on work teams. A study showed that being perceived as a transformational leader is related to the performance of small-size and medium-size firms.

One concern about charismatic and transformational leadership is that the concept is murky. Many noncharismatic leaders are effective. Another concern is that some charismatic leaders are unethical and devious, suggesting that being charismatic does not necessarily help the organization. A true charismatic and transformational leader is highly concerned about human welfare and attaining organizational goals.

KEY TERMS

charisma 74

socialized charismatic 76

personalized charismatic 77

transformational leader 77

vision 81

leadership by storytelling 84

personal brand 88

leadership polarity 98



GUIDELINES FOR ACTION AND SKILL DEVELOPMENT

Following are suggestions to help a person act in a charismatic manner. All of them relate to well-accepted interpersonal skill techniques.

- 1. Be sure to treat everyone you meet as the most important person you will meet that day.** For example, when at a company meeting, shake the hand of every person you meet.
- 2. Multiply the effectiveness of your handshake.** Shake firmly without creating pain, and make enough eye contact to notice the color of the other person's eyes. When you take that much trouble, you project care and concern. Think a positive thought about the person whose hand you shake.
- 3. Stand up straight, and use other nonverbal signals of self-confidence.** Practice good posture. Minimize fidgeting, scratching, floor tapping, and speaking in a monotone. Walk at a rapid pace without appearing to be anxious. Dress fashionably without going to the extreme that people notice your clothes than they notice you. A fist can project confidence, power, and certainty. Waving a hand, pointing, or rapping a table can help get attention focused on you.
- 4. Give sincere compliments.** Most people thrive on flattery, particularly when it is plausible. Attempt to compliment only those behaviors, thoughts, and attitudes you genuinely believe merit praise. At times you may have to dig to find something praiseworthy, but it will be a good investment of your time.
- 5. Thank people frequently, especially your own group members.** Thanking others is still so infrequently practiced that it gives you a charismatic edge.
- 6. Smile frequently, even if you are not in a happy mood.** A warm smile seems to indicate a confident, caring person, which contributes to a perception of charisma. A smile generally says, "I like you. I trust you. I'm glad we're together."
- 7. Maintain a childlike fascination for your world.** Express enthusiasm for and interest in the thoughts, actions, plans, dreams, and material objects of other people. Your

enthusiasm directed toward others will engender enthusiasm in you.

- 8. Be more animated than others.** People who are perceived to be more charismatic are simply more animated than others. They smile more frequently, speak faster, articulate better, and move their heads and bodies more often.⁵⁹
- 9. Think big.** If you want to become a charismatic and transformational leader, you must develop the capacity to spin beautiful, sweeping visions, and, in general, think big. It is so easy to become preoccupied with small problems that face us daily, such as high prices at the gas pump or a smartphone battery running low on power. Such problems require attention but can block visionary and charismatic thinking if they become preoccupying.
- 10. Inspire trust and confidence.** Make your deeds consistent with your promises. Get people to believe in your competence by making your accomplishments known in a polite, tactful way.

Discussion Questions and Activities

1. Identify a business, government, education, or sports leader whom you perceive to be charismatic. Explain the basis for your judgment.
2. Identify a business, government, education, or sports leader whom you perceive to have very little charisma. What other factors appear to compensate for his or her limited charisma?
3. How might being charismatic contribute to the effectiveness of the manager of entry-level workers, such as those employed as cashiers or fast-food preparers?
4. Describe how a person might write e-mail messages or social media posts to give an impression of being charismatic.
5. Explain why the presence of a charismatic leader tends to enhance the job satisfaction of group members.
6. To what extent do you think dressing expensively and fashionably really contributes to the charisma of a leader within an organization?

7. If a transformational leader is supposed to be so smart and visionary, why would he or she emphasize empowerment in his or her leadership approach?
8. How might a major retailer such as Sears or J.C. Penney benefit from having a transformational leader as CEO?
9. Do you think a true transformational leader should ever lay off thousands of workers to help make a company profitable?
10. What opportunities might a first-level supervisor or team leader have to be a transformational leader?

LEADERSHIP CASE PROBLEM A

Tim Puts His Charisma Online

Tim is the sales manager at a national auto parts supplier. Among the many accounts his company serves are small auto supply stores, service stations, repair shops, supermarkets, and small retailers. Tim has a staff of fifteen external sales representatives, as well as five internal sales specialists who deal with online and telephone sales.

The auto parts supply business is highly competitive, with most of the competition providing equally good parts and service. The personal touch therefore becomes quite important in gaining sales. Providing good service—such as refilling orders on frequently purchased parts and delivering on time—is essential. Tim also believes that inspiring the sales staff is vital in gaining a competitive edge. He notes, “If I inspire my sales reps, they will do a better job of building relationships with their customers. If I inspire the reps to sell more and better, they might inspire their customers to buy more parts and supplies from us.”

Tim reasoned that his attempts to inspire and motivate the sales staff were working fairly well, but improvement was needed. When appropriate, he sees members of his staff in person, phones them, and sends out frequent voice mails and text messages. Yet Tim thought that he could do more: “I have been described as charismatic by my boss and several friends. Maybe I could get a bigger bang out of my charisma, if I made better use of the social media to inspire my staff.”

Tim decided that for the next month he would post inspiring messages on the Facebook, Twitter, Google +, and LinkedIn pages of all the members of his sales staff, including the internal staff. Tim would also post the same messages on his own pages. Six of Tim’s postings designed to project his charisma and inspire the staff were as follows:

- The only limits we have are those we impose on ourselves.
- If you are still breathing, maybe it’s not such a bad day after all.
- I want to wake up the inner greatness in each and every one of you.
- If not you, who?
- Welcome every rejection. It means you are one step closer to a Yes.
- The harder you try, the luckier you get.

Tim received fewer responses than he anticipated, but a few sales representatives thanked him for the positive ideas.

Questions

1. How effective do you think Tim’s posts are in terms of expressing his charisma?
2. How effective do you think Tim’s posts are for purposes of inspiring the sales representatives to sell more auto parts and supplies?
3. What else do you recommend that Tim do to express his charisma via social networking websites?

ASSOCIATED ROLE PLAY

One student plays the role of Tim who one morning during a work break sits down with two of his direct reports for an informal chat. Tim wants to find out in

person if he is inspiring the group with his social media posts. Two other students play the role of direct reports who tend to think that Tim’s posts

are mostly a waste of time because they would rather receive information about more directly work-related topics. Yet being good office politicians, the two

workers do not want to offend Tim. Observers will look to see how well the direct reports attain their goal without being insensitive toward their boss.

LEADERSHIP CASE PROBLEM B

Turnaround Ashley

At age 32, Ashley believed that she had landed an opportunity to accelerate her career as a leader and manager. Ashley had worked four years as a manufacturing manager in the industrial pump division of a conglomerate. Based on her outstanding performance, she was offered the opportunity to be the division head of a small and troubled unit of the company, Ultra Covers. The division in question manufactures after-market stylish covers for cell phones, smartphones, laptops, and tablet computers. Although the products are of high quality, Ultra Covers has been losing money for several years. Competition in the field of stylish covers for electronic devices is intense, and profit margins are thin. Despite these challenges, Ashley took just one hour to accept the offer. She told the top-management committee, "I know I can convert Ultra Covers into a proud and profitable business unit."

Thirty days later, Ashley began her new position as division president. The former president was reassigned to a plant manager position in another unit of the conglomerate. Ashley's first move was to conduct a listening tour of the company, interacting with workers and managers at all levels of the division. She also spoke with the major customers and several kiosk operators who sold Ultra Covers at shopping malls.

After listening to so many people, making observations of her own, and analyzing financial and production data from the Ultra Cover division, Ashley swung into action. Her first step was to inform the manufacturing group that if they could not reduce manufacturing costs by 10 percent within six months, she might shut down domestic manufacturing and outsource all manufacturing to China. Ultra Covers would then become a sales and distribution unit, with almost no manufacturing.

Ashley's next major initiative came in a meeting with the sales manager, Ken. She told him that his

goal for the upcoming fiscal year is to increase sales by 15 percent, and that no excuses would be acceptable. Ken explained that his sales force is highly motivated, and that they are doing everything they can to boost sales, including intense Internet marketing. He said, "The channels are already saturated with decorative covers for portable electronic devices. A 15 percent jump in sales is unrealistic." Ashley told Ken it was his job to find a way to increase sales—particularly if he wanted to keep his job.

Another initiative Ashley took was to order managers and supervisors to find ways to reduce division costs by 10 percent in the upcoming fiscal year. "Do whatever it takes," said Ashley. "Our costs are too high for our sales volume. Adjust the thermostats, do not replace some of the workers who quit or retire, cut back on scrap. And when you make photocopies, remember to print on both sides of the sheet of paper."

Ashley began to sense from comments she heard from her staff that perhaps her turnaround efforts appeared to be a little harsh. Based on this feedback, she decided to prepare a video that would be distributed on the Ultra Cover intranet. A central part of her message was that about four billion people in the world use some type of portable phone or computer, and that only 3 percent of them are purchasing a cover for these devices. She concluded, "We have a potential market of about 3.9 billion people throughout the world who could use at least one Ultra Cover. We have just begun our journey to greatness."

Questions

1. How successful do you think Ashley will be as a transformational leader at Ultra Cover?
2. What might Ashley be doing right as a transformational leader?
3. What suggestions might you offer Ashley to be more successful as a transformational leader?

ASSOCIATED ROLE PLAY

One student plays the role of turnaround leader Ashley who is driven to transform Ultra Covers into a high-performing unit within the conglomerate. Today she has a face-to-face meeting with Ken to hammer home the point that sales must increase by 15 percent. Another student plays the

role of Ken who wants to cooperate but thinks that Ashley is being unrealistic considering the business climate. Ken also wants to preserve his job. One focal point for observers will be the extent to which Ashley is being inspirational and transformational.



LEADERSHIP SKILL-BUILDING EXERCISE 3-3

My Leadership Portfolio

How much charisma, or how many charismatic behaviors, have you exhibited this week? Think back to all your interactions with people in this last week or two. What have you done that might have been interpreted as charismatic? Review the characteristics of a charismatic leader described in the text and in the Guidelines for Action and Skill

Development. For example, did you smile warmly at someone, did you wave to a person you see infrequently and address him or her by name? Did you help your team, club, or group think seriously about its future? As part of this same exercise, record your charismatic behaviors for the upcoming week. Be alert to opportunities for displaying charisma.



LEADERSHIP SKILL-BUILDING EXERCISE 3-4

Finding Inspirational Messages on a Social Networking Site

The purpose of this exercise is to find a few inspiring messages on social media websites. For example, track down your followers on Twitter to see if you can find at least two inspirational messages such as those posted by Tim in the above case.

Reflect on the effect these messages have on you. What impact do these messages have on your perception of the charisma of the sender? Compare your results to those of one or two other classmates.

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Leadership Behaviors, Attitudes, and Styles

LEARNING OBJECTIVES

After studying this chapter and doing the exercises, you should be able to

- Explain the key leadership dimensions of initiating structure and consideration.
- Describe at least five task-oriented leadership behaviors and attitudes.
- Describe at least five relationship-oriented attitudes and behaviors.
- Explain how leaders use 360-degree feedback to improve their performance.
- Describe the participative and autocratic leadership styles.
- Present the case for the entrepreneurial style of leadership and for gender differences in leadership style.
- Determine how to choose the most appropriate leadership style.

CHAPTER OUTLINE

The Classic Dimensions of Consideration and Initiating Structure

Task-Related Attitudes and Behaviors

Relationship-Oriented Attitudes and Behaviors

360-Degree Feedback for Fine-Tuning a Leadership Approach

Leadership Styles

Participative Leadership

Autocratic Leadership

Leadership Grid™ Styles

Entrepreneurial Leadership

Gender Differences in Leadership Style

Selecting the Best Leadership Style

Summary

Key Terms

Guidelines for Action and Skill Development

Leadership Case Problem A

Leadership Case Problem B

Notes

By job title, Sheryl Sandberg is COO (chief operating officer) at Facebook, placing her in charge of business operations that encompass sales, marketing, business development, human resources, public policy,

and communication. Beyond her job title, Sandberg has been a driving force behind the phenomenal success of Facebook, the best-selling author of *Lean-in: Women, Work, and the Will to Succeed*, and regarded as one of the

most powerful women in the world. She is also a mentor to her boss, company cofounder, Mark Zuckerberg.

Before joining Facebook in 2008, Sandberg was Vice President of Global Online Sales and Operations at Google, Chief of Staff to the United States Secretary of the Treasury, and a management consultant at McKinsey & Company. Sandberg graduated from Harvard College, with a major in economics, and an MBA from Harvard University.

As part of her role as COO, Sandberg provides leadership for solving the problems of users, advertisers, and partner websites by using automated systems rather than hiring new staff. She generously praises team members who develop productivity-generating tools that enable Facebook to grow in members and revenue without growing the size of the company.

Jim Breyer, a member of the Facebook board, said about Sandberg, “I have never met anyone with her combination of infectious, enthusiastic spirit, combined with extraordinary

intelligence.” As Zuckerberg sees it, Sandberg “... is unique in that she has a high IQ and EQ [emotional intelligence quotient], and it’s just really rare to get than in any single person.”

Sandberg’s management style has been described as highly professional, because she pairs empathy with high expectations and frequent direct feedback, and values entrepreneurial problem-solving above all else. During meetings, Sandberg is an attentive listener, and makes careful observations about how people feel. For example, during an acquisitions meeting, she reminded the team that the firm’s founder was about to have a birthday, and she wanted to complete the deal before the big day.

If you want to know if you are a good leader, according to Sandberg, answer the following three questions:

- Do I have followers?
- Do I have a cause bigger than myself?
- Do I get stuff done?¹

The story about a world leading technology executive illustrates how leaders’ behaviors can influence their effectiveness. Among these behaviors are listening carefully to staff members, providing feedback and guidance, and welcoming risk taking. This chapter describes a number of key behaviors and attitudes that help a manager function as a leader. We also describe the closely related topic of leadership styles.

Frequent reference is made in this chapter, and at other places in the text, to leadership effectiveness. A working definition of an **effective leader** is one who helps group members attain productivity, including high quality and customer satisfaction, as well as job satisfaction. Leadership effectiveness is typically measured by two key criteria.

The first criterion relates to objective data, such as those dealing with sales, production, safety, number of patents produced by the group, cost cutting, or staying within budget. Measures of job satisfaction and turnover are also used to measure leadership effectiveness. The second criterion focuses on judgments by others about the leader’s effectiveness, such as a plant manager rating a supervisor or the board rating a CEO. Most of the research reported throughout this text includes measures of leadership effectiveness in the study design.

The Classic Dimensions of Consideration and Initiating Structure

Studies conducted at Ohio State University in the 1950s identified 1,800 specific examples of leadership behavior that were reduced to 150 questionnaire items on leadership functions.² The functions are also referred to as

dimensions of leadership behavior. This research became the foundation for most future research about leadership behavior, attitudes, and styles. The researchers asked team members to describe their supervisors by responding to the questionnaires. Leaders were also asked to rate themselves on leadership dimensions. Two leadership dimensions accounted for 85 percent of the descriptions of leadership behavior: *consideration* and *initiating structure*.

Consideration is the degree to which the leader creates an environment of emotional support, warmth, friendliness, and trust. The leader creates this environment by being friendly and approachable, looking out for the personal welfare of the group, keeping the group abreast of new developments, and doing small favors for the group.

Leaders who score high on the consideration factor typically are friendly and trustful, earn respect, and have a warm relationship with team members. Leaders with low scores on the consideration factor typically are authoritarian and impersonal in their relationships with group members. Three questionnaire items measuring the consideration factor are as follows:

1. Do personal favors for people in the work group.
2. Treat all people in the work group as your equal.
3. Do little things to make it pleasant to be a member of the staff.

The relationship-oriented behaviors described later in this chapter are specific aspects of consideration. Another key example of consideration is *making connections* with people. For example, much of the time Sheryl Sandberg spends outside the office on business is devoted to making connections with key people who could advance the cause of Facebook, as well as help women succeed in their careers.

Being soft-spoken is a leadership style element that contributes to consideration because workers feel respected when the leader does not attempt to dominate the discussion. Adam Silver, the National Basketball Association (NBA) commissioner is regarded as dispassionate, congenial, and practical—and rarely argumentative.³

Initiating structure means organizing and defining relationships in the group by engaging in such activities as assigning specific tasks, specifying procedures to be followed, scheduling work, and clarifying expectations for team members. A team leader who helped group members establish realistic goals would be engaged in initiating structure. Other concepts that refer to the same idea include *production emphasis* and *task orientation*. The task-related leadership behaviors and attitudes described later in this chapter are specific aspects of initiating structure.

Leaders who score high on this dimension define the relationship between themselves and their staff members, as well as the role that they expect each staff member to assume. Such leaders also endeavor to establish well-defined channels of communication and ways of getting the job done. Three self-assessment items measuring initiating structure are as follows:

1. Try out your own new ideas in the work group.
2. Emphasize meeting deadlines.
3. See to it that people in the work group are working up to capacity.

A positive example of an emphasis on initiating structure is the way Sheryl Sandberg focuses on finding operating efficiencies such as using software instead of adding more people to resolve user problems.

Leaders have been categorized with respect to how much emphasis they place on consideration and initiating structure. As implied by Figure 4-1, the two dimensions are not mutually exclusive. A leader can achieve high or low status on both. For example, an effective leader might contribute to high productivity and still place considerable emphasis on warm human relationships. The four-cell grid of Figure 4-1 is a key component of several approaches to describing leadership style. We return to this topic later in this chapter and in Chapter 5.

A study of the validity of consideration and initiating structure indicates that these classic dimensions do indeed contribute to an understanding of leadership because they are related to leadership outcomes. A meta-analysis showed that consideration is strongly related to the job satisfaction of group members, satisfaction with the leader, worker motivation, and leader effectiveness. Initiating structure was slightly more strongly related to job performance, group performance, and organization performance. However, initiating structure was also associated with satisfaction and performance.⁴ These results are encouraging because they reinforce the importance of this pioneering research.

Recent research conducted with an online research group and U.S. Air Force officers provides additional insight into the effects of initiating structure and consideration on employee work-related attitudes. The focus of the research was the fit between consideration and initiating structure needed and received. One key result of the study was that when employees did not receive the amount of consideration and initiating structure they thought they needed, unfavorable attitudes were forthcoming. Among these attitudes were less trust in the supervisor, lower job satisfaction, and less commitment to the organization. The study also found that excess levels of consideration were associated with favorable attitudes, and excess levels of

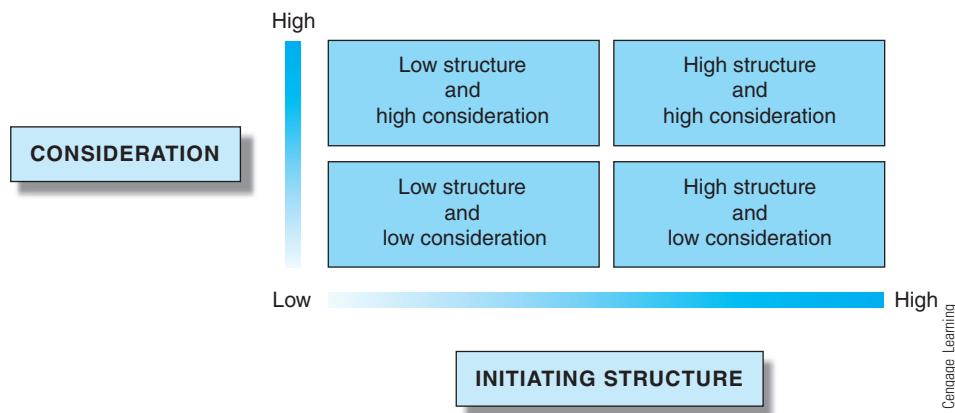


FIGURE 4-1 Four Combinations of Initiating Structure and Consideration.

initiating structure were associated with unfavorable attitudes. (Apparently, employees don't mind being treated with excess kindness, but they do object to being over-controlled.)⁵

Task-Related Attitudes and Behaviors

The task-related versus relationship-related classification remains a useful framework for understanding leadership attitudes, behaviors, and practices. This section identifies and describes task-related attitudes and behaviors that are characteristic of effective leaders, as outlined in Table 4-1. *Task-related* in this context means that the behavior, attitude, or skill focuses more on the task to be performed than on the interpersonal aspect of leadership.

As mentioned in Chapter 2, a synthesis of many studies indicates that the combination of leadership traits and behaviors (both task and relationship) accounts for a minimum of 31 percent of the differences in leadership effectiveness. Yet, according to the research in question, leader behaviors have a bigger impact on effectiveness than do traits. Although certain traits may predispose individuals to certain behaviors, behaviors are the more important predictor of leadership effectiveness. For example, a leader who is assertive may take naturally to providing clear guidelines and providing feedback to subordinates. It is also noteworthy to recognize that it is easy to develop behaviors than to develop or modify traits.⁶

1. Adaptability to the situation. Effective leaders adapt to the situation. Adaptability reflects the contingency viewpoint: A tactic is chosen based on the unique circumstances at hand. A leader who is responsible for psychologically immature group members will find it necessary to supervise them closely. If the group members are mature and self-reliant, the leader will use less supervision. The adaptive leader also selects an organization structure that is best suited to the demands of the situation, such as choosing between a brainstorming group and a committee.

2. Direction setting. Given that a major responsibility of leadership is to produce change, the leader must set the direction of that change. Direction setting is part of creating a vision and a component of strategy. The strategy

TABLE 4-1 Task-Related Leadership Attitudes and Behaviors

1. Adaptability to the situation
2. Direction setting
3. High performance standards
4. Concentrating on strengths of group members
5. Risk taking and execution of plans
6. Hands-on guidance and feedback
7. Ability to ask tough questions
8. Organizing for collaboration

describes a feasible way of achieving the vision. Former GE executive turned business author Larry Bossidy believes that it is part of a business leader's job to communicate clearly where the business is going, why, and how the company will benefit if goals are achieved.⁷

3. High performance standards. Effective leaders consistently hold group members to high standards of performance. High performance standards can also take the form of challenging the thinking of others. Former General Motors CEO Daniel Akerson has been known to press executives in meetings to justify their plans and initiatives. Furthermore, he does not back down when told that matters were complicated. Akerson would reply that issues should not be complicated; instead, they should be simplified.⁸

When performance is measured against high standards, productivity is likely to increase, since people tend to live up to the expectations of their superiors. This is called the **Pygmalion effect**, and it works in a subtle, almost unconscious way. When a managerial leader believes that a group member will succeed, the manager communicates this belief without realizing it. Conversely, when a leader expects a group member to fail, that person will not disappoint the manager. The manager's expectation of success or failure becomes a self-fulfilling prophecy because the perceptions contribute to success or failure.

4. Concentrating on the strengths of group members. An axiom of effective leadership and management is to make good use of the strengths of group members rather than concentrating effort on patching up areas for improvement. The effective leader helps people improve, yet still capitalizes on strengths. A team member might have excellent interpersonal skills, yet poor technical skills. It would be best to assign that person a role that emphasizes interpersonal skills, while at the same time helping him or her improve technical skills. Marcus Buckingham emphasizes that capitalizing on each person's unique pattern of skills saves time because group members are not laboring at tasks outside their capability and interest. The manager might even develop a job description that best fits each employee's uniqueness.⁹ Suppose you are the leader of a call center, and one staffer is great at calming down angry customers. Other call center members are then asked to refer customers who have gone ballistic to your team member who can handle customer rage well.

5. Risk taking and execution of plans. To bring about constructive change, the leader must take risks and be willing to implement those risky decisions. The relevance of risk taking to leadership effectiveness is emphasized by Sarah Mensah, the chief operating officer & chief marketing officer of the professional basketball team, the Portland Trail Blazers. She believes that the ability to welcome and seek out risks is a valuable skill: "I've learned that if there is no risk, there will be no reward."¹⁰ Larry Bossidy says about the importance of execution: "I'm an impatient person, and I get more satisfaction from seeing things get done than I do about philosophizing or building sand castles. Many people regard execution as detail work that's beneath the dignity of a business leader. That's wrong. It's a leader's most important job."¹¹

6. Hands-on guidance and feedback. You will recall that technical competence and knowledge of the business are important leadership characteristics. They enable the leader to provide group members with hands-on guidance about how to accomplish important work. The leader who provides such guidance helps the group accomplish important tasks; at the same time, group members learn important skills. Too much guidance of this nature, however, can be a symptom of poor delegation and micromanagement (managing too closely). Too little guidance, and macromanagement is the result, in which the manager gives too little or no direction to group members. Henry Mintzberg observes that the leader's strategy might suffer because he or she does not understand the operations of the business.¹²

Muhtar Kent, the CEO of Coca-Cola Co., is a well-regarded leader who emphasizes using hands-on management to help him better understand the business. He says that he goes to the market at least once a week everywhere he is at the time to help him comprehend the dynamics of the business. When he joined the company in 1978, he spent time on the trucks for about seven and one-half months.¹³ (The point here is that understanding the front-line operations of the business facilitates providing hands-on guidance.)

Closely related to guidance is giving frequent feedback on performance. The leader can rarely influence the actions of group members without appropriate performance feedback. This feedback tells group members how well they are doing so that they can take corrective action if needed. It also serves as reinforcement that prompts group members to continue favorable activities. Leadership Skill-Building Exercise 4-1 provides practice in developing feedback skills.



LEADERSHIP SKILL-BUILDING EXERCISE 4-1

Feedback Skills

After small groups have completed an assignment such as answering the case questions or discussion questions, hold a performance feedback session. Also use observations you have made in previous problem-solving activities as the basis for your feedback. Each group member provides some feedback to each other member about how well he or she thinks the other person performed. Use only volunteers, because this type of feedback may be uncomfortable and disturbing to some individuals. Students not receiving feedback can serve as observers and later present their views on what took place during the exercise. To increase the probability of benefiting from this experience, feedback recipients must listen actively. Refer to the section in Chapter 10 on coaching skills and techniques for more information on feedback and active listening.

A convenient way to do this exercise is for everyone to sit in a circle. Choose one feedback recipient to begin. Going clockwise around the circle, each group member gives that person feedback. After all people have spoken, the feedback recipient gives his or her reactions. The person to the left of the first recipient is the next one to get feedback.

After everyone has had a turn receiving performance feedback, hold a general discussion. Be sure to discuss three key issues:

1. How helpful was the feedback?
2. What was the relative effectiveness of positive versus negative feedback?
3. Were some group members better than others in giving feedback?

7. Ability to ask tough questions. Often, leaders can be effective by asking tough questions rather than providing answers. A **tough question** is one that makes a person or group stop and think about why they are doing or not doing something. (A tough question might also be considered the *right* question.) In this way, group members are forced to think about the effectiveness of their activities. They might ask themselves, “Why didn’t I think of that? It seems so obvious.” Asking questions is important because quite often group members may have the solutions to difficult problems facing the organization.

When Alan R. Mulally was the newly appointed CEO at Ford Motor Co., he was told that the company loses close to \$3,000 every time a customer buys a Focus compact. He asked, “Why haven’t you figured out a way to make a profit?” Given a few excuses, Mulally hammered away again: “I want to know why no one figured a way to build this car at a profit, whether it has to be built in Michigan or China or India, if that’s what it takes.”¹⁴

8. Organizing for collaboration. A leadership behavior on the borderline between a task orientation and a relationship orientation is to demand that workers collaborate with each other. The task focus is that the information sharing takes place, whereas the relationship focus is that group members must work collaboratively with each other. The Corporate Executive Board, a research and advisory service company, recommends three steps for the leader who wants more collaboration:

- First, identify the high-value business outcomes desired, such as accelerating new-product development, before selecting collaboration technologies.
- Second, identify collaboration hot spots. Speak with employees to understand their communication patterns and workflows. (A specialist might be required here to help map workflows, such as who is interacting with whom. More will be said about this topic in Chapter 12.)
- Select technologies that will improve or speed up existing workflows. For example, a search engine dedicated to in-company practices might be effective. Most leaders would have to work with an IT consultant to find a technology most likely to increase collaboration.¹⁵

Now that you have studied various components of task-oriented attitudes and behaviors, do Leadership Self-Assessment Quiz 4-1. It will further sensitize you to the task activities of leaders and managers.

Relationship-Oriented Attitudes and Behaviors

Leadership involves influencing people, so it follows that many effective leadership attitudes, behaviors, and practices deal with interpersonal relationships.



LEADERSHIP SELF-ASSESSMENT QUIZ 4-1

Task-Oriented Attitudes and Behaviors

Instructions: Indicate whether you mostly agree or mostly disagree with the following statements. Relate the statements to any work situation—including sports, community activities, and school activities—in which you have been responsible for others' work. If a work situation does not come to mind, imagine how you would act or think.

	MOSTLY AGREE	MOSTLY DISAGREE
1. I keep close tabs on productivity figures and interpret them to the group.	<input type="checkbox"/>	<input type="checkbox"/>
2. I send frequent e-mail and text messages to group members, giving them information about work procedures.	<input type="checkbox"/>	<input type="checkbox"/>
3. I clearly specify the quality goals our group needs to achieve.	<input type="checkbox"/>	<input type="checkbox"/>
4. I maintain clear-cut standards of performance.	<input type="checkbox"/>	<input type="checkbox"/>
5. When I conduct a meeting, the participants can count on a clear-cut agenda.	<input type="checkbox"/>	<input type="checkbox"/>
6. I feel good about my workweek only if our team has met or exceeded its productivity goals.	<input type="checkbox"/>	<input type="checkbox"/>
7. Workers should not access e-mail, text messages, or the Internet during working hours unless the activity is actually increasing productivity.	<input type="checkbox"/>	<input type="checkbox"/>
8. I freely criticize work that does not meet standards.	<input type="checkbox"/>	<input type="checkbox"/>
9. I spend at least 5 percent of my workweek either planning myself or helping team members with their planning.	<input type="checkbox"/>	<input type="checkbox"/>
10. I spend a good deal of time solving technical or business problems myself, or helping group members do the same.	<input type="checkbox"/>	<input type="checkbox"/>

Interpretation: If you responded "mostly agree" to eight, nine, or ten of these statements, you have a strong task orientation. If you responded "mostly disagree" to four or more of the statements, you have below-average task-oriented behaviors and attitudes.

Skill Development: A task orientation is important because it can lead directly to goal attainment and productivity. Nevertheless, a task orientation must be balanced with a strong people orientation and interpersonal skills for maximum effectiveness.

Table 4-2 lists the seven relationship-oriented attitudes and behaviors that we will discuss next. (Most other parts of this book describe the interpersonal skill aspects of leadership.)

1. Aligning people. Getting people pulling in the same direction and collaborating smoothly is a major interpersonal challenge. To get people pulling together, it is necessary to speak to many people. The target population can involve many different stakeholders. Among them are managers and team leaders, higher-ups, peers, and workers in other parts of the organization,

TABLE 4-2 Relationship-Oriented Attitudes and Behaviors

- 1.** Aligning people
- 2.** Openness to worker opinions
- 3.** Creating inspiration and visibility
- 4.** Satisfying higher-level needs
- 5.** Giving emotional support and encouragement
- 6.** Promoting principles and values
- 7.** Being a servant leader

as well as suppliers, government officials, and customers. Anyone who can implement the vision and strategies or who can block implementation must be aligned.¹⁶ After being aligned, organizational members can pull together toward a higher purpose. Alignment also incorporates getting the group working together smoothly.

2. Openness to worker opinions. A major part of relationship-oriented leadership is to engage in **management openness**, or a set of leader behaviors particularly relevant to subordinates' motivation to voice their opinion.¹⁷ When the leader is open in this way, subordinates perceive that their boss listens to them, is interested in their ideas, and gives fair consideration to suggestions. Being open to worker opinions is part of the consideration dimension, and it is also central to participative leadership. A representative example being open to worker opinions is Frank Blake, the CEO of Home Depot. He incorporates face-to-face meetings with almost all new store managers or assistant managers at the home-improvement chain, as well as occasional meetings with other store managers.¹⁸ During these meetings, Blake listens attentively to suggestions for improving store operations and customer experience.

3. Creating inspiration and visibility. As described in the discussion of charismatic and transformational leadership, inspiring others is an essential leadership practice. Inspiring people usually involves appealing to their emotions and values, such as when the head of a snowmobile business unit encourages workers to believe that they are making winters more enjoyable for people who live in regions that accumulate snow as well as facilitating rescue missions.

Because human contact and connections reinforce inspiration, another part of being inspirational is being visible and available. Frank Blake's frequent visits to Home Depot stores help create the visibility that has enhanced his stature as the company leader. The fact that he dons the Home Depot uniform of an orange apron adds to his accessibility.

4. Satisfying higher-level needs. To inspire people, effective leaders motivate them by satisfying higher-level needs, such as needs for achievement, personal growth, a sense of belonging, recognition, self-esteem, and a feeling of control over one's life. Many leaders in organizations express an awareness of the importance of need satisfaction for building good relationships with workers. A robust method of satisfying workers' higher-level needs is to help them

grow professionally. Star executive W. James McNerney, now the Boeing Company chairman, president, and CEO, says that he has been a successful executive at three major companies primarily through helping people perform better. McNerney contends that people who grow are open to change, have the courage to do so, work hard, and are good team players. In his words, “What I do is figure out how to unlock that in people, because most people have that inside of them. But they often get trapped in a bureaucratic environment where they’ve been beaten about the head and shoulders.”¹⁹

5. Giving emotional support and encouragement. Supportive behavior toward team members usually increases leadership effectiveness. A supportive leader gives frequent encouragement and praise and also displays caring and kindness even about nonwork-related matters such as the health of a worker’s ill family member. Keep in mind that encouragement means to fill with courage. One of the many work-related ways of encouraging people is to ask for their input about important decisions. Emotional support generally improves morale and sometimes improves productivity. In the long term, emotional support and encouragement may bolster a person’s self-esteem. Being emotionally supportive comes naturally to the leader who is empathetic and warm.

Giving encouragement was also the eighth leadership principle of Dale Carnegie, the famous early proponent of human relations principles, in work and personal life. Recently, Tessa E. Basford and Andrea Molberg searched for empirical evidence for the validity of Carnegie’s leadership principles, including encouragement. Overall, they found support for Carnegie’s recommendations to use encouragement. Encouragement is linked to improvement of job performance and attitudes, probably because encouragement boosts feelings of self-worth.²⁰

Michael Mathieu, the CEO of YuMe, an online video advertising team, believes that part of the reason he landed his job was his personality, which includes the willingness to encourage workers. He says that his employees can talk to him about anything with absolutely no fear of being told their idea is stupid.²¹

6. Promoting principles and values. A major part of a top leader’s role is to help promote values and principles that contribute to the welfare of individuals and organizations. This promotion can be classified as relationship-oriented because it deals directly with the emotions and attitudes of people, and indirectly with the task. The late Stephen Covey, who is widely quoted for his uplifting messages, advises that an organization’s mission statement must be for all good causes.²² Leaders who believe in these good causes will then espouse principles and values that lead people toward good deeds in the work place. To encourage managers and all other employees to conduct their work affairs at a high moral level, many companies put their values in written form. The values might be placed in employee handbooks, on company intranets, or on company websites.

IBM is an example of a company that heavily emphasizes values in the leadership of the enterprise. Randy MacDonald, the company’s worldwide HR czar explains that being an IBMer is not about a product line, about a team, or

about the individual. The focus is on the values built into the enterprise with an emphasis on the client, innovations for both the company and society around trust and personal responsibility, and the way company employees treat each other.²³ An emphasis on such values helps an IBM project leader inspire the team to develop solutions to help a city decrease pollutants.

Another value that often helps an enterprise is a strong focus on the welfare of employees. A notable example is the leadership of Rich Snyder, CEO of the successful fast-food chain, In-N-Out Burger. Wages and benefits are relatively high, and managers who meet their goals are eligible for company-paid luxury vacations. The Snyder family was committed to viewing employees as if they were family members. As a result, In-N-Out Burger boasts one of the lowest turnover rates in the industry. Snyder met an early death at age 49, but the family kept the business operating based on the same values.²⁴

Providing moral leadership begins with understanding one's own values. Leadership Skill-Building Exercise 4-2 gives you an opportunity to think



LEADERSHIP SKILL-BUILDING EXERCISE 4-2

Clarifying Your Interpersonal Work Values

Instructions: To provide effective value leadership, it is essential that you first understand your own values with respect to dealing with others. Rank from 1 to 15 the importance of the following values to you as a person. The most important value on the list receives a rank of 1; the least important, a rank of 15. Use the space next to "Other" if we have left out an important value related to interpersonal relations on the job.

- Having respect for the dignity of others
- Ensuring that others have interesting work to perform
- Earning the trust of others
- Earning the respect of others
- Impressing others with how well my group performs
- Giving others proper credit for their work
- Inspiring continuous learning on the part of each member in our group, myself included
- Holding myself and others accountable for delivering on commitments
- Helping others grow and develop
- Inspiring others to achieve high productivity and quality
- Developing the reputation of being a trustworthy person

- Being in contact regularly with work associates using social networking sites
- Contributing to the job satisfaction of work associates
- Avoiding creating intense job dissatisfaction for any work associate
- Other

1. Compare your ranking of these values with that of the person next to you, and discuss your observations.
2. Perhaps your class, assisted by your instructor, might arrive at a class average on each of these values. How does your ranking compare to the class ranking?
3. Look back at your own ranking. Does your ranking surprise you?
4. Are there any surprises in the class ranking? Which values did you think would be highest and lowest?

Clarifying your values for leadership is far more than a pleasant exercise. Many business leaders have fallen into disgrace and brought their companies into bankruptcy because of values that are unacceptable to employees, stockholders, outside investigators, and the legal system. For example, a CEO who valued "developing the reputation of being a trustworthy person" would not borrow \$400 million from the company while paying thousands of employees close to the minimum wage.

through your work-related values so that you can better provide moral leadership to others. Also, more will be said about values and ethics in Chapter 6.

7. Being a servant leader. Your desire to help others is another important workplace value. A **servant leader** serves constituents by working on their behalf to help them achieve their goals, not the leader's own goals. The idea behind servant leadership, as formulated by Robert K. Greenleaf, is that leadership derives naturally from a commitment to service.²⁵ Serving others, including employees, customers, and community, is the primary motivation for the servant leader. A study with CEOs found, not surprisingly, that narcissism as measured by a personality test is negatively related to servant leadership.²⁶ True leadership emerges from a deep desire to help others. A servant leader is therefore a moral leader. Servant leadership has been accomplished when group members become wiser, healthier, and more autonomous. The following are key aspects of servant leadership.²⁷

- *Place service before self-interest.* A servant leader is more concerned with helping others than with acquiring power, prestige, financial reward, and status. The servant leader seeks to do what is morally right, even if it is not financially rewarding. He or she is conscious of the needs of others and is driven by a desire to satisfy them. (You will recall that wanting to satisfy the needs of others is a relationship behavior.)
- *Listen first to express confidence in others.* The servant leader makes a deep commitment to listening in order to get to know the concerns, requirements, and problems of group members. Instead of attempting to impose his or her will on others, the servant leader listens carefully to understand what course of action will help others accomplish their goals. After understanding others, the best course of action can be chosen. Through listening, for example, a servant leader might learn that the group is more concerned about team spirit and harmony than striving for companywide recognition. The leader would then concentrate more on building teamwork than searching for ways to increase the visibility of the team.
- *Inspire trust by being trustworthy.* Being trustworthy is a foundation behavior of the servant leader. He or she is scrupulously honest with others, gives up control, and focuses on the well-being of others. Usually such leaders do not have to work hard at being trustworthy because they are already moral. In support of this principle, a survey found that most employees want a boss who is a trusted leader, not a pal.²⁸
- *Focus on what is feasible to accomplish.* Even though the servant leader is idealistic, he or she recognizes that one individual cannot accomplish everything. Therefore, the leader listens carefully to the array of problems facing group members and then concentrates on a few. The servant leader thus systematically neglects certain problems. A labor union official might carefully listen to all the concerns and complaints of the constituents and then proceed to work on the most pressing issue.
- *Lend a hand.* A servant leader looks for opportunities to play the Good Samaritan. As a supermarket manager, he or she might help out by

bagging groceries during a busy period. Or a servant leader might help clean out mud in the company lobby after a hurricane.

- *Provide emotional healing.* A servant leader shows sensitivity to the personal concerns of group members, such as a worker being worried about taking care of a disabled parent. A recurring example of the need for emotional healing is when a natural disaster, such as a tornado or sinkhole strikes an employee's home. The servant leader would likely grant the employee time off with pay to manage the problem, and also direct the employee toward any company resources available for emergency help.
- *Act as a role model for other organizational members to emphasize service.* As a result of the behaviors just described, servant leaders often ignite a cycle of service by acting as a role model servant behavior. A study conducted in a large retail chain found that the leader's servant behavior is mirrored through coworker modeling behavior and high-quality customer service.²⁹

In addition to being logically sound, research with 182 workers indicates that servant leadership has a positive relationship with organizational citizenship behavior, job performance, and staying with the organization.³⁰ A study with seven multinational companies in Kenya suggested that servant leadership sets up a positive climate (company atmosphere) that in turn encourages employees to be good organizational citizens.³¹

Recent evidence suggests that servant leadership at the top of the organization has a positive impact on the performance of a firm. The study involved 126 CEOs in the United States from the software and hardware technology industries. Servant leadership was measured by a self-report questionnaire, and firm performance was measured by return on assets (annual income divided by net assets). Analysis of data revealed that CEO servant leadership tendencies were significantly related to firm performance. Another part of the study suggested that CEOs who were company founders were more likely to be servant leaders,³² reinforcing the idea that founders are often passionate about their company and its employees.

Leadership Skill-Building Exercise 4-3 provides an opportunity for you to practice relationship-oriented and task-oriented behaviors. Combined, these are sometimes referred to as the nuts and bolts of leadership.

360-Degree Feedback for Fine-Tuning a Leadership Approach

In most large organizations, leaders not only provide feedback to group members, but they also receive feedback that gives them insight into the effects of their attitudes and behaviors. This feedback is systematically derived from a full sampling of parties who interact with the leader. In particular, **360-degree feedback** is a formal evaluation of superiors based on input from people who work for and with them, sometimes including customers and suppliers. It is also referred to as multirater feedback. The process is also called 360-degree survey because the input stems from a survey of a



LEADERSHIP SKILL-BUILDING EXERCISE 4-3

Applying Relationship-Oriented and Task-Oriented Attitudes and Behaviors

About six role players who can tolerate brutal outdoor conditions are needed for this exercise. The setting is an oil drilling rig in the Arctic Circle, where deep underground oil reserves have been discovered, and energy companies are now digging. Today the wind chill factor is -40 degrees Fahrenheit. The crew of five is uncomfortable and a little confused about how to get the drilling started this morning. The leadership task of the supervisor is to help the crew get the digging accomplished.

Supervisor A attempts to engage in relationship-oriented attitudes and behavior with the group. He or she will use several of the behaviors mentioned in the

text. The other five or so role players will react to his or her leadership. Work the role play for about ten minutes.

After the first scenario is complete, Supervisor B will engage in task-oriented attitudes and behaviors, using several of the behaviors mentioned in the text. The other five or so role players will react to this leadership. Continue the role play for about ten minutes.

Class members not thrown into the frozen tundra will observe the interactions of the supervisor with the workers. Provide feedback as to (a) how well the leadership attitudes and behaviors were carried out, and (b) how likely these attitudes and behaviors were helpful in accomplishing the task of getting the drilling started.

handful of people. The multiple input becomes another way of measuring leadership effectiveness. The specific 360-degree form is often customized to a particular firm's needs, but standardized (off-the-shelf) forms are used by about 25 percent of firms using the method.

Specialists in the field view 360-degree feedback as more suited for its original purpose of development for a manager or leader than for administrative purposes, such as performance evaluation and salary administration. When used for development, 360-degree feedback should emphasize qualitative comments rather than strictly quantitative ratings.³³ For example, being told, "You do not maintain eye contact with me during meetings," is more helpful than simply receiving a low rating on "Makes others feel comfortable." The feedback is communicated to the leader (as well as others receiving 360-degree feedback) and interpreted with the assistance of a human resources professional or an external consultant.

The data from the survey can be used to help leaders fine-tune their attitudes and behavior. For example, if all the interested parties gave the leader low ratings on "empathy toward others," the leader might be prompted to improve his or her ability to empathize, such as by reading about empathy, attending a seminar, or simply making a conscious attempt to empathize when involved in a conflict of opinion with another person.

An example of a 360-degree feedback form is shown in Figure 4-2. When used for purposes of development, the leader will often provide a self-rating on each dimension and then compare self-ratings with those of subordinates as well as other work associates. When there is a large gap between self-ratings and ratings by others, professionally trained counselors or business coaches should be involved in 360-degree feedback. Some

people feel emotionally crushed when they find a wide discrepancy between their self-perception on an interpersonal skill dimension and the perception of others. A middle manager involved in a 360-degree evaluation prided herself on how well she was liked by others. The feedback that emerged, however, depicted her as intimidating, hostile, and manipulative. Upon receiving the feedback, the woman went into a rage (proving the feedback true!) and then into despondency. Professional counseling can sometimes help a person benefit from critical feedback and place it in perspective.

For best results, it is extremely important that 360-degree surveys reflect those behaviors and attitudes that the organization values most highly. Care should also be taken that the dimensions measured reflect important aspects of leadership functioning. Following are some suggestions for making better use of 360-degree surveys.³⁴

FIGURE 4-2 A 360-Degree Feedback Chart

You are providing feedback to Elizabeth McGee about her leadership effectiveness. She will not see your individual responses, but will see the average results for the people reporting to her. Please be candid and objective, without being unduly positive or negative. Rate each evaluation factor on a 1-to-10 scale, with 1 being the lowest (or totally ineffective) and 10 being the highest (totally effective). Also provide written comments about Elizabeth's effectiveness as a leader.

Leadership Behavior or Attitude	Ratings (1 to 10)
1. Provides guidance and direction to the group related to the work we are performing.	
2. Creates an exciting vision.	
3. Gives useful feedback to group members.	
4. Sets high performance standards.	
5. Motivates the group to perform well, including getting us engaged in the work	
6. Coaches team members as needed.	
7. Provides emotional support and encouragement to group members.	
8. Gets people working together as a team.	
9. Thinks strategically in terms of the future of our group.	
10. Anticipates potential problems and involves us in planning how to deal with or prevent them.	

Please provide a few comments about Elizabeth's effectiveness as a leader, and what she can do to become even more effective.

- The person receiving the multiple feedback should have some say about who the raters will be. The supervisor of the person receiving the survey is also invited to suggest who should provide the feedback.
- Customize the assessment dimensions based on the leadership competencies that are associated with success in your organization.
- Train workers in giving and receiving feedback. Giving constructive feedback takes coaching, training, and practice.
- Create an action plan for improvement for each leader based on the feedback. For example, a leader rated low on interpersonal skills might benefit from training in emotional intelligence. When a serious leadership problem exists, the regular sessions might be scheduled with an industrial psychologist or executive coach.
- Ensure that the managers rated have full ownership of the feedback information so that they will perceive the feedback as being geared toward personal development rather than administrative control.

A potential problem with 360-degree feedback is its anonymity. Much like people who post nasty comments about people on social media websites, an angry subordinate can write an insulting and crushing comment about a manager on the 360-degree feedback form. The criticism might be without merit.

Leadership Styles

A leader's combination of attitudes and behaviors leads to a certain regularity and predictability in dealing with group members. **Leadership style** is the relatively consistent pattern of behavior that characterizes a leader. Studying leadership style is an extension of understanding leadership behaviors and attitudes. Most classifications of leadership style are based on the dimensions of consideration and initiating structure. Comments such as "He's a real command-and-control-type" and "She's a consensus leader" have become commonplace.

An important insight into leadership style is that personality traits influence which style will be natural for a given individual. The same association exists between the leadership behaviors already described in this chapter. Imagine a person who is authoritarian and controlling; this person would gravitate toward an authoritarian leader. And a person who scores high on the traits of agreeableness and extraversion might take naturally to a shared type of leadership.

Reinout E. de Vries conducted a study with 113 leaders and 201 subordinates at several companies to explore the relationship between personality traits and leadership style. His key findings support information presented at several places in this book in addition to being directly related to the styles to be described in this section. The study concluded that (1) honesty-humility was positively related to ethical leadership, (2) extraversion is positively related to charismatic leadership, (3) agreeableness is positively related to supportive leadership, and (4) conscientiousness is positively related to task-oriented leadership.³⁵

Here we describe the participative leadership style, the autocratic leadership style, the Leadership Grid, the entrepreneurial leadership style, gender differences in leadership style, and choosing the best style. Chapter 5 continues the exploration of leadership styles by presenting several contingency leadership theories.

Participative Leadership

Sharing decision making with group members and working with them side by side has become the generally accepted leadership approach in the modern organization. Consultant Maria Collar observes that in today's volatile markets where abilities to explore and innovate are highly valued, collective approaches to leadership can help foster creative problem solving.³⁶ A useful perspective for understanding collective and participative leadership is that they are based on networks of people working together and sharing information. A social network consists of a set of individuals and the relationships that bind them, such as people within a work group who trust each other enough to accept their advice on a problem.³⁷ (*Social network* in this context refers more to physical than virtual groups).

Participative leaders share decision making with group members. The terms *shared leadership*, *collaborative leadership*, and *team leadership* all refer to the same idea as participative leadership. Participative leadership encompasses so many behaviors that it can be divided into three subtypes: consultative, consensus, and democratic.

Consultative leaders confer with group members before making a decision. However, they retain the final authority to make decisions. **Consensus leaders** strive for consensus. They encourage group discussion about an issue and then make a decision that reflects general agreement and that group members will support. All workers who will be involved in the consequences of a decision have an opportunity to provide input. A decision is not considered final until it appears that all parties involved will at least support the decision. **Democratic leaders** confer final authority on the group. They function as collectors of group opinion and take a vote before making a decision.

The participative style is based on management openness because the leader accepts suggestions for managing the operation from group members. Welcoming ideas from below is considered crucial because as technology evolves and organizations decentralize, frontline workers have more independence and responsibility. These workers are closer to the market, closer to seeing how the product is used, and closer to many human resource problems. Frontline knowledge can provide useful input to leaders for such purposes as developing marketing strategy and retaining employees.

The participative style encompasses the teamwork approach. Predominant behaviors of participative leaders include coaching team members, negotiating their demands, and collaborating with others. Often, the team member who has the most relevant knowledge for the task at hand slips into a leadership role. Research indicates that poor-performing teams are often dominated by the team leader, whereas high-performing teams are characterized by shared leadership.³⁸

The participative style is well suited to managing competent people who are eager to assume responsibility. Such people want to get involved in making decisions and giving feedback to management. Because most graduates from business and professional programs expect to be involved in decision making, participative leadership works well with the new breed of managers and professionals.

Participative leadership does have some problems. It often results in extensive and time-consuming team meetings and committee work. Also, consensus and democratic leaders are sometimes accused of providing too little direction, or being *macromanagers*. Sometimes, participative leadership is carried to extremes. Team members are consulted about trivial things that management could easily handle independently. Another problem is that many managers still believe that sharing decision making with members reduces their power.

If democratic leadership goes one step further, the result is extreme macromanagement, which is referred to as the laissez-faire leadership style. A study conducted with 4,500 Norwegian employees found that employees managed by a laissez-faire (the French term for “let do”) leader experienced role ambiguity. The ambiguity led them to anxiously guess what criteria their supervisor would follow when evaluating their performance, and also guess about which tasks should receive the highest priority.³⁹

A practical problem with participative leadership, especially the consensus subtype, is that it consumes so much time, particularly in the form of so many face-to-face meetings to make decisions. The use of communication technology, such as collaborative software, can often help overcome the problem of the time consumed by in-person meetings.

The accompanying Leader in Action describes a high-technology executive who emphasizes a consensus style.

Autocratic Leadership

In contrast to participative leaders are **autocratic leaders**, who retain most of the authority. They make decisions confidently, assume that group members will comply, and are not overly concerned with group members’ attitudes toward a decision. Autocratic leaders are considered task-oriented because they place heavy emphasis on getting tasks accomplished. Typical autocratic behaviors include telling people what to do, asserting authority, and serving as a model for team members.

In some situations, and in some organizational cultures, autocratic leadership is called for. Dan Ackerman became the CEO at General Motors in 2010, a time when quick results were needed. He had served GM for a year previously as a financial officer. Ackerman was a former naval officer with a reputation for being tough-minded in seeking results and quite decisive. Also, as a private equity fund manager, he had led companies in turnaround situations where clear goals must be attained quickly. As with other effective autocratic leaders, Ackerman moves quickly in making many decisions but does seek some input from trusted advisors.⁴⁰ To be described as *autocratic* does not necessarily mean the leader is impulsive or stubborn.



LEADER IN ACTION

Craig Federighi, Senior Vice President, Software Engineering at Apple Inc.

A key rising star at Apple Inc. is Craig Federighi, the senior vice president of software engineering, who reports directly to CEO Tim Cook. He oversees several major Apple technology groups including the common operating system engineering teams. The teams Federighi oversees are responsible for delivering the software at the heart of Apple's products, including the user interface, applications, and frameworks.

Prior to his present position, Federighi had been working at Apple on and off for many years. He began his professional career as a project engineer in 1994 at NeXT, the company Steve Jobs started after being released from Apple in the 1980s. Federighi joined Apple when the company acquired NeXT, and Jobs was brought back. Soon thereafter, Federighi resigned from Apple to join Ariba, an enterprise software company. He spent ten years at Ariba, eventually being promoted to chief technology officer. Federighi rejoined Apple to head the division responsible for the Mac OS X.

Federighi contributes enormous technical expertise to the company and frequently appears on stage during product launch events, such as the developer's conference. His passion for Apple hardware and software, combined with his charisma contribute to his effectiveness as a product pitchperson. As Federighi explains, "OK, I'm a technology freak, but I think probably if someone mapped my brain, you would find there were moments when I lit up the love pattern in my neurons in association with our products."

Several people who know both Federighi and Tim Cook say that the two are similar in their preference for building consensus on major decisions, which often increases the time consumed in making a decision. Federighi also

works to attain collaboration among specialists who relish complexity in products with those who look to make things simple for the end user. He says that having team members who are good at complexity and those who are not is a critical element of collaboration.

To overcome some of the divisiveness that existed in the previous top-management team, the new top team consisting of Cook, Jony Ive, and Federighi emphasizes collaboration and camaraderie. The three men collectively are considered to be the new visionary-in-chief to replace the late Steve Jobs.

Federighi's formal education includes a Master of Science degree in computer science and a bachelor of science degree in electrical engineering and computer science from the University of California, Berkeley.

QUESTIONS

1. How would you characterize the leadership style of Craig Federighi?
2. What appear to be several of Federighi's leadership characteristics?
3. To what extent do you think Federighi is qualified for his position as a leading technology executive?

Sources: Original story created from facts and observations in the following sources: Seth Fiegerman, "Apple's Next Big Thing: Craig Federighi," *Mashable* (www.mashable.com), June 12, 2013, pp. 1–10; Jessica E. Lessin, "Apple's Rising Star: Craig Federighi," *The Wall Street Journal*, June 12, 2013, p. B8; Casey Newton, "Apple's Most Important Introductions: Tim Cook, Craig Federighi, and Jony Ive," *Verge* (www.theverge.com), September 20, 2013, pp. 1–11; Sam Grobart, "Apple's Jonathan Ive and Craig Federighi: The Complete Interview," *Businessweek* (www.businessweek.com), September 25, 2013, pp. 1–20.

Part of your skill development as a leader involves gaining insight into your own leadership style or potential style. To this end, do Leadership Self-Assessment Quiz 4-2.

Leadership Grid™ Styles

A classic method of classifying leadership styles suggests that the best way to achieve effective leadership is to integrate the task and relationship



LEADERSHIP SELF-ASSESSMENT QUIZ 4-2

What Style of Leader Are You or Would You Be?

Instructions: Answer the following statement, keeping in mind what you have done, or think you would do, in the scenarios and attitudes described.

	MOSTLY TRUE	MOSTLY FALSE
1. I am more likely to take care of a high-impact assignment myself than turn it over to a group member.	<input type="checkbox"/>	<input type="checkbox"/>
2. I would prefer the analytical aspects of a manager's job to working directly with group members.	<input type="checkbox"/>	<input type="checkbox"/>
3. An important part of my approach to managing a group is to keep the members informed almost daily of any information that could affect their work.	<input type="checkbox"/>	<input type="checkbox"/>
4. It is a good idea to give two people in the group the same problem and then choose what appears to be the best solution.	<input type="checkbox"/>	<input type="checkbox"/>
5. I like to have updates a few times a day on the work progress of subordinates, even if the update is simply a text message or instant message.	<input type="checkbox"/>	<input type="checkbox"/>
6. I look for opportunities to obtain group input before making a decision, even on straightforward issues.	<input type="checkbox"/>	<input type="checkbox"/>
7. I would reverse a decision if several of the group members presented evidence that I was wrong.	<input type="checkbox"/>	<input type="checkbox"/>
8. Differences of opinion in the work group are healthy.	<input type="checkbox"/>	<input type="checkbox"/>
9. I think that activities to build team spirit, like fixing up a poor family's house on a Saturday, are an excellent investment of time.	<input type="checkbox"/>	<input type="checkbox"/>
10. If my group were hiring a new member, I would like the person to be interviewed by the entire group.	<input type="checkbox"/>	<input type="checkbox"/>
11. An effective team leader today uses e-mail or other digital media for about 98 percent of communication with team members.	<input type="checkbox"/>	<input type="checkbox"/>
12. Some of the best ideas are likely to come from the group members rather than from the manager.	<input type="checkbox"/>	<input type="checkbox"/>
13. If our group were going to have a banquet, I would get input from each member on what type of food should be served.	<input type="checkbox"/>	<input type="checkbox"/>
14. I have never seen a statue of a committee in a museum or park, so why bother making decisions by committee if you want to be recognized?	<input type="checkbox"/>	<input type="checkbox"/>
15. I dislike it intensely when a group member challenges my position on an issue.	<input type="checkbox"/>	<input type="checkbox"/>
16. I typically explain to group members how (what method) they should use to accomplish an assigned task.	<input type="checkbox"/>	<input type="checkbox"/>
17. If I were out of the office for a week, most of the important work in the department would get accomplished anyway.	<input type="checkbox"/>	<input type="checkbox"/>
18. Delegation of important tasks is something that would be (or is) very difficult for me.	<input type="checkbox"/>	<input type="checkbox"/>
19. When a group member comes to me with a problem, I tend to jump right in with a proposed solution.	<input type="checkbox"/>	<input type="checkbox"/>
20. When a group member comes to me with a problem, I typically ask that person something like, "What alternative solutions have you thought of so far?"	<input type="checkbox"/>	<input type="checkbox"/>

QUIZ 4-2 (continued)

Scoring and Interpretation: The answers for a participative leader are as follows:

- | | | |
|-----------------|------------------|------------------|
| 1. Mostly false | 8. Mostly true | 15. Mostly false |
| 2. Mostly false | 9. Mostly true | 16. Mostly false |
| 3. Mostly true | 10. Mostly true | 17. Mostly true |
| 4. Mostly false | 11. Mostly false | 18. Mostly false |
| 5. Mostly false | 12. Mostly true | 19. Mostly false |
| 6. Mostly true | 13. Mostly true | 20. Mostly true |
| 7. Mostly true | 14. Mostly false | |

Give yourself a score of 1 for each answer that matches the answer key.

If your score is 15 or higher, you are most likely (or would be) a participative leader. If your score is 5 or lower, you are most likely (or would be) an authoritarian leader.

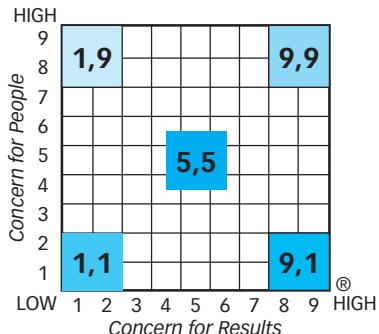
Skill Development: The quiz you just completed is also an opportunity for skill development. Review the twenty statements and look for implied suggestions for engaging in participative leadership. For example, statement 20 suggests that you encourage group members to work through their own solutions to problems. If your goal is to become an authoritarian leader, the statements can also serve as useful guidelines. For example, statement 19 suggests that an authoritarian leader first looks to solve problems for group members.

orientations. The **Leadership Grid™** is a framework for specifying the extent of a leader's concern for production and people.⁴¹

Concern for production is rated on the grid's horizontal axis. Concern for production includes results, bottom line, performance, profits, and mission. Concern for people is rated on the vertical axis, and it includes concern for group members and coworkers. Both concerns are leadership attitudes or ways of thinking about leadership. Each of these concerns (or dimensions) exists in varying degrees along a continuum from 1 to 9. A manager's standing on one concern is not supposed to influence his or her standing on the other. As shown in Figure 4-3, the Grid encompasses seven leadership styles. If you are already familiar with the Grid, you will notice that the names of the styles have been changed in this version.

The creators of the Grid argue strongly for the value of 9, 9 Sound (contribute and commit). According to their research, the sound management approach pays off. It results in improved performance, low absenteeism and turnover, and high morale. Sound (9, 9) management relies on trust and respect, which combine to bring about good results.

An example of a manager who might qualify as a 9, 9 leader is Mark Mason, the CEO of the private banking division of Citigroup Inc. He has a staff of his own and is also responsible for working with each of the regional CEOs in addition to market managers, bankers, and investment counselors for the purpose of accelerating growth. Mason is known for his outstanding business results and also has been highly effective in developing relationships with team members, his mentors, and senior executives.⁴²

**The Seven Managerial Grid Styles****9,1 Controlling** (Direct & Dominate)

- I expect results and take control by clearly stating a course of action. I enforce rules that sustain high results and do not permit deviation.

1,9 Accommodating (Yield & Comply)

- I support results that establish and reinforce harmony. I generate enthusiasm by focusing on positive and pleasing aspects of work.

5,5 Status Quo (Balance & Compromise)

- I endorse results that are popular but caution against taking unnecessary risk. I test my opinions with others involved to assure ongoing acceptability.

1,1 Indifferent (Evade & Elude)

- I distance myself from taking active responsibility for results to avoid getting entangled in problems. If forced, I take a passive or supportive position.

PAT Paternalistic (Prescribe & Guide)

- I provide leadership by defining initiatives for myself and others. I offer praise and appreciation for support, and discourage challenges to my thinking.

OPP Opportunistic (Exploit & Manipulate)

- I persuade others to support results that offer me private benefit. If they also benefit, that's even better in gaining support. I rely on whatever approach is needed to secure an advantage.

9,9 Sound (Contribute & Commit)

- I initiate team action in a way that invites involvement and commitment. I explore all facts and alternative views to reach a shared understanding of the best solution.

FIGURE 4-3 The Leadership Grid.TM

The Managerial Grid (or the Leadership Grid) is a very simple framework that elegantly defines seven basic styles that characterize workplace behavior and the resulting relationships. The seven Managerial Grid styles are based on how two fundamental concerns (concern for people and concern for results) are manifested at varying levels whenever people interact.

Source: Grid International, Inc.

Entrepreneurial Leadership

Many entrepreneurs use a similar leadership style that stems from their personality characteristics and circumstances. Although there are different types and definitions of entrepreneurs; in general, an entrepreneur is a person who founds and operates an innovative business. Not all business owners, including franchise operators, are therefore entrepreneurial leaders. The general picture that emerges of an entrepreneur is a task-oriented and charismatic person. Entrepreneurs drive themselves and others relentlessly, yet their personalities also inspire others.

This entrepreneurial leadership style often incorporates the behaviors described in the following paragraphs. Although some authorities disagree about whether an entrepreneurial personality exists, evidence is accumulating that many entrepreneurs share a recognizable personality pattern.⁴³ Leadership Self-Assessment Quiz 4-3 gives you the opportunity to think about the type of entrepreneurial thinking and behavior typical of the entrepreneurial personality.

1. Strong achievement drive and sensible risk taking. Entrepreneurs have stronger achievement motives than most leaders (see Chapter 2). Building a business is an excellent vehicle for accomplishment and risk taking. To accomplish what they think needs to be accomplished, entrepreneurs are willing to work extraordinary hours, with twelve-hour days, seven days a week not being unusual. Because entrepreneurs take sensible risks, many do not perceive themselves as being risk takers—just as many tightrope walkers believe they are not taking risks because they perceive themselves to be in control.

2. High degree of enthusiasm and creativity. Entrepreneurs are highly enthusiastic, partially because they are so excited about their achievements. As *Entrepreneur* magazine puts it, “Something about being an entrepreneur is, for them, a five-star, butt-kicking, rocket-boosting blast.” Entrepreneurs’ enthusiasm, in turn, makes them persuasive. As a result, they are often perceived as charismatic. Some entrepreneurs are so emotional that they are regarded as eccentric.

The enthusiasm of entrepreneurs often develops into passion. The late Anna Roddick, who founded the Body Shop, asserted that “to succeed you have to believe in something with such a passion that it becomes a reality.” A theoretical analysis of entrepreneurial passion suggests that it is invested in three roles. First is the inventor role of recognizing an opportunity such as seeing the need for a product or service. Second is the founder role of creating the venture, with all its associated managerial and leadership responsibilities. Third is the developer role of growing the venture, such as expanding into the global market.⁴⁴

3. Typical pattern of being proactive. Leon C. Prieto argues that the proactive personality has potential for providing additional insight into how personality traits are related to entrepreneurship. The natural link is that entrepreneurship is inherently proactive—to be an entrepreneur one has to



LEADERSHIP SELF-ASSESSMENT QUIZ 4-3

Entrepreneurial Thinking and Behavior

Instructions: Indicate how well each of the following statements reflects your attitudes or behavior, using this scale: very inaccurately (VI), inaccurately (I), moderately well (MW), accurately (A), very accurately (VA).

	VI	I	MW	A	VA
1. I have actually started a business of my own.	1	2	3	4	5
2. The thought of starting my own business appeals to me.	1	2	3	4	5
3. So many new products are being introduced practically every week that it seems senseless to bother dreaming up an idea for another new product.	5	4	3	2	1
4. I enjoy the challenge of meeting new people and explaining what I do.	1	2	3	4	5
5. I get excited about thinking of a new idea for a product or service.	1	2	3	4	5
6. My career advice to young people is to pursue a well-established occupation with a high demand for newcomers to the field.	5	4	3	2	1
7. Betting money on sports is exciting and fun.	1	2	3	4	5
8. Taking care of administrative details is boring for me.	1	2	3	4	5
9. I am (or would be) comfortable working outside of regular working hours.	1	2	3	4	5
10. The best job for me would be one that offers a stable salary, regular working hours and vacations, and a guaranteed pension.	5	4	3	2	1
11. Self-employment fits (or would fit) my personality.	1	2	3	4	5
12. What a horrible life it would be for me to get paid strictly on commission.	5	4	3	2	1
13. I enjoy the challenge of selling my ideas and myself to people I have not met before.	1	2	3	4	5
14. I need at least eight hours of sleep and regular rest breaks during the day to perform well.	5	4	3	2	1
15. If I personally knew a family that had been a disaster victim, I would be willing to attempt to raise money for that family.	1	2	3	4	5
16. I enjoy purchasing lunch from a street vendor when the opportunity arises.	1	2	3	4	5
17. If you are not a scientist or an engineer it is useless to try to invent something that is intended for the marketplace.	5	4	3	2	1
18. Most people who become rich and famous got there by luck.	5	4	3	2	1
19. I would enjoy the experience of working on developing new products in a company department located away from where most employees worked.	1	2	3	4	5
20. If I were self-employed or worked from home for an employer, I would probably start my workday at about 10 A.M.	5	4	3	2	1

Total Score: _____

Scoring and Interpretation: Add the numbers that you have circled.

- **85–100:** The results suggest that you have many of the tendencies of an entrepreneurial personality. You probably enjoy risk taking and change, and would be willing to take the risk of earning your income through self-employment.
- **50–84:** You most likely have average tendencies toward being an entrepreneurial personality. You probably would not enjoy a career filled with risk and uncertainty.
- **20–49:** Your personality makeup most likely does not resemble that of an entrepreneurial personality. You might place a high value on stability and security. A regular paycheck is probably quite important to you.

scan the environment to find an opportunity, and then capitalize on the opportunity. Individuals with a proactive personality may be more inclined to mobilize resources and gain the commitment required for value creation that the entrepreneur requires.⁴⁵

Proactive personality types may have a strong desire to become entrepreneurial leaders to create value for the firm. An assistant manager at a large restaurant, for example, might explore the possibilities of establishing a team-building component based on the preparation of gourmet meals. The program would be sold to organizations, as has been done successfully by a handful of elite restaurants.

4. *Tendency to act quickly when opportunity arises.* Entrepreneurs are noted for seizing upon opportunity, as part of their proactivity. When a deal is on the horizon, they push themselves and those around them extra hard. Entrepreneurs are always in a hurry. While engaged in one meeting, their minds typically begin to focus on the next meeting. Their flurry of activity rubs off on group members and those around them. Entrepreneurs often adopt a simple dress style in order to save time, and they typically allow little slack time between appointments.

5. *Visionary perspective combined with tenacity.* Entrepreneurs, at their best, are visionaries. As with other types of effective leaders, they see opportunities others fail to observe. Specifically, they have the ability to identify a problem and arrive at a solution. Ted Turner of CNN is a legendary example of an entrepreneurial visionary. Turner picked up on a trend that people wanted—an all-news cable channel that they could access anytime. Not only is CNN a commercial success, but it also revolutionized the way people get their news all over the globe. After the vision is established, the entrepreneur tenaciously implements the vision, working an eighty-hour week if need be.

For many entrepreneurs, just growing their businesses requires tenacity. A relevant example is none other than Mark Zuckerberg, who in his early twenties became one of the best-known entrepreneurs of all time. During the Great Recession, he sank money and time into developing Facebook and grew its engineering ranks by 50 percent.⁴⁶

6. *Dislike of hierarchy and bureaucracy.* Entrepreneurs are not ideally suited by temperament to working within the mainstream of a bureaucracy. Many successful entrepreneurs are people who were frustrated by the constraints of a bureaucratic system. The implication for leadership style is that entrepreneurs deemphasize rules and regulations when managing people.

7. *Preference for dealing with external customers.* One reason that entrepreneurs have difficulty with bureaucracy is that they focus their energies on products, services, and customers, rather than on employees. Some entrepreneurs are gracious to customers and moneylenders but brusque with company insiders. A blind spot many entrepreneurs have is that they cannot understand why their employees do not share their passion for

work and customer focus. As a result, they may be curt with employees who do not share their dedication to the firm.

8. Eye on the future. Entrepreneurs have the pronounced characteristic of thinking about future deals and business opportunities even before a current business is running smoothly. “Where is my next deal coming from?” is the mantra of the true entrepreneur. Even after accumulating great wealth from a current business activity, the entrepreneurial leader looks toward future opportunities. A good example is Richard Branson, whose empire contains about 250 companies with the Virgin label, yet he continues to look for the next company to start or acquire.

A survey conducted by Ernest & Young and *The Wall Street Journal* found that the six top qualities of an entrepreneurial leader are vision, passion, drive, integrity, innovation, and risk-taker thereby supporting most of the points just presented.⁴⁷ A caution, however, is that the entrepreneurial personality carried to an extreme can lead to addictive behavior, including substance abuse.

To practice one aspect of entrepreneurial leadership, do Leadership Skill-Building Exercise 4-4.

Gender Differences in Leadership Style

Controversy over whether men and women have different leadership styles continues. Several researchers and observers argue that women have certain acquired traits and behaviors that suit them for relations-oriented leadership. Consequently, women leaders frequently exhibit a cooperative, empowering style that includes nurturing team members. According to this same perspective, men are inclined toward a command-and-control, militaristic leadership style. Women find participative management more natural than do men because they appear to feel more comfortable interacting with people. Furthermore, it is argued that women’s natural sensitivity to people gives them an edge over men in encouraging group members to participate



LEADERSHIP SKILL-BUILDING EXERCISE 4-4

Entrepreneurial Leadership

An important part of the entrepreneurial role is convincing others of the merit of your idea so that they will invest in your company or lend you money. Two students play the role of a team of entrepreneurs who have a new product or service and want to launch a business. (The two entrepreneurs choose the product or service.) About five other students play the role of a group of venture capitalists or bankers listening to the presentation to

decide whether to invest or lend money. The entrepreneurs will communicate excitement and commitment about their product, along with a good business plan. (You might want to quickly review the material about persuasive communication in Chapter 12.) The students who are not participating will evaluate how well the two entrepreneurs displayed aspects of the entrepreneurial leadership style.

in decision making. Here we look briefly at some of the evidence and reasoning whether gender differences exist in leadership style.

As many researchers use the term, *gender* refers to perceptions about the differences among males and females. An example would be to believe that women managers tend to be better listeners than their male peers. Gender differences refer to roles that men and women occupy. Sex differences, however, refer to actual (objective and quantitative) differences, such as the fact that the mean height of men exceeds that of women. Nevertheless, the terms *gender* and *sex* are still used interchangeably in general usage and to some extent in scholarly writings.

The Argument for Male–Female Differences in Leadership Style Judy Rosener, a specialist in workplace gender issues, concluded that men and women do tend toward opposite styles. Based on self-reports, she found that men tended toward a command-and-control style. In contrast, women tended toward a transformational style, relying heavily on interpersonal skills.⁴⁸ As corporate managers, women tend to place greater emphasis on forming caring, nurturing relationships with employees. Women are also more likely than men to praise group members. And when an employee falls short of expectations, women are more likely to buffer criticism by finding something praiseworthy.

Fundamental differences in the biological and psychological makeup of men and women have also been used as evidence that the two sexes are likely to manifest different leadership styles. Brain researchers Raquel Gur and Ruben Gur uncovered one such set of differences. They found that women may be far more sensitive to emotional cues and verbal nuances than men are. Women leaders would therefore be more suited to responding to the feelings of group members and understanding what they really mean by certain statements.⁴⁹

Gender differences in communication also are reflected in leadership style. Above all, women are more likely than men to use spoken communication for building relationships and giving emotional support.⁵⁰ Men focus more on disseminating information and demonstrating competence. Women are therefore more likely to choose a relationship-oriented leadership style.

An experiment was conducted with working adults by administering questionnaires about how men and women exhibit certain aspects of transformational leadership, and which aspects they should emphasize to get promoted. Conforming to stereotypes about gender differences, it was found that women display more transformational behavior and give rewards more based on merit. It was also believed that women engage in fewer management-by-exception (only intervening when a problem exists) and laissez-faire behaviors than do men. In terms of getting promoted, inspirational motivation was perceived as more important for men than women, especially to be promoted to CEO. In contrast, individualized consideration (responding to the needs of individuals) was perceived as more important for women than men, and especially important for promotion to CEO.⁵¹

Placing Gender Differences in Leadership Style in Perspective To what extent the stereotypes of men and women leaders are true is difficult to judge. Even if male and female differences in leadership style do exist, they must be placed in proper perspective. Both men and women leaders differ among themselves in leadership style. Plenty of male leaders are relationship oriented, and plenty of women practice command and control (the extreme task orientation). Many women believe that women managers can be more hostile and vindictive than men managers.

Perhaps the best approach to leadership takes advantage of the positive traits of both men and women. To compete in the global marketplace, companies need a diverse leadership team including men and women. Not recognizing that both male and female styles are needed can lead to confusion for women managers.

Selecting the Best Leadership Style

An underlying theme of our discussion of leadership styles in this and the next chapter is that there is no one best or most effective leadership style. A study of 3,000 executives revealed that leaders who get the best results do not rely on one style. Instead, they use several different styles in one week, such as being autocratic in some situations and democratic in others.⁵² Another consideration is the national culture in which the leadership takes place. An effective leadership style for most German workers would be a high performance (task) orientation and a modest amount of compassion (consideration).⁵³ However, Scandinavian workers respond best to a democratic leadership style.

The organizational culture also influences which leadership style will be tolerated and effective. A friendly, collaborative culture calls for more of a consensus style of leadership. In contrast, in a perform-or-perish culture, a more directive or autocratic leadership style will be effective.

At several places in this book, we will mention the leader-member exchange (LMX) theory. A key point of the theory is that the leader establishes different quality relationships with each group member.⁵⁴ Part of establishing a high-quality relationship would be for the leader to vary his or her style to meet the needs of each subordinate. For example, Randy might need more guidance, and Suzanne might want to work more independently.

Over forty years ago, pioneering researcher Ralph Stogdill made a statement about selecting a leadership style that still holds today: "The most effective leaders appear to exhibit a degree of versatility and flexibility that enables them to adapt their behavior to the changing and contradictory demands made on them."⁵⁵ A recent suggestion urges leaders to follow a similar path of changing with the times, and customize a culture that is specific to each company, and the personality of its work force.⁵⁶

Before moving on to the end-of-chapter activities, do Leadership Skill-Building Exercise 4-5 that deals with flexibility and adaptability.



LEADERSHIP SKILL-BUILDING EXERCISE 4-5

Contrasting Leadership Styles

One student plays the role of a new associate working for a financial services firm that sells life insurance and other investments. The associate has completed a six-week training program and is now working full time. Four weeks have passed, and the associate still has not made a sale. The associate's boss is going to meet this associate today to discuss progress. Another student plays the role of a task-oriented leader. The two people participate in the review session.

Before playing (or assuming) the role of the associate or the boss, think for a few minutes how you would behave if you were placed in that role in real life.

Empathize with the frustrated associate or the task-oriented leader. A good role player is both a scriptwriter and an actor.

Another two students repeat the same scenario, except that this time the manager is a strong relationship-oriented leader. Two more pairs of students then have their turn at acting out the task-oriented and relationship-oriented performance reviews. Another variation of this role play is for one person to play the roles of both the task-oriented and the relationship-oriented boss. Other class members observe and provide feedback on the effectiveness of the two styles of leadership.



READER'S ROADMAP

So far in this book, we have examined the nature of leadership and the inner qualities of leaders, along with their behaviors, attitudes, and styles. In the next chapter, we describe some of the specific approaches to adapting one's leadership approach to the situation.

SUMMARY

Effective leadership requires the right behaviors, skills, and attitudes, as emphasized in the classic Ohio State University studies. Two major dimensions of leadership behavior were identified: consideration and initiating structure. Consideration is the degree to which the leader creates an environment of emotional support, warmth, friendliness, and trust. Making connections with people is a current aspect of consideration. Initiating structure is the degree to which the leader organizes and defines relationships in the group by such activities as assigning tasks and specifying procedures. Both consideration and initiating structure are related to important leadership outcomes such as job satisfaction and performance.

Many task-related attitudes and behaviors of effective leaders have been identified. Among them are (1) adaptability to the situation, (2) direction setting, (3) high performance standards, (4) concentrating on strengths of group members, (5) risk taking and execution of plans, (6) hands-on guidance and feedback, (7) ability to ask tough questions, and (8) organizing for collaboration.

Many relationship-oriented attitudes and behaviors of leaders have also been identified. Among them are (1) aligning people, (2) openness to workers' opinions, (3) creating inspiration and visibility, (4) satisfying higher-level needs, (5) giving emotional support and encouragement, (6) promoting principles and values, and (7) being a servant leader.

Servant leaders are committed to serving others rather than achieving their own goals. Aspects of servant leadership include placing service before self-interest, listening to others, inspiring trust by being trustworthy, focusing on what is feasible to accomplish, lending a hand, and emotional healing.

Many leaders receive extensive feedback on their behaviors and attitudes in the form of 360-degree feedback, whereby people who work for or with the leader provide feedback on the leader's performance. Such feedback is likely to be useful when the feedback relates to business goals and strategy and to important aspects of leadership, when training is provided in giving and receiving feedback, when action plans are developed, and when managers own the feedback evaluation. The anonymous comments in 360-degree feedback can be a problem.

Understanding leadership style is an extension of understanding leadership attitudes and behavior. Participative leaders share decision making with group members. The participative style can be subdivided into consultative, consensus, and democratic leadership. The participative style is well suited to managing competent people who are eager to assume responsibility. Yet the process can be time-consuming, and some managers perceive it to be a threat to their

power. Autocratic leaders retain most of the authority for themselves. The Leadership Grid™ classifies leaders according to their concern for both production (task accomplishment) and people.

Another important style of leader is the entrepreneur. The entrepreneurial style stems from the leader's personal characteristics and the circumstances of self-employment. It includes a strong achievement drive and sensible risk taking; a high degree of enthusiasm (including passion) and creativity; a typical pattern of being proactive; the tendency to act quickly on opportunities; hurriedness and impatience; a visionary perspective; a dislike of hierarchy and bureaucracy; a preference for dealing with external customers; and an eye on the future.

Male–female differences in leadership style have been observed. Women have a tendency toward relationship-oriented leadership, whereas men tend toward command and control. Perhaps the best approach to leadership takes advantage of the positive traits of both men and women.

Rather than searching for the one best style of leadership, managers are advised to diagnose the situation and then choose an appropriate leadership style to match. To be effective, a leader must be able to adapt style to circumstance.

KEY TERMS

effective leader 109

consideration 110

initiating structure 110

Pygmalion effect 113

tough question 115

management openness 117

servant leader 120

360-degree feedback 121

leadership style 124

participative leaders 125

consultative leaders 125

consensus leaders 125

democratic leaders 125

autocratic leaders 126

Leadership Grid™ 129



GUIDELINES FOR ACTION AND SKILL DEVELOPMENT

A major consideration about choosing a leadership style is that you may have to modify your style to fit the occasion. For example, your group members may need close direction at one point, and at other times they may require less direction (as

explained in several of the leadership theories presented in this chapter).

Most leadership-style classifications are based on the directive (task-oriented) dimension versus the nondirective (relationship-oriented) dimension.

In deciding which of these two styles is best, consider the following questions:

- 1. What is the structure of your organization and the nature of your work?** You might decide, for example, that stricter control is necessary for some types of work, such as dealing with proprietary information.
- 2. Which style suits you best?** Your personality, values, and beliefs influence how readily you can turn over responsibility to others.
- 3. Which style suits your boss and the organization culture?** For example, a boss who is highly directive may perceive you as weak if you are too nondirective. In a tough-minded, perform-or-perish culture, you might want to use a highly directive leadership style.
- 4. Is there high potential for conflict in the work unit?** A directive leadership style can trigger conflict with independent, strong-willed people. A more nondirective style allows for more freedom of discussion, which defuses conflict.⁵⁷

It is probably better for you to lead in the style you consider to be the most effective rather than be concerned with a gender stereotype dictating the style you should be using. For example, many male leaders are the most effective when being conciliatory and supportive. And many female leaders prefer to be more task-oriented in their leadership and are less concerned with building cordial relationships and being supportive.

Discussion Questions and Activities

1. Give an example of a high-consideration behavior that a supervisor of yours showed on your behalf. What was your reaction to his or her behavior?
2. Why is direction setting still an important leadership behavior in an era of empowerment and shared leadership?
3. How might a manager use e-mail and text messaging to help carry out both task-oriented and relationship-oriented behaviors?
4. Why do so many CEOs say they want entrepreneurial style leaders in their company even though the company is essentially a large bureaucracy?
5. Why would being a highly narcissistic person interfere with being an effective servant leader?
6. Visualize yourself in a leadership position in a field of interest to you. How would you feel about being described as a hands-on leader by the members of your team?
7. How would you characterize the leadership style of your favorite executive, athletic coach, or television character who plays a boss?
8. Why is shared or participative leadership likely to be effective with well-educated and intelligent team members?
9. Which, if any, style differences have you noticed between men and women leaders?
10. Several people have commented that this chapter deals with the “nuts and bolts of leadership.” What makes them say that?

LEADERSHIP CASE PROBLEM A

Frank Won’t Accept “We Can’t” for an Answer

Frank is the business development manager at a small firm that provides business process improvement solutions to federal, state, and local governments. His firm’s organization structure includes four project managers who are both managers of projects and also solicit for new

business. Up until last year, the company had enough contracts to be profitable. This year, a few big government contracts have expired and have not yet been renewed. As a result, the company could lose money and perhaps be forced to lay off one-third of the staff.

Frank is particularly worried. He calls a meeting with his four project managers to discuss the need for more sales. A couple of minutes into the meeting, Frank informs his four direct reports, "The time for excuses is over. We need at least \$1 million worth of new contracts to stay afloat. I haven't heard about even a warm lead for a new contract from any of you in about a year. We need new business, and we need it now."

Project manager Jennifer responded: "Frank, I hear you. The other project managers hear you. But government spending has tightened up. It's not possible to squeeze a contract out of a government agency if they don't have money in the budget."

Oliver, another project manager, responded, "Frank, I have to agree with Jenny. There is no way to coax a contract out of a government agency when the well is dry. You know as well as we do that government funding is way down for everything but national defense. Help us by pointing us in a new

direction for obtaining contracts. Do you have any contacts in private industry that we might pursue?"

Shaking his head in discouragement, Frank said: "I've heard enough excuses. I know you are trying, but get out there and try harder. I don't care which one of you pulls it off, but I want one new pending contract for my approval within six months.

"I will do what I can to find new business for the firm also. But I am not here to do your job. Get back to me when you have made some progress."

Questions

1. Based on the limited evidence, how would you characterize Frank's leadership style?
2. What leadership behaviors and attitudes is Frank displaying?
3. How else might Frank approach his project managers about developing new business?

ASSOCIATED ROLE PLAY

One student plays the role of Frank who wants to use an effective leadership approach to encourage his project managers/account managers to bring in a few new accounts. He knows that this is a tough leadership task. Four other students play the roles

of the project manager who will react to Frank's leadership initiatives. Class members providing feedback should be particularly observant of Frank's leadership approach.

LEADERSHIP CASE PROBLEM B

Tricia and Her Facebook Friends and Twitter Followers

Tricia is the human resources team leader in the regional headquarters of an international bank. She has five direct reports plus considerable individual responsibility for carrying out various human resource initiatives. About six months ago, Tricia started thinking about how she could improve her leadership effectiveness with her team of human resource professionals, plus one support person. As she reflected on feedback she had received from their boss, the vice president of administration, Tricia thought that perhaps she was a little too business-like and task oriented. The insight came to

her that perhaps she should become Facebook friends and have Twitter exchanges with her staff of five.

Tricia's first step was to invite each staff member to become a Facebook friend and also follow each group member on Twitter. (All five direct reports already had Facebook and Twitter accounts.) Tricia began her social media initiative by writing about strictly work-related topics, with posts such as the following:

- "I feel good about the response we are getting to our proposed wellness program."

- “Did you catch how the regional VP of administration said in her monthly intranet post that our team was doing a great job?”
- “Our new group interview program seems to be working. Most of our new hires are turning in above-average performance, and turnover among them is below average.”

After a couple of months of these business-like posts on Facebook and Twitter, Tricia did not observe that she and the group were developing a better personal relationship. Consequently, she decided to send posts that were more personal, including the following:

- “How about you and I spending a little quality time at the shopping mall this weekend?”
- “My two-year old nephew is having a birthday party October 10 at noon. You are warmly invited. Let me know ASAP.”
- “I thought that taupe and beige combination you wore to the office today was stunning. The way you dress picks up morale.”

ASSOCIATED ROLE PLAY

One student plays the role of Tricia who happens to meet Ken, the benefits specialist, in the company cafeteria. Another student plays the role of Ken who wants to preserve a good working relationship with Tricia, but he thinks her social media posts to

- “My boyfriend was angry with me last night because he said I don’t like his parents.”
- “Don’t let the fact that I’m the team leader interfere with us being friends.”

Tricia did receive a few positive responses from her posts, but a few responses to her posts suggested the team members were not comfortable receiving the personal messages. One tweet response was simply “????”

Questions

1. What would you advise Tricia to do about future posts of a personal nature to the team?
2. Which one or two relationship-oriented behaviors does Tricia appear to be exaggerating?
3. If your team leader sent you a post about his or her team leadership role and your potential friendship, how would you respond?

him have become unprofessional. Class members who provide feedback will be particularly observant of (a) how receptive Tricia is to the feedback from Ken, and (b) how diplomatic Ken is in expressing his concerns.



LEADERSHIP SKILL-BUILDING EXERCISE 4-6

My Leadership Portfolio

For this addition to your leadership portfolio, identify four leadership task-oriented behaviors or relationship-oriented behaviors that you have demonstrated this week. Your list can comprise any combination of the two sets of behaviors. Also jot down the result you achieved by exercising these behaviors. Here is an example:

“Thursday night, I applied *direction setting* and it really worked. We have a group assignment in our marketing class with each group consisting of about five people. Our assignment is to analyze how well employee self-service is working in supermarkets

and home-improvement stores. The group was hitting a wall because in their Internet searches they were finding mostly advertisements for Home Depot and the like. I suggested that we each visit a supermarket or home-improvement store and make firsthand observations of the customers who were using the automated checkout system. I also suggested we ask a couple of questions of the store associate supervising the activity. The group loved my idea, and the project was a big success. We supplemented written articles with a firsthand field study. I set the group in the right direction.”



LEADERSHIP SKILL-BUILDING EXERCISE 4-7

The Entrepreneurial Leadership Style

Work in a small group to write an essay about an entrepreneurial leader. First, agree on an entrepreneur for whom there is likely to be considerable information available in magazines and newspapers, including Internet access to this material. Prepare an essay of about 400 words, concentrating on the person's entrepreneurial traits and behaviors. Refer back to

the chapter section about entrepreneurial leadership to gather some ideas for categories, such as "high degree of enthusiasm and creativity." Also, look to see if you can identify traits or behaviors not mentioned in the text. Remember that an entrepreneur is somebody who founds and develops a business based on a creative idea, such as David Karp of Tumblr.

NOTES

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Contingency and Situational Leadership

LEARNING OBJECTIVES

After studying this chapter and doing the exercises, you should be able to

- Describe how the situation influences the choice of leadership objectives. Present an overview of the contingency theory of leadership effectiveness.
- Explain the path-goal theory of leadership effectiveness.
- Explain Situational Leadership® II (SLII).
- Use the normative decision model to determine the most appropriate decision-making style in a given situation.
- Explain the basics of leadership during a crisis.
- Explain how evidence-based leadership can contribute to contingency and situational leadership.

CHAPTER OUTLINE

Situational Influences on Effective Leadership Behavior

Fiedler's Contingency Theory of Leadership Effectiveness

Measuring Leadership Style: The Least Preferred Coworker (LPC) Scale

Measuring the Leadership Situation

Overall Findings

Making the Situation More Favorable for the Leader

Evaluation of Fiedler's Contingency Theory

The Path-Goal Theory of Leadership Effectiveness

Matching the Leadership Style to the Situation

Steps Leaders Can Take to Influence Performance and Satisfaction

Situational Leadership® II (SLII)

Basics of SLII

Evaluation of SLII

The Normative Decision Model

Decision-Making Styles

Contingency Factors and Application of the Model

Leader-Member Exchange (LMX) and Contingency Theory

Leadership During a Crisis

Evidence-Based Leadership for the Contingency and Situational Approach

Summary

Key Terms

Guidelines for Action and Skill Development

Leadership Case Problem A

Leadership Case Problem B

Notes

In March 2013, Michigan governor Rick Snyder appointed Kevyn Orr as emergency manager of Detroit for an eighteen-month term to help resolve the city's overwhelming problems. Detroit had a history of political corruption, bribery, and sex scandals. The city's population shrank from 1.8 million in 1950 to 700,000 in 2013. Detroit led the United States in violent crime. Many parts of the outer city looked to be bombed out, with approximately 66,000 vacant lots, and 78,000 abandoned or distressed buildings, many of which were used as drug houses. A four-bedroom house in the inner city could be purchased for \$7,000. City debt had reached \$18 billion.

Orr, a graduate of the University of Michigan Law School, had been a bankruptcy attorney for many years including working on Chrysler's bankruptcy in 2009. Orr admitted he had dictatorial powers as an emergency manager but he said he was going to be a benevolent dictator. Five months after Orr's appointment, Detroit filed for bankruptcy, and he regarded the decision as the beginning of the rebirth of the beleaguered city. He talked about other cities, such as Miami, Washington D.C., that rebounded from adversity in major sections of the metropolitan areas.

Orr exuded optimism and energy as he talked about his plans to work Detroit out of bankruptcy before his term expired. He admitted that Detroit had horrendous problems, as reflected in his quip, "You can't have 20-year-old oak trees growing through the roofs of houses and not notice that there's some blight." Yet Orr also pointed to pockets of optimism about the city. He referred to people in their 20s who are launching high-tech firms, restaurants, and rehabbing abandoned or blighted buildings. Venture capitalists and private foundations were investing billions in downtown. Dan Gilbert, the chairman of Quicken Loans, moved company headquarters to Detroit in 2010. He also attracted eighty-five other companies to downtown through a program that provides office space for startups.

A key part of Orr's strategy for revitalization was the Detroit Future City plan created by public officials, community groups, and philanthropists to undo blight, and improve lighting and public safety in six demonstration districts. The hope is that improvements in one neighborhood become contagious. Despite the city's crippling debt, Orr proposed a \$1.25 billion investment in the city over the next decade. At the same time, he is trimming costs through such measures as privatizing refuse collection and negotiating for lower pension payments to city retirees.

Although candid about the dreadful corruption and misjudgments of the past, Orr points his stakeholders toward a brighter future. He says that Detroit has been given a second chance that should not be wasted. "This is our opportunity for a great All-American city to show what it really is," he says.¹

The story about the emergency manager of a troubled city illustrates an increasingly important leadership task: leading people through a crisis. Leadership of this type is a special case of the general subject of this chapter—adjusting one's approach to the situation. Contingency and situational leadership further expand the study of leadership styles by adding more specific guidelines about which style to use under which circumstance.

In this chapter, we present an overview of the situational perspective on leadership. We then summarize four classic contingency theories of leadership: Fiedler's contingency theory, path-goal theory, the situational leadership model, and the normative decision model. We also explain how a more contemporary theory, the leader-member exchange, contributes to understanding the contingency perspective. In addition, we describe crisis leadership because leading others through a crisis has become a frequent challenge in recent years. Finally, we describe how evidence-based leadership and management contribute to the contingency approach.

Situational Influences on Effective Leadership Behavior

The situation can influence the leadership behavior or style a leader emphasizes. The essence of a **contingency approach to leadership** is that leaders are most effective when they make their behavior contingent on situational forces, including group member characteristics. Both the internal and the

external environment have a significant impact on leader effectiveness. For example, the quality of the workforce and the competitiveness of the environment can influence which behaviors the leader emphasizes. A manager who supervises competent employees might be able to practice consensus leadership readily. And a manager who faces a competitive environment might find it easier to align people to pursue a new vision.

A useful perspective on implementing contingency leadership is that the manager must be flexible enough to avoid clinging to old ideas that no longer fit the current circumstances.² Being stubborn about what will work in a given situation and clinging to old ideas can result in ineffective leadership. The effective leader adapts to changing circumstances. For example, at one point, offering employees generous benefits might not have been motivational. In reality, with many employers having cut back on benefits such as health insurance, these benefits can actually be helpful in attracting and retaining workers.

As mentioned in several places in this textbook, the leader needs to take into account the major situational variable of organizational culture when choosing which approach to leadership will lead to favorable outcomes. A command-and-control leadership style may not be effective in a company with a collaborative, friendly organizational culture. If the culture seems at odds with what a highly placed leader wants to accomplish, the leader may attempt to change the culture.

Victor H. Vroom and Arthur G. Jago have identified three conclusions about the role of situations in leadership, and these findings support the model of leadership presented in Figure 1-2, Chapter 1. The conclusions are geared to support the idea that leadership involves motivating others to work collaboratively in the pursuit of a common goal.³ We also add a fourth conclusion, focused on the organization structure.

1. *Organizational effectiveness is affected by situational factors not under leader control.* The leader might be able to influence the situation, yet some situational factors are beyond the leader's complete control. The manager of a prosperous, independent coffee shop might be running her business and leading her employees successfully for ten years. Suddenly, a Starbucks opens across the street, thereby seriously affecting her ability to lead a successful enterprise. She might be smart enough to have a contingency plan of offering services Starbucks cannot equal, yet staying in business will be a struggle.

2. *Situations shape how leaders behave.* Contingency theorists believe that forces in the situation are three times as strong as the leader's personal characteristics in shaping his or her behavior. How the leader behaves is therefore substantially influenced by environmental forces. In the face of competition from Starbucks, our coffee shop owner might now act with a greater sense of urgency, be much more directive in telling her workers what to do, and become much less warm and friendly. Her normal level of enthusiasm might also diminish.

3. *Situations influence the consequences of leader behavior.* Popular books about management and leadership assume that certain types of

leader behavior work in every situation. Situational theorists disagree strongly with this position. Instead, a specific type of leadership behavior might have different outcomes in different situations. The leader behavior of empowerment illustrates this idea. Perhaps empowerment will work for our coffee shop owner because she has a group of dedicated workers who want their jobs and her enterprise to endure. However, empowering incompetent workers with a weak work ethic is likely to backfire because the workers will most likely resist additional responsibility.

4. The type of organization influences which leadership approach is best. Henry Mintzberg has identified the form of organization as a key situational variable influencing which approach to leadership is likely to be most effective. Two examples will suffice here. In an *entrepreneurial organization*, the key leader will engage in considerable doing and dealing as well as creating visions. In a *machine organization*, or classic bureaucracy, the leader will engage in a considerable amount of controlling.⁴

In this chapter, as well as throughout the book, possible situational factors are mentioned that should be taken into consideration in leading others. A general approach to being aware of all these factors is for the leader to be *mindful* of events in the environment. If you are mindful, you are sensitive to what is happening around you. According to stress researcher Jon Kabat-Zinn, you learn to pay attention on purpose to the present moment, in a non-judgmental way, to whatever arises in your leadership situation.⁵

Fiedler's Contingency Theory of Leadership Effectiveness

Fred E. Fiedler developed a widely researched and quoted contingency model more than forty years ago that holds that the best style of leadership is determined by the situation in which the leader is working.⁶ Here we examine how the style and situation are evaluated, the overall findings of the theory, and how leaders can modify situations to their advantage. Although this theory is no longer the subject of new research, it still provides a few useful suggestions for today's leader.

Measuring Leadership Style: The Least Preferred Coworker (LPC) Scale

Fiedler's theory classifies a manager's leadership style as relationship motivated or task motivated. Style is therefore based on the extent to which the leader is relationship motivated or task motivated. According to Fiedler, leadership style is a relatively permanent aspect of behavior and thus difficult to modify. Leaders are regarded as having a consistent style of task or relations orientation. Fiedler reasons that once leaders understand their particular leadership style, they should work in situations that match that style. Similarly, the organization should help managers match leadership styles and situations.

The least preferred coworker (LPC) scale measures the degree to which a leader describes favorably or unfavorably his or her LPC—that is, an employee with whom he or she could work the *least well*. A leader who describes the LPC in relatively favorable terms tends to be relationship motivated. In contrast, a person who describes this coworker in an unfavorable manner tends to be task motivated. The coworker is described by rating him or her on a series of eighteen polar-opposite adjectives, such as the following:

Pleasant	8	7	6	5	4	3	2	1	Unpleasant
Tense	1	2	3	4	5	6	7	8	Relaxed

The leadership style measure presented in Leadership Self-Assessment Quiz 4-1 is a more direct and less abstract way of measuring your style. To repeat, the general idea of the LPC approach is that if you have a positive, charitable attitude toward people you had a difficult time working with, you are probably relationship oriented. In contrast, if you take a dim view of people who gave you a hard time, you are probably task oriented. The message here is that a relationship-oriented leader should be able to work well with a variety of personalities.

Measuring the Leadership Situation

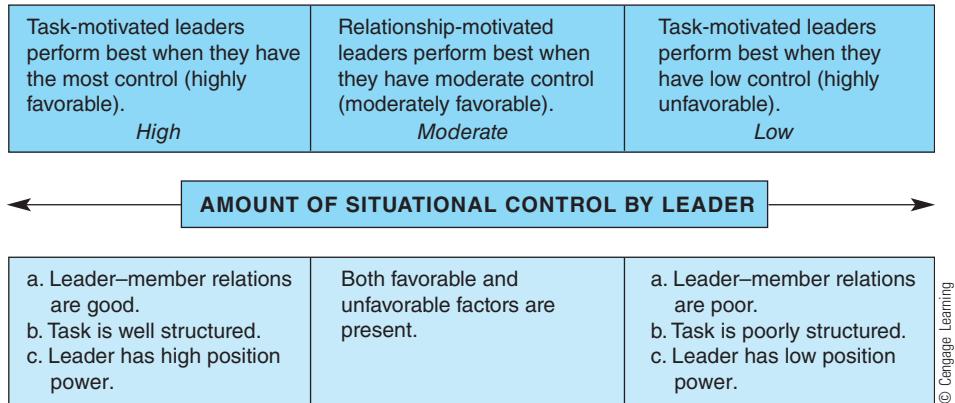
Fiedler's contingency theory classifies situations as high, moderate, and low control. The more control that the leader exercises, the more favorable the situation is for the leader. The control classifications are determined by rating the situation on its three dimensions: (1) *leader-member relations* measure how well the group and the leader get along; (2) *task structure* measures how clearly the procedures, goals, and evaluation of the job are defined; and (3) *position power* measures the leader's authority to hire, fire, discipline, and grant salary increases to group members.

Leader-member relations contribute as much to situation favorability as do task structure and position power combined. The leader therefore has the most control in a situation in which relationships with members are the best.

Overall Findings

The key points of Fiedler's contingency theory are summarized and simplified in Figure 5-1. The original theory is much more complex. Leadership effectiveness depends on matching leaders to situations in which they can exercise more control. A leader should therefore be placed in a situation that is favorable to, or matches, his or her style. If this cannot be accomplished, the situation might be modified to match the leader's style by manipulating one or more of the three following situational variables.

The theory states that task-motivated leaders perform the best in situations of both high control and low control. Relationship-motivated leaders



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FIGURE 5-1 Summary of Findings from Fiedler's Contingency Theory.

perform the best in situations of moderate control. The results of many studies indicated that the relationship-motivated leader outperformed the task-motivated leader in three of the eight situations but that the reverse was true in the other five situations. The eight situations result from each of the three situational variables being classified in one of two ways (good or poor, high or low, or strong or weak), as shown in Figure 5-2.

Task-motivated leaders perform better in situations that are highly favorable for exercising control because they do not have to be concerned with the task. Instead, they can work on relationships. In moderately favorable situations, the relationship-motivated leader achieves higher group productivity because he or she can work on relationships and not get involved in micromanaging. In very-low-control situations, the task-motivated leader is able to structure and make sense out of confusion, whereas the relationship-motivated leader wants to give emotional support to group members or call a meeting.

Making the Situation More Favorable for the Leader

A practical implication of contingency theory is that leaders should modify situations to match their leadership style, thereby enhancing their chances of being effective. Consider a group of leaders who are task motivated and

Situational Characteristics

Situation (Octant) Number →	1	2	3	4	5	6	7	8
Leader–Member Relations	Good	Good	Good	Good	Poor	Poor	Poor	Poor
Task Structure	High	High	Low	Low	High	High	Low	Low
Position Power	Strong	Weak	Strong	Weak	Strong	Weak	Strong	Weak

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FIGURE 5-2 The Eight Different Situations in Fiedler's Contingency Theory.

decide that they need to exercise more control over the situation to achieve higher work unit productivity. To increase control over the situation, they can do one or more of the following:

- Improve leader–member relations through displaying an interest in the personal welfare of group members, having meals with them, actively listening to their concerns, telling anecdotes, and in general being a nice person.
- Increase task structure by engaging in behaviors related to initiating structure, such as being more specific about expectations, providing deadlines, showing samples of acceptable work, and providing written instructions.
- Exercise more position power by requesting more formal authority from higher management. For example, the leader might let it be known that he or she has the authority to grant bonuses and make strong recommendations for promotion.

Now imagine a relationship-motivated leader who wants to create a situation of moderate favorability so that his or her interests in being needed by the group could be satisfied. The leader might give the group tasks of low structure and deemphasize his or her position power.

Evaluation of Fiedler's Contingency Theory

A major contribution of Fiedler's work is that it has prompted others to conduct studies about the contingency nature of leadership. Fiedler's theory has been one of the most widely researched theories in industrial/organizational psychology, and at one time it was used extensively as the basis for leadership training programs. The model has also alerted leaders to the importance of sizing up the situation to gain control. At the same time, Fiedler pioneered in taking into account both traits and the situation to better understand leadership.⁷

Despite its potential advantages, however, the contingency theory is too complicated to have much of an impact on most leaders. A major problem centers on matching the situation to the leader. In most situations, the amount of control the leader exercises varies from time to time. For example, if a relationship-motivated leader were to find the situation becoming too favorable for exercising control, it is doubtful that he or she would be transferred to a less favorable situation or attempt to make the situation less favorable.

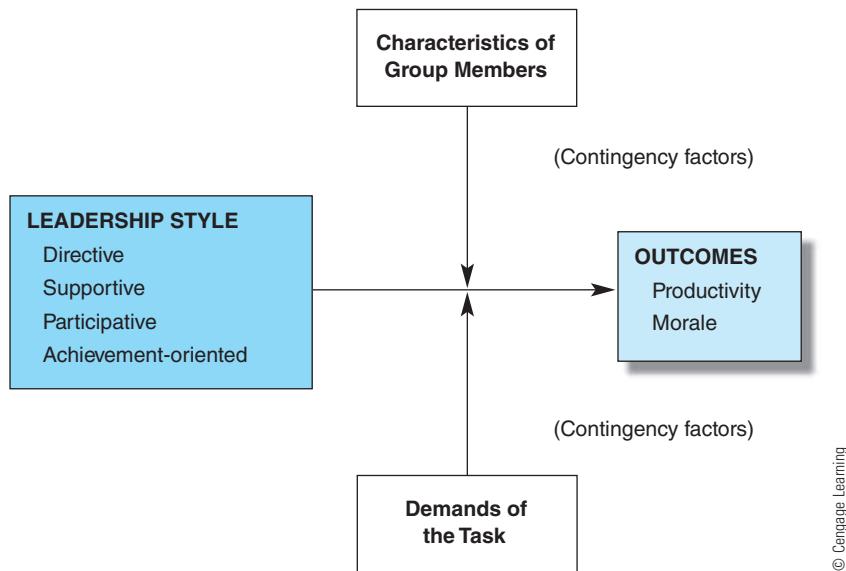
The Path-Goal Theory of Leadership Effectiveness

The **path-goal theory** of leadership effectiveness, as developed by Robert House, specifies what a leader must do to achieve high productivity and morale in a given situation. In general, a leader attempts to clarify the path to a goal for a group member so that the group member receives personal

payoffs. At the same time, this group member's job satisfaction and performance increase.⁸ Similar to the expectancy theory of motivation on which it is based, path-goal theory is multifaceted and has several versions. Its key features are summarized in Figure 5-3.

The theory is so complex that it is helpful to consider an overview before studying more of the details. The major proposition of path-goal theory is that the manager should choose a leadership style that takes into account the characteristics of the group members and the demands of the task. Furthermore, initiating structure will be effective in situations with a low degree of subordinate task structure but ineffective in highly structured task situations. The rationale is that in the first situation, subordinates welcome initiating structure because it helps to provide structure to their somewhat ambiguous tasks. Instead of just flailing around, the leader provides guidance. In the situation of highly structured tasks, more structure is seen as unnecessary and associated with overly close supervision.⁹

In his reformulated version of path-goal theory, House offered a meta-proposition, which provides a capsule summary of a dizzying amount of studies and theorizing in relation to the theory. Understanding this meta-proposition would be a good take-away from the theory: For leaders to be effective, they should engage in behaviors that complement subordinates' environments and abilities. They should engage in these behaviors in a manner that compensates for deficiencies and that enhances subordinate



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FIGURE 5-3 The Path-Goal Theory of Leadership.

To achieve the outcomes of productivity and morale, the manager chooses one of four leadership styles, depending on (a) the characteristics of the situation and (b) the demands of the task.

satisfactions as well as individual and work unit performance.¹⁰ For example, if our coffee shop owner found that one of her workers was fearful of losing his or her job because of Starbucks competition, she would give him or her lots of encouragement and explain the survival plan of the coffee shop in detail.

Two key aspects of this theory will be discussed: matching the leadership style to the situation and steps the leader can take to influence performance and satisfaction.

Matching the Leadership Style to the Situation

Path-goal theory emphasizes that the leader should choose among four leadership styles to achieve optimum results in a given situation. Two important sets of contingency factors are the type of subordinates and the tasks they perform (a key environmental factor). The type of subordinates is determined by how much control they think they have over the environment (locus of control) and by how well they think they can do the assigned task.

Environmental contingency factors are those that are not within the control of group members but influence satisfaction and task accomplishment. Three broad classifications of contingency factors in the environment are (1) the group members' tasks, (2) the authority system within the organization, and (3) the work group.

To use path-goal theory, the leader must first assess the relevant variables in the environment. Then he or she selects one of the four styles listed next that fits those contingency factors best:

1. **Directive style.** The leader who is directive (similar to task motivated) emphasizes formal activities such as planning, organizing, and controlling. When the task is unclear, the directive style improves morale.
2. **Supportive style.** The leader who is supportive (similar to relationship motivated) displays concern for group members' well-being and creates an emotionally supportive climate. The supportive leader enhances morale when group members work on dissatisfying, stressful, or frustrating tasks. Group members who are unsure of themselves prefer the supportive leadership style.
3. **Participative style.** The leader who is participative consults with group members to gather their suggestions, and then considers these suggestions seriously when making a decision. The participative leader is best suited for improving the morale of well-motivated employees who perform nonrepetitive tasks.
4. **Achievement-oriented style.** The leader who is achievement oriented sets challenging goals, pushes for work improvement, and sets high expectations for team members, who are also expected to assume responsibility. This leadership style works well with achievement-oriented team members and with those working on ambiguous and nonrepetitive tasks.

A leader can sometimes successfully combine more than one of the four styles, although this possibility is not specified in path-goal theory. For example, during a crisis, such as a major product recall, the marketing manager might need to be directive to help the group take fast action. After the initial emergency actions have been taken, the leader, recognizing how stressed the workers must be, might shift to a supportive mode.

Few practicing leaders and managers attempt to systematically apply the path-goal theory, yet many effective leaders apply some aspects of the theory intuitively. An example is Mark Murphy, the president and CEO of the Green Bay Packers, a National Football League (NFL) team. Part of the reason Murphy is so well liked by team members and fans is that he uses a supportive style. At the same time, he emphasizes an achievement-oriented style to get the most from his staff and the players. After his playing days were over, Murphy earned a law degree and an MBA.

Joe Gibbs, a Hall of Fame coach, noticed Murphy's knack for leadership early on. "He was somebody I could go and talk to if I were having problems," he says. "Mark was so smart. He made the absolute most of his abilities."¹¹ Murphy also practices participative leadership, as evidenced by his frequent use of *management by wandering around* (MBWA) with his senior management.¹² (MBWA refers to casually dropping by the work sites of subordinates and chatting with them about work and listening to their input.)

Steps Leaders Can Take to Influence Performance and Satisfaction

In addition to recommending the leadership style to fit the situation, the path-goal theory offers other suggestions to leaders. Most of them relate to motivation and satisfaction, including the following:

1. Recognize or activate group members' needs over which the leader has control.
2. Increase the personal payoffs to team members for attaining work goals. The leader might give high-performing employees special recognition.
3. Make the paths to payoffs (rewards) easier by coaching and providing direction. For instance, a manager might help a team member be selected for a high-level project.
4. Help group members clarify their expectations of how effort will lead to good performance and how performance will lead to a reward. The leader might say, "Anyone who has gone through this training in the past came away knowing how to implement a Six Sigma (quality standards) program. And most people who learn how to use this system wind up getting a good raise."
5. Reduce frustrating barriers to reaching goals. For example, the leader might hire a temporary worker to help with a seasonal work overload.

6. Increase opportunities for personal satisfaction if the group member performs effectively. The *if* is important because it reflects contingent behavior on the leader's part.
7. Be careful not to irritate people by giving them instructions on things they already can do well.
8. To obtain high performance and satisfaction, the leader must provide structure if it is missing and supply rewards contingent on adequate performance. To accomplish this, leaders must clarify the desirability of goals for the group members.¹³

As a leader, you can derive specific benefit from path-goal theory by applying these eight methods of influencing performance. Although research interest in path-goal theory has almost disappeared in recent years, the basic tenets of the theory are on target. Any comprehensive theory of leadership must include the idea that the leader's actions have a major impact on the motivation and satisfaction of group members.¹⁴ Despite the potential contributions of path-goal theory, it contains so many nuances and complexities that it has attracted little interest from managers.

Situational Leadership® II (SLII)

The two contingency approaches to leadership presented so far take into account collectively the task, the authority of the leader, and the nature of the subordinates. Another explanation of contingency leadership places its primary emphasis on the characteristics of group members. **Situational Leadership II (SLII)**, developed by Kenneth H. Blanchard and his colleagues, explains how to match leadership style to the capabilities of group members on a given task.¹⁵ (The SLII model presented here is a newer version of the older Hersey-Blanchard Situational Leadership Theory.) For example, you might need less guidance from a supervisor when you are skilled in a task than when you are performing a new task. The situational model is particularly applicable to frontline leaders such as supervisors and team leaders.

SLII is designed to increase the frequency and quality of conversations about performance and professional development between managers and group members so that competence is developed, commitment takes place, and turnover among talented workers is reduced. Leaders are taught to use the leadership style that matches or responds to the needs of the situation.

Before delving further into the situational leadership model, do the Leadership Self-Assessment Quiz 5-1. It will help alert you to the specific behaviors involved in regarding the characteristics of group members as key contingency variables in choosing the most effective leadership style.



LEADERSHIP SELF-ASSESSMENT QUIZ 5-1

Measuring Your Situational Perspective

Instructions: Indicate how well you agree with the following statements, using the following scale: DS = disagree strongly; D = disagree; N = neutral; A = agree; AS = agree strongly. Circle the most accurate answer.

	DS	D	N	A	AS
1. Workers need to be carefully trained before you can place high expectations on them.	1	2	3	4	5
2. Workers who are more knowledgeable have less need of small, day-by-day goals.	1	2	3	4	5
3. Workers who are self-confident and intelligent require less supervision and guidance than do other workers.	1	2	3	4	5
4. Workers who are anxious usually need a lot of reassurance.	1	2	3	4	5
5. Most workers learn at about the same pace, so the manager can give about the same amount of instruction to each worker.	5	4	3	2	1
6. The same well-delivered pep talk will usually appeal to workers at all levels.	5	4	3	2	1
7. A manager will usually need to provide clear directions during a crisis.	1	2	3	4	5
8. As a manager, I would invest the least amount of time supervising the most competent workers.	1	2	3	4	5
9. An effective approach to supervising emotionally immature workers is to grant them a lot of freedom.	5	4	3	2	1
10. It is best not to put much effort into supervising unenthusiastic staff members.	5	4	3	2	1
11. An effective leader delegates equal types and amounts of work to group members.	5	4	3	2	1
12. If I noticed that a team member appeared to be insecure and anxious, I would give him or her especially clear instructions and guidance.	1	2	3	4	5
13. Many competent workers get to the point where they require relatively little leadership and supervision.	1	2	3	4	5
14. Whether a person is a young adult or old adult often influences the best approach to leading him or her.	1	2	3	4	5
15. A person's cultural background usually has no significance in providing him or her appropriate leadership.	5	4	3	2	1

Scoring and Interpretation

- 46–75 points:** You have (or would have) a strong situational perspective as a leader and manager.
- 31–45 points:** You have (or would have) an average situational perspective as a leader and manager.
- 15–30 points:** You rarely take (or would take) a situational perspective as a leader and manager.

Skill Development: For the vast majority of leadership and management assignments, it pays to sharpen your situational perspective. If you scored lower than you want, sharpen your insights into situations by asking yourself, “What are the key factors in this situation that will influence my effectiveness as a leader–manager?” Study both the people and the task in the situation.

Basics of SLII

SLII stems from the original situational model. The major premise of SLII is that the basis for effective leadership is managing the relationship between a leader and a subordinate on a given task. The major concepts of the SLII model are presented in Figure 5-4. According to SLII, effective leaders adapt their behavior to the level of *commitment* and *competence* of a particular subordinate to complete a given task. For example, team member Tanya might be committed to renting some empty office space by year-end and is also highly skilled at such an activity. Or she might feel that the task is drudgery and not have much skill in selling office space. The combination of the subordinate's commitment and competence determines his or her *developmental level*, as follows:

- D1—Enthusiastic Beginner.** The learner has low competence but high commitment.
- D2—Disillusioned Learner.** The individual has gained some competence but has been disappointed after having experienced several setbacks. Commitment at this stage is low.
- D3—Capable but Cautious Performer.** The learner has growing competence, yet commitment is variable.
- D4—Self-Reliant Achiever.** The learner has high competence and commitment.

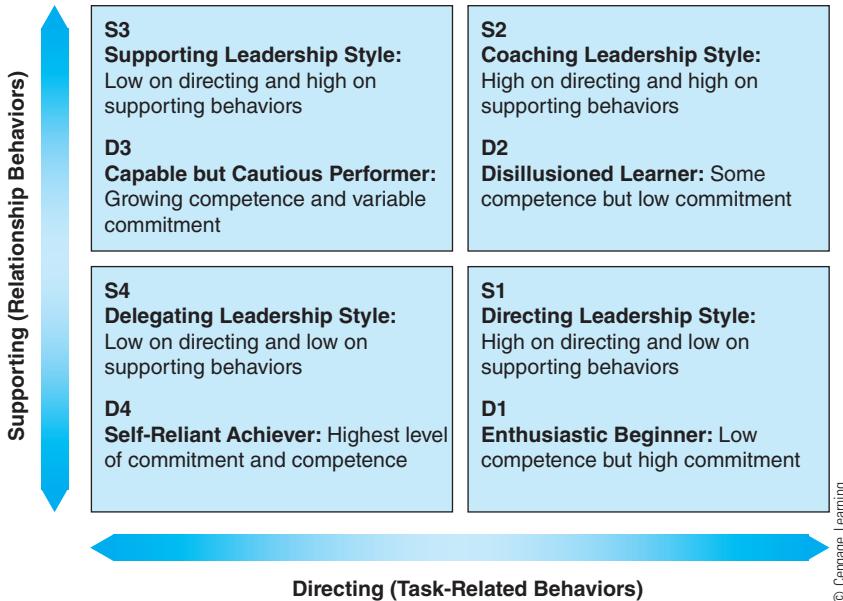


FIGURE 5-4 Situational Leadership II (SLII).

SLII explains that effective leadership depends on two independent behaviors: *supporting* and *directing*. (By now, you have read about this dichotomy several times in this chapter as well as in Chapter 4.) Supporting refers to relationship behaviors such as the leader's listening, giving recognition, communicating, and encouraging. Directing refers to task-related behaviors such as the leader's giving careful directions and controlling.

As shown in Figure 5-4, the four basic styles are:

- S1—Directing.** High directive behavior/low supportive behavior.
- S2—Coaching.** High directive behavior/high supportive behavior.
- S3—Supporting.** Low directive behavior/high supportive behavior.
- S4—Delegating.** Low directive behavior/low supportive behavior.

For best results on a given task, the leader is required to match his or her style to the developmental level of the group member. Each quadrant in Figure 5-4 indicates the desired match between leader style and subordinate development level.

A key point of SLII is that no single style is best: An effective leader uses all four styles depending on the subordinate's developmental level on a given task.

The most appropriate leadership style among S1 to S4 corresponds to the subordinate developmental levels of D1 to D4, respectively: Enthusiastic beginners (D1) require a directing (S1) leader; disillusioned learners (D2) need a coaching (S2) leader; capable but cautious performers (D3) need a supporting (S3) style of leader; and self-reliant achievers (D4) need a delegating (S4) style of leader.

Evaluation of SLII

Situational leadership represents a consensus of thinking about leadership behavior in relation to group members: Competent people require less specific direction than do less competent people. The model is also useful because it builds on other explanations of leadership that emphasize the role of task and relationship behaviors. As a result, it has proved to be useful as the basis for leadership training. At least 3 million managers have been trained in situational leadership, covering various stages of the model, so we can assume that situational leadership makes sense to managers and companies. The situational model also corroborates common sense and is therefore intuitively appealing. You can benefit from this model by attempting to diagnose the readiness of group members before choosing the right leadership style.

A challenge in applying SLII is that the leader has to stay tuned into which task a group member is performing at a given time and then implement the correct style. Because assignments can change rapidly and group



LEADERSHIP SKILL-BUILDING EXERCISE 5-1

Applying Situational Leadership II

You are playing the role of a team leader whose team has been given the responsibility of improving customer service at a consumer electronics megastore. Before jumping into this task, you decide to use SLII. Today, you are going to meet with three team members individually to estimate their developmental level with respect to performing the customer-service-improvement task. You will want to estimate both their *competence* and

commitment to perform the task. (Three different people will play the role of group members whose readiness is being assessed.) After the brief interviews (about five minutes) are conducted, you will announce which leadership style you intend to use with each of the people you interviewed. Class members not directly involved in the role play will offer feedback on how well you assessed the team members' readiness.

members are often working on more than one task in a day, the leader may have to keep shifting styles.

SLII presents categories and guidelines so precisely that it gives the impression of infallibility. In reality, leadership situations are less clear-cut than the four quadrants suggest. Also, the prescriptions for leadership will work only some of the time. For example, many supervisors use a coaching style (S2) with a disillusioned learner (D2) and still achieve poor results. A major concern is that there are few leadership situations in which a high-task, high-relationship orientation does not produce the best results.

Leadership Skill-Building Exercise 5-1 provides you with the opportunity to practice implementing the situational leadership model. The same exercise also supports other contingency and situational models.

The Normative Decision Model

Another contingency viewpoint is that leaders must choose a style that elicits the correct degree of group participation when making decisions. Since many of a leader's interactions with group members involve decision making, this perspective is sensible. The **normative decision model** views leadership as a decision-making process in which the leader examines certain factors within the situation to determine which decision-making style will be the most effective. Here we present the latest version of the model that has evolved from the work of Victor Vroom and his associates over thirty years, based on research with more than 100,000 managers.¹⁶ The models have changed but they all include the basic idea of matching decision-making style to situational factors.

Decision-Making Styles

The normative model (formerly known as the leader-participation model) identifies five decision-making styles, each reflecting a different degree of participation by group members:

- 1. Decide.** The leader makes the decision alone and either announces or sells it to the group. The leader might use expertise in collecting information from the group or from others who appear to have information relevant to the problem.
- 2. Consult (Individually).** The leader presents the problem to the group members individually, gathers their suggestions, and then makes the decision.
- 3. Consult (Group).** The leader presents the problem to group members in a meeting, gathers their suggestions, and then makes the decision.
- 4. Facilitate.** The leader presents the problem and then acts as a facilitator, defining the problem to be solved and the boundaries in which the decision must be made. The leader wants concurrence and avoids having his or her ideas receive more weight based on position power.
- 5. Delegate.** The leader permits the group to make the decision within prescribed limits. Although the leader does not directly intervene in the group's deliberations unless explicitly asked, he or she works behind the scenes, providing resources and encouragement.

Contingency Factors and Application of the Model

The leader diagnoses the situation in terms of seven variables, or contingency factors, that contribute to selecting the most appropriate decision-making style. Based on answers to those variables, the leader or manager follows the path through decision matrices to choose one of five decision-making styles. The model has two versions: one when time is critical, and one when a more important consideration is developing group members' decision-making capabilities. When development of group members receives higher priority, the leader or manager relies more on the group to make a decision even if the process is time consuming.

The situational factors, or problem variables, make the model a contingency approach. The decision-making style chosen depends on these factors, which are defined as follows:

Decision Significance: The significance of the decision to the success of the project or organization (significance deals with decision quality).

Importance of Commitment: The importance of team members' commitment to the decision (commitment deals with decision acceptance).

Leader Expertise: Your knowledge or expertise in relation to the problem.

Likelihood of Commitment: The likelihood that the team will commit itself to a decision you might make on your own.

Group Support: The degree to which the team supports the organization's objectives at stake in the problem.

Group Expertise: Team members' knowledge or expertise in relation to the problem.

Team Competence: The ability of the team members to work together in solving problems.

Accurate answers to these seven situational factors can be challenging to obtain. The leader may have to rely heavily on intuition and also minimize distorted thinking, such as believing he or she has some expertise but in fact does not.

Although applying the model in its true form is complicated and subject to misinterpretation, the take-away from the model provides useful clues about making group versus individual decisions, as follows:¹⁷

1. A *consultative* or *collaborative* decision-making style is likely to bring about the best results when (a) you need information from others to solve the problem in question, (b) the problem is not clearly defined, (c) team member acceptance of the decision is important, and (d) you have sufficient time to deal with a group decision.
2. A *decide* decision-making style (making the decision by yourself) is recommended when (a) you have more expertise than the individual group members, (b) you are confident about your ability to make the decision in question, (c) the team will most likely accept your decision, and (d) the time available for decision making is limited.

The normative model provides a valuable service to practicing managers and leaders. It prompts them to ask questions about contingency variables in decision-making situations. At a minimum, the model prompts the leader to reflect on whether to make a group or unilateral decision in relation to an issue of consequence.

Leader–Member Exchange (LMX) and Contingency Theory

Another perspective on the contingency approach is suggested by the leader–member exchange theory. Leaders who adapt their style to different individuals within the group, or have different quality relationships with individual group members, are essentially practicing contingency leadership. Hundreds of studies have been conducted about LMX theory. One of the many questionnaires used to measure the quality of the relationship between the leader and the group member is presented in Leadership Self-Assessment Quiz 5-2. Here we present several conclusions from LMX research that suggest a contingency approach to leadership.



LEADERSHIP SELF-ASSESSMENT QUIZ 5-2

Quality of Leader–Member Relations

Instructions: Indicate whether you agree or disagree with each of the following statements in reference to a specific present or former supervisor.

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

Scoring and Interpretation: The more of the above statements you agree with, the higher the quality of your leader–member exchange. Agreeing with nine or more statements suggests a high-quality leader–member exchange. Agreeing with between four and eight statements suggests an average quality leader–member exchange. Agreeing with three or fewer suggests a poor-quality leader–member exchange.

Source: Robert Eisenberger et al., "Leader-Member Exchange and Affective Organizational Commitment: The Contribution of Supervisor's Organizational Embodiment," *Journal of Applied Psychology*, November 2010, p. 1091.

1. Leaders tend to give members of their in-group more favorable performance ratings than they give to out-group members, even when their objective performance is the same. This finding reflects the idea that the leader might be kinder toward group members he or she likes.
2. Leaders do not always develop entirely different relationships with each group member, but may respond the same way to a few members of the group. For example, the leader might show equal care and trust for three members of an eight-person team.¹⁸
3. In larger groups, there tends to be more differences with respect to leader–member exchanges. As a result, the leader of a large group is more likely to use a slightly different style with various group members, such as being more authoritarian with several of the group members.

4. A manager is more likely to act as a servant leader toward subordinates with whom he or she has high-quality exchanges.¹⁹ As a consequence, in-group members are likely to perceive that they have a leader who is working on their behalf.
5. Leaders are more likely to empower group members with whom they have a high-quality exchange (or good relationship) because they are more likely to trust those members. Research suggests, however, that better results for the organization will be attained if leaders attempt to have high-quality relationships with more group members and empower them at the same time.²⁰
6. Larger differences in leader-member exchanges tend to lead to higher team performance when the LMX-quality median is low (meaning that group members tend to have poor exchanges with the leader). In contrast, when the LMX-quality median is high, differences in leader-member exchanges are not related to team performance. (If most group members feel that they have good exchanges with the leader, being treated a little differently by the leader does not affect their performance.) Similarly, when the LMX-quality median is low, more differentiation in exchanges leads to higher commitment to the group by its members. In contrast, when the LMX-quality median is high, differentiation has no effect on commitment.²¹ (If you like your exchanges with the leader, your commitment is not affected by his or her different relationships with team mates.)

Leadership During a Crisis

Among the potential crises facing organizations are a drastic revenue decline; pending bankruptcy; homicide in the workplace; scandalous or criminal behavior by executives; natural disasters, such as hurricanes, floods, or earthquakes; nuclear radiation spills; bombings and other terrorist attacks; and a cruise ship being shipwrecked. Leading during a crisis can be regarded as contingency leadership because the situation demands that the leader emphasize certain behaviors, attitudes, and traits. **Crisis leadership** is the process of leading group members through a sudden and largely unanticipated, intensely negative, and emotionally draining circumstance. Robin Kielkowski, vice president of Global Business Continuity with BNY Mellon, observes that leadership is the key ingredient in successful crisis management. Effective crisis leadership ensures that a business is prepared before a crisis emerges, and that successfully navigates response and recovery.²²

Here we describe nine leadership attributes and behaviors associated with successfully leading an organization or organizational unit through a crisis. Leadership Self-Assessment Quiz 5-3 gives you an opportunity to think through your own tendencies toward being able to lead through a crisis.



LEADERSHIP SELF-ASSESSMENT QUIZ 5-3

Checklist for Crisis Leadership

Instructions: Indicate whether you agree or disagree with each of the following statements in reference to dealing with a work-related crisis.

	AGREE	DISAGREE
1. I can make decisions and recommendations although under extreme time pressures.	<input type="checkbox"/>	<input type="checkbox"/>
2. I stay composed when I have to deal with an urgent problem that is suddenly facing me.	<input type="checkbox"/>	<input type="checkbox"/>
3. I almost never choke under pressure.	<input type="checkbox"/>	<input type="checkbox"/>
4. When the pressure is heavy, I can give clear direction to other people.	<input type="checkbox"/>	<input type="checkbox"/>
5. When someone else is facing a very difficult situation, I am reassuring and helpful.	<input type="checkbox"/>	<input type="checkbox"/>
6. When faced with an emergency, I can make a good decision even without all the facts I need.	<input type="checkbox"/>	<input type="checkbox"/>
7. When facing a major problem, I quickly get the input from people who might have useful suggestions for dealing with the problem.	<input type="checkbox"/>	<input type="checkbox"/>
8. If I am faced with a real mess that is mostly or partly my responsibility, I tell the truth about what happened.	<input type="checkbox"/>	<input type="checkbox"/>
9. When faced with an overwhelming problem, I can usually imagine what can be done to find a solution.	<input type="checkbox"/>	<input type="checkbox"/>
10. I can change my usual work activities immediately to take care of an urgent need.	<input type="checkbox"/>	<input type="checkbox"/>

Scoring and Interpretation: The more of the above statements you agree with, the stronger your tendencies for being an effective crisis leader. Agreeing with eight or more statements suggests (and your perception is accurate) high ability to deal with and lead others through a crisis. Agreeing with between three and seven statements suggests an average degree of crisis leadership ability. Agreeing with two or fewer statements suggests a limited ability right now to lead others through a crisis.

Source: Statements 1 and 10 are adapted from Constance Noonan Hadley, Todd L. Pittinsky, S. Amy Sommer, and Weichun Zhu, "Measuring the Efficacy of Leaders to Assess Information and Make Decision in a Crisis: The C-LEAD Scale," *The Leadership Quarterly*, August 2011, p. 638.

Be Decisive The best-accepted principle of crisis leadership is that the leader should take decisive action to remedy the situation. The graver the crisis, the less time the leader has to consult a wide array of people. After the plan is formulated, it should be widely communicated to help reassure group members that something concrete is being done about the predicament. After their physical facilities were destroyed in the terrorist attacks on the World Trade Center on September 11, 2001, several leaders announced the next day that their firms would move to nearby backup locations. Communicating plans helps reduce uncertainty about what is happening to the firm and the people in it. A leader who takes highly visible action to deal with a crisis is likely to be viewed as competent.

A corollary of being decisive during a crisis is not to be indecisive or to hide from the crisis in its midst. The first phase of crisis leadership is to

stabilize the emergency situation and buy time.²³ Suppose, for example, that five key managers leave the company at the same time to join a competitor, and only one in-house replacement is available. To deal with the emergency, the CEO might hire four managers from an employment agency that specializes in providing temporary managers and professionals. The next step would be to prepare other company personnel to replace managers who quit in the near future.

Being decisive in response to a crisis also includes communicating widely the plans for resolving the problems that created the crisis, assuming that the organization had some responsibility for the crisis. Announcing these plans appeared to give many employees hope for better times ahead.

Another component of decisiveness is to avoid the fear of failure that can prevent taking the necessary action to exit the crisis. Chris Warner and Don Schmincke, authors of *High Altitude Leadership*, advise leaders that fear is the ultimate strategy killer. "It stops staff from making great decisions, stops change agents from disrupting the status quo, and stops leaders from leading."²⁴ The decision of Alan Mullaly at Ford to bring back the defunct Taurus model is a good example of avoiding the fear of failure. Ford officials had discontinued the Taurus because of declining sales, but Mullaly thought the former popularity of the model warranted bringing it back to the public.

Lead with Compassion Displaying compassion with the concerns, anxieties, and frustrations of group members is a key interpersonal skill for crisis leadership. The type of compassionate leadership that brings about organizational healing involves taking some form of public action that eases pain and inspires others to act as well. Compassionate leadership encompasses two related sets of actions. The first is to create an environment in which affected workers can freely discuss how they feel, such as a group meeting to talk about the crisis or disaster. The second is to create an environment in which the workers who experience or witness pain can find a method to alleviate their own suffering and that of others. The leader might establish a special fund to help the families of workers who were victims of the disaster or give workers the opportunity to receive grief counseling.

Another way to display compassion is for the leader to make personal sacrifices before asking others to make sacrifices to get through the crisis.²⁵ During a financial crisis facing an organization, many leaders have voluntarily taken a pay cut before mandating a salary reduction for others. An extreme approach is for the CEO of a troubled company to ask the board for an annual salary of \$1.00 until the company is again profitable. (Skeptics will point out that executives who take the \$1.00 annual salary usually receive generous stock options.)

Think Strategically (See the Big Picture) A success factor for the leader of an organization or a key organizational unit is to think strategically, including seeing the big picture. During an organizational crisis, this cognitive skill increases in importance because subordinates may become so mired in the

crisis that they see no way out. The effective crisis leader helps the group understand that conditions will soon change for the better. A group of researchers headed by Leslie A. DeChurch used measures of historical events (or historiometric analysis) to elucidate the aspects of leadership essential in extreme contexts. Critical incidents, or key activities, taking place during the crisis situation were also studied. Published reports of events, including newspapers and books, constituted the qualitative data in this type of analysis. These extreme situations included responding to the aftermaths of natural disasters and orchestrating post-war stability, support, transition, and reconstruction efforts.

As described in the study, multiteam systems are situations in which the leader orchestrates events beyond the individual and single team level but less than the total organization. The teams work together in a network fashion, such as teams of firefighters dealing with a burning apartment building. One category of multiteam systems studied was disaster response systems. The primary objectives of a disaster response system include immediate actions to save lives, protect property and the environment, and meet human needs. A disaster response system would be called for in response to an event such as Hurricane Katrina.

Another category of multiteam systems studied was provincial reconstruction teams, or joint civilian–military systems designed to deliver aid and assist local communities in post-war reconstruction projects. At the same time, security is provided for the workers involved in the projects. The ability to reduce terrorism and build local communities and their governments (such as in Afghanistan and Iraq) is contingent upon the success of these teams.

A major finding of the historical analysis of leadership events was that the leadership function of strategy was important in dealing with the crisis event. One aspect of strategy relevant here was labeled *analyze the situation/mission analysis*. It involves such action as gathering information, analyzing what is going on, determining constraints, and defining the problem. Another aspect of strategy uncovered that is relevant here was *understanding the big picture*. It involves the integration of gathered information in such a way that an understanding of the multiteam system's place in the system is achieved.²⁶ Understanding how the component teams fit into the system is also part of understanding the big picture.

Reestablish the Usual Work Routine A temporary drop in performance and productivity is almost inevitable for most workers after disaster strikes, such as an earthquake or terrorist attack—even if the organization was not directly affected.

Although it may appear callous and counterintuitive, the leader should emphasize the temporary nature of the performance decline. An effective way of helping people deal with a workplace crisis is to encourage them to return to their regular work. It is important for workers to express their feelings about the crisis before refocusing on work, but once they have,

returning to work helps ground them in reality and restores purpose to their lives. Randall Marshall, director of trauma studies for the New York State Office of Mental Health, said after 9/11, “A healthy response to this type of situation is to get back into a routine.”²⁷

Avoid a Circle-the-Wagons Mentality One of the worst ways to lead a group through a crisis is to strongly defend yourself against your critics or deny wrongdoing. The same denial approach is referred to as maintaining a bunker mentality or stonewalling the problem. Instead of cooperating with other stakeholders in the crisis, the leader takes a defensive posture. A case in point is how U.S. interior secretary Ken Salazar dealt with one aspect of the disastrous BP oil spill in the Gulf of Mexico in 2009. Part of the problem had been attributed to a too-friendly relationship between the Minerals Management Service and oil companies, which might have resulted in non-rigorous inspections of oil drilling. Instead of denying that problems existed at the Minerals Management Service, Salazar quickly reorganized the government unit with a new name: Bureau of Ocean Energy Management, Regulation, and Enforcement. Stricter ethical standards were also imposed to show that the new agency would act more independently in inspecting oil-drilling equipment and processes.²⁸

Display Optimism Pessimists abound in every crisis, so an optimistic leader can help energize group members to overcome the bad times. The effective crisis leader draws action plans that give people hope for a better future (as in strategic thinking). Barbara Baker Clark contends that the role of a leader during a crisis is to encourage hopefulness. She states:

I'm not saying that you have to plaster a stupid grin on your face even if the bottom line is tanking or people are dying in battle. I am saying don't wallow in pessimism. Believe it or not, it matters to your employees that you remain reasonably optimistic. It will reduce anxiety and keep everyone motivated. That's the power of leadership.²⁹

Prevent the Crisis Through Disaster Planning The ideal form of crisis leadership is to prevent a crisis through disaster planning. A key part of planning for a physical disaster, for example, is to anticipate where you would go, how you would get in touch with employees, and where you might set up a temporary workplace. Having a list of backup vendors in case they are hit by a physical disaster is also important. Small business owners should be networking with other business owners and agree to assist each other if a crisis strikes. Arranging in advance for support groups, such as grief counselors, is another key element of disaster planning. Even the fact of letting employees know that a disaster plan is in place can be an effective leadership act because it may lower worker anxiety. Also, the leader might communicate that the company has purchased disaster insurance.

The Deepwater Horizon oil spill disaster was attributed, in part, to inadequate disaster plans. Former BP executive Tony Hayward said it was

probably true that the company didn't do enough planning in advance of the disaster. He said that "There are some capabilities that we could have available to deploy instantly rather than creating as we go." Apparently, BP was not prepared for the long-term, round-the-clock process of coping with a deep-sea spill.³⁰

Stay Calm and Provide Stable Performance Effective leaders stay calm and are steady performers, even under heavy workloads and uncertain conditions. Remaining steady under crisis conditions contributes to effectiveness because it helps team members cope with the situation. When the leader remains calm, group members are reassured that things will work out. Stability also helps the managerial leader appear professional and cool under pressure. A representative example is Frédéric Oudén, the chairman and chief executive officer of Société Générale. One of the major crises faced by this French banking giant were the stock market plunge in 2008, followed by a stock market scandal that cost the bank \$7 billion (U.S.). Another crisis took place in 2011 when rumors arose that the bank had lost its liquidity as the Greek debt crisis swept Europe. Oudén says that the key to dealing with crisis of this magnitude is to remain calm, and manage your stress. Furthermore, to avoid creating useless turbulence, you must create a process to help the teams organize themselves to make the right decisions at the right time.³¹

Be a Transformational Leader During times of large and enduring crisis, transformational leadership may be the intervention of choice. The transformational leader can often lead the organization out of its misery. Transformational leadership is likely to benefit the troubled organization both in dealing with the immediate crisis and in performing better in the long run. David Novak, the CEO of Yum! Brands (which includes KFC, Taco Bell, Pizza Hut, and Long John Silver's), has seen his share of crisis, including vermin infestation in a restaurant that was broadcast on television and YouTube. He says that honesty, consistency, and continuity of communication is the key to managing through these issues and that the transformation may take six to nine months.³²

Another way a transformational leader helps a company or work unit cope with crisis is to establish a climate of trust long before a crisis strikes.³³ If workers and other shareholders trust the leader, they will take more seriously his or her directives during the crisis. Leaders at both Walmart and McDonald's did a notable job of holding their work force together after Hurricane Katrina. Executives and store managers alike scrambled to get in touch with employees to assure them that they would all have their jobs back as soon as operations were up and running. In general, workers in the Gulf Coast area had trusted leadership at the two companies.

The Leader in Action profiles suggest a leader in a well-known company who practices contingency management, in general, and is facing a situation approaching the need for crisis leadership.



LEADER IN ACTION

Sandra E. Peterson, Group Worldwide Chairman of the Johnson & Johnson Consumer Health Unit

In 2012, the Johnson & Johnson consumer health unit that manufactures and sells such household brands as Band Aid and Tylenol was really hurting. A series of forty-eight product recalls had cost the consumer unit about \$1.6 billion in lost sales. Among the problems necessitating the recalls were metal shavings floating in some bottles, incorrect levels of certain ingredients, and bad odors. To help remedy these problems, the Johnson & Johnson board, including the company CEO decided to bring in an outsider.

Sandra A. Peterson, the person chosen for this position as the group worldwide chairwoman (officially “chairman”), was given the responsibility of overseeing consumer companies, information technology, and the global supply chain. Prior to this position, she was the chairwoman and chief executive of Bayer CropScience, a division of the German pharmaceutical company, Bayer. Upon recruiting Peterson, Alex Gorsky, the Johnson & Johnson chief executive said, “Sandi Peterson is an experienced global leader known for her strategic thinking and proven track record in growing businesses. She brings 25 years of experience to her new role, which will draw on her expertise in building fully integrated global businesses, and focusing on growth.”

As Peterson dug into her new position, she knew that the company was planning to make numerous upgrades in factories producing consumer health products, including rebuilding a factory that produces liquid children’s medicines such as Tylenol. The same factories had to undergo more frequent inspections under a consent decree with the U.S. Food and Drug Administration. Many people thought that Peterson’s distinguished

career and stable leadership and management approach would give her the credibility needed to bring about these substantial changes.

Peterson received a BA in government from Cornell University and an MPA in applied economics from Princeton University. Prior to joining Bayer, she held several leadership roles at Medco Health Solutions and had been in charge of research and development, quality, and regulatory affairs and procurement at Nabisco, Inc. She also worked in strategy, finance, and product development at Whirlpool Corp., and began her career as a consultant at McKinsey & Company Inc.

QUESTIONS

1. Which aspect of Peterson’s leadership experiences do you think will enhance her ability to practice contingency management and leadership?
2. Why might her position at the consumer unit of Johnson & Johnson call for skills in crisis leadership?
3. Check media sources to see if Peterson has been successful in her leadership role at Johnson & Johnson.

Source: Original story based on facts and observations in the following sources: Ed Silverman, “J & J Hires Bayer Exec to Oversee Troubled Units,” *Pharmalot* (www.pharmalive.com), September 13, 2012, pp. 1–4; Katie Thomas, “J. & J. Names Outsider to Run Its Troubled Consumer Unit,” *The New York Times* (www.nytimes.com), September 13, 2012, pp. 1–2; Jonathan D. Rockoff and Joann S. Lublin, “J & J Recruits Bayer Executive,” *The Wall Street Journal*, September 14, 2012, p. B3; Linda A. Johnson, “J & J Taps Bayer Exec for New Post Over 3 Divisions,” *The Associated Press*, September 13, 2009; “Management Team: Sandra E. Peterson,” (www.investor.jnj.com/), Johnson & Johnson Services, Inc. 1997–2013, p. 1.

Evidence-Based Leadership for the Contingency and Situational Approach

A leading-edge way for a person to practice contingency leadership would be to look for research-based evidence about the best way to deal with a given situation. Before taking action, the leader would ask, “What does the research literature tell me is most likely to work in this situation?”

Evidence-based leadership or management is an approach whereby managers translate principles based on best evidence into organizational practices.³⁴ Quite often the best evidence is empirical (based on experience) and recent. Yet, at times, old principles can still be useful. For example, it has been known for at least a century that when a manager has too many subordinates, coordinating the work of subordinates is difficult. The alternative to evidence-based leadership is to rely heavily on common sense and adopting practices used by other companies, whether or not they fit a particular situation. Many of the principles and suggestions presented throughout this text would help a manager practice evidence-based leadership.

An example of using evidence-based leadership follows: Research indicates that empowerment is more likely to succeed with group members whose cultural values favor a manager or leader sharing power. In contrast, empowerment is less likely to succeed when the group members expect the leader to retain most of the power. (See Chapter 14 for the evidence.) In this example, a *principle* (empowerment works best when cultural values are compatible) is translated into *practice* (using empowerment to motivate and satisfy workers when the cultural values of the workers are compatible with empowerment).

An example of using evidence-based leadership stemming from the experience of managers is to regularly express thanks for a job well done.³⁵ The thank you can be expressed orally or in writing and should focus on something specific the person has accomplished such as, “Your tracking down of potential candidates for our opening by using the social media produced four good prospects. Thanks so much for lending your expertise.”

Evidence-based leadership and management is not yet widely practiced, but taking the study of leadership and management seriously will move managers and organizations toward basing their practices and decisions on valid evidence. The result is likely to be more precise contingency leadership.



READER'S ROADMAP

So far in this book, we have examined the nature of leadership, the inner qualities of leaders, and leadership styles, including contingency leadership. In the next chapter, we focus on a topic that incorporates many of these ideas: leadership ethics and social responsibility.

SUMMARY

Theories of contingency and situational leadership build on the study of leadership style by adding more specific guidelines about which style to use under which circumstances. Leaders are most effective

when they make their behavior contingent on situational forces, including group member characteristics. Organizational effectiveness is affected by situational factors not under the leader's control. Situations shape

how leaders behave, and they also influence the consequences of leader behavior.

Fiedler's contingency theory states that the best style of leadership is determined by the leader's work situation. Style, in Fiedler's theory, is measured by the LPC scale. If you have a reasonably positive attitude toward your LPC, you are relationship motivated. You are task motivated if your attitude is negative. Situational control, or favorability, is measured by a combination of the quality of leader-member relations, the degree of task structure, and the leader's position power.

The key proposition of Fiedler's theory is that in situations of high control or low control, leaders with a task-motivated style are more effective. In a situation of moderate control, a relationship-motivated style works better. Leaders can improve situational control by modifying leader-member relations, task structure, and position power.

The path-goal theory of leadership effectiveness specifies what the leader must do to achieve high productivity and morale in a given situation. The major proposition of the theory is that the manager should choose a leadership style that takes into account the characteristics of the group members and the demands of the task. Initiating structure by the leader works best when the group faces an ambiguous task. Effective leaders clarify the paths to attaining goals, help group members progress along these paths, and remove barriers to goal attainment. Leaders must choose a style that best fits the two sets of contingency factors—the characteristics of the subordinates and the tasks. The four styles in path-goal theory are directive, supportive, participative, and achievement oriented.

SLII, developed by Blanchard, explains how to match leadership style to the capabilities of group members on a given task. The combination of the subordinate's commitment and competence determines the four developmental levels: enthusiastic beginner, disillusioned learner, capable but cautious performer, and self-reliant achiever. The

model classifies leadership style according to the relative amounts of supporting and directing the leader engages in. The four styles are different combinations of task and relationship behavior, both rated as high versus low: directing, coaching, supporting, and delegating. The most appropriate leadership style corresponds to the subordinate developmental levels. For example, enthusiastic beginners require a directing leader.

The normative decision model explains that leadership is a decision-making process. A leader examines certain contingency factors in the situation to determine which decision-making style will be the most effective in either a time-driven or developmental situation. The model defines five decision-making styles: two individual styles and three group styles. By answering a series of seven diagnostic questions in a matrix, the manager follows the path to a recommended decision style. The most important take-away from the model is to know when to consult with the group versus making an independent decision.

Leader-member exchange theory provides some insights into contingency leadership. LMX influences such factors as the favorability of performance ratings, which group member receives servant leadership, extent of empowerment, and team member performance.

Leading others through a crisis can be considered a form of contingency leadership because the leader adapts his or her style to the situation. In a crisis, leaders should (a) be decisive, (b) lead with compassion, (c) think strategically, (d) reestablish the usual work routine, (e) avoid a circle-the-wagons mentality, (f) display optimism, (g) prevent the crisis through disaster planning, (h) provide stable performance, and (i) be a transformational leader.

A leading-edge way for a person to practice contingency leadership would be to look for research-based evidence about the best way to deal with a given situation. This approach means using evidence-based leadership or management.

KEY TERMS

contingency approach to leadership 146

path-goal theory 151

Situational Leadership II (SLLI) 155

normative decision model 159

crisis leadership 163

evidence-based leadership or management 170



GUIDELINES FOR ACTION AND SKILL DEVELOPMENT

1. A major contingency factor for a team or group leader is the talent and motivation of the individual being led. Although talented and well-motivated workers may not require close monitoring of their efforts, they still require encouragement and recognition to sustain high performance. Otherwise, the leader has very little impact on their performance or their intention to stay a member of the team or group.
2. When practicing the leader-member exchange theory of leadership by forming unique relationships with members of the group, it is important to minimize the potential unintended negative consequences of this type of leadership. For morale purposes, it is important to avoid establishing favorites or pets in the group, and having only superficial, mechanical relationships with other group members.
3. A subtle way of practicing contingency leadership is to adapt to times that may have changed in terms of the demands of your leadership position. You have to fine-tune your leadership approach to meet the new circumstances. Assume that hospital administrator Maggie has held her position for ten years. According to her perception of her role, the focus of her leadership would be to inspire her staff toward doing what is best for patient care. Yet her role has now changed. Focusing on what is good for patients still receives high priority, yet Maggie has to emotionally accept the reality that finding ways to inspire her group to reduce the cost of operating the hospital has become a

key part of her leadership and management role.

Discussion Questions and Activities

1. What relevance might contingency leadership have for dealing with (a) men versus women, and (b) old versus young?
2. Describe how it might be possible for a manager to be charismatic yet also practice contingency leadership.
3. Identify a personality trait you think would help a manager function as a contingency leader. Also identify a trait you think might detract from a manager's ability to function as a contingency leader.
4. How might a leader modify the clothing he or she wore to different work situations to help practice contingency leadership?
5. How would a manager know which variables in a given situation should influence which approach to leadership he or she should take?
6. Which of the four path-goal styles do you think would be the best for managing a group of software engineers? Justify your answer.
7. To what extent do you think that battlefield experience would help a person become an effective crisis leader in a business situation?
8. Why are both a task emphasis and a relationship emphasis often necessary to get a group through a crisis, such as a hurricane having destroyed a company facility?
9. To what extent do you think most business leaders will ever use evidence-based leadership or management?
10. In what way do effective teachers practice contingency leadership?

LEADERSHIP CASE PROBLEM A

Supervisory Styles at the Red Rascal

Jessica Perez is the manager of a thriving Red Rascal Restaurant, a chain of several hundred moderately priced restaurants throughout the country. Jessica recently returned from a regional conference in which she was informed about a new program of recruiting several developmentally disabled workers to work at each restaurant. The restaurants would work closely with local institutions that provided vocational training for individuals who are intellectually challenged. In many of the communities, these institutions coordinate their effort with both psychology and special education departments at local colleges.

The developmentally disabled workers would be hired into basic positions that fit their capabilities, such as salad chefs, bakers, dishwashing machine attendants, and custodial workers. Restaurant (store) managers would receive training into how to optimize the capabilities of developmentally disabled workers, as well as how to motivate or discipline the workers as needed.

Three months after the program was launched, Jessica's branch had hired three developmentally disabled young adults, all assigned jobs within the kitchen. Jessica spent a little time coaching her kitchen supervisors about supervising developmentally disabled workers. She emphasized the importance of providing clear, uncomplicated directions, and not overwhelming these workers by changing their assignments frequently. As instructed at regional headquarters, Jessica also explained the need to provide positive feedback and encouragement to the intellectually challenged recruits.

The program of hiring a few developmentally disabled kitchen workers appeared to be going generally

well at the Red Rascal. No particular problems with the food prepared by the new workers were found, food preparation was not delayed, and their attendance was satisfactory. Yet as Jessica listened to several of the restaurant associates, the wait staff and kitchen staff included, she heard some grumbling. Head chef Tammy expressed her concerns in these terms: "I'm not exactly sure why this is happening, but these days my supervisor is treating me like I'm 10 years old. She's so condescending, and she tells me what she wants done in tiny details. I asked Mindy (the supervisor) to taste a new salad dressing I prepared. She told me, 'Tammy, I'm so proud of you. You did a great job.' I mean, she's acting like I'm stupid or something."

Kurt, the host, made a similar comment about Jessica. He said, "All of a sudden you're treating me as if I'm a little slow. You made such a fuss just because my shoes were shined and my shirt was wrinkle free. Are you forgetting that I'm not developmentally challenged?"

Mindy began to think that maybe there were some supervisory style problems at the Red Rascal.

Questions

1. What does the restaurant scenario presented above have to do with contingency leadership?
2. In what ways might Jessica and the supervisors modify their leadership styles to adapt to the differences in intellectual levels of the Red Rascal staff?
3. What is the problem with the kitchen staff and wait staff at the Red Rascal? Should not all workers receive careful instructions, feedback, and encouragement?

ASSOCIATED ROLE PLAY

One student plays the role of a supervisor whose responsibility is to show a developmentally challenged recruit how to prepare a salad in a giant bowl, that will then be divided into single-portion salads as needed.

Another student plays the role of the twenty-year-old recruit who has never previously prepared food. Observers should be particularly cognizant if the supervisor is using an effective leadership style.

LEADERSHIP CASE PROBLEM B

Metal Recycling Executive Attempts to Salvage Martha Stewart Living

For several years, Martha Stewart Living Omnia-media Inc. (MSLO) had been losing money as a media company despite the fame of company founder Martha Stewart. As a result, company management decided to recast itself a merchandising company, particularly because of its former success in home-décor retailing.

The company had also been involved in a prolonged lawsuit between retail chains Macy's and J.C. Penny Co. Macy's filed suit because it contended that it had the exclusive right to sell Martha Stewart branded merchandise in certain categories, including bedding and cookware. However, Martha Stewart Living also signed an agreement with Macy's competitor J.C. Penney. As part of the settlement, Martha Stewart Living shortened by four years, the length of its contract with J.C. Penney. Also, J.C. Penney agreed not sell certain Martha Stewart products, such as bed and bath products, but would sell others including lighting and rugs.

During these troubled times, MSLO decided to appoint board member Daniel Dienst as Chief Executive Officer (CEO) of the company. Dienst was a metal industry veteran who had recently been CEDO of Sims Metal Management, the largest metal recycler in North America. Dienst had turnaround experience in the metals industry, plus corporate finance experience from positions he held on Wall Street.

Upon joining MSLO, Dienst said, "I have long been a fan of Martha Stewart, the person and the brand, and believe there is enormous untapped opportunity for this organization and a terrific base of talented people to help us realize that opportunity." He also mentioned that the company had already embarked on a turnaround plan that is

expected to produce good results quickly. Dienst also said, "I look forward to rolling up my sleeves, getting to work, and helping write the next few chapters of this remarkable Company's story."

During the ten years previous to Dienst, six different people served as CEO of MSLO. Other senior executives have departed also, often because they clashed with Martha Stewart, the company founder and nonexecutive chairman.

Questions

1. To what extent do you think Dan Dienst was facing a crisis leadership situation when he was appointed the CEO of the Martha Stewart company?
2. So what leadership steps should Dienst take to begin "rolling up his sleeves?"
3. What steps do you recommend that Dienst take to avoid becoming another senior executive who departs the company?
4. What situational factors might make running a media and merchandise business quite different from running a metal recycling company?
5. Based on current media reports, how successful has Dienst been in turning around MSLO?

Source: Original case based on facts and observations presented in the following sources: TNM Staff, "Metal Recycling Executive Becomes New CEO Of Martha Stewart Living Omnimedia," *Talking News Media* (www.talkingnewsmedia.com), October 29, 2013, pp. 1–4; Jeffrey A. Trachtenberg, "Martha Stewart's New CEO Is a Scrap-Metal Expert," *The Wall Street Journal*, October 29, 2013, pp. B1–B2; Crayton Harrison and Sarah Frier, "Martha Stewart Appointment of Dienst as CEO Signals Cuts," *Bloomberg* (www.Bloomberg.com), October 29, 2013, pp. 1–2.

ASSOCIATED ROLE PLAY

One student plays the role of Daniel Dienst, the new CEO of MSLO. Wanting to avoid being scrapped within one year, Dienst takes the initiative to ask why so many senior executives preceding him have

left the company. He is concerned that Stewart might be a domineering personality who likes to micromanage her senior executives. Dienst schedules a lunch with Stewart at a high-class restaurant to

discuss the situation. Stewart recognizes that she is a household name and believes that her charm, creativity, and superior leadership skills make her an

excellent boss for any executive who can obtain good business results. Observers will provide feedback as to whether the meeting has been productive.



LEADERSHIP SKILL-BUILDING EXERCISE 5-2

My Leadership Portfolio

For this chapter entry in your leadership portfolio, visualize two different leadership scenarios that you witnessed directly, read about, or saw on television or in a movie. Think through how you would have used a different leadership approach for each one if you had been the leader. To illustrate, suppose you had passed a construction site for a skyscraper and noticed that the crane operator seemed confident and competent. You might conclude, "In this situation, I would have used a *delegating* style of leadership

with the crane operator because she was so self-sufficient. Yet I would still have given her some recognition for a job well done at the end of her shift."

Another scenario might be that you witnessed a bloody fight at a professional hockey match. You might conclude, "In this situation, I would be as directive as possible. I would suspend and fine the players, with no room for negotiation. Decisive action must be taken to quell violence in professional sports."



LEADERSHIP SKILL-BUILDING EXERCISE 5-3

Crisis Leadership

Working in a small group, find a crisis that a business or not-for-profit organization is facing these days. Examples would include a pharmaceutical firm needing to recall an over-the-counter medicine that has triggered illnesses in hundreds of consumers, or an investment banking firm in which

several key executives have been accused of insider trading. After agreeing on which crisis to tackle, develop a list of suggestions on how the CEO should deal with the situation. Use several ideas from the section about crisis leadership presented in this chapter to help you develop an action plan.

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Leadership Ethics and Social Responsibility

LEARNING OBJECTIVES

After studying this chapter and doing the exercises, you should be able to

- Specify key principles of ethical and moral leadership.
- Apply a guide to ethical decision making.
- Present representative examples of unethical behavior by business leaders.

- Describe what leaders can do to foster an ethical and socially responsible organization.
- Explain the link between business ethics and organizational performance.

CHAPTER OUTLINE

Principles and Practices of Ethical and Moral Leadership

Four Ethical Leadership Behaviors

Factors Contributing to Ethical Differences

The Ethical Mind for Leaders

Guidelines for Evaluating the Ethics of a Decision

A Sampling of Unethical Leadership Behaviors

Leadership, Social Responsibility, and Creating an Ethical Organizational Culture

Providing Strategic Leadership of Ethics and Social Responsibility

Creating a Pleasant Workplace

Helping Build a Sustainable Environment

Engaging in Social Entrepreneurship

Engaging in Philanthropy

Working with Suppliers to Improve Working Conditions

Establishing Written Codes of Ethical Conduct
Developing Formal Mechanisms for Dealing with Ethical Problems

Accepting Whistleblowers

Providing Training in Ethics and Social Responsibility

Placing Company Interests over Personal Interests

Ethical and Socially Responsible Behavior and Organizational Performance

Summary

Key Terms

Guidelines for Action and Skill Development

Leadership Case Problem A

Leadership Case Problem B

Notes

Judy Chen, head of garment production at a clothing retailer for infants and children, was facing a dilemma caused by profit-margin squeezing pres-

sures. Major increases in cotton and labor costs were making it much more expensive to produce garments without raising prices. Many other apparel company executives

were upset by the increases in the cost of production because for a twenty-year period, production costs were stable or declining. The problem Chen and her counterparts in other companies faced was that budget-conscious consumers resisted higher prices.

Chen was familiar with the “deconstruction” approach several other apparel makers were taking to lower the price of producing a garment. The deconstruction approach involves some nipping and tucking to reduce the amount of fabric or buttons in a garment. In the manufacture of a pair of khaki pants that sold for about \$34, the company could save about 50 cents per garment through such measures as eliminating cuffs, pleats, and coin pockets and replacing a metal hook and bar clasp with a button.

One day Chen was contemplating which cost-cutting steps to implement in order to save about \$1 in the

manufacture of two of the best-selling pants for children—“Khaki Prince” and “Khaki Princess.” A deconstruction consultant suggested eliminating the coin pocket in the pants, reasoning that “What child or parent is going to notice the difference?” Chen thought about this particular cost savings of approximately 40 cents per garment, and she decided no. In her words, “First of all my own children, my nephews and nieces, and my neighbors’ children love the small coin pockets. Just the other day, I found two little stones in the pocket, along with a small twig and a nickel. Then I did the public knowledge test, and I asked myself how I would feel if there were a Twitter post that said, ‘Judy Chen saves company 40 cents per children’s garment by eliminating coin pocket’ We’ll find some other way to reduce manufacturing costs.”¹

In this chapter, we examine leadership ethics and social responsibility from several major perspectives: principles of ethical and moral leadership, an ethical decision-making guide, examples of ethical violations, examples of how leaders develop an ethical and socially responsible culture, and the link between business ethics and organizational performance.

Principles and Practices of Ethical and Moral Leadership

Enough attention has been paid to what leaders at all levels *should* do that some principles of ethical and moral leadership have emerged. Because terms dealing with the ideal behavior of leaders are used so loosely, it is helpful to define what these terms have generally come to mean in the business community. **Ethics** is the study of moral obligations, or of separating right from wrong. *Ethics* can also be a plural noun meaning the accepted guidelines of behavior for groups or institutions.² In this sense, it means much the same as **morals**, which are an individual's determination of what is right or wrong; morals are influenced by a person's values. Values are tied closely to ethics because ethics become the vehicle for converting values into action. A leader who values fairness will evaluate group members on the basis of their performance, not personal friendships. And a moral leader will practice good ethics.

Edwin A. Locke, the goal theorist, argues that ethics is at the center of leadership because the goal of a rational leader is to merge the interests of all parties so that everyone benefits and the organization prospers.³ The ethics link is that if everyone benefits, all people are being treated ethically.

In this section, we present a sampling of ethical and moral behaviors, all centering on the idea that a leader should do the *right* thing, as perceived by a consensus of reasonable people. None of these terms can be pinned down

with great precision. We also present a brief explanation of why the ethical and moral behavior of leaders differs so widely, and pay separate attention to the importance of an ethical mind. Before studying these principles, do Leadership Self-Assessment Quiz 6-1 to think through your work-related ethics and morality.



LEADERSHIP SELF-ASSESSMENT QUIZ 6-1

The Leadership Ethics Quiz

Directions: Circle the numbers to indicate how well each statement describes your current attitudes and behavior, or how you would behave if placed in the situation suggested by the statement. Response choices: 1 = disagree strongly; 2 = disagree; 3 = agree; 4 = agree strongly.

	DS	D	A	AS
1. A small bribe to make a sale is entirely reasonable.	1	2	3	4
2. As the manager, I would have no problem in taking credit for an innovative idea of a subordinate.	1	2	3	4
3. Supplying a customer with a prostitute to help win a big contract is justified.	1	2	3	4
4. I would be willing to use a video surveillance camera to see what my subordinates are doing when I am out of the office.	1	2	3	4
5. Cheating on your expense account up to about 10 percent of the total expenses is usually justifiable.	1	2	3	4
6. Honest guys and gals tend to finish last.	1	2	3	4
7. If I were fired, I would be willing to get revenge on my employer by taking away trade secrets.	1	2	3	4
8. I would avoid hiring someone into the work group who might become a competitor for my position.	1	2	3	4
9. Overcharging a government customer for goods or services is justified because most companies already pay too much in taxes.	1	2	3	4
10. All things being equal, I would give higher performance evaluations to people of my own ethnic group or race.	1	2	3	4
11. I deliberately give lower performance evaluations to subordinates who I dislike personally.	1	2	3	4
12. I typically play favorites within the group or team.	1	2	3	4
13. I am willing to fake productivity figures just to look good to upper management.	1	2	3	4
14. I would not take time from writing an important report to coach a group member who needed help at the moment.	1	2	3	4
15. I exaggerate the mistakes a subordinate might make just so he or she does not become too self-confident.	1	2	3	4
16. I look for ways to get revenge on any group member who makes me look bad.	1	2	3	4
17. I rarely praise an employee without also finding a way to criticize something he or she has done.	1	2	3	4
18. If a subordinate wants me to do something I do not want to do, I blame upper management for not letting me do it.	1	2	3	4
19. I think it is justified to ask group members to run errands for me, such as getting my car repaired or shopping.	1	2	3	4
20. I will ignore an employee's request to help him or her with a problem just so I can spend some personal time on the Internet.	1	2	3	4

QUIZ 6-1 (continued)

Scoring and interpretation: Add up your responses to the twenty statements. Recognize that people tend to perceive themselves as more ethical and honest than they really are, so your score could be positively biased.

- **20–25:** If you scored in this range, your self-image is that of a highly ethical and trustworthy leader or potential leader. Assuming that your answers are accurate, your ethics could be an asset to you as a leader.
- **26–45:** Scores in this range suggest the self-image of a leader or potential leader with an average level of ethics. There are probably times when you could behave more ethically.
- **46–80:** Scores in this range suggest the self-image of a highly unethical leader or potential leader. If your score is an accurate reflection of your behavior, you are (or would be) perceived as highly unethical and deviant to the point that it could damage your career. You should study ethics seriously.

Four Ethical Leadership Behaviors

Be Honest and Trustworthy and Have Integrity in Dealing with Others Continuing reports of frauds and scandals in recent years have placed ethical behavior high on the priority list of many organizations. The problem is that ethical problems erode the trust of both leaders and organizations.⁴ Despite the importance of leaders who are trustworthy, evidence suggests that business firms have many ethical problems. As part of an ongoing study of employee attitudes and opinions, the Ethics Resource Center surveyed 2,100 employees among Fortune 500 companies. More than one-half of the respondents observed misconduct, and 28 percent of the employees believed there was no investigation of the misconduct. Another problem was that 22 percent of employees who reported misconduct said they were retaliated against. Thirty-four percent of employees surveyed said that their manager does not display ethical behavior. Also of note, more than 10 percent of employees reported incidences of sexual harassment, stealing, and health and safety violations.⁵

An ethical leader is honest and trustworthy and therefore has integrity. According to ethics researcher Thomas E. Becker, this quality goes beyond honesty and conscientiousness. **Integrity** refers to loyalty to rational principles; it means practicing what one preaches regardless of emotional or social pressure.⁶ For example, a leader with integrity would believe that employees should be treated fairly, and the pressure to cut costs would not prompt him or her to renege on a commitment to reimburse an employee for relocation expenses. As another example, a leader who preaches cultural diversity would assemble a diverse team.

Pay Attention to All Stakeholders Ethical and moral leaders strive to treat fairly all interested parties affected by their decisions. To do otherwise creates winners and losers after many decisions are made. The widely held belief that a CEO's primary responsibility is to maximize shareholder wealth conflicts with the principle of paying attention to all stakeholders. A team of

management scholars observes, “We used to recognize corporations as both economic and social institutions—as organizations that were designed to serve a balanced set of stakeholders, not just the narrow interests of the shareholder.”⁷ A leader interested in maximizing shareholder wealth might attempt to cut costs and increase profits in such ways as (1) laying off valuable employees to reduce payroll costs, (2) overstating profits to impress investors, (3) overcharging customers, and (4) reducing health benefits for retirees. Although these practices may be standard, they all violate the rights of stakeholders.

Jim Goodnight, the CEO of software company SAS, is among the business leaders who contend that there is a strong link between employee satisfaction and increased productivity and profits. He explains, “Because we put employee-oriented measures in place long ago, we have the benefit of years of experience to show that the long-term benefits far outweigh the short-term costs. Most companies don’t know how to represent that kind of return in their annual reports.”⁸

Another behavior of *authentic leaders* is to perceive their role to include having an ethical responsibility to all of their shareholders. The welfare of others takes precedence over their own personal welfare (as in servant leadership). Authentic leaders have a deep commitment to their personal growth as well as to the growth of other stakeholders.⁹

Build Community A corollary of taking into account the needs of all stakeholders is that the leader helps people achieve a common goal. Leadership researcher Peter G. Northouse explains that leaders need to take into account their own and their followers’ purposes and search for goals that are compatible to all.¹⁰ When many people work toward the same constructive goal, they build a community. A business leader who works with many people to help poor schoolchildren is an ideal example of someone who builds a community.

Respect the Individual Respecting individuals is a principle of ethical and moral leadership that incorporates other aspects of morality. If you tell the truth, you respect others well enough to be honest. If you keep promises, you also show respect. And if you treat others fairly, you show respect.¹¹ Showing respect for the individual also means that you recognize that everybody has some inner worth and should be treated with courtesy and kindness. An office supervisor demonstrated respect in front of his department when he asked a custodian who entered the office, “What can we do in this department to make your job easier?”

Factors Contributing to Ethical Differences

There are many reasons for differences in ethics and morality among leaders. Here we look at a variety of these factors.

1. Leader moral identity. A set of studies confirmed the idea that a leader’s *moral identity* has a major influence on his or her level of ethical behavior. A moral identity involves a self-perception organized around a set of moral

traits such as honesty, caring, and compassion. The moral identity acts as a self-regulatory mechanism rooted in a person's sense of what is right and wrong. The studies in question concluded that leaders set the ethical tone of an organization and are instrumental in encouraging ethical behavior among subordinates, as well as reducing interpersonal conflict. Leaders with a strong moral identity are more likely to achieve such good results.¹²

2. Greed, gluttony, and avarice. Many people seek to maximize personal returns, even at the expense of others. Former Federal Reserve chairman Alan Greenspan commented publicly on the problem of executive greed. He said that an infectious greed had contaminated the business community in the late 1990s, as one executive after another manipulated earnings or resorted to fraudulent accounting to capitalize on soaring stock prices.¹³ The devastating stock market downturn in 2008 appeared to have a few similar causes.

Exceptionally high executive compensation could be interpreted as signs of greed and avarice. Two examples are the recent total one-year compensation paid to David Simon of the Simon Property Group (\$137.2 million) and Lawrence Ellison of Oracle (\$96.2 million).¹⁴ Instead of taking so much money for themselves, how about sharing more of the money with employees and stockholders, and offering lower prices for customers? The counterargument is that supply and demand rules, with a limited supply of capable CEOs. So you have to pay talented executives loads of money to stay competitive, even if the compensation exceeds \$100 million per year. Also, an effective CEO can point the firm in the right direction to enhance its prosperity and survival.

3. Rationalization and implied permission. Timothy P. Flynn, chairman of the global accounting firm KPMG, has identified reasons why good people choose the wrong path. One reason is rationalization, which leads people to focus on the intent of the action rather than on the action itself. For example, people might say that they are doing something wrong (such as exaggerating profits) in order to help a client or that they are boosting the stock price to help investors. Another reason is implied permission—"Nobody is telling me to stop, so it must be OK."¹⁵ For example, managers might continue to place only personal friends and relatives in key jobs because they were not told to stop.

4. Moral development level. A notable contributor to a leader's ethics and morality is his or her *level of moral development*. Some leaders are morally advanced, whereas others are morally challenged—a mental condition that often develops early in life. People progress through three developmental levels in their moral reasoning. At the *preconventional level*, a person is concerned primarily with receiving external rewards and avoiding punishment. A leader at this level of development might falsify earnings statements for the primary purpose of gaining a large bonus. At the *conventional level*, people learn to conform to the expectations of good behavior as defined by key people in their environment and societal norms. A leader at this level might be moral enough just to look good, such as being fair with salary increases and encouraging contributions to the United Way campaign. At the *post-conventional*

level, people are guided by an internalized set of universal principles that may even transcend the laws of a particular society. A leader at the post-conventional level of moral behavior would be concerned with doing the most good for the most people, without regard for whether such behavior brought him or her recognition and fortune.¹⁶ The servant leader described in Chapter 4 would be at this advanced level of moral development.

5. Sense of entitlement. The moral excesses of business leaders can occur because many of them have developed a sense of **entitlement**. In the opinion of several psychiatrists and corporate governance experts, some CEOs lose their sense of reality and feel entitled to whatever they can get away with or steal. For example, when John Thain was appointed CEO of Merrill Lynch, he felt entitled to have the company pay \$1.2 million to remodel his office.¹⁷ (Thain lasted less than one year at the Merrill Lynch, partially over disputes about his level of compensation.) Many executives feel entitled to extraordinary compensation. The average CEO pay at major corporations for Standards & Poor's 500 corporations is 204 times that of the average rank-and-file worker; the average of the top 100 companies is 495.¹⁸

6. Situational influences. Unethical and immoral leadership behavior can also be influenced by the *situation*, particularly the organizational culture. If leaders at the top of the organization take imprudent, quasi-legal risks, other leaders throughout the firm might be prompted to behave similarly. The imprudent risks in subprime mortgages taken with investor money by investment banks in recent history might also reflect an aggressive culture. Financial executives were pushed to maximize profits, sometimes not taking into account investor welfare.¹⁹ Many financial specialists believe that the federal government push for availability of mortgages to applicants with low credit ratings encouraged the availability of subprime mortgages to be invested.

7. Character of the person. A person's *character* contributes heavily to ethical differences. The higher the quality of a person's character, the more likely he or she will behave ethically and morally. For example, a leader who is honest and cooperative will tend to behave more ethically than a leader who is dishonest and uncooperative. A person's character is quite close in meaning to moral identity, discussed first in this list. Leadership Self-Assessment Quiz 6-2 digs into the behavioral specifics of good character as perceived by the U.S. Air Force.

8. Motivated blindness. A final factor to be considered here that contributes to unethical leadership behavior is *motivated blindness*, or seeing what we want to see and missing contradictory information. The result can be a conflict of interest, such as a compensation consultant being paid by the CEO to make recommendations about her financial compensation. Although the consultant is attempting to be honest, the desire to please the CEO leads him to recommend a pay package so generous that the CEO becomes overpaid. Another example of motivated blindness is that a manager who hires an individual may not notice the new hire's unethical behavior because the behavior would reflect an error in selecting the new hire.²⁰



LEADERSHIP SELF-ASSESSMENT QUIZ 6-2

The Air Force Character Attributes Checklist

Instructions: Listed and defined next are character attributes the U.S. Air Force wants to see among the ranks of its leaders. For each attribute, note your standing as being high (H), average (A), or low (L). A checklist of this nature lends itself to self-serving bias, so work extra hard to be objective. When applicable, visualize an example of how you have exhibited, or have not exhibited, a particular character attribute.

FACTOR	DESCRIPTION	MY STANDING		
		H	A	L
Integrity	Consistently adhering to a moral or ethical code or standard. A person who consistently chooses to do the right thing when faced with alternative choices.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Honesty	Consistently being truthful with others.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loyalty	Being devoted and committed to one's organization, supervisors, coworkers, and subordinates.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Selflessness	Genuine concern about the welfare of others and a willingness to sacrifice one's personal interests for others and the organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Compassion	Concern for the suffering or welfare of others and providing aid or showing mercy for others.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Competency	Capable of excelling at all tasks assigned. Is effective and efficient.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Respectfulness	Shows esteem for and consideration and appreciation of other people.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fairness	Treats everyone in an equitable, impartial, and just manner.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Responsibility and self-discipline	Can be depended on to make rational and logical decisions and to do tasks assigned. Can perform tasks assigned without supervision.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decisiveness	Capable of making logical and effective decisions in a timely manner. Makes good decisions promptly after considering data appropriate to the decision.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Spiritual appreciation	Values the spiritual diversity among individuals with different backgrounds and cultures and respects all individuals' rights to differ from others in their beliefs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cooperativeness	Willing to work or act together with others in accomplishing a task toward a common end or purpose.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Interpretation: The more of the attributes you rated as *high*, the more likely it is that others perceive you as having a good character. The list may provide some clues to leadership development. For example, if you are perceived to be low on integrity and cooperativeness, you are less likely to be able to influence others.

Note: Although competency and decisiveness are not ordinarily considered character traits, being competent and decisive contributes to having good character.

Source: U.S. Air Force, as reprinted in Cassie B. Barlow, Mark Jordan, and William H. Hendrix, "Character Assessment: An Examination of Leadership Levels," *Journal of Business and Psychology*, Summer 2003, p. 568.

The Ethical Mind for Leaders

Cognitive and educational psychologist Howard Gardner believes that for a leader to stay ethical, he or she must develop an **ethical mind**, or a point of view that helps the individual aspire to good work that matters to their colleagues, companies, and society in general.²¹ Developing an ethical mind begins with the belief that retaining an ethical compass is essential to the health of the organization. Early life influences, such as encouragement not to cheat on exams or plagiarize when writing papers, are a good start. Next, the leader must state his or her ethical beliefs and stick to them. (The ethical beliefs already mentioned in this chapter are relevant, such as being convinced that attention must be paid to all stakeholders.) The leader must also make a rigorous self-test to make sure values are being adhered to, such as checking to see if merit instead of favoritism is a key criterion for promotion. Taking the time to reflect on beliefs can help the leader stay focused on ethical behavior. Asking mentors to comment on the ethics of your behavior can be a useful reality check. Finally, to stay ethical, the leader should act quickly on strongly unethical behavior of others, such as confronting a colleague who is using the corporate jet for a family vacation.

So which leader has an ethical mind? You will probably find many of them as hard-working middle managers. A famous business leader with an ethical mind might be Sheryl Sandberg based on her high reputation to date. We never know, however, when a business leader with an outstanding reputation for ethical behavior will have a moral lapse at some point.

A review of the literature about ethical leadership behavior reveals dimensions of ethical behavior that help pinpoint more specifically what constitutes an ethical mind. The researchers identified five dimensions of ethical leadership behavior, as described next.²² You will observe that these dimensions support information in this chapter as well as other places in this book.

- 1. Fairness.** The leader who practices fairness avoids favoritism, treats others in a manner that is right and equal, and makes principled choices.
- 2. Power sharing.** The leader who shares power allows for group member input into decisions and listens to their suggestions, ideas, and concerns.
- 3. Role clarification.** To give group members more structure in their work, the leader clarifies responsibilities, expectations, and performance goals.
- 4. People orientation.** The leader with people orientation cares about, respects, and supports followers.
- 5. Integrity.** A leader with integrity shows a consistency between word and deeds, and keeps promises.

6. *Ethical guidance.* A leader provides ethical guidance by communicating about ethics, explains ethical rules, and encourages and rewards ethical conduct.
7. *Concern for sustainability.* A leader with a true concern for sustainability cares about the environment in such ways as being a champion of recycling.

Guidelines for Evaluating the Ethics of a Decision

Several guidelines, or ethical screens, have been developed to help leaders or other influence agents decide whether a given act is ethical or unethical. The Center for Business Ethics at Bentley College has developed six questions to evaluate the ethics of a specific decision.²³

- *Is it right?* This question is based on the deontological theory of ethics that states there are certainly universally accepted guiding principles of rightness and wrongness, such as “thou shalt not steal.”
- *Is it fair?* This question is based on the deontological theory of justice that certain actions are inherently just or unjust. For example, it is unjust to fire a high-performing employee to make room for a less competent person who is a relative by marriage.
- *Who gets hurt?* This question is based on the utilitarian notion of attempting to do the greatest good for the greatest number of people.
- *Would you be comfortable if the details of your decision or actions were made public in the media or through e-mail?* This question is based on the universalist principle of disclosure.
- *What would you tell your child, sibling, or young relative to do?* This question is based on the deontological principle of reversibility, which evaluates the ethics of a decision by reversing the decision maker.
- *How does it smell?* This question is based on a person’s intuition and common sense. For example, counting a product inquiry over the Internet as a sale would smell bad to a sensible person.

Ethical issues that require a run through the guide are usually subtle rather than blatant, or a decision that falls into the gray zone. An example took place several years ago when GM and Ford offered to buy out the pensions of 140,000 employees, meaning that workers were offered a lump-sum payout instead of monthly payments for the rest of their lives. For example, an employee with 40 years of service might be offered \$500,000, and then receive no more pension money from the company. Employees who refused the buyout would find their plan shifted to a private financial services firm. The ethics of this pension buyout plan might fall into the gray zone because the workers who accept the offer are receiving a large sum of money.²⁴ If these same workers die early, their beneficiaries will have



LEADERSHIP SKILL-BUILDING EXERCISE 6-1

Should “Dinosaur Power” Be Placed on the Market?

A manufacturer of niche beverages such as vitamin water, canned tea drinks, and multi-vegetable bottled drinks, is looking to expand its product line in order to raise revenue. The product development team has been working for several months on an energy-boosting drink, called Dinosaur Power. Product development head Cliff explained to company leadership that energy drinks are among the fastest-growing products in the beverage sector. He pointed out that Dinosaur Power will differentiate itself from the many other products on the market because it will contain an extra-heavy dose of caffeine, will resemble the taste of an alcoholic beverage, and will have a thick cherry taste known to be

habit forming, particularly with young adults. Cliff said, “Our test results show that the energy surge provided by this drink will keep people coming back for more. Consumers will be using it on and off the job to feel energized.”

With company revenues showing signs of declines, sales could use a quick boost, yet there is some concern about releasing what would be the highest-power, and most habit-forming energy drink on the market. Work in a small group to take the contemplated decision about releasing Dinosaur Power into the market through the guidelines for evaluating the ethics of a decision.

profited handsomely. Also, the financial services firm would still provide them with at least a limited pension. Yet, most workers who accept the buyout will receive much less money than if they received monthly payments for the rest of their life.

Leaders regularly face the necessity of running a contemplated decision through an ethics test. Leadership Skill-Building Exercise 6-1 provides an opportunity to think through the ethics of a decision facing a beverage manufacturer.

A Sampling of Unethical Leadership Behaviors

We have been alluding to unethical behavior in this and previous chapters. Here, we present a sampling of unethical behaviors from the past and present. A statement often made is that about 95 percent of business leaders are ethical and that the 5 percent of bad apples (mostly senior executives) get all the publicity. However, the impact of unethical leadership has been enormous. Unethical behavior has thrown companies into bankruptcy, led to the layoffs of thousands of workers, diminished trust in stock investments, and discouraged many talented young people from embarking on a business career. Table 6-1 presents some unethical, immoral, and often illegal behaviors engaged in by business leaders whose acts have been publicly reported. All of these unethical acts resulted in convictions or indictments rather than simply accusations or allegations. Thousands of other unethical acts go unreported, such as a business owner who places a family member, friend, or lover on the payroll at an inflated salary for work of limited value to the firm.

TABLE 6-1 Examples of Unethical Behavior by Business Leaders.

The sampling of behaviors presented here includes behaviors that resulted in criminal prosecutions, and those that result in only embarrassment and negative press.

LEADER AND COMPANY	OFFENSE AND OUTCOME
Bernard L. Madoff, former CEO of Bernard L. Madoff Investment Securities and also former chairman of Nasdaq (the stock exchange)	Convicted of defrauding investors out of about \$17 billion over a period of years. Basically sold investors phantom investments, pocketed most of the money, and made some payments to new investors from money paid by earlier investors. Had worldwide network of brokers and other contacts sending him referrals. Sent to prison for 150 years for crimes including securities fraud, international money laundering, mail fraud, and wire fraud. At the time of conviction, said he was sorry. The Madoff finance chief, Frank DiPascali, pleaded guilty to 10 counts of conspiracy, fraud, and other charges and faced a 125-year prison sentence. In hopes of gaining leniency, he testified against five former coworkers accused of participating in the fraud.
Angelo R. Mozilo, former CEO of Countrywide Financial (now a unit of Bank of America)	As CEO, played a major role in issuing mortgages to high-risk customers, then sold securities based on these mortgages, touting them as high-rated safe securities. Accused of knowing that many borrowers could not pay back their loans. Paid \$67.5 million in penalties to settle civil fraud and insider-trading charges, but was not prosecuted. Later included as defendant in lawsuit by Allstate Corp., claiming that lax underwriting standards led to collapse of residential mortgage-based securities.
Deon Anderson, former Boeing procurement officer	Anderson and three other executives were indicted by a federal grand jury and accused of engaging in a bribery and kickback scheme. He was accused of leaking nonpublic information to bidders for contracts on military aircraft parts in exchange for cash. Faced a wire fraud count that carries a maximum prison sentence of 20 years, and a 250,000 fine.
Paul Shinn Devine, Global Supply Manager at Apple Inc.	Accused in 2010 by a federal grand jury indictment of receiving more than \$1 million in kickbacks from Apple suppliers in Asia. Devine was charged with offenses including wire fraud, money laundering, and unlawful monetary transactions. Apple also named Devine in a civil suit, with the company saying that it has zero tolerance for dishonest behavior.

Source: The facts in the table have been widely circulated in the media. Representative sources for the facts include the following: Kevin McCoy, "Madoff's Top Aide to Testify Today," *USA Today Money*, December 2, 2013, p. 5B; Roger Parloff, "As If a Credit Tsunami Weren't Enough: The Case of Accused Ponzi Schemer Bernard L. Madoff," *Fortune*, January 19, 2009, p. 61; David Benoit, "Allstate Sues Countrywide," *The Wall Street Journal*, December 29, 2010, p. C2; Shayndi Raice, "Ex-Countrywide Official on Defense," *The Wall Street Journal*, October 16, 2013, p. C3; "Former Boeing Executive, Three Others Indicted in Bribery Scheme," *Bloomberg News*, October 18, 2013; Yukari Iwatani Kane, "For Apple Suppliers, Pressure to Win." *The Wall Street Journal*, August 16, 2010, p. B3; "Executives on Trial," *The Wall Street Journal*, May 26, 2006, p. A9.

Leadership, Social Responsibility, and Creating an Ethical Organizational Culture

The idea of **corporate social responsibility** continues to evolve. One new framework is that such responsibility is part of external engagement, or the efforts a company makes to manage its relationship with the external world. The external engagement should be integrated into decision making at every organizational level. The external engagement should include a wide variety of activities including philanthropy, community programs, aspects of product design, and recruiting policy.²⁵ The initiatives to be described in the following pages are examples of both corporate social responsibility and external engagement.

Being socially responsible fits into the Thou Shalt approach, or finding out better ways for leaders to make a positive contribution to society. In contrast, the Thou Shalt Not approach focuses on avoiding the kind of wrongdoing depicted in Table 6-1.²⁶ When corporate social responsibility generates value for shareholders and stakeholders, it is regarded as good business strategy.²⁷

Our focus here is illustrative actions that leaders can take to enhance social responsibility, as well as create an organizational culture that encourages ethical behavior, as outlined in Figure 6-1.

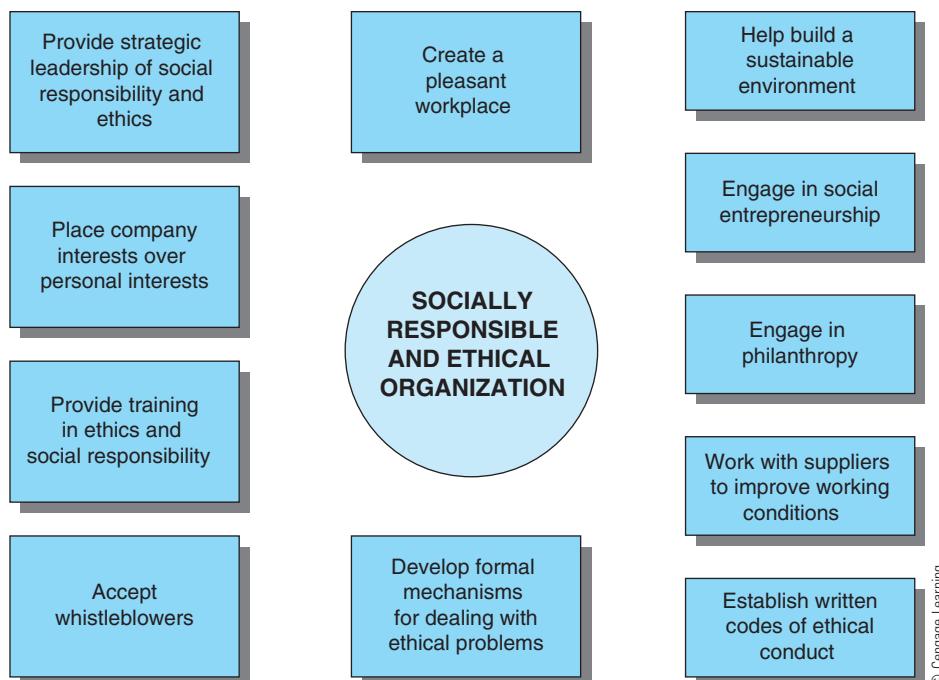


FIGURE 6-1 Initiatives for Achieving a Socially Responsible and Ethical Organization.

Providing Strategic Leadership of Ethics and Social Responsibility

The most effective route to an ethical and socially responsible organization is for senior management to provide strategic leadership in that direction. In this way, senior managers become ethics leaders: Their policies and actions set the ethical and social responsibility tone for the organization. If high ethics receive top priority, workers at all levels are more likely to behave ethically. Around 2008, an analysis of the troubles facing the banking industry suggested that lack of moral leadership was a contributing factor. Christina Rexrode, who follows the banking industry, wrote:

Although the industry faces sweeping new rules and regulations imposed by Congress, legality isn't the same thing as morality. In some corridors of banking, people turned a blind eye to troubling practices—such as the issuance of subprime mortgages—as long as they were technically legal.²⁸

Strategic leadership of ethics and social responsibility includes leading by example. If workers throughout the firm believe that behaving ethically is in and behaving unethically is out, ethical behavior will prevail. Ethical behavior that is rewarded is likely to endure. In addition, workers who perform unethically should not be rewarded, and perhaps disciplined. A sales manager who uses a 35-day month might not be rewarded for sales booked during those five days borrowed from the next month just to look good in the previous months.

Creating a Pleasant Workplace

Creating a comfortable, pleasant, and intellectually stimulating work environment is a social responsibility initiative that directly affects employees' well-being. Because many people invest about one-third of their time at work, a pleasant work environment increases the chances that their lives will be enriched. Robert Levering and Milton Moskowitz of the Great Place to Work® Institute, in cooperation with *Fortune*, have institutionalized the idea of being a "best company to work for." Employers nominate themselves, and two-thirds of the score is based on how randomly selected employees respond to the Great Place to Work Trust Index,® a survey measuring organizational culture. An evaluation of the Culture Audit by staff members at the Great Place to Work Institute determines the rest of the score. The focus is on employee satisfaction, yet the firms that fall into "the 100 best companies to work for" are also typically profitable. Among the benefits these companies offer are flexible working hours; on-site day care; concierge services, such as dry-cleaning pickup; domestic-partner benefits to same-sex couples; and fully paid sabbaticals. Following are the three of the most highly rated companies:²⁹

Google, Mountain View, California: The business firm whose name has become a verb sets the standard for Silicon Valley. Google has placed first four times so far as a *Fortune* best company to work for. Among its perks are free gourmet meals, free

massages, a seven-acre sports complex, and free medical services on-site. Engineers are empowered to spend 20 percent of their time on independent projects. Google employees are empowered to award one another \$175 on-the-spot peer spot bonuses, and more than two-thirds of “Googlers” made the awards. Hiring standards are tough, emphasizing brilliance, good team player skills, and diverse interests.

SAS, Cory, N.C.: This business analytics software and services firm took the top spot among Best Companies for two consecutive years and has been on the list for sixteen years. Notable perks include on-site health care (also available to family members), summer camp for employee children, organic farm-produced food for the four company cafeterias, car wash and interior cleaning service, a salon, and a massive gym on company premises. The company philosophy is “Treat employees like they make a difference and they will.”

Carmax, Richmond, Virginia: This nationwide dealership operates 117 no-haggle used-car lots. Floor employees wear uniforms, and the stores are family friendly. Sales reps are salaried to help motivate them to do what is best for the customer. Associates are authorized to take off as much times as they need without an established limit. The CEO increases his accessibility to employees by means of town hall meetings and cookouts.

The employee programs that qualify a company as a best place to work focus on employee benefits. However, the leaders of these companies also emphasize stimulating work.

Helping Build a Sustainable Environment

Socially responsible leaders influence others to sustain and preserve the external environment through a variety of actions that go beyond mandatory environmental controls such as managing toxic waste. Helping build a sustainable environment can involve hundreds of different actions such as making packaging smaller; making more extensive use of fluorescent lighting; and, when feasible, using energy from solar panels and wind turbines to replace burning of fossil fuels. Furthermore, many companies sponsor team-building events, in which participants build a playground or refurbish an old house in a declining neighborhood. Preserving an old building uses less energy than constructing a new one, and it enhances the aesthetics of the environment, as well.

A relatively new leadership position has been created in several firms, bearing a title such as chief sustainability officer. At Coca-Cola Co., the major role of chief sustainability officer Beatriz Perez is to work on sustainability issues in packaging and recycling, water, climate protection, and community.³⁰ At Nike Corporation, Hannah Jones is vice president of sustainable business & innovation. She is responsible for stewarding Nike's global sustainability and labor rights strategies.³¹

Three specific examples of representative leadership initiatives for helping create a sustainable environment follow:

- Pioneer Millworks, a small business of 105 employees, takes old items destined for landfills, or left to rot, and transforms them into beautiful

objects. For example, wine barrels made from redwood, Cypress, and Douglas fir, are dismantled and processed. The revitalized wood is then used for flooring or paneling in upscale homes and restaurants, and hip office places. All of the company's electricity is either bought from wind and power sources or generated from solar panels. Scrap wood from cutting and shaping is used as fuels in kilns or to heat the workplace.³²

- Levi-Strauss & Co., manufactures a line of jeans called Waste<Less™ that incorporates an average of eight 12- to 20-ounce recycled plastic bottles per pair of jeans. Plastic bottles are converted into polyester fabric and blended with cotton. The payoff to the environment is that fewer plastic bottles wind up in landfills, and less new material is required to make the jeans.³³
- UPS has improved the fuel efficiency of its domestic delivery fleet by 10 percent in recent years. To improve another 10 percent, the company has added more alternative fuel vehicles. UPS now has all-electric vehicles, hybrid-electric vehicles, vehicles that run on compressed natural gas, and those that run on liquid natural gas.³⁴ A newer development is the use of trucks with plastic rather than aluminum paneling, creating a lighter, more fuel-efficient vehicle.

In addition to gaining favorable publicity for the company, the environment benefits from the type of initiatives just described. Another way for a leader to help the environment is to be in the recycling business. Electronic recycling is particularly important because electronics are the fastest-growing solid waste stream in the world and contain toxins such as mercury and chromium. A sizable company in this field is Electronic Recyclers International in Fresno, California. The business has been increasing by approximately 50 percent per year. ERI chief executive John S. Shegerian takes performing a good deed for society one step further: One-third of the 200 full- and part-time employees are part of its second chance program, which includes primarily ex-cons and former addicts.³⁵ The social-good aspect is that being employed facilitates a person's not lapsing back into criminal behavior and drug addiction.

For company leadership to better evaluate their sustainability initiatives, it is important to rigorously evaluate the steps, the processes they are using, and the true impact on the environment. According to the research of Magali A. Delmas, Dror Etzion, and Nicholas Nairn-Birch, 80 percent of corporate environmental performance is accounted for by two factors. One is the environmental processes and practices implemented by the firm; and the other is the environmental outcomes they generate.³⁶

A case in point is the Waste<Less denim collection of Levi-Strauss. In one year, 3.5 million recycled plastic bottles are used in the spring collection—an admirable process. Yet, the true impact on the environment would be how many plastic bottles are really removed from the environment. If landfills and waters became less clogged, the environmental impact would be substantial. However, if these same plastic bottles would have been converted to other uses anyway, such as plastic benches, driveways, and ball-point pens, the environmental impact would be zero.

The accompanying Leader in Action describes the efforts of two well-known consumer products companies in creating a more sustainable



LEADER IN ACTION

Leadership at Coca-Cola and Nestlé Waters Protects Freshwater Supplies

Former U.S. Attorney John Ashcroft said during a conference at the Wharton School that “If water runs out, it will be more important than if the oil runs out. Corporate leaders can redefine the possible in these areas. When companies take initiative with intensity and enthusiasm, they can actually lead the customer.”

Coca-Cola and Nestlé Waters are two companies that focus on protecting the world’s increasingly challenged freshwater supplies. Coca Cola noted in a sustainability report that because it sells its products where it makes them, the company added to “the ecological and ethical imperatives that drive our water stewardship, we also have a vested business interest in preserving and improving local water sources.”

Jeff Seabright, vice president of environmental and water resources at Coca-Cola, noted at the conference that water and agricultural production are tightly intertwined. Succeeding at transforming company-wide operations will take more than a board vote. Seabright pointed out that Coca-Cola follows a franchise model, so it must work with 200 other companies, 500 brands, 300 independent bottling partners, and 1,000 manufacturing facilities.

Among its goals, Coca-Cola aims to increase waste efficiency 25 percent by 2020, and that same year “safely return to communities and nature an amount of water equal to what we use in our finished beverages and their production.” It wants to be a “net-zero” user of water.

Coca-Cola has also committed \$30 million over six years to the Replenish Africa Initiative (RAIN), which will give two million people access to safe drinking water by 2015. RAIN intends to start more than 100 water access programs in Africa.

Some 40 percent of Nestlé Global’s factories are in regions experiencing water stress, and 10 percent are in areas of severe scarcity. The company is reducing its water withdrawal (in part through rainwater harvesting), at the same time it increases operating efficiency. In the long run, the efficiencies “reduce operating costs and conserve scarce resources,” says Michael Washburn, vice president of sustainability at Nestlé Waters in North America. “Yes, our projects have to pay back in a certain amount of time, but our company gives us flexibility on taking a longer time to pay back.”

Bottled water, meanwhile, has its own imperatives. “We produce a product that in certain quarters is controversial, and has a precise set of societal expectations,” said Washburn. “We’re expected to be good stewards, to be involved in responsible disposal of our packaging, and to use energy as efficiently as possible. If we fall short on any of those things, we’re confronted with a societal backlash.”

Sustainability, said Washburn, in some cases provokes engagement outside the company’s own boundaries. In north Florida, Nestlé works with the Suwanee River Partnership to help farmers with best practices in irrigation, and use of fertilizers and herbicides, to reduce effluent releases into rivers and streams. Also in Florida, the company is working with Southern Forestry Consultants to manage its 468-acre certified tree farm for optimal soil conservation and biodiversity.

Because Nestlé Waters draws its product from springs, not rivers, why do that work with ranchers? “It’s about local relationships,” said Washburn. We are present in twenty-six communities around the country where we have factories, and our employees live there and interact with stakeholders there. We actively seek positive community engagement, because it builds brand equity and local trust. It’s not a selfless act, because there are benefits that come back to our company.”

QUESTIONS

- To what extent should business leaders take positive actions to improve the world’s freshwater supply?
- To what extent do you think Coca-Cola and Nestlé Waters are simply engaging in a public relations gimmick in their efforts to improve the quality of local water supplies?
- What specific benefits might come back to Coca-Cola and Nestlé Waters from their investments of resources in producing potable water?
- Has the information presented about the Coca-Cola and Nestlé companies influenced whether or not you will purchase any of their products?

Source: Excerpted and adapted from “Resource Scarcity Will Recast Corporate Environmental Behavior,” *Knowledge @Wharton* (<http://knowledge.wharton.upenn.edu/>), June 28, 2013, pp. 4–5.



LEADERSHIP SKILL-BUILDING EXERCISE 6-2

Conducting an Environmental Audit

To create an environmentally friendly workplace, somebody has to take the initiative to spot opportunities for change, thereby exercising leadership. Organize the class into groups of about five, with one person being appointed the team leader. You might have to do the work outside of class because your assignment is to do an environmental audit of a workplace that might include nonprofit setting such as a place of worship, a school, or an athletic facility. If the audit is done during class time, evaluate a portion of the school, such as a classroom, an athletic facility, or the cafeteria. Your task is to conduct an environmental audit with respect to the energy efficiency and healthfulness of the workplace. Make judgments, perhaps on a 1-to-10 scale, plus comments about the following factors:

1. How energy efficient is the workplace in terms of such factors as building insulation, use of fluorescent lighting, heating and cooling, and use of solar panels?
2. How safe is the environment in terms of pollutants and steps to prevent physical accidents?
3. How aesthetic is the environment in terms of protecting against sight and sound pollution?

Summarize your findings and suggestions in a bulleted list of less than one page. Present your findings to classmates and perhaps to a manager of the workplace. Classmates might comment on whether your findings will really improve the planet from an ecological standpoint.

environment. Leadership Skill-Building Exercise 6-2 provides an opportunity for you to practice conducting an environmental audit.

Engaging in Social Entrepreneurship

A social responsibility initiative gaining momentum is **social entrepreneurship**, the use of market-based methods to solve social problems.³⁷ Social entrepreneurship is therefore an entrepreneurial approach to social problems such as homelessness, contaminated drinking water, damaged physical environments, and extreme poverty. John S. Shegerian at Electronic Recyclers could therefore be regarded as a social entrepreneur. Leaders at a business firm might also form a foundation to help a cause, or be a socially focused, for-profit company such as Better World Books. Through the sale of used and new books, one of the company's social initiatives is to fund literacy programs around the world. Partners of Better World build schools, launch libraries, and provide scholarships.³⁸

A research-based model of social entrepreneurship emphasizes that compassion encourages social entrepreneurship. Compassion in the model is viewed as a prosocial (helping others) motivation that connects the individual with a suffering community and triggers sensitivity to the pain and needs of others.³⁹ An exceptional example of a business leader with compassion is Father Gregory Boyle, the CEO of Homeboy Industries. The beginning mission of the company was to create jobs for former Los Angeles gang members, many of whom had prison records. The company takes former men and women gang members and trains them in job-related skills, starting with custodial work, followed by baking skills. To create work for the former gang

members, Boyle started a bakery. The product line has expanded into items such as chips and salsa dip. The food product has become so popular in stores that Homeboy recently had 2,500 accounts and growing.⁴⁰

Engaging in Philanthropy

A standard organizational leadership approach to social responsibility is to donate money to charity and various other causes. Most charities are heavily dependent on corporate support. Colleges, universities, and career schools also benefit from corporate donations. Many of the leading philanthropists donate money during their lifetime rather than giving through their estates. The most striking example is Bill and Melinda Gates of Microsoft, who formed their own foundation with the primary global aims of reducing extreme poverty, combating AIDS, and vaccinating children against illnesses. Financier Warren Buffet is also a director of the foundation. In the United States, the focus is more on educational opportunities and access to information technology. In 2014, the foundation had an endowment of over \$45 billion, with Buffet having doubled the endowment in 2006. Furthermore, Bill Gates has called for a revision of capitalism in which poor people receive more benefits. Gates said he is troubled because advances in technology, health care, and education tend to help the rich and neglect the poor.⁴¹

Many corporate donors want their charitable investments to benefit the end consumer, not get lost in red tape and overhead, and show measurable results. The new breed of philanthropist studies each charitable cause as he or she would a potential business investment, seeking maximum return in terms of social impact. This philanthropist might also seek follow-up data, for example, on how many children were taught to read or by what percentage new cases of AIDS declined.

Working with Suppliers to Improve Working Conditions

An opportunity for practicing social responsibility is for company leaders to work with suppliers to improve physical and mental working conditions. Instead of refusing to deal with a supplier who operates a sweatshop, management might work with the supplier to improve plant working conditions. The justification for helping the supplier improve conditions is that the supplier's employees are often in dire need of a paying job. Almost any job is better than no job to a person facing extreme poverty or who is dependent on modest wages for food and shelter. Helping suppliers improve working conditions has been conceptualized as corporations being vehicles for positive social change—yet another way of demonstrating corporate social responsibility.⁴² Another form of helping to improve working conditions is to assist factory management to repair potential hazards such as inadequate escape routes in case of fire.

Apple Inc. is one example whereby company leadership took action to work with suppliers to improve substandard working conditions. Worker advocates and Apple representatives found that workers assembling iPhones, iPads, and other Apple devices often work in harsh and dangerous

conditions. It was found that many employees worked excessive overtime, lived in crowded dorms, and often stood at the assembly tables for such a long time that their legs swelled until they could barely walk. Underage workers were often included in the workforce of subcontractors. In recent years, Apple made significant progress in improving the factories. The company now has a supplier code of conduct that provides specific guidelines on labor standards and safety protection. Apple conducts thorough audits, and when abuses are discovered, corrections are required for the subcontractor to continue to be an Apple supplier.⁴³ Apple leadership has to stay vigilant to labor abuses, because labor abuses have a tendency to resurface, as reported by China Labor Watch, a nonprofit group.

Establishing Written Codes of Ethical Conduct

Many organizations use written codes of conduct as guidelines for ethical and socially responsible behavior. Regardless of the industry, most codes deal with quite similar issues. Patricia Breeding, integrity compliance officer for Covenant Health, in Knoxville, Tennessee, says, "They all address conflicts of interest, gifts and things like vendor relationships. They use the word 'customer' in one and 'patient' in another but they're all about doing the right thing."⁴⁴

Prohibition against bribery of government or corporate officials is being incorporated more frequently into ethical codes to combat potential major problems. For example, in 2011, U.S. regulators accused IBM of ten years of bribery in Asia, contending that employers handed over shopping bags filled with cash in South Korea. IBM allegedly also arranged junkets for government officials in China in exchange for millions of dollars in contracts. IBM agreed to pay \$10 million to settle the civil charges in which more than 100 employees of IBM subsidiaries were involved in the bribes.⁴⁵ (This case is remarkable because IBM has a positive reputation for ethics and social responsibility.)

The Sarbanes-Oxley Act, triggered by the financial scandals around the year 2000, requires public companies to disclose whether they have adopted a code of ethics for senior financial officers. In some firms, workers at all levels are required to sign the code of conduct. At defense contractor Lockheed Martin Corp., the incoming chief executive Christopher Kubasik was dismissed for "having a close personal relationship" with a subordinate. Although not sexual harassment, the relationship violated the company's code of ethics.⁴⁶ A written code of conduct is more likely to influence behavior when both formal and informal leaders throughout the firm refer to it frequently. Furthermore, adherence to the code must be rewarded, and violation of the code should be punished.

Developing Formal Mechanisms for Dealing with Ethical Problems

Many large employers have ethics programs of various types. Large organizations frequently establish ethics committees to help ensure ethical and socially responsible behavior. Top-level leadership participation in these

formal mechanisms gives them more clout. Committee members include a top management representative, plus other managers throughout the organization. An ethics and social responsibility specialist from the human resources department might also join the group. The committee establishes policies for ethics and social responsibility and may conduct an ethical audit of the firm's activities. In addition, committee members might review complaints about ethical problems.

Company ethics teams often establish an ethics hotline that enables workers who have questions about ethical behavior or want to report an ethics violation speak with a company official. Hotlines of this nature are more likely to be used when employees throughout the organization do not fear retaliation for reporting an ethical violation.

Accepting Whistleblowers

A **whistleblower** is an employee who discloses organizational wrongdoing to parties who can take action. Whistleblowers often go directly to a federal government bureau to report what they consider to be fraud and poor ethics by their employer. One of the largest settlements was \$920 million against Tenet Healthcare Corp., the nation's second-largest hospital chain. Following allegations by six whistleblowers, prosecutors accused Tenet of overbilling the government by \$806 million in Medicare payments and paying \$49 million in kickbacks to physicians who referred patients to the health care organization.⁴⁷

Whistleblowers are often ostracized and humiliated by the companies they hope to improve. For example, they may receive no further promotions or poor performance evaluations. Also, many whistleblowers are fired or demoted, even for high-profile tips that proved true.⁴⁸ The Sarbanes-Oxley Act includes some protection for whistleblowers. Employees who report fraud related to corporate accounting, internal accounting controls, and auditing have a way of gaining reinstatement, as well as back pay and legal expenses. More than half of the pleas of whistleblowers are ignored.

Because the pleas of whistleblowers are often dismissed, it is important for leaders at all levels to create a comfortable climate for legitimate whistleblowing. The leader needs to sort out the difference between a troublemaker and a true whistleblower.

Being a whistleblower requires a small act of leadership, in the sense of taking the initiative to bring about change. However, leaders of the organization that is turned in might not perceive the change as constructive.

Providing Training in Ethics and Social Responsibility

Forms of ethics training include messages about ethics and social responsibility from company leadership, classes on ethics at colleges, and exercises in ethics. These training programs reinforce the idea that ethical and socially responsible behavior is both morally right and good for business. Much of the content of this chapter reflects the type of information communicated in such programs. Training programs in ethics and social responsibility are most likely to be effective when the organizational culture encourages ethical behavior.

Caterpillar, the manufacturer of construction and mining equipment, exemplifies a modern approach to training in ethics. During the annual training, all 95,000 employees ponder a series of questions presented to them either via the Internet or on paper. The scenarios, written in-house, encourage workers to consider the best way to behave in a particular situation. Employees are able to consult the code of ethics as they reflect on the scenarios. One scenario involves a plant-floor employee adding a cleansing agent used by other employees to the agent the employee is presently using. One of the alternatives is “Check with an environmental health and safety group to ensure the combination is safe.”⁴⁹

Leadership Skill-Building Exercise 6-3 gives you the opportunity to engage in a small amount of ethics training.

Placing Company Interests over Personal Interests

Many ethical violations, such as senior managers voting themselves outrageous compensation, stem from managers placing their personal interests over the welfare of the company and other employees. According to the research and theorizing of management professors Craig L. Pearce, Charles C. Manz, and Henry P. Sims Jr., executives are more likely to be less corrupt (and therefore placing company interests first) when leadership is shared. The researchers reason that power can corrupt and absolute power can be an especially toxic influence. Shared leadership can provide a robust system of checks and balances, thereby reducing the possibility of some unethical and criminal behavior by business executives.⁵⁰ Nevertheless, we still have to be realistic. Criminal business leaders such as Bernie Madoff probably enlisted the cooperation of a few other executives (thereby engaging shared leadership) to pull off their massive swindles.

Leadership Skill-Building Exercise 6-3 gives you an opportunity to work through issues of ethics and social responsibility.



LEADERSHIP SKILL-BUILDING EXERCISE 6-3

Getting More Bang for the Buck with Layoffs

Your assignment as mid-level leaders in a large company is to develop a list of workers to lay off for purposes of company downsizing. The CEO says that she wants you to develop a list of fifty employees to lay off. She says that the more money you save the company, the better, but that you should still pay some attention to retaining high-producing workers. As you and your team start poring over employee salaries, you notice that the older employees are often the most highly paid because they have received salary increases for many years. These high-paid workers are a mix of

outstanding, average, and below-average performers based on the results of performance evaluations. You also notice that some of the younger employees who are not necessarily outstanding performers are relatively low paid.

Your job is to develop criteria for choosing fifty employees to lay off, taking into account both financial and ethical factors. You want to practice ethical and socially responsible leadership, but you also want the lay off to save the company a lot of money, thereby keeping your CEO happy.

Ethical and Socially Responsible Behavior and Organizational Performance

High ethics and social responsibility are sometimes related to good financial performance. A model of the relationship between corporate social performance and profits emphasizes the role of supply and demand. The model states that when demand for investments in social responsibility increases, value-maximizing managers will find it in their self-interest to make these investments even if cash flow is reduced. Also, despite spending money, the market value of the firm might increase when the demand for these investment opportunities is greater than the supply. An example might be that investing in programs to improve literacy among poor children might have a payoff because there is a big demand for this type of investment.⁵¹ However, investing money to help preserve reptiles in the Arizona desert might not have a good return because of low demand.

A group of researchers from the Boston Consulting Group and World Economic Forum found that many companies in emerging economies take steps to preserve the environment. Two examples are Florida Ice & Farm in Costa Rica and Shree Cement in India. The study also found that the enterprises pursuing sustainability have consistently above-average growth rates and profit margins. Sustainable practices in these companies include investing at first in more environmentally-friendly operating methods that eventually lead to lower operating costs and higher yields. For example, it might take a lot of money up front to invest in a water-recycling system, but the payoff would be substantial in the long run.⁵²

The relationship between social responsibility and profits can also work in two directions: More profitable firms can better afford to invest in social responsibility initiatives, and these initiatives can lead to more profits. The relationship between social and financial performance may be a **virtuous circle**, meaning that corporate social performance and corporate financial performance feed and reinforce each other.⁵³

According to a study conducted by the Ethics Resource Center, employees who work in an ethical environment tend to be better motivated. The study concluded that the chance to contribute to something larger than themselves and be recognized for it is a strong incentive to employees for delivering superior performance.⁵⁴ Using this approach, it is helpful if company leaders explain why the work is larger than oneself, such as a cement manufacturer explaining to employees that the cement is vital for building infrastructure that serves the needs of many people.

Being ethical also helps avoid the costs of paying huge fines for being unethical. According to the Carnegie Council for Ethics in International Affairs, during an eight-year period Wal-Mart paid about \$1 billion in damages to U.S. employees in six different cases related to unpaid work.⁵⁵ Being accused of unethical and illegal behavior can also result in a sudden drop in customers and clients, as well as extreme difficulty in obtaining new customers and clients.

Another key payoff from high corporate social responsibility is the ability to attract high-quality employees. A nonprofit organization, B Lab, certifies business firms that demonstrate sustainable business practices such as producing less waste, purchasing from local suppliers, compensating employees fairly, and having a clearly stated social mission. Close to 900 firms have received such designation, including Patagonia Inc., (top-quality outdoor clothing), Ben & Jerry's (rich ice cream), and Method Products Inc. (cleaning supplies). Leadership at many B Lab companies claims that the certification has been helpful in recruiting, especially among environmentally-conscious young people.⁵⁶

A study conducted with 1,084 employees from seventeen countries suggests that when workers perceive the employer to have high corporate social responsibility, they tend to be more emotionally committed to the company. Perceptions of corporate social responsibility were measured by responses to statements such as, "Does our company do enough towards protecting the environment," and "How satisfied are you with the way your company is taking responsibility for its employees?" An example of a statement measuring commitment was, "Overall, how strong is your sense of loyalty to the company."⁵⁷ Employee commitment often improves organizational performance because turnover decreases, and workers invest more effort into their jobs.

In short, a leader who is successful at establishing a climate of high ethics and social responsibility can earn and save the company a lot of money. Yet, there are times when being socially responsible can eat into profits. For example, installing solar panels in a geographic area with limited sunshine might create a long payback from the panels.



READER'S ROADMAP

So far in this book, we have examined the nature of leadership; the inner qualities of leaders; and leadership styles, contingency leadership, and the leader's ethical behavior and social responsibility. In the next chapter, we focus on how leaders acquire and maintain power and their use of organizational politics.

SUMMARY

Principles of ethical and moral leadership all center on the idea that a leader should do the right thing, as perceived by a consensus of reasonable people. Key principles of ethical and moral leadership are as follows: (1) be honest and trustworthy and have integrity in dealing with others, (2) pay attention to all stakeholders, (3) build community, and (4) respect the individual.

Differences in ethics and morality can be traced to eight factors: (1) leader moral identity; (2) the

leader's level of greed, gluttony, and avarice; (3) rationalization and implied permission to engage in unethical acts; (4) the leader's level of moral development; (5) a sense of entitlement; (6) situational influences; (7) a person's character; and (8) motivated blindness.. It has been proposed that to stay ethical a leader must develop an ethical mind focused on good work.

Before reaching a decision about an issue that is not obviously ethical or blatantly unethical, a leader

or manager should seek answers to questions such as: Is it right? Is it fair? Who gets hurt? Unethical behavior has brought companies into bankruptcy, led to layoffs of thousands of workers, diminished trust in stock investments, and discouraged many talented young people from embarking on a business career.

Another way a leader can be ethical and moral is to spearhead the firm, or a unit within it, toward doing good deeds—toward being socially responsible and creating an ethical organizational culture. Among the many possible socially responsible and ethical acts are (1) providing strategic leadership of social responsibility and ethics, (2) creating a pleasant workplace, (3) helping build a sustainable environment, (4) engaging in social entrepreneurship, (5) engaging in philanthropy, (6) working with suppliers to improve working conditions, (7) establishing written codes of conduct, (8) developing formal

mechanisms for dealing with ethical problems, (9) accepting whistleblowers, (10) providing training in ethics, and (11) placing company interests over personal interests.

High ethics and social responsibility are sometimes related to good financial performance, according to research evidence and opinion. Causes in big demand are more likely to have a financial payoff. More profitable firms have the funds to invest in good social programs. Employees who work in an ethical environment tend to be better motivated. Being ethical helps avoid big fines for being unethical, and ethical organizations attract more employees. Corporate social responsibility can help in recruiting talented employees, and can lead to higher commitment to the company. Socially responsible behavior can be cost-effective. However, being socially responsible can sometimes lower profit margins.

KEY TERMS

ethics 179
morals 179
integrity 181
entitlement 184

ethical mind 186
corporate social responsibility 190
social entrepreneurship 195

whistleblower 198
virtuous circle 200



GUIDELINES FOR ACTION AND SKILL DEVELOPMENT

A solid foundation for developing a leadership career is to establish a personal ethical code. An ethical code determines what behavior is right or wrong, good or bad, based on values. The values stem from cultural upbringing, religious teachings, peer influences, and professional or industry standards. A code of professional ethics helps a leader deal with such issues as accepting bribes, backstabbing coworkers, and sexually harassing a work associate.

A provocative explanation of the causes of unethical behavior emphasizes the strength of relationships among people. Assume that two people have close ties to each other—they may have worked together for a long time or have known each other both on and off the job. As a consequence, they are

likely to behave ethically toward one another on the job. In contrast, if a weak relationship exists between two individuals, either party is more likely to treat the other badly. In the work environment, the people involved may be your work associates, your contacts, or your internal and external customers.⁵⁸ The message is for you as a leader to build strong relationships with others in order to increase the frequency of ethical behavior.

Discussion Questions and Activities

1. If reputable companies such as IBM and Apple have been charged with using bribes to obtain sales, why should you worry about being ethical?

2. The majority of business executives accused of unethical behavior have studied ethics either as a subject in a business course or as an entire course. So what do you think went wrong?
3. Suppose you had inside information that your employer was thinking about declaring bankruptcy, and you find out that a family member was about to purchase \$20,000 in the stock of your employer. To what extent would it be unethical for you to dissuade the family member from making the investment?
4. How can consumers use the Internet to help control the ethical behavior of business leaders?
5. What is your position on the ethics of a business leader's receiving \$100 million or more in annual compensation?
6. Should leaders of companies that produce fattening food that can lead to cardiac problems and obesity be targeted for being socially irresponsible?
7. What social responsibility obligations should top-level management of major retailers have for the severe injuries that often take place in their stores on Black Friday? (This is the highly promoted shopping event that takes place after Thanksgiving Thursday)?
8. How fair do you think it is to deny an executive a CEO position he or she had been promised because of a romantic relationship with a subordinate? Explain your reasoning.
9. As a present or future organizational leader, what can you do to be an ethical role model for others?
10. In this chapter, we have discussed ethical problems mostly in business. For sake of fairness and balance, identify a few ethical problems you have observed among lawyers, physicians, politicians, or sports figures.

LEADERSHIP CASE PROBLEM A

Are Drivers or Smartphones to Blame?

Top-level leaders at a company that manufactures smartphones, tablet computers, and portable music players, among other electronic devices held a one-day retreat. The purpose was to think though how well the company was contributing to society. Technology chief, Olivia, commented, "I am very proud of us as a company. Think of what we have done for the world. Because of our products, people are more productive, smarter, and happier. At any time of the day, millions of users can access the information they need, and get in touch with whoever they want. Furthermore, they don't have to clutter their minds with facts, or even know how to spell correctly, or do basic math. With the tap of a few buttons, or touching a screen, they get all the information they need."

CEO Raphael added, "You are so right Olivia. Also, people don't even have to pay for landline telephones any longer. And think of how hundreds of companies can hire fewer people because of our devices. I learned recently that many car dealer-

ships have laid off many of their in-store sales reps because a good deal of car purchasing is now done over the Internet. And people don't have to purchase those ink-laden newspapers because they can get all the information they need on a handheld device."

Derek, the marketing manager, with a worried look said to the group. "We all make a great living from the electronic devices we make and sell, and so do our competitors. The information technology industry has created millions of jobs. And maybe we have also eliminated millions of jobs. However, I want us as industry leaders to focus on one issue right now.

"The accidents and deaths our devices are facilitating are getting out of hand. At first it was people sending and receiving calls on their cell phones that was creating driving hazards. Then along came texting which is even a bigger problem. Now we have data that the number of people who surf the Internet while driving is surging.

"I know that states, provinces, and municipalities forbid texting or handheld phone use while driving, but the laws are largely ignored, and the carnage continues. I am asking us to consider what role we should play as an industry leader in getting consumers to use our products in a way that does not harm or kill other people on the streets and highways."

Raphael replied, "I think that local governments, Internet service providers, and perhaps schools have more responsibility for minimizing accidents with smartphone users. If we were making kitchen knives instead of electronic devices would we be responsible for the occasional deaths and injuries caused by these knives?"

"In our situation, we have to ask whether the drivers or the smartphones are to blame for the accidents of distracted drivers."

Questions

1. What role do you think this industry leader should play in encouraging safer use of their smartphones?
2. With the negative perspective Derek has about the use of smartphones while driving, should he be released from his position as the marketing manager?
3. How ethical and socially responsible are the opinions of Olivia and Raphael about the advantages of smartphones to society?

ASSOCIATED ROLE PLAY

One student plays the role of Derek, who later in the meeting tells a story about a neighbor whose teenage daughter and two companions died in an auto accident because the daughter was texting while driving. Derek is purposely being dramatic because he wants

the team to be more socially responsible. Two other students play the roles of Olivia and Raphael who sympathize with Derek's neighbor, yet want Derek to be more realistic about the company's social responsibility with respect to smartphones.

LEADERSHIP CASE PROBLEM B

Let's Go Green

Monica is the CEO of a regional chain of hospitals and clinics that includes several thousand employees. The medical facilities continue to grow as insurance companies are eager to form partnerships with relatively low-cost suppliers and the population ages. Monica has been thinking lately that medical facilities have not been as aggressive as manufacturing companies in pushing for environmental sustainability. In her words, "Medical facilities could be a lot greener than they are. Obviously we don't throw contaminated bandages and body parts into the river, but we could still do a lot more. I think that we need to get more of our leaders and regular employees thinking green."

The following week, Monica worked with her administrative assistant, Karen, to come up with a list of suggestions that hospital and clinic managers, supervisors, and employees could implement to help

create a greener environment. Monica believes strongly that only collective action can create a sustainable environment, meaning that all employees can help make medical facilities more environmentally friendly. She then sent an e-mail to every employee with a work e-mail address, making suggestions for creating a greener environment. Monica also explained that the hospital had established a central budget to help fund some of the green initiatives. Her suggestions for helping the hospitals and clinics contribute to a sustainable environment contained twenty-five suggestions, including the following six:

- Conserve energy by adjusting thermostats to keep working areas cooler during cold months, and warmer during warm months.
- Encourage patients to conserve on the use of towels because laundering towels consume so much energy.

- Encourage visitors to hospitals and clinics to not waste so much gas circling around the parking lots to find a spot close to the medical facility. Our patients and their family members are spewing too much carbon dioxide into their air because they want to minimize walking.
- Encourage employee use of mass transportation in any locations where it is feasible.
- Use mugs instead of Styrofoam, and set up bins to recycle aluminum cans and plastic bottles.
- Create signs that say “Think Before You Print,” and post them near office printers and copy machines. At the same time, include under your e-mail signature a line that encourages people not to print e-mails unless absolutely necessary.

Among the first replies from her mass-distributed e-mail were, “Thanks. If we follow your advice we will soon be one of the greenest health care chains in the country,” and “Nice idea, but our staff is already so overworked I doubt we can work on the environment.”

Questions

1. What do you think of the effectiveness of Monica’s leadership in sending an e-mail message to encourage environmental sustainability?
2. What other leadership technique might Monica use to help prompt the hospitals and clinics toward sustainability?
3. Help CEO Monica by stating a vision to cover her efforts toward sustainability.

ASSOCIATED ROLE PLAY

Assemble in a small group to play the role of supervisors in one of the hospitals in the chain headed by CEO Monica. Your group decides to brainstorm some ideas for helping the hospital contribute to a sustainable environment. Spend about fifteen

minutes on the group brainstorming session. Edit the list down to about six useful suggestions. Send them to Monica to demonstrate that your group wants to exercise leadership in going green.



LEADERSHIP SKILL-BUILDING EXERCISE 6-4

My Leadership Portfolio

For this chapter’s entry into your leadership journal, reflect on any scenario you have encountered recently that would have given you the opportunity to practice ethical or socially responsible behavior. The scenario could have taken place in relation to employment, an interaction with fellow students, or being a customer of some type. Write down the scenario, and how you responded to it. Indicate what you learned about yourself. An example follows:

I had been thinking of purchasing advanced software to manage and edit photos on my computer. The software I needed would cost several hundred dollars. The other day, while going through my e-mail, I came upon an advertisement offering the

exact photo software I wanted for \$50. At first, I thought this would be a real money saver. After thinking through the ethical issues, I came to realize that the person selling this software was probably a pirate. If I purchased from this character, I would be supporting a software pirate. Besides, buying stolen goods might even be a crime. I learned from this incident that there are many opportunities in everyday life to practice good—or bad—ethics. I want to become a moral leader, so practicing good ethics will help me.

P.S.: By being ethical, I probably avoided buying virus-infected software that could have played havoc with my computer.



LEADERSHIP SKILL-BUILDING EXERCISE 6-5

Company Policy for Employee Recycling of Electronic Products

Assume that you are in a leadership position within your company. You and several other managers are concerned about the physical environment becoming cluttered with discarded electronic products, including personal computers, laptop computers, smartphones, and television sets. You know that there are appropriate channels for discarding and recycling these products responsibly, yet these channels are often neglected. Your company has environmentally conscious procedures for getting rid of electronic devices. You are

concerned, however, that employees are not doing enough at home to safely discard used electronic products.

Work individually or with other students to develop a company policy that will facilitate employees being socially responsible when discarding electronic devices no longer in use. Recognize that the company has limited direct control over how employees conduct their personal life. A suggested guideline is to create a company policy about 100 words long.

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Power, Politics, and Leadership

LEARNING OBJECTIVES

After studying this chapter and doing the exercises, you should be able to

- Recognize the various types of power.
- Identify tactics used for becoming an empowering leader.

- Know how to use delegation to support empowerment.
- Pinpoint factors contributing to organizational politics.
- Describe both ethical and unethical political behaviors.
- Explain how a leader can control dysfunctional politics.

CHAPTER OUTLINE

Sources and Types of Power

Position Power

Personal Power

Power Stemming from Ownership

Power Stemming from Dependencies

Power Derived from Capitalizing on Opportunity

Power Stemming from Managing Critical Problems

Power Stemming from Being Close to Power

Power and Self-Serving Behavior

Tactics for Becoming an Empowering Leader

The Nature of Empowerment

Empowering Practices

Effective Delegation and Empowerment

Factors that Contribute to Organizational Politics

Pyramid-Shaped Organization Structure

Subjective Standards of Performance

Environmental Uncertainty and Turbulence

Emotional Insecurity

Machiavellian Tendencies

Encouraging Admiration from Subordinates

Political Tactics and Strategies

Ethical Political Tactics and Strategies

Unethical Political Tactics and Strategies

Exercising Control over Dysfunctional Politics

Summary

Key Terms

Guidelines for Action and Skill Development

Leadership Case Problem A

Leadership Case Problem B

Notes

The founder and CEO of Amazon.com Inc., Jeff Bezos, has become one of the world's best-known, wealthiest, and most creative businesspersons. He is also a feared business leader because he takes great

delight in entering any business that has high profit margins, and that Amazon could fit under its wing. A favorite Bezos motto is, "Your margin is my opportunity." His company is willing to make little or no profit on a

product or service just to gain loyal customers who will make more purchases from Amazon over time.

Beginning as an online bookseller in 1995, Amazon today sells over 20 million products and a wide variety of information technology services including cloud computer and data storage. Amazon has over 200 million customers, and annual sales exceeding \$60 billion that grow quarterly. In his quest for power, Bezos has orchestrated the acquisition of key competitors including Zappos.com and Quidsi, parent of shopping sites including Diapers.com and Soap.com. Amazon also bought a robot manufacturer, Kiva Systems, to help robotize its workplace. Part of Bezos's path to low prices is to minimize operating costs to the point of requiring managers to work at desks made out of cardboard-laminated doors and keeping salaries low. Incentives are based on price gains from employee stock options.

Bezos believes strongly that the key to growth and power in business is imagination and innovation. "I encourage our employees to go down blind alleys and experiment," says Bezos. "If you can increase the number of experiments you try from a hundred to one thousand, you dramatically increase the number of innovations you produce."

Bezos' demeanor connotes power, including a polished bald head, prominent eyebrows, an explosive voice and laugh, and a boisterous manner. Bezos has become the leading role model for founders who want to keep control of their companies. Bill Gurley, a venture capitalist said about Bezos, "If you were to ask 100 startup entrepreneurs who the CEO [living] they admire the most, he would show up on 95 of the ballots."

Bezos bought the *Washington Post* with \$250 million of his own money with the hope of modernizing the venerable newspaper and helping it survive. Even more startling was Bezos' announcement in 2013 that he wanted Amazon to soon deliver packages by unmanned flying vehicles, or drones, the company calls octocopters. With no reference to the enormous potential problems of thieves waiting for the drones to drop packages, deliveries falling on people's heads, and trespassing issues, Bezos pronounced, 'It will work, and it will happen.'

Bezos uses shrewd political tactics when needed to gain advantage for the company. For example, Amazon pushed to market baby products to parents at the same time it was negotiating to buy the parent of Diapers.com. The tactic drove down the acquisition price by creating fear and concern from other buyers of the baby supply company.

One way in which Bezos wields his power in the company is through his public e-mail address, jeff@amazon.com. When he receives a customer complaint of significance, he forwards the e-mail, followed by a question mark, to the relevant Amazon employee or employees. When employees receive such a forwarded e-mail message from Bezos, they react with fear, and know that they have only a few hours to respond.

Bezos graduated from Princeton University where he concentrated his studies in computer science and electrical engineering. He then worked for a Wall Street investment firm before founding Amazon.com.¹ (See Chapter 11 for details about the start of Amazon.com.)

This powerful and influential e-commerce executive's story illustrates several sources of power held by leaders, including expertise and the power of ownership. This chapter covers the nature of power, the ways leaders acquire power and empower others, and the use and control of organizational politics. Chapter 8 continues the discussion of organizational (or office) politics by examining influence tactics. An encouraging note for the student of power and organizational politics is that despite all the advances in technology and organizational theory, the basic principles of power, politics, and influence remain constant. For example, from cave people to the modern business executive, self-enhancement remains a basic motive.²

Sources and Types of Power

To exercise influence, a leader must have **power**, the potential or ability to influence decisions and control resources. Organizational power can be derived from many sources. How people obtain power depends to a large extent on the type of power they seek. Therefore, to understand the mechanics of acquiring power, one must also understand what types of power exist and the sources and origins of these types of power. Seven types of power, including some of their subtypes, are described in the following sections.

Position Power

Power is frequently classified according to whether it stems from the organization or the individual.³ Three bases of power—legitimate power, reward power, and coercive power—stem from the person's position in the organization.

Legitimate Power The lawful right to make a decision and expect compliance is called **legitimate power**. People at the highest levels in the organization have more power than do people below them. However, organizational culture helps establish the limits to anyone's power. Newly appointed executives, for example, are often frustrated with how long it takes to effect major change. A chief financial officer (CFO) recruited to improve the profitability of a telecommunications firm noted, "The company has been downsizing for three years. We have more office space and manufacturing capacity than we need. Yet whenever I introduce the topic of selling off real estate to cut costs, I get a cold reception."

At the top of the organization, a leader's legitimate power is strengthened when he or she carries the titles of both chief executive officer and chairman or chairwoman. Executives who occupy the dual role show a unity of command and strong leadership to stakeholders. A study found, curiously, that when women occupy the two roles, they are often both chairperson and president, rather than chairperson and CEO, thereby having slightly less power.⁴

Reward Power The authority to give employees rewards for compliance is **reward power**. If a vice president of operations can directly reward supervisors with cash bonuses for achieving productivity targets, this manager will exert considerable power. Almost any leader occupying a formal position has some reward power. Even the ability to give a subordinate a positive performance evaluation is a form of reward power.

Coercive Power **Coercive power** is the power to punish for noncompliance; it is based on fear. A common coercive tactic is for an executive to demote a subordinate manager who does not comply with the executive's plans for change. Coercive power is limited, in that punishment and fear achieve mixed results as motivators. The leader who relies heavily on coercive power runs the constant threat of being ousted from power. Nevertheless,

coercive power is widely practiced. At their worst, leaders who rely heavily on coercive power are considered to be power mongers in the sense that they will go to extremes to gain and retain power.⁵ An example would be firing a capable subordinate because the person might be regarded by influential people as a possible replacement for the executive.

Personal Power

Three sources of power stem from characteristics or behaviors of the power actor: expert power, referent power, and prestige power. All are classified as **personal power** because they are derived from the person rather than the organization. Expert power and referent power contribute to charisma. Referent power is the ability to influence others through one's desirable traits and characteristics. Expert power is the ability to influence others through specialized knowledge, skills, or abilities. A component of expert power is having information not widely possessed by others, such as being an accurate predictor of commodity prices.

An example of a leader with substantial expert power is Doug McMillon who became Wal-Mart's fifth CEO in company history, at age 47. He began his career with the company as a teenager unloading trucks at a Wal-Mart distribution center. McMillon then held positions in various aspects of purchasing and merchandising, helping him develop expertise relevant to the company.⁶

Another important form of personal power is **prestige power**, the power stemming from a person's status and reputation.⁷ A manager who has accumulated important business successes acquires prestige power. Managers acquire visibility based on their reputation—for example, a middle manager who has been successful at reducing turnover in the restaurant or hotel industry. Integrity is another contributor to prestige power because it enhances a leader's reputation. Executive recruiters identify executives who can readily be placed in senior positions because of their excellent track records (or prestige).

Manager Assessment Quiz 7-1 provides a sampling of the specific behaviors associated with five of the sources of power—three kinds of position power and two kinds of personal power.

Power Stemming from Ownership

Executive leaders accrue power in their capacity as agents acting on behalf of shareholders. The strength of ownership power depends on how closely the leader is linked to shareholders and board members. A leader's ownership power is also associated with how much money he or she has invested in the firm. An executive who is a major shareholder is much less likely to be fired by the board than one without an equity stake. The CEOs of high-technology firms are typically company founders who later convert the firm into a publicly held company by selling stock. After the public offering, many of these CEOs own several hundred million dollars' worth of stock, making their position quite secure. The New Golden Rule applies: The person who holds the gold rules.



MANAGER ASSESSMENT QUIZ 7-1

Rating a Manager's Power

Instructions: If you currently have a supervisor or can clearly recall one from the past, rate that supervisor. Circle the appropriate number of your answer, using the following scale: 5 = strongly agree; 4 = agree; 3 = neither agree nor disagree; 2 = disagree; 1 = strongly disagree. (The actual scale presents the items in random order. They are classified here according to the power source for your convenience.)

		STRONGLY AGREE		STRONGLY DISAGREE
My manager can (or former manager could) ...				
Reward Power				
1. increase my pay level.	5	4	3	2
2. influence my getting a pay raise.	5	4	3	2
3. provide me with specific benefits.	5	4	3	2
4. influence my getting a promotion.	5	4	3	2
Coercive Power				
5. give me undesirable job assignments.	5	4	3	2
6. make my work difficult for me.	5	4	3	2
7. make things unpleasant here.	5	4	3	2
8. make being at work distasteful.	5	4	3	2
Legitimate Power				
9. make me feel that I have commitments to meet.	5	4	3	2
10. make me feel like I should satisfy my job requirements.	5	4	3	2
11. make me feel I have responsibilities to fulfill.	5	4	3	2
12. make me recognize that I have tasks to accomplish.	5	4	3	2
Expert Power				
13. give me good technical suggestions.	5	4	3	2
14. share with me his or her considerable experience and/or training.	5	4	3	2
15. provide me with sound job-related advice.	5	4	3	2
16. provide me with needed technical knowledge.	5	4	3	2
Referent Power				
17. make me feel valued.	5	4	3	2
18. make me feel that he or she approves of me.	5	4	3	2
19. make me feel personally accepted.	5	4	3	2
20. make me feel important.	5	4	3	2
Total score: _____				

QUIZ 7-1 (continued)

Scoring and Interpretation: Add all the circled numbers to calculate your total score. You can make a tentative interpretation of the score as follows:

- **90+:** High power
- **70–89:** Moderate power
- **below 70:** Low power

Also, notice whether you rated your manager significantly higher in one category.

Skill Development: This skill development rating can help you as a leader because it points to specific behaviors you can use to be perceived as high or low on a type of power. For example, a behavior specific for establishing referent power is to “make people feel important” (No. 20).

Source: Adapted from “Development and Application of New Scales to Measure the French and Raven (1959) Bases of Social Power,” by Timothy R. Hinkin and Chester A. Schriesheim, *Journal of Applied Psychology*, August 1989, p. 567.

Power Stemming from Dependencies

According to the **dependence perspective**, people accrue power when others are dependent on them for things of value. Figure 7-1 depicts this basic model of sources of power. Because the things valued could be physical resources or a personal relationship, dependence power can be positional or personal. Richard M. Emerson noted that power resides implicitly in the other’s dependence.⁸ A leader–group member example would be that the group member who needs considerable recognition to survive becomes dependent on the leader, who is a regular source of such recognition. An organizational example is that the health care system in the United States has become heavily dependent on information technology to help streamline the system. Health care information technology specialists therefore have more power.

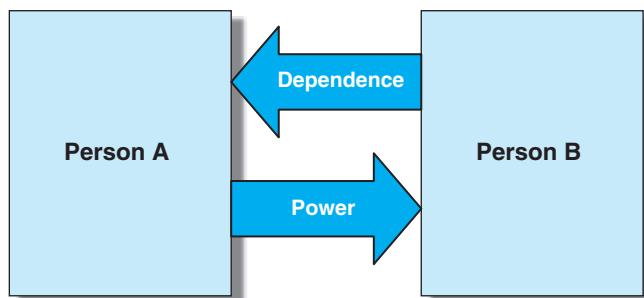


FIGURE 7-1 The Dependence Theory of Power.

Source: Adapted from Wilt H. Ratsburg, “Power Defined,” <http://www.geocities.com/Athens/Forum/1650/htmlpower.htm>, accessed January 4, 2008.

Should leaders lose some of their power to control resources, their power declines. For example, a real estate developer can lose power when several major properties lose money, or worse enter bankruptcy. (Part of the power lost is the ability to borrow money.) When business conditions improve, and the developer slowly rebuilds, he or she tends to regain power. Several key real estate developers lost fortunes in the real estate bust in south Florida around 2009, but then regained power with the rebirth of the real estate market in the same region four years later.

Power Derived from Capitalizing on Opportunity

Power can be derived from being in the right place at the right time and taking the appropriate action. It pays to be where the action is. For example, the best opportunities in a diversified company lie in one of its growth divisions. Also, many small recycling firms moved from junkyard status to ecology firms as the interest in environmental sustainability surged in the late 2000s. A person or a firm also needs to have the right resources to capitalize on an opportunity, such as having the capacity to recycle on a larger scale.

Another ecology-related example of capitalizing on opportunity took place at outdoor clothing manufacturer Patagonia. For years, founder Yvon Chouinard had led campaigns to use eco-friendly materials and fabrics in its clothing. Patagonia had also pioneered sustainable manufacturing practices. During the Great Recession, Patagonia enjoyed its two best years ever. The opportunity capitalized on had two aspects: First, despite the recession, many upscale consumers still want to purchase eco-friendly products.⁹ Second, during a recession, many consumers want to purchase durable, multiple-use clothing—such as using the same jacket for hiking, skiing, and shopping.

Power Stemming from Managing Critical Problems

The **strategic contingency theory** of power suggests that units best able to cope with the firm's critical problems and uncertainties acquire relatively large amounts of power.¹⁰ The theory implies, for example, that when an organization faces substantial lawsuits, the legal department will gain power and influence over organizational decisions. Furthermore, the leader of the legal department gains power. The leaders of units directly involved with the organization's core purposes (such as product development) usually have more power than those leaders of departments not directly linked to the core purpose (such as maintenance).

Power Stemming from Being Close to Power

The closer a person is to power, the greater the power he or she exerts. Likewise, the higher a unit reports in a firm's hierarchy, the more power it possesses. In practice, this means that a leader in charge of a department reporting to the CEO has more power than one in charge of a department reporting to a vice president. Leaders in search of more power typically maneuver toward a higher-reporting position in the organization.

Power and Self-Serving Behavior

An obvious problem about leadership power is that it can be directed more toward self-serving behavior than the good of others including the organization and all stakeholders. A study conducted with working supervisors as well as a laboratory simulation investigated the influence of accountability on leader self-serving behavior. Accountability focused on the expectation that the leader may be called upon to justify his or her beliefs, feelings, and actions to others. Self-serving behavior in the study focused on the distribution of resources, such as the leader receiving a disproportional share of cash bonuses. The major finding of the study was that powerful leaders who were held accountable, acted less self-servingly than their nonaccountable counterparts.¹¹

Another set of studies helps explain why some people who attain power act out of self-interest, whereas others with power act in the interest of others. The influential (or moderating) variable studied was **moral identity**—the extent to which an individual holds morality as part of his or her self-concept. Trait power was measured both through a questionnaire about power, and subjective power was measured from study participants describing situations in which they experienced power. The study concluded that individuals with a strong moral identity were less likely to act in self-interest when they had strong trait power or subjective feelings of experiencing power. In contrast, individuals with a weak moral identity were more likely to act in self-interest under trait power or feelings of power.¹² If you are moral, you are less likely to use power for your own good.

To conclude our discussion of sources of power, historian Robert A. Caro reminds us that acquiring power alone does not make for great leadership. It takes an ambitious person to acquire power, and sometimes the approach to acquiring power may not be highly ethical, such as hoarding vital information or making others dependent on you. The person who then uses the accumulated power to create and implement a useful vision qualifies as an excellent leader.¹³ The concept of who is an excellent leader could be based on a person's values, but two leaders already described in this book might qualify: Ron Shaich of Panera Bread, and Sheryl Sandberg of Facebook.

Tactics for Becoming an Empowering Leader

A leader's power and influence increase when he or she shares power with others. Empowerment is therefore the basic component of shared or distributed leadership. As team members receive more power, they can accomplish more—they become more productive. And because managers share credit for their accomplishments, they become more powerful. A truly powerful leader empowers team members to accomplish tasks on their own.

Strategy theorist Gary Hamel believes that companies that empower and train people at all levels to lead can create competitive advantage. The inference is that talent from all levels should be capitalized upon, not just the talents of those at the top of the organizational pyramid.¹⁴ Research evidence with

eighty-two top-management teams supports Hamel's comments just made about the positive impact of empowerment. Empowering leadership was defined as the CEO encouraging top team members to exercise control over decisions, and facilitates such decision making. The three variables studied affected by empowerment were behavioral integration, top-management team potency, and the performance of the firm. Behavioral integration refers to subordinates integrating the empowered approaches into their regular activities, specifically information exchange, collaborative behavior, and joint decision making. Team potency refers to the group's shared perception of its ability to successfully perform challenges and tasks. Performance of the firm was measured by top team managers rating the organization's performance in comparison to the competition.

The overall finding was that empowering leadership by the CEO influences top-management team processes (behavioral integration) which in turn improves performance of the firm. Especially important is that empowering leadership leads to behavioral integration which then enhances team potency, which then bolsters performance of the firm.¹⁵

Here we look briefly at the nature of empowerment before discussing a number of practices and two cautions about empowerment.

The Nature of Empowerment

In its basic meaning, **empowerment** refers to passing decision-making authority and responsibility from managers to group members. Almost any form of participative management, shared decision making, and delegation can be regarded as empowerment. Gretchen M. Spreitzer conducted research in several work settings to develop a psychological definition of empowerment.¹⁶ Four components were identified: meaning, competence, self-determination, and impact. Full-fledged empowerment includes all four dimensions, along with a fifth one, internal commitment.

Meaning is the value of a work goal, evaluated in relation to a person's ideals or standards. Work has meaning when there is a fit between the requirements of a work role and a person's beliefs, values, and behaviors. A person who is doing meaningful work is likely to feel empowered. *Competence*, or *self-efficacy*, is an individual's belief in his or her capability to perform a particular task well. People who feel competent believe that they have the capability to meet performance requirements in a given situation, such as a credit analyst saying, "I've been given the authority to evaluate credit risks up to \$10,000 and I know I can do it well." A newer model of empowerment also features the key roles of self-efficacy and competence in helping a fellow group member feel that he or she has gained power.¹⁷

Self-determination is an individual's sense of having a choice in initiating and regulating actions. A high-level form of self-determination occurs when workers feel that they can choose the best method to solve a particular problem. Self-determination also involves such considerations as choosing the work pace and work site. A highly empowered worker might choose to perform the required work while on a cruise rather than remain in the

office. *Impact* is the degree to which the worker can influence strategic, administrative, or operating outcomes on the job. Instead of feeling there is no choice but to follow the company's course, a worker might have a say in the future of the company. A middle manager might say, "Here's an opportunity for recruiting minority employees that we should exploit. And here's my action plan for doing so."

Another dimension of true empowerment is for the group member to develop an *internal commitment* toward work goals. Internal commitment takes place when workers are committed to a particular project, person, or program for individual motives. An example would be a production technician in a lawn mower plant who believes he or she is helping create a more beautiful world.

The focus of empowerment, then, is on the changes taking place within the individual. However, groups can also be empowered in such a way that the group climate contributes to these attitudes and feelings. An example of a statement reflecting an empowering climate would be "People in our organization get information about the organization's performance in a timely fashion."¹⁸ Being part of an empowered group can help a member commit to achieving shared goals.

Empowering Practices

The practices that foster empowerment supplement the standard approaches to participative management, such as conferring with team members before reaching a decision. The practices, as outlined in Figure 7-2, are based on direct observations of successful leaders and experimental evidence. Before reading about these practices, do Leadership Self-Assessment Quiz 7-1.

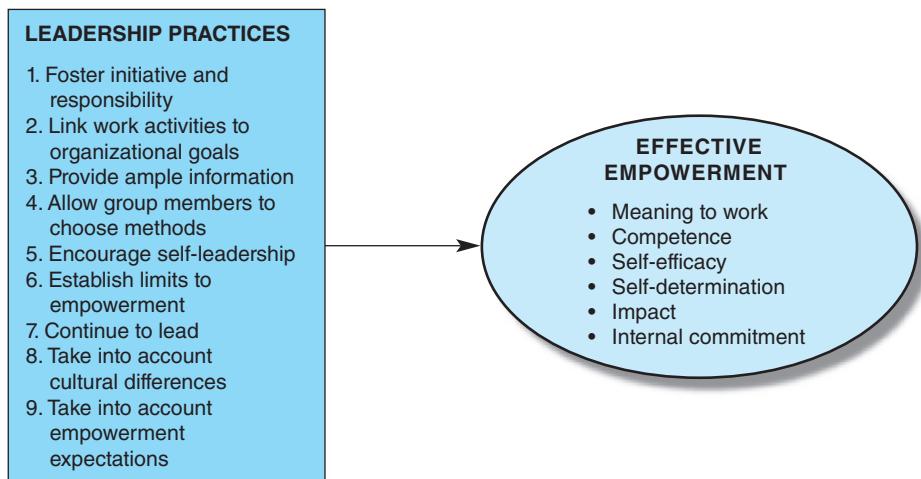


FIGURE 7-2 Effective Empowering Practices.

Certain leadership and managerial practices lead to effective empowerment, which in turn often leads to higher motivation and productivity.



LEADERSHIP SELF-ASSESSMENT QUIZ 7-1

Empowering Attitudes and Beliefs

Instructions: To empower employees successfully, the leader has to convey appropriate attitudes and have certain beliefs. To the best of your ability, indicate which attitudes you now have and which ones require further development.

	HAVE NOW	WOULD NEED TO DEVELOP
Empowering Attitude or Belief		
1. Most workers have considerable unused talent that could be put to good use.	<input type="checkbox"/>	<input type="checkbox"/>
2. Instead of demanding immediate results, the leader should give group members the time to develop the needed information or skill.	<input type="checkbox"/>	<input type="checkbox"/>
3. It is productive for the leader to ask team members questions to help them develop a new perspective on problems.	<input type="checkbox"/>	<input type="checkbox"/>
4. Responsible workers usually know what needs to be done without too much direction from the boss.	<input type="checkbox"/>	<input type="checkbox"/>
5. It is ideal to let a professional worker figure out the best method for accomplishing a task.	<input type="checkbox"/>	<input type="checkbox"/>
6. Even if workers are empowered, a little inspiration and encouragement from the leader is still useful.	<input type="checkbox"/>	<input type="checkbox"/>
7. Feedback to workers is still useful even if they have considerable responsibility for a task or project.	<input type="checkbox"/>	<input type="checkbox"/>
8. Quite frequently, workers have more knowledge of how to solve a particular problem than does the boss.	<input type="checkbox"/>	<input type="checkbox"/>
9. I urge (or would urge) subordinates to think of problems as opportunities rather than problems.	<input type="checkbox"/>	<input type="checkbox"/>
10. Good results come about when workers are encouraged to search for solutions without supervision.	<input type="checkbox"/>	<input type="checkbox"/>

Skill Development: If, as a leader or manager, you already have most of these attitudes and have engaged in most of these behaviors, you will be good at empowerment. Most of these attitudes and practices can be developed without transforming your personality.

Source: Statements 9 and 10 are adapted from Robert P. Vecchio, Joseph E. Justin, and Craig L. Pearse, "Empowering Leadership: An Examination of Mediating Mechanisms within a Hierarchical Structure," *The Leadership Quarterly*, June 2010, p. 540.

Foster Initiative and Responsibility A leader can empower team members simply by fostering greater initiative and responsibility in their assignments. For example, a manufacturer of battery-powered construction tools might inform an information technology enthusiast in the company, "From now on, you are responsible for online sales. You have the product knowledge and the IT smarts. I don't. The job is your baby."

Henry Mintzberg reminds us that many professional workers already have considerable initiative and responsibility. In his words: “Truly empowered workers, such as doctors in a hospital, even bees in a hive, do not await gifts from their managerial gods; they know what they are there to do, and just do it.”¹⁹

Link Work Activities to Organizational Goals Empowerment works better when the empowered activities are aligned with the strategic goals of the organization. Empowered workers who have responsibility to carry out activities that support the major goals of the organization will identify more with the company. At the same time, they will develop a feeling of being a partner in the business.²⁰ Imagine a scenario in which a company auditor is authorized to spend large sums of travel money to accomplish her job. She is given this authority because a strategic goal of top-level management is to become a company admired for its honest business practices.

Provide Ample Information For empowerment to be effective, employees should have ample information about everything that affects their work. Especially important is for workers to fully understand the impact of their actions on the company’s costs and profits. Armed with such information, employees are more likely to make decisions that have a positive influence on the bottom line. And they are more likely to use empowerment to make decisions that contribute to business success. For example, an empowered sales representative, armed with cost information, is less likely to grant discounts that lose money for the company.

Allow Group Members to Choose Methods Under ideal conditions, the leader or manager explains to the individual or group what needs to be done (sets a direction) and lets the people involved choose the method. Explaining why the tasks need to be performed is also important. One of the roles of a true professional is to choose the method for accomplishing a task, such as a tax consultant deciding how to prepare the taxes for a business owner. Allowing people to determine the most efficient work technique is the essence of empowerment.

Encourage Self-Leadership Encouraging team members to lead themselves is the heart of empowerment. The basic idea of **self-leadership** is that all organizational members are capable of leading themselves at least to some extent. Complete self-leadership would involve workers deciding what should be done, why it should be done, and how to accomplish the task. A trigger to self-leadership would be to give a handful of talented employees the general instructions, “Why not spend a few hours per week dreaming up something that can make us money?”

When employees practice self-leadership, they feel empowered. At W. L. Gore & Associates, Inc., a manufacturer of insulated material, including GORE-TEX®, there are no bosses or managers, but many leaders. Every

employee is regarded as a knowledge worker who has the ability to identify profitable new products.²¹

Establish Limits to Empowerment One of the major situations in which empowerment creates disharmony and dysfunction is when workers lack a clear perception of the boundaries of empowerment. Empowered group members may feel that they can now make decisions unilaterally, without conferring with managers, team leaders, or other team members.²² Limits to empowerment might mean explaining to employees that they have more authority than before, but still they cannot engage in such activities as the following:

- Set their own wages and those of top management
- Make downsizing decisions
- Hire mostly friends and relatives
- Work fewer than forty hours for full pay
- Voicing their discontent about the company and its leadership on social media

Many employees justify dysfunctional actions by saying, “I’m empowered to do what I want.” It is management’s responsibility to guide employment activities that support the organization.

Continue to Lead Although leaders empower group members, they should still provide guidance, emotional support, and recognition. Mark Samuel helps companies organize into teams to enhance accountability for results, yet at the same time he emphasizes the leader’s role: “Empowerment often becomes an abdication of leadership. In other words, if I empower you, I don’t have to guide you. People need guidance. Leadership cannot abdicate the role of providing guidance.”²³ Because employees are empowered does not mean that they should be abandoned.

Take into Account Cultural Differences All empowering practices can be influenced by cross-cultural factors. A group member’s cultural values might lead to either an easy acceptance of empowerment or reluctance to be empowered. Americans are stereotyped as individualists. Nevertheless, they are so accustomed to working in teams (sports included) that being part of an empowered team would seem natural.

But not all cultures support empowerment. In one study, data from employees of a single firm with operations in the United States, Mexico, Poland, and India were used to test the fit of empowerment and continuous improvement practices with national culture. The company was engaged in light manufacturing, and data were collected from about forty sites. Empowerment was negatively associated with job satisfaction in the Indian plants, but positively associated in the other three samples. The underlying cultural reason is that Indians (at least those working in India) expect the leader or manager to make most of the decisions.²⁴ Continuous improvement was positively related to satisfaction in all four samples.

Take into Account Empowerment Expectations Although the advantages of empowerment are widely proclaimed, not all workers enjoy being empowered. Some workers, for example, just want to work within their job description without being burdened with extra responsibility. A study with first-line manufacturing workers and their supervisory leaders explored the impact of supervisor matching the empowerment expectations of their subordinates, implying that some workers want more empowerment than others. Measures were taken of both how much empowerment subordinates wanted, and how well the supervisory leaders understood these expectations.

One study result was that workers experienced more role ambiguity (confusion about what was expected of them) when supervisors over-estimated how much empowerment they wanted. Another key result was that the less the leader is aware of the individual's demand for empowerment, the less the worker's level of intrinsic (internal) motivation. Conversely, intrinsic motivation of workers is higher when the leader has a more accurate perception of how much empowerment the workers really want.²⁵

Effective Delegation and Empowerment

A major contributor to empowerment is **delegation**, the assignment of formal authority and responsibility for accomplishing a specific task to another person. Without delegation, effective leadership and management cannot take place. Delegation becomes more important as more tasks need to be done, and those tasks are complex. To lead is to inspire and persuade others to accomplish tasks, not to accomplish everything by working alone.

Delegation is narrower than empowerment because it deals with a specific task, whereas empowerment covers a broad range of activities and a mental set about assuming more responsibility. Also, delegation often involves more checking on subordinates than does empowerment. Mark Hellerstein, the former CEO of a SM Energy Co. explains how he perceived the difference between delegation and empowerment: "When you delegate you are still in control. I empowered others to take control and responsibility."²⁶

Delegation, like empowerment, is motivational because it gives group members a chance to develop their skills and demonstrate their competence. Instead of delegation being simply a method for the manager or leader to lighten the personal workload, it becomes a developmental opportunity for the recipient of the delegated task. When delegation is poor, conflict often erupts between the individual who thought he or she was responsible for a task and the delegator. An example is when a manager delegating a choice task to a subordinate and then taking it back as the task becomes more important to the organization.

You are invited to gain some practice in the realities of empowerment by doing Leadership Skill-Building Exercise 7-1. Keep in mind the importance of delegation when doing the exercise.



LEADERSHIP SKILL-BUILDING EXERCISE 7-1

Conducting an Empowerment Session

If you are already a manager, the description of empowering practices has given you some useful ideas about empowering others. The role-playing exercise described here gives you a chance to practice your empowering skills. One person plays the role of a leader, and six other people play the role of group members. You are meeting with your group today to get them started on the road toward empowerment. You will need to engage in dialogue with the group to begin the process. The following scenarios should be staffed by different groups of students:

Information Technology Customer Service Center

You are in charge of an information technology call center whose primary activity is to respond to telephone inquiries from around the country from customers who are having problems using the company's software. The workers who answer the phone are full-time professionals, many of whom are recent college graduates. A major goal of yours is to empower your workers to do as much as they can to satisfy callers' demands. You

want your staff to take more personal responsibility for customer problems.

Debt-Collection Specialists

You are the manager of a regional office of a large debt-collection service. Most of your clients are business firms owed money by other firms. Your office is 25 percent below target for debt collection so far this fiscal year, with five months remaining. The standard methods of debt collection prescribed by the company do not appear to be effective enough. You meet with your staff today to empower them to go beyond the standard methods of debt collection, such as a series of letters and phone calls.

Doing this exercise is useful because it helps you develop the right mental set for a leader who empowers group members. Another advantage is that it sensitizes you to the importance of looking for signs of hesitation and ambivalence when you attempt to empower group members.

Factors that Contribute to Organizational Politics

As used here, the term **organizational politics** refers to informal approaches to gaining power through means other than merit or luck. Politics are played to achieve power, either directly or indirectly. For example, a person seeking to enhance his or her legitimate power might use a variety of tactics to be favorably perceived by top-level decision makers in the company. Power may be achieved in such diverse ways as by being promoted, by receiving a larger budget or other resources, by obtaining more resources for one's work group, or by being exempt from undesirable assignments.

The meaning of *organizational politics* continues to shift in a positive, constructive direction. Politics are often used to advance the purposes of the leader's group such as obtaining valuable resources. A team of scholars have recently proposed the concept of leader political support that points to the contribution of political behavior. **Leader political support** refers to "political acts and influence behaviors performed by leaders to provide followers

with valuable resources to advance individual, group, or organizational objectives.”²⁷ Leaders need political skill for such purposes as building alliances and gaining resources for their constituents. Nevertheless, many writers still regard organizational politics as emphasizing self-interest at the expense of others, engaging in mysterious activities, or kissing up.

People want power for many different reasons, including having more prestige and income, which is why political behavior is so widespread in organizations. By definition, politics is used to acquire power. A number of individual and organizational factors contribute to political behavior, as described next.

Pyramid-Shaped Organization Structure

The very shape of large organizations is the most fundamental reason why organizational members are motivated toward political behavior. A pyramid concentrates power at the top. Only so much power is therefore available to distribute among the many people who would like more of it. Each successive layer on the organization chart yields less power than the layer above. At the very bottom of the organization, workers have limited power except for their legal rights. Also, an entry-level worker with a valuable skill in a tight labor market has some usable power. Since most organizations today have fewer layers than they previously had, the competition for power has become more intense. Although empowerment may be motivational for many workers, it is unlikely to satisfy the quest to hold a formal position of power. Workers still struggle to obtain a corner office, a corner cubicle, or to sit closer to the boss in an open space arrangement.

Subjective Standards of Performance

People often resort to organizational politics because they do not believe that the organization has an objective and fair way of judging their performance and suitability for promotion. Similarly, when managers have no objective way of differentiating effective people from less effective, they will resort to favoritism. The adage “It’s not what you know but who you know” applies to organizations that lack clear-cut standards of performance.

Environmental Uncertainty and Turbulence

When people operate in an unstable and unpredictable environment, they tend to behave politically. They rely on organizational politics to create a favorable impression because uncertainty makes it difficult to determine what they should really be accomplishing.

The uncertainty, turbulence, and insecurity created by corporate downsizings, or rightsizings, are a major contributor to office politics. Many people believe intuitively that favoritism plays a major role in deciding who will survive the downsizing. In response to this perception, organizational members attempt to ingratiate themselves with influential people.

Emotional Insecurity

Some people resort to political maneuvers to ingratiate themselves with superiors because they lack confidence in their own talents and skills. A pension fund manager who has directed the firm toward investments with an annualized 10 percent return does not have to be overly political because he or she will have confidence in being capable. A person's choice of political strategy may indicate emotional insecurity. For instance, an insecure person might laugh loudly at every humorous comment the boss makes.

Machiavellian Tendencies

Some people engage in political behavior because they want to manipulate others, sometimes for their own personal advantage. The term *Machiavellianism* traces back to Niccolo Machiavelli (1469–1527), an Italian political philosopher and statesman. His most famous work, *The Prince*, describes how a leader may acquire and maintain power. Machiavelli's ideal prince was an amoral, manipulating tyrant who would restore the Italian city-state of Florence to its former glory. Machiavelli has been described as charming, wicked, and disturbing,²⁸ which are also characteristics of the most extreme office politicians. Three hundred and sixty years later, a study by Gerald Biberman showed a positive relationship between Machiavellianism and political behavior, based on questionnaires that measured these two tendencies.²⁹

Encouraging Admiration from Subordinates

Most organizational leaders say they do not encourage kissing up and that they prefer honest feedback from subordinates. Yet, without meaning to, these same managers and leaders encourage flattery and servile praise. Managers, as well as other workers, send out subtle signals that they want to be praised, such as smiling after receiving a compliment and frowning when receiving negative feedback. Also, admirers are more likely to receive good assignments and high performance evaluations. Executive coach Marshall Goldsmith explains that, without meaning to, many managers create an environment where people learn to reward others with accolades that are not completely warranted. People generally see this tendency in others but not in themselves.³⁰

Communication technology, including social media, facilitates the admiration of superiors. A subordinate who might feel uncomfortable complimenting a superior in-person or by phone can easily post a compliment online. For example, a status update on Facebook or a tweet might state: "Just received some dynamite feedback from Shana. She pointed me in right direction."

Political Tactics and Strategies

To make effective use of organizational politics, leaders must be aware of specific political tactics and strategies. To identify and explain the majority of political tactics would require years of study and observation. Leaders so

frequently need support for their programs that they search for innovative types of political behaviors. Furthermore, new tactics continue to emerge as the workplace becomes increasingly competitive.

The impact of political tactics and strategies by leaders on the behaviors of subordinates and colleagues depends to a large extent on perceptions of politics. When employees perceive that the environment is heavily political, particularly in the form of self-interest, they may be prompted to stand out from other workers rather than be good team players. For example, the employees might display more organizational citizenship behavior. Employees might believe that by demonstrating an interest in helping other workers, they will be more valued.³¹ Later in the chapter, we will describe how excessive political behavior can have dysfunctional consequences to the organization, such as job stress.

Here we look at a representative group of political tactics and strategies categorized as to whether they are ethical or unethical. (Several of the influence tactics described in Chapter 8, such as ingratiation, might also be considered political behaviors.)

Ethical Political Tactics and Strategies

So far, we have discussed organizational politics without pinpointing specific tactics and strategies. This section describes a sampling of ethical political behaviors, divided into three related groups: tactics and strategies aimed at (1) gaining power, (2) building relationships with superiors and coworkers, and (3) avoiding political blunders. All of these political approaches help the leader gain or retain power. Using them can also help the leader succeed in and manage stressful work environments. As defined by a group of researchers, political skill is a constructive force. It is an interpersonal style that manifests itself in being socially astute and engaging in behaviors that lead to feelings of confidence, trust, and sincerity.³² For example, a middle manager with political skill might be able to defend his or her group against an angry CEO looking for a scapegoat. Despite the statements just made, political skill can be used for unethical purposes, as described in the following section.

Leadership Self-Assessment Quiz 7-2 gives you an opportunity to measure your tendencies toward engaging in positive political tactics and strategies.

Strategies Aimed at Gaining Power All political tactics are aimed at acquiring and maintaining power, even the power to avoid a difficult assignment. Tom Peters said years ago that although power can often be abused, it can also be used to benefit many people. “And as a career building tool, the slow and steady (and subtle) amassing of power is the surest road to success.”³³ Here are nine techniques aimed directly at gaining power.

1. Develop power contacts. Cultivating friendly, cooperative relationships with powerful organizational members and outsiders can make the leader’s cause much easier to advance. Developing power contacts is a focused type of social networking. These contacts can benefit a person by supporting his



LEADERSHIP SELF-ASSESSMENT QUIZ 7-2

The Positive Organizational Politics Questionnaire

Answer each question “mostly agree” or “mostly disagree,” even if it is difficult for you to decide which alternative best describes your opinion.

	MOSTLY AGREE	MOSTLY DISAGREE
1. Pleasing my boss is a major goal of mine.	<input type="checkbox"/>	<input type="checkbox"/>
2. I go out of my way to flatter important people.	<input type="checkbox"/>	<input type="checkbox"/>
3. I am most likely to do favors for people who can help me in return.	<input type="checkbox"/>	<input type="checkbox"/>
4. I intend to, or already have, cultivated friendships with powerful people.	<input type="checkbox"/>	<input type="checkbox"/>
5. I will compliment a coworker even if I have to think hard about what might be praiseworthy.	<input type="checkbox"/>	<input type="checkbox"/>
6. If I thought my boss needed the help, and I had the expertise, I would show him or her how to use an electronic gadget for personal life.	<input type="checkbox"/>	<input type="checkbox"/>
7. I laugh heartily at my boss's humor, so long as I think he or she is at least a little funny.	<input type="checkbox"/>	<input type="checkbox"/>
8. I would not be too concerned about following a company dress code, so long as I looked neat.	<input type="checkbox"/>	<input type="checkbox"/>
9. If a customer sent me a compliment through e-mail, I would forward a copy to my boss and another influential person.	<input type="checkbox"/>	<input type="checkbox"/>
10. I smile only at people in the workplace whom I genuinely like.	<input type="checkbox"/>	<input type="checkbox"/>
11. An effective way to impress people is to tell them what they want to hear.	<input type="checkbox"/>	<input type="checkbox"/>
12. I would never publicly correct mistakes made by the boss.	<input type="checkbox"/>	<input type="checkbox"/>
13. I would be willing to use my personal contacts to gain a promotion or desirable transfer.	<input type="checkbox"/>	<input type="checkbox"/>
14. I think it is a good idea to send a congratulatory note to someone in the company who receives a promotion to an executive position.	<input type="checkbox"/>	<input type="checkbox"/>
15. I think office politics is only for people who cannot succeed based on their talents.	<input type="checkbox"/>	<input type="checkbox"/>
16. I have already started to develop a network of useful contacts.	<input type="checkbox"/>	<input type="checkbox"/>
17. I am quite willing to make negative comments about my company on social media websites if the comments are deserved.	<input type="checkbox"/>	<input type="checkbox"/>
18. I don't care if there are silly photos of me posted on the Internet because private life is separate from one's career.	<input type="checkbox"/>	<input type="checkbox"/>
19. I have posted positive comments about my boss on the Internet.	<input type="checkbox"/>	<input type="checkbox"/>
20. I have posted positive comments about my employer on the Internet.	<input type="checkbox"/>	<input type="checkbox"/>

QUIZ 7-2 (continued)

Scoring and interpretation: Give yourself a plus 1 for each answer that matches the answer key. Each question that receives a score of plus 1 shows a tendency toward playing positive organizational politics. The scoring key is as follows:

- | | | |
|-----------------|---------------------|---------------------|
| 1. Mostly agree | 8. Mostly disagree | 15. Mostly disagree |
| 2. Mostly agree | 9. Mostly agree | 16. Mostly agree |
| 3. Mostly agree | 10. Mostly disagree | 17. Mostly disagree |
| 4. Mostly agree | 11. Mostly agree | 18. Mostly disagree |
| 5. Mostly agree | 12. Mostly agree | 19. Mostly agree |
| 6. Mostly agree | 13. Mostly agree | 20. Mostly agree |
| 7. Mostly agree | 14. Mostly agree | |

- **1–9:** Below-average tendency to play office politics
- **10–14:** Average tendency to play office politics
- **15 and above:** Above-average tendency to play office politics; strong need for power

Skill Development: Thinking about your political tendencies in the workplace is important for your career because most successful leaders are moderately political. The ability to use politics effectively and ethically increases with importance in the executive suite. Most top players are effective office politicians. Yet being overly and blatantly political can lead to distrust, thereby damaging your career.

or her ideas in meetings and other public forums. One way to develop these contacts is to be more social, for example, by throwing parties and inviting powerful people and their guests. Some organizations and some bosses frown on social familiarity, however. And power holders receive many invitations, so they might not be available.

Considerable networking for the development of power contacts takes place through social networking websites geared toward professionals, such as LinkedIn, and specialty sites such as those geared toward specific industry groups, such as sales and marketing, and information technology. Business writer Denise Campbell notes that the social media websites have become to business professionals and entrepreneurs what golf is to C-suite occupants—an opportunity to strategically network and execute business transactions. Also, social media can level the playing field by allowing more people access without restrictions on time, location, or social status.³⁴

A key aspect of networking is to find some way of reciprocating when a network member provides you a useful contact or helps you in some other way. Leadership Skill-Building Exercise 7-2 provides some insight into reciprocity when networking.

2. Have a compelling vision. Jeffrey Pfeffer, a noted professor of organizational behavior at Stanford University, writes that a compelling vision helps



LEADERSHIP SKILL-BUILDING EXERCISE 7-2

Paying Back Favors from Network Members

Most readers are aware that effective networkers find some way to pay back those people in their network who have done them favors. For example, if a store owner refers you to a contact that leads to a job interview you might refer a customer to his or her store. However, finding useful ways to reciprocate favors by network members is not so easy. Your assignment is to brainstorm in groups to develop alternative solutions to the problem, “How can we reciprocate when a network member does us a favor?” The network members can be those developed offline as well as those you have developed virtually, such as

Facebook members. Aim for at least a dozen suggestions. After first compiling the suggestions, refine the list for duplication and precision. Perhaps reduce your list to the six most effective suggestions. If feasible, a team leader from each group presents the suggestions to the rest of the class.

Class members might then discuss answers to these questions: (1) Which several suggestions were the most frequently offered across the groups? (2) Which suggestions do I think are good enough to use now or in the future?

the leader exercise power. A compelling vision in this context is a socially valuable objective. A leader within a school system will often recommend a particular initiative, such as establishing rewards for good teachers, because it is in the best interests of the children. In a business organization, a leader might propose an initiative, such as acquiring another company, because it serves the interests of shareholders.³⁵

3. Control vital information. Power accrues to those who control vital information. Many former government or military officials have found power niches for themselves in industry after leaving the public payroll. Frequently, such an individual will be hired as the Washington representative of a firm that does business with the government. They control the vital information of knowing whom to contact in order to sidestep some of the roadblocks to getting government contracts approved.

Although the reflex answer for obtaining information is now “Google it,” personal contacts are still important for nonrecorded information. To facilitate controlling vital information, it is politically important to stay informed. Successful leaders develop a pipeline to help them keep abreast, or even ahead, of developments within the firm. For this reason, a politically astute individual befriends the president’s assistant. No other source offers the potential for obtaining as much information as the executive administrative assistant.

4. Do what the political environment demands. A high-level political strategy is to do whatever the political environment demands to attain your goals. In this way, you gain the support of decision makers. At Amazon.com, the focus of top-level management including Jeff Bezos is the highest possible customer satisfaction. A politically astute manager or professional looking to get in good graces with people in power would therefore frequently mention ways of taking customer satisfaction to an even higher level.

5. Make a quick showing. A display of dramatic results can help gain acceptance for one's efforts or those of the group. Once a person has impressed management with his or her ability to solve that first problem, that person can look forward to working on problems that will bring greater power. A staff professional might volunteer to spruce up a company website to make it more appealing. After accomplishing that feat, the person might be invited to join the e-commerce team.

6. Remember that everyone expects to be paid back. According to the Law of Reciprocity, everybody in the world expects to be paid back.³⁶ If you do not find some way to reimburse people for the good deeds they have done for you, your supply of people to perform good deeds will run short. Because many of these good deeds bring you power, such as by supporting your initiative, your power base will soon erode. As a way of paying back the person who supported your initiative, you might mention publicly how the person in question provided you with expert advice on the technical aspects of your proposal.

Leadership Skill-Building Exercise 7-2 gives you an opportunity to develop practical solutions to the challenge of reciprocating for favors granted you by network members.

7. Be politically correct. Political correctness involves being careful not to offend or slight anyone, and being extra civil and respectful.³⁷ The politically correct person therefore avoids creating some enemies who might erode his or her power. An effective use of political correctness would be to say that "We need a ladder in our department because we have workers of different heights who need access to the top shelves." It would be politically incorrect to say, "We need ladders because we have some short workers who cannot reach the top shelves."

8. Be the first to accept reasonable changes. A natural inclination for most people is to resist change, so the person who steps forward first to accept reasonable changes will acquire some political capital. The team member who welcomes the changes exerts a positive influence on group members who may be dragging their heels about the change. An example might be that the company is attempting to shift to an online system of performance evaluation, thereby eliminating paper filing. It is politically wise to be an early adopter of the new system.

9. Develop positive psychological capital. A comprehensive strategy for both gaining power, as well as building relationships, is to develop **positive psychological capital**. The term refers to an individual's positive psychological state of development, characterized by four psychological resources: self-efficacy, hope, optimism, and resilience. (Self-efficacy refers to confidence to take on and invest the necessary effort to succeed at challenging tasks.) Although a complex aspect of behavior, positive psychological capital can be developed over time, particularly if the individual focuses on one of the four resources at a time. A person with considerable positive psychological capital tends to be powerful.

A study conducted with 79 police leaders and 264 sergeants indicated that leaders' psychological capital was positively related to the job performance of their team members. Performance was measured in terms of a straightforward scale developed for the study, with one of the items being, "How would you judge the overall competence of this individual?"³⁸ The link to power in this study is that strong job performance by subordinates accrues power to the leader.

Strategies and Tactics Aimed at Building Relationships You would probably not be studying leadership if you did not think building relationships was a key part of success in the workplace. To reinforce this point, here is what Stephen I. Sadove, the chairman and chief executive of Saks, Inc., said were his biggest leadership lessons:

I used opportunities to get involved and develop relationships with a diverse set of people, as opposed to the narrow group of people I was dealing with day-to-day, and that made a huge difference. It shaped my philosophy in terms of the importance of relationship building. It really underlies my entire philosophy of how to run a business.³⁹

The lion's share of organizational politics involves building positive relationships with network members who can be helpful now or later. This network includes superiors, subordinates, other lower-ranking people, coworkers, external customers, and suppliers. Following are several representative strategies and tactics:

1. Display loyalty. A loyal worker is valued because organizations prosper more with loyal than with disloyal employees. Blind loyalty—the belief that the organization cannot make a mistake—is not called for because most rational organizations welcome constructive criticism. A clear form of loyalty to the organization is longevity. Although job-hopping is more acceptable today than in the past, tenure with the company is still an asset for promotion. Tenure tends to contribute more to eligibility for promotion in a traditional industry, such as food processing, than in high-technology firms.

2. Manage your impression. Impression management includes behaviors directed at enhancing one's image by drawing attention to oneself. Often the attention of others is directed toward superficial aspects of the self, such as clothing and grooming. Yet, impression management also deals with deeper aspects of behavior, such as speaking well and presenting one's ideas coherently. Bad speech habits are recognized as a deterrent to advancement in organizations.⁴⁰ Impression management also makes a contribution because it makes you more visible to others, meaning that your presence in the organization is noticed.

Another part of impression management is telling people about your success or implying that you are an insider. E-mail is used extensively today to send messages to others for the purpose of impressing them with one's good deeds. Displaying good business etiquette has received renewed attention as a key part of impression management, with companies sending staff members

to etiquette classes to learn how to create favorable impressions on key people. Etiquette training for professionals and managers is in high demand because so many people have neglected to learn about etiquette earlier in life, and civility in the workplace has declined.⁴¹ Many management scholars take a dim view of impression management, yet the topic has been carefully researched.⁴²

3. Ask satisfied customers to contact your boss. A favorable comment by a customer receives considerable weight because customer satisfaction is a top corporate priority. If a customer says something nice, the comment will carry more weight than one from a coworker or subordinate. The reason is that coworkers and subordinates might praise a person for political reasons. Customers' motivation is assumed to be pure because they have little concern about pleasing suppliers.

4. Be courteous, pleasant, and positive. Courteous, pleasant, and positive people are the first to be hired and the last to be fired (assuming they also have other important qualifications). Polite behavior provides an advantage because many people believe that civility has become a rare quality.

5. Ask advice. Asking advice on work-related topics builds relationships with other employees. Asking another person for advice—someone whose job does not require giving it—will usually be perceived as a compliment. Asking advice transmits a message of trust in the other person's judgment. Leadership Skill-Building Exercise 7-3 gives you the opportunity to practice asking advice in a sensible way.

6. Send thank-you notes to large numbers of people. One of the most basic political tactics, sending thank-you notes profusely, is simply an application of sound human relations. Many successful people take the time to send handwritten notes to employees and customers to help create a bond with those people. Handwritten notes have gained in currency because they are a refreshing change from electronic communication.



LEADERSHIP SKILL-BUILDING EXERCISE 7-3

Asking Advice Role Play

One student plays the role of a team leader who wants to build constructive relationships with coworkers and superiors by asking advice. At the same time, the student does not want to generate the impression of being someone who needs considerable help in solving problems. The student therefore must think of a topic for asking advice that shows a legitimate interest in the other person's opinion, yet not appear clueless. It might therefore require a few minutes to think of an advice-asking topic. Another student plays the role of the

advice-giver who might enjoy giving the advice, or be annoyed that he or she is being bothered. The rest of the class members will observe and provide some feedback on the effectiveness of the advice-asking techniques.

The potential contribution of this exercise is that it may help raise your awareness of the opportunity to engage in constructive political behavior. Recognizing opportunities to gain political advantage can be helpful to a leader's career.

7. Flatter others sensibly. Flattery in the form of sincere praise can be an effective relationship builder. By being judicious in your praise, you can lower the defenses of work associates and make them more receptive to your ideas. A survey of 760 directors found that ingratiatory behavior toward the chief executive plays a bigger role in receiving a board appointment than does having attended an elite school or having elite social connections. James D. Westphal and Ithai Stern concluded that the most efficient way to get more board appointments is to engage in ingratiating behavior (a form of politics). The type of political behavior focused on flattery. Providing advice and information to CEOs frequently was advantageous. Furthermore, not monitoring the strategic decisions of board members too closely was also effective in receiving nominations to other boards.⁴³

The importance of praising others through flattery shows up in the leadership principles espoused by Dale Carnegie in his advice to be lavish in your praise about any improvement. Decades of research indicate that reinforcing the behavior you want can lead to behavioral change.⁴⁴ In the situation under discussion, the behavioral change the political actor wants is to be more valued by the object of the praise.

An example of the research evidence about the contribution of political skill to relationship building comes from a study with 179 employees conducted in a retail service organization. Employees who scored higher on a test of political skill tended to overcome a challenging aspect of leader-member exchanges. Prior research had suggested that superiors and subordinates who were of the same race typically had better quality leader-member exchanges (or quality of the relationship). Correspondingly, racial dissimilarity was associated with a poorer quality leader-member exchange. The results of the study under consideration indicated that subordinates with good political skill were able to develop better relationships with superiors who were of a different race.⁴⁵

Strategies Aimed at Avoiding Political Blunders A strategy for retaining power is to refrain from making power-eroding blunders. Committing these politically insensitive acts can also prevent one from attaining power. Several leading blunders are described next.

1. Criticizing the boss in a public forum. The oldest saw in human relations is to “praise in public and criticize in private.” Yet in the passion of the moment, we may still surrender to an irresistible impulse to criticize the boss publicly. Also, hundreds of people have lost their jobs because they make a vindictive statement about their boss on a social media website, particularly Facebook. Negative e-mail messages about the company can be political suicide also. Jerry Murray, a chief financial officer of logistics at Wal-Mart Stores Inc., wrote an e-mail to other company managers stating the company’s February 2013 sales were a “total disaster.” Murray left the company in less than two months without a replacement being named.⁴⁶

2. Bypassing the boss. Protocol is still highly valued in a hierarchical organization. Going around the boss to resolve a problem is therefore hazardous. You might be able to accomplish the bypass, but your career could be

damaged and your recourses limited. Except in cases of outrageous misconduct such as blatant sexual harassment or criminal misconduct, your boss's boss will probably side with your boss. Take Leadership Self-Assessment Quiz 7-3 to examine your tendencies toward making blunders.

3. Declining an offer from top management. Turning down top management, especially more than once, is a political blunder. You thus have to balance sensibly managing your time against the blunder of refusing a request from top management. Today, an increasing number of managers and corporate professionals decline opportunities for promotion when the new job requires geographic relocation. For these people, family and lifestyle preferences are more important than gaining political advantage on the job.

4. Putting your foot in your mouth (being needlessly tactless). To avoid hurting your career, it is important to avoid—or at least minimize—being blatantly tactless toward influential people. An example would be telling the CEO that he or she should delegate speech making to another person because he or she is such a poor speaker. When you feel you are on the verge of being critical, delay your response, and perhaps reword it for later delivery. Use your emotional intelligence! If you are needlessly tactless, compensate the best you can by offering a full apology later.

Putting your foot in your mouth can also take the form of making a public statement that many people interpret to have a negative meaning or to reflect callousness. The Deepwater Horizon oil rig explosion in 2010 spewed hundreds of millions of gallons of oil into the Gulf of Mexico and killed eleven workers. BP chief executive at the time, Tony Hayward, made a series of public appearances explaining the company's recovery efforts. During one appearance, Hayward said he wanted his "life back," which angered many people because they thought he had not suffered much in comparison to the many victims of the disaster. This gaffe contributed to his inability to elicit much empathy from the U.S. public, and he was dismissed shortly thereafter.⁴⁷

5. Not conforming to the company dress code. Although some degree of independence and free thinking is welcome in many organizations, violating the dress code can block you from acquiring more power. Conforming to the dress code suggests that you are part of the team and you understand what is expected. Dress codes can be violated by dressing too informally *or* formally, and by wearing clothing that symbolizes a cultural identity.⁴⁸

The accompanying Leader in Action suggests somebody in a powerful position who makes good use of political skills. Take Leadership Self-Assessment Quiz 7-3 to think more about political blunders.

A study with 1,600 headmasters and teachers in German state schools adds another perspective on how political skills contribute to leader effectiveness. The study found that political skills facilitated leaders being able to carry out both transformational and transactional leadership. For example, transformational leadership requires political skill because the leader needs to be able to size up the needs of stakeholders. Both transformational and transactional leadership enhanced their leadership effectiveness, as measured by teacher ratings of the headmaster.⁴⁹



LEADER IN ACTION

Carol B. Tomé, the Home Depot CFO

Her job title at Home Depot Inc. is chief financial officer (CFO), but Carol B. Tomé has unusually broad responsibilities for someone in that position. She is also executive vice president of corporate services, and provides leadership to the company in the areas of real estate, store construction, financial services, strategic business development, and growth initiatives. Her areas of responsibility have been referred to as the central nervous system of the company. Prior to joining The Home Depot—one of the world's largest retailers—she was vice president and treasurer of Riverwood International Corporation. Tomé is also a member of the UPS board, and chair of the board of the Federal Reserve Board of Atlanta.

Tomé is widely recognized for her ability to get along with people inside and outside Home Depot. Yet she admits to having worked hard to hone her interpersonal skills. She says that she has never done anything to derail her career but that she has made a few mistakes. Being a passionate person, she has had to learn to channel that passion in ways that rally the troops. Tomé says, “I've also learned that it isn't about me; it is about everyone else. Putting people first is absolutely the right thing to do. I didn't always do that, but I do now. For more than eleven years, I've never lost anyone on my team that I didn't want to lose. I'm proud of that.”

Tomé also explains that earlier in her career she was highly focused on the deal instead of people. One time she conducted a performance review with one of her employees over the phone. “The next day she quit, and who could blame her?” said Tomé. She also said that she could never repeat the mistake, and how she practices servant leadership, and always puts people first.

In her seventeen years with Home Depot, she is the only senior executive to work for all four of its CEOs. One CEO in particular, Robert Nardelli, had a difficult

time in terms of popularity with the troops, and a substantial decline in customer satisfaction. However, during Nardelli's six-year reign, Tomé was promoted from treasurer to CFO, and her responsibilities expanded to include store operations and customer service.

Her colleagues say she has advanced by combining high-level intelligence with a passion to learn the business from the hammers and nails on up, including how to mix paint for a customer. Tomé tours at least one store a week, talking to customers and asking questions of store associates. Tomé is proud of her collection of ninety orange aprons (The Home Depot trademark) that employees decorated for her as a gift during store visits. Her favorite apron is one blinged out with sequins—the only such jewelry-decorated apron in the company.

Tomé was born in a log cabin hospital in Jackson, Wyoming. She holds a bachelor's degree in communication from the University of Wyoming, and an MBA in finance from the University of Denver.

QUESTIONS

1. What evidence do you find in this story to suggest that Carol Tomé has good political skills?
2. What does having worked for four different CEOs without being replaced suggest about the effectiveness of Tomé's political skills?
3. Which types of power does Tomé appear to possess?

Sources: Original story created from facts and observations in the following sources: Chris B Burritt, “Home Depot's Fix-It Lady,” *Bloomberg Businessweek*, January 17–January 23, 2011, pp. 64–67; “Dare Q & A with: Carol B. Tomé, (www.facebook.com/DareforWomen). Accessed January 3, 2014, pp. 1–3; Katie Benner, “Home Depot's Home Improvement Star,” www.FortuneMagazine.com, October 23, 2012, pp. 1–2; “One on One with The Home Depot's Carol Tomé (www.womenetics.com), November 6, 2012, pp. 1–2. Carol B. Tome: Chief Financial Officer & Executive Vice President, *The Home Depot*, Inc. (www.pressroom.ups.com). Accessed January 4, 2014.



LEADERSHIP SELF-ASSESSMENT QUIZ 7-3

The Blunder Quiz

Directions: Indicate whether you agree or disagree with the following statements.

	AGREE	DISAGREE
1. It is acceptable to criticize your manager in a meeting as long as the criticism is valid.	<input type="checkbox"/>	<input type="checkbox"/>
2. If your boss criticizes you, an effective way of getting revenge is to post a tweet making fun of him or her.	<input type="checkbox"/>	<input type="checkbox"/>
3. If my boss showed me a photo of his or her dog, and I thought the dog was ugly I would say so.	<input type="checkbox"/>	<input type="checkbox"/>
4. If I worked for Microsoft, I would still use whatever search engine I thought was best instead of using Bing (the Microsoft search engine) while at the office.	<input type="checkbox"/>	<input type="checkbox"/>
5. If I thought my company's product or service was not worth the price, I would openly express my opinion on the job.	<input type="checkbox"/>	<input type="checkbox"/>
6. If I objected to a decision made by top management, I would send a company-wide e-mail, or make an intranet post, explaining my objection.	<input type="checkbox"/>	<input type="checkbox"/>
7. I am willing to insult any coworker if the insult is deserved.	<input type="checkbox"/>	<input type="checkbox"/>
8. If I am at a meeting, and the content becomes boring, I will take out my smartphone and check e-mail or surf the Web.	<input type="checkbox"/>	<input type="checkbox"/>
9. If I thought that my company's stock was a poor investment, I would freely share my opinion with work associates.	<input type="checkbox"/>	<input type="checkbox"/>
10. During a national election, I would place campaign banners for my favorite candidates outside my cubicle or office, or on my desk in an open work area.	<input type="checkbox"/>	<input type="checkbox"/>
11. I see no problem in using competitors' products or services and letting my superiors know about it.	<input type="checkbox"/>	<input type="checkbox"/>
12. If I thought the CEO of my company were way overpaid, I would send him or her an e-mail making my opinion known.	<input type="checkbox"/>	<input type="checkbox"/>
13. During a company picnic, I would go on at length about my opinion on same-sex marriage.	<input type="checkbox"/>	<input type="checkbox"/>
14. I openly criticize most new ventures my company or department is contemplating, pointing out that most new ventures fail.	<input type="checkbox"/>	<input type="checkbox"/>
15. I avoid any deliberate attempt to please or impress coworkers or superiors.	<input type="checkbox"/>	<input type="checkbox"/>

Total: "Agree" _____ "Disagree" _____

Scoring and Interpretation: The greater the number of statements you agree with, the more prone you are to political blunders than can damage your career. You need to raise your awareness level of workplace blunders.

Unethical Political Tactics and Strategies

Any technique of gaining power can be devious if practiced in the extreme. A person who displays loyalty to a boss by feeding him or her insider information that could affect the price of company stock is being devious. Some

approaches are unequivocally unethical, such as those described next. In the long run, they erode a leader's effectiveness by lowering credibility. Devious tactics might even result in lawsuits against the leader, the organization, or both.

Backstabbing The ubiquitous backstab requires that you pretend to be nice but all the while plan someone's demise. A frequent form of backstabbing is to initiate a conversation with a rival about the weaknesses of a common boss, encouraging negative commentary and making careful mental notes of what the person says. When these comments are passed along to the boss, the rival appears disloyal and foolish. E-mail is a widely used medium for the backstab. The sender of the message documents a mistake made by another individual and includes key people on the distribution list. A sample message sent by one manager to a rival began as follows, "Hi, Ted. I'm sorry you couldn't make our important meeting. I guess you had some other important priorities. But we need your input on the following major agenda item we tackled...."

Embrace or Demolish The ancient strategy of "embrace or demolish" suggests that you remove from the premises rivals who suffered past hurts through your efforts; otherwise, the wounded rivals might retaliate at a vulnerable moment. This kind of strategy is common after a hostile takeover; many executives lose their jobs because they opposed the takeover. A variation of embrace or demolish is to terminate managers from the acquired organization who oppose adapting to the culture of the new firm. For example, a free-wheeling manager who opposes the bureaucratic culture of the acquiring firm might be terminated as "not able to identify with our mission."

Setting a Person Up for Failure The object of a setup is to place a person in a position where he or she will either fail outright or look ineffective. For example, an executive whom the CEO dislikes might be given responsibility for a troubled division whose market is rapidly collapsing. The newly assigned division president cannot stop the decline and is then fired for poor performance.

Divide and Rule An ancient military and governmental strategy, this tactic is sometimes used in business. The object is to have subordinates fight among themselves, therefore yielding the balance of power to another person. If team members are not aligned with one another, there is an improved chance that they will align with a common superior. One way of getting subordinates to fight with one another is to place them in intense competition for resources. An example would be asking them to provide data explaining why their budget is more worthy than the budget requested by rivals.

Playing Territorial Games Also referred to as turf wars, **territorial games** involve protecting and hoarding resources that give one power, such as information, relationships, and decision-making authority. Territorial behavior, according to Annette Simmons, is based on a hidden force that

limits peoples' desire to give full cooperation. People are biologically programmed to be greedy for whatever they think it takes to survive in the corporate environment.

The purpose of territorial games is to vie for the three kinds of *territory* in the modern corporate survival game: information, relationships, or authority. A relationship is hoarded through such tactics as discouraging others from visiting a key customer or blocking a high performer from getting a promotion or transfer.⁵⁰ For example, the manager might tell others that his star performer is mediocre to prevent the person from being considered for a valuable transfer possibility. Other examples of territorial games include monopolizing time with clients, scheduling meetings so someone cannot attend, and shutting out coworkers from joining you on an important assignment.

Creating and Then Resolving a False Catastrophe An advanced devious tactic for a manager is to pretend a catastrophe exists and then proceed to "rescue" others from the catastrophe, thereby appearing to be a superhero.⁵¹ The political player rushes in and declares that everything is a mess and the situation is almost hopeless; shortly thereafter, he or she resolves the problem. An example would be for a newly appointed information technology manager to inform top management that the system he inherited is antiquated and approaching the point of severely damaging the company's operations. One week later, he claims to have miraculously overhauled the information system, such as by ordering new equipment and hiring a few key personnel.

Abusing Power Abusing power might be conceptualized as an unethical political tactic because the abuse often relates to behavior outside of formal responsibility. (Formal ways of abusing power might be for a CEO to close a plant overseen by a manager he or she disliked, or to use company funds to build an exorbitantly luxurious personal office.) Political abuse of power includes such acts as shouting and swearing at subordinates, sexually harassing them, and humiliating them in meetings. Several surveys have suggested that most rude and inappropriate behaviors, such as the shouting of profanities, stem from those people with the most formal authority.⁵²

Exercising Control over Dysfunctional Politics

Carried to excess, organizational politics can hurt an organization and its members. Too much politicking can result in wasted time and effort, thereby lowering productivity. A group of researchers conducted a meta-analysis of available studies of the relationship between the perception of organizational politics and certain important outcomes. The perception of political behavior refers to the recognition that organizational politics is present, as in "I can't take all the politics around here." The major outcomes related to the perception of politics were as follows: (1) more strain, or

adverse effects of stress, (2) more intentions to quit, (3) less job satisfaction, (4) less emotional commitment to the employer, (5) lower task performance, and (6) less organizational citizenship behavior.⁵³

In short, when a high degree of political behavior is perceived to exist, it can damage individuals and the organization. To avoid these negative consequences, leaders are advised to combat political behavior when it is excessive and dysfunctional.

In a comprehensive strategy to control politics, *organizational leaders must be aware of its causes and techniques*. For example, during a downsizing, the CEO can be on the alert for instances of backstabbing and transparent attempts to please. Open communication also can constrain the impact of political behavior. For instance, open communication can let everyone know the basis for allocating resources, thus reducing the amount of politicking. If people know in advance how resources are allocated, the effectiveness of attempting to curry favor with the boss will be reduced. When communication is open, it also makes it more difficult for some people to control information and pass along gossip as a political weapon.

Avoiding favoritism and cronyism—avoiding giving the best rewards to the group members you like the best or to old friends—is a potent way of minimizing politics within a work group. If group members believe that getting the boss to like them is much less important than good job performance in obtaining rewards, they will kiss up to the boss less frequently. In an attempt to minimize favoritism, managers must reward workers who impress them through task-related activities.

Setting good examples at the top of the organization can help reduce the frequency and intensity of organizational politics. When leaders are nonpolitical in their actions, they demonstrate in subtle ways that political behavior is not welcome. It may be helpful for the leader to announce during a staff meeting that devious political behavior is undesirable and unprofessional.

Another way of reducing the extent of political behavior is for *individuals and the organization to share the same goals*, a situation described as *goal congruence*. If political behavior will interfere with the company and individuals achieving their goals, workers with goal congruence are less likely to play office politics excessively. A project leader is less likely to falsely declare that the boss's idea is good just to please the boss if the project leader wants the company to succeed.

Politics can sometimes be constrained by a *threat to discuss questionable information in a public forum*. People who practice devious politics usually want to operate secretly and privately. They are willing to drop hints and innuendoes and make direct derogatory comments about someone else, provided they will not be identified as the source. An effective way of stopping the discrediting of others is to offer to discuss the topic publicly.⁵⁴ The person attempting to pass on the questionable information will usually back down and make a statement closer to the truth.

Finally, *hiring people with integrity* will help reduce the number of dysfunctional political players. References should be checked carefully with



LEADERSHIP SKILL-BUILDING EXERCISE 7-4

Controlling Office Politics

One student plays the role of a corporate executive visiting one of the key divisions. Six other students play the roles of managers within the division, each of whom wants to impress the boss during their meeting. The corporate executive gets the meeting started by asking the managers in turn to discuss their recent activities and accomplishments. Each division-level

manager will attempt to create a very positive impression on the corporate executive. After about nine minutes of observing them fawning over him or her, the executive decides to take action against such excessive politicking. Review the information on political tactics and their control before carrying out this role-assuming exercise.

respect to the candidate's integrity and honesty.⁵⁵ Say to the reference, "Tell me about ——'s approach to playing politics." Leadership Skill-Building Exercise 7-4 provides an opportunity to practice the subtle art of discouraging excessive political behavior on the job.



READER'S ROADMAP

So far in this book, we have examined the nature of leaders, their ethics, and how they acquire power. The next chapter explains influence tactics, or ways of converting power into action.

SUMMARY

Organizational power is derived from many sources, including position power (legitimate, reward, and coercive) and personal power (expert, reference, and prestige). Power also stems from ownership, dependencies, capitalizing on opportunity, managing critical problems, and being close to power. A problem with leadership power is that it can be self-serving. People with a strong moral identity are less likely to use power for self-interest.

Full-fledged empowerment includes the dimensions of meaning, self-determination, competence, impact, and internal commitment. Actions that can be taken to become an empowering leader include the following: foster initiative and

responsibility, link work activities to the goals of the organization, provide ample information, allow group members to choose methods, encourage self-leadership, establish limits to empowerment, and continue to lead. Also, take into account cultural differences in how empowerment is accepted, and empowerment expectations of group members. Delegation is another important part of empowerment.

To acquire and retain power, a leader must skillfully use organizational politics. The meaning of *politics* continues to shift in a positive, constructive direction. Contributing factors to organizational politics include the pyramidal shape of organizations, subjective performance standards,

environmental uncertainty, emotional insecurity, Machiavellian tendencies, and encouraging admiration from subordinates.

To make effective use of organizational politics, leaders must be aware of specific political tactics and strategies. Ethical methods can be divided into those aimed directly at gaining power, those aimed at building relationships, and those aimed at avoiding political blunders. Unethical and devious tactics, such as the embrace or demolish

strategy, constitute another category of political behavior.

Carried to extremes, organizational politics can hurt an organization and its members. Being aware of the causes and types of political behavior can help leaders deal with the problem. Setting good examples of nonpolitical behavior is helpful, as is achieving goal congruence and threatening to publicly expose devious politicking. It is also good to hire people who have integrity.

KEY TERMS

power 211
legitimate power 211
reward power 211
coercive power 211
personal power 212
prestige power 212

dependence perspective 214
strategic contingency theory 215
moral identity 216
empowerment 217
self-leadership 220

delegation 222
organizational politics 223
leader political support 223
positive psychological capital 230
territorial games 237



GUIDELINES FOR ACTION AND SKILL DEVELOPMENT

A striking advantage of gaining power is that it helps you control your environment, which in turn leads to less stress and better physical and mental health—and therefore prolongs your life. In contrast, having so little power that you cannot control your job and your environment creates stress, leading to poorer physical and mental health, and quite often a shorter life.⁵⁶ Finding ways to increase your power is therefore a vital life skill.

So much has been said and written about the importance of building your in-person and virtual network that it seems as if the more contacts you have the better. It is usually better to have a smaller network of useful, high-quality contacts. British anthropologist Robin Dunbar claims the average human can maintain only 150 close social connections. With information technology, that number can be stretched a bit, but mental capacity and available time set limits to the size of a useful network.⁵⁷

The company leadership team must sometimes find the right balance between control and empowerment. Colin Price of McKinsey & Co., a key player in management consulting, suggests that the

company needs more control when it must change directions, such as entering a new market or downsizing considerably. When the new course is set for the organization, more empowerment is in order because the managers must figure out how to implement the new direction.⁵⁸

Discussion Questions and Activities

1. How might a person in an information technology company have a lot of power even if he or she does not hold an executive title?
2. Many business leaders today give up having a private office, and instead work at a desk or cubicle in the middle of the work area to be among other employees. What effect do you think this work area placement has on their power?
3. Contrary to popular opinion, CEOs of major U.S. companies come from a wide variety of private universities and state universities, not just a handful of well-publicized MBA programs. What does this fact tell you about sources of power and organizational politics?

4. What can you do this week to enhance your power?
5. To what extent do you think wearing the right type of clothing and accessories can really make a person appear more powerful?
6. Many business leaders say something to the effect of, “We practice empowerment because we don’t expect our employees to leave their brains at the door.” What are these leaders talking about?
7. Empowerment has been criticized because it leaves no one in particular accountable for results. What is your opinion of this criticism?
8. Many people have asked the question “Isn’t office politics just for incompetents?” What is your answer to this question?
9. A regular occurrence in business firms, and some government agencies, is for somebody to be fired because of a Facebook or Twitter post criticizing the employer or a specific manager. Why do you think so many people commit this career-threatening error?
10. Ask an experienced worker to give you an example of the successful application of organizational politics. Which tactic was used, and what was the outcome?

LEADERSHIP CASE PROBLEM A

Ray, the Empowered Athletic Club Director

Ray was moving along well in his career in sports administration, having graduated from college with a degree in sports and health administration five years ago. He spent the first two years after graduation working as a fitness instructor at one health and fitness club. Ray then found a position as an assistant manager at a chain of athletic clubs, Modern Fitness. The manager suddenly resigned to move to an athletic club in Las Vegas. Ray was then asked by the CEO of the chain to accept the position as manager of the local Modern Fitness. The CEO, Larry, said to Ray, “You’ve got the smarts and the charisma to do a great job as manager.” Ray was flattered, and he saw the management position as a splendid opportunity to make a contribution in his chosen field.

Five months into the job, all was going well with the Modern Fitness staff. The group appeared to be well motivated, customer complaints were at a minimum, and only one person had quit voluntarily. Yet the local Modern Fitness was facing a problem of declining club enrollment, rather than experiencing growth. New club memberships enrollments were not coming in fast enough to make up for existing members not renewing their enrollment.

Larry, who carefully reviewed enrollment data each month, scheduled a meeting at Ray’s club to

discuss the enrollment picture. Larry told Ray that he was pleased with the operations of the club, but not with the enrollment figures. “I am empowering you to boost enrollment to a net gain,” said Larry, “do what you need to do.”

Ray replied, “Larry I am doing all I can. We send out flyers. We advertise on social media. We encourage word-of-mouth advertising. This town is saturated with athletic and fitness clubs. It’s tough for our Modern Fitness club to get a bigger market share. What advice can you give me to boost enrollment?”

Larry responded, “Ray you are empowered as the manager to boost enrollment working within your advertising budget. Boosting enrollment is your responsibility, not mine. We’ll talk about your enrollment figures again in thirty days.”

Questions

1. How effective is Larry’s approach to empowering Ray to boost enrollment?
2. Which political tactic or tactics do you recommend Ray use to deal effectively with his empowering boss?
3. What might Larry do to help Ray boost enrollment, within the limits of empowerment?

ASSOCIATED ROLE PLAY

One person plays the role of Ray who wants to be an effective Modern Fitness manager and leader, but he knows that he needs help. Three days after the meeting, he gets on the phone with Larry asking him for

whatever guidance he can offer. Another person plays the role of Larry who believes that the most effective way to being an empowering manager is to turn over total control of a problem to a subordinate.

LEADERSHIP CASE PROBLEM B

Brenda the Tweeting Leader

Brenda is the director of claims processing in a business process outsourcing company that specializes in taking care of the payroll and benefits administration for small- and mid-size companies. Her manager, the CEO, has told Brenda that her leadership skills are satisfactory, but it would be better if she had a bigger impact on the employees in her area of responsibility. "Touch their lives more; be a bigger influence," the CEO told Brenda. "It's up to you to figure out how."

In thinking about potential tactics, Brenda thought of having a bigger impact on her direct reports, as well as other members of the company, by sending them encouraging tweets. Brenda reflected, "Using Twitter, I can spend about thirty minutes per night developing the type of positive relationships it would take days and hours to do with lunch and coffee breaks."

Two days later, Brenda began her Twitter campaign. Much to her comfort, she found that most people in her target group had accounts. Some of Brenda's tweets were as follows:

"You're doing great. It's a pleasure to work for the same employer as you." [Sent to everybody on her list of company employees with Twitter accounts.]

"Carpal tunnel syndrome can cure itself. Sweat it out." [Sent to input clerk on medical leave with carpal tunnel syndrome.]

"You are simply the best leader. Can learn from you." [Sent to company CEO.]

"You are a ray of sunshine on a cloudy day." [Sent to all four mailroom workers.]

"Love ya baby, but put on some speed." [Sent to her administrative assistant.]

"Can't live without you. Wouldn't want to." [Sent to a member of the tech support staff.]

One of the tweet recipients said to another, "Brenda is so cool these days. She's leading by tweet." Another one of these tweet recipients said to another, "Have you seen what Brenda is doing with her Twitter account? She's given me another good reason not to check Twitter every day."

Questions

1. What impact do you think Brenda's tweeting will have on her leadership effectiveness?
2. What do you think of the political effectiveness of sending the same tweet to several workers?
3. What suggestions might you offer Brenda for making even more effective use of Twitter as a leadership tool?

ASSOCIATED ROLE PLAY

One student plays the role of a worker who reports to Brenda. The worker receives yet another tweet from Brenda, this one stating, "I know that today is going to be a winner for all of us." The worker

is having a bad day at home and work. As a result, the worker perceives Brenda's tweet to be annoying and sends the following e-mail to a few coworkers: "Did Brenda's tweet of the day sicken you also?"

The worker then receives a tweet from Brenda, saying, "I just heard that my latest tweet sickened you. What's your problem?" Another student plays the

role of Brenda who perceives the counter-tweet to reflect poor judgment, and decides to express her discontent to the worker.



LEADERSHIP SKILL-BUILDING EXERCISE 7-5

My Leadership Portfolio

For this insert into your leadership portfolio, think through all the recent opportunities you might have had to use political tactics. How did you deal with the situation? Did you capitalize on any opportunities? Did you use an ethical approach? Did you use any unethical tactics? Did you commit any political blunders? Here would be an example:

I saw a flyer indicating that our Business Management Association was having a guest speaker, an executive from Merrill Lynch. I had been pretty

busy with studies, my job, and social life, yet I decided to invest the time and attend. As it worked out, the meeting was a wonderful opportunity to make a couple of good contacts. After the talk, I spoke to the speaker and complimented her. We had a brief conversation about how I was looking for a career in investment banking, and she gave me her business card. I sent her an e-mail message the next day, thanking her for the time she gave me. I also met a couple of important people at the meeting and got their cards also.

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Influence Tactics of Leaders

LEARNING OBJECTIVES

After studying this chapter and doing the exercises, you should be able to

- Describe the relationship between power and influence.
- Identify a set of honest and ethical influence tactics.
- Identify a set of influence tactics relatively neutral with respect to ethics and honesty.

- Identify a set of dishonest and unethical influence tactics.
- Summarize some empirical research about the effectiveness and sequencing of influence tactics.
- Describe how implicit leadership theories are related to a leader's ability to influence group members.

CHAPTER OUTLINE

A Model of Power and Influence

Description and Explanation of Influence Tactics

Essentially Ethical and Honest Tactics

Essentially Neutral Influence Tactics

Essentially Dishonest and Unethical Tactics

Leadership Influence for Organizational Change

Relative Effectiveness and Sequencing of Influence Tactics

Relative Effectiveness of Influence Tactics

Sequencing of Influence Tactics

Implicit Leadership Theories and Leadership Influence

Summary

Key Terms

Guidelines for Action and Skill Development

Leadership Case Problem A

Leadership Case Problem B

Notes

In July 2012, Marissa Mayer was hired away from Google to become the fifth CEO in six years at Yahoo! Inc. The well-known search, news, and entertainment website had been struggling versus the competition, and the board was looking for a leader who could revitalize the company's financial results as well as boost morale. Mayer broke ground at the time as the first pregnant CEO of a major company. Some people wondered if the mother of a newborn could handle major business leadership responsibilities at the same time. (Mayer quickly had a nursery built adjacent to her office.)

Born in 1975, Mayer held a variety of technology leadership positions at Google Inc., with her last role at the company being the vice president of consumer products. Mayer had been personally involved with every product and service offered by Google. As the new CEO at Yahoo!, Mayer moved swiftly to strengthen the company. She orchestrated seventeen acquisitions of mostly technology startup companies, including a \$1.1 billion purchase of Internet blogging and picture display service Tumblr. In addition, Yahoo! purchased a news summation website, Summly, from its founder, a British teenager. Mayer also

spearheaded an upgrade of the Yahoo! website, making it more streamlined, visually attractive, and less cluttered.

Mayer's strategic thrust was to reimagine Yahoo!'s direction as a company. To attract more site visitors and advertisers, she said that she wanted to build beautiful products and execute them well. Mayer said, "This is really the fun part. This is where we get to really think about how we can inspire and delight our end users and how we can provide them with amazing features."

Mayer moved swiftly on making changes in human resource policies. She severely restricted company employees from working at home because she believes that face-to-face interaction enhances creativity and speed. Mayer also initiated the extension of maternity and paternity leave, giving \$500 grants to employees who became new parents, and providing free food to employees. Later she encouraged managers to evaluate employees on a bell (normal) curve, and fire the poorest performers.

Mayer's magnetism and vision were credited for boosting morale, and turning around a beleaguered company. (Yet many employees disliked the restrictions on working from home, as well as being rated on a bell curve.) Mayer noted that the Yahoo! culture had improved, as evidenced by a doubling of people applying for jobs at Yahoo! in one quarter. Furthermore, the attrition rate for top talent had been reduced by one-half. Meanwhile, one in seven hires during that quarter were "boomerangs," or former staffers returning to Yahoo!. Mayer said, "Companies with the best talent win, and it's clear we're now back in the game."

Mayer is perceived by many as a visionary leader with a strong focus on product improvement and company operations. She is a self-described geek. Mayer graduated from Stanford University a BS degree in symbolic systems, and then an MS in computer science, majoring in artificial intelligence for both degrees.¹

In her leadership role, Marissa Mayer is working hard to influence employees to collaborate in her quest to revitalize Yahoo!. She appeals to financial logic, brings considerable expertise to the table, and is personally magnetic. Without effective influence tactics, a leader is similar to a soccer player who has not learned to kick a soccer ball, or a newscaster who is unable to speak. Leadership, as oft repeated, is an influence process.

To become an effective leader, a person must be aware of the specific tactics leaders use to influence others. Here, we discuss a number of specific influence tactics, but other aspects of leadership also concern influence. Being charismatic, as described in Chapter 3, influences many people. Leaders influence others through power and politics, as described in Chapter 7. Furthermore, motivating and coaching skills, as described in Chapter 10, involve influencing others toward worthwhile ends.

The terms *influence* and *power* are sometimes used interchangeably, whereas at other times power is said to create influence and vice versa. In this book, we distinguish between power and influence as follows: **Influence** is the ability to affect the behavior of others in a particular direction, whereas **power** is the potential or capacity to influence. Leaders are influential only when they exercise power. A leader, therefore, must acquire power in order to influence others.

Influence tactics have grown in importance because so often a leader or corporate professional has to influence others without having formal authority over them. An example is that a vice president at Google needed

to lobby Gmail engineers who did not work for him to modify software for potential corporate customers. He likens his efforts to a Peace Corps mission: all heart but with little power to enforce his will.²

This chapter presents a model of power and influence, a description and explanation of influence tactics (both ethical and less ethical), a description of how leaders influence large-scale change, and a summary of the research about the relative effectiveness and sequencing of influence tactics. We also present a theory about the characteristics group members expect in a leader in order to be influenced by him or her.

A Model of Power and Influence

The model shown in Figure 8-1 illustrates that the end results of a leader's influence (the outcomes) are a function of the tactics he or she uses. The influence tactics are in turn moderated, or affected, by the leader's traits, the leader's behaviors, and the situation.

Looking at the right side of the model, the three possible outcomes are commitment, compliance, and resistance. **Commitment** is the most successful outcome: The target of the influence attempt is enthusiastic about carrying out the request and makes a full effort. Commitment is particularly important for complex, difficult tasks because these require full concentration and effort. If you were influencing a technician to upgrade your operating system software, you would need his or her commitment. **Compliance** means that the influence attempt is partially successful: The target person is apathetic (not overjoyed) about carrying out the request and makes only a modest effort. The influence agent has changed the person's behavior but

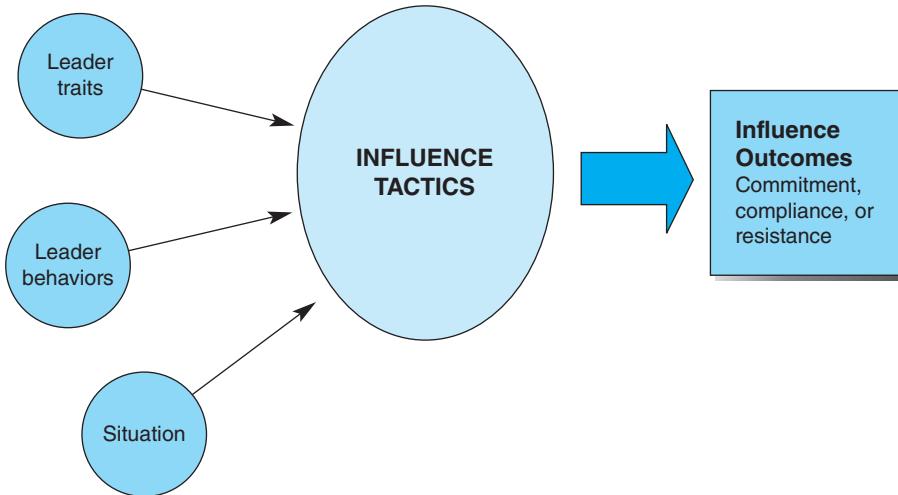


FIGURE 8-1 A Model of Power and Influence.

not his or her attitude. A long-distance truck driver might comply with demands that he sleep certain hours between hauls, but he is not enthusiastic about losing road time. Compliance for routine tasks—such as wearing a hard hat on a construction site—is usually good enough. Resistance is an unsuccessful influence attempt: The target is opposed to carrying out the request and finds ways to either not comply or do a poor job. **Resistance** includes making excuses for why the task cannot be carried out, procrastinating, and outright refusing to do the task.³

Going to the left side of the model, the leader's personality traits affect the outcome of influence tactics. An extroverted and warm leader who has charisma can more readily use some influence tactics than a leader who is introverted and cold. For example, he or she can make an inspirational appeal. A highly intelligent leader would be able to influence others because he or she has built a reputation as a subject matter expert. Which-ever influence tactics leaders choose, the goal is to get group members on their side.

The leader's behaviors also affect the outcome of influence tactics in a variety of ways. For example, setting high standards facilitates making an inspirational appeal. Additionally, leaders who perform well consistently are better able to lead by example because they are good role models. Finally, the situation partly determines which influence tactic will be effective. The organizational culture or subculture is one such key situational factor. For example, in a high-technology environment, inspirational appeal and emotional display are less likely to be effective than rational persuasion and being a subject matter expert, because high-tech workers are more likely to be impressed by facts than by feelings.

The rest of this chapter identifies and describes influence tactics, including some mention of situational variables. Leader traits and power have been described in previous chapters. Leadership Self-Assessment Quiz 8-1 will give you an opportunity to think about which influence tactics you tend to use.

Description and Explanation of Influence Tactics

Influence tactics are often viewed from an ethical perspective. Following this perspective, the influence tactics described here are classified into three categories: (a) those that are essentially ethical and honest, (b) those that are essentially neutral with respect to ethics and honesty, and (c) those that are essentially manipulative and dishonest. The categorization presented here is far from absolute. Except for the extremes, most of the tactics could conceivably be placed in any of the three categories, depending on how they are used. For example, one can use the tactic “joking and kidding” in either a well-meaning or mean-spirited way. Joking and kidding could therefore be classified as “essentially ethical,” “essentially neutral,” or “essentially dishonest and unethical.”



LEADERSHIP SELF-ASSESSMENT QUIZ 8-1

Survey of Influence Tactics

Instructions: Indicate how frequently you use the influence tactics listed here: VI = very infrequently or never; I = infrequently; S = sometimes; F = frequently; VF = very frequently. The VI to VF categories correspond to a 1-to-5 scale.

	1	2	3	4	5
	VI	I	S	F	VF
1. I lead by demonstrating the right behavior myself.	<input type="checkbox"/>				
2. I rely on facts and logic to persuade others.	<input type="checkbox"/>				
3. People often listen to me because of my expertise.	<input type="checkbox"/>				
4. If I want something done, I stand ready to do a favor in return.	<input type="checkbox"/>				
5. I enjoy negotiating a price or an offer.	<input type="checkbox"/>				
6. I am assertive (open and forthright in my demands).	<input type="checkbox"/>				
7. I joke with or kid other people to make a point.	<input type="checkbox"/>				
8. I will sometimes get quite emotional to make a point.	<input type="checkbox"/>				
9. I promise to reward the person to get what I want.	<input type="checkbox"/>				
10. I attempt to get other people on my side in order to win my point.	<input type="checkbox"/>				
11. I cooperate with others in order to influence them.	<input type="checkbox"/>				
12. As a leader, I participate heavily in the task of the group.	<input type="checkbox"/>				
13. I form an alliance with the other person.	<input type="checkbox"/>				
14. I threaten to go over the person's head to the boss.	<input type="checkbox"/>				
15. I compliment the other person.	<input type="checkbox"/>				
16. I use as much charm as possible to get my way.	<input type="checkbox"/>				
17. I will post a positive comment about a work associate on the Internet, such as Facebook or G+, if he or she has done something I particularly like.	<input type="checkbox"/>				
18. I will make a comment pointing out that I am not much good at what I want the other person to do.	<input type="checkbox"/>				
19. I would bring the person a little gift, such as a beverage he or she likes or an attractive ballpoint pen.	<input type="checkbox"/>				
20. I refer to the importance of doing a particular task for the overall good of the organization.	<input type="checkbox"/>				

Scoring and Interpretation: The more of these tactics you use frequently or very frequently, the more influential you probably are. Experience is a factor because you could be potentially influential but have not yet had the opportunity to use many of these tactics.

Skill Development: The Survey of Influence Tactics might give you some clues for development. Look for influence tactics that appear to represent a good idea, but where you need skill development. Next, take the opportunity to practice the tactic. For example, take statement 15, "I compliment the other person." Perhaps you neglect to compliment others when you want to influence them. Use the guidelines for flattery given in the previous chapter practice to compliment another person when you want to influence him or her.

Essentially Ethical and Honest Tactics

This section describes essentially ethical and honest tactics and strategies for influencing others, as outlined in Table 8-1. Used with tact, diplomacy, and good intent, these strategies can help you get others to join you in accomplishing a worthwhile objective. Because these influence tactics vary in complexity, they also vary with respect to how much time is required to develop them.

Leading by Example, Respect, and Trust A simple but effective way of influencing group members is by **leading by example**, or acting as a positive role model. The ideal approach is to be a “do as I say and do” manager—that is, one whose actions and words are consistent. Actions and words confirm, support, and often clarify each other. Being respected facilitates leading by example because group members are more likely to follow the example of leaders they respect. A major way in which a leader obtains respect is by being trusted. Part of the respect Marissa Mayer has received is that she can be trusted to follow through on her plans such as acquiring companies to help Yahoo! grow, and granting more leave time for new parents.

Leading by example is often interpreted to mean that the leader works long and hard, and expects others to do the same, with this type of behavior being prevalent among entrepreneurs who hire a staff. During the startup phase of a company, the entrepreneur will often work over 60 hours per week and expect the new hires to follow a similar work schedule.

Research conducted with 683 workers and managers in a large communication organization indicated that a leader who demonstrates organizational citizenship behavior (OCB) is likely to influence subordinates to behavior in a similar manner. Leader OCB was measured by area managers rating their subordinate managers. One dimension of citizenship behavior measured was performance above and beyond the call of duty and high attention to quality. Group managers rated the OCB of their groups as a

TABLE 8-1 Essentially Ethical and Honest Influence Tactics

1. Leading by example and respect
2. Using rational persuasion
3. Explaining the benefits to the target
4. Making a personal appeal
5. Developing a reputation as a subject matter expert
6. Exchanging favors and bargaining
7. Legitimizing a request
8. Making an inspirational appeal, being charming, and emotional display
9. Consultation with others
10. Forming coalitions
11. Being a team player
12. Practicing hands-on leadership

whole. The result showed that managers who received high ratings on OCB tended to have subordinate groups that exhibited strong organizational citizenship behavior. Leading by example may therefore promote group-level behaviors that enhance organization effectiveness.⁴

Using Rational Persuasion Rational persuasion is an important tactic for influencing people. It involves using logical arguments and factual evidence to convince another person that a proposal or request is workable and likely to achieve the goal. Assertiveness combined with careful research is necessary to make rational persuasion an effective tactic. It is likely to be most effective with people who are intelligent and rational. Chief executive officers typically use rational persuasion to convince their boards that an undertaking, such as product diversification, is mandatory. A major moderating variable in rational persuasion is the credibility of the influence agent. Credibility helps an individual be more persuasive in two ways. First, it makes a person more convincing. Second, it contributes to a person's perceived power, and the more power one is perceived to have, the more targets will be influenced.⁵

The following two statements are samples of how rational persuasion is measured as perceived by subordinates in research about influence processes.

- Explains clearly why a request or proposed change is necessary to attain a task objective.
- Provides information or evidence to show that a proposed activity or change is likely to be successful.⁶

Leaders who emphasize the rational decision-making model favor rational persuasion. For example, a leader favoring this model might say, "Don't tell me what you feel, give me the facts," in response to a subordinate who said, "I have the feeling that morale is down." Leaders at Google heavily emphasize such data-based decision making. A Google professional in a meeting would be rejected if he or she said, "I think there are too many random photos appearing in Google Images." In contrast, he or she would be accepted if the statement were, "I sampled 100 Google Images, and found that eight of them had random images."

Explaining Benefits to the Target A strongly effective way of influencing another person is to explain what's in it for him or her if that individual honors your request. **Apprising** means that the influence agent explains how carrying out a request or supporting a proposal will benefit the target personally, including advancing the target's career.⁷ An example of apprising would be for the manager to tell a subordinate, "Perhaps two weeks helping out for one month on the company's oil rig in the Arctic Circle may seem like a tough assignment. But you will seem like a hero to top management, and you will make great contacts." Two apprising behaviors on the part of the leader are as follows:

- Describes benefits you could gain from doing a task or activity (e.g., learn new skills, meet important people, enhance your reputation).
- Explains how the task he or she wants you to do could help your career.

Making a Personal Appeal A personal appeal in the context of influence theory is the same as it is in everyday life. The agent asks the target to implement a request or support a proposal out of friendship.⁸ Another form of personal appeal is to ask for a personal favor before specifying the nature of the favor, as in “How would you like to do something important for me?” Asking for a favor without specifying its nature would likely be interpreted as unprofessional in a work environment. Two behaviors reflecting a personal appeal by a leader are as follows:

- Appeals to your friendship when asking you to do something.
- Asks for your help as a personal favor.

Developing a Reputation as a Subject Matter Expert Becoming a subject matter expert (SME) on a topic of importance to the organization is an effective strategy for gaining influence. Being an SME can be considered a subset of rational persuasion. Managers who possess expert knowledge in a relevant field and who continually build on that knowledge can get others to help them get work accomplished. Many of the leaders described throughout this text use expert knowledge to influence others. The leaders of Internet and social media companies such as Google and Foursquare are usually subject matter experts.

In recent years, General Electric Co. has emphasized the importance of industry expertise for business unit managers. GE is now keeping its senior leaders in place longer with the expectation that deeper understanding of the products and customers will enhance sales. In the past, business unit leaders relocated every few years to give them a broader understanding of the company. David Joyce, the president of commercial engines operation, represents the subject matter expertise approach. He has spent his entire 32 years with GE working his way up the aviation unit.⁹

Small business owners, in particular, rely on being subject matter experts because they founded the business on the basis of their product or technical knowledge. (Also, the major high-tech companies usually began small.) For example, the leader of a software company is usually an expert in software development.

Exchanging Favors and Bargaining Offering to exchange favors if another person will help you achieve a work goal is another standard influence tactic. By making an exchange, you strike a bargain with the other party. The exchange often translates into being willing to reciprocate at a later date. It might also be promising a share of the benefits if the other person helps you accomplish a task. For example, you might promise to place a person's name on a report to top management if that person will help you analyze the data and prepare the tables.

A recommended approach to asking for a favor is to give the other person as much time as feasible to accomplish the task, such as by saying, “Could you find ten minutes between now and the end of the month to help me?” Not pressing for immediate assistance will tend to lower resistance to the request. Giving a menu of options for different levels of assistance also helps

lower resistance. For example, you might ask another manager if you can borrow a technician for a one-month assignment; then, as a second option, you might ask if the technician could work ten hours per week on the project.¹⁰ To ensure that the request is perceived as an exchange, you might explain what reciprocity you have in mind: That you will mention your coworker's helpfulness to his or her manager.

Two behavior specifics for exchanging favors and bargaining are as follows:

- Offers to do a specific task for you in return for your help and support.
- Offers to do something for you in the future for your help now.

Legitimating a Request To legitimate is to verify that an influence attempt is within your scope of authority. Another aspect of legitimating is showing that your request is consistent with the organizational policies, practices, and expectations of professional people. Making legitimate requests is an effective influence tactic because most workers are willing to comply with regulations. A team leader can thus exert influence with a statement such as this one: "Top management wants a 25 percent reduction in customer complaints by next year. I'm therefore urging everybody to patch up any customer problems he or she can find."

Legitimating sometimes takes the form of subtle organizational politics. A worker might push for the acceptance of his or her initiative because it conforms to the philosophy or strategy of higher management. At Amazon.com, for example, it is well known that CEO Jeff Bezos likes to keep costs to a minimum. A distribution center manager might then encourage workers to be careful about wasting energy because "It's something Jeff would want us to do."

Two leadership behaviors that reflect legitimating are as follows:

- Says that his or her request is consistent with official rules and policies.
- Verifies that a request is legitimate by referring to a document such as a work order, policy manual, charter, bylaws, or formal contract.

Making an Inspirational Appeal, Being Charming, and Emotional Display A leader is supposed to inspire others, so it follows that making an inspirational appeal is an important influence tactic. As Jeffrey Pfeffer notes, "Executives and others seeking to exercise influence in organizations often develop skill in displaying, or not displaying, their feelings in a strategic fashion."¹¹ An inspirational appeal usually involves displaying emotion and appealing to group members' emotions. A moderating variable in the effectiveness of an inspirational appeal or emotional display is the influence of agent's **personal magnetism**, or the quality of being captivating, charming, and charismatic. Possessing personal magnetism makes it easier for the leader to inspire people.

The relevance of inspiration to influence is emphasized by the research of John H. Zenger and his associates. Based on results from 150,000 360-degree feedback assessments of 11,000 leaders, it was found that the

key leadership behavior was, “Inspires and motivates to high performance.” A key component of inspiring and motivation was found to be understanding the role of emotion in the workplace, as well as being able to use his or her emotions comfortably.¹²

A useful component of inspirational appeal for leaders is to provide meaning to the work, showing that it has significance to the entire organization or the outside world. Most people like to be involved with projects that matter, and sometimes the leader might have to explain why the work matters.¹³ For example, the leader of a company that specializes in sub-prime mortgages might have to explain, “Without our type of work, loads of people with modest incomes would not be able to become homeowners.”

Another approach to inspiring workers is to create a vision that surpasses the wants and needs of most people.¹⁴ One of the ways in which leaders at both Apple and Google have inspired workers is to involve them in a vision of “changing the world” with their products and services.

Two recorded behaviors of leaders who make an inspirational appeal are as follows:

- Says a proposed activity or change is an opportunity to do something really exciting and worthwhile.
- Makes an inspiring speech or presentation to arouse enthusiasm for a proposed activity or change.

Consultation with Others Consultation with others before making a decision is both a leadership style and an influence technique. The influence target becomes more motivated to follow the agent’s request because the target is involved in the decision-making process. Consultation is most effective as an influence tactic when the objectives of the person being influenced are consistent with those of the leader.¹⁵ An example of such goal congruity took place in a major corporation. The company had decided to shrink its pool of suppliers to form closer partnerships with a smaller number of high-quality vendors. As a way of influencing others to follow this direction, a manufacturing vice president told his staff, “Our strategy is to reduce dealing with so many suppliers to improve quality and reduce costs. Let me know how we should implement this strategy.” The vice president’s influence attempt met with excellent reception, partially because the staff members also wanted a more streamlined set of vendor relationships. Two specific leadership behaviors reflecting consultation are as follows:

- Asks you to suggest things you could do to help him or her achieve a task objective or resolve a problem.
- Invites you to suggest ways to improve a preliminary plan or proposal that he or she wants you to support or help implement.

Forming Coalitions At times, it is difficult to influence an individual or group by acting alone. A leader will then have to form coalitions, or alliances, with others to create the necessary clout. A **coalition** is a specific arrangement of parties working together to combine their power. Coalition formation works

as an influence tactic because, to quote an old adage, “there is power in numbers.” Coalitions in business are a numbers game—the more people you can get on your side, the better. However, the more powerful leaders are, the less they need to create a coalition.

Having a network of powerful people facilitates forming a coalition. If you need something done, you can get these other influential people to agree that it is a good idea. An example of getting something done might be getting permission to erect an office building close to a park.

One of the best connected and therefore one of the most powerful people in business is Mellody Hobson, president of Ariel Capital Management, LLC, a large mutual fund company based in Chicago. Hobson has become a nationally recognized authority on financial literacy and financial education. Among the well-known people in her network are John Rogers, Jr., the founder of Ariel; Diane Sawyer of *Good Morning America*; William Lauder, CEO of Estée Lauder; Barack Obama, U.S. president; first lady, Michelle Obama; George Lucas, her husband and billionaire filmmaker; and Paul Allen, cofounder of Microsoft.¹⁶

Two specific leadership behaviors that reflect coalition formation are as follows:

- Mentions the names of other people who endorse a proposal when asking you to support it.
- Brings someone along for support when meeting with you to make a request or proposal.

Being a Team Player Influencing others by being a good team player is an important strategy for getting work accomplished. A leader might be a team player by doing such things as pitching in during peak workloads. An example would be an information technology team leader working through the night with team members to combat a virus attack on the company’s computer network.

Being a team player is a more effective influence tactic in an organizational culture that emphasizes collaboration than one in which being tough-minded and decisive is more in vogue. A study of CEO leadership profiles among buyout firms found that teamwork was less associated with success than traits such as persistence and efficiency. Leaders in buyout firms are strongly financially oriented and are much more concerned with making deals than building relationships.¹⁷

Practicing Hands-On Leadership A **hands-on leader** is one who gets directly involved in the details and processes of operations. Such a leader has expertise, is task oriented, and leads by example. By getting directly involved in the group’s work activities, the leader influences subordinates to hold certain beliefs and to follow certain procedures and processes. For example, managers who get directly involved in fixing customer problems demonstrate to other workers how they think such problems should be resolved.

Hands-on leadership is usually expected at levels below the executive suite, yet many high-level executives are also hands-on leaders. A strong



LEADER IN ACTION

Doug Scott, Truck Group Marketing Manager at Ford Motor Company

Doug Scott holds the formal job title of truck group manager at Ford Motor Company. Yet, he is so influential in his field that he has been referred to as the Sovereign of Truck Mountain. Scott is the leader of a truck business that generates \$22 billion annually and outsells all its rivals. Despite heavy competition from GM, Dodge, and Toyota, the Ford Series pickup trucks have been the best-selling model in the United States for over thirty years.

A University of Michigan graduate, Scott climbed the corporate ladder through the sales route. He was in charge of the Ford Explorer SUV marketing before being promoted to head of the truck division in 2002. His present responsibilities include pickup trucks, large SUVs, and commercial vehicles.

Scott is well respected for the marketing insights he brings to his position. One of his most influential decisions was to segment the market for the F-150 pickup truck series. During the 2009 recession, Scott championed a low-cost F-150 for contractors and landscapers. In addition, there are models in the intermediate price range, as well as the high-end luxury range. One truck, labeled the Raptor SVT, is an off-the-road vehicle that climbs boulders and supposedly jump small canyons. The recently introduced Tremor is a two-seater sports truck that can accelerate to 60 miles per hour in 6.4 seconds.

Scott does not consider himself to be a “gearhead” in the traditional sense, but he has long been fascinated by the relationship between the automobile industry and

the public’s passion for cars and trucks. Scott’s love for trucks and his devotion to Ford have helped him be well liked as a leader. He has developed close bonds among designers, marketers, and customers that have brought him substantial clout within the company. Mark Williams, the editor of website pickuptrucks.com, says about Scott, “The depth of his knowledge seems real and genuine. No matter what the situation, he has an answer.”

As a leader, Scott has been successful in building a tight-knit team, many of who have been with Ford for decades. The team knows its customers quite well. Scott said that the team attends events such as the Professional Bull Riders Association and the Future Farmers of America. Such activities give the team an opportunity for face-to-face contact with customers.

QUESTIONS

1. Which influence tactics can you infer that Doug Scott uses in his leadership role?
2. What career lessons might be taken away from this story about Scott?

Sources: Original story created from facts and observations in the following sources: Mike Ramsey, “Ford Truck Czar Divides to Conquer,” *The Wall Street Journal*, November 7, 2013, p. B10; Cameron Miquelon, “The Legend of Ford’s Truck Czar’s Rule Over Truck Mountain,” *The Truth about Cars* (www.thetruthaboutcars.com), November 12, 2013, pp. 1–2; “Doug Scott: Marketing Manager Enjoys Consumer Connection,” <http://corporate.ford.com>, September 24, 2009, p. 1.

example is Sergio Marchionne, the Chrysler and Fiat CEO, who intervenes in such matters as a leaking car door handle. The downside of being a hands-on leader is that if you do it to excess, you become a micromanager.

The accompanying Leader in Action insert describes an automotive company executive who has been successful in influencing others.

Essentially Neutral Influence Tactics

The four influence tactics described in this section and listed in Table 8-2 might best be regarded as neutral with respect to ethics and honesty. If implemented with good intent, they tend to be positive, but if implemented with the intent of duping another person, they tend to be negative.

TABLE 8-2 Essentially Neutral Influence Tactics

- | |
|---------------------------------|
| 1. Ingratiation |
| 2. Joking and kidding |
| 3. Upward appeal |
| 4. Co-opting antagonists |

Ingratiation When ingratiating takes the form of well-deserved flattery or compliments, it is a positive tactic. Yet, getting somebody else to like you can be considered a mildly manipulative influence tactic if you do not like the other person.

Ingratiation is often directed upward, in the sense of a subordinate attempting to get the superior to like him or her, as in organizational politics. Ingratiation also works in a downward direction, when leaders attempt to get their subordinates to like them. Typical ingratiating techniques directed toward subordinates include luncheon invitations, compliments, giving a plum work assignment, and feeding a subordinate's hobby, such as contributing a rare stamp to an employee's collection.

Leaders who ordinarily are quite the opposite of ingratiating will sometimes go out of their way to be humble and agreeable to fit an important purpose. An example is the CEO of a large fast-food franchise operation. She might be cutting and sarcastic when at company headquarters. Yet when on a goodwill tour to visit franchisees, she is ingratiating. For example, she compliments the quality of the food of one of the chain restaurants, and asks to be photographed with the franchisee.

Ingratiating tactics identified in a study about influence tactics included the following:

- Says you have the special skills or knowledge needed to carry out a request.
- Praises your skill or knowledge when asking you to do something.

Leadership Self-Assessment Quiz 8-2 provides you an opportunity to measure your own ingratiating tendencies and to think through further what ingratiating yourself to your boss means in practice. Remember that being liked helps you get promoted, receive more compensation, and avoid being downsized, yet you should avoid being dishonest.

Joking and Kidding Good-natured kidding is especially effective when a straightforward statement might be interpreted as harsh criticism. Joking or kidding can thus get the message across and lower the risk that the influence target will be angry with the influence agent. Joking and kidding might be interpreted either as dishonest or as extraordinarily tactful because the criticizer softens the full blow of the criticism. A small business owner successfully used joking and kidding to help the receptionist wear clothing more appropriate for the position. As the owner entered the office,



LEADERSHIP SELF-ASSESSMENT QUIZ 8-2

Measure of Ingratiating Behavior in Organizational Settings (MIBOS)

Instructions: Indicate how frequently you use (or would use) the tactics for pleasing your boss listed here.

N = never do it; S = seldom do it; Oc = occasionally do it; Of = often do it; A = almost always do it. The N-to-A categories correspond to a 1-to-5 scale.

	1 N	2 S	3 OC	4 OF	5 A
1. Impress upon your supervisor that only he or she can help you in a given situation mainly to make him or her feel good.	<input type="checkbox"/>				
2. Show your supervisor that you share enthusiasm about his or her new idea even when you may not actually like it.	<input type="checkbox"/>				
3. Try to let your supervisor know that you have a reputation for being liked.	<input type="checkbox"/>				
4. Try to make sure that your supervisor is aware of your success.	<input type="checkbox"/>				
5. Highlight the achievements made under your supervisor's leadership in a meeting he or she does not attend.	<input type="checkbox"/>				
6. Give frequent smiles to express enthusiasm and interest about something your supervisor is interested in even if you do not like it.	<input type="checkbox"/>				
7. Express work attitudes that are similar to your supervisor's as a way of letting him or her know that the two of you are alike.	<input type="checkbox"/>				
8. Tell your supervisor that you can learn a lot from his or her experience.	<input type="checkbox"/>				
9. Exaggerate your supervisor's admirable qualities to convey the impression that you think highly of him or her.	<input type="checkbox"/>				
10. Disagree on trivial or unimportant issues but agree on those issues in which he or she expects support from you.	<input type="checkbox"/>				
11. Try to imitate such work behaviors of your supervisor as working late or occasionally working on weekends.	<input type="checkbox"/>				
12. Look for opportunities to let your supervisor know your virtues and strengths.	<input type="checkbox"/>				
13. Ask your supervisor for advice in areas in which he or she thinks he or she is smart to let him or her feel that you admire his or her talent.	<input type="checkbox"/>				
14. Try to do things for your supervisor that show your selfless generosity.	<input type="checkbox"/>				
15. Look out for opportunities to admire your supervisor.	<input type="checkbox"/>				
16. Let your supervisor know the attitudes you share with him or her.	<input type="checkbox"/>				
17. Compliment your supervisor on his or her achievement, however it may appeal to you personally.	<input type="checkbox"/>				
18. Laugh heartily at your supervisor's jokes even when they are really not funny.	<input type="checkbox"/>				
19. Go out of your way to run an errand for your supervisor.	<input type="checkbox"/>				
20. Offer to help your supervisor by using your personal contacts.	<input type="checkbox"/>				
21. Try to persuasively present your own qualities when attempting to convince your supervisor about your abilities.	<input type="checkbox"/>				
22. Volunteer to be of help to your supervisor in matters like locating a good apartment, finding a good insurance agent, etc.	<input type="checkbox"/>				
23. Spend time listening to your supervisor's personal problems even if you have no interest in them.	<input type="checkbox"/>				
24. Volunteer to help your supervisor in his or her work even if it means extra work for you.	<input type="checkbox"/>				

QUIZ 8-2 (continued)

Scoring and Interpretation: The more of these ingratiating behaviors you use frequently or almost always, the more ingratiating you are. A score of 40 or less suggests that you do not put much effort into pleasing your manager, and you may need to be a little more ingratiating to achieve a good relationship with your supervisor. A score between 41 and 99 suggests a moderate degree of ingratiating behavior. A score of 100 or more suggests that you are too ingratiating and might be perceived as being too political or insincere. So some honesty is called for, providing you are tactful.

Skill Development: Leaders or future leaders should remember that a moderate amount of ingratiating behavior is the norm in relationships with superiors. Ingratiating yourself to people who report to you can also be a useful influence tactic.

Source: Adapted from Kamalesh Kumar and Michael Beyerlein, "Construction and Validation of an Instrument for Measuring Ingratiatory Behaviors in Organizational Settings," *Journal of Applied Psychology*, October 1991, p. 623. American Psychological Association.

he noticed that the receptionist was wearing a tank top and very large hoop earrings. The owner said, "Melissa, you look great, but I think you have your dates confused. You are dressed for the company picnic, and it takes place tomorrow." Melissa smiled, and then dressed more professionally in the future.

Upward Appeal In **upward appeal**, the leader exerts influence on a team member by getting a person with more formal authority to do the influencing. Some managers and researchers regard upward appeal as an ethical and standard practice, yet it does contain an element of manipulation and heavy-handedness. An example: "I sent the guy to my boss when he wouldn't listen to me. That fixed him." More than occasional use of upward appeal weakens the leader's stature in the eyes of group members and superiors, eroding effectiveness. Leaders can apply upward appeal in other ways. A leader might attempt to persuade another staff member that higher management approved his or her request. The target of the influence event is thus supposed to grant acceptance automatically. Or, the leader can request higher management's assistance in gaining another person's compliance with the request. The influence target thus feels pressured.¹⁸

Co-Opting Antagonists A potentially effective influence tactic, as well as a method of conflict resolution, is to find a clever way to get the other person or group of persons to join forces with you. In this sense, to **co-opt** is to win over opponents by making them part of your team or giving them a stake in the system.¹⁹ Assume that the director of human resources is receiving considerable opposition to some of her initiatives from the chief financial officer. For example, the CFO is opposed to her proposed program of cross-cultural training. To soften the opposition, and perhaps even make him an ally, the director of human resources invites the CFO to become a member

of the “human resources advisory board” composed of company executives and distinguished citizens from the community.

Essentially Dishonest and Unethical Tactics

The tactics described in this section are less than forthright and ethical, yet they vary in intensity with respect to dishonesty. Most people would consider the first two strategies presented here as unethical and devious, yet they might regard the second two tactics as still within the bounds of acceptable ethics, even though less than fully candid. The tactics in question are outlined in Table 8-3.

Deliberate Machiavellianism Niccolò Machiavelli advised that princes must be strong, ruthless, and cynical leaders because people are self-centered and self-serving. As implied in Chapter 7, people in the workplace who ruthlessly manipulate others have therefore come to be called **Machiavellians**. They tend to initiate actions with others and control the interactions. Machiavellians regularly practice deception, bluffing, and other manipulative tactics.²⁰ A modern example of deliberate Machiavellianism is the practice of forcing managerial and professional employees into working many extra hours of uncompensated overtime. The employees are told that if they refuse to work extra hours, they will not be considered worthy of promotion or as good team players. Even when positions in other companies are readily available, most career-minded people will stay because they want to preserve a good reputation.

Gentle Manipulation of People and Situations Some people who attempt to influence others are manipulative, but to a lesser extent than an outright Machiavellian. They gain the compliance of another person by making untrue statements or faking certain behaviors. For example, a leader might imply that if a colleague supports his position in an intergroup conflict, the person might be recommended for promotion. Another manipulative approach is to imply dire consequences to innocent people if the influence target does not comply with demands of the influence agent, such as, “Even if you don’t want to put in extra effort for me, think of the people with families who will be laid off if we don’t make our targets.”

A widely used manipulative approach is to tap into social norms in order to gain consensus. According to Steve Martin, behavior specialist at the consulting firm Influence at Work, this technique can move people to model their

TABLE 8-3 Essentially Dishonest and Unethical Influence Tactics

- | |
|---|
| <ol style="list-style-type: none"> 1. Deliberate Machiavellianism 2. Gentle manipulation of people and situations 3. Undue pressure 4. Debasement |
|---|

behavior after others. He gives the example of working with the U.K. tax collecting service. Martin witnessed an increase in the return rate after enclosing messages such as “nine out of ten people pay their tax on time.” The rate of returns increased even more when the tax collection service presented messages referring to the number of people who filed returns with the individual’s own town or postal code.²¹ A workplace example is a manager who informs the vice president that she wants an enlarged budget for attendance at the latest social networking seminars because “all other companies are doing it.”

The technique of tapping into social norms can be combined with peer pressure to influence a group member. If one person is not stepping forward to work well as a team member, the manager will say, “Bob, everyone in the department is committed to developing a team atmosphere, and we’d like you to be a part of it.”²²

Undue Pressure Effective leaders regularly use motivational techniques such as rewards and mild punishments. Yet, when rewards become bribes for compliance and threats of punishment become severe, the target person is subjected to undue pressure or coercion. An example of a bribe by a manager might be, “If you can work eighty hours on this project this week, I’ll recommend you for the highest pay grade.” Another approach to pressure is for the manager to scream and swear at the subordinate as a form of intimidation. As one manager under pressure of his own, shouted to a subordinate:

“Get some of these _____ receivables paid by the end of the week or find another job.”

Two specific behaviors labeled pressure in a research study were as follows:

- Uses threats or warnings when trying to get you to do something.
- Tries to pressure you to carry out a request.

Debasement A subtle manipulative tactic is **debasement**, demeaning or insulting oneself to control the behavior of another person. Richard Parsons, the former chair of Citigroup, uses debasement to disarm people. A long-time friend said of Parsons, “Richard’s ability to get people to underestimate him is a great skill. If you are obvious, they know where to hit you. Who wins between the bull and matador?”²³ Specific debasing tactics revealed by research include the following: “I lower myself so she’ll do it,” and “I act humble so she’ll do it.”²⁴

In studying the most severe unethical influence (and political) tactics, it is important to recognize that the use of these influence approaches can bring about human suffering. For example, bullying and intimidating tactics may not be illegal, but they are unethical. Cruelty in the organization creates many problems. As one observer notes, “Cruelty is blatantly unethical and erodes the organizational character through intellectual, emotional, moral, and social vices that reduce the readiness of groups to act ethically.”²⁵ Examples of cruelty include insulting a group member’s physical appearance or belittling him or her.

Leadership Skill-Building Exercise 8-1 gives you an opportunity to practice influence tactics in a high-stakes business situation.

Leadership Skill-Building Exercise 8-2 will help you recognize several of the influence tactics described in this chapter. Another tactic mentioned in the exercise, assertiveness, was described in Chapter 2.



LEADERSHIP SKILL-BUILDING EXERCISE 8-1

Influence Tactics

One student plays the role of a chief financial officer of a large company. After months of analysis, the CFO decides that a key step the company can take to be profitable during the next several years is to get about 5,000 employees to accept voluntary retirement. As severance pay, the workers who accept the retirement package will receive one year's salary, depending on the length of service. The buyout could cost the company around

\$5 million in payouts plus some liability for future health benefits and retirement pay. Four other students will play the role of the top-management team, several of whom might be skeptical about the soundness of the plan offered by the CFO. Observers will pay close attention to the influence tactics used by the CFO, and perhaps by the other members of the top-management team.



LEADERSHIP SKILL-BUILDING EXERCISE 8-2

Identifying Influence Tactics

Instructions: After reading the following passage, identify which influence tactics the leader is using, and explain your reasoning.

Gina is the director of human resources in a diversified company with approximately 50,000 workers. She has assembled her five direct reports in a hotel conference room for a Saturday morning meeting. With an intense facial expression, Gina launched directly into her presentation, supported by PowerPoint slides on a large screen.

"Enjoy your coffee, tea, juice, donuts, bagels, and pastries because I can offer you no other goodies this morning. As HR professionals, you know we are in trouble. As hard as we all work, and as much good as we do, our jobs are in peril. The trend is clear. Our corporation, similar to many others, might be outsourcing our work to HR vendors. The movement has already begun with payroll being outsourced last year and health insurance this year.

"Even worse, the corporate group is planning to purchase HR software that will enable line managers throughout the company to take care of their own HR responsibilities, such as recruiting and selection.

"I want to work with all of you to develop strategies and tactics so vital that the top-management team will decide to keep our group intact, and not join the outsourcing movement. We need also to discourage line managers from being performing HR on their own without our help. Think of HR activities so vital that we become indispensable. Maybe we should be coordinating a flu-shot program. Maybe we should beef up our wellness program so much that absenteeism and insurance costs are reduced to an extent that our contribution to the bottom line is obvious even to our chief financial officer.

"Now that I've told you the truth, let's get started having a true dialogue about the challenges facing us."

Leadership Influence for Organizational Change

Most of the discussion so far relates to the leader/manager influencing people one at a time or in small groups. Top-level leaders exert many of their influence attempts in the direction of bringing about changes throughout the entire organization, often by attempting to overhaul the organizational culture. One such change would be attempting to influence a culture that was too collaborative to make decisions more quickly and independently, or the reverse. Another change would be to make the culture more focused on products the market wanted and less focused on innovation for its own sake. Yet another cultural change facing a CEO would be to make a risk-averse workforce more entrepreneurial and risk taking.

Before plunging ahead with attempts at massive cultural change, the leader needs to study the old culture and understand why it contributed to the prosperity and growth of the organization. When Marissa Mayer joined Yahoo!, she already knew a lot about the company as part of her role at Google. She intuitively recognized that the excitement and pride of Yahoo!'s past had contributed to its Internet prominence. Marissa also recognized that the Yahoo! culture had taken a downturn. She worked swiftly to upgrade the technology-feel to the company by such steps as acquisition and spearheading a large number of Yahoo! mobile apps. The influx of new talent helped upgrade the culture and image of Yahoo!. As one employee was quoted as saying, "It's no longer shameful to work at Yahoo!"²⁶

After a new CEO is appointed, the person typically makes a public statement to the effect that: "My number-one job is to change the culture." A leader might do the following to bring about change as well as ensuring that a healthy corporate culture is maintained.

- Serve as a role model for the desired attitudes and behaviors. Leaders must behave in ways consistent with the values and practices they wish to see imitated throughout the organization. If the change the leader wants is a stronger focus on customer service, leaders must treat employees as customers, thereby acting as role models for the way customers should be treated. The leaders must also talk in positive terms about customer service, with a statement such as, "The real joy in our work is helping customers solve their problems." Another frequently used method of bringing about change by acting as a role model is for the newly appointed leader to be frugal to encourage frugality throughout the organization. The frugal CEO, for example, might fly on commercial airlines and not by corporate jet, have one instead of several administrative assistants, and eat lunch in the company cafeteria.
- Impose a new approach through executive edict. From the time he started his position as chairman and CEO of General Electric, Jeff Immelt was on a mission to transform the hard-driving process-oriented company into an organization steeped in creativity and wired for business growth. In addition to outstanding efficiency in operations, Immelt presented new imperatives for risk taking, sophisticated marketing, and,

of utmost importance, innovation.²⁷ Ten years later, his approach to culture change was still bringing about positive, but not spectacular, results.

- Establish a reward system that reinforces the culture, such as giving huge suggestion awards to promote an innovative culture. Jeff Bezos at Amazon.com is so committed to innovation that being imaginative is almost a requirement for being promoted into a key position at the company.
- Select candidates for positions at all levels whose values mesh with the values of the desired culture. Many firms hire only those candidates whose work and school experience suggest that they might be good team players—a cultural value.
- Sponsor new training and development programs that support the desired cultural values. Among many examples, top management might sponsor diversity training to support the importance of cultural diversity, or training in quality to support the value of quality.

A leader who exhibited all of these behaviors would qualify as a transformational leader because of all the positive changes.

Relative Effectiveness and Sequencing of Influence Tactics

Although we have described influence tactics separately, they must also be understood in relation to one another. Two ways of comparing influence tactics are to examine their relative effectiveness and to study the order in which they might be used to achieve the best result.

Relative Effectiveness of Influence Tactics

Since influence tactics are a major component of leadership, research about their relative effectiveness is worth noting. A classic study by Gary Yukl and J. Bruce Tracey provides insights into the relative effectiveness of influence tactics.²⁸ One hundred and twenty managers participated in the study, along with 526 subordinates, 543 peers, and 128 superiors, who also rated the managers' use of influence tactics. Half the managers worked for manufacturing companies, and half worked for service companies.

The people who worked with the managers completed a questionnaire to identify which of the nine influence tactics the managers used. As defined for the participants, the tactics were as follows: (1) rational persuasion, (2) inspirational appeal, (3) consultation, (4) ingratiation, (5) exchange, (6) personal appeal, (7) coalition, (8) legitimating, and (9) pressure.

Another question asked how many influence attempts by the agent resulted in complete commitment by the target respondent. Respondents were also asked to rate the overall effectiveness of the manager in carrying out managerial job responsibilities. The item had nine response choices, ranging from "the least effective manager I have ever known" to "the most effective manager."

The results suggested that the most effective tactics were rational persuasion, inspirational appeal, and consultation. (An effective tactic was one that led to task commitment and that was used by managers who were perceived

to be effective by the various raters.) In contrast, the least effective were pressure, coalition, and appealing to legitimate authority (legitimating). Ingratiation and exchange were moderately effective for influencing team members and peers. The same tactics, however, were not effective for influencing superiors. A related interpretation of the data would be that noncoercive tactics that provide a rational and justifiable basis for attitude change are more effective in gaining compliance than are threatening or manipulative attempts.²⁹

Inspirational appeal, ingratiation, and pressure were used primarily in a downward direction, that is, toward a lower-ranking person. Personal appeal, exchange, and legitimating were used primarily in a lateral direction. It was also found that coalitions were used most in lateral and upward directions and that rational persuasion was used most in an upward direction.

The researchers concluded that some tactics are more likely to be successful than others. Yet, they caution that the results do not imply that these tactics will always result in task commitment. The outcome of a specific influence attempt is also determined by other factors, such as the target's motivation and the organizational culture. Also, any tactic can trigger target resistance if it is not appropriate for the situation or if it is applied unskillfully. Tact, diplomacy, and insight are required for effective application of influence tactics.

Which influence tactic a manager might consider effective, and therefore choose, depends to some extent on how much group members are trusted. When we distrust people, we are likely to attempt to control their actions. Carole V. Wells and David Kipnis conducted a survey about trust involving 275 managers and 267 employees. The managers answered questions about subordinates, and subordinates answered questions about their managers. A key finding was that both managers and employees used strong tactics of influence when they distrusted the other party—either a manager or a subordinate. The strong influence tactics studied were appeals to higher authority, assertiveness, coalition building, and sanctions.³⁰

Another perspective on the relative effectiveness of influence tactics comes from a study of territory managers and their service center managers who worked for a distribution company. A major finding was that the quality of the relationship with the leader (leader-member exchange, or LMX) had an impact on the effectiveness of influence tactics. When group members perceived a poor relationship with their leader, the leader's use of inspirational appeal and exchange resulted in less helping of coworkers by members. However, the leaders' consultation tactics were positively associated with the members helping work associates. When group members perceived their relationship with the leader as positive, exchange tactics by the leaders positively related to helping behavior.

An interpretation offered for these interactions has a lesson for leaders. Members in low-quality relationships may interpret appeals to their values, goals, and aspirations or exchange offers as empty. As a result, the members did not engage in more helping behaviors based on inspirational appeals. Yet, consultation is more effective and may prompt members to become more helpful.³¹

Sequencing of Influence Tactics

Another important consideration in using influence tactics is the sequence or order in which they should be applied. In general, you should begin with the most positive, or least abrasive, tactic. If you do not gain the advantage you seek, proceed to a stronger tactic. For example, if you want a larger salary increase than that initially assigned you, try rational persuasion. If persuasion does not work, move on to exchanging favors. Use a more abrasive tactic such as upward appeal only as a last resort. The reason is that abrasive tactics trigger revenge and retaliation. Many people who have taken their complaints to an outside agency, such as a governmental office, have found themselves with a limited future in their organization. Although the appeal is legally justified, it is politically unwise.

The sequencing of tactics can also be considered in terms of cost and risk. A sensible approach is to begin with low-cost, low-risk tactics. If the outcome is important enough to the influence agent, he or she can then proceed to higher-cost and higher-risk influence tactics. An example of a low-cost, low-risk tactic would be joking and kidding. An accounting manager who was disappointed with the budget offered to her group might say to her boss, "Does the new budget mean that our group will have to pay for our own laser cartridges and green eyeshades?" It would be much more costly in terms of time and potential retaliation to form a coalition with another under-budgeted group to ask for an enlarged budget.

In addition to the sequencing of tactics, the influence agent must also consider the direction of the influence attempt as a contingency factor. In general, the more position power an individual exerts over another, the less the need for being cautious in the use of influence tactics. For example, a vice president can more readily use undue pressure against a supervisor than vice versa. When you have more power, there are likely to be fewer negative consequences from using more powerful tactics.

Leadership Skill-Building Exercise 8-3 provides an opportunity to practice implementing various influence tactics. As with any other skill, influence skills need to be practiced under field conditions.



LEADERSHIP SKILL-BUILDING EXERCISE 8-3

Applying Influence Tactics

Divide the class into small teams. Each group assigns one leadership influence tactic to each team member. During the next week or so, each team member takes the opportunity to practice the assigned influence tactic in a work or personal setting. Hold a group discussion with the same class teams after the influence attempts have been practiced. Report the following information: (1) under what circumstances the influence tactic was attempted; (2) how

the influence target reacted; and (3) what results, both positive and negative, were achieved.

Practicing influence tactics directly contributes to your leadership effectiveness because leadership centers on influence. If you want to exert leadership as a non-manager, you will have to be particularly adept at using influence tactics because your formal authority will be quite limited.

Implicit Leadership Theories and Leadership Influence

A final perspective on influence tactics is that people are more likely to be influenced by leaders who match their expectations of what a leader should be. **Implicit leadership theories** are personal assumptions about the traits and abilities that characterize an ideal organizational leader. These assumptions, both stated and unstated, develop through socialization and past experiences with leaders. The assumptions are stored in memory and activated when group members interact with a person in a leadership position. Our assumptions about leaders help us make sense of what takes place on the job. Assume that Reggie was raised in a household and neighborhood in which business leaders are highly respected and thought to be dedicated and intelligent. When Reggie later works in a full-time professional job, he is most likely to be influenced by a supervisor he perceives to be dedicated and intelligent because this person fits Reggie's preconceived notion of how a leader should behave.

According to implicit leadership theory, as part of making assumptions and expectations of leader traits and behaviors, people develop leadership prototypes and antiprototypes. *Prototypes* are positive characterizations of a leader, whereas *antiprototypes* are traits and behaviors people do not want to see in a leader. People have different expectations of what they want in a leader, yet research conducted with 939 subordinates in two different samples in British companies shows there is some consistency in implicit leadership theories. The study showed that these theories are consistent across different employee groups and are also stable, trait-based stereotypes of leadership.³² Another study in England showed that if the leader matches employee assumptions about having the right traits, the leader-member exchange (LMX) will be more positive. In turn, the group member will be more readily influenced by the leader.³³

Table 8-4 lists the six traits group members want to see in a leader (prototypes), as well as the two traits they do not want to see in a leader (antiprototypes). Your study of leadership traits in Chapters 2 and 3 will reinforce these leadership attributes. The antiprototype of *masculinity* suggests that

TABLE 8-4 Implicit Leadership Theory Dimensions

LEADERSHIP PROTOTYPE	LEADERSHIP ANTIPrototype
1. Sensitivity (compassion, sensitive)	1. Tyranny (dominant, selfish, manipulative)
2. Intelligence (intelligent, clever)	2. Masculinity (male, masculine)
3. Dedication (dedicated, motivated)	
4. Charisma (charismatic, dynamic)	
5. Strength (strong, bold)	
6. Attractiveness (well dressed, classy)	

Source: Gathered from information in Olga Epitropaki and Robin Martin, "Implicit Leadership Theories in Applied Settings: Factor Structure, Generalizability, and Stability over Time," *Journal of Applied Psychology*, April 2004, 297–299.

followers prefer a compassionate and relationship-oriented leader to a command-and-control leader. An implication of these data is that a leader who fits group members' prototypes is more likely to influence them than a leader who fits their antiprototype.



READER'S ROADMAP

So far we have studied considerable information about the nature of leadership; the attributes, behaviors, and styles of leaders; the ethics and social responsibility of leaders; and how leaders exert power and use politics and influence. The next chapter explains a variety of techniques for developing teamwork.

SUMMARY

To become an effective leader, a person must be aware of specific influence tactics. Influence is the ability to affect the behaviors of others in a particular direction. Power, in contrast, is the potential or capacity to influence. A model presented here indicates that a leader's influence outcomes are a function of the influence tactics he or she uses. The influence tactics are, in turn, moderated, or affected by, the leader's traits and behaviors and also by the situation. The outcomes of influence attempts are commitment, compliance, or resistance, all of which influence end results such as group success or failure.

Influence tactics are often viewed from an ethical perspective. Some tactics are clearly ethical, some are neutral, but others are clearly unethical. Used with tact, diplomacy, and good intent, ethical influence tactics can be quite effective. The essentially ethical tactics described here are leading by example and respect, using rational persuasion, explaining the benefits to the target, personal appeal, being a subject matter expert, exchanging favors and bargaining, legitimating a request, making an inspirational appeal and emotional display, consulting, forming coalitions, being a team player, and practicing hands-on leadership.

Influence tactics essentially neutral with respect to ethics are ingratiation, joking and kidding, upward appeal, and co-opting antagonists. Essentially dishonest and unethical tactics presented here were deliberate Machiavellianism, gentle

manipulation of people and situations, undue pressure, and debasement.

Top-level leaders exert many of their influence attempts toward bringing about changes throughout the entire organization, often by attempting to overhaul the organizational culture. The leader should first study the old culture to search for its merits. Tactics for cultural change by the leader include serving as a role model, executive edict, giving rewards to reinforce the culture, selecting candidates who fit the culture, and establishing training and development programs to support the culture.

A study of influence tactics concluded that the most effective were rational persuasion, inspirational appeal, and consultation. The least effective were pressure, coalition, and appealing to legitimate authority. The quality of the leader-member (LMX) relationship has an impact on the effectiveness of influence tactics, with a poor relationship lowering the effectiveness of inspirational appeal and exchange.

Certain tactics are more effective for exerting influence upward, whereas others are better suited for downward influence. For example, inspirational appeal, ingratiation, and exchange are moderately effective for influencing subordinates and peers. Yet, the same tactics are not effective for influencing superiors. When we distrust people, we tend to think that stronger influence tactics, such as an appeal to higher authority, will be effective.

Sequencing of influence tactics is another important consideration. In general, begin with the most positive, or least abrasive, tactic. If you do not gain the advantage you seek, proceed to a stronger tactic. Also, begin with low-cost, low-risk tactics.

Implicit leadership theories are personal assumptions about the traits and abilities that

characterize an ideal organizational leader. Prototypes are positive characterizations of a leader, whereas antiprototypes are negative. Subordinates are more likely to be influenced by leaders who fit their prototype, and do not fit their antiprototype, of a leader.

KEY TERMS

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leading by example 252

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GUIDELINES FOR ACTION AND SKILL DEVELOPMENT

To become an effective leader, learning to use influence tactics comfortably is inevitable. If you use influence tactics naturally, without giving them much thought, there is still more to learn. For example, even a great leader such as Elton Musk might be even more effective with employees if he were more conciliatory toward those people he perceived to be of average intelligence. Being conciliatory fits the influence tactics of being charming and consulting with others.

A field study provides some clues as to the circumstances in which more heavy-handed influence tactics will work with a subordinate. Managers tended to use hard (tough) follow-up tactics when a subordinate's refusal is related to work expected in his or her role, and when the subordinate was seen as malingering. (An example here would be saying to a specialist in accounts receivable, "You've been goofing off too long. If you don't chase after those customers overdue on their accounts, you might not get a raise for next year.") Harder tactics were also used more frequently when exchanges between the leader and member were not positive. Managers withdrew their request when the request was seen as outside the subordinate's role, or the request was

ambiguous. When the leader-member exchange was less positive, managers were also more likely to withdraw the request.

Discussion Questions and Activities

1. Explain the following analogy: Influence is to leadership as eggs are to an omelet.
2. Which influence tactic described in this chapter do you think would work the best for you? Why?
3. How might a manager use leading by example to help develop ethical behavior in his or her unit?
4. With so many workers habituated to using mobile devices for so much of their work, should company management develop apps for influencing subordinates? Explain your reasoning.
5. Assume that as their leader, you wanted to influence minimum wage earners in a plastic bottle recycling center to work faster. Which one or two influence tactics are likely to be effective?
6. Identify two exchanges of favor you have seen or can envision on the job.
7. Why is developing a reputation as a subject matter expert important for a leader if leadership deals so heavily with interpersonal skills?

8. How might a business owner use the tapping into the social norms to get his or her employees to lead a healthier lifestyle?
9. Over a long period of time, Sears has slipped from being America's largest retailer to placing 41 in a recent analysis. What cultural change can you suggest to help company leadership at Sears restore some of the retailer's past glory?
10. Get the opinion of an experienced leader as to the most effective influence tactics. Share your findings with class members.

LEADERSHIP CASE PROBLEM A

Steve Tackles Mall World

Thirty-nine year-old Steve was ecstatic. Ever since he earned an MBA a few years ago, he set his sights on becoming a CEO, somewhere, somehow. If need be, he would purchase an existing small company if he could figure out a scheme to raise enough cash and borrowing power. Steve was moving along well in his career as a marketing manager in a real estate development company when he received the opportunity to become a CEO. The CEO of an affiliated company, Mall World, suddenly resigned because of all the pressures associated with the position.

The board explained to Steve that he was offered the position because of his drive, leadership skills, incisive thinking, and educational qualifications. Steve was told that the job would be tough, but that he would be given two years to improve occupancy rates at the five malls the company owned and operated in the United States and Canada. During his first couple of weeks as CEO of Mall World, Steve went on a listening tour, speaking with members of the top management team, mall managers, and a few anchor tenants. In addition to more general discussions, Steve asked each person he spoke with what he or she thought of the future of shopping malls. Among the comments he heard are as follows:

Leasing Manager, Home Office: The lower occupancy rates are hardly a problem. Americans love their malls. Our malls are still the most comfortable place to shop, dine, and interact with strangers and store associates. As the economy picks up, we once again have more demand for our space than we can provide.

Mall Manager in Boston Area: Anyone who thinks that online shopping will take a permanent bite

out of mall shopping is just plain stupid. It is natural for people to want to touch, feel, smell, and experience goods in person. "Have you ever attempted to try on a sweater over the Internet?" [Said with a grin and laugh.]

Mall Manager in Toronto Area: You may not be old enough to recognize it Steve, but mall occupancy rates run in cycles. When gas prices and unemployment are relatively high, few consumers visit the mall. As a result, a few of the weaker stores close in panic. And cold weather will always contribute to mall traffic. When the conditions outside are uncomfortable, people love to flock to the malls to walk around comfortably, shop, and dine. Our future is as secure as the bricks and mortar encasing us.

Marketing Manager, Home Office: I wouldn't worry too much about the relatively high number of vacancies in our malls. We have some attractive new leasing programs coming along that will have tenants flocking to the mall. Online shopping will taper off as the novelty wears thin.

Small Store Manager in Chicago Area Mall: I am starting to think why bother with having a bricks and mortar store. Mall traffic has been slowing down for a couple of years. With an online store, I wouldn't have the huge overhead of renting space in a mall.

As Steve attempted to synthesize the feedback, he thought that unfortunately the store manager might be close to telling the true story. He also thought that most of the opinions he heard suggested the need for a quick attitude change in order to help Mall World survive.

Questions

1. In what way does this case suggest that a culture change might be necessary at Mall World?
2. What steps might Steve take to influence his managers that they need to worry more

about the future of Mall World, as well as taking action steps to improve occupancy rates?

3. Which specific influence tactics do you recommend Steve use with his managers?

ASSOCIATED ROLE PLAY

One student plays the role of Steve, who decides to attempt to influence mall manager in the Boston Area to think more competitively about mall occupancy rates. (Or the other student can select one of the other managers that Steve interviewed.) The

other student plays the role of the mall manager who thinks that CEO Steve is worrying needlessly. Run the role play for about eight minutes. Observers can provide feedback on how well the influence attempt went.

LEADERSHIP CASE PROBLEM B

Maya the Manipulator

Maya is the director of sales for United Events, a company that organizes events, such as trade shows and exhibitions for other companies. In addition to lining up the hotel or convention hall space, United Events sets up booths as well as the communication technology for the events. The company has done well in recent years, partly because the activity of organizing events has become too complicated to do in-house.

Maya is regarded by most clients and staff as mentally sharp and charming. Yet, several members of the sales representatives are concerned about how she treats them. A leadership coach found out the following in speaking to two sales representatives:

Ivan, a sales rep in the New Jersey area, said, "Maya shows a little disconnect between what she hints she will do and what she actually does. Six months ago, I had a good prospect lined up for us to organize an annual meeting for them. The problem was that I would have to invest an enormous amount of time in bagging the contract. The company wanted to go over endless details. Plus they wanted documentation of a couple of annual meetings we had organized for other companies.

"I told Maya that my pinning down this contract might not be cost effective because of all the time it would take that I could be spending on other prospects. Maya told me to keep trying

because the CEO might be very pleased with the contract, to the point that *I could* be eligible for a double bonus.

"Well, I finally did get us the contract even though the deal took a ridiculous amount of time away from my personal life. I did get an ordinary bonus, but no double bonus. When I asked Maya about the size of the bonus, she said she told me that *I could* be eligible but that did not imply a guarantee."

Courtney, a sales representative in the Chicago region, said that she was having the best year last year among her five years with the company. During an in-person meeting with Maya, Courtney was asked if she would mind crediting Maya with her biggest individual sale. Maya said to her, "You have had a great year, and my personal accounts are a little below average this year. If I receive full credit for the last big sale, you will still have had a great year. And don't forget that as your leader, I gave you suggestions for bringing the deal home."

When Courtney expressed some hesitancy in transferring credit for the big sale to Maya, the latter said, "Courtney, please remember that I am your ally. Remember how I let you off the hook last year on that little expense account irregularity? If I do get credit for the sale, I will not change my mind about overlooking the irregularity."

Questions

1. In what specific ways is Maya being a manipulator?
2. To what extent do you think Maya's behavior is justifiable?

3. How should Ivan and Courtney have handled the situation?
4. What suggestions might you offer Maya for being a more effective leader?

ASSOCIATED ROLE PLAY

One student plays the role of Courtney who is being asked to permit Maya to take credit for her (Courtney's) biggest sale. Courtney feels she is being exploited, yet she wants to maintain a good working relationship with Maya—who she distrusts a little. Another student plays the role of

Maya who will be at her manipulative best in attempting to receive credit for Courtney's biggest sale. Run the role play for about seven minutes. Observers will provide feedback on how well Courtney and Maya are able to carry out their influence challenges.



LEADERSHIP SKILL-BUILDING EXERCISE 8-4

My Leadership Portfolio

Influence is necessary for leaders, so you need to practice your influence tactics to enhance your leadership effectiveness. In this chapter's entry to your leadership journal, describe any influence tactic you implemented recently. Describe what you did and how the influence target reacted. Comment on how you might use the tactic differently in your next influence attempt. Also describe which influence tactic or combination of tactics you plan to use in the upcoming week. Here is a possible example:

I coach a youth basketball team called the West Side Chiefs. The kids are great, and I am enjoying the experience. Yet the name Chiefs really bothers

me because it is so behind the times, and a lot of people think using the term *Chief* for sport is racist. So I tried to influence the league director that we needed a name change. I presented my argument using a bunch of facts about how Chief has become passé for sports teams. (My technique was rational persuasion.) I did get a listen, but I didn't get approval for the name change. So next, I combined my logical argument with an inspirational appeal. I asked the league directors how they would like it if our team were called The West Side Chinese or the West Side Jews. Finally, my influence tactics worked, and for next season my team will be the West Side Rattlers.



LEADERSHIP SKILL-BUILDING EXERCISE 8-5

A Leadership Essay

Now that you have studied leadership power and influence in this and the previous chapter, it is your turn to write something about leadership. Work alone, or collaboratively in a small group, to write about an article on the subject of "How to Become a Powerful

and Influential Leader." Your article should be about 400 words long, and will be published in a print or online magazine. Several individuals or groups might share their article with other class members. Look for similarities and differences among the articles.

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Developing Teamwork

LEARNING OBJECTIVES

After studying this chapter and doing the exercises, you should be able to

- Understand the leader's role in a team-based organization.
- Describe leader actions that foster teamwork.

- Explain the potential contribution of outdoor training to the development of team leadership.
- Describe how the leader-member exchange model contributes to an understanding of leadership.

CHAPTER OUTLINE

The Leader's Role in the Team-Based Organization

Leader Actions That Foster Teamwork

Actions Leaders Can Take Using Their Own Resources
Actions Generally Requiring Organization Structure or Policy

Offsite Training and Team Development

Features of Outdoor and Offsite Training Programs
Evaluation of Outdoor Training for Team Development

The Leader-Member Exchange Model and Teamwork

Different-Quality Relationships

First Impressions

Summary

Key Terms

Guidelines for Action and Skill Development

Leadership Case Problem A

Leadership Case Problem B

Notes

Darryl is the manager of a sales group that sells wind turbines (big windmills) to communities and companies. Selling a wind turbine is a long and complicated activity that requires the cooperation and careful teamwork of at least five people in the group. Today, Darryl is interviewing Kate, a candidate for a cost estimator position. Kate has already made it through a telephone interview. If she is successful in today's interview, she will be moved to the next step—being interviewed by several members of the team simultaneously. At the moment, Darryl is attempting to gauge whether Kate has already developed good teamwork skills.

Darryl: I see that you did quite well in college. How much of your studies required collective effort and cooperative learning?

Kate: At least ten of my courses required group and team projects, especially my business courses. For one course project, our group played the role of business consultants that helped a local pottery shop expand its business.

Darryl: How did you like that experience?

Kate: It was terrific. Our group actually helped the pottery shop boost sales. What a great group we had.

Darryl: Sounds good, but I notice that you played on the college tennis team. That's not really a team sport is it?

Kate: It is true that tennis is not a team sport like hockey or soccer. But our coach emphasized teamwork. We helped each other by working on areas for improvement in practice. We planned our strategy for the individual matches in a group. And we hung out together a lot as a team.

Darryl: What other teamwork experience have you had?

Kate: For about four years, part-time, I worked at an upscale restaurant. The owner believed strongly that the success of a restaurant depends on everybody pulling together, and helping out each other. If we all gave good service, there would be more customers and more tips. We received a small bonus each month based on the total success of the restaurant. The serve staff working as a team was an awesome idea.

The anecdote about the wind turbine sales manager illustrates the importance business firms attach to building better teamwork. Part of this strategy includes hiring workers who are oriented toward being team players. Developing teamwork is such an important leadership role that team building is said to differentiate successful from unsuccessful leaders.¹ Furthermore, leaders with a reputation as teamwork builders are often in demand, such as Tim Cook, the CEO of Apple Inc. His ability to work smoothly with managers from different disciplines at the company has contributed to him being chosen as the CEO of Apple to replace the late Steve Jobs.

A difficulty in understanding teams is that the words *teams* and *teamwork* are often overused and applied loosely. For some people, *team* is simply another term for *group*. As used here, a **team** is a work group that must rely on collaboration if each member is to experience the optimum success and achievement.² **Teamwork** is work done with an understanding and commitment to group goals on the part of all team members.

All teams are groups, but not all groups are teams. Jon R. Katzenbach and Douglas K. Smith, on the basis of extensive research in the workplace, make a clear differentiation between teams and groups.³ A team is characterized by a common commitment, whereas the commitment within a group might not be as strong. A team accomplishes many collective work products, whereas group members sometimes work slightly more independently. A team has shared leadership roles, whereas members of a group have a strong leader.

Although the distinction between a group and a team may be valid, it is difficult to cast aside the practice of using the terms *group* and *team* interchangeably. For example, a customer service team is still a team even if its teamwork is poor.

The central focus of this chapter is a description of specific leader actions that foster teamwork. We also describe outdoor training, a widely used method of teamwork development. In addition, we summarize a leadership theory that provides insight into how teamwork emerges within a work group.

The Leader's Role in the Team-Based Organization

Although an important goal of a team-based organization is for group members to participate in leadership and management activities, leaders still play an important role. In fact, they learn to lead in new ways. Team-based organizations need leaders who are knowledgeable in the team process and can help with the interpersonal demands of teams, for example, by giving feedback and resolving conflict. Quite often the leader is a facilitator who works with two or three teams at a time. He or she helps them stay focused when personality and work style differences create problems. Without effective leadership, teams can get off course, go too far or not far enough, lose sight of their mission, and become blocked by interpersonal conflict. Effective leadership is particularly important early in the history of a group to help it reach its potential. Key roles of a leader in a team-based organization include the following:

- Building trust and inspiring teamwork
- Coaching team members and group members toward higher levels of performance, even to the point of being a high-performing transformational team (one that brings about major constructive changes)
- Facilitating and supporting the team's decisions
- Expanding the team's capabilities
- Creating a team identity
- Anticipating and influencing change
- Inspiring the team toward higher levels of performance
- Enabling and empowering group members to accomplish their work
- Encouraging team members to eliminate low-value work⁴

Several of these roles have already been noted in this book, and several others, such as building trust and coaching, are described later. All of these roles contribute to effective leadership in general. The enabling role, for example, centers on empowerment. Yet properly motivating team members also enables, or facilitates, work accomplishment. The empowering processes described in Chapter 7 are a major part of enabling. Group members who are empowered are enabled to accomplish their work. The leader behavior and attitudes that foster teamwork, described in the next section, might also be interpreted as part of the leader's role in a team-based organization.

A role for executive-level leaders requiring separate mention is that of leading a number of teams within the organization, referred to as **intergroup leadership**. A basic example is that the CEO needs to coordinate the efforts of large teams, such as marketing, finance, information technology, and operations. An even broader challenge is for the executive to lead groups and teams in different organizations, such as a joint venture between two companies working together to build a petroleum pipeline across the United States and Canada.

To carry out the role successfully of building teamwork among various teams, a starting point is for the leader to frequently talk about the identity

of the team composed of teams. Three researchers on the topic argue that the leader must work at building a shared collective identity across the teams.⁵ For example, the leader of the collection of teams building the pipeline might occasionally communicate the message, “Through our collective effort we have become a team bringing North American energy to North Americans.”

Intergroup leadership can also take place at middle levels within the organization. When the leader is not a member of the team, he or she is classified as an *external leader*. A study conducted in three different industrial workplaces with self-managing teams offers some understanding of the external leader’s role. (A self-managing team has considerable autonomy.) It was found that under ordinary work conditions, when the leaders were too actively involved in coaching the team and in sense making, satisfaction with leadership declined. *Sense making* refers to identifying important environmental events and offering interpretations of these events to the team. An example would be identifying increases in the price of natural gas, and then explaining to the facilities maintenance team how price increases will affect their work. When the team faced disruptive conditions, such as an unusually heavy work overload or a rapid change in technology, coaching and sense making by the leader increased satisfaction with leadership.⁶

We emphasize again that an important role for the leader in a team-based organization is often to lead a group of people who do not report directly to him or her.⁷ As a consequence, many of the teamwork development tactics described in this chapter become all the more important for accomplishing results.

Leader Actions That Foster Teamwork

Fostering teamwork is well worth the leader’s attention because teamwork is a major contributor to team success. Based on a study of 130 offshore operations in India, two researchers found that what really determines success versus failure is not the ease with which knowledge can be transferred from one location to another. Instead, the major success factor is managing teamwork, or helping onshore and offshore workers to coordinate their linked work effectively. Projects that attended to managing coordination performed close to four times as well as their less successful counterparts.⁸

Sometimes a leader’s inspiring personality alone can foster teamwork. An experiment with Dutch business students showed that leaders who were perceived as charismatic and fair facilitated cooperation among group members.⁹ Yet, inspirational leaders, as well as less charismatic ones, can also encourage teamwork through their attitudes and what they do. Table 9-1 lists the teamwork-enhancing actions that are described in the following pages. For convenience, the actions are divided into two types: actions that leaders can take using their own resources (informal techniques) and actions that generally require organization structure or policy (formal techniques).

TABLE 9-1 Leader Actions That Foster Teamwork

ACTIONS LEADERS CAN TAKE USING THEIR OWN RESOURCES	ACTIONS GENERALLY REQUIRING ORGANIZATION STRUCTURE OR POLICY
<ol style="list-style-type: none"> 1. Defining the team's mission 2. Establishing a climate of trust 3. Developing a norm of teamwork, based on cooperation theory 4. Developing group emotional intelligence 5. Emphasizing pride in being outstanding 6. Serving as a model of teamwork, including power sharing 7. Using a consensus leadership style 8. Establishing urgency, demanding performance standards, and providing direction 9. Encouraging competition with another group 10. Engaging in ample interaction with the team 11. Minimizing micromanagement 12. Practicing e-leadership for virtual teams 	<ol style="list-style-type: none"> 1. Designing physical structures that facilitate communication 2. Emphasizing group recognition and rewards 3. Initiating ritual and ceremony 4. Practicing open-book management 5. Selecting team-oriented members 6. Using technology that facilitates teamwork including social media 7. Blending representatives from the domestic company and foreign nationals on the team

Actions Leaders Can Take Using Their Own Resources

Defining the Team's Mission A starting point in developing teamwork is to specify the team's mission. Commitment to a clear mission is a key practice of a highly effective team. The mission statement for the group helps answer the questions, "Why are we doing this?" and "What are we trying to accomplish?" To answer these questions, the mission statement should set out a specific goal, purpose, and philosophical tone. Any goal contained within the mission statement should be congruent with organizational objectives. If a team wants to cut back on its number of suppliers, the organization should have the same intent as well. Here are two examples of team mission statements:

- To plan and implement new manufacturing approaches to enhance our high-performance image and bolster our competitive edge
- To enhance our website development capability, so we can provide decision makers throughout the organization with assistance in developing websites that exceed the state of the art

The leader can specify the mission when the team is formed or at any other time. Developing a mission for a long-standing team breathes new life into its activities. Being committed to a mission improves teamwork, as does the process of formulating a mission. The dialogue necessary for developing a clearly articulated mission establishes a climate in which team members can express feelings, ideas, and opinions. Shared leadership is required in developing a mission, as in most other ways of enhancing teamwork.

To help implement the mission, it is quite helpful for the leader to define the team tasks, or to work with the group in defining these tasks. Team members can then identify the subtasks for which each member has responsibility. For example, a dental office might want to understand why so many patients have left the practice. One team member might be assigned the task of contacting former patients, and another team member might be assigned the task of asking current patients if they are experiencing any problems with the dental practice.

Establishing a Climate of Trust If team members do not trust each other or the leader, it is unlikely that they will work cooperatively together. Trust is at the heart of collaboration. Unless team members trust each other, they will not be dependent on each other and therefore will not work well as a team.¹⁰ A starting point in establishing a climate of trust is for the leader to be credible and engage in the many other trustworthy behaviors described in Chapter 2. Encouraging open communication about problems and sharing information are two specific ways the leader can help promote a climate of trust. Being open about problems facing the group and being candid in expressing opinions is often referred to as the leader being *transparent*.

Developing a Norm of Teamwork Based on Cooperation Theory A major strategy of teamwork development is to promote the attitude among group members that working together effectively is expected. Most profit as well as not-for-profit organizations emphasize that teamwork is important. A representative example is HP Financial Services, a unit of Hewlett-Packard Co. Irv Rothman, president and chief executive of this 1,500 employee division, says he maximizes performance by organizing into small, manageable teams. Employees are expected to manage themselves to make decisions on behalf of the customer. Teams are asked to behave like they are business owners.¹¹ (Both of these points carry the message that teamwork is the expected behavior.)

Another approach to developing a norm of teamwork is to discourage excessive politicking in which employees attempt to appear more capable than teammates, and might even discredit the contribution of others to the team. Gary Rankin and Colin Gautrey recommend that the political infighting can be decreased through encouraging teamwork. A specific technique is for the team leader to incorporate into his or her dialogue the terms “working together,” and “winning team.”¹²

A norm of teamwork based on **cooperation theory**, a belief in cooperation and collaboration rather than competitiveness as a strategy for building teamwork, has been referred.¹³ Individuals who are accustomed to competing with one another for recognition, salary increases, and resources must now collaborate. Despite the challenge of making a culture shift, the leader can make progress toward establishing a teamwork norm by doing the following:

- Encourage team members to treat one another as if they were customers, thus fostering cooperative behavior and politeness
- Explicitly state the desirability of teamwork on a regular basis both orally and in writing

- Communicate the norm of teamwork by frequently using words and phrases that support teamwork. Emphasizing the words *team members* or *teammate* and deemphasizing the words *subordinates* and *employees* helps communicate the norm of teamwork.
- Work with the group to establish a code of conduct that everyone agrees to follow. Aspects of the code might include “never abandon a teammate,” “never humiliate anyone,” and “keep all agreements.”

Normative statements about teamwork by influential team members are also useful in reinforcing the norm of teamwork. A team member might assume a leadership role by saying to coworkers: “I’m glad this project is a joint effort. I know that’s what earns us merit points here.”

Research reported by Adam Grant reinforces the importance of cooperation within teams for attaining high team performance. A team of researchers investigated what made U.S. intelligent units effective. Hundreds of analysts from sixty-four different intelligence groups were surveyed, interviewed, and observed, and the researchers ranked those units from best to worst. The single strongest predictor of group effectiveness was the amount of help the analysts gave each other. It was found that in the highest-performing teams, analysts invested extensive time and energy in coaching, teaching, and consulting with colleagues. The cooperative behavior assisted analysts in such ways as filling in gaps in their knowledge and recognizing patterns in seemingly disconnected pieces of information. In the units rated the lowest by the researchers, the analysts exchanged small amounts of mutual help and struggled to make sense of considerable data.¹⁴

Develop Group Emotional Intelligence The leader’s role in developing teamwork can also be described as helping the group develop emotional intelligence. The leader contributes to the group’s emotional intelligence by creating norms that establish mutual trust among members. It is also important for members to have a sense of group identity as defined in their mission statement. Group efficacy, or feeling competent to complete the group task, also contributes to emotional intelligence. Ensuring that the group has the right skills can enhance such efficacy. These three conditions—mutual trust, group identity, and group efficacy—are the foundation of cooperation and collaboration.

The leader can also promote group emotional intelligence by bringing emotions to the surface in both group and one-on-one meetings. The leader then discusses how these emotions might be affecting the group’s work.¹⁵ For example, team members might discuss how they feel about their perceived importance to the organization. One maintenance group said that they felt entirely unappreciated until a key piece of equipment broke down, and this under-appreciation was adversely affecting their morale. The team leader helped the group develop an internal public relations campaign about their contribution to productivity.

Another example of dealing with emotions is encouraging group members to speak up when they feel the group is being either unproductive or highly productive. Expressing positive emotion can be an energizer.

Emphasizing Pride in Being Outstanding A standard way to build team spirit, if not teamwork, is to help the group realize why it should be proud of its accomplishments. Most groups are particularly good at some task. The leader should help the group identify that task or characteristic and promote it as a key strength. A shipping department, for example, might have the best on-time shipping record in the region. Or, a claims-processing unit might have the fewest overpayments in an insurance company.

To try your hand at being part of an outstanding team, do Leadership Skill-Building Exercise 9-1.

Serving as a Model of Teamwork, Including Power Sharing A powerful way for a leader to foster teamwork is to be a positive model of team play. And one way to exemplify teamwork is to reveal important information about ideas and attitudes relevant to the group's work. As a result of this behavior, team members may follow suit. A leader's self-disclosure fosters teamwork because it leads to shared perceptions and concerns.¹⁶ Self-disclosure is an element of leader transparency. Interacting extensively with team members serves as a model of teamwork because it illustrates the mechanism by which team development takes place—frequent informal communication. While interacting with team members, the team leader can emphasize that he or she is a team member. For example, the team leader might say, "Remember the deadline. We must all have the proposal in the mail by Thursday." A less team member-oriented statement would be, "Remember the deadline. I need the proposals in the mail by Thursday."¹⁷

Another way of being a model of teamwork is to share power with group members because a good team player avoids hogging power and making all of the decisions. As each team member takes the opportunity to exert power, he or she feels more like a major contributor to team effort.



LEADERSHIP SKILL-BUILDING EXERCISE 9-1

Shelters for the Homeless

This exercise should take about thirty-five minutes; it can be done inside or outside class. Organize the class into teams of about six people. Each team takes on the assignment of formulating plans for building temporary shelters for the homeless. The dwellings you plan to build, for example, might be two-room cottages with electricity and indoor plumbing. During the time allotted to the task, formulate plans for going ahead with Shelters for the Homeless. Consider dividing up work by assigning certain roles to each team member. Sketch out tentative answers to the following questions: (1) How will you obtain funding for your venture? (2) Which homeless people will

you help? (3) Where will your shelters be? (4) Who will do the construction?

After your plan is completed, evaluate the quality of the teamwork that took place within the group. Review the chapter for techniques you might have used to improve it.

The same kind of teamwork skills you use in this exercise can be readily applied to most teamwork assignments on the job. Note carefully that although some types of teams call for members to be generalists, dividing up the tasks is still a basic principle of collective effort.

Peter Pronovost, an anesthesiologist and critical-care specialist at Johns Hopkins Hospital, believes that hospitals would be safer for patients with more power sharing among physicians and other medical personnel. (The mistakes in hospitals he refers to include ordering the wrong drug or operating on the wrong limb.) Pronovost believes that nurses should have the power to challenge doctors, and members of the medical team need to work like flight crews in terms of power sharing to help minimize medical mistakes.¹⁸

Sharing power with team members, or empowering them, appears to be particularly effective in terms of the long-term development of the team. A team of three researchers studied the impact of directive (high initiating structure) leadership versus empowering leadership on the teamwork development of sixty, five-person teams over time. The study participants were undergraduates in a management course, and the task was a three-hour computer simulation task. The results of the study indicated that although teams with directive leaders started performing well more quickly, they soon reached a performance plateau. In contrast, the improved learning and coordination capabilities of teams that work under empowering leadership allowed them to improve over time and attain higher performance levels than did the other teams.¹⁹ We might infer that in a traditional work setting, directive leadership gets the team off to a good start, but in the long run, empowering leadership fosters higher-level team performance.

To be a model of team play as a leader, you need the attitudes of a team player. Leadership Self-Assessment Quiz 9-1 gives you an opportunity to measure such attitudes.

Using a Consensus Leadership Style Teamwork is enhanced when a leader practices consensus decision making. Contributing to important decisions helps group members feel that they are valuable to the team. Consensus decision making also leads to an exchange of ideas within the group, with group members supporting and refining each other's suggestions. As a result, the feeling of working jointly on problems is enhanced. Generation X managers (born between 1965 and 1980) and Generation Y managers (born between 1981 and 2002) are likely to practice consensus leadership. Of course, it is the older members of Generation Y who would hold managerial positions. Part of the reason is that many of these people have taken leadership courses.

Striving for consensus does not mean that all conflict is submerged to make people agree. Disagreements over issues are healthy, and team members are more likely to be committed to the consensus decision if their voice has been heard. When voices are heard, some power is shared. An example of a conflict over an issue would be the marketing team of an automotive company debating whether dealer discounts improve sales in the long run.

Establishing Urgency, Demanding Performance Standards, and Providing Direction
Team members need to believe that the team has urgent, constructive purposes. They also want a list of explicit expectations. The more urgent and



LEADERSHIP SELF-ASSESSMENT QUIZ 9-1

Team Player Attitudes

Instructions: Describe how well you agree with each of the following statements, using the following scale: disagree strongly (DS); disagree (D); neutral (N); agree (A); agree strongly (AS).

		DS	D	N	A	AS
1.	I am at my best when working alone.	5	4	3	2	1
2.	I have belonged to clubs and teams since I was a child.	1	2	3	4	5
3.	It takes far too long to get work accomplished with a group.	5	4	3	2	1
4.	I like the friendship of working in a group.	1	2	3	4	5
5.	I would prefer to run a one-person business than to be a member of a large firm.	5	4	3	2	1
6.	It is difficult to trust others in the group on key assignments.	5	4	3	2	1
7.	Encouraging others comes to me naturally.	1	2	3	4	5
8.	I like the give-and-take of ideas that is possible in a group.	1	2	3	4	5
9.	It is fun to share responsibility with others in the group.	1	2	3	4	5
10.	Much more can be accomplished by a team than by the same number of people working alone.	1	2	3	4	5
11.	I will often poke fun at my other members of my work group through a social media post.	5	4	3	2	1
12.	I would pay a deserving compliment to a team member through a social media post.	1	2	3	4	5

Total score: _____

Scoring and Interpretation: Add the numbers you circled to obtain your total score.

- **46–60:** You have strong positive attitudes toward being a team member and working cooperatively with other members.
- **35–46:** You have moderately favorable attitudes toward being a team member and working cooperatively with other members.
- **15–34:** You much prefer working by yourself to being a team member. To work effectively in a company that emphasizes teamwork, you may need to develop more positive attitudes toward working jointly with others.

relevant the rationale is, the more likely it is that the team will achieve its potential. A customer service team was told that further growth for the corporation would be impossible without major improvements in providing service to customers. Energized by this information, the team met the challenge.

To help establish urgency, it is helpful for the leader to challenge the group regularly. Teamwork is enhanced when the leader provides the team valid facts and information that motivate them to work together to modify the status quo. New information prompts the team to redefine and enrich its understanding of the challenge it is facing. As a result, the team is likely to focus on a common purpose, set clearer goals, and work together more smoothly.²⁰

Studies in several industry settings, including the development of the Boeing 777 midsize airliner, suggest that urgent, demanding tasks also contribute to the teamwork effectiveness of teams composed of top talent. The researchers in question raise the caution that leader should prune anybody from the group who is not a good team player, regardless of the person's capability.²¹

Encouraging Competition with Another Group One of the best-known methods of encouraging teamwork is rallying the support of the group against a real or imagined threat from the outside. Beating the competition makes more sense when the competition is outside your organization. When the enemy is within, the team spirit within may become detrimental to the overall organization, and we-they problems may arise. While encouraging competition with another group, the leader should encourage rivalry, not intense competition that might lead to unethical business practices, such as making false charges against them. An example of ethical competition against another group would be a product development group at Dodge Ram competing to produce a pickup truck that outperformed the Ford 150 series of pickups.

Engaging in Ample Interaction with the Team A helpful tactic for building teamwork is to build positive relationships with team members, and relationships are built on conversations.²² The conversations should go beyond superficialities such as discussing weekend plans or how busy the team member is. Meaningful topics would include the team member's perception of potential problems, his or her job satisfaction, and suggestions for improvement.

An effective way of interacting with team members is to hold question-and-answer sessions. The same approach demonstrates participative leadership. Both leader and members ask and answer questions, such as "How can we make an even bigger contribution to the company?" When Kevin Johnson became CEO of Juniper Networks, he met with all his direct reports as a group. He told them that their input was very important. Two of the questions he asked were "What needs to change, and why?" and "What do you hope I do as CEO?" The group question-and-answer sessions appeared to have a positive impact on creating a cohesive top-management team.²³

Minimizing Micromanagement A strategic perspective on encouraging teamwork is for the leader to minimize **micromanagement**, the close monitoring of most aspects of group member activities (as mentioned in Chapter 4 in relation to leadership behaviors). To be a good team leader, the manager must give group members ample opportunity to manage their own activities. Avoiding micromanagement is a core ingredient of employee empowerment because empowered workers are given considerable latitude to manage their own activities. Not stepping in to make suggestions or corrections helps team members develop, and the feeling of growing professionally will often translate into workers developing a stronger team spirit.

An effective way of avoiding micromanagement is for the leader to learn to ignore minor actions that he or she does not like, yet are not real

problems. Suppose a manager has a preference for certain fonts used in PowerPoint presentations. To avoid being a micromanager, he or she should not insist that team members use only the favored fonts in PowerPoint slides.

A micromanager is also referred to as a *control freak*, because he or she wants to maintain so much control. Mickey Drexler, formerly of Gap, and now CEO of J. Crew, is by his own admission a control freak. His job satisfaction is the highest when he is involved in every facet of merchandising, even button selection. He also personally responds to shopper e-mails and telephone calls. Drexler is an acknowledged merchandising talent, and also the CEO and part owner of J. Crew, so his micro managing is tolerated. At the team level, a micromanager might be perceived as more of an annoyance.²⁴

The contingency leader recognizes the fine line between avoiding micro-management and not providing the guidance and accountability that team members may need to function well as a unit. Consultant Bruce Tulgan reports, "When we asked employees what they want from the people above them, the first thing they mention is never a raise. It's always more coaching, more guidance, clearer goals, more constructive criticism, and more recognition for achievement."²⁵ An implication is that a manager tinged with a little micromanagement is likely to engage in these constructive behaviors.

Practicing E-Leadership for Virtual Teams The heavy presence of communication technology has had a significant impact on team leadership, especially when team members do not work in the same physical location.

If team leader Jennifer, based in Seattle, sends a note of congratulations to team member Surinda, based in Mumbai, she is practicing e-leadership. Jennifer and Surinda are part of a virtual team: They work with each other, yet they do not share the same physical facility. **E-leadership** is a form of leadership practiced in a context where work is mediated by information technology. The leadership focus shifts from individuals to networks of relationships because the Internet facilitates connecting so many people.²⁶ E-leadership could, therefore, encompass any activity undertaken by a leader when the Internet connects people. Our concern here is how e-leadership facilitates building teamwork, especially in a virtual team.

When team members are geographically dispersed, a leader's communication with team members takes place using information technology, including the dissemination of information needed for task accomplishment. A participative leader may establish chat rooms to solicit opinions from members of a cross-border virtual team before reaching a final decision. The leader might also conduct an electronic poll to attain consensus on a controversial issue and have all team members share their reactions on an intranet or social media site.

The leader can foster team spirit (and therefore teamwork) by sending congratulatory e-mail messages for a job well done. In short, the e-leader improves teamwork by staying connected electronically to team members—although not to the point of blitzing them with so many messages that he or she becomes an annoyance.

Based on observations, interviews, and survey data, two intensive studies have identified leadership practices of effective leaders of virtual teams. The purpose of these practices is to overcome the unique challenges of managing virtual teams, such as not being able to see in-person when the team needs focus and direction. The conclusions of the researchers along with a few other studies dealing mostly with building teamwork are presented next.²⁷

1. When building a virtual team, solicit volunteers when feasible. As the experiences at Wikipedia and Linux have shown, virtual teams appear to thrive when they include volunteers with valuable skills. A team of volunteers has an elite status that contributes to team spirit. In addition to being volunteers, it is helpful for the virtual team to include members who already know each other. In this way, a component of camaraderie already exists.

2. Ensure that the task is meaningful to the team and the company. Ideally, the team task should resonate with the values of each member and the team collectively. The team leader should take the time to explain to all team members that the work matters because it will result in meaningful outcomes. Team members working on a relevant task are more likely to be spirited and cooperative. For example, a virtual team of Samsung employees would enjoy working on a smart watch because all members of the team would most likely regard the project as highly meaningful.

3. Establish and maintain trust through the use of communication technology. A major hurdle in working with a virtual team is deciding on what information gets communicated and to whom. In some instances, a norm might be established that restricts members from conveying negative information to anyone outside the team. It is also useful to ensure that all team members are equally inconvenienced by time zone differences, such as having a meeting at 3 A.M. their time. Meeting times would be rotated, so team members in one time zone would not suffer.

4. Ensure that diversity in the team is understood, appreciated, and leveraged. Diversity within the team can take many forms, such as experiences, skills, and interests. To ensure that diversity is understood and appreciated, leaders frequently develop an *expertise directory* when the team first forms. The directory can include a photo of each member along with details about his or her training, experience, and previous assignments. A skills matrix of team members can serve the same purpose.

5. Maintain frequent communications, including virtual meetings. The majority of team leaders in the study reported that regular audioconferences involving all members were the lifeblood of the team, even when tasks were distributed among the team members. The virtual meetings are used to keep members engaged, excited about the work, and aligned with each other. At the beginning of the meeting, it is helpful to have the team member reconnect with the human side of each team member. Exchanging personal stories helps build closeness.

Other forms of communication besides audioconferences can serve the function of developing teamwork. At Nokia, for example, the favored communication tool is text messaging, while at other companies e-mail or voice mail was more effective. Many companies use internal social media websites to encourage frequent shared interaction among team members. Most importantly, communication should be frequent and rapid.

Communication among team members shortly after the team is formed helps establish a pattern of continuing interaction. Yael Zofi recommends that the members schedule an instant messaging session among team members in which they ask several get-acquainted questions.²⁸ A sample introductory question might be, “How did you get into this line of work?”

6. Monitor team progress through the use of technology. An example of monitoring would be checking to see who is using the team’s online knowledge repository regularly and who is not. The leader can also check to see if some members are not doing their fair share of work, and then coach the underperformer. This approach might improve teamwork because loafers drag down a team.

7. Enhance external visibility of the team and its members. Virtual team members may have at least two bosses (the virtual team leader and the on-site boss), so it is important that the work of the virtual team gets reported externally. A virtual team in the electronics testing industry was required to report the team’s results to a steering committee. The link to teamwork is that receiving rewards and recognition helps build team spirit.

8. Ensure that individuals benefit from participating in virtual teams. Even if the members are good team players, they need personal benefits to experience team spirit. One approach is to have virtual reward ceremonies, such as having gifts delivered to each team member and then having a virtual party. (No need for designated drivers here because the party takes place at the homes of team members!) The team leader can also encourage executives at the team members’ work environment to thank the team members. Offering opportunities for personal growth, such as mini-lectures by an expert, can also be helpful.

9. To maintain a high-touch environment, conduct one or two face-to-face meetings per year. According to Richard Lepsinger, electronic technology is not a perfect substitute for human interaction. Lack of attention during virtual meetings is a warning sign to look for. Virtual teams that invest in one or two face-to-face meetings annually tend to perform better than those who skip such meetings.²⁹ Even the use of the most advanced videoconferencing equipment or Skype lacks the feel of interacting with a colleague face to face.

10. Recognize and reward above-average individual and team performance. As with other types of teams, the rewards given to virtual teams should be linked to individual and team goals, and they should be rewarded frequently.

You will observe that the ten suggestions for leading virtual teams include both actions leaders can take on their own, plus the use of company technology.

Actions Generally Requiring Organization Structure or Policy

Designing Physical Structures That Facilitate Communication Group cohesionness, and therefore teamwork, is fostered when team members are located close together and can interact frequently and easily. In contrast, people who spend most of their time in their private offices or cubicles are less likely to interact. Frequent interaction often leads to camaraderie and a feeling of belongingness. A useful tactic for achieving physical proximity is to establish a shared physical facility, such as a conference room, research library, or beverage lounge. This area should be decorated differently from other areas in the building, and a few amenities should be added, such as a coffeepot, microwave oven, and refrigerator. Team members can then use this area for refreshments and group interaction.

Recognizing the contribution of a shared physical facility to promoting teamwork, many organizations have incorporated more open working space into the workplace, often eliminating private offices and cubicles. Many people express dissatisfaction with this lack of privacy, but it is difficult to assess the productivity loss and morale problems stemming from limited opportunity for quiet reflection on the job.

Emphasizing Group Recognition and Rewards Giving rewards for group accomplishment reinforces teamwork because people receive rewards for what they have achieved collaboratively. Also, much of work that is accomplished in organizations requires collaboration, so group rewards are justifiable and sensible. A warning, however, is that many employees may view switching to a team-based pay plan that places much of their pay at risk as an unnerving proposition. Quite often a mix of individual rewards and team rewards is the most effective in terms of morale.

The recognition accompanying the reward should emphasize the team's value to the organization rather than that of the individual. Recognition promotes team identity by enabling the team to take pride in its contributions and progress. The following are examples of team recognition:

- A display wall for team activities such as certificates of accomplishment, schedules, and miscellaneous announcements
- Celebrations to mark milestones such as first-time activities, cost savings, and safety records
- Team-of-the-Month award, with gifts from the organization to team members or to the entire team

Another aspect of rewarding team performance is to avoid disincentives for teamwork. An example would be a stack-ranking system in which a fixed percentage of workers must be classified as bottom or poor performers, regardless of the team's overall performance.³⁰

The accompanying Leader in Action insert illustrates a restaurant business leader who emphasizes group incentives to enhance teamwork.



LEADER IN ACTION

Jerry Murrell, the CEO and Founder of Five Guys Rewards Teamwork

The CEO and founder of these Five Guys Burgers and Fries (usually referred to as Five Guys) is Jerry Murrell. The name stems from the fact that Murrell has five sons, all of whom are now top-level managers in his enterprise. The company has more than 1,100 restaurants in the United States and Canada, with expansion plans into Great Britain.

The Murrell family, including wife Janie, ran five restaurants in the Washington, DC area before starting a franchise operation. Within five months, Five Guys had 300 franchisees. The tightly enforced food preparation system includes fresh food only, and no freezers or microwave ovens. Customers are permitted to choose from an unlimited toppings included in the price. French fries are made from high-quality potatoes (usually from Idaho), cooked in peanut oil. The only permanent menu change has been the addition of hot dogs, a veggie sandwich, and a grilled cheese sandwich.

The Five Guys mission statement recognizes that to compete in a restaurant industry that is crowded with hamburger and French fries chains, it is essential to do hamburgers and French fries better than anyone else. This includes using top-quality ingredients, toasting buns on the grill, and hand-cutting the meat portions.

Murrell heavily emphasizes good team work among the store employees, the vast majority of whom are teenagers. The absence of paid advertising helps free up money for building team spirit. Five Guys management collects 1.5 percent of revenues from franchisee stores to give to employees teams who receive outstanding independent audits for quality of service, safety, and cleanliness. Crew members earn about \$9 per hour. In addition, the crews that score well on the audit can earn up to \$1,000 to divide equally among themselves. The bonus is paid each week based on the secret shopper incentive program.

Murrell says that the franchise tries to make the young workers feel ownership in the company. If the auditor does an inspection and the bathroom is not clean, that crew has lost potentially big bonus money.

Next thing he knows, the guy who was supposed to clean the bathroom has bathroom tissue all over his car and a potato lodged in the tail pipe.

Another teamwork building approach Five Guys relies on is an independent franchise committee that meets quarterly. Ideas for improvement are exchanged, and committee members are free to express objection to any one idea.

Mark Mosely, a former player for the NFL team, the Washington Redskins, is the head of franchising for Five Guys. He says about Murrell, “I look at him like a football coach. He’s the leader, and he hires good people and lets them do their jobs.”

Murrell received an Associates of Arts degree from Alpena Community College and a bachelor’s degree with a major in economics from the University of Michigan. His work in a fraternity house kitchen at the U of M triggered his interest in the restaurant business. However, before founding Five Guys, he worked first for a life insurance company, and then as a financial planner.

QUESTIONS

- At least seven family members are part of the executive team at Five Guys. What effect do you think this fact should have on top-management teamwork?
- What is your opinion of the impact on teamwork of paying large financial bonuses to crew members?

Source: Original story created from facts and observations in the following sources: Monte Burke, “All in the Family,” Forbes, August 6, 2012, pp. 92–97; “Five Guys Famous Burgers and Fries founder Jerry Murrell Offers about 250,000 Burger Combinations at His Stores. How Does He Do It?” QSR (www2.qsrmagazine.com); “The Five Guys Story,” Five Guys® Burgers and Fries (www.fiveguys.com/about-us); “How I Did It: Jerry Murrell, Five Guys Burgers and Fries As Told to Liz Welch,” Inc. (www.inc.magazine, pp. 1–13. Accessed January 4, 2014; “Alumnus Jerry Murrell: The Founder of Five Guys Burgers,” The Lumberjack Link (<http://discoveralpenacc.edu>) Spring 2013, pp. 1–2.

Initiating Ritual and Ceremony Another way to enhance teamwork is to initiate ritual and ceremony.³¹ Ritual and ceremony afford opportunities for reinforcing values, revitalizing spirit, and bonding workers to one another and to the team. An example is holding a team dinner whenever the group achieves a major milestone, such as making a winning bid on a major contract. Another formal ritual is to send a team on a retreat to develop its mission and goals and to build camaraderie. When the team is working and socializing closely together during the retreat—even one long day—teamwork is reinforced.

Practicing Open-Book Management A method of getting the company working together as a team is to share information about company finances and strategy with large numbers of employees. In **open-book management**, every employee is trained, empowered, and motivated to understand and pursue the company's business goals. In this way, employees become business partners and perceive themselves to be members of the same team.

In a full form of open-book management, workers share strategic and financial information as well as responsibility. The company also shares risks and rewards based on results, so workers are likely to pull together as a team so that the company can succeed.³² The idea is to have a well-informed, partner-oriented, high-performance company. Part of keeping workers well informed is for company leaders to host roundtable discussions about company financial information. Another approach is to regularly disseminate, by e-mail, information about the company's financial progress.

Selecting Team-Oriented Members A foundation strategy for achieving good teamwork is to select members for the team with aptitude, skill, and interest in teamwork. (Selecting team-oriented members is often a company policy, but it is also an action managers can take operating on their own.) A starting point is self-selection. It is best for the team leader to choose workers who ask to be members of a team. A person's record of past team activity can also help one determine whether that person is an effective team player (as suggested in the opening case to this chapter). Many managers believe that those who participate in team sports now or in the past are likely to be good team players on the job.

At times, workers will be assigned to the team rather than selected by the team leader or team members, so selecting team-oriented members is not possible. Among the key criteria for selecting teamwork-oriented members would be teamwork experience, prior success as a team player, and favorable personality traits such as agreeableness and extraversion.

Todd Carlisle, the Google staffing manager, looks carefully for teamwork preferences and skills when selecting new employees for the company. One of Carlisle's criteria is simply how likeable the candidates are: "You have to want to take them to lunch after the interview. It's important to hire leaders who play well with others, so ask about their experiences

working on a team. Their bragging that they convinced everybody else that they were right or taking credit for everything are red flags.”³³

Using Technology That Enhances Teamwork Workers can collaborate better when they use information technology that fosters collaboration, often referred to as *collaborative* software. For example, the straightforward act of exchanging frequent e-mail messages and instant messages can facilitate cooperation. Electronic brainstorming is another example of groupware. Virtual teams by their nature rely on information technology to enhance teamwork.

Advances in videoconferencing facilitate teamwork because of the ease in which geographically separated workers can participate in a virtual conference and exchange ideas *almost* as effectively as in a face-to-face meeting. An example is TelePresence, an advanced conferencing system installed in its own offices, customer offices, and in the homes of company executives. Meetings can be called spontaneously and group decisions made rapidly without traveling.

Social networking might be regarded as the most far-reaching technology for enhancing teamwork because so many workers can exchange information with each other and thereby collaborate more extensively. Also, when groups of people can readily see what information others are exchanging, a spirit of cooperation might develop. Even the exchange of jokes and interesting YouTube and Hulu videos might improve team spirit.

David Eisert, associate director of emerging technologies at the Kelley School of Business, Indiana University, says, “When you’ve got people in the network engaged, sharing information and openly communicating, that’s where the meat of knowledge transfer comes from.”³⁴ When the knowledge transfer leads to more collaboration, teamwork is enhanced. Merely glancing over posted information and doing nothing about it has no positive impact on teamwork.

Blending Representatives from the Domestic Company and Foreign Nationals on the Team Cross-cultural considerations enter into enhancing teamwork, as well as in most aspects of leadership. The fact of working with people from your own country, as well as a representative from the country of company headquarters, often enhances teamwork. Perhaps having a representative from the parent company, yet still respecting local talent, creates a spirit of cooperation. Also, blending cultural differences is appealing to some workers and might make them more interested in performing as a team.

A case in point is the experience of Jessica C. Isaacs, senior vice president of field operations for a reinsurance division of AIG. She notes: “Every time we’ve opened in a new country, instead of shipping expats in we’ve seen a transition from that and we’ve started to hire more local talent. My best performing teams are teams where I have lots of local talent sprinkled with some expat or foreign talent. Having the balance really optimizes everyone’s skill set and opens new opportunities.”³⁵

Offsite Training and Team Development

Cognitive information about strategies and tactics for improving teamwork is potentially valuable. People reading such information can selectively apply the concepts, observe the consequences, and then fine-tune an approach. Another approach to developing teamwork is to participate in experiential activities (several are presented throughout this text).

The most popular experiential approach to building teamwork and leadership skills is offsite training, also referred to as outdoor training. Wilderness training is closely associated with outdoor training, except that the setting is likely to be much rougher—perhaps in the frozen plains of northernmost Minnesota. Some forms of outdoor training take place in city parks, as well as in the city itself in order to rehabilitate or build a house.

Both outdoor and wilderness training are forms of learning by doing. Participants are supposed to acquire leadership and teamwork skills by confronting physical challenges and exceeding their self-imposed limitations. The goals of offsite training are reasonably consistent across different training groups, including the following.

- Discover your strengths and weaknesses.
- Test your limits (they are far broader than you imagine).
- Work together as a team.
- Have fun.
- Face the essence of who you are and what you are made of.

Features of Outdoor and Offsite Training Programs

Program participants are placed in a demanding outdoor environment, where they rely on skills they did not realize they had and on one another to complete the program. The emphasis is on building not only teamwork but also self-confidence for leadership. Sometimes lectures on leadership, self-confidence, and teamwork precede the activity. The list of what constitutes a team-building activity continues to grow and now includes tightrope walking, gourmet cooking as a team, paintballing, and scavenger hunts. Building or repairing houses for people in need is popular.

Another novel approach is for participants to perform stand-up comedy in front of work associates. Participants attend a Comedy Experience workshop in which they learn about the importance of humor on the job, and develop their own three-to-four minute comedy routines. The potential payoff to the company from staff members taking a turn at standup comedy is that the experience brings them closer together. As you would imagine, some participants are so frightened by having to do standup comedy that they derive no benefit from the program.³⁶

Outward Bound is the best-known and largest outdoor training program. It offers more than 500 courses in wilderness areas in twenty states and provinces. The courses typically run from three days to four weeks. Worldwide, Outward Bound runs about forty-eight schools on five continents. The Outward Bound

Professional Development Program, geared toward organizational leaders, emphasizes teamwork, leadership, and risk taking. The wilderness is the classroom, and the instructors draw analogies between each outdoor activity and the workplace. Among the courses offered are dog-sledding, skiing and winter camping, desert backpacking, canoe expeditions, sailing, sea kayaking, alpine mountaineering, mountain backpacking and horse-trailing, and cycling.

Rope activities are typical of outdoor training. Participants are attached to a secure pulley with ropes; then they climb up a ladder and jump off to another spot. Sometimes the rope is extended between two trees. Another activity is a trust fall, in which each person takes a turn standing on a platform and falling backward into the arms of coworkers. The trust fall can also be done on ground level. Many readers of this book have already participated in a trust fall. Leadership Skill-Building Exercises 9-2 and 9-3 present representative offsite activities.



LEADERSHIP SKILL-BUILDING EXERCISE 9-2

The Team Leader Candidates

Gather in a group of about six people, on your own or in front of the class. Your group is to carry out a mission that all members can visualize, such as the product development team for a pet food manufacturer. Management has empowered you to select your own team leader, and each of you would like to be chosen for the position. After being given about 15 minutes to prepare, each person will

address the rest of the team explaining why he or she should be chosen as the team leader. After the presentations are completed, hold a brief group discussion about the effectiveness of the presentations. Attempt to reach consensus about which candidate should be chosen as team leader. Also, reflect on what this exercise demonstrated about team leadership and teamwork.



LEADERSHIP SKILL-BUILDING EXERCISE 9-3

Trust Me

Part of trusting team members is to trust them with your physical safety. The trust builder described here has been incorporated into many team-building programs. Proceed as follows:

Step 1: Each group member takes a turn being blindfolded, perhaps using a bandanna.

Step 2: The remaining team members arrange between five and eight chairs into a formation of their choosing, using a different formation for each blindfolded member.

Step 3: At the appropriate signal from a team member, the blindfolded person starts to walk. The rest of the team gives instructions that will enable the blindfolded

person to get past the formation of chairs without a collision.

Step 4: At the end of the blindfolded person's experience, he or she immediately answers the following questions: (a) How did you feel when blindfolded in this exercise? (b) Explain why you either trusted or did not trust your team members, (c) What did you need from your team members while you were blindfolded?

Step 5: After each person has taken a turn, discuss in your team (a) the impact of this exercise on the development of trust in teams, and (b) what you learned about teamwork from the exercise.

Outdoor training enhances teamwork by helping participants examine the process of getting things done through working with people. Participants practice their communication skills in exercises such as rappelling down a cliff by issuing precise instructions to one another about how to scale the cliff safely. At the same time, they have to learn to trust one another because their survival appears to depend on trust.

One of the most intensive and extensive examples of team building through outdoor training is conducted annually at Seagate Technology, the leading manufacturer of hard drives. About 200 employees from around the world spend a week in Queenstown, New Zealand, located at the bottom of the world. The activities include hiking, kayaking, adventure racing, and breaking boards with the goal of building a more collaborative, team-oriented company. (Adventure racing is about running and biking through an unfamiliar course, such as at the bottom of a glacier.) Participants frequently shout to each other, “You’re awesome,” throughout many of the activities. A major rationale for the extensive team-building activity is that when people are placed in unfamiliar situations, especially when fatigued, they are more likely to ask for help and work as a team.³⁷

Evaluation of Outdoor Training for Team Development

Many outdoor trainers and participants believe strongly that they derive substantial personal benefits from outdoor training. Among the most important are greater self-confidence, appreciating hidden strengths, and learning to work better with others. Strong proponents of outdoor training believe that those who do not appreciate the training simply do not understand it. Many training directors also have positive attitudes toward outdoor training. They believe that a work team that experiences outdoor training will work more cooperatively back at the office. For example, Ron Roberts, the president of Action Centered Training, points out that paintball may have little to do with a job, but it can have a powerful effect. Winning demands teamwork, including forceful communication. Roberts says, “If they don’t work as a team, they get shot and experience pain. It’s not for everybody. But the principles of communication, teamwork, leadership and strategic planning are there.”³⁸

Many people have legitimate reservations about outdoor training, however. Although outdoor trainers claim that almost no accidents occur, a threat to health and life does exist, and groin injuries are frequent. (To help minimize casualties, participants usually need medical clearance.) Another concern is that the teamwork learned in outdoor training does not spill over into the job environment.

Some approaches to outdoor training are so physically demanding that they can be questioned on ethical and medical grounds. A glaring example is the Tough Mudder obstacle race offered to individuals and office teams. Participants slog their way through mud, leap over burning coals, stand on each other to scale walls, and jump into an ice-filled dumpster when the outside temperature is just below the freezing point. Participants are requested to sign a “death waiver.”³⁹

A major concern about offsite training is that some participants or potential participants find it repellent. Not every worker wants to play games, climb rocks, or prepare a gourmet meal with coworkers after hours. They would prefer a more natural, relaxing environment in which to build teamwork, such as doing volunteer work or having a family day at the workplace.⁴⁰

One way to facilitate the transfer of training from outdoors to the office is to hold debriefing and follow-up sessions. Debriefing takes place at the end of outdoor training. The participants review what they learned and discuss how they will apply their lessons to the job. Follow-up sessions can then be held periodically to describe progress in applying the insights learned during outdoor training.

The Leader–Member Exchange Model and Teamwork

Research and theory about the development of teamwork lag research and theory about many other aspects of leadership. Nevertheless, the leader–member exchange model, developed by George Graen and associates, helps explain why one subgroup in a unit is part of a cohesive team but another group is excluded.⁴¹ The theory, already mentioned several times in this text, deals with the relationship between a leader and a team member. However, the same theory tells us a lot about teamwork.

The **leader–member exchange (LMX) model** proposes that leaders develop unique working relationships with group members. One subset of employees, the in-group, is given additional rewards, responsibility, and trust in exchange for their loyalty and performance. The in-group becomes part of a smoothly functioning team headed by the formal leader. In contrast, the out-group employees are treated in accordance with a more formal understanding of leader–group member relations. Out-group members are less likely to experience good teamwork.

Figure 9-1 depicts the major concept of the leader–member exchange model. Here we look at several aspects of LMX as it relates most closely to teamwork. Leader–member exchange has also been researched in relationship to many other aspects of workplace behavior, and published research about LMX continues to expand.

Different-Quality Relationships

Leaders do not typically use the same leadership style in dealing with all group members. Instead, they treat each member somewhat differently. The linkages (relationships) that exist between the leader and each individual team member probably differ in quality. In theory, the differences lie on a continuum of low quality to high quality. With group members on the top half of the continuum, the leader has a good relationship; with those on the lower half of the continuum, the leader has a poor relationship. Each of these pairs of relationships, or dyads, must be judged in terms of whether a

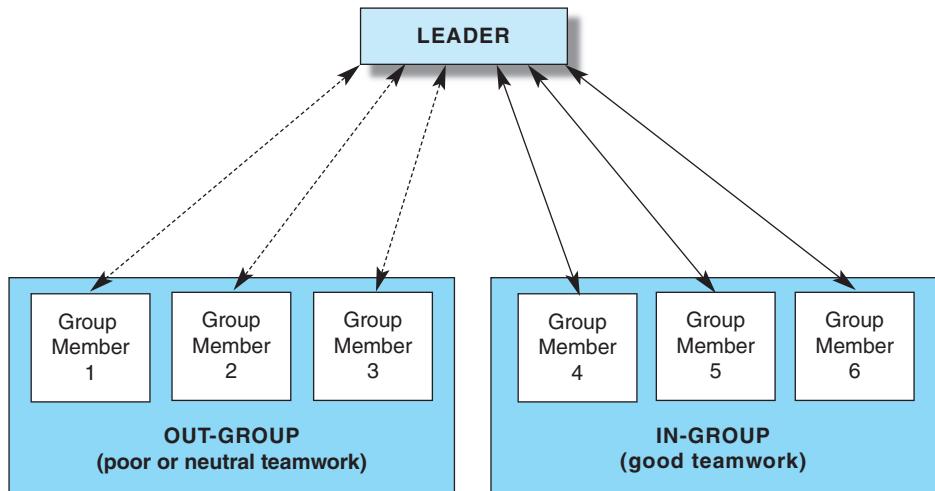


FIGURE 9-1 The Leader–Member Exchange Model.

Source: From Gregory Moorhead and Ricky W. Griffin, *Organizational Behavior: Managing People and Organizations*, 11th ed., p. 351. Copyright © 2014 by Cengage Learning.

group member is in or out with the leader. The positive regard that leaders and members have for each other is a major contributor to the quality of their relationship.⁴²

A note of caution about leader-member exchanges is that evidence suggests that the leader and the group members may perceive the quality of the exchange differently.⁴³ For example, the leader might think the exchange is positive, whereas the subordinate might think the exchange is neutral or negative. Because of this difference in perception, the leader should look carefully for evidence of the quality of a relationship with a given subordinate.

Treatment of In-Group Versus Out-Group Members In-group members are invited to participate in important decision making, are given added responsibility, and are privy to interesting gossip. Members of the out-group are managed according to the requirements of their employment contract. They receive little warmth, inspiration, or encouragement. In-group members tend to achieve a higher level of performance, commitment, and satisfaction than do out-group members. Furthermore, they are less likely to quit. A study conducted in a retail setting found that when the quality of the leader-member exchange is high, group members are more strongly committed to company goals.⁴⁴ In turn, this commitment leads to stronger teamwork because the workers pull together to pursue goals.

Reciprocity Between Leader and Members The in-group versus out-group status also includes an element of reciprocity or exchange. The leader grants more favors to the in-group member, who in response works harder to please the leader, a contributor to being a good team player. Two studies provide more specific information about the consequences of a positive

exchange between a supervisor and group members. In a hospital setting, positive exchanges involved group members' engaging in increased good citizenship behavior and in-group role behaviors such as putting extra effort into performing their duties.⁴⁵ As a result, the leader would feel justified in granting the in-group members more resources, such as a larger salary increase or a larger budget.

Extra-Role Behavior A study conducted in diverse industrial settings also found that high-quality exchanges between supervisors and employees contribute to employees' engaging in extra-role behavior, or being cooperative in ways that were not expected of them. Supervisory ratings of employee altruism were used to measure helping behaviors, as when an accountant helps a sales representative prepare a sales forecast. The researchers concluded that through the development of high-quality relationships with group members, supervisors are able to motivate the group members and enable them to engage in helping behaviors that benefit them as well as their coworkers.⁴⁶

Safety Performance Another contribution of positive LMXs is that they facilitate good safety performance, an important aspect of teamwork in many work environments. Sixty-four group leaders in a manufacturing plant participated in a study. A major finding of the study was that positive leader-member exchanges were associated with more communication about safety. The enhanced communication led to more commitment to safety, which in turn led to fewer accidents on the job.⁴⁷

Transformational Effects Another of the many consequences of positive leader-member exchanges is that they may facilitate the leader having a transformational effect. A study of 283 individuals from a broad cross-section of job types indicated that transformational relationships were significantly stronger for followers who perceived high-quality relationships with their supervisors. An example of a transformational relationship would be inspiring the subordinate to seek different perspectives when solving problems or bringing about change. Transformational effects also tie in with teamwork because the workers become energized to jointly accomplish goals.⁴⁸

Leader Status When group members perceive leaders to have high status, it is easier for the leader to form the type of high-quality relationships that contribute to good teamwork. A study of 184 bank employees and 42 managers found that leaders who were perceived to have higher quality relationships with their bosses and who were strongly connected to network members were regarded as having relatively high status. As a result, the leaders were able to have higher quality exchanges with their subordinates.⁴⁹

Leadership Emergence and Team Performance A complex way in which LMX enhances teamwork is that teams tend to attain better results when multiple members of the team emerge as leaders. Leadership emergence often depends on which expertise is required for the task at hand, such as an

expert in graphic design acting in a leadership role when the group task requires graphic design. A study conducted with customer service teams at a large telecommunications company in China investigated one condition under which high-quality leader-member exchanges encouraged more emergent leadership. It was found that when the team shared a vision, emergent leadership was more likely to take place. An item measuring shared vision was “My teammates provide a clear vision of where our team is going.”

The link to LMX in the study was that when the team shared vision was high, high-quality leader-member exchanges facilitated leader emergence. Conversely, when team shared vision was low, LMX is negatively related to emergent leadership. One implication of the study is that if the leader wants to facilitate emergent leadership by developing high-quality exchanges with group members, he or she must first work on establishing a shared vision within the group.⁵⁰

First Impressions

The leader's first impression of a group member's competency plays an important role in placing the group member in the in-group or the out-group. Another key linking factor is whether the leader and team member have positive or negative chemistry. We can assume that group members who make effective use of influence and political tactics increase their chances of becoming members of the in-group.

A field study seems to confirm that first impressions make a difference. The researchers gathered ratings of six aspects of the manager–group member dyad. Results showed that the initial leader expectations of members and member expectations of the leader were good predictors of the leader–member exchanges at two weeks and at six weeks. Member expectations of the leader also accurately predicted member assessments of the quality of the leader–member exchange at six months. An important interpretation of these results is that the leader–member exchange is formed in the first days of the relationship.⁵¹ As the adage states, “You have only one chance to make a good first impression.”

In summary, the leader–member exchange model provides a partial explanation of teamwork development. Members of the in-group work smoothly together and with the leader because they feel privileged. Being a member of the out-group may not diminish teamwork, but it certainly does not make a positive contribution.



READER'S ROADMAP

So far we have studied considerable information about the nature of leadership; the attributes, behaviors, and styles of leaders; the ethics and social responsibility of leaders; and how leaders exert power and use politics and influence. The techniques for developing teamwork are part of a leader's relationship with the group, as is the subject of the next chapter, motivational skills.

SUMMARY

Developing teamwork is a key leadership role. Teamwork is an understanding of and commitment to group goals on the part of all group members.

Leaders still play an important role in a team-based organization, such as being expert in the team process, being facilitators, building trust and inspiring teamwork, and enabling and empowering group members to accomplish their work. The enabling role centers on empowerment. It is important for top-level leaders to build a shared collective identity among the teams reporting to them. The external leader of a self-managing team plays a key role when the team faces disruptive conditions.

A wide range of leader actions fosters teamwork. Measures leaders can take using their own resources include (1) defining the team's mission and tasks; (2) establishing a climate of trust; (3) developing a norm of teamwork based on cooperation theory; (4) developing group emotional intelligence; (5) emphasizing pride in being outstanding; (6) serving as a model of teamwork, including power sharing; (7) using a consensus leadership style; (8) establishing urgency, demanding performance standards, and providing direction; (9) encouraging competition with another group; (10) engaging in ample interaction with the team; (11) minimizing micromanagement; and (12) practicing e-leadership for virtual teams.

Techniques to foster teamwork that require relying on organization structure or policy include the

following: (1) designing physical structures that facilitate communication; (2) emphasizing group recognition and rewards; (3) initiating ritual and ceremony; (4) practicing open-book management; (5) selecting team-oriented members; (6) using technology that facilitates teamwork including social media; and (7) blending representatives from the domestic company and foreign nationals on the team.

In offsite training, a popular experiential approach to building teamwork and leadership skills, building self-confidence is the focus. Outdoor training enhances teamwork by helping participants examine the process of collaboration. The Outward Bound Professional Development Program is geared toward organization leaders. Opinion about the effectiveness of outdoor training for developing teamwork and leadership skills is mixed. Concern has been expressed that the skills learned in the field do not carry over to the workplace.

The leader-member exchange model helps explain why one subgroup in a work unit is part of a cohesive team and another unit is excluded. According to the model, leaders develop unique working relationships with subordinates. As a result, in-groups and out-groups are created. Members of the in-group tend to perform better, have higher satisfaction, and exhibit more teamwork than members of the out-group. The leader's first impression of a group member's competency plays an important role in placing that person into the in-group or the out-group.

KEY TERMS

team 278

micromanagement 287

leader-member exchange

teamwork 278

e-leadership 288

(LMX) model 298

cooperation theory 282

open-book management 293



GUIDELINES FOR ACTION AND SKILL DEVELOPMENT

When attempting to develop teamwork, the leader would ordinarily be thinking of coaching individual team members to be more effective team players. Some research, however, suggests that teamwork is

more likely to be enhanced when the team leader coaches the team as an entity.⁵² For example, the team leader might meet with the group physically or through an internal website, and say, "I don't notice

you folks offering each other enough constructive feedback. In an effective team, the members learn from each other.”

Improving teamwork through the design of offices is receiving considerable attention. Texas Professional Training Associates explains how to customize your (you being the leader/manager) space to promote teamwork:

- 1. Create common areas.** Have ample space, accessible from throughout your office, for the team to meet formally and informally. Leave your team meeting tools—flip charts, whiteboards—in place even when the team is not meeting. One such building enables employees to collaborate more in a single, one-story space designed to encourage creative interaction and teamwork.
- 2. Put yourself in the center.** Instead of reserving the back office, try to put yourself in the middle. You can be close to day-to-day action and more accessible to your team.
- 3. Set up multipurpose rooms.** The back office can be used as a well-equipped workroom or library whenever team members—individually or in groups—feel they would be more productive away from their desks.
- 4. Insert activity generators.** Lively activity depends on having generators to draw traffic and bring people together. In your office, this could be the coffeepot, the mailboxes, or the reception desk. Turn these areas into places for team members to gather and interact comfortably and productively.⁵³

Discussion Questions and Activities

1. What would be the potential disadvantages of selecting a team leader who is highly charismatic and visionary?

2. Some top-level managers prohibit or discourage workers from telecommuting (including working from home and other remote locations) because they think such activity interferes with teamwork. What is your opinion on this issue?
3. Imagine yourself as the newly appointed leader of a team doing work in your field of knowledge and experience. Which one or two first steps would you take to encourage teamwork?
4. Imagine yourself as the team leader, and the gang invites you to join them for an after-hours drink at a bar. From the standpoint of enhancing teamwork, explain whether joining the team would be effective.
5. Is there a role for independent-thinking, decisive, and creative leaders in a team-based organization? Explain.
6. Each member of the top-management team wears khaki pants and a polo shirt with the Five Guys logo. What impact do you think this practice has on teamwork?
7. As the team leader, should you dress in about the same fashion as the rest of the team? Or should you dress a little fancier? Explain your reasoning.
8. What is your opinion of the value of experience in team sports for becoming a good team player in the workplace?
9. One of the character-building exercises in the Tough Mudder obstacle course is “electroshock therapy” in which participants pass through a dangling curtain of electrical wires, some carrying 10,000 volts of electric shock. Any thoughts on the leadership-skill value of this exercise, along with the ethics of the task?
10. How can political skill help a person avoid being adversely affected by the leader-member exchange model?

LEADERSHIP CASE PROBLEM A

The Global Insurance Tag Team

Calvin is the director of disaster insurance at a global insurance company. He has a large department of his own in New York, but he is also the

team leader of ten different representatives around the world. Each team member is responsible for encouraging the sales representatives in offices

around the globe to sell disaster insurance to cover such risks as floods, hurricanes, earthquakes, and terrorist attacks.

As Calvin describes it, "I wear two major hats. One hat is the leader of my own group of professionals in the disaster insurance field. My other major hat is that of a team leader and product manager who is trying to get team members around the world to facilitate the sale of disaster insurance. What makes this hat so difficult is that the team members do not really report to me. To complicate matters further, the reps who actually sell the insurance do not actually report to the members of my team."

When asked how the disaster insurance team was performing, Calvin replied, "Not as well as I would like. I have to keep chasing after the team members to remind them of their roles in helping the company cover disaster risks. Hillary, my team leader in Great Britain, told me that I need to trigger an earthquake in Europe to get clients interested in more disaster insurance. She asked me to start a major flood as a second possibility."

"Another problem I'm facing," said Calvin, "is that I don't see much integrated effort among the team members. I do see a few e-mails sent to the group discussing common concerns, but I don't see much coordinated effort."

"We held a videoconference early this year, attempting to get everybody on board pulling

together. One problem was that we couldn't get full participation because of the difficulty in finding a time to meet because of the wide spread in time zones. We had a few laughs, with Tom from Australia saying that his wife thought he was headed out to the pub, not really attending a late-night meeting.

"Another hurdle I need to conquer is that there seem to be some cross-cultural differences in the importance businesspeople attach to disaster insurance. Sophie, our team member in Columbia, told me that executives in South American countries worry less about potential disasters than do Americans. As a result, she said it is difficult for her to be as heavily committed to selling disaster insurance as some of the other team members."

"One of my biggest agenda items for the year," concluded Calvin, "is to get my disaster insurance team coordinating their efforts better."

Questions

1. Identify the teamwork problems you think Calvin might be facing.
2. What steps do you recommend Calvin take to enhance teamwork in his global disaster insurance team?
3. What might Calvin do to provide stronger leadership to his global team?

ASSOCIATED ROLE PLAY

One student plays the role of Calvin who is conducting a transnational videoconference to encourage better teamwork in selling disaster insurance. Four or five

other students play the roles of team members across the globe, not all of whom are so convinced that disaster insurance will sell well in their country.

LEADERSHIP CASE PROBLEM B

Ashley Wants to Boost Teamwork

Ashley considered herself fortunate to be chosen as the team leader for one of the newly formed teams at the insurance company where she worked. The purpose of forming teams was to improve customer service. Each team now had the authority to issue policies and settle claims, within limits, for specific geographic regions. Before the shift into teams,

separate departments existed for sales, underwriting, and claims. Although the company was profitable, it received too many criticisms about poor service, particularly in the time required to process a claim. Sales representatives within the company contended that the underwriting department took too long to approve and issue policies.

One of Ashley's first initiatives was to hold frequent in-person meetings to discuss how service was going to be improved. She emphasized to the team that the company had adopted the popular team concept and that teams were empowered to look for ways to improve efficiency. Ashley also emphasized that each team member had more responsibility than under the department structure. Each team member would be doing some sales, underwriting, and claims.

Team member George commented during one of the meetings, "Just think of it, three jobs in one and being paid just the same as before." During the same meeting, team member Roz asked, "What's so special about calling us a team? I had a nice job in the underwriting department before these teams were formed. I enjoyed that work. Now my job is more confusing."

Ashley responded, "The company decided this was the way to go. Trust me, everything will work out fine. Just go along with the team idea for now."

Four months after the teams were formed, Ashley's boss, James, met with her to discuss progress. James said, "Your team isn't making as much progress as I would like. Policies are not being issued any faster. Customer complaints about slow claims settlements are at the same level as before we converted into

teams. The other teams are making more progress. Does your team have a problem?"

"We do have a problem," said Ashley. "Everyone comes to work just as in the days before teams. They do most of the work alone, but they send e-mail messages to each other as needed. It just seems to be business as usual. So far, the idea of a high-producing team hasn't caught on."

"Are you an effective team leader?" asked James.

"I think I am," said Ashley. "I do everything I'm supposed to. I hold meetings, I post messages. I answer all questions asked of me. I try to settle problems."

"I'll be back to you in two months to discuss your team's progress. I want to see some improved results in terms of better customer service."

Case Questions

1. How can Ashley be a more effective team leader?
2. What can Ashley do to get her team more interested in functioning as a team?
3. Based on whatever information you have found in the case, what is your evaluation of Ashley's charisma?

ASSOCIATED ROLE PLAY

Ashley Holds a Team Development Meeting

In this group role play, one student plays the role of Ashley who holds a team meeting designed to get her group more oriented toward teamwork. The e-mail she sent a few days before the meeting just alluded to a team meeting to discuss items relevant to the team progress. During the meeting, Ashley attempts to implement a few ideas for developing strong teamwork. Several other students play the role of team members, not all of whom see much

value in the team structure. Run the role play for about eight minutes. Observers will look to see if Ashley uses any technique, or says anything, that will most likely inspire this team to higher levels of performance. Observe the reactions of team members to see if they appear to be inspired. Check to see if Ashley uses any specific technique of teamwork development, rather than simply using common sense.



LEADERSHIP SKILL-BUILDING EXERCISE 9-4

My Leadership Portfolio

Now that you have studied a basketful of ideas about enhancing teamwork, you can add to your skill repertoire by implementing a few of these tactics. The

next time you are involved in group activity, as either the leader or a group member, attempt to enhance cooperation and teamwork within the group. Make

specific use of at least two of the recommended tactics for improving teamwork. Make an entry in your journal after your first attempts to enhance teamwork. Here is an example:

I am the head of the Latino Business Club at our college. Attendance hasn't been too great in recent meetings, and the club seems headed nowhere. So at our last meeting, I suggested that we devote the entire meeting to building a mission statement.



LEADERSHIP SKILL-BUILDING EXERCISE 9-5

The Trust Fall

Perhaps the most widely used team-building activity is the trust fall, which may be familiar to many readers. Nevertheless, each application of this exercise is likely to produce new and informative results. The class organizes itself into teams. In each team, each willing member stands on a chair and falls back into the arms of teammates. A less frightening alternative to falling off a chair is to simply fall backward standing up. Team members who, for whatever physical or mental reason, would prefer not to fall back into others or participate in

I explained that if we knew what our purpose was, maybe we would pull together better. We are still working on the mission, but so far it has to do with enhancing the impact and reputation of Hispanic business leaders. I also suggested that we invest in T-shirts with a logo we could be proud of. This idea may sound hokey, but the group really rallied around the idea of building unity through new T-shirts.

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Motivation and Coaching Skills

LEARNING OBJECTIVES

After studying this chapter and doing the exercises, you should be able to

- Explain the leader's role in employee engagement.
- Identify and describe leadership skills linked to expectancy theory.
- Describe goal theory.
- Describe how leaders can motivate others through recognition.
- Understand the characteristics of coaching and how to practice coaching skills and techniques.
- Describe how executive coaches help enhance leadership skills.

CHAPTER OUTLINE

Leadership and Employee Engagement

The Impact of Worker Engagement on Productivity
Meaningful Work for Employee Engagement

Expectancy Theory and Motivational Skills

Basic Components of Expectancy Theory
Leadership Skills and Behaviors Associated with
Expectancy Theory

Goal Theory

Basic Findings of Goal Theory
The Importance of How Goals Are Attained and Other
Concerns

Using Recognition and Pride to Motivate Others

Appealing to the Recognition Need of Others
Appealing to Pride

Coaching as an Approach to Motivation

Key Characteristics of Coaching
Fallacies About Coaching

Coaching Skills and Techniques

Executive Coaching and Leadership Effectiveness

Specific Forms of Assistance Provided by Executive
Coaches
Contributions of and Concerns About Executive
Coaching

Summary

Key Terms

Guidelines for Action and Skill Development

Leadership Case Problem A

Leadership Case Problem B

Notes

Chipotle Mexican Grill is a well-known and financially successful restaurant chain with 1,500 locations, mostly in the United States, but also in Canada, the United Kingdom, and France. Co-CEOs Steve Ellis and Monty Moran attribute much of the chain's success to a program that motivates workers by giving them an opportunity to become leaders, mentor others, and earn six-figure incomes. The centerpiece to the program is possibility of being promoted to restaurateur, a medium-level leader. He or she must have the knowledge and skill to create an outstanding restaurant experience by building a culture of high performers who consistently achieve high standards.

According to Moran, "Our 200 Restaurateurs represent a group of top-performers who have worked their way up from hourly crew positions. These top performers are poised for an incredible future with Chipotle. These are people who could be our future executives and officers, to whom we will entrust the leadership of our entire organization."

The Restaurateur program began in 2006, shortly after Moran joined the company. The program has been effective in attracting potential store managers to

Chipotle—those with knack for attracting the best teams and developing them into leaders who can create outstanding restaurant experiences. Restaurateurs earn a regular salary and bonus, plus up to a \$10,000 bonus for each crew member they develop into a general manager (person in charge of the restaurant). This bonus program leads to hiring potential managers right into the burrito lines, building a motivated workforce. Ninety-seven percent of the managers began with the company by rolling burritos. In addition to recruiting store employees, the restaurateur invests considerable time in coaching, mentoring, and training general managers and other employees.

The highest-performing restaurateurs go on to mentoring several stores, until they become a team director in charge of sixty units, and then a regional director who oversees 220 Chipotle outlets. A restaurateur also has a strong possibility of obtaining a corporate executive position. Approximately 1 percent of Chipotle's 37,000 employees are restaurateurs. Moran explains that a restaurateur is the gateway position for every leadership position in the company. "We want all of our future leaders, our future CEO, to become a restaurateur."¹

This story about a fast-food chain illustrates how important it is for leaders to motivate employees in order to grow at an organization. Equally important, the Chipotle story illustrates that the opportunity to help others and advance one's own leadership career (and also earn a high income) can be highly motivational. Effective leaders are outstanding motivators and coaches. They influence others in many of the ways previously described. In addition, they often use specific motivational and coaching skills. These techniques are important because not all leaders can influence others through formal authority or charisma and inspirational leadership alone. Face-to-face, day-by-day motivational skills are also important. Good coaching is a related essential feature of management because motivating workers is an important part of coaching them. During a coaching session, the leader will often attempt to motivate the person being coached.

In this chapter, we approach motivation and coaching skills from various perspectives. First, we take an overview of motivation by explaining the leader's role in employee engagement. We then examine first how leaders make effective use of expectancy theory, recognition, and goal setting, to motivate group members. Second, we describe coaching, including a description of specific coaching skills and the role of the executive coach.



LEADERSHIP SELF-ASSESSMENT QUIZ 10-1

How Meaningful Is My Work?

Instructions: Indicate whether you mostly agree or mostly disagree as to how well each of the following statements applies to your present, or a previous, position. If relating to a job you hold or have held is not sensible, relate each of the statements to school or volunteer work.

STATEMENT ABOUT THE WORK AND OR JOB	MOSTLY AGREE	MOSTLY DISAGREE
1. When I am at work, the time flies by quickly.	<input type="checkbox"/>	<input type="checkbox"/>
2. My job gives me as much pleasure as participating in my favorite pastime.	<input type="checkbox"/>	<input type="checkbox"/>
3. The work I do really helps other people.	<input type="checkbox"/>	<input type="checkbox"/>
4. The work I do really has an impact on society.	<input type="checkbox"/>	<input type="checkbox"/>
5. I feel totally absorbed in my work.	<input type="checkbox"/>	<input type="checkbox"/>
6. I am so excited about my job.	<input type="checkbox"/>	<input type="checkbox"/>
7. I discover something new and interesting about my job almost every week.	<input type="checkbox"/>	<input type="checkbox"/>
8. My job fills me with energy because it is so exciting.	<input type="checkbox"/>	<input type="checkbox"/>
9. It would make me sad to let my coworkers down.	<input type="checkbox"/>	<input type="checkbox"/>
10. I put a lot of mental energy into my job.	<input type="checkbox"/>	<input type="checkbox"/>
11. I put a lot of physical energy into my job.	<input type="checkbox"/>	<input type="checkbox"/>
12. I would feel guilty if I was too sick to come to work.	<input type="checkbox"/>	<input type="checkbox"/>
13. I don't care if many celebrities earn much more money than I because my work is very important.	<input type="checkbox"/>	<input type="checkbox"/>
14. I throw myself into my job.	<input type="checkbox"/>	<input type="checkbox"/>
15. My work helps give me a purpose in life.	<input type="checkbox"/>	<input type="checkbox"/>

Scoring and Interpretation: The more of the above statements you agree with, the more meaning you have in your work and your job.

- **12–15:** Your work is quite meaningful, and if your attitudes persist, you should have a long and rewarding career.
- **5–11:** You have an average degree of meaningfulness in your work and job.
- **1–4:** Your work may not be meaningful enough to bring you long-term satisfaction. You are advised to look for ways to make your work more meaningful, such as looking for new tasks that you perceive as more meaningful.

Source: A few of the statements in the quiz are based on questionnaire items presented in a review of the literature found in Michael S. Christian, Adela S. Garza, and Jerel E. Slaughter, "Work Engagement: A Quantitative Review and Test of Its Relation with Task Performance," *Personnel Psychology*, No. 1, 2011, pp. 108–109.

Most readers of this book have already studied motivation, so here we describe how it is possible to apply a few popular motivation theories rather than repeat a discussion of theories you have already studied, such as reinforcement theory or Maslow's need hierarchy.

Leadership and Employee Engagement

A broad purpose of leaders applying motivation and coaching techniques is to get employees involved in their work and excited about working for the organization. **Engagement** is the current buzz word for the commitment workers make to their employer. The term refers to high levels of personal investment in the tasks performed on a job.² Engagement is reflected in employee willingness to stay with the firm and go beyond the call of duty.

Later in this section, we describe how leaders can enhance employee engagement through making work more meaningful. A preliminary observation about the impact of leadership on employee engagement comes from a study of industrial consultants in the Netherlands. Using both surveys and individual diaries, it was found that leaders perceived to be transformational had had a positive impact on worker optimism, resulting in workers experiencing engagement on a daily basis.³

Gaining employee commitment is especially important in the current era because a study conducted in 142 countries found that about 63 percent of workers are not fully engaged in their work. They do what is expected of them but do not contribute extra mental and physical effort to be outstanding. Furthermore, their motivation is low and they are less likely to invest discretionary effort in important organizational outcomes. The same study found that 13 percent of employees are engaged, and 24 percent actively disengaged.⁴

The Impact of Worker Engagement on Productivity

According to Jim Harter, a Gallup research scientist, engagement—or the lack of it—has substantial implications for how well business organizations achieve their goals.⁵ Quantitative evidence points toward the impact of employee engagement. A Gallup Organization study involving approximately 32,400 business units found that those in the top quartile on engagement had 18 percent higher productivity, 16 percent higher profitability, and 29 percent fewer accidents than companies in the bottom quartile on engagement.⁶ Engagement was measured by a questionnaire. The State of the American Workplace report shows that companies with a 9-to-1 ratio of engaged to actively disengaged employees experience 147 percent higher earnings per share, on average, in comparison to their competitors.⁷

A key link between leadership, motivation and coaching techniques, and engagement is that leaders need to use motivation and coaching techniques to help keep employees engaged. An example of the value of a coaching technique is that a survey of 1,000 employees revealed that leaders who give positive feedback to employees foster engagement. Furthermore, giving mostly negative feedback is better than no feedback or being ignored. A total of 5 percent of employees were engaged who believed that supervisors focused on their weaknesses (11 percent of employees fell into this category).⁸

Looking at the leader's role in enhancing motivation more broadly, Jean Houston, an Atlanta-based human resources consultant, says that managers



LEADERSHIP SKILL-BUILDING EXERCISE 10-1

Collecting Live Data on Worker Engagement

The purpose of this exercise is to obtain some first-hand data about worker engagement, and then think through the leadership implications of your findings. Conduct interviews of about seven minutes in length with the next five working people you can find, doing any kind of work, at any job level. In-person or telephone interviews would be best, but if necessary use e-mail, text messaging, chat, or social media. Ask each interviewee how much he or she feels engaged in or committed to his or her present job. Also, ask why the person feels that

way. After you have collected your interview data, think through the leadership implications, such as the following:

1. What could I do as a leader to facilitate group members getting more engaged in their work?
2. What role did leaders play in helping my interviewees get engaged in their work?

If class time permits, it could prove insightful for class members to share some of their findings.

can engage their workers by seeing them as whole people and having the courageous conversations that will build trust and see what is really going on. Houston also encourages managers to learn and use soft skills such as communication, recognition, mentoring, and caring because soft skills can have a hard impact.⁹ (Such is the thrust of this chapter and this book.) According to a survey conducted by BlessingWhite Inc., 20 percent of respondents cited career advancement as a key driver of engagement. A specific technique for leaders to engage employees is therefore to initiate career discussions.¹⁰

Skill-Building Exercise 10-1 provides you an opportunity to develop fresh insights into employee engagement.

Meaningful Work for Employee Engagement

A key driver of worker engagement is the opportunity to perform **meaningful work**, the feeling of doing work that matters or makes a difference. Research by McKinsey and company indicates that the opportunity to make an impact in the following four areas is the most likely to increase the meaningfulness of work for employees:

- *On society*—including making a better society, building the community, or managing resources carefully
- *On the customer*—for example, making life easier for customers and providing a superior service or product
- *On the workgroup or team*—for example, having a sense of belonging, a caring environment, or working collectively in an efficient and effective manner
- *On themselves*—including personal development, higher financial compensation, and a sense of empowerment

A management team at an American financial services firm worked to create stories related to these four sources of impact in order to enhance worker engagement in reducing costs. The society source of impact was

told in terms of more affordable housing. The impact on customers was described in relation to increased simplicity and flexibility, fewer errors, and more competitive prices. The team impact story was told in terms of less duplication of effort, more delegation, increased accountability, and a faster pace. Finally, the story about individual impact was related to bigger and more attractive jobs, an opportunity to build turn-around skills, and creating one's own institution. Within one month, the number of employees reporting that they were motivated to bring about cost reductions surged to 57 percent from 55 percent, based on morale surveys.¹¹

A major way in which leaders can make work highly meaningful for subordinates is to provide them with the opportunity to lead projects or task forces. Such leadership opportunities enhance engagement of the heads of the projects or task forces. According to a McKinsey global survey of 1,047 executives, other managers, and employees, the opportunity to lead projects or tasks forces was an extremely or highly effective incentive. (A comparable percentage responded that performance-based cash incentives had the same effect.)¹²

Leadership Self-Assessment Quiz 10-1 gives you an opportunity to personalize the concept of meaningful work and employee engagement.

Another illustrative way in which leaders can facilitate engagement among employees is to provide them feedback on the progress they are making with their work. Teresa Amabile and Steven Kramer gathered and analyzed diary reports from 238 professional-level workers in twenty-six project teams from seven companies across three different industries. The diaries were e-mailed to participants, and asked a few questions about the day, including what stood out in relation to work. Based on 12,000 diary entries, the authors discovered that a feeling of making progress was the key to employee engagement among these workers.¹³ An example of a leader providing feedback on worker of progress would be to say, "It looks like you found a way to reduce energy costs another one percent toward our goal of a 25 percent reduction."

Expectancy Theory and Motivational Skills

Expectancy theory is a good starting point in learning how leaders can apply systematic explanations of motivation, for two major reasons. First, the theory is comprehensive: It incorporates and integrates features of other motivation theories, including goal theory and behavior modification. Second, it offers the leader many guidelines for triggering and sustaining constructive effort from group members. Although not much research is conducted about expectancy theory nowadays, it remains a stable approach to understanding work motivation.

The **expectancy theory** of motivation is based on the premise that the amount of effort people expend depends on how much reward they expect to get in return. In addition to being broad, the theory deals with cognition and process. Expectancy theory is cognitive because it emphasizes the

thoughts, judgments, and desires of the person being motivated. It is a process theory because it attempts to explain how motivation takes place.

The theory is really a group of theories based on a rational, economic view of people.¹⁴ In any given situation, people want to maximize gain and minimize loss. The theory assumes that they choose among alternatives by selecting one they think they have the best chance of attaining. Furthermore, they choose the alternative that appears to have the biggest personal payoff. Given a choice, people will select the assignment they think they can handle the best and will benefit them the most.

Basic Components of Expectancy Theory

Expectancy theory contains three basic components: valence, instrumentality, and expectancy. Because of these three components, the theory is often referred to as VIE theory. Figure 10-1 presents a basic version of expectancy theory. All three elements must be present for motivation to take place. To be motivated, people must value the reward, think they can perform, and have reasonable assurance that their performance will lead to a reward.

Valence The worth or attractiveness of an outcome is referred to as **valence**. As shown in Figure 10-1, each work situation has multiple outcomes. An **outcome** is anything that might stem from performance, such as a reward. Each outcome has a valence of its own. And each outcome can lead to other outcomes or consequences, referred to as *second-level outcomes*. A person who receives an outstanding performance evaluation (a first-level outcome) becomes eligible for a promotion (a second-level outcome). Second-level outcomes also have valences. The sum of all the valences must be positive if the person is to work hard. If the sum of all of the valences is negative, the person might work hard to avoid the outcome.

Valences range from -100 to $+100$ in the version of expectancy theory presented here. (The usual method of placing valences on a -1.00 to $+1.00$ scale does not do justice to the true differences in preferences.) A valence of $+100$

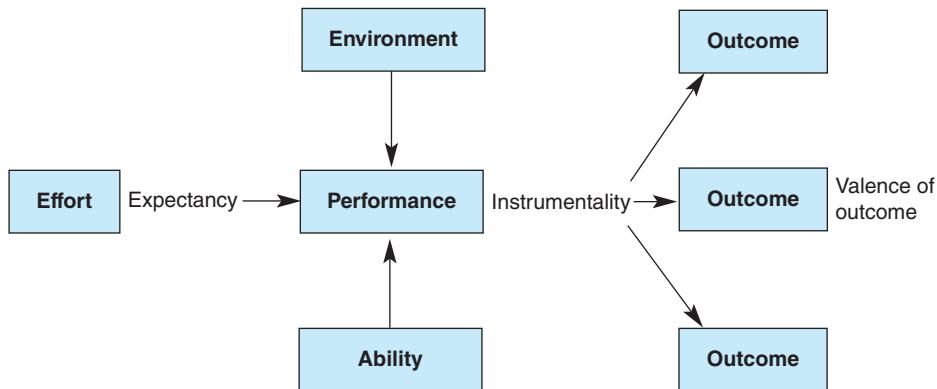


FIGURE 10-1 The Expectancy Theory of Motivation.

means that a person intensely desires an outcome. A valence of -100 means that a person is strongly motivated to avoid an outcome such as being fired or declaring bankruptcy. A valence of zero signifies indifference to an outcome and is therefore of no use as a motivator.

An example of using negative and positive valence at the same time would be for the CEO to use data to point out how bleak the company will become if it does not change, and how wonderful the company will become if it does change.

Instrumentality An individual's assessment of the probability that performance will lead to certain outcomes is referred to as **instrumentality**. (An instrumentality is also referred to as a *performance-to-outcome expectancy* because it relates to the outcome people expect from performing in a certain way.) When people engage in a particular behavior, they do so with the intention of achieving a desired outcome or reward. Instrumentalities range from 0 to 1.0, where 0 is no chance of receiving the desired reward and 1.0 is a belief that the reward is certain to follow. For example, an hourly worker might say, "I know for sure that if I work overtime, I will receive overtime pay."

Expectancy An individual's assessment of the probability that effort will lead to correct performance of the task is referred to as **expectancy**. (The same concept is also referred to as *effort-to-performance expectancy*.) An important question people ask themselves before putting forth effort to accomplish a task is, "If I put in all this work, will I really get the job done properly?" Expectancies range from 0 to 1.0, where 0 is no expectation of performing the tasks correctly, and 1.0 signifies absolute faith in being able to perform the task properly. Expectancies thus influence whether a person will even strive to earn a reward. Self-confident people have higher expectancies than do less self-confident people. Being well trained increases a person's subjective sense that he or she can perform the task.

The importance of having high expectancies for motivation meshes well with the contribution of **self-efficacy**, the confidence in your ability to carry out a specific task. If you have high self-efficacy about the task, your motivation will be high. Low self-efficacy leads to low motivation. Some people are poorly motivated to skydive because they doubt they will be able to pull the rip cord while free falling at 120 mph.

In short, if you are confident about your task-related skills, you will get your act together to do the task. This is one reason that you should give people the skills and confidence they need to put forth effort.

An apparent contradiction in expectancy theory requires explanation. Some people will engage in behaviors with low expectancies, such as trying to invent a successful new product or become the CEO of a major corporation. The compensating factor is the large valences attached to the second-level outcomes associated with these accomplishments. The payoffs from introducing a successful new product or becoming a CEO are so great that people are willing to take a long shot that helps verify the justification for leaders' and managers' concern about motivating employees: People who try harder perform better.

Leadership Skills and Behaviors Associated with Expectancy Theory

Expectancy theory has many implications for leaders and managers with respect to motivating others.¹⁵ Some of these implications also stem from other motivational theories, and they fit good management practice in general. As you read each implication, reflect on how you might apply the skill or behavior during a leadership assignment.

- 1. Determine what levels and kinds of performance are needed to achieve organizational goals.** Motivating others proceeds best when workers have a clear understanding of what needs to be accomplished. At the same time, the leader should make sure that the desired levels of performance are possible. For example, sales quotas might be set too high because the market is already saturated with a particular product or service.
- 2. Make the performance level attainable by the individuals being motivated.** If the group members believe that they are being asked to perform extraordinarily difficult tasks, most of them will suffer from low motivation. A task must generally be perceived as attainable to be motivational.
- 3. Train and encourage people.** Leaders should give group members the necessary training and encouragement to be confident they can perform the required task. Some group members who appear to be poorly motivated simply lack the right skills and self-confidence.
- 4. Make explicit the link between rewards and performance.** Group members should be reassured that if they perform the job to standard, they will receive the promised reward.
- 5. Make sure the rewards are large enough.** Some rewards that are the right kind fail to motivate people because they are not in the right amount. The promise of a large salary increase might be motivational, but a 1 percent increase will probably have little motivational thrust for most workers.
- 6. Analyze what factors work in opposition to the effectiveness of the reward.** Conflicts between the leader's package of rewards and other influences in the work group may require the leader to modify the reward. For example, if the work group favors the status quo, a large reward may be required to encourage innovative thinking.
- 7. Explain the meaning and implications of second-level outcomes.** It is helpful for employees to understand the value of certain outcomes, such as receiving a favorable performance evaluation. (For example, it could lead to a salary increase, assignment to a high-status task force, or promotion.)
- 8. Understand individual differences in valences.** To motivate group members effectively, leaders must recognize individual differences or preferences for rewards. An attempt should be made to offer workers rewards to which they attach a high valence. One employee might value a high-adventure assignment; another might attach a high valence to a routine, tranquil assignment. Cross-cultural differences in valences may also occur. For example, many (but not all) Asian workers prefer not to be singled out for recognition in front

of the group. According to their cultural values, receiving recognition in front of the group is insensitive and embarrassing. Another example is that gift certificates for stores might have more valence in the United States than in Italy, where workers may prefer a small fashion boutique. Leadership Skill-Building Exercise 10-2 deals with the challenge of estimating valences.



LEADERSHIP SKILL-BUILDING EXERCISE 10-2

Estimating Valences for Applying Expectancy Theory

Instructions: A major challenge in applying expectancy theory is estimating what valence attaches to possible outcomes. A leader or manager also has to be aware of the potential rewards or punishment in a given work situation.

Listed are a group of rewards and punishments, along with a space for rating the reward or punishment on a scale of -100 to +100. Work with about six teammates, with each person rating all of the rewards and punishments.

POTENTIAL OUTCOME	RATING (-100 TO +100)
1. Promotion to vice president	_____
2. One-step promotion	_____
3. Above-average performance evaluation	_____
4. Top-category performance evaluation	_____
5. \$10,000 performance bonus	_____
6. \$5,000 performance bonus	_____
7. \$150 gift certificate	_____
8. Employee-of-the-month plaque	_____
9. Note of appreciation sent by e-mail or posted on social media website, and placed in file	_____
10. Lunch with boss at good restaurant	_____
11. Lunch with boss in company cafeteria	_____
12. Challenging new assignment	_____
13. Allowed to accumulate frequent flyer miles for own use	_____
14. Allowed to ride in company-owned jet for business travel	_____
15. Assigned latest mobile device for own use	_____
16. Private corner office with great view	_____
17. Assigned a full-time administrative assistant	_____
18. Documentation of poor performance	_____
19. Being fired	_____
20. Being fired and put on industry bad list	_____
21. Demoted one step	_____
22. Demoted to entry-level position	_____
23. Being ridiculed in front of others	_____
24. Being suspended without pay	_____
25. Being transferred to undesirable geographic location	_____

EXERCISE 10-2 (continued)

After completing the ratings, discuss the following issues:

1. Which rewards and punishments received the most varied ratings?
2. Which rewards and punishments received similar ratings?

Another analytical approach would be to compute the means and standard deviations of the valences for each outcome. Each class member could then compare his or

her own valence ratings with the class norm. To add to the database, each student might bring back two sets of ratings from employed people who are not in the class.

To apply this technique to the job, modify this form to fit the outcomes available in your situation. Explain to team members that you are attempting to do a better job of rewarding and disciplining and that you need their thoughts. The ratings made by team members might provide fruitful discussion for a staff meeting.

9. Recognize that when workers are in a positive mood, high valences, instrumentalities, and expectancies are more likely to lead to good performance. An experiment with college students indicated that participants in a positive mood performed better, were more persistent, tried harder, and reported higher levels of motivation than those in a neutral mood. The positive affect made awards appear more attractive (higher valence). Being in a good mood also strengthened the link between performance and outcome (instrumentality), as well as between effort and performance (expectancy).¹⁶ A note of caution is that the mood elevator in this experiment was a bag of candy. A manager might need more sustainable methods of increasing positive affect. Being able to keep employees in a good mood is an advanced application of emotional intelligence.

Goal Theory

Goal setting is a basic process that is directly or indirectly part of all major theories of work motivation. Leaders and managers widely accept goal setting as a means to improve and sustain performance. A vision, for example, is really an exalted goal. One example is that Yang Yuanqing, the CEO of Lenovo, motivates his team with his aggressive vision for the computer manufacturer's global growth. To develop goals to support the vision, an annual meeting is held at his home for senior executives. Wineglass in hand, each executive shares an ambitious goal, which is then toasted by the group. An example: "We'll sell more PCs than Hewlett Packard next year."¹⁷

The core finding of goal theory is that individuals who are provided with specific hard goals perform better than those who are given easy, nonspecific, "do your best" goals or no goals. At the same time, however, the individuals

must have sufficient ability, accept the goals, and receive feedback related to the task.¹⁸ Our overview of goal theory elaborates on this basic finding.

Basic Findings of Goal Theory

The premise underlying goal theory (or goal-setting theory) is that behavior is regulated by values and goals. A **goal** is what a person is trying to accomplish. Our values create within us a desire to behave in a way that is consistent with them. For example, a leader who values honesty will establish a goal of hiring only honest employees. The leader would therefore have to make extensive use of reference checks and honesty testing. Edwin A. Locke and Gary P. Latham have incorporated hundreds of studies about goals into a theory of goal setting and task performance.¹⁹ Figure 10-2 summarizes some of the more consistent findings, and the information that follows describes them. A leader should keep these points in mind when motivating people through goal setting.

To begin, remember that *specific goals lead to higher performance than do generalized goals*. Telling someone, “Do your best” is a generalized goal. A specific goal would be, “Increase the number of new hires to our management training program to fifteen for this summer.” Another key point is that *performance generally improves in direct proportion to goal difficulty*. The harder one’s goal is, the more one accomplishes. An important exception is that when goals are too difficult, they may lower performance. Difficulty in reaching the goal leads to frustration, which in turn leads to lowered performance (as explained in relation to expectancy theory).

The finding about effective goals being realistic has an important exception for the accomplishment of high-level complex tasks. Effective leaders often inspire constituents by framing goals in terms of a noble cause or something heroic.²⁰ The manager of a group that made photo printers, for example, might explain that making high-quality printers enables people to preserve their memories. Here are two suggestions for developing noble powerful goals:

- Create a big, comprehensive goal: an ideal accomplishment for your group.
- Break the goal down into smaller steps, such as hiring two top-notch workers for the group. Regard each step (or subgoal) as a project

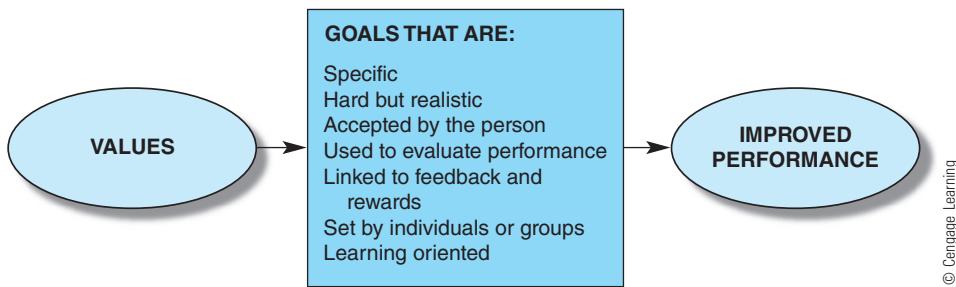


FIGURE 10-2 Goal Theory.

designed to get you to your destination. The same approach has been referred to as “running sprints rather than marathons.”

For goals to improve performance, the group member must accept them. If a group member rejects a goal, he or she will not incorporate it into planning. This is why it is often helpful to discuss goals with group members rather than impose goals on them. Other research, however, suggests that the importance of goal commitment may be overrated. Goals appeared to improve performance whether or not people participating in the studies felt committed to them.²¹ Despite these recent findings, many managers and leaders think employee commitment to goals is important.

Participating in goal setting has no major effect on the level of job performance except when it improves goal acceptance. Yet the leader should recognize that participation is valuable because it can lead to higher satisfaction with the goal-setting process. *Goals are more effective when they are used to evaluate performance.* When workers know that their performance will be evaluated in terms of how well they attain their goals, the impact of goals increases.

A key principle is that *goals should be linked to feedback and rewards.* Rewarding people for reaching goals is the most widely accepted principle of management. Another goal-setting principle is that *group goal setting is as important as individual goal setting.* Having employees work as teams with a specific team goal, rather than as individuals with only individual goals, increases productivity. Furthermore, a combination of compatible group and individual goals is more effective than either individual or group goals alone.

A final goal-setting principle is that a *learning goal orientation* improves performance more than a *performing goal orientation* does. A person with a learning (or mastery) goal orientation wants to develop competence by acquiring new skills and mastering new situations. In contrast, the person with a performing goal orientation wants to demonstrate and validate his or her competence by seeking favorable judgments and avoiding negative judgments. In support of the distinction being made, a study with medical supply sales representatives found that a learning goal orientation had a positive relationship with sales performance. In contrast, a performing goal orientation was unrelated to sales performance.²²

A meta-analysis of seventy-six different results with the impact of goals on group performance supported also several of the conclusions just presented. The major findings of the study of studies included the following:

1. Specific difficult goals yield higher group performance than do non-specific goals.
2. Moderately difficult and easy goals also enhance group performance but to a lesser extent than do difficult goals.
3. Participation did not have much of an influence on the effectiveness of goals.
4. Egocentric goals aimed at maximizing individual performance had a negative impact on group performance.²³

Encouraging support for the contribution of goals to organizational success comes also from an international research effort conducted over a decade with

8,000 manufacturers in twenty countries. The general finding was that following good management practices enhances organizational success. A specific finding relevant to the present discussion is that when company management supports long-term goals with tough, but achievable short-term performance benchmarks (or goals), the organization is more likely to be profitable.²⁴

The Importance of How Goals Are Attained and Other Concerns

A major concern about using goals to motivate performance is that leaders, as well as other workers, will take unethical and dysfunctional shortcuts to attain their goals. For example, a CEO might drastically reduce investment in research and development and lay off too many valuable workers to meet a profit goal such as earnings per share. Also, managers have been known to engage in unethical behavior such as shipping unfinished products to reach sales goals.²⁵ To implement goal setting without creating dysfunctions, it is therefore essential to specify *how* the goals will be attained with a particular focus on ethical behavior.

The use of financial incentives for attaining goals often encourages unethical behavior. One analysis conducted at the Wharton School of the University of Pennsylvania suggests that excessive reliance on financial incentives facilitated the major financial scandals in recent history.²⁶ To attain huge commissions, many investment bankers sold investor toxic securities—such as those based on subprime mortgages—to investors unaware of the risks.

A heavy emphasis on goals can also create such problems as workers focusing so much on attaining their goals that they neglect emergencies and new opportunities. For example, a recruiter might ignore an inquiry from an excellent prospect because he or she had to finish a quota of processing job inquiries to the company website. A related problem with goals, such as working to earn large commissions, is that other aspects of a sales representative's position might be ignored. For example, Susan Parker, the owner of the dressmaker Bari Jay, observed that her commissioned sales representative tended to ignore some accounts where they didn't see a big commission opportunity. Parker's antidote to the problem was to give year-end bonuses and profit sharing to employees rather than commissions.²⁷

The potential pitfalls of over-reliance on goals have been humorously condensed by group of researchers suggesting the following “warning label” for setting goals:²⁸



WARNING

Goals may cause systematic problems in organizations due to narrowed focus, increased risk taking, unethical behavior, inhibited learning, decreased cooperation, and decreased intrinsic motivation.

Use care when applying goals in your organization.



LEADERSHIP SKILL-BUILDING EXERCISE 10-3

The Application of Goal Theory

In a group of about five to six people, visualize your group as a task force whose mission is to make and implement suggestions for making your company more environmentally sustainable (greener). The company manufactures sports clothing, such as athletic shoes, swimsuits, and soccer outfits. One of the group members plays the role of the task force leader. The leader must help the group establish goals that are likely to be motivational, following the principles of goal theory.

The goal of today's meeting is to establish four goals that are likely to lead to a greener company but not be

excessive in cost. After each team has established its goals, present them to other class members. Students listening to the goals of the other groups should be willing to offer constructive feedback.

Practice in setting effective goals is useful because leaders and managers are frequently expected to set goals. When the goal follows at least some of the major findings of goal theory, there is a greater likelihood that productivity will increase.

Goal setting is widely practiced by leaders and managers, but they typically do not give careful consideration to goal theory. Leadership Skill-Building Exercise 10-3 gives you an opportunity to apply what you have learned about goal setting.

Using Recognition and Pride to Motivate Others

Motivating others by giving them recognition and praise can be considered a direct application of positive reinforcement, that is, reinforcing the right behavior by giving a reward. Nevertheless, recognition is such a potentially powerful motivator that it merits separate attention. Also, recognition programs to reward and motivate employees are a standard practice in business and nonprofit firms. An example is rewarding high-performing employees with a wristwatch inscribed with the company logo or designating them as employee of the month. Pride, as described next, is related to recognition. People who are proud of their work want to be recognized for their good deeds.

Recognition is a strong motivator because it is a normal human need. Tony Schwartz, head of the Energy Project, reminds us that nothing influences employees' engagement as the feeling that they are genuinely cared for and valued by their leaders.²⁹ (Both being cared for and valued are strong forms of recognition.) Recognition is also effective because most workers feel they do not receive enough recognition. As indicated by Stress in America survey conducted by the American Psychological Association, only 46 percent of employees are satisfied with the recognition practices of their employer.³⁰

To think through the strength of your own need for recognition, take Leadership Self-Assessment Quiz 10-2.



LEADERSHIP SELF-ASSESSMENT QUIZ 10-2

How Much Do I Crave Recognition?

Instructions: Respond to the following statements on the following scale: disagree strongly (DS), disagree (D), neutral (N), agree (A), and agree strongly (AS).

	DS	D	N	A	AS
1. I keep (or would keep) almost every plaque, medal, or trophy I have ever received on display in my living quarters.	1	2	3	4	5
2. I feel a nice warm glow each time somebody praises my efforts.	1	2	3	4	5
3. When somebody tells me “nice job,” it makes my day.	1	2	3	4	5
4. When I compliment someone, I am really looking for a compliment in return.	1	2	3	4	5
5. I would rather win an employee-of-the-month award than receive a \$100 bonus for my good work.	1	2	3	4	5
6. If I had the resources to make a large donation to charity, I would never make the donation anonymously.	1	2	3	4	5
7. Thinking back to my childhood, I adored receiving a gold star or similar acknowledgment from my teacher for my good work.	1	2	3	4	5
8. I would rather be designated as <i>Time</i> magazine’s Person of the Year than be one of the world’s richest people.	1	2	3	4	5
9. I love to see my name in print or electronically.	1	2	3	4	5
10. I do not receive all the respect I deserve.	1	2	3	4	5
11. I regularly check to see how many times my name shows up on an Internet search (such as Google or Bing).	1	2	3	4	5
Total score _____					

Scoring and Interpretation: Add the circled numbers to obtain your total score.

- 50–55:** You have an above-average recognition need. Recognition is therefore a strong motivator for you. You will be happiest in a job where you can be recognized for your good deeds.
- 30–49:** You have an average need for recognition and do not require constant reminders that you have done a good job.
- 11–29:** You have a below-average need for recognition and like to have your good deeds speak for themselves. When you do receive recognition, you would prefer that it be quite specific to what you have done, and not too lavish. You would feel comfortable in a work setting with mostly technical people.

Appealing to the Recognition Need of Others

To appeal to the recognition need of others, identify a meritorious behavior, and then recognize that behavior with an oral, written, or material reward. Two examples of using recognition to sustain desired behavior (a key aspect of motivation) follow:

- As the team leader, you receive a glowing letter from a customer about Kate, one of your team members, who solved the customer's problem. You have the letter laminated and present it as a gift to Kate. (The behavior you are reinforcing is good customer service.)
- As the manager of IT, one of your software engineers, Evan, suggests that you post an ad on craigslist to fill two vacancies for software technicians. You are skeptical at first, but you give it a try, and your recruiting goals are met. You warmly congratulate Evan. You are rewarding his proactive behavior.

An outstanding advantage of recognition, including praise, as a motivator is that it is no cost or low cost yet powerful. Reward expert Bob Nelson reminds us that while money is important to employees, thoughtful recognition motivates them to elevate their performance.³¹ Furthermore, one of the Dale Carnegie principles of leadership states: "Praise the slightest improvement and praise every improvement; be hearty in your approbation and lavish in your praise." This basic principle is strongly supported by decades of research on operant conditioning, including positive reinforcement.³²

Recognition thus has an enormous return on investment in comparison to a cash bonus. Following are a few suggestions for the motivational use of recognition and praise:

1. To maximize its motivational impact, recognition should be linked to corporate values and should also help workers attain personal goals. Visualize a security guard whose outside passion is sustaining the environment and who becomes recognized with the new title of Security and Energy Conservation Monitor. The title combines his interest in saving energy with the company's interest in keeping outside doors closed and unusual lights turned off.³³
2. Inform others in the group and organization about the meritorious behavior, such as via a mention in a staff meeting or a posting on the intranet. Also, praise related to specific tasks is usually more effective than general praise. Workers may appreciate praise, but they also prefer to know what specifically they are being praised for, such as, "Your forecast for the sale of our cutting gear to factories in Poland was right on target. Congratulations."
3. Do not use praise to set employees in competition against one another. Praise the employee who merits the praise, but do not suggest that other employees are less praiseworthy, such as: "Great job, José. I wish the rest of the group had put in the same kind of effort."³⁴

4. Take into account the individual's preference for the type of praise. A challenge in using recognition effectively is that not everyone responds well to the same form of recognition. An example is that highly technical people tend not to like general praise like "Great job" or "Awesome, baby." Instead, they prefer a laid-back, factual statement of how their work made a contribution. According to one study, the more highly a person sees himself or herself as having a technical orientation, the more the person wants praise to be quite specific and task oriented.³⁵ The tech center worker who just conquered a virus on your desktop would prefer a compliment such as, "I appreciated you having disabled the virus and restored my computer to full functioning." This type of compliment would be preferable to, "Fantastic, you are a world-class virus fighter."

Appealing to Pride

Wanting to feel proud motivates many workers, and giving recognition for a job well done helps satisfy this desire to feel proud. Being proud of what you accomplish is more of an internal (intrinsic) motivator than an external (extrinsic) motivator, such as receiving a gift. Giving workers an opportunity to experience pride can therefore be a strong internal motivator, yet they simultaneously receive recognition.

Imagine that you are the assistant service manager at a company that customizes recreational vehicles to meet the requirements of individual clients. Your manager asks you to prepare a PowerPoint presentation of trends in customization for people who live most of the year in their recreational vehicles RVs. You make your presentation to top management, the group applauds, executives shake your hand, and later you receive several congratulatory e-mail messages. One of the many emotions you experience is likely to be pride in having performed well. You are motivated to keep up the good work.

Workers can also experience pride in relation to recognition symbols. For example, a worker might receive a floor clock for having saved the company thousands of dollars in shipping costs. The clock might be more valuable to the worker as a symbol of accomplishment than as a household decoration. The feeling of pride stems from having accomplished a worthwhile activity (saving the company money) rather than from being awarded a floor clock.

According to consultant Jon R. Katzenbach, managers and leaders can take steps to motivate through pride. A key tactic is for the manager to set his or her compass on pride, not money. It is more important for workers to be proud of what they are doing day by day than for them to be proud of reaching a major goal. The manager should celebrate steps (or attaining small goals) equally as much as landings (major goals). (As described earlier, the feeling of making progress contributes to the meaningfulness of work.) The most effective pride builders are masters at identifying and recognizing the small achievements that will instill pride in their people.³⁶

Coaching as an Approach to Motivation

Effective leaders are good coaches, and good coaches are effective motivators. The coaching demands are much less rigorous for leaders who have little face-to-face contact with organization members, such as financial deal makers, CEOs, and chairpersons of the board. Nevertheless, coaching plays an important role in the organization, as expressed by John Russell, managing director of Harley-Davidson Ltd: "I never cease to be amazed at the power of the coaching process to draw out the skills or talent that was previously hidden within an individual, and which invariably finds a way to solve a problem previously thought insolvable."³⁷

Coaching is a way of enabling others to act and build on their strengths. To coach is to care enough about people to invest time in building personal relationships with them. The organization also benefits from coaching because of the elevated productivity of many of the workers who are coached. Coaching is also seen as a key vehicle for engaging (or motivating) workers. A survey-based report found that organizations have less money to compensate employees, so they look to coaching and development as a method to boost engagement and retention.³⁸

Key Characteristics of Coaching

Coaching in the workplace might ordinarily be explained as the art of management. Because a coaching relationship is unique, the person being coached is better motivated to accomplish goals for the good of the organization. Coaching is an interaction between two people, usually the manager and an employee. The purpose of the interaction is to help the employee learn from the job in order to help his or her development. The interaction of the two personalities influences the coaching outcome. Some leaders, for example, can successfully coach certain people but not others.

Coaching requires a moderate degree of interpersonal risk and trust on the part of both people in the relationship. The coach might give the person being coached wrong advice. Or the person being coached might reject the coach's encouragement. Think of the risk involved when a basketball player asks the coach for advice on how to correct a shot that is not working well. As a result of the coaching, the player might shoot more poorly, to the embarrassment of both. Similarly, an organizational leader might coach a team member in a direction that backfires—for example, that results in even fewer sales than before.

Effective coaching focuses on the growth and development of individuals rather than telling them what to do in a given situation. To help subordinates grow and develop, the leader as coach should give subordinates the resources they need to make their own decisions. The people being coached should be challenged to find the right solution, and then should be provided feedback on how well they have performed.³⁹

Assume that a manager wants the accident rate on the construction of skyscrapers reduced substantially. Instead of telling a direct report exactly how to accomplish this goal, the manager might point to new sources of help for accident reduction. In the process, the direct report might find solutions the manager did not already know about.

At its best, coaching offers concrete contributions, including higher motivation. An effective coach keeps spirits up and offers praise and recognition frequently. Good coaching also leads to personal development. Group members are encouraged to cross-train and serve as backups for each other. Good coaching also improves group performance. The effective coach makes team members aware of one another's skills, and how these skills can contribute to attaining the group's goals.⁴⁰

Fallacies About Coaching

Another approach to understanding the coaching function of leadership is to examine certain common misperceptions about coaching, as explained by Ian Cunningham and Linda Honold.⁴¹ One false belief is that *coaching applies only in one-to-one work*. In reality, the team or other group can also be coached. As a team leader, you might make a suggestion to the group, such as, "Why are you rushing through such an important issue?" A major misperception is that *coaching is mostly about providing new knowledge and skills*. The truth is that people often need more help with underlying habits than with knowledge and skills. A good example is coaching another person about work habits and time management. You can provide the individual with loads of useful knowledge and techniques; however, if the person is a procrastinator, he or she must reduce procrastination before time-management skills will help.

Another stereotype deals with an important ethical issue: *If coaches go beyond giving instruction in knowledge and skills, they are in danger of getting into psychotherapy*. The counterargument is that coaches should simply follow the model of effective parents: listening to the other person, attempting to understand his or her real concerns, and offering support and encouragement. Another stereotype particularly resistant to extinction is that *coaches need to be expert in something in order to coach*. To use a sports analogy, a good coach does not have to be or have been an outstanding athlete. An important role for the coach is to ask pertinent questions and listen. Questioning and listening can help the other person set realistic learning goals.

An understandable stereotype is that *coaching has to be done face-to-face*. The face-to-face approach facilitates coaching. Nevertheless, telephone, e-mail, text messaging, videoconferencing, tweets, and chats are useful alternatives when time and distance create barriers.⁴² A worker on a field trip, for example, might send his manager an e-mail similar to this one: "The customer says that if I make a mistake with this installation, he'll never do business with us again. Any suggestions?"

The accompanying Leader in Action profile illustrates how effective coaching might contribute to an organization.



LEADER IN ACTION

Tammy the Kindly Coach

Tammy is the administrative vice president of Quality Components, a manufacturer and distributor of automated manufacturing systems. The company makes such specialty machines as leak-testing equipment for vehicle radiators. At a luncheon in honor of her twenty-five years of service to the company, Tammy was asked to briefly address the gathering. Her comments included the following:

“Our CEO, Brad, asked me to tell you what I am most proud of during my first quarter of a century with Quality Components. My job title has stayed essentially the same for ten years, but that is OK with me. The way I see it, a company leader at my level should be more concerned about the development of company employees than getting promoted. We sometimes forget that a manager is a teacher and a coach as well as a businessperson.

“What I am most proud of, without a doubt, is having spent a lot of time with my staff giving them whatever guidance and encourage I could. My happiest days at

Quality have been when I gave somebody advice and he or she became more effective because of that advice.”

After Tammy set down to cheers, Terry, an office supervisor, stood up and said, “Tammy is so right, she has helped so many of us. I remember joining the company a few years back, nervous and unsure if I could be successful at Quality Components. Tammy was wonderful. She coached me; she gave me constructive feedback when I made an error. She helped me believe in myself. So here’s to Tammy—a great coach and a great leader.”

QUESTIONS

1. What does this brief description tell you about the importance of coaching subordinates?
2. What is Tammy implying about the possible conflict between getting promoted and being a good coach?

Source: The facts for this story were collected in Fairfax, Virginia, April 2011, from a source who chooses to remain anonymous.

Coaching Skills and Techniques

Leaders and managers have varied aptitudes for coaching. One way to acquire coaching skill is to study basic principles and suggestions and then practice them. Another is to attend a training program for coaching that involves modeling (learning by imitation) and role playing. Here we examine a number of suggestions for coaching, all of which might also apply to coaching a group or a team as well as an individual. The typical scenario for a leader to coach a team would take place in a meeting with all or most of the group. If implemented with skill, the suggestions will improve the chances that coaching will lead to improved performance of individuals and groups.

1. Communicate clear expectations to group members. For people to perform well and to continue to learn and grow, they need a clear perception of what is expected of them. The expectations of a position become the standards by which performance will be judged, thus serving as a base point for coaching. If a team member is supposed to contribute three new ideas each month for improving operations, coaching is justified when an average of only one idea per month is forthcoming.

2. Build relationships. Effective coaches build personal relationships with team members and work to improve their interpersonal skills.⁴³ Having established rapport with team members facilitates entering into a coaching relationship with them. The suggestions that follow about active listening and giving emotional support are part of relationship building.

3. Give feedback on areas that require specific improvement. To coach a group member toward higher levels of performance, the leader pinpoints what specific behavior, attitude, or skills require improvement. An effective coach might say, “I read the product-expansion proposal you submitted. It’s OK, but it falls short of your usual level of creativity. Our competitors are already carrying each product you mentioned. Have you thought about ... ?” Another important factor in giving specific feedback is to avoid generalities and exaggerations, such as, “You never come up with a good product idea” or “You are the most unimaginative product development specialist I have ever known.” To give good feedback, the leader or manager has to observe performance and behavior directly and frequently, such as by watching a supervisor dealing with a safety problem.

A major challenge in giving feedback is that many people find negative feedback to be uncomfortable. It is therefore helpful to get the person’s buy-in, or at least acceptance, to receive the feedback. For example, if coaching on the fly, the leader might ask, “Chris, I’d like to offer some quick feedback because I want to help you. Is this a good time?”⁴⁴

Feedback is also likely to be less intimidating when the coach explains which behaviors should decrease and which should increase. This approach is a variation of combining compliments with criticism to avoid insulting the person being coached. You might say, “Tanya, I need you to place more emphasis on quality and less on speed.”

Feedback can also be made less intimidating when the coach begins with a question, such as “How do you think you’re doing?” The question helps give the person being coached joint ownership of the problem, and helps him or her feel included rather than excluded.⁴⁵

Should the coach be dealing with a person who is highly sensitive to criticism, it can be helpful to convert the criticism into a positive suggestion to avoid intimidating the person being coached. Replace “A few of your facts were way off in your last report” with “You could improve your accuracy by double checking your facts.”

Inside or outside of a formal coaching session, feedback is a vital aspect of the leadership role. Tiffany Cooper Gueye, chief executive of BELL, a nonprofit organization that assists urban children, explains: “Assuming I have all the right people in the right positions, I think the most important thing I can do for them is provide direct, honest, clear feedback. And I get a lot of feedback in return from my direct reports that they really value that.”⁴⁶

4. Listen actively. Listening is an essential ingredient in any coaching session. An active listener tries to grasp both facts and feelings. Observing the group member's nonverbal communication is another part of active listening. The leader must also be patient and not poised for a rebuttal of any difference of opinion between him or her and the group member. Beginning each coaching session with a question helps set the stage for active listening. The question will also spark the employee's thinking and frame the discussion: For example, "How might we use the new database of customers who have purchased similar products help our staff generate more sales?"

Part of being a good listener is encouraging the person being coached to talk about his or her performance. Asking open-ended questions facilitates a flow of conversation: For example, ask, "How did you feel about the way you handled conflict with the marketing group yesterday?" A close-ended question covering the same issue would be, "Do you think you could have done a better job of handling conflict with the marketing group yesterday?"

5. Help remove obstacles. To perform at anywhere near top capacity, individuals may need help in removing obstacles such as a maze of rules and regulations and rigid budgeting. An important role for the leader of an organizational unit is thus to be a barrier buster. A leader or manager is often in a better position than a group member to gain approval from a higher-level manager, find money from another budget line, expedite a purchase order, or authorize hiring a temporary worker to provide assistance. Yet, if the coach is too quick to remove obstacles for the group member, the latter may not develop enough self-reliance.

6. Give emotional support and empathy. By being helpful and constructive, the leader provides much-needed emotional support to the group member who is not performing at his or her best. A coaching session should not be an interrogation. An effective way of giving emotional support is to use positive rather than negative motivators. For example, the leader might say, "I liked some things you did yesterday, and I have a few suggestions that might bring you closer to peak performance."

Displaying empathy is an effective way to give emotional support. Indicate with words that you understand the challenge the group member faces with a statement such as, "I understand that working with a reduced staff has placed you under heavy time pressures." The genuine concern you show will help establish the rapport useful in working out the problem together.

7. Reflect content or meaning. An effective way of reflecting meaning is to rephrase and summarize concisely what the group member is saying. A sub-standard performer might say, "The reason I've fallen so far behind is that our company has turned into a bureaucratic nightmare. We're being hit right and left with forms to fill out for customer satisfaction. I have fifty e-mail messages that I haven't read yet." You might respond, "You're falling so far behind because you have so many forms and messages that require attention." The group member might then respond with something like, "That's exactly what I mean. I'm glad you understand my problem."

(Notice that the leader is also giving the group member an opportunity to express the feelings behind his or her problem.)

8. Give some gentle advice and guidance. Too much advice giving interferes with two-way communication, yet some advice can elevate performance. Also, workers being coached usually expect to receive some advice. The manager should assist the group member in answering the question “What can I do about this problem?” Advice in the form of a question or suppositional statement is often effective. One example is, “Could the root of your problem be insufficient planning?” A direct statement such as, “The root of your problem is obviously insufficient planning,” often makes people resentful and defensive. By responding to a question, the person being coached is likely to feel more involved in making improvements.

Part of giving gentle guidance for improvement is to use the word *could* instead of *should*. To say, “You should do this,” implies that the person is currently doing something wrong, which can trigger defensiveness. Saying, “You could do this,” leaves the person with a choice: Accept or reject your input, and weigh the consequences.⁴⁷ (You *could* accept this advice to become a better coach!)

9. Allow for modeling of desired performance and behavior. An effective coaching technique is to show the group member, by example, what constitutes the desired behavior. Assume that a manager has been making statements to customers that stretch the truth, such as falsely saying that the product met a zero-defects standard. In coaching him, the manager’s boss might allow the manager to observe how she handles a similar situation with a customer. The manager’s boss might telephone a customer and say, “You have been inquiring about whether we have adopted a zero-defects standard for our laser printers. Right now, we are doing our best to produce error-free products. Yet so far we do not have a formal zero-defects program. We stand by our printers and will fix any defect at no cost to you.”

10. Gain a commitment to change. Unless the leader receives a commitment from the team member to carry through with the proposed solution to a problem, the team member may not attain higher performance. An experienced manager develops an intuitive sense for when employees are serious about performance improvement. Two clues that commitment to change is lacking are (1) over-agreeing about the need for change and (2) agreeing to change without display of emotion.

11. Applaud good results. Effective coaches on the playing field and in the workplace are cheerleaders. They give encouragement and positive reinforcement by applauding good results. Some effective coaches shout with joy when an individual or team achieves outstanding results; others applaud.

Leadership Self-Assessment Quiz 10-3 will help you think through the development you need to be an effective coach. If you are already an effective coach, look for ways to improve. Leadership Skill-Building Exercise 10-4 gives you a chance to practice coaching.



LEADERSHIP SELF-ASSESSMENT QUIZ 10-3

Characteristics of an Effective Coach

Instructions: Following is a list of traits, attitudes, and behaviors characteristic of effective coaches. Place a check mark next to each trait, attitude, or behavior that you need to develop along those lines (for example, whether you need to become more patient). On a separate sheet of paper, design an action plan for improvement for each trait, attitude, or behavior that you need to develop. An example of an action plan for improving patience might be, “I’ll ask people to tell me when I appear too impatient. I’ll also try to develop self-control about my impatience.”

TRAIT, ATTITUDE, OR BEHAVIOR

- | | |
|---|--------------------------|
| 1. Empathy (putting self in other person's shoes) | <input type="checkbox"/> |
| 2. Listening skill | <input type="checkbox"/> |
| 3. Insight into people | <input type="checkbox"/> |
| 4. Diplomacy and tact | <input type="checkbox"/> |
| 5. Patience toward people | <input type="checkbox"/> |
| 6. Concern for welfare of people | <input type="checkbox"/> |
| 7. Low hostility toward people | <input type="checkbox"/> |
| 8. Self-confidence and emotional security | <input type="checkbox"/> |
| 9. Noncompetitiveness with group members | <input type="checkbox"/> |
| 10. Enthusiasm for people | <input type="checkbox"/> |
| 11. Satisfaction in helping others grow | <input type="checkbox"/> |
| 12. Interest in development of group members | <input type="checkbox"/> |
| 13. High expectations for each group member | <input type="checkbox"/> |
| 14. Ability to give authentic feedback | <input type="checkbox"/> |
| 15. Interest in people's potential | <input type="checkbox"/> |
| 16. Honesty and integrity (or trustworthiness) | <input type="checkbox"/> |
| 17. Friendliness | <input type="checkbox"/> |
| 18. Develops trust and respect | <input type="checkbox"/> |

Source: Items 11–15 gathered from information in William D. Hitt, *The Leader-Manager: Guidelines for Action* (Columbus, OH: Battelle Press, 1988), pp. 183–186.

Executive Coaching and Leadership Effectiveness

A form of coaching in vogue is for managers to consult professional coaches to help them become more effective leaders and to guide them in their careers. **Executive coaching** is “a one-on-one development process formally contracted between a coach and a management-level client to help achieve goals related to professional development and/or business performance.”⁴⁸

In the past, management psychologists were typically hired as outside coaches to help managers become more effective leaders. Today, people



LEADERSHIP SKILL-BUILDING EXERCISE 10-4

Coaching for Improved Performance

Clayton is a financial consultant (stockbroker) at a branch office of an established financial services firm. His manager, Marlene, is concerned that Clayton is 25 percent below quota in sales of a new gold mutual fund offered by the company. Marlene schedules a late afternoon meeting in her office to attempt to help Clayton make quota. She has told Clayton, "I want to talk about your sales performance on the new gold fund and see if I can be helpful." Clayton is concerned that the meeting might be a discipline session in disguise.

Have one member of the class assume the role of Marlene, and another the role of Clayton. Marlene will attempt to implement recommended coaching techniques. Other class members will watch and then provide constructive feedback.

This exercise is a key skill builder because so much of face-to-face leadership involves working out performance problems with group members. If every employee were an outstanding, independent performer, we would have less need for managers and leaders.

from a wide variety of backgrounds become executive coaches, as well as career coaches and life coaches. Many executive coaches are former executives themselves.

Specific Forms of Assistance Provided by Executive Coaches

Executive coaches help managers become more effective leaders by helping them in a variety of ways. A variety of reasons for hiring coaches are described next. However, it is unlikely that one coach would provide all these services, or that one manager would want or need all of them.

- Helping corporate stars attain peak performance, similar to an athletic coach working with an outstanding athlete. One approach to heightened performance is to help the leader uncover personal assets and strengths he or she may not have known existed. An example would be discovering that the leader has untapped creativity and imagination.⁴⁹
- Counseling the leader about weaknesses that could interfere with effectiveness, such as being too hostile and impatient. The coach will also solicit feedback by interviewing coworkers and subordinates, and then distilling the feedback to help the executive. One coaching client provided this description of how the coach's comments provided a critical moment for him: "It was when my coach directly challenged me to be bolder and give more of myself as a management team member. I had been reflecting on this for a while, and his challenge was what was needed. The timing was right."⁵⁰
- Serving as a sounding board when the leader faces a complex decision about strategy, operations, or human resource issues. Closely related to being a sounding board is a coach's ability to ask tough questions, such as asking why the executive is pursuing a particular strategy.⁵¹
- Making specific suggestions about self-promotion and image enhancement, including suggestions about appearance and mannerisms.

- Helping the leader achieve a better balance between work and family life, thereby having more focused energy for the leadership role.
- Serving as a trusted confidante to discuss issues the leader might feel uncomfortable talking about with others: for example, talking about feeling insecure in his or her position.
- Giving advice about career management, such as developing a career path.
- Strengthening the executive's strategic decision-making skills by helping him or her think more broadly about issues and appreciate how his or her actions will affect the organizational system. The coach might point out a blind spot in the leader's decision making, such as neglecting part of the human consequences of a decision.
- Serving as a coach to the entire team to help guide the team to insights into their behavior as it affects performance, and to help improve the teamwork.⁵²

Note that the coach works as an adviser about behavior but does not explicitly help the leader with functional details of the job, such as how to develop a new product strategy or design an organization.

The leader/manager's employer usually hires the executive coach. The purpose of engaging the coach could be to accelerate the development of a star player or assist an executive who is having soft-skill problems. For example, the direct reports of a manager at a consulting firm referred to her as a "weed whacker," so an executive coach was hired to help the executive develop more emotional intelligence. The executive soon learned that employees perceived in her tone and body language that she was attacking them. Coaching helped her soften her approach and work better with others.⁵³

A refinement of individual coaching is for the coach to work with both the individual and his or her work associates. The coach solicits feedback from the group members and involves them in helping the manager improve. For example, the coach might tell team members to assert their rights when the manager throws a temper tantrum or makes unreasonable demands. The coach might also work with the superiors or peers of the person being coached to obtain useful feedback about the leader's behavior.

Contributions of and Concerns About Executive Coaching

Executive coaching may frequently accomplish several of the ends specified in the previous list. A survey of 230 organizations conducted by the American Management Association found that 88 percent of the respondents found executive coaching to be "somewhat effective" or "very effective," whereas 12 percent responded "ineffective."⁵⁴

Executive coaching, however, has some potential drawbacks for the leader. A major problem is that a coach may give advice that backfires because he or she does not understand the particular work setting. One outside coach told a manager in an information technology firm that she should become more decisive in her decision making and less dependent on consensus. The advice backfired because the culture of the firm emphasized consensus decision making. Furthermore, many people who present

themselves as executive coaches may not be professionally qualified or may not have much knowledge about business.⁵⁵

An ethical problem is that many coaches delve into personal and emotional issues that should be reserved for mental health professionals. The leader who is performing poorly because of a deep-rooted problem, such as hostility toward others, is given superficial advice about making nice. (The opposite ethical problem occurs when a relationship coach offer business advice, without having the experience or qualifications to offer such advice.) Another potential ethical problem is that the leader/manager may become too dependent on the coach, checking with him or her before making any consequential decision.⁵⁶

READER'S ROADMAP

So far, we have studied considerable information about the nature of leadership; the attributes, behaviors, and styles of leaders; the ethics and social responsibility of leaders; and how leaders exert power and use politics and influence. The techniques for developing teamwork are part of a leader's relationship with the group, as is the subject of this chapter: motivation and coaching skills. In the next chapter, we describe creativity and innovation as part of leadership.

SUMMARY

Effective leaders are outstanding motivators and coaches, and the role of the leader and manager today emphasizes coaching. A broad purpose of leaders applying motivation and coaching techniques is getting employees involved in their work and excited about working for the organization. Engagement is reflected in employee willingness to stay with the firm and go beyond the call of duty. Leaders use motivation and coaching techniques to help keep employees engaged. Employee engagement has a positive impact on productivity. Meaningful work is a key driver of worker engagement. The opportunity to lead projects or task forces makes work meaningful, as does the feeling of making daily progress in one's work.

The expectancy theory of motivation is useful for developing motivational skills because it is comprehensive, building on other explanations of motivation.

Expectancy theory has three major components: valence, instrumentality, and expectancy. *Valence* is the worth or attractiveness of an outcome. Each work situation has multiple outcomes, and each

outcome has a valence of its own. Valences range from -100 to +100 in the version of expectancy theory presented here. Zero valences reflect indifference and therefore are not motivational. Very high valences help explain why some people persist in efforts despite a low probability of payoff. *Instrumentality* is the individual's assessment of the probability that performance will lead to certain outcomes. (An outcome is anything that might stem from performance, such as a reward.) *Expectancy* is an individual's assessment of the probability that effort will lead to performing the task correctly.

Expectancy theory has implications and provides guidelines for leaders, including the following: (1) determine necessary performance levels; (2) make the performance level attainable; (3) train and encourage people; (4) make explicit the link between rewards and performance; (5) make sure the rewards are large enough; (6) analyze factors that oppose the effectiveness of the reward; (7) explain the meaning and implications of second-level outcomes; (8) understand individual differences in valences; and (9) recognize

that when workers are in a good mood, valences, instrumentalities, and expectancies will more likely enhance performance.

Goal setting is a basic process that is directly or indirectly part of all major theories of motivation. Goal theory includes the following ideas: (1) specific and difficult goals result in high performance (yet outrageous goals can inspire); (2) goals must be accepted by group members; (3) goals are more effective when they are linked to feedback and rewards; (4) the combination of individual and group goals is very effective; and (5) a learning goal orientation is more effective than a performance goal orientation. A meta-analysis of many studies supports the conclusions just presented about the effectiveness of goals.

A major concern about using goals to motivate performance is that leaders, as well as other workers, will take unethical and dysfunctional shortcuts to attain their goals. A heavy emphasis on goals can also create problems such as workers focusing so much on attaining their goals that they neglect emergencies and new opportunities.

Motivating others by giving them recognition and praise can be considered a direct application of positive reinforcement. Recognition programs to reward and motivate employees are standard practice. Recognition is a strong motivator because it is a normal human need to crave recognition, and workers often do not feel they receive enough recognition. To appeal to the recognition need, identify a meritorious behavior and then recognize that behavior with an oral, written, or material reward. To maximize its motivational impact, recognition should be linked to corporate values and personal goals. Recognition and praise are no-cost or low-cost motivators that are powerful.

Giving workers an opportunity to experience pride can be a strong internal motivator, yet workers still receive recognition. To motivate through pride, it is best for the manager to set the compass

on pride, not money, and for workers to be proud of daily accomplishments.

A major purpose of coaching is to achieve enthusiasm and high performance in a team setting. Several characteristics of coaching contribute to its close relationship with leadership. Coaching is a two-way process, suggesting that being a great coach requires having a talented team. Coaching requires a moderate degree of interpersonal risk and trust on the part of both sides in the relationship. Effective coaching focuses on the growth and development of people rather than telling them how to deal with a given situation.

The coaching function can also be understood by recognizing several common misperceptions: (1) coaching applies only to one-on-one work; (2) coaching is mostly about providing new knowledge and skills; (3) coaching easily falls into psychotherapy; (4) coaches need to be experts in what they are coaching; and (5) coaching has to be done face-to-face.

Suggestions for improving coaching are as follows: (1) communicate clear expectations, (2) build relationships, (3) give feedback on areas that require specific improvement, (4) listen actively, (5) help remove obstacles, (6) give emotional support including empathy, (7) reflect content or meaning, (8) give gentle advice and guidance, (9) allow for modeling of desired performance and behavior, (10) gain a commitment to change, and (11) applaud good results.

Managers frequently consult executive coaches to help them be more effective leaders. Such coaches provide a variety of services, including helping attain peak performance, counseling about weaknesses, helping achieve balance in life, helping the leader uncover hidden assets, and giving career advice. Executive coaching often achieves its purposes, yet there are potential problems: Executive coaches can give bad advice, the coach might be unqualified in general or to deal with mental health issues, and the leader may become too dependent on the coach.

KEY TERMS

engagement 312

meaningful work 313

expectancy theory 314

valence 315

outcome 315

instrumentality 316

expectancy 316

self-efficacy 316

goal 320

executive coaching 333



GUIDELINES FOR ACTION AND SKILL DEVELOPMENT

It is worth repeating that a major way goal setting can backfire as a motivational strategy is when there is not careful agreement about the ethical means by which the goal will be pursued. For example, the manager of a trucking fleet might be assigned a goal of reducing costs by 10 percent. An unethical means would be to reduce truck safety by delaying tire and brake replacements.

Given that recognition can be such a relatively low-cost, yet highly effective motivator, the leader/manager should keep in mind available forms of recognition. In addition to considering those in the following list, use your imagination to think of other forms of recognition. For the recognition technique to work well, it should have high valence for the person or group under consideration.

- Compliments, such as “You help us accomplish our mission,” or “Our customers love what you are doing for them” to give encouragement for a job well done
- Comradeship with the boss
- A pat on the back or a handshake
- Public expression of appreciation such as on an intranet or social media website (company exclusive or public), including a note of thanks to the individual (handwritten, e-mail, or text message)
- A flattering letter from a customer distributed over e-mail
- Employee-of-month award
- A gift from the company recognition program, such as a watch, a clock, or a pin

Approaches to recognition may pack an extra punch when they do not take the same form every time. For a job well done, the worker might receive a warm e-mail one week, a gift certificate the next, and

perhaps an employee-of-the month designation in the future.

Discussion Questions and Activities

1. Why do many people think that motivation is the most important part of a leader’s job?
2. Why should a leader be concerned about employee engagement when almost all of his or her direct reports are corporate professionals?
3. To what extent would the amount of financial compensation you receive in a position influence your level of engagement?
4. Identify several outcomes you expect from occupying a leadership position. What valences do you attach to them?
5. How can the influence exerted by a charismatic leader tie in with expectancy theory?
6. What is an example of a noble cause a leader at Chipotle might use to motivate a store manager? What about a noble cause for the plant manager of a division that manufactures paperclips?
7. In what way might giving team members frequent recognition contribute to a leader’s being perceived as charismatic?
8. For purposes of recognition, many companies give out watches, clocks, sport shirts, and crystal vases with a company logo embedded. What do you think of the effectiveness of this form of recognition?
9. Imagine that you have a couple of extra-high performers reporting to you, who are carrying out all their job responsibilities in a superior manner. What kind of coaching might you conduct with these people?
10. Ask a manager or coach to describe the amount of coaching he or she does on the job. Be prepared to bring your findings back to class.

LEADERSHIP CASE PROBLEM A

We Need More Engagement Around Here

Margot is the CEO of a regional health maintenance organization (HMO) with twenty-five local offices serving business and nonprofit organizations. The

competition for business has become more intense in recent years as organizations continue to look for ways to reduce cost for medical insurance, yet still

offering medical insurance to employees. A particular concern is that a given company might shift to another HMO if that health care provider can offer lower costs.

Margot expressed her concern at a meeting with the management staff in these words, "I think our HMO could provide better service and lower costs if our employees put in more effort. A lot of the employees I have seen are so laid back, and almost indifferent. They don't seem to have a sense of urgency."

"I don't think that by simply downsizing the company we will reduce costs. Having fewer workers to accomplish our important work would just make things worse. We would get less work accomplished, and the quality would suffer."

After listening to Margot, the vice president of marketing, Jerry, commented: "Margot, you might be right about some of our employees not being totally engaged in our work. Yet I cannot understand why. Taking care of people's health is one of the most important responsibilities in the world. We often increase life spans and save lives."

Cora, the director of human resources, said: "Jerry, from your point of view, you are correct. Health care is a noble undertaking. Yet when a person is seated at a computer for eight hours processing claims, he or she might not feel like an angel of mercy."

"We can speculate all we want about how well our employees are engaged and motivated, and what we should do about the situation. I propose that we get some data to work with so we can learn more about the nature of the problem facing us. I suggest that we hire an HR consulting firm to conduct a survey about employee engagement. It could prove to be a good investment."

Margot said with a smile, "Here I am concerned about our costs being too high, and Cora makes a suggestion about spending money."

Cora retorted, "Margot, I am talking about *investing*, not spending money. If we could boost our level of employee motivation 10 percent, we would get a tremendous return on investment."

Margot, Cora, and the rest of the executive team agreed to hire a firm to conduct the survey. Four months later, the survey was completed, and the results presented to management. The consultant, Ken, focused on the data presented in the accompanying Exhibit as the key finding of the survey. He said, "Folks, here is the meat of the survey. Let's discuss what calls for action are revealed by the data."

CASE EXHIBIT Data from Employee Attitude Survey

QUESTION	PERCENT YES	PERCENT NO
1. Do you have a clear description of your responsibilities?	72	28
2. Do you have the opportunity to use your best skills each workday?	55	45
3. Do you put your full effort into the job most days?	44	56
4. Do you think that your immediate supervisor is doing a good job?	85	15
5. Do you expect to be working for this company for at least another three years?	34	66
6. Do you ever take work home with you (assuming that you have the type of work that can be done off company premises)?	41	59
7. In the past year, have you had opportunities at work to learn and grow professionally?	38	62
8. Are you satisfied with your compensation (salary and benefits combined)?	69	31
9. Do you feel committed to the company in terms of its work?	45	55
10. Do you think that your work serves an important purpose?	48	52

Note: A total of 376 employees were surveyed, representing 89 percent of the workforce.

Questions

1. How bad is employee motivation and engagement as revealed by the exhibit?
2. What actions can management take to increase motivation and engagement?
3. To what extent might employees at this HMO not perceive their work to be meaningful?

ASSOCIATED ROLE PLAY

About five students play the role of leadership team at the regional HMO. The team is gathered to have a brief discussion about the meaning and relevance

of the data presented in the employee attitude survey. Differing perceptions of the meaningfulness of the data are welcome.

LEADERSHIP CASE PROBLEM B

Tyler Faces a Feedback Challenge

Tyler is the chief operations officer (COO) of Mining and Drilling Co., a company that manufactures equipment for the mining industry. With the CEO being heavily involved in strategy formulation, mergers and acquisitions, and company finances, Tyler is essentially in charge of running the company. With all the exploration for resources in recent years, the company is prospering.

Tyler sees a major part of his role at Mining and Drilling to be that of a leader who inspires, guides, and monitors the behavior of subordinates. At the moment, Tyler is facing what he considers to be a delicate issue. He wants to provide constructive feedback to one of his direct reports, Gus, the director of materials management. The feedback has to do with incidents he heard about Gus's relationships with staff members. Although none of these incidents or reported incidents rumors deal with behavior that violates the code of conduct at Mining and Drilling, they suggest poor professionalism.

Sherry, an office manager, once told Tyler that Gus often stares at her in a lecherous manner. Sherry also said that Gus tends to stand about five inches from her when they have a conversation about work-related matters.

A few weeks ago, Tyler heard Garth, the IT manager, joke about how much advice and help Gus wants with his off-the-job communication technology

pursuits, such as setting up a smart house, and interconnecting the electronic devices in his home.

Last week Tyler asked Kaitlin, his administrative assistant, how she and her family planned to spend the weekend. Kaitlin said with a sarcastic expression on her face, "As usual, I will have to put a lot of time into deleting the dozens of text messages Gus sends me. I don't do anything to encourage Gus, but he keeps bombarding me with silly messages. Last night he sent me five texts about cute things his dog did recently."

Tyler was wondering how he should approach Gus about his behavior unbecoming to a company executive, yet still not in violation of company policy. "I should give Gus some feedback about these problems," thought Tyler. "Yet I don't want to damage my relationship with one of the key leaders at Mining and Drilling."

Questions

1. Are the reported incidents in relation to Gus even worth the attention of a COO?
2. If you think the case describes a problem worthy of his attention, how should Tyler coach Gus about the reported incidents?
3. What opening line do you recommend for Tyler if he does hold a coaching session with Gus about the incidents reported in the case?

ASSOCIATED ROLE PLAY

You guessed it. One person plays the role of CEO Tyler who decides to hold a coaching session with COO Gus about the latter's unprofessional behavior. Tyler feels awkward because he is not even certain that he should be providing feedback to Gus about the incidents. Gus

assumes that the session will be about a key operations or strategy issue. Furthermore, Gus doesn't think he has a problem about behaving professionally. Observers will provide feedback on how well the coaching and feedback session went.



LEADERSHIP SKILL-BUILDING EXERCISE 10-5

My Leadership Portfolio

One of the easiest and most powerful ways of motivating people is to recognize their efforts, as described in this chapter. Like any other interpersonal skill, being effective at giving recognition takes practice. During the next week, find three people to recognize, and observe how they react to your recognition. For example, if a server gives you fine service, explain after the meal how much you enjoyed the service and leave a larger-than-average tip. If your hair stylist does a fine job, similarly pro-

vide a compliment and a good tip. Or find some helper to recognize with a compliment but without a tip. Observe the responses of these people—both their facial expressions and what they say. Of even more importance, observe if any of these people appear eager to serve you the next time you interact with them.

As with other parts of your leadership portfolio, keep a written record of what happened to you and how much skill you think you have developed.



LEADERSHIP SKILL-BUILDING EXERCISE 10-6

Position Paper on Motivation

Write a position paper on the topic of whether or not a leader/manager should have to invest time motivating workers. The general argument for a leader needing to spend time motivating subordinates is that it is part of human nature to not work

very hard unless an external force provides some motivation. The general argument against a leader needing to spend time motivating subordinates is that people are expected to work hard, especially because they are financially compensated.

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Creativity, Innovation, and Leadership

LEARNING OBJECTIVES

After studying this chapter and doing the exercises, you should be able to

- Identify the steps in the creative process.
- Identify characteristics of creative problem solvers.
- Be prepared to overcome traditional thinking in order to become more creative.
- Describe both organizational and individual approaches to enhance creative problem solving.
- Explain how the leader and the organization can establish a climate that fosters creativity.
- Identify several leadership practices that contribute to organizational innovation.

CHAPTER OUTLINE

Steps in the Creative Process

Characteristics of Creative Leaders

Knowledge

Cognitive Abilities

Personality

Passion for the Task and the Experience of Flow

Overcoming Traditional Thinking as a Creativity Strategy

Organizational Methods to Enhance Creativity

Systematically Collecting Fresh Ideas

Brainstorming

Using the Pet-Peeve Technique

The Morality of Enhancing Creativity

Self-Help Techniques to Enhance Creative Problem Solving

Practicing Creativity-Enhancing Activities

Staying Alert to Opportunities

Maintaining an Enthusiastic Attitude, Including Being

Happy

Maintaining and Using a Systematic Place for Recording Your Ideas

Playing the Roles of Explorer, Artist, Judge, and Lawyer

Engaging in Appropriate Physical Exercise

Establishing a Climate and Culture for Creative Thinking

Leadership Practices for Enhancing Creativity

Methods of Managing Creative Workers

Additional Leadership Practices That Enhance Innovation

Summary

Key Terms

Guidelines for Action and Skill Development

Leadership Case Problem A

Leadership Case Problem B

Notes

In 2014, some of high-fashion thinking behind Burberry fused with Apple in the presence of Angela Ahrendts, the former Burberry chief executive. She was hired to become the senior vice president of retail and online stores at Apple. A major reason for recruiting Ahrendts to this position is that she is creative in both fashion and digital marketing, and a strong leader of creative people. Also, executives at Apple wanted to create some new excitement at their retail stores.

At Burberry, Ahrendts was the executive behind a seven-year growth spurt at the British luxury goods maker. During her last five years in the position, Burberry's revenue more than tripled, and the company is regarded by many as one of the leading British brands in the world, with a thriving corporate culture. Before joining Burberry, Ahrendts was executive vice president at Liz Claiborne Inc. Her other major fashion leadership role was as president of Donna Karan International.

To enhance product creativity at Burberry, Ahrendts created two executive teams. One consisted of the younger generation of workers who dreamt up ideas, whereas the older generation implemented these innovative ideas. Ahrendts was able to convince customers around the world

to pay a premium for such products as Burberry scarves and bags. She also facilitated the growth of Burberry's website when other luxury brands de-emphasized e-commerce. Ahrendts's other initiatives included placing iPads in stores to help customers make purchases, video streaming Burberry's fashion shows live, and installing software to reduce costs and improve profitability. She aggressively drove technology into every facet of Burberry's business.

One of Ahrendts's key responsibilities at Apple is to maintain its allure as a luxury product and not a commodity sold at big discounts. Upon agreeing to join the company, she said that she was profoundly honored to join Apple in this newly created position, and that she looked forward to working with the global teams to further enrich the consumer experience on and offline. Ahrendts also said, "I have always admired the innovation and impact Apple products and services have on people's lives and hope in some small way I can help contribute to the company's continued success and leadership in changing the world."

Born and raised in a small town in Indiana, Ahrendts graduated with a bachelor's degree in merchandising and marketing from Ball State University in Muncie, Indiana. Ball State granted her an Honorary Doctor of Humane Letters in 2010.¹

The emphasis on fusing fashion and communication technology devices by a highly acclaimed executive fits closely some of the themes in this chapter. Leaders of creativity and innovation are creative themselves, and they make a special effort to engage in leadership and management practices that foster creativity and innovation.

By thinking creatively, a person can form a new enterprise or enlarge an existing one that can keep many people engaged in productive activity. However, the creative idea has to be executed properly for innovation to take place. Although the terms *creativity* and *innovation* are often used interchangeably, **innovation** refers to the creation of new ideas and their *implementation* or *commercialization*. Quite often, the term *innovation* is used loosely in business to refer to almost any positive change rather than restricting the term to a breakthrough development.² True innovation is regarded by some management thinkers as the only sustainable source of competitive advantage.³

Long-time leadership authority Warren Bennis regards creativity as an essential characteristic of leaders.⁴ The role of a creative leader is to bring into existence ideas and things that did not exist previously or that existed in a different form. Leaders are not bound by current solutions to problems. Instead, they create images of other possibilities. Leaders often move a firm

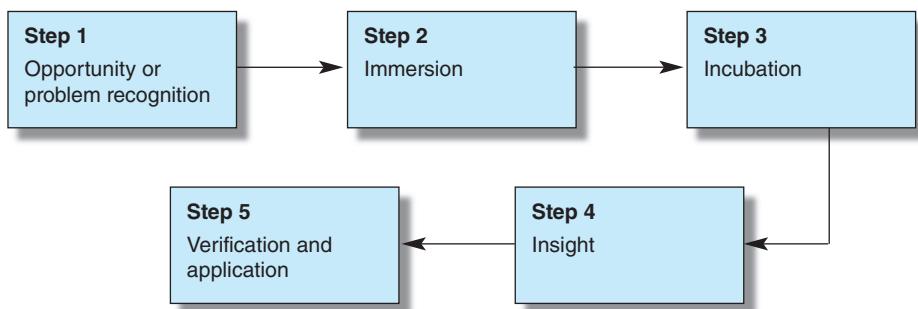
into an additional business or start a new department that offers another service.

This chapter emphasizes the development of creativity in the leader. It also explains the nature of creativity and creative people and examines the leader's role in establishing an atmosphere that helps group members become more creative, along with leadership practices conducive to innovation.

Steps in the Creative Process

An important part of becoming more creative involves understanding the stages involved in **creativity**, which is generally defined as the production of novel and useful ideas. A still well-accepted model of creativity developed almost ninety years ago can be applied to organizations. This model divides creative thinking into five stages,⁵ as shown in Figure 11-1. Step 1 is *opportunity* or *problem recognition*: A person discovers that a new opportunity exists or a problem needs to be resolved. One day in 1994, a financial analyst named Jeff Bezos was seated at his desk at the New York hedge fund, D. E. Shaw, when he noticed an astonishing statistic: The number of Internet users was growing by 2,300 percent per year. Bezos thought that there must be some good way to commercialize this development. Bezos was concerned that he or his company had not yet capitalized on the revolutionary development called the Internet. He detected an opportunity for some kind of business, but he did not yet know which one.⁶

Step 2 is *immersion*: The individual concentrates on the problem and becomes immersed in it. He or she will recall and collect information that seems relevant, dreaming up alternatives without refining or evaluating them. Bezos grabbed every fact he could about mail order businesses and thought about which ones could be conducted more efficiently over the Internet than by the traditional means, such as phoning in or writing for orders.



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FIGURE 11-1 Steps in the Creative Process.

Creative problem solvers often go through these steps below the level of conscious awareness. Yet being aware of these steps (such as immersing yourself in knowledge) when faced with a challenging problem will often increase the probability of finding a creative solution.

Step 3 is *incubation*: The person keeps the assembled information in mind for a while. He or she does not appear to be working on the problem actively, but the subconscious mind is still engaged. While the information is simmering, it is being arranged into meaningful new patterns. Bezos kept thinking about using the Internet for a mail order business while performing his regular work.

Step 4 is *insight*: The problem-conquering solution flashes into the person's mind at an unexpected time, such as on the verge of sleep, during a shower, or while running. Insight is also called the *Aha!* experience: All of a sudden, something clicks. At some point it clicked in Bezos's mind that books were the commodity for which no comprehensive mail order catalog existed because a catalogue of this nature would be much too large to mail profitably. A catalogue of this type would be ideally suited to the Internet because a vast database could be shared with an almost unlimited number of users. The *aha!* experience usually arrives after hours of thought and study, as indicated by Step 2, immersion.

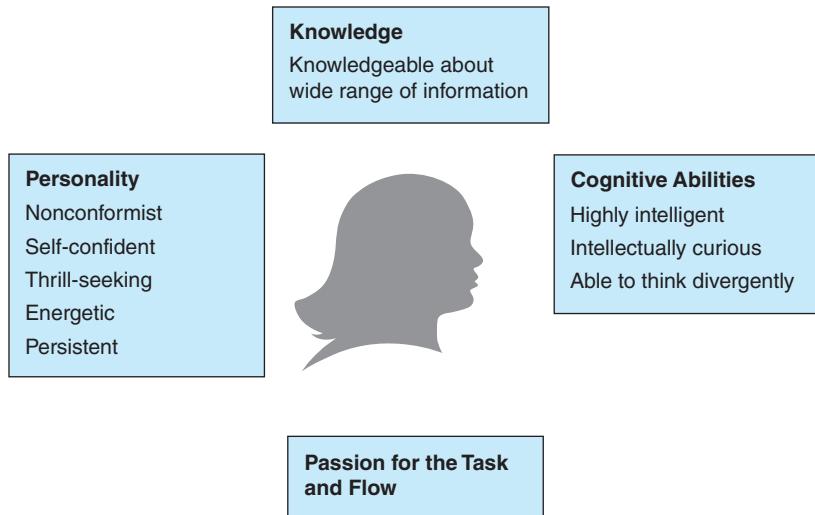
Step 5 is *verification and application*: The individual sets out to prove that the creative solution has merit. Verification procedures include gathering supporting evidence, using logical persuasion, and experimenting with new ideas. Application requires tenacity because most novel ideas are first rejected as being impractical. The day after his insight experience, Bezos flew to Los Angeles to the American Booksellers' Convention to learn all he could about the book business. One key fact he found was that the major book wholesalers had already assembled electronic lists of their inventory. Bezos reasoned that the potential new venture only needed one Internet location where the book-buying public could search through the stock and place orders directly.

Because his employer wasn't interested in jumping into the Internet bookselling business, Bezos decided to go into business for himself, founding Amazon.com. He and his wife then drove to Seattle, Washington, to set up the new business, drawing up the business plan as they rolled down the highway in a 1988 Chevy Blazer.

Bezos' opportunity-spotting has evolved into a major business corporation that now sells all kinds of merchandise in addition to books and music, as well as information technology services such as cloud computing. Today, Amazon.com is the largest online retailer in the world. The end product of Bezos' creative thinking was a business possibility rather than an invention. Nevertheless, businesspeople typically follow the same five steps of creative thought as do inventors. Even though creativity usually follows the same steps, it is not a mechanical process that can be turned on and off. Much of creativity is intricately woven into a person's intellect and personality.

Characteristics of Creative Leaders

Creative leaders, like creative workers of all types, are different in many ways from their less creative counterparts. They are devoted to their fields and enjoy intellectual stimulation, and they challenge the status quo, which



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FIGURE 11-2 Characteristics of Creative Leaders.

Having the right characteristics improves the chances of a person being a creative problem solver and a creative leader.

leads them to seek improvements. Above all, creative people are mentally flexible and can see past the traditional ways of looking at problems.

As described next, the specific characteristics of creative people, including creative leaders, can be grouped into four areas: knowledge, cognitive abilities, personality, and passion for the task and the experience of flow.⁷ These characteristics are highlighted in Figure 11-2. In addition, we present a formula about human behavior that helps explain how these characteristics lead to creative output. Before studying this information, compare your thinking to that of a creative person by doing Leadership Self-Assessment Quiz 11-1.

Knowledge

Creative problem solving requires a broad background of information, including facts and observations. Knowledge provides the building blocks for generating and combining ideas. Most creative leaders are knowledgeable, and their knowledge contributes to their charisma. A well-known case in point is Steven P. Jobs, the late chief executive of Apple Inc. He contributed design and marketing decisions to most of Apple's key products, and he played a major role in the development of the popular iPhone and iPad. A contributor to Jobs' creativity is his in-depth technical knowledge of computer hardware and software. Jobs said at the peak of his career something to the effect that creativity is the result of having enough dots to connect. (The dots are bits of knowledge.)

An example of connecting dots is the cross-breeding of the tablet computers and smartphones with the dashboard on automobiles and trucks. Modern vehicles have so many computerized features on the dashboard that Alan R. Mulally, the CEO of Ford Motor Company, said that the company's vehicles have become computer apps.



LEADERSHIP SELF-ASSESSMENT QUIZ 11-1

The Creative Personality Test

Instructions: Describe each of the following statements as “mostly true” or “mostly false.”

	MOSTLY TRUE	MOSTLY FALSE
1. It is generally a waste of time to read magazine articles, Internet articles, and books outside my immediate field of interest.	<input type="checkbox"/>	<input type="checkbox"/>
2. I frequently have the urge to suggest ways of improving products and services I use.	<input type="checkbox"/>	<input type="checkbox"/>
3. Taking an elective course outside of my major is (or was, or would be) a time waster.	<input type="checkbox"/>	<input type="checkbox"/>
4. I am a person of very strong convictions. What is right is right; what is wrong is wrong.	<input type="checkbox"/>	<input type="checkbox"/>
5. I enjoy it when my boss hands me vague instructions.	<input type="checkbox"/>	<input type="checkbox"/>
6. Making order out of chaos is actually fun.	<input type="checkbox"/>	<input type="checkbox"/>
7. Only under extraordinary circumstances would I deviate from my To Do list (or other ways in which I plan my day).	<input type="checkbox"/>	<input type="checkbox"/>
8. I often use search engines other than Google just to explore something different.	<input type="checkbox"/>	<input type="checkbox"/>
9. Rules and regulations should not be taken too seriously. Most rules can be broken under unusual circumstances.	<input type="checkbox"/>	<input type="checkbox"/>
10. Playing with a new idea is fun even if it does not benefit me in the end.	<input type="checkbox"/>	<input type="checkbox"/>
11. Some of my best ideas have come from building on the ideas of others.	<input type="checkbox"/>	<input type="checkbox"/>
12. In writing, I try to avoid the use of unusual words and word combinations.	<input type="checkbox"/>	<input type="checkbox"/>
13. I frequently jot down improvements in the job I would like to make in the future.	<input type="checkbox"/>	<input type="checkbox"/>
14. I prefer to stay with technology devices I know well rather than frequently updating my equipment or software.	<input type="checkbox"/>	<input type="checkbox"/>
15. I prefer writing personal notes or poems to loved ones rather than relying on greeting cards.	<input type="checkbox"/>	<input type="checkbox"/>
16. At one time or another in my life, I have enjoyed doing puzzles.	<input type="checkbox"/>	<input type="checkbox"/>
17. If your thinking is clear, you will find the one best solution to a problem.	<input type="checkbox"/>	<input type="checkbox"/>
18. It is best to interact with coworkers who think much like you.	<input type="checkbox"/>	<input type="checkbox"/>
19. I would readily accept an assignment to a new product development committee.	<input type="checkbox"/>	<input type="checkbox"/>
20. Tight controls over people and money are necessary to run a successful organization.	<input type="checkbox"/>	<input type="checkbox"/>

Scoring and Interpretation: Give yourself a score of 1 for each answer that matches the answer key:

- | | | |
|-----------------|------------------|------------------|
| 1. Mostly false | 8. Mostly true | 15. Mostly true |
| 2. Mostly true | 9. Mostly true | 16. Mostly true |
| 3. Mostly false | 10. Mostly true | 17. Mostly false |
| 4. Mostly false | 11. Mostly true | 18. Mostly false |
| 5. Mostly true | 12. Mostly false | 19. Mostly true |
| 6. Mostly true | 13. Mostly true | 20. Mostly false |
| 7. Mostly false | 14. Mostly false | |

Total score: _____

QUIZ 11.1 (continued)

Extremely high or low scores are the most meaningful. A score of 15 or more suggests that your personality and attitudes are similar to those of creative people, including creative leaders. A score of 8 or less suggests that you are more of an intellectual conformist at present. Do not be discouraged. Most people can develop in the direction of becoming more creative.

How does your score compare to your self-evaluation of your creativity? We suggest you also obtain feedback on your creativity from somebody familiar with your thinking and your work.

Cognitive Abilities

Cognitive abilities comprise such abilities as general intelligence and abstract reasoning. Creative problem solvers, particularly in business, are often bright but are not at the absolute top end of the brilliance scale. A subtle exception here is that when the creativity centers on highly technical matters, the creative business person is often brilliant. Two examples presented so far in this chapter are Angela Ahrendts and Jeff Bezos. Jack Dorsey of Twitter and Square, presented later, is also brilliant.

Even if extraordinarily high intelligence is not required to be creative, creative people are facile at generating creative solutions to problems in a short period of time. Creative people also maintain a youthful curiosity throughout their lives, and the curiosity is not centered just on their own field of expertise. Instead, their range of interests encompasses many areas of knowledge, and they are enthusiastic about puzzling problems. These mental workouts help sharpen a person's intelligence.

Creative people show an identifiable intellectual style: being able to think divergently. They are able to expand the number of alternatives to a problem, thus moving away from a single solution. Yet, the creative thinker also knows when it is time to narrow the number of useful solutions. For example, the divergent thinker might think of twenty-seven ways to reduce costs, but at some point he or she will have to move toward choosing the best of several cost-cutting approaches.

A hallmark of a creative businessperson's intellect is to spot opportunities that others might overlook. A case in point is Hamdi Ulukaya, a Turkish immigrant who launched Chobani brand yogurt in 2007. At the time, the Greek market share of yogurt in the United States was less than 1 percent. Today the share is over 60 percent. Ulukaya says that the growth of his enterprise began when he spotted an abandoned and dilapidated yogurt plant Kraft Foods was looking to sell. With only \$3,000 left in his pocket, Ulukaya needed an opportunity to make a living.⁸

The popular belief that creative people are right-brain dominant, whereas left-brain dominant people are more logical, detail-oriented, and analytical has been challenged by brain specialists. Recent neuroscience research suggests that developing original ideas is a process, and not something that stems from one side of the brain. Antonio Damasio, director of the Brain

and Creativity Institute at the University of Southern California, explains that there is a high level of cooperation between different parts and different systems within the brain. As a result, creative problem solving is orchestrated by different parts of the brain working together. The imagination that is an integral part of creativity stems from memory because memory is necessary to recognize when something is original—a key component of creativity.⁹

Personality

Personality factors or the noncognitive aspects of an individual heavily influence creative problem solving. Creative people tend to have a positive self-image without being blindly self-confident. But because they are reasonably self-confident, they are able to cope with criticism of their ideas, and they can tolerate the isolation necessary for developing ideas. Part of the self-confidence of a creative worker focuses on the belief that he or she can solve problems creatively. Talking to others is a good way to get ideas, yet at some point the creative problem solver has to work alone and concentrate.

Self-confidence is an influential factor for enhancing the creativity necessary for successful entrepreneurship. A report on entrepreneurial success notes that “You have to be crazy-sure your product or service is something the world needs and that you can deliver it to overcome the naysayers, who will always deride what the majority has yet to validate.”¹⁰

Creative people are frequently nonconformists and do not need strong approval from the group. They prefer to search for alternatives than worry about attaining consensus. Josh Linkner, the founder and chairman of ePrize LLC, an interactive promotions company, said that groupthink (striving for consensus at any cost) discourages innovation.¹¹

Many creative problem solvers are thrill seekers and risk takers who find that developing imaginative solutions to problems is a source of thrills. Larry Page, a big risk taker himself, has said that the biggest payoffs at Google have stemmed from risky ideas and investments.¹² Creative people are also persistent, which is especially important for the verification and application stage of creative thinking. Selling a creative idea to the right people requires considerable follow-up. Finally, creative people enjoy dealing with ambiguity and chaos. Less creative people become quickly frustrated when task descriptions are unclear and disorder exists.

Passion for the Task and the Experience of Flow

A dominant characteristic of creative people that is closely related to personality is a passion for the work. More than twenty years of research in industry conducted by Teresa M. Amabile and her associates led to the *intrinsic motivation principle of creativity*: People will be at their creative best when they feel motivated primarily by the interest, satisfaction, and challenge of the work itself—and not by external pressures.¹³

Passion for the task and high intrinsic motivation contribute in turn to a total absorption in the work and intense concentration, or the **experience of flow**. It is an experience so engrossing and enjoyable that the task

becomes worth doing for its own sake regardless of the external consequences.¹⁴ Perhaps you have had this experience when completely absorbed in a hobby or some analytical work, or when you were at your best in a sport or dance. (Flow also means *being in the zone*.) The highly creative leader, such as a business owner developing a plan for worldwide distribution of a product, will often achieve the experience of flow.

To fully understand the contribution of personal characteristics to creativity, we note the basic formula of human behavior: $B = f(P \times E)$ (behavior is a function of a person interacting with the environment). In this context, certain personal characteristics may facilitate a leader's being creative, but the right environment is necessary to trigger creative behavior. As will be described later, the right environment includes the leader encouraging creative thinking.

Overcoming Traditional Thinking as a Creativity Strategy

A unifying theme runs through all forms of creativity training and suggestions for creativity improvement: Creative problem solving requires an ability to overcome traditional thinking. The concept of *traditional thinking* is relative, but it generally refers to a standard and frequent way of finding a solution to a problem. A traditional solution to a problem is thus a modal or most frequent solution. For example, traditional thinking suggests that to increase revenue, a retail store should conduct a sale. Creative thinking would point toward other solutions. As an example, a retail store might increase sales by shipping goods for a small fee, or by having store associates offer free fashion advice.

The creative person looks at problems in a new light and transcends conventional thinking about them. A historically significant example is Henry Ford, who was known for his creative problem-solving ability. A meatpacking executive invited Ford to visit his Chicago plant and observe how employees processed beef. The automotive executive noticed that at one end of the plant whole carcasses of steers were placed on a giant conveyor belt. As the meat traveled through the plant, workers carved it into various cuts until the carcass was consumed. A flash of whimsical insight hit Ford: What if the process were reversed, and all the pieces would become a whole steer again? Ford asked himself, "Why can't an automobile be built that way?" He took his creative idea back to the Ford Motor Company in Detroit and constructed the world's first manufacturing assembly line.¹⁵

The central task in becoming creative is to break down rigid thinking that blocks new ideas. At the same time, the problem solver must unlearn the conventional approach. Henry Ford unlearned the custom approach to building autos, so he could use an assembly line. (In the current era, people who have unlearned the assembly-line approach and switched to customization are considered to be creative!)

Overcoming traditional thinking is so important to creative thinking that the process has been characterized in several different ways. The most

familiar is that *a creative person thinks outside the box*. A box, in this sense, is a category that confines and restricts thinking. Because you are confined to a box, you do not see opportunities outside the box. For example, if an insurance executive thinks that health insurance is only for humans, he or she might miss out on the growing market for domestic animal health insurance.

A caution about thinking outside the box: Workers still need some constraints as to how far outside the box they are permitted to think. Creativity writer Shawn Coyne contends that when people are told to think outside the box with no constraints they quickly become overwhelmed by the unlimited scope of the task. Effective project leaders establish parameters and prepare their teams for idea generation by pointing them in a specific direction. Coyne also explains that the best ideas come from “thinking inside a very carefully designed box that’s not too big or too small.”¹⁶ An example might be telling team members that they need to find ways of saving the company energy costs but that no suggestions will be used that are too expensive or result in widespread employee complaints.

Marketing professors Drew Boyd and Jacob Goldenberg have developed the merits of thinking creatively by working within constraints into a system of creativity. The key principle of the system is that innovation is mostly likely to occur when you create a new form for something familiar, and then find a function it can perform. The psychological finding behind the principle is that most people are more adept at starting with a solution rather than with a problem. An example is as follows:

Visualize you are handed a baby bottle and told that it changes color as the temperature of the milk or baby formula changes. The bottle would be useful because it would help to ensure that you do not burn the baby’s mouth and tongue with milk that is too hot. Now imagine that you were asked the question in reverse: “How can we guard against not burning a baby’s mouth with milk that is too hot? It would be exceedingly difficult to answer that question.¹⁷

We might conclude from these concerns about thinking outside the box that imagination is still required to think outside the box within the constraints of a required framework. The accompanying box contains business examples of thinking outside the box.

Organizational Methods to Enhance Creativity

To enhance creative problem solving, most organizations regularly engage in systematic approaches to develop creative and innovative ideas. We focus here on new developments in brainstorming and other creativity-enhancing methods. Programs of this nature are applied to actual problems, while at the same time they provide an opportunity to improve creative thinking.

The leader has a dual role in implementing creative problem-solving techniques: He or she facilitates group interaction and also provides a fair share



LEADER IN ACTION

Modern Business Examples of Thinking Outside the Box

- Conventional wisdom held that intercity bus service requires terminals usually including restrooms, food vending machines, and perhaps a lunch counter. Then, in mid-2000 in the United States and Canada (and earlier in England) along came Megabus, the discount intercity bus services that picks up and drops off passengers at designated curbside locations. The company saves money by not having bus stations, although there are some “warming buses” for passengers who wait in the extreme cold or heat. At first, the bus service linked eight Midwestern cities to a Chicago hub for as little as \$1 a ticket (at least one ticket per bus). Most tickets are sold online, and the passenger base is concentrated on people younger than 36. Today, approximately 7 million people are Megabus customers across about 100 cities in the United States and Canada. (The idea for Megabus appears to have been borrowed from bus service in Chinatown, located in the Manhattan borough of New York City).
- Conventional wisdom says that you do not permit competitors to sell products and services in your own store or on your own website. Amazon.com, however, has had a program in place for years that enables the consumer to shop at other online stores through its own website. Amazon.com collects a small commission, and customer experience has been improved, thereby increasing sales at Amazon.
- Conventional wisdom says that there is not much a pharmacy can do about customers who neglect to refill their prescription, thereby often suffering health consequences, as well as the pharmacy forgoing revenue. Leadership at CVS/Caremark thought that a proactive approach was needed. A system has been installed to deal with the problem. If a patient on a pharmacy benefit management program has stopped taking his or her drugs, a CVS pharmacist may telephone to remind the patient to order refills. The program is also thought to be a creative way of reducing the number of patients who become so ill that they require hospitalization.

Sources: Ben Austen, “The Mega Bus: Why Are So Many People Climbing Aboard Curbside Buses?” *Bloomberg Businessweek*, April 11–17, 2011, pp. 62–67; Phil Rosenthal, “Discount Buses Enjoying the Ride,” *Chicago Tribune Business*, October 28, 2012, pp. 1–2; Heather Green, “How Amazon Aims to Keep You Clicking.” *BusinessWeek*, March 2, 2009, pp. 34–40; Matthew Boyle, “CVS: Dispensing Drugs—and Health Reform,” *BusinessWeek*, February 23, 2009, pp. 42–43.

of creative output. The three creativity-enhancing, problem-solving techniques described here are (1) systematically collecting fresh ideas, including the use of whiteboards and granting time to explore ideas; (2) brainstorming; and (3) the pet-peee technique. A notable point about creativity-enhancing methods is that no one method is likely to be consistently better than any other method. The underlying mechanism is that each creativity-enhancing method helps bring new ideas to the surface.

Systematically Collecting Fresh Ideas

Creativity is often referred to as a numbers game, because the more ideas you try, the greater the probability of finding one that works. Several approaches to systematically collecting fresh ideas are listed next.

1. Straightforward collection of ideas. A basic way of collecting fresh ideas is for employees to furnish them to a company database so that when somebody needs a fresh idea it can be accessed through a company search

engine. Posting ideas on an intranet is similar to the database. Another straightforward approach to collecting ideas is for company leadership to engage more of its own staff in the search for innovation. A representative example is Reckitt Benckiser PLC, a British maker of household cleaning and personal hygiene products. The company has alerted many of its staff members in purchasing, marketing, and customer relations to be on the lookout for relevant, new market trends. A small in-house team attempts to authenticate reported trends and build on them. The team reports its findings to senior managers who decide which products are worth pursuing. Forty percent of revenue in one year resulted from innovations launched in the previous three years.¹⁸

2. Establishing idea quotas. To facilitate having fresh ideas, the leader or manager can establish idea quotas, such as by asking staff members to bring one new idea to each meeting. Although the vast majority of these ideas may not lead to innovation, a few good ones will emerge. One reason idea quotas work is that they are a goal. Another is that an environmental need (in this case, the idea quota) is an excellent creativity stimulant.

3. Making whiteboards regularly available for sketching ideas. The combination of a whiteboard and felt-tip pen has proven to be an effective method of sparking creative ideas. A wide range of companies encourage employees to doodle their ideas and draw diagrams to explain complicated concepts to colleagues in fields such as information technology, retailing, and real estate. Other doodling mechanisms include chalkboards and writable glass on a variety of surfaces.

Advocates of doodling say it can facilitate idea generation, boost collaboration, and simplify communication. Everett Katigbak, a communication designer at Facebook, emphasizes that even with electronic gadgets such as smartphones and tablet computers the hand is the most effective way of recording an idea. A representative example is that at Turner Broadcasting System, the strategy development team sketched tree branches and placed sticky notes on the end of the branches to think of ways to extend the Turner Classic Movie Brand. The exercise yielded more than 200 ideas, some of which proceeded to the development stage.¹⁹

4. Granting tinkering time. A formal policy approach for collecting fresh ideas is to allocate an amount or percentage of time for employees to think and experiment. Several innovative companies, including 3M, W. L. Gore & Associates, and Google, attribute some of their most successful new products to employees who were granted thinking time. The Google policy permitted its employees to spend one-fifth of their time on whatever innovative products they wished. Company leadership claimed that many of its significant advances can be traced to granting tinkering time to employees.²⁰

In recent years, Google and 3M have both restricted employee use of time off from regular responsibilities to explore innovative ideas, perhaps because the policy was regarded as an expensive employee perk. Nevertheless, “time to tinker” worked in the past and still remains another method

of systematically collecting creative and innovative ideas. Apple and LinkedIn have both introduced such programs in recent years, with the former being labeled Blue Sky, and the latter InCubator.²¹

Brainstorming

The best-known method for creativity improvement is brainstorming, which you have probably already done. Although brainstorming is often condemned as being superficial, it remains a key idea-generation method for even the most advanced technology companies. Furthermore, brainstorming is as much entrenched into business life as are job interviews and problem-solving meetings. A notable example of brainstorming is the firm Intellectual Ventures, whose primary mission is to develop inventions, cofounded by Nathan P. Myhrvold, the former chief technology officer at Microsoft. Myhrvold assembles groups of doctors, engineers, and scientists known for their brilliance, along with in-house inventors and lawyers, for day-long brainstorming sessions. The Intellectual Ventures staff takes ideas from the brainstorming sessions and turns them into patents. Inventors get a share of any eventual royalties. Through a combination of its own brainstorming and \$5 billion in investment funds, the company has collected nearly 70,000 “intellectual assets.”²²

The Intellectual Ventures application of brainstorming emphasizes goals as an essential part of the process. The Ventures team focuses on the goal of attaining ideas worthy of a patent. According to the theorizing of Robert C. Litchfield, the various rules of brainstorming can be regarded as goals, including (a) generate quantity, (b) avoid criticism, (c) combine and improve on previous ideas, and (d) encourage free-wheeling.²³ A key aspect of brainstorming is that all ideas can be stepping stones and triggers for new and more useful ideas. Any idea might lead to other associations and connections. Thus, during the idea-generating part of brainstorming, potential solutions are not criticized or evaluated in any way, so that spontaneity is encouraged.

Brainstorming, much like other creative problem-solving techniques, works best in an organizational culture that fosters innovation. It is an integral part of the famous design firm IDEO, Inc., whose employees believe passionately in innovation. As a result, they are able to argue about alternative solutions to problems yet still unite to produce an effective design.²⁴

As a refresher, do Leadership Skill-Building Exercise 11-1. Because the vast majority of employers use brainstorming, it is helpful to have some advanced knowledge of the topic other than that it is simply shouting out ideas.

Using the Pet-Peeve Technique

An important part of leadership is for organizational units to find ways to continuously improve their service to external and internal customers. The **pet-peevé technique** is a method of brainstorming in which a group identifies all the possible complaints others might have about the group’s organizational unit.²⁵ Through brainstorming, group members develop a list of



LEADERSHIP SKILL-BUILDING EXERCISE 11-1

Presented below are two different scenarios for brainstorming. Choose one or both to work on practical business problems.

A. Choose an Effective Domain Name

Organize into groups to play *Choose an Effective Domain Name*. Your task is to develop original domain names for several products or services. An effective domain name is typically one that is easy to remember and will capture potential customers in an uncomplicated Internet search. One reason this exercise is difficult is that “cybersquatters” grab unclaimed names they think business owners might want, and then sell these names later. For example, a cybersquatter (or domain name exploiter) might develop or buy the domain name www.catfood.com, hoping that an online retailer of cat food will want this name in the future. The owner of catfood.com would charge a company like PetSmart every time a surfer looking to purchase cat food over the Internet entered www.catfood.com and was then linked to PetSmart.

After your team has brainstormed a few possible domain names, search the Internet to see if your domain name is already in use. Simply enter the name you have chosen plus “.com” into your browser. After you have developed your list of domain names not already in use, the team leader will present your findings to the rest of the class.

- Tattoo and body-piercing studios
- Replacement parts for antique or classic autos
- A chain of reading and math-learning centers for children
- Alzheimer’s disease treatment centers
- Personal loans for people with poor (subprime) credit ratings
- Recycled steel for manufacturers

B. The Next Billion Dollar Brand

Students organize into small new venture groups for your employer, Coca-Cola, PepsiCo, or Dr. Pepper Snapple Group. Although the company is a major player in its field, the CEO tasks you with the responsibility of identifying the next billion dollar brand, meaning that the brand will bring in gross revenues of about \$1 billion annually. Although the CEO is giving you considerable latitude to think creatively and innovatively, the major constraint is that you are a food and beverage company. The CEO tells you that carbonated beverages have lost some of their fizz in recent years, so he or she thinks that your mission is high priority. You have twenty minutes to conduct your problem-solving/brainstorming session to think of what might be the next billion dollar brand. At the end of that short time period, present your best suggestion to the CEO.

complaints from any people who interact with their group. Sources of complaints include inside customers, outside customers, competitors, and suppliers. Although the pet-peee technique is not well known, it is potentially valuable.

Group members can prepare for the meeting by soliciting feedback on themselves from the various target groups. In keeping with the informal, breezy style of the pet-peee group, feedback should be gathered informally. Rather than approach target groups with a survey, members might tell others about the upcoming pet-peee session and then ask in person or electronically, “What complaints can you contribute?”

During the no-holds-barred brainstorming session, group members throw in some imaginary and some humorous complaints. Humorous complaints

are especially important, for humor requires creative thinking. After all complaints have been aired, the group can process the information during a later session, when they can draw up action plans to remedy the most serious problems.

A pet-peeeve session in the human resources department of a manufacturer of small electronic appliances generated many complaints, including the following:

"A lot of people wonder what we are doing. They think we just fill out forms and create work for ourselves."

"Some line managers think our job is to find good reasons why they shouldn't hire their best job candidates."

"Job candidates from the outside think our job is to shred resumes. They think we throw away or delete 90 percent of the resumes that arrive at the company."

As a result of these penetrating, albeit exaggerated, self-criticisms, the human resources department developed an effective action plan. The department leader arranged brief meetings with units throughout the organization to discuss the department's role and to answer questions.

The pet-peeeve technique is potentially valuable for a leader because it can help the group improve its work processes. Because it has a good-spirited touch, it is not likely to be perceived as threatening.

The Morality of Enhancing Creativity

Methods that help generate creative ideas, as well as the leadership and managerial actions to enhance creativity described at various places in this chapter, have ethical and moral consequences. Creativity writer Gerald Sindell emphasizes the need for creative thinkers to place their work within a moral context. He notes that creative work and output never exist in a vacuum. In contrast, every idea and product has potential harmful consequences in minor and major ways.²⁶

A relevant example is the smartphone that enables millions of people to communicate readily for business and personal purposes. Yet, the unintended dysfunctional consequences have been enormous. Driving under the influence of smartphones, including texting and Internet surfing, is as dangerous as driving under the influence of alcohol. Also, productivity suffers enormously as workers become distracted by the ready availability of their smartphone for nonwork purposes. A few technology companies are pushing for the virtual elimination of cash for commerce. Yet, many workers such as servers and hair stylists prefer to receive tips in cash. And business owners prefer cash payments to paying credit card or debit card fees, and many of their customers want to avoid the potential identity theft associated with using credit cards and debit cards. Another ethical issue is that some scientists are concerned that excessive use of smartphones can create brain cancer.

Hundreds of other products and services also have ethical implications. For example, brilliantly developed financial products, such as derivatives, have also created harm for many consumers. Sindell recommends that creative workers should imagine all the possible misuses of an innovative product or service, and then take steps to limit the damage from the misuses.²⁷ Warning labels and informative advertising are at least a step in the right direction.

Self-Help Techniques to Enhance Creative Problem Solving

Leaders and others who want to solve problems more creatively can find hundreds of methods at their disposal, all of them aiming to increase mental flexibility. Six strategies and specific techniques for enhancing creative problem solving are presented next and are outlined in Table 11-1. These strategies and techniques support and supplement the organizational programs described previously. An underlying contribution of these techniques is that they facilitate flexible thinking, or viewing the world with open and curious eyes.²⁸ With such a mental stance, almost anything can spark a new idea. As a warehouse manager, you might observe young people rollerblading in the park. With a creative attitude, you might conclude that your logistic specialists would be more efficient if they used Rollerblades rather than walked.

Practicing Creativity-Enhancing Activities

An established way to sharpen creative thinking is to regularly engage in activities that encourage flexible thinking. If you enjoy photography, put yourself on assignment to take a photograph illustrating a theme. You might, for example, take photographs illustrating the proper use of your company's product. Puzzles of all types are useful in stretching your imagination; many creative people regularly do crossword puzzles. Another mind stretcher is to force yourself to write jokes around a given theme. Can you create a joke about the creativity of a leader?

Another standard technique for becoming a more flexible thinker is to ask yourself "what-if" questions. Such questions stretch your imagination to

TABLE 11-1 Self-Help Techniques for Creativity Improvement

1. Practicing creativity-enhancing activities
2. Staying alert to opportunities
3. Maintaining an enthusiastic attitude, including being happy
4. Maintaining and using a systematic place for recording your ideas
5. Playing the roles of explorer, artist, judge, and lawyer
6. Engaging in appropriate physical exercise

think of possibilities not previously given much or any thought. Two examples: “What would be the consequences if next year vehicle manufacturers switched the location of the break and accelerator pedals?” “What would happen if all consumers in the world refused to buy anything for three days?”

Learning a second language, including sign language, can facilitate creativity because you are forced to shift mental sets. For example, your second language may require you to remember the gender of every noun and to match the spelling of each adjective to the gender and number (singular versus plural) of the noun.

Leadership Skill-Building Exercise 11-2 gives you an opportunity to practice creative thinking. Doing exercises of this nature enhances creative problem solving.

Staying Alert to Opportunities

A key characteristic of creative leaders is that they can spot opportunities that other people overlook (as already mentioned twice in this chapter). Opportunity seeking is associated with entrepreneurial leadership because the entrepreneur might build an organization around an unmet consumer need. Tom Kelly, CEO of IDEO, provides a humorous example of opportunity spotting in the extreme. He was waiting for a subway train in a jammed Japanese station. Thousands of people streamed by, yet Kelly and a colleague were intrigued by one person—a young woman wearing mismatched shoes. The observers debated the reason for the mismatch, such as dressing in the dark, wearing borrowed clothes, or maybe an intentional decision. The last insight led to a company that prospers by selling mismatched socks.²⁹ Apparently, the unmet consumer need is to wear socks in a playful way. Does this example of opportunity spotting blow your socks off?



LEADERSHIP SKILL-BUILDING EXERCISE 11-2

The Multiple Uses Technique

A standard technique for developing creativity is to find multiple uses for ordinary objects. In other words, the person doing the exercise is requested to go beyond conventional thinking in visualizing potential uses for a standard object. The point of the exercise is to develop skill in thinking flexibly. A basic example is that a soup bowl might also be used as a flower pot or paper weight. Working alone or using group brainstorming, identify about six potential uses for the following objects:

1. A paperclip*
2. A plastic tennis ball container

3. A shopping cart
4. An e-mail address
5. A pickup truck that no longer runs
6. A five-pound reference book

It will be instructive to share solutions with other classmates; for one thing, it helps to determine if your alternative use was not mentioned, or rarely mentioned, by others. Infrequent mention suggests a higher degree of imagination, although not necessarily practicality.

*Finding multiple uses for a paperclip might have been the first creativity development exercise in history.

Maintaining an Enthusiastic Attitude, Including Being Happy

The managerial leader faces a major hurdle in becoming a creative problem solver. He or she must resolve the conflict between being judicial and being imaginative. In many work situations, being judicial (or judgmental) is necessary. Situations calling for judicial thinking include reviewing proposed expenditures and inspecting products for quality or safety defects. Being judicial is much like a self-imposed restraint on creativity. Imaginative thinking is involved when searching for creative alternatives. Alex F. Osburn, a former advertising executive and the originator of brainstorming, notes how judgment and imagination are often in conflict:

The fact that moods won't mix largely explains why the judicial and the creative tend to clash. The right mood for judicial thinking is largely negative. "What's wrong with this? ... No, this won't work." Such reflexes are right and proper when trying to judge.

In contrast, our creative thinking calls for a positive attitude. We have to be hopeful. We need enthusiasm. We have to encourage ourselves to the point of self-confidence. We have to beware of perfectionism lest it be abortive.³⁰ The action step is therefore to project oneself into a positive frame of mind when attempting to be creative. The same principle applies when attempting to be creative about a judicial task. For instance, a leader might be faced with the task of looking for creative ways to cut costs. The manager would then have to think positively about thinking negatively!

Closely related to enthusiasm as a contributor to creativity is that being in a good mood facilitates creativity. The finding comes from an analysis of diaries or journals. The journal entries showed that people are happiest when they come up with a creative idea. However, they are more likely to have a breakthrough idea if they were happy the day before. One day's happiness is often a predictor of the next day's creative idea.³¹

Maintaining and Using a Systematic Place for Recording Your Ideas

It is difficult to capitalize on creative ideas unless you keep a careful record of them. A creative idea trusted to memory may be forgotten in the press of everyday business. An important suggestion kept on your daily planner may become obscured. Creative ideas can lead to breakthroughs for your group and your career, so they deserve the dignity of a separate notebook, or computer file, or any other storage device that works for you. Many people today store their creative ideas on a mobile device. A cautious or forgetful person is advised to keep two copies of the ideas in separate places or storage devices.

Playing the Roles of Explorer, Artist, Judge, and Lawyer

Another creativity-improvement method incorporates many of the preceding methods. Say you want to enhance your creativity on the job. This method calls for you to adopt four roles in your thinking.³² First, be an *explorer*.

Speak to people in different fields and get ideas that can bring about innovations for your group. For example, if you manage a telecommunications group, speak to salespeople and manufacturing specialists.

Second, be an artist by stretching your imagination. Strive to spend about 3 percent of your day imagining new solutions to the challenges you face. For example, the leader of a manufacturing department might ask, “Where else can we look to find people who want to become manufacturing technicians?” Also remember to challenge the commonly perceived rules in your field. A night club manager asked why continue to have a cover charge? The questioning led to increased revenue because more people visited the club, resulting in higher beverage and food sales.

Third, know when to be a *judge*. After developing some imaginative ideas, at some point you have to evaluate them. Do not be so critical that you discourage your own imaginative thinking. Be critical enough, however, so that you do not try to implement weak ideas. A managing partner in an established law firm formulated a plan for opening two storefront branches that would offer legal services to the public at low prices. The branches would advertise on radio, on television, online, and in newspapers. After thinking through her plan for several weeks, however, she dropped the idea. She decided that the storefront branches would most likely divert clients away from the parent firm, rather than create a new market.

Fourth, achieve results with your creative thinking by playing the role of lawyer. Negotiate and find ways to implement your ideas within your field or place of work. The explorer, artist, and judge stages of creative thought might take only a short time to develop a creative idea. Yet, you may spend months or even years getting your breakthrough idea implemented. For example, many tax preparation firms now loan clients instant refunds in the amount of their anticipated tax refunds. It took a manager in a large tax preparation firm a long time to convince top management of the merits of the idea.

Engaging in Appropriate Physical Exercise

A well-accepted method of stimulating creativity is to engage in physical exercise. Stephen Ramocki, a marketing professor at Rhode Island College, found that a single aerobic workout is sufficient to trigger the brains of students into high gear—and that the benefit lasted for a minimum of two hours. Gary Kasparov, the chess champion, is a gym fanatic and has an extraordinary intellect. He has credited his physical fitness with boosting his skill in chess.

The fact that creative insights often arise during physical exercise fits the steps on the creative process referred to as immersion and incubation. Another explanation of why exercise facilitates creativity is that exercising pumps more blood and oxygen into the brain. Exercise also enhances activity in the frontal lobe, the region of the brain involved in abstract reasoning and attention.³³ The fact that physical exercise can boost creative thinking should not be interpreted in isolation. Without other factors going for a

leader, such as a storehouse of knowledge and passion for the task, physical exercise will not lead to creative breakthroughs. Physical exercise also facilitates sleeping well, and a rested brain is helpful for creative problem solving.

Establishing a Climate and Culture for Creative Thinking

Leaders need to develop creative ideas of their own to improve productivity and satisfaction. Establishing a climate, or culture, conducive to creative problem solving is another requirement of effective leadership. The point is that top management purposely sets about to take steps to make the organization more innovative. The surge in innovation at Procter & Gamble a few years ago was facilitated by the appointment of a chief innovation officer, a five-fold increase in the number of design managers, and the establishment of an *innovation gym*, a place to train managers in thinking about product design.³⁴

A foundation step in fostering organizational creativity is to establish a vision and mission that includes creativity, such as that of DuPont: “Our vision is to be the world’s most dynamic science company, creating sustainable solutions essential to a better, safer and healthier life for people everywhere.” Vision statements and mission statements set the pace, but they must be supported by the right climate, or organizational culture, and extensive use of the techniques described throughout this chapter.

Information about establishing a climate for creativity can be divided into (1) leadership and managerial practices for enhancing creativity and (2) methods for managing creative workers. To become sensitized to this vast amount of information, do Leadership Diagnostic Activity 11-1. The instrument gives you an opportunity to ponder many of the management and leadership practices that encourage or discourage creative problem solving.

Leadership Practices for Enhancing Creativity

Nine leadership and managerial practices are particularly helpful in fostering creative thinking, as revealed by the work of many researchers and observers.³⁵ The organizational methods already described for enhancing creativity might also be interpreted as leadership practices.

1. Hire creative people from the outside, and identify creative people from within. The most robust leadership and management practice for enhancing creativity is to hire people with the aptitude for, or track record in, being creative. Creativity training is helpful, yet starting with creative people enhances the potential of training. Part of the same argument is that hiring innovative people helps foster an innovative environment. Arthur D. Levinson, chairman and chief executive of Genentech, the heralded biotechnology firm, says, “If you want an innovative environment, hire innovative people, listen to them tell you what they want, and do it.”³⁶



LEADERSHIP DIAGNOSTIC ACTIVITY 11-1

Assessing the Climate for Creativity and Innovation

Instructions: Respond “mostly yes” or “mostly no” as to how well each of the following characteristics fits an organization familiar to you. If you are currently not familiar with an outside organization, respond to these statements in regard to your school.

	MOSTLY YES	MOSTLY NO
1. Company leadership wants workers to be creative.	<input type="checkbox"/>	<input type="checkbox"/>
2. People who contribute new and useful ideas often receive financial rewards.	<input type="checkbox"/>	<input type="checkbox"/>
3. Creative thinking is mostly the responsibility of people in creative jobs such as research and development, and marketing.	<input type="checkbox"/>	<input type="checkbox"/>
4. Workers are encouraged to spend part of their time coming up with new ideas for products or services.	<input type="checkbox"/>	<input type="checkbox"/>
5. Creative types rarely get promoted.	<input type="checkbox"/>	<input type="checkbox"/>
6. The company invests considerable resources in innovation.	<input type="checkbox"/>	<input type="checkbox"/>
7. Few of our leaders appear to be innovative thinkers.	<input type="checkbox"/>	<input type="checkbox"/>
8. Innovative thinkers are publicly recognized in our organization.	<input type="checkbox"/>	<input type="checkbox"/>
9. People are often poked fun at for suggesting a unique idea.	<input type="checkbox"/>	<input type="checkbox"/>
10. Constructive change is welcome in this organization.	<input type="checkbox"/>	<input type="checkbox"/>
11. Many of our work groups are diverse both in terms of professional background and cultural factors.	<input type="checkbox"/>	<input type="checkbox"/>

Scoring and Interpretation: The score in the direction of a climate for creativity and innovation is “mostly yes” for statements 1, 2, 4, 6, 8, 10, and 11, and “mostly no” for statements 3, 5, 7, and 9. A score of 7 or higher suggests a climate well suited for creativity and innovation. A score of 4 to 6 is about average, and 3 or below suggests a climate that inhibits creativity and innovation.

2. Intellectual challenge. Matching people with the right assignments enhances creativity because it supports expertise and intrinsic motivation. The amount of stretch is consistent with goal theory; too little challenge leads to boredom, but too much challenge leads to feelings of being overwhelmed and loss of control. The leader or manager must understand his or her group members well to offer them the right amount of challenge. Moderate time pressures can sometimes bring about the right amount of challenge.

3. Empowerment including freedom to choose the method. Research with information technology workers in the People’s Republic of China supported the idea that an empowering style of leadership facilitates worker creativity. Specifically, when workers are empowered they are more likely to work through the steps for creative problem solving. Part of the creativity

was attributed to empowered workers having a sense of self-determination, which sparked their creative thinking.³⁷ Another study in China, this time with professional and administrative workers, attempted to understand why empowerment fosters creativity. Two findings of the study relevant here are that (1) psychological empowerment has a direct effect on creativity, and (2) structural empowerment leads to psychological empowerment which then enhances creativity. (Psychological empowerment is the feeling of empowerment as described in Chapter 7. Structural empowerment refers to policies and practices enacted by management such as granting decision-making authority to employees.³⁸)

Workers also tend to be more creative when they are granted the freedom to choose which method is best for attaining a work goal (as described in our study of empowerment in Chapter 7). Stable goals are important because it is difficult to work creatively toward a moving target.

4. Ample supply of the right resources. Time and money are the most important resources for enhancing creativity. Deciding how much time and money to give to a team or project is a tough judgment call that can either support or stifle creativity. Under some circumstances, setting a time deadline will trigger creative thinking because it represents a favorable challenge. An example would be hurrying to be first to market with a new product. False deadlines or impossibly tight ones can create distrust and burnout. To be creative, groups also need to be adequately funded.

An example of providing the right resources is an eBay process labeled the Garden, which enables engineers to get real customer feedback on innovations. Using the Garden, the engineers observed how customers react to the opportunity to make a choice between an auction and a fixed-price sale. Refinements were then made in giving customers an opportunity to make the choice.³⁹

5. Effective design of work groups. Work groups are the most likely to be creative when they are mutually supportive and when they have a diversity of backgrounds and perspectives. Blends of gender, race, and ethnicity are recognized today as contributing to creative thought, similar to cross-functional teams with their mix of perspectives from different disciplines. The various points of view often combine to achieve creative solutions to problems. Homogeneous teams argue less, but they are often less creative. Putting together a team with the right chemistry—just the right level of diversity and supportiveness—requires experience and intuition on the leader's part.

A leadership and management practice related to work group design is encouraging face-to-face contact to facilitate innovative thinking. It is more difficult for geographically dispersed workers to think creatively. The use of whiteboards around the company, as described earlier, is one work arrangement that facilitates face-to-face contacts, as do open work spaces.

6. Supervisory encouragement and linking innovation to performance. The most influential step a leader can take to bring about creative problem solving is to develop a permissive atmosphere that encourages people to

think freely. Praising creative work is important because, for most people to sustain their passion, they must feel that their work matters to the organization. Creative ideas should be evaluated quickly rather than put through a painfully slow review process.

In addition to encouraging innovation, supervisory leaders should promote the idea that innovative thinking improves job performance. A study conducted with 238 pairs of workers and supervisors in four U.S. companies in several different industries supported the importance of employee expectations. When employees believed that innovative thinking would lead to better job performance, they were more likely to solve problems creatively. The supervisor could help in the process by explaining how innovation improves job performance.⁴⁰ A study conducted in a social agency aimed at helping vulnerable children and their families found similar results. When the workers believed that creative work was part of their job, and when supervisors expected them to be creative, they became more confident in their creative abilities over time. Furthermore, creative performance levels increased over a six-month period as employee's creative self-efficacy (or self-confidence) became stronger.⁴¹

7. Organizational support. The entire organization as well as the immediate manager should support creative effort if creativity is to be enhanced on a large scale. The company-wide reward system should support creativity, including recognition and financial incentives. Organizational leaders should encourage information sharing and collaboration, which lead to the development of the expertise so necessary for creativity and to more opportunities for intrinsic motivation. Executives who combat excessive politics can help creative people focus on work instead of fighting political battles. In a highly political environment, a worker would be hesitant to suggest a creative idea that was a political blunder, such as replacing a product particularly liked by the CEO.

8. Have favorable exchanges with creative workers. Another insight into encouraging a creative climate is for leaders to have favorable exchanges with group members, as defined by LMX theory (see Chapter 9). A study with 191 research and development specialists found a positive relationship between LMX ratings and creativity of workers as measured by supervisory ratings.⁴² When group members have positive relationships with their manager, they may have a more relaxed mental attitude that allows the imagination to flow. A useful strategy for enhancing creativity throughout the organization is to emphasize the importance of working with a sense of heightened awareness, of being alert to new possibilities.

9. Give financial rewards for innovation. Creativity is self-rewarding to some extent because it is so exciting. Nevertheless, financial rewards for contributions to innovation help sustain a climate of innovation. Jeffrey Wadsworth is the chief executive of the Battelle Memorial Institute, a think tank of 23,000 employees specializing in inventions for profit. He points out that financial rewards for creativity are widespread in industry and universities. "If you publish a patent you get \$1,000, or you get \$1 in a frame. Or

COMPANY	JUSTIFICATION FOR BEING PERCEIVED AS INNOVATIVE
Apple Inc.	Apple has consistently invented products that have created enormous demand for consumer-oriented digital technology, including the iPad that has been the pacesetter for tablet computers. Business leaders throughout the world admire the creativity of Apple, as led by an innovative design team, and Apple products are increasingly used in the workplace. The legal staff at Apple continually fights off imitators of the company's innovations.
Twitter	Twitter has had explosive growth and is often regarded as having redefined communication. Although scattered with nonsensical and often dishonest postings, this social networking site is also a vital component of business communication.
Nike	The best-known sports clothing and equipment company in the world, Nike continues to introduce products into the market that have a science fiction feel. One example is the FuelBand, an electronic bracelet that measures a person's movements throughout the day whether the person plays golf, jogs, or walks. Color cues help readers track activity, such as red for inactive, and green for having achieved a daily goal.
Trader Joe's	Beloved by its customers, this grocery chain jumped past Whole Foods to become the favorite specialty grocer in the United States. Part of the innovation is in the selection of products that are both low priced and have a gourmet appeal.
Hyundai Motors	Formerly known as a South Korean manufacturer of low-price automobiles, Hyundai is a fierce competitor with a reputation for high-quality and excellent styling at a moderate price. In recent years, the demand for its Kia vehicles has exceeded supply.

FIGURE 11-3 Five Business Organizations Judged to Be Highly Innovative.

Sources: Based partially on information in Michael Arndt and Bruce Einhorn, "The 50 Most Innovative Companies" *Bloomberg Business Week*, April 25, 2010, pp. 38–39; Fast Company Staff, "The World's Most Innovative Companies," *Fast Company*, March 2011, pp. 66–82; March 2013, pp. 89–90.

you get a piece of the action moving forward."⁴³ A specific example is that at Zebra Technologies, a manufacturer of bar code printers and radio-frequency identification printing systems, employees earn cash awards having earned a patent.⁴⁴ Another factor is that financial rewards have spurred useful inventions for hundreds of years.

Figure 11-3 presents capsule descriptions of five illustrative companies that are successful in establishing a climate and culture for creative thinking.

Methods of Managing Creative Workers

Closely related to establishing organizational conditions favoring creativity is choosing effective methods for managing creative workers. The suggestions that follow supplement effective leadership and management practices in general.⁴⁵

1. Give creative people tools and resources that allow their work to stand out. Creative workers have a high degree of self-motivation and therefore want to achieve high-quality output. To achieve such high quality, they

usually need adequate resources, such as state-of-the-art equipment and an ample travel budget for such purposes as conducting research.

2. Give creative people flexibility and a minimum amount of structure.

Many creative workers regard heavy structure as the death knell of creativity. *Structure* for these workers means rules and regulations, many layers of approval, strict dress codes, fixed office hours, rigid assignments, and fill-in-the-blank Internet forms or paperwork. (Typically, the leader/manager will have to achieve a workable compromise in this area that stays within the framework of organizational policy. Regular office hours, for example, are a must for team assignments. Also, creative people may need help with meeting deadlines because many creative people do not manage time well.)

A national survey conducted with employees of the Taiwan Customs Bureau supports the idea that too much structure can inhibit creativity on the job. Structure was measured in terms of centralized decision making by the team leader, and the extent to which work was structured and regulated by rules and protocols. Creativity was measured by both a self-quiz and supervisor ratings of the behavior of subordinates. An illustrative item to rate creativity was as follows: “Generates ideas revolutionary to the field.” The findings indicated that team bureaucracy in terms of centralization and formalization can suppress the expression of individual differences that may engender creativity.⁴⁶

Although structure should be minimized, some constraints will foster creativity, such as the leader presenting demands about the cost of the product or service and the deadline for the innovation. For example, a product developer might want to add an expensive feature to a washing machine that would enable it to interact with other electronic devices in the house. Although a superb gimmick, the “smart” feature would make the machine too expensive for its intended market.

3. Give gentle feedback when turning down an idea. Creative employees are emotionally involved with their work. As a result, they are likely to interpret criticism as a personal attack on their self-worth. (Students often feel the same way about their term papers and projects.)

4. Employ creative people to manage and evaluate creative workers. Managers of creative workers should have some creative ability of their own so that they can understand creativity and be credible as leaders. Understanding the creative process is important for evaluating the creative contribution of others. What constitutes creative output is somewhat subjective, but the output can be tied to objective criteria. At Hallmark Cards, Inc., for example, creativity is measured by such factors as how well the creative work sold and how well it performed in a consumer preference test. In general, a manager’s intuition about the potential contribution of a creative idea or product still weighs heavily in the evaluation.

The accompanying Leader in Action insert describes a technology leader who is highly creative and also aware of the importance of building a creative and innovative organization.



LEADER IN ACTION

Jack Dorsey, the Creative Leader and Cofounder of Twitter and Square

St. Louis native, Jack Dorsey is now the executive chairman of Twitter and the CEO of Square, the credit card and debit card processing company. As a college student, Dorsey became involved with web development, and then cofounded Twitter in 2006. Four years later, he cofounded Square, a system that allows people to receive card payments through a tiny device plugged into a mobile phone or computer, or simply by giving one's name to the cashier.

Twitter had its origins when Dorsey moved to Oakland, California early in his career and started a company that produced dispatch software for vehicles. The software helped the vehicles drivers stay in touch with each other. He then thought of a website that would combine the broad reach of dispatch software with instant messaging that became the foundation of Twitter. Even as a pre-teenager, Dorsey was fascinated with city maps, which eventually morphed into the Twitter concept of knowing what people are doing all over the world at a given moment. Today, he regards Twitter as a tool that can take the pulse of the planet.

In creating Twitter, Dorsey is credited by some with changing the way in which people communicate with each other. In founding Square, he has simplified the process of making noncash payments—a development with several direct competitors. Dorsey says that every technology was invented for the purpose of enabling humans to take actions faster. Dorsey envisions a future in which information technology will engulf us in the form of a growing cashless society where most consumer transactions are done with smartphones. We will also have same-day delivery of goods ordered online or at physical stores; smartphones will replace PCs; robots will dominate in industry and in other areas as well; and cloud computing will handle most data.

Dorsey regards his CEO role as an editor-in-chief, as a person who both collects ideas and suggests ideas to them. "I really like that model at both Twitter and Square because it allows for people with the most information to bubble something up." He says it also allows the leaders in our company to spot trends and assign teams to dig into

them. "Employees can actually dramatically change the course of the company by presenting a good idea." Dorsey also allows for spontaneity and idea-collecting by wandering around the office and listening to people. He also does much of his work at a stand-up table, so he is accessible to employees wanting to discuss an idea with him.

To be a better leader, Dorsey decided to hone his storytelling skills, so he can deliver his message both inside and outside the company. He approaches his leadership role in a tightly scheduled manner, such as Monday being for management with holding a directional meeting at Square, and an operating meeting at Twitter.

The approximately 350 employees at Square collaborate in an open and uncluttered, well-lighted room designed for the purpose of high-level collaboration. Dorsey holds monthly town hall meetings with the entire Square staff, also for the purpose of enhancing communication. Company members discuss new developments in communication technology. Dorsey asks the staff to surprise him with their innovative ideas. "It's empowering to be asked to look at what's possible," he says, "not told how to do it."

Dorsey works toward having a transparent company by such means as sending notes about all meetings involving more than two people to the entire staff. To be transparent, he also holds frequent meetings with business people around the country to exchange ideas and promote his visions. One vision is to improve business through the Square payment method. He states, "We fundamentally believe that the power of the local economy can help fix the national economy and potentially the global economy."

Dorsey attended the Missouri University of Science and Technology and New York University. Although he left both universities to pursue entrepreneurship, his schooling had a strong influence on his future work. For example, his time working for his high school newspaper was the origins of his editor-in-chief approach to leadership.

ACTION (continued)

QUESTIONS

- Identify several of Dorsey's leadership techniques that are known to be effective ways for enhancing creativity and innovation.
- By now Dorsey must have about 3 million followers on Twitter. What appears to be his appeal to Twitter members?
- Dorsey at one time talked about running for mayor of New York City. What about his approach to

leadership might make him plausible as a major politician?

Sources: Original story created from facts and observations in the following sources: Michal Lev-Ram, "The Pride of St. Louis," *Fortune*, October 7, 2013, pp. 41–44; Jon Swartz, "Creator of Twitter Sees Blur of Change," *USATODAY.com*, September 15, 2012, pp. 1–3; Ellen McGirt, "Square: For Making Magic Out of the Mercantile," *Fast Company*, March 2012, pp. 82–85; Eric Savitz, "The Master Entrepreneur," *Forbes*, November 5, 2012, pp. 64–70; "Jack Dorsey," www.biography.com, pp. 1–2. Accessed January 5, 2014.

Additional Leadership Practices That Enhance Innovation

Creativity in organizations leads to innovations in products, services, and processes (such as a billing system or safety improvement). All leadership and management practices that enhance creative problem solving therefore also enhance innovation. Here, we describe eight additional leadership initiatives that enhance innovation.

1. Emphasize transformational leadership if possible. A macro-perspective on a leader's role in fostering innovation is to exercise transformational leadership. The transformational leader creates an environment of change and growth. Based on case histories, management professors Adegoke Oke, Natasha Munshi, and Fred O. Walumbwa concluded that transformational leaders are particularly well suited to jump start the innovation process.⁴⁷ This is probably because the transformational leader is good at providing intellectual stimulation.

2. Continually pursue innovation. A major characteristic of the Most Admired Companies, as compiled by the Hay Group consultancy for *Fortune*, is constant innovation. Translated into practice, this means that company leaders stay alert to innovative possibilities. Innovation is important because a new technology can make an industry obsolete or place it in grave danger. What will happen to petroleum refineries when (and if) the fuel cell takes hold? Another practical way of pursuing innovation is to assign innovation teams freed of daily time-to-market pressures. At tool maker Stanley Works, one team based in Maryland concentrates on developing new technology to current products. A second team in the United Kingdom develops disruptive technologies. The teams are given time, money, and regular access to senior leaders. One of the first hits from the innovation teams was a motion-activated screwdriver inspired by the concept behind a Nintendo Wii controller.⁴⁸

3. Take risks and encourage risk taking. "No risk, no reward" is a rule of life that applies equally well to the leadership of innovation. Even in a

slow-growth economy, companies cannot win big in the marketplace by doing things just a teeny bit better than the competition. It is necessary to gamble intelligently, shrewdly, and selectively, even during a period of insecurity and instability.⁴⁹ Because most new ideas fail, part of taking risks is being willing to go down blind alleys.

4. Emphasize collaboration among employees. Most innovations stem from networks, that is, groups of people working in concert. The workers needed for the innovation are often dispersed throughout the organization. Choosing the right leader for a project can be the key to collaboration. The workers chosen to develop new ideas are often top performers in individual areas. However, they may be lacking the connections within the company that are vital for accomplishing the innovation task. For instance, an outstanding engineer might be selected to lead a major project. But a lower-ranking engineer who has worked in more divisions of the company might be a wiser choice because he or she could tap broader knowledge and connections inside the company.

A consumer products company intentionally placed workers together on a project who had developed friendships during a business conference. One result was customized packaging and designs for candy that commanded much higher prices than the company's traditional offerings.⁵⁰

Leaders in multiunit organizations are at an advantage for innovation because workers from the various units can share ideas that would be useful for many different products. For example, if one unit of a medical company developed a patch for delivering medicine to the body, other units might be able to profit from the same technology. The topic of encouraging idea sharing will be reintroduced in Chapter 13.

A more direct way of attaining collaboration is to organize workers into teams for purposes of innovation. Wadsworth from Battelle notes that most of the successful innovations he has seen have come from remarkably complex teams. People from different disciplines, such as accountants, lawyers, and customer service representatives must work together smoothly for innovation to surface.⁵¹

5. Avoid innovation for its own sake. Leaders also have to exercise good judgment: Innovation just for the sake of innovation is not always valuable. Many gadgets are scientific marvels, yet they have limited market appeal. An example is the robot lawnmower, which arouses the curiosity of many people but does not appeal much to consumers. Most companies have loads of interesting ideas floating to the surface, but very few will even translate into a profitable product or service.

6. Use loose-tight leadership. Looseness refers to granting space for new ideas and exploration, whereas a tight approach means finally making a choice among the alternatives. Innovation is also enhanced when workers throughout the organization are able to pursue absurd ideas without penalty for being wrong or for having wasted some resources. An axiom of creativity is that many ideas typically have to be tried before a commercially successful one emerges.

7. Integrate development and production. Innovation may suffer when the people who develop ideas do not work closely with the people responsible for their production or manufacture. For many years, Japanese companies had moved manufacturing to low-cost countries to save money. Leadership at Canon, Inc., however, has found that the key to creating new products quickly is for the production team to physically work close to the product developers. The result is more input and communication. Although the cost of the product, such as an advanced digital camera, may be higher, its high quality leads to higher consumer demand.⁵²



READER'S ROADMAP

So far, we have studied considerable information about the nature of leadership; the attributes, behaviors, and styles of leaders; the ethics and social responsibility of leaders; and how leaders exert power and use politics and influence. We then studied techniques for developing teamwork as well as motivation and coaching skills. After having studied creativity and innovation as part of leadership, we focus next on communication skills as they relate to leadership.

SUMMARY

A creative idea becomes an innovation when it is implemented or commercialized. Creativity is an essential characteristic of leaders. A creative leader brings forth ideas or things that did not exist previously or that existed in a different form. The creative process has been divided into five steps: opportunity or problem recognition; immersion (the individual becomes immersed in the idea); incubation (the idea simmers); insight (a solution surfaces); and verification and application (the person supports and implements the idea).

Distinguishing characteristics of creative people fall into four areas: knowledge, cognitive abilities, personality, passion for the task, and the experience of flow. Creative people possess extensive knowledge, good intellectual skills, intellectual curiosity, and a wide range of interests. Personality attributes of creative people include a positive self-image, tolerance for isolation, nonconformity, and the ability to tolerate ambiguity and chaos. Passion for the work and flow are related to intense intrinsic motivation. Creative people also enjoy interacting with others. The right personal characteristics must

interact with the right environment to produce creative problem solving.

A major strategy for becoming creative is to overcome traditional thinking, or a traditional mental set. Also, it is necessary to break down rigid thinking that blocks new ideas. Yet, workers still need some constraints in terms of creative solutions to problems. A principle suggests that most people are more adept at starting with a solution rather than with a problem.

Creative thinking can be enhanced by systematically collecting fresh ideas, including collecting ideas, establishing idea quotas, and using whiteboards throughout the company. Brainstorming is a key idea-generation method even for the most advanced technology companies. Goals are an important part of brainstorming. A spin off of brainstorming is the pet-peee technique, in which a group thinks of all the possible complaints others might have about their unit. The generation of creative ideas has moral implications. Every idea and product has potential harmful consequences in minor and major ways.

Self-help techniques to enhance creative problem solving include (1) practicing creativity-enhancing exercises, (2) staying alert to opportunities, (3) maintaining enthusiasm and being happy, (4) maintaining and using a systematic place for recording ideas, (5) playing the roles of explorer, artist, judge, and lawyer, and (6) engaging in appropriate physical exercise.

Establishing a climate conducive to creative problem solving is another requirement of effective leadership. A foundation step is to establish a vision statement and mission that include creativity. Specifically, leaders should (1) hire creative people from the outside and identify creative people from within, (2) provide intellectual challenge, (3) empower workers and allow them freedom to choose their own method, (4) supply the right resources, (5) design work groups effectively, (6) have supervisors encour-

aging and linking innovation to performance, (7) give organizational support for creativity and explain how innovation improves performance, (8) have favorable exchanges with creative workers, and (9) give financial rewards for innovation.

Special attention should be paid to managing creative workers. One should provide excellent tools and resources, give creative people flexibility, turn down ideas gently, and employ creative people to manage and evaluate creative workers.

Eight additional leadership initiatives that enhance innovation are the following: emphasize transformational leadership; continually pursue innovation; take risks and encourage risk taking; emphasize collaboration; avoid innovation for its own sake; use loose-tight leadership; and integrate development and production.

KEY TERMS

innovation 345

creativity 346

experience of flow 351

pet-peeve technique 356



GUIDELINES FOR ACTION AND SKILL DEVELOPMENT

Although creativity is important for leaders, research suggests that being perceived as highly creative has a downside. Creative people are sometimes perceived as quirky, and such a perception can block a person's attempt to climb the leadership and management ladder. In studies conducted with business groups in India, and then repeated with U.S. college students, individuals who expressed more creative ideas were viewed as having less—not more—leadership talent.⁵³

The way to get around this potential negative perception is for the imaginative person, who wants to climb the leadership ladder, to frequently remind others in a subtle way that he or she is business-oriented. If you are the creative person aspiring to climb the ladder, casually mention such concepts as the return on investment of your ideas, and how your idea might contribute to the bottom line.

In an attempt to be consumer oriented, many business leaders believe that all innovation should stem from customer desires and suggestions, as often revealed in a focus group. True product leadership, however, can sometimes stem from offering a new product or service consumers never thought they wanted or needed. During the first McIntosh team retreat, one member asked whether market research would be helpful to find out what customers wanted. Steve Jobs, replied, “No, because customers don’t know what they want until we’ve shown them.” He then quoted the famous line from Henry Ford, “If I’d asked customers what they wanted, they would have told me, ‘A faster horse!’” The point here is that the product leader’s own intuition can sometimes be the source of profitable innovation.⁵⁴

Discussion Questions and Activities

- Give an example of creativity in business that does *not* relate to the development or marketing of a product or service.
- Is it important for leaders to be creative and innovative? Or, should they simply hire creative and innovative direct reports?
- Assume that you are the leader of the paperclip manufacturing division of a company. Do you think it would be worth your time and that of your group to attempt to improve the design and intended use of the paperclip? Explain your reasoning.
- In what way does your current program of study contribute to your ability to solve problems creatively?
- The opinion has often been expressed that too much emphasis on teamwork inhibits creativity. What do you think of this argument?
- Why do many people believe that if you emphasize being efficient, such as using the quality improvement process Six Sigma, creativity and innovation are likely to suffer?
- Several people have written that Twitter is one of the most creative developments in the history of business and the world in general. What is your opinion about Twitter as a powerfully creative development?
- What do you think the next great creative breakthrough in business will be that will rival e-commerce and mobile phones in importance? (Loads of product planners and business leaders are waiting for your answer.)
- Assuming that you are convinced that creativity is a legitimate part of a leader's role, what percent of your working time do you think you should invest in creative thinking? Explain your answer.
- Speak to the most creative person you know in any field, and find out if he or she uses any specific creativity-enhancing technique. Be prepared to bring your findings back to class.

LEADERSHIP CASE PROBLEM A

The Rapid Cash Store Needs Ideas

Sam is the CEO of The Rapid Cash Store, a chain of twenty stores whose primary business is to provide payday loans and cash checks for people who typically do not have a bank account. A payday loan is essentially a loan against an upcoming paycheck, such as a person borrowing \$100 to be repaid when he or she receives a paycheck within ten days. The paycheck has been signed over to Rapid Cash, and a company representative gives the check to the lender minus the fee charged by Rapid Cash. The checks cashed are often payroll checks for workers whose checks are not directly deposited because they do not have bank accounts.

A criticism of The Rapid Cash Store, as well as other payday lenders, is that their interest rate on loans, if projected on an annual basis, would be about 350 percent. Sam says, "This is an irrelevant criticism. Almost no customer takes out a loan for a year. We provide a useful service at a reasonable fee

for people who are strapped for cash. Why look at the annual rate? If you rent a hotel room for one night, it might cost \$150. Does anybody complain that the hotel is charging \$54,750 per year for the room?"

Despite Sam's defense of his company's practices, as well as those of his industry, he is worried that the mounting criticism of his company might result in lost revenue.

Among the criticisms of The Rapid Cash Store is that it exploits the poor. Furthermore, many large discount retailers are getting in to the business of payday loans and check cashing. For example, the MoneyCenters at Walmart stores cash checks for customers at fees much lower than those charged by payday lenders.

Sam is so worried about the forces against his business that he decides to work on the problem with his top management team. Sam said that he

has been casually talking about the problem with his team, but he hasn't really put the problem on his agenda. Sam sends his team an e-mail about the necessity of finding new sources of revenue for the firm, and he alerts them to a meeting to work on the problem.

At the meeting, Sam says to the group, "The Rapid Cash Store is in trouble. Our revenues only declined 15 percent last year, but the handwriting is on the wall. The criticism of our business model is getting more vocal, with even local politicians turning against us. The big box stores are breathing down our neck.

"I want you as the executive team to come up with a way of finding new sources of revenue for the Rapid Cash."

"No disrespect," said Kim, the director of marketing. "But you are our leader. You are supposed to provide the breakthrough idea that will create a solid future for Rapid Cash. We've often talked about broadening our services, but we usually hit the same brick wall. The most notable idea was the one about installing tattoo parlors in our stores because so many of our customers wear tattoos.

ASSOCIATED ROLE PLAY

One student plays the role of Sam, who, during his meeting with the executive team, presses them to suggest at least one useful idea for expanding The Rapid Cash Store's top line (revenue) by either selling more of existing services or creating a new service. Several other students play the roles of members of the executive team. They enjoy this

"I think the best idea we had was the one about selling lottery tickets in all the stores. But I think we ran into some potential legal problems."

Sam then said, "I don't disagree that as CEO maybe I should have the next great idea for The Rapid Cash Store. But I don't right now, so that's why I'm asking you for your creative suggestions."

Greg, the CFO, said, "I think that we need to ask an even deeper question than where we can find new sources of revenue. We need to ask where to look and whom to ask about new lines of business."

Questions

1. To what extent do you think it is Sam's individual responsibility to furnish creative ideas for generating new business for The Rapid Cash Store?
2. In response to Greg's comment, where should the management team look for creative ideas for enlarging the revenue of The Rapid Cash Store?
3. From the standpoint of ethics, do you think The Rapid Cash Store should stay in business? Explain your reasoning.

opportunity of participative decision making as well as the chance to engage in creative thinking. Yet, they also believe that it is Sam's role to exercise strong leadership by pointing The Rapid Cash Store in the right direction. Observers will look to see if this problem-solving session is likely to result in any innovations for The Rapid Cash Store.

LEADERSHIP CASE PROBLEM B

"How Can We Encourage a Few Disruptors?"

Adrianna is the CEO of Luxury Designs, an office furniture company that has been in business for forty years. The company both manufactures its own furniture and assembles furniture from a few manufacturers overseas. Although Luxury Designs is profitable, revenue has declined slowly for five years. In today's meeting with her top management

team, Adrianna is going to discuss the need for innovation.

"We are meeting today on a topic we have talked about in the past. I also sent you an e-mail on this topic just two days ago to give you an opportunity to think about today's meeting. My concern is that we are not doing anything radical enough to deal

with today's market for office furniture. A big hurdle we face is that the market for fashionable office furniture is shrinking as more and more private offices and even cubicles are being eliminated. Almost any old work table and chairs will do in an open-space office."

Seth, the director of new product development, signaled that he wanted to comment. "We are right with you, Adrianna. We are in the design phase of some interesting concepts in open-office design. We are thinking of some really cool tables, chairs, and whiteboards that will excite our consumers."

Adrianna replied, "Seth, I am confident that you and your group will tweak our product line to have something new to offer. But the challenge I have for us as company leadership is to find a way to be disrupters. Our long-term prosperity depends on disrupting the industry, rather than just adapting to trends.

"You have heard about disruption. The PCs disrupted the mainframe computer industry a long time ago. Cell phones and smartphones disrupted the traditional telephone makers. The ZIP Cars disrupted the car rental business. I want somebody somewhere in Luxury designs to come up with an

idea to disrupt the office furniture industry. If we have to cannibalize some of our traditional business, that's okay."

Diane, the CFO said, "Maybe we should run a one-time disrupter campaign, and pay a big bonus for the best idea. We have to figure out how to encourage a few disrupters."

Adrianna said, "Diane, your idea has some merit. But we have to go beyond a one-time gimmick to get us on the right path. Let's all meet one week from today to reintroduce the topic of disrupting the office furniture industry."

Questions

1. What do you recommend that leadership at Luxury Designs do to facilitate having a disrupter within the company?
2. What thought should Adrianna and the other members of the leadership team at Luxury Design give to going beyond the confines of the office furniture industry in order to be a disrupter?
3. In what way is this case about creativity and innovation?

ASSOCIATED ROLE PLAY

One student plays the role of Seth, the head of new product development, who decides to meet with his own group of product developers for a brainstorming session. He tells them that maybe the company will be able to set up an atmosphere that encourages disruption, but in the meantime why not develop a breakthrough office furniture idea of our own. A few other students play the

role of members of the product development group, perhaps including the department administrative assistant, to brainstorm ideas for a breakthrough idea in office furniture. Seth believes that the product development group can be successful at disruption. Run the role play for about fifteen minutes to see what plausible ideas you develop.



LEADERSHIP SKILL-BUILDING EXERCISE 11-3

My Leadership Portfolio

For this chapter's entry into your leadership portfolio, record any creative or innovative idea you have had lately in relation to organizational activity, including school. After recording the idea, ask yourself what prompted you to develop it. If you

have not contributed a creative idea recently, your assignment is to develop a creative idea within the next ten days. If possible, make plans to implement the idea; otherwise, it will not lead to innovation. Here is an example of a creative

community initiative taken by Alexis, a marketing major:

In my neighborhood, there is a ten-story high-rise building. Practically all of the tenants are senior citizens who live on limited pensions. Some of the folks in the building are in their eighties or even their nineties. The building is old and not particularly warm, especially for people with poor blood circulation. I've often heard friends and family members say that we should do something to help the seniors in the high rise, but nobody seems to go beyond expressing a little sympathy.

Then I got a brainstorm. I thought, "Why not organize a 'Socks for Seniors' program?" My

friends and I would buy dozens of pairs of socks that usually sell for about \$4.00 a pair from deep discounters like Dollar General. We could raise some of the money by returning bottles and cans with deposits. A few friends of mine made a bunch of telephone calls, and we raised \$200 in no time for our project. Then, one cold night, we visited the high rise, rang a few doorbells, and told the residents what we were up to. We were allowed in to start distributing the socks. The smiles and words of appreciation we received were enormous. My idea is so good, I plan to do it every year. My friends are with me, and we think that if we post this idea on a website, it might spread around the country.



LEADERSHIP SKILL-BUILDING EXERCISE 11-4

The Multimedia Presentation

Here is an opportunity to be creative about the topic of business creativity. Work individually or in groups to develop a multimedia presentation about the importance of creativity in business. By *multimedia*, we refer to using more than one media to develop your presentation. For example, you might make a presentation using bulleted lists, narratives, still photos, video clips, and Internet links. It might

also be possible to upload your presentation to a social networking site. The presentation might also include music, art, poetry, or quotations from literary figures. Spoken words might also be considered a medium for delivering your message. If the multimedia presentations are limited to about five minutes, class time might allow for several students, or student groups, to present.

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Communication and Conflict Resolution Skills

LEARNING OBJECTIVES

After studying this chapter and doing the exercises, you should be able to

- Describe how leaders use communication networks to accomplish their tasks.
- Describe the basics of inspirational and emotion-provoking communication.
- Describe key features of a power-oriented linguistic style.
- Describe the six basic principles of persuasion.
- Describe the challenge of selective listening, and the basics of making the rounds.
- Be sensitive to the importance of overcoming cross-cultural barriers to communication.
- Identify basic approaches to resolving conflict and negotiating.

CHAPTER OUTLINE

Communication Networks for Leaders

Face-to-Face Communication Networks
Social Media Networks

Inspirational and Powerful Communication

Speaking and Writing
The Six Basic Principles of Persuasion
Nonverbal Communication Including Videoconferencing and Telepresence

Listening as a Leadership Skill

Show Respect
Selective Listening to Problems
Making the Rounds

Overcoming Cross-Cultural Communication Barriers

The Leader's Role in Resolving Conflict and Negotiating

Conflict Management Styles
Resolving Conflict Between Two Group Members
Negotiating and Bargaining

Summary

Key Terms

Guidelines for Action and Skill Development

Leadership Case Problem A

Leadership Case Problem B

Notes

The CEO of David Yurman, Glen Senk, has been a successful retailing executive. Yurman jewelry is sold at high-end retailers such as Neiman-Marcus and Saks Fifth Avenue, with big-name actors and

actresses among its wearers. Senk began his retailing career at Bloomingdales, but he is best known for his two decades with Urban Outfitters, beginning in 1994, and becoming CEO in 2007. Urban Outfitters Inc. is a

company that includes five retail brands: Anthropologie, Free People, Terrain, BHLDN, and Urban Outfitters. The company has 400 locations and projects a hip, funky image, and its offerings include luxury brands. During Senk's tenure, Urban Outfitters was highly successful.

As a leader, Senk strongly emphasizes the importance of effective communication. During a leadership conference, he pointed to the importance of recruiting and developing a team that is a good fit for the corporate culture. After the team is assembled, it is essential to listen to what employees have to say, even when the feedback isn't always positive. Senk says, "When you are the CEO, everybody wants to 'yes' you; no one wants to give you bad news. But I have to pull the bad news out of them. I need to know what I'm doing wrong." Communicating consistent objectives to employees is also an important success factor the company.

Senk said that the willingness of managers to debate with him and each other drove the success of Urban

Outfitters while he was CEO. He remembered that in 2000, an Anthropologie executive asked for funding to create a company website. Senk initially dismissed the notion, arguing that the brand's customers were unlikely to shop online. Yet, Senk listened to the executive and was impressed by the number of hits the website received when it went live.

Senk believes also in the importance of communicating with customers. He once commented that social networking is word of mouth on steroids. He pointed out that if Urban Outfitters was doing its job, and constantly focused on wowing the customer, then the company would not have to worry about what is said on blogs and social media posts.

Senk holds an undergraduate degree in business from New York University and an MBA from the University of Chicago. While at school, he decided he wanted a career in retail, partly because of its theater and excitement.¹

The executive leader just described acts on an obvious truth that many leaders ignore—open communication between company leaders and group members helps an organization overcome problems and attain success. Effective managers and leaders listen to employees, and open communications contribute to leadership effectiveness. John Hamm notes that effective communication is a leader's most essential tool for executing the essential job of leadership: inspiring organizational members to take responsibility for creating a better future.²

Effective communication skills contribute to inspirational leadership. Chapter 3 describes how charismatic leaders are masterful oral communicators. This chapter expands on this theme and also covers the contribution of written, persuasive, and nonverbal communication. In addition, this chapter describes the leadership use of communication networks, how the ability to overcome cross-cultural communication barriers enhances leadership effectiveness. Finally, because leaders spend a substantial amount of communication time resolving conflicts, the chapter also discusses conflict resolution and negotiating skills.

To focus your thinking on your communication effectiveness, complete Leadership Self-Assessment Quiz 12-1.

Communication Networks for Leaders

A major feature of communication by leaders is to rely on networks of contacts both in-person and electronically. Without being connected to other people, leaders would find it almost impossible to carry out their various



LEADERSHIP SELF-ASSESSMENT QUIZ 12-1

A Self-Portrait of My Communication Effectiveness

Instructions: The following statements relate to various aspects of communication effectiveness. Indicate whether each of the statements is mostly true or mostly false, even if the most accurate answer would depend somewhat on the situation. Asking another person who is familiar with your communication behavior to help you answer the questions may improve the accuracy of your answers.

	MOSTLY TRUE	MOSTLY FALSE
1. When I begin to speak in a group, most people stop talking, turn toward me, and listen.	<input type="checkbox"/>	<input type="checkbox"/>
2. I receive compliments on the quality of my writing, including my e-mail messages and social media postings.	<input type="checkbox"/>	<input type="checkbox"/>
3. The reaction to the outgoing message on my voice mail has been favorable.	<input type="checkbox"/>	<input type="checkbox"/>
4. I welcome the opportunity to speak in front of a group.	<input type="checkbox"/>	<input type="checkbox"/>
5. I have published something, including a letter to the editor, an article for the school newspaper, or a comment in a company newsletter.	<input type="checkbox"/>	<input type="checkbox"/>
6. I have my own website, and have received at least two compliments about its effectiveness.	<input type="checkbox"/>	<input type="checkbox"/>
7. The vast majority of my written projects in school have received a grade of B or A.	<input type="checkbox"/>	<input type="checkbox"/>
8. People generally laugh when I tell a joke or make what I think is a witty comment.	<input type="checkbox"/>	<input type="checkbox"/>
9. I stay informed by reading newspapers, watching news on television, or reading news websites.	<input type="checkbox"/>	<input type="checkbox"/>
10. I have heard such terms as enthusiastic, animated, colorful, or dynamic applied to me.	<input type="checkbox"/>	<input type="checkbox"/>
11. The text messages I send look a little better in terms of spelling and grammar than most of the text messages I receive.	<input type="checkbox"/>	<input type="checkbox"/>

Total score: _____

Scoring and Interpretation: If eight or more of these statements are true in relation to you, it is most likely that you are an effective communicator. If three or fewer statements are true, you may need substantial improvement in your communication skills. Your scores are probably highly correlated with charisma.

Skill Development: The behaviors indicated by the ten statements in the self-assessment exercise are significant for leaders because much of a leader's impact is determined by his or her communication style. Although effective leaders vary considerably in their communication style, they usually create a positive impact if they can communicate well. Observe some current business leaders on CNBC news or a similar channel to develop a feel for the communication style of successful business leaders.

roles. Communication researchers Bruce Hoppe and Claire Reinelt note that leadership networks are a response to a rapidly changing world in which interconnectedness is important because it facilitates learning and solving complex problems. Networks provide resources and support for leaders. With networks, leaders have more impact because they influence more people.³ Many of these contacts are within the organization, but many are

also external, such as communicating with a customer, supplier, government official, or union official.

Here we describe briefly how organizational leaders use face-to-face (or in-person) as well as social media networks to communicate. Recognize, however, that the categories often overlap. A leader might be chatting with a colleague from another department in the company cafeteria, and then continue the communication that evening by tweeting the network member.

Face-to-Face Communication Networks

Developing networks of live interpersonal contacts remains an essential method for a leader building relationships, motivating others, and attaining collaboration. Even the most smartphone-obsessed executives who carry several mobile devices with them at the same time supplement their electronic messages with some personal contacts. A major reason that face-to-face communication networks are vital is that leaders achieve more engagement and credibility when they participate in genuine conversation with the subordinates and coworkers. A *conversation* in this sense is a frank exchange of ideas and information with an agenda specified or unspecified.⁴ An example would be a product designer at an automotive manufacturer talking with the CEO about how the company emphasizing fuel-efficient vehicles might make sense for the environment but could be losing sales. The designer might allude to the fact that the latest growth in vehicles sales is for pickup trucks and SUVs, not small-size vehicles. The two people would talk about the issue rather than the CEO delivering a stern message about obeying his or her orders.

According to the research in organizations of Boris Groysberg and Michael Slind, one major factor behind the importance of conversations is *organizational change*. As organizations have become flatter and less hierarchical, and frontline employees are more involved in value-creating work, lateral and bottom-up communication has attained the importance of top-down communication. Another major factor favoring conversations is *generational change*. As young people have gained a foothold in organizations, they expect that coworkers and superiors alike to engage in two-way communication with them.⁵

Various types of leadership networks have been identified, with four of these types being particularly relevant. First is the *peer leadership network* that is a system of social ties among leaders who are connected through shared interests and commitments, as well as shared work. Network members share information, provide advice and support, engage in mutual learning, and sometimes collaborate together. Members of the leader's network are perceived as providing resources that can be trusted.⁶

The *operational network* is aimed at doing one's assigned task more effectively. It involves cultivating stronger relationships with coworkers whose membership in the network is clear. Some of these relationships may be part of the formal structure, such as getting cost data from a member of the finance department. *Personal networks* engage cooperative people from outside the organization in a person's effort to develop personally and advance. This type of networking might involve being mentored on how to deal with a

challenge, such as dealing with the problem of sexual harassment by a senior manager. (The personal network has much in common with the peer network, except that it might include people who are not peers.)

Strategic networks focus networking on attaining business goals directly. At this level, the manager creates a network that will help identify and capitalize on new opportunities for the company, such as breaking into the African market.⁷ Even when the manager's own company has good resources for identifying business opportunities, speaking to external people can provide a fresh and useful perspective.

Social Media Networks

An important use of the social media is for the leader to build and maintain a professional network, much like being a member of LinkedIn. The productive leader is more likely to focus on contacts of relevance or *density* rather than focus on accumulating hundreds of superficial network members. The websites used for networking can be external (or public) as well as internal. Most consulting and management services firms, such as Accenture, have widely internal social media websites.

The *strength-of-ties* perspective explains the difference between strong and weak ties.⁸ The quality of a contact in the network is particularly important for social media networks because so many contacts can be of dubious value. A key part of the theory is that there are different densities in different parts of the network. A high-density network consists of close friends or associates linked together, such as CEOs in the same industry exchanging information. In contrast, a low-density network consists of acquaintances linked together.

The relationships among the different actors in a network can be broadly classified into two major types: strong versus weak ties and direct versus indirect ties. An acquaintance would be a weak tie, whereas a close friend would be a strong tie. Strength of ties would ordinarily be measured by frequency of contact, yet some contact could be relatively superficial and others might be more emotional and intimate. Melissa might ask Trevor for status reports on his prediction about currency fluctuation, whereas she talks to Sylvie about her career and her relationship with her boss. (The conversation about the relationship with the boss would probably only take place on a social media website if it could not be observed by others.)

Direct versus indirect ties relate to whether you are directly connected to a person because of a contact you developed, or indirectly, such as a friend of a friend. Your direct contact might be Mike, but Mike is connected to Sally, so Sally is an indirect contact.

A caution about internal social networking sites such as Yammer and Chatter is that the leader or other worker will communicate in the same brash, insulting, and overly casual manner often found on public social networking sites. The result is that the leader or other worker will appear unprofessional, thereby detracting from his or her leadership image. Noshir Contractor, a professor of behavioral sciences at Northwestern University, warns that people can fall into the trap of being too informal on internal

social media sites. “When you’re considered for a promotion ... anything you said on Yammer will be used in some case to determine if you’re qualified,” said Contractor.⁹

Inspirational and Powerful Communication

Information about communicating persuasively and effectively is extensive. Here we focus on suggestions for creating the high-impact communication that contributes to effective leadership. Effective communication is frequently a criterion for being promoted to a leadership position. U.S. Senator and former mayor of Newark, N.J., Cory Booker, reminds us that the real communicators are those who can motivate people to act and ultimately lead themselves.¹⁰ In this section, suggestions for becoming an inspirational and emotion-provoking communicator are divided into the following two categories: (1) speaking and writing, and (2) nonverbal communication. We also discuss six basic principles of persuasion.

Speaking and Writing

You are already familiar with the basics of effective spoken and written communication. Yet, the basics—such as writing and speaking clearly, maintaining eye contact, and not mumbling—are only starting points. The majority of effective leaders have an extra snap or panache in their communication style, both in day-by-day conversations and when addressing a group. The same energy and excitement is reflected in both speaking and writing. Suggestions for dynamic and persuasive oral and written communication are presented next and outlined in Table 12-1.

TABLE 12-1 Suggestions for Inspirational Speaking and Writing

A. A Variety of Inspirational Tactics

1. Be credible.
2. Gear your message to the listener.
3. Sell group members on the benefits of your suggestions.
4. Use heavy-impact and emotion-provoking words.
5. Use anecdotes to communicate meaning.
6. Back up conclusions with data (to a point).
7. Minimize language errors, junk words, and vocalized pauses.
8. Write crisp, clear memos, letters, and reports, including a front-loaded message.
9. Use business jargon in appropriate doses.

B. The Power-Oriented Linguistic Style

Included here are a variety of factors such as downplaying uncertainty, emphasizing direct rather than indirect talk, and choosing an effective communication frame.

Be Credible Attempts at persuasion, including inspirational speaking and writing, begin with the credibility of the message sender. If the speaker is perceived as highly credible, the attempt at persuasive communication is more likely to be successful. The perception of credibility is influenced by many factors, including those covered in this entire section. Being trustworthy heavily influences being perceived as credible. A leader with a reputation for lying will have a difficult time convincing people about the merits of a new initiative such as outsourcing. Being perceived as intelligent and knowledgeable is another major factor contributing to credibility.

Gear Your Message to the Listener, Including His or Her Needs An axiom of persuasive communication is that a speaker must adapt the message to the listener's interests and motivations. The company CEO visiting a manufacturing plant will receive careful attention—and build support—when he says that jobs will not be outsourced to another country. The same CEO will receive the support of stockholders when he emphasizes how cost reductions will boost earnings per share and enlarge dividends.

In order to gear your message to the listener, it is usually necessary to figure out what he or she wants, or deal with the other person's perceived self-interest.¹¹ Visualize the head of a customer support center who believes strongly that more funding is necessary to meet the demands placed on the department. To be convincing, the woman needs to figure out what the CEO really expects from a customer support center. Careful listening might indicate that the CEO is mainly interested in customers not asking for refunds and/or badmouthing the company face-to-face as well as online. The customer support head can then direct her pitch for more funding in terms of how an expanded department can reduce merchandise returns and customer complaints.

The average intelligence level of the group is a key contingency factor in designing a persuasive message. People with high intelligence tend to be more influenced by messages based on strong, logical arguments. Bright people are also more likely to reject messages based on flawed logic.¹²

Sell Group Members on the Benefits of Your Suggestions A leader is constrained by the willingness of group members to take action on his or her suggestions and initiatives. As a consequence, the leader must explain to group members how they can benefit from what he or she proposes. For example, a plant manager attempting to sell employees on the benefits of recycling supplies as much as possible might say, "If we can cut down enough on the cost of supplies, we might be able to save one or two jobs."

Use Heavy-Impact and Emotion-Provoking Words Certain words used in the proper context give power and force to your speech. Used comfortably, naturally, and sincerely, these words will project the image of a self-confident person with leadership ability or potential. Two examples of heavy-impact phrases are "We will be outsourcing those portions of our knowledge work that are not mission critical" and "We will be leading edge in both product development and business processes." However, too much of this type of language will make the

leader appear that he or she is imitating a Dilbert cartoon (a long-running cartoon satire about managers and businesspeople).

Closely related to heavy-impact language is the use of emotion-provoking words. An expert persuasive tactic is to sprinkle your speech with emotion-provoking—and therefore inspiring—words. Emotion-provoking words bring forth images of exciting events. Examples of emotion-provoking and powerful words include “*outclassing* the competition,” “*bonding* with customers,” “*surpassing* previous profits,” “*capturing* customer loyalty,” and “*rebounding* from a downturn.”

Communications specialist Frank Lunt found that five words resonate in the current business world: consequences, impact, reliability, mission, and commitment. A leader who incorporated these words into his or her business vocabulary would therefore be influential.¹³ It also helps to use words and phrases that connote being modern. Those now in vogue include *virtual organization*, *transparent organization*, and *seamless organization*.

A large vocabulary assists using both heavy-impact and emotion-provoking words. When you need to persuade somebody on the spot, it is difficult to search for the right words in a dictionary or thesaurus—even if you access the Internet with your smartphone. Also, you need to practice a word a few times to use it comfortably for an important occasion.

Use Anecdotes to Communicate Meaning Anecdotes are a powerful part of a leader's kit of persuasive and influence tactics, as already mentioned in this chapter and in Chapter 3 about charismatic leadership. Although storytelling is an ancient art, it is more in vogue than ever as a method for leaders to influence and inspire others. A carefully chosen anecdote is also useful in persuading group members about the importance of organizational values. So long as the anecdote is not repeated too frequently, it can communicate an important message.

Zippo is a consumer products company that has hundreds of anecdotes to share about how those sturdy steel cigarette lighters saved somebody's life by deflecting a bullet. It seems that the stories originated in World War II but have continued into modern times, such as how a Zippo in the pocket of a police worker prevented a criminal's bullet from killing the officer. Zippo leaders can inspire workers with such heroic tales starring the Zippo lighter. In recent years, Zippo has shifted into many nonsmoking-related products, but the anecdotes are still inspiring for the nonsmoker.

Back Up Conclusions with Data You will be more persuasive if you support your spoken and written presentations with solid data. One approach to obtaining data is to collect them yourself—for example, by conducting an online survey of your customers or group members. Published sources also provide convincing data for arguments. Supporting data for hundreds of arguments can be found in the business pages of newspapers, in business magazines and newspapers, and on the Internet. The Statistical Abstract of the United States, published annually, is an inexpensive yet trusted reference for thousands of arguments.

Relying too much on research has a potential disadvantage, however. Being too dependent on data could suggest that you have little faith in your own intuition. For example, you might convey an impression of weakness if, when asked your opinion, you respond, “I can’t answer until I collect some data.” Leaders are generally decisive. An important issue, then, is for the leader to find the right balance between relying on data and using intuition alone when communicating an important point.

Minimize Language Errors, Junk Words, and Vocalized Pauses Using colorful, powerful words enhances the perception that you are self-confident and have leadership qualities. Also, minimize the use of words and phrases that dilute the impact of your speech, such as “like,” “y know,” “you know what I mean,” “he goes” (to mean “he says”), and “uh.” Such junk words and vocalized pauses convey the impression of low self-confidence, especially in a professional setting, and detract from a sharp communication image.

An effective way to decrease the use of these extraneous words is to video-record your side of a phone conversation and then play it back. Many people are not aware that they use extraneous words until they hear recordings of their speech.

An effective leader should be sure always to write and speak with grammatical precision to give the impression of being articulate and well informed, thereby enhancing his or her leadership stature. Here are two examples of common language errors: “Just between you and I” is wrong; “just between you and me” is correct. “Him and I,” or “her and I,” are incorrect phrases despite how frequently they creep into social and business language. “He and I” and “she and I” are correct when used as the subjects of a sentence. “Him and me” or “Her and me” are correct when used as the objects of a sentence. For example, “She and I greeted the client” and “The client greeted her and me” are both correct.

Another very common error is using the plural pronoun *they* to refer to a singular antecedent. For example, “The systems analyst said that *they* cannot help us” is incorrect. “The systems analyst said *she* cannot help us” is correct. Using *they* to refer to a singular antecedent has become so common in the English language that many people no longer make the distinction between singular and plural. For example, nowadays most people say, “Everyone placed their order,” when actually “Everyone placed his (or her) order” is the grammatically correct statement. Staff at Facebook systematically confuse singular and plural with such statements as “What does Jessica do in *their* spare time?” Some of these errors are subtle and are made so frequently that many people do not realize they are wrong; but again, avoiding grammatical errors may enhance a person’s leadership stature.

Perhaps the most common language error business leaders make is to convert hundreds of nouns into verbs. Many nouns do become legitimate verbs, such as using the noun *phone* for a verb, such as “I will phone you later.” The leader has to set a limit, and perhaps not use such verb-to-noun conversions such as, “Facebook me tonight,” “Focus-group this problem,” and “Skype me a message.” Yet, the hip leader will correctly use nouns that

have been recently been converted into dual use as a verb and noun, such as “Google some potential customers for this product.” Judgment is called for with respect to which nouns should be used as verbs to avoid sounding silly, and therefore weak.

When in doubt about a potential language error, consult a respected dictionary. An authoritative guide for the leader (and anyone else) who chooses to use English accurately is *The Elements of Style* by William Strunk Jr. and E. B. White.¹⁴ First published in 1918, the book has its critics but has sold millions of copies.

Use Business Jargon in Appropriate Doses Business and government executives and professionals make frequent use of jargon. (Only athletic coaches exceed businesspeople in the heavy use of jargon and clichés.) Often the jargon is used automatically without deliberate thought, and at other times jargon words and phrases are chosen to help establish rapport with the receiver. A vastly overused phrase these days is “at the end of the day,” with “buckets” fighting for second place. “The end of the day” has come to replace “in the final analysis,” and “buckets” replace “categories.” Many businesspeople say “at the end of the day” twice in the same few sentences.

Six major executives and management professors were asked which buzzwords they would ban from conversation in the boardroom, office, and beyond: The six disliked buzzwords, or jargon words, were “push the envelope,” “de-layering” (in place of downsizing), “dynamic resilience,” “out-of-the-box thinking,” “passionate,” and “viral.”¹⁵

Sprinkling business talk with jargon does indeed help establish rapport and adds to a person’s popularity. But too much jargon makes a person seem stereotyped in thinking, and perhaps even unwilling to express an original thought—and therefore lacking power.

Write Crisp and Clear Memos, Letters, and Reports that Include a Front-Loaded Message Business leaders characteristically write easy-to-read, well-organized messages, both in e-mail and in more formal reports. Writing, in addition to speaking, is more persuasive when key ideas are placed at the beginning of a conversation, e-mail message, paragraph, or sentence.¹⁶ Front-loaded messages (those placed at the beginning of a sentence) are particularly important for leaders because people expect leaders to be forceful communicators. A front-loaded and powerful message might be “Cost reduction must be our immediate priority,” which emphasizes that cost reduction is the major subject. It is clearly much more to the point than, for example, “All of us must reduce costs immediately.”

One way to make sure messages are front-loaded is to use the active voice, making sure the subject of the sentence is doing the acting, not being acted upon. Compare the active (and front-loaded) message “Loyal workers should not take vacations during a company crisis” to the passive (not front-loaded) message “Vacations should not be taken by loyal workers during a company crisis.” Recognize, however, that less emphasis is placed on the active voice today than several years ago. Also, the passive voice

may be necessary for front-loading, as in “Cloud backups are recommended by cybersecurity experts.”

Suggestions for effective business writing continue to evolve, and many of these tips are worthy of a leader’s or potential leader’s attention. For example, there is much less emphasis using “Dear” in a salutation, particularly in the United States. Yet, “Hello” beats “Hey” for appearing dignified.

Use a Power-Oriented Linguistic Style A major part of being persuasive involves choosing the correct **linguistic style**, a person’s characteristic speaking pattern. According to Deborah Tannen, linguistic style involves such aspects as the amount of directness, pacing and pausing, word choice, and the use of such communication devices as jokes, figures of speech, anecdotes, questions, and apologies.¹⁷

Linguistic style is complex because it includes the culturally learned signals by which people communicate what they mean, along with how they interpret what others say and how they evaluate others. The complexity of linguistic style makes it difficult to offer specific prescriptions for using one that is power oriented. Many of the elements of a power-oriented linguistic style are included in other suggestions made in this section of the chapter, including using heavy-impact words. Nevertheless, here are several components of a linguistic style that would give power and authority to the message sender in many situations, as observed by Deborah Tannen and other language specialists:¹⁸

- Speak loudly enough to be heard by the majority of people with at least average hearing ability. Speaking too softly projects an image of low self-confidence.
- Use the pronoun *I* to receive more credit for your ideas. (Of course, this could backfire in a team-based organization.)
- Minimize self-deprecation with phrases such as “This will probably sound stupid, but ...” Apologize infrequently, and particularly minimize saying, “I’m sorry.”
- Make your point quickly. You know you are taking too long to reach a conclusion when others look bored or finish your sentences for you.
- Emphasize direct rather than indirect talk: Say, “I need your report by noon tomorrow,” rather than, “I’m wondering if your report will be available by noon tomorrow.”
- Weed out wimpy words. Speak up without qualifying or giving other indices of uncertainty. It is better to give dates for the completion of a project rather than say “I’ll get it to you soon” or “It shouldn’t be a problem.” Instead, make a statement like “I will have my portion of the strategic plan shortly before Thanksgiving. I need to collect input from my team and sift through the information.”
- Know exactly what you want. Your chances of selling an idea increase to the extent that you have clarified the idea in your own mind. The clearer and more committed you are at the outset of a session, the stronger you are as a persuader and the more powerful your language becomes.
- Speak at length, set the agenda for a conversation, make jokes, and laugh. Be ready to offer solutions to problems, as well as to suggest a

program or plan. All of these points are more likely to create a sense of confidence in listeners.

- Strive to be bold in your statements. As a rule of thumb, be bold about ideas, but tentative about people. If you say something like “I have a plan that I think will solve these problems,” you are presenting an idea, not attacking a person.
- Frame your comments in a way that increases your listener’s receptivity. The *frame* is built around the best context for responding to the needs of others. An example would be to use the frame, “Let’s dig a little deeper,” when the other people present know something is wrong but cannot pinpoint the problem. Your purpose is to enlist the help of others in finding the underlying nature of the problem.

Despite these suggestions for having a power-oriented linguistic style, Tannen cautions that there is no one best way to communicate. How you project your power and authority is often dependent on the people involved, the organizational culture, the relative rank of the speakers, and other situational factors. The power-oriented linguistic style should be interpreted as a general guideline.

The Six Basic Principles of Persuasion

Persuasion is a major form of influence, so it has gained in importance in the modern organization because of the reason described in Chapter 8: Managers must often influence people for whom they have no formal responsibility. The trend stems from leaner corporate hierarchies and the breaking down of division walls. Managers must persuade peers in situations where lines of authority are unclear or do not exist. One way to be persuasive is to capitalize on scientific evidence about how to persuade people. Robert B. Cialdini has synthesized knowledge from experimental and social psychology about methods for getting people to concede, comply, or change. These principles can also be framed as influence principles, but with a focus on persuasion.¹⁹ The six principles described next have accompanying tactics that can be used to supplement the other approaches to persuasion described in this chapter.

1. Liking: People like those who like them. As a leader, you have a better chance of persuading and influencing group members who like you. Emphasizing similarities between you and the other person and offering praise are the two most reliable techniques for getting another person to like you. The leader should therefore emphasize similarities, such as common interests with group members. Praising others is a powerful influence technique and can be used effectively even when the leader finds something relatively small to compliment. Genuine praise is the most effective.

2. Reciprocity: People repay in kind. Managers can often influence group members to behave in a particular way by displaying the behavior first. The leader might therefore serve as a model of trust, good ethics, or strong commitment to company goals. In short, give what you want to receive.

3. Social proof: People follow the lead of similar others. Persuasion can have high impact when it comes from peers. If you as the leader want to influence a group to convert to a new procedure, such as virtually eliminating paper records in the office, ask a believer to speak up in a meeting or send his or her statement of support via e-mail. (But do not send around paper documents.)

4. Consistency: People align with their clear commitments. People need to feel committed to what you want them to do. After people take a stand or go on record in favor of a position, they prefer to stay with that commitment. Suppose you are the team leader and you want team members to become more active in the community as a way of creating a favorable image for the firm. If the team members talk about their plans to get involved and also put their plans in writing, they are more likely to follow through. If the people involved read their action plans to each other, the commitment will be even stronger.

5. Authority: People defer to experts. The action plan here is to make constituents aware of your expertise to enhance the probability that your plan will persuade them. A leader might mention certification in the technical area that is the subject of influence. For example, a leader attempting to persuade team members to use statistical data to improve quality might mention that he or she is certified in the quality process Six Sigma (is a Six Sigma Black Belt).

6. Scarcity: People want more of what they can have less of. An application of this principle is that the leader can persuade group members to act in a particular direction if the members believe that the resource at issue is shrinking rapidly. They might be influenced to enroll in a course in outsourcing knowledge work, for example, if they are told that the course may not be offered again for a long time. Another way to apply this principle is to persuade group members by using information not readily available to others. The leader might say, "I have some preliminary sales data. If we can increase our sales by just 10 percent in the last month of this quarter, we could be the highest performing unit in the company."

The developer of these principles explains that they should be applied in combination to multiply their impact. For example, while establishing your expertise you might simultaneously praise people for their accomplishments. It is also important to be ethical, such as by not fabricating data to influence others.²⁰

Nonverbal Communication Including Videoconferencing and Telepresence

Effective leaders are masterful nonverbal as well as verbal communicators. Nonverbal communication is important because leadership involves emotion, which words alone cannot communicate convincingly. A major

component of the emotional impact of a message is communicated nonverbally.

A self-confident leader not only speaks and writes with assurance but also projects confidence through body position, gestures, and manner of speech. Not everybody interprets the same body language and other nonverbal signals in the same way, but some aspects of nonverbal behavior project a self-confident leadership image in many situations.²¹

- Using an erect posture when walking, standing, or sitting. Slouching and slumping are almost universally interpreted as an indicator of low self-confidence.
- Standing up straight during a confrontation. Cowering is interpreted as a sign of low self-confidence and poor leadership qualities.
- Patting other people on the back while nodding slightly.
- Standing with toes pointing outward rather than inward. Outward-pointing toes are usually perceived as indicators of superior status, whereas inward-pointing toes are perceived to indicate inferiority. Also, opening limbs at 18 inches or more expresses power and dominance.
- Speaking at a moderate pace, with a loud, confident tone. People lacking in self-confidence tend to speak too rapidly or very slowly.
- Smiling frequently in a relaxed, natural-appearing manner.
- Maintaining eye contact with those around you, with the ideal gaze lasting about seven to ten seconds. The ability to make eye contact has multiplied in importance as a sign of leadership because so many people are accustomed to looking at their mobile devices at every possible moment, and therefore lack skill in looking directly at people.
- Gesturing in a relaxed, nonmechanical way, including pointing toward others in a way that welcomes rather than accuses, such as using a gesture to indicate, “You’re right,” or “It’s your turn to comment.”
- Having a big desk or big chair helps project a powerful image, yet the opportunities for having such trappings of power are diminishing in organizations. Related to this finding is that taking up a lot of space, which might include extending the arms, conveys power and confidence.

A general approach to using nonverbal behavior that projects confidence is to have a goal of appearing self-confident and powerful. This type of autosuggestion makes many of the behaviors seem automatic. For example, if you say, “I am going to display leadership qualities in this meeting,” you will have taken an important step toward appearing confident.

Your external image also plays an important role in communicating messages to others. People pay more respect and grant more privileges to those they perceive as being well dressed and neatly groomed. Even on casual dress days, most effective leaders will choose clothing that gives them an edge over others. Appearance includes more than the

choice of clothing. Self-confidence is projected by such small items as the following:

- Neatly pressed and sparkling clean clothing
- Freshly polished shoes
- Impeccable fingernails
- Clean jewelry in mint condition
- Well-maintained hair
- Good-looking teeth with a white or antique-white (or off-white) color

What constitutes a powerful and self-confident external image is often influenced by the organizational culture. At a software development company, for example, powerful people might dress more casually than at an investment banking firm. Leadership at many law firms is moving back toward formal business attire for the professional staff. Your verbal behavior and the forms of nonverbal behavior previously discussed contribute more to your leadership image than your clothing, providing you dress acceptably.

Videoconferencing places extra demands on the nonverbal communication skills of leaders, managers, and other participants. A recent advance in videoconferencing, referred to as *telepresence*, places even more demands on nonverbal communication skills because it appears closer to human presence. For example, the illumination highlights the facial features of the people sitting in the telepresence studio. Some telepresence systems are custom-built meeting rooms equipped with a bank of high-definition screens and cameras. Other systems take the form of humanoid robots that are used outside of meeting rooms. Etiquette tips for making a strong nonverbal presence during a videoconference or telepresence conference include the following (and are similar to nonverbal communication suggestions in general):

- Choose what you wear carefully, remembering that busy (confusing and complex) patterns look poor on video. Also do not wear formal attire mixed with running shoes because you might move into full camera view.
- Speak in crisp conversational tones and pay attention. (The tone and paying attention are the nonverbal aspects of communication.)
- Never forget the video camera's powerful reach, such as catching you rolling your eyes when you disagree with a subordinate, or sending and receiving text messages during the conference.
- Avoid culturally insensitive gestures including large hand and body gestures that make many Asians feel uncomfortable. Asians believe that you should have long-term relationships before being demonstrative.²²

An effective way of sharpening your videoconferencing and telepresence nonverbal skills, as well as other nonverbal skills, is to be videotaped several times. Make adjustments for anything you don't like, and repeat what you do like. Feedback on your behavior from another observer can be quite helpful.

Now that you have refreshed your thoughts on effective verbal and nonverbal communication, do Leadership Skill-Building Exercise 12-1.



LEADERSHIP SKILL-BUILDING EXERCISE 12-1

Feedback on Verbal and Nonverbal Behavior

Ten volunteers have one week to prepare a three-minute presentation on a course-related subject of their choice. The topics of these presentations could be as far-reaching as “The Importance of Investing in Gold” or “My Goals and Dreams.” The class members who observe the presentations prepare feedback slips on 3 × 5 cards, describing how well the speakers communicated powerfully and inspirationally. One card per speaker is usually sufficient. Notations should be made for both verbal and nonverbal feedback.

Emphasis should be placed on positive feedback and constructive suggestions. Students pass the feedback cards along to the speakers. The cards can be anonymous to encourage frankness, but they should not be mean-spirited.

Persuading and inspiring others is one of the main vehicles for practicing leadership. Knowing how others perceive you helps you polish and refine your impact.

Listening as a Leadership Skill

Listening is a fundamental management and leadership skill. Listening also provides the opportunity for dialogue and conversation, in which people understand each other better by taking turns having their point of view understood. For a leader to support and encourage a subordinate, active listening (as described in the discussion of coaching) is required. Also, effective leader-member exchanges require that each party listen to one another. The relationship between two parties cannot be enhanced unless each one listens to the other. Furthermore, leaders cannot identify problems unless they listen carefully to group members. Multitasking is a major deterrent to listening carefully to subordinates because the leader who is involved in another task at the moment, such as glancing at a tablet computer, is not paying full attention to the speaker.

An effective approach to develop good listening habits is to remember to ask questions—and then listen to the answers. Bill Kanarick, the senior vice president and chief marketing officer of Sapient Corp., a global services company, believes that the organizational culture contributes to effective listening. He says that it is incumbent upon the company to create an environment that welcomes exploration and questioning.²³

Two major impediments face the leader who wants to be an effective listener. First, the leader is so often overloaded with responsibilities, including analytical work, that it is difficult to take the time to carefully listen to subordinates. Second is the speed difference between speaking and listening. The average rate of speaking is between 110 and 200 words per minute, yet people can listen in the range of 400 to 3,000 words per minute. So the leader, as well as anybody else, will often let his or her mind wander.

Here we look at three leadership aspects of listening to supplement your general knowledge of listening, acquired most likely in other courses: showing respect, selective listening to problems, and making the rounds.

Show Respect

A foundation tactic for a leader to become an effective listener is to show respect for others. Consultant Bernard T. Ferran provides the case in point of the COO of a large medical institution. He told Ferran that he could not run an operation as complex as a hospital without gathering input from staff members at all levels—from the chief of surgery to the custodial crew. The chief operating officer let everyone know that he believed each one of them had something unique to contribute. As the executive drew out the critical information, he attentively processed what he heard. Part of the COO's being liked and admired stemmed from his listening approach.²⁴

Selective Listening to Problems

Organizational leaders are so often bombarded with demands and information that it is difficult to be attentive to a full range of problems. So the leader makes an intentional or unintentional decision to listen to just certain problems. Erika H. James notes that despite how our brains ordinarily work, success is dependent on staying open to all incoming information.²⁵ The busy leader must avoid listening to limited categories of information such as good news, bad news, or financial news. A CEO with a propensity to listen only to financial results might ignore any word of problems so long as the company is earning a profit.

Making the Rounds

A robust communication channel for the leader/manager is to engage in face-to-face communication with direct reports and others, with an emphasis on listening. **Making the rounds** refers to the leader casually dropping by constituents to listen to their accomplishments, concerns, and problems and to share information. *Rounding* is a well-established concept from health care in which the physician talks to patients and other health care workers to observe problems and progress firsthand.²⁶ Through rounding, vital information is gathered if the physician or manager listens carefully. Making the rounds is also referred to as *management by wandering (or walking) around*, yet rounding seems more focused and systematic.

From the perspective of listening, the leader stays alert to potential problems. Assume that a subordinate is asked, "How are things going?" and he or she replies, "Not too terrible." This response begs a little digging, such as, "What is happening that is a little terrible?"

Leadership Skill-Building Exercise 12-2 gives you an opportunity to try out the fundamental leadership skill of listening.



LEADERSHIP SKILL-BUILDING EXERCISE 12-2

Leadership Listening

Six or seven students gather for a team meeting to discuss an important operational problem, such as finding new ways to reduce the cycle time required to complete their tasks, or deciding how to convince top management to expand the team budget. One person plays the role of the team leader. All of the group members take turns at making both useful and apparently not useful

suggestions. The team leader, along with team members, displays careful listening whenever ideas surface. Students not directly involved in the group role play will take note of the listening skills they observe so that they can provide feedback later. Be particularly observant of selective listening. If class time allows, another team of six or seven students can repeat the group role play.

Overcoming Cross-Cultural Communication Barriers

Another communication challenge facing leaders and managers is overcoming communication barriers created by dealing with people from different cultures and subcultures. Leaders typically communicate with people from other countries and with a more diverse group of people in their own country. Because of this workplace diversity, leaders who can manage a multicultural and cross-cultural work force are in strong demand. Here we give some guidelines for overcoming a variety of cross-cultural communication barriers. Implementing these guidelines will help overcome and prevent many communication problems. A useful starting point here is to take Leadership Self-Assessment Quiz 12-2 to help you think through your cross-cultural skills and attitudes.



LEADERSHIP SELF-ASSESSMENT QUIZ 12-2

Cross-Cultural Skills and Attitudes

Instructions: Listed here are various skills and attitudes that various employers and cross-cultural experts think are important for relating effectively to coworkers in a culturally diverse environment. Indicate whether or not each statement applies to you.

	APPLIES TO ME NOW	NOT THERE YET
1. I have spent some time in another country.	<input type="checkbox"/>	<input type="checkbox"/>
2. At least one of my friends is deaf, blind, or uses a wheelchair.	<input type="checkbox"/>	<input type="checkbox"/>
3. I have an approximate idea of how much the U.S. dollar is worth in comparison to the euro.	<input type="checkbox"/>	<input type="checkbox"/>
4. I have tried eating food from a culture much different than my own—aside from eating in a Chinese or Italian restaurant.	<input type="checkbox"/>	<input type="checkbox"/>
5. I can speak in a language other than my own.	<input type="checkbox"/>	<input type="checkbox"/>
6. I can read and write in a language other than my own.	<input type="checkbox"/>	<input type="checkbox"/>

QUIZ 12-2 (continued)

	APPLIES TO ME NOW	NOT THERE YET
7. I can understand people speaking in a language other than my own.	<input type="checkbox"/>	<input type="checkbox"/>
8. I can identify a religious holiday from at least three religions.	<input type="checkbox"/>	<input type="checkbox"/>
9. My friends include people of races different from my own.	<input type="checkbox"/>	<input type="checkbox"/>
10. My friends include people of different ages.	<input type="checkbox"/>	<input type="checkbox"/>
11. I feel (or would feel) comfortable having a friend with a sexual orientation different from mine.	<input type="checkbox"/>	<input type="checkbox"/>
12. My attitude is that although another culture may be very different from mine, that culture is equally good.	<input type="checkbox"/>	<input type="checkbox"/>
13. I would be willing to (or already do) hang art from different countries in my home.	<input type="checkbox"/>	<input type="checkbox"/>
14. I would accept (or have already accepted) a work assignment of more than several months in another country.	<input type="checkbox"/>	<input type="checkbox"/>
15. I have a passport.	<input type="checkbox"/>	<input type="checkbox"/>

Scoring and Interpretation: If you answered “Applies to Me Now” to ten or more questions, you most likely function well in a multicultural work environment. If you answered “Not There Yet” to ten or more questions, you need to develop more cross-cultural awareness and skills to work effectively in a multicultural work environment. You will notice that being bilingual gives you at least 4 points on this quiz.

Source: Several ideas for statements on this quiz are derived from Ruthann Dirks and Janet Buzzard, “What CEOs Expect of Employees Hired for International Work,” *Business Education Forum*, April 1997, pp. 3–7; Gunnar Beeth, “Multicultural Managers Wanted,” *Management Review*, May 1997, pp. 17–21.

1. Be sensitive to the fact that cross-cultural communication barriers exist. Awareness of these potential barriers is the first step in dealing with them. When dealing with a person of a different cultural background, solicit feedback to minimize cross-cultural barriers to communication. For example, investigate which types of praise or other rewards might be ineffective for a particular cultural group. In many instances, Asians newly arrived in the United States feel uncomfortable being praised in front of others because in Asian cultures group performance is valued more than individual performance.

Being alert to cultural differences in values, attitudes, and etiquette will help you communicate more effectively with people from different cultures. Observe carefully the cultural mistakes listed in Table 12-2. At the same time, recognize that these *mistakes* are based on cultural stereotypes and reflect typical or average behavior of members of a particular cultural group.

2. Challenge your cultural assumptions. The assumptions we make about cultural groups can create communication barriers. The assumption you make about another group may not necessarily be incorrect, but stopping to challenge the assumptions may facilitate communication. A U.S. leader, for example, might assume that the norms of independence and autonomy

TABLE 12-2 Cultural Mistakes to Avoid with Selected Cultural Groups

Europe	
Great Britain	<ul style="list-style-type: none"> ● Asking personal questions. The British protect their privacy. ● Thinking that a businessperson from England is unenthusiastic when he or she says, “Not bad at all.” English people underestimate positive emotion. ● Gossiping about royalty.
France	<ul style="list-style-type: none"> ● Expecting to complete work during the French two-hour lunch. ● Attempting to conduct significant business during August—<i>la vacance</i> (vacation time). ● Greeting a French person for the first time and not using a title such as <i>sir</i> or <i>madam</i> (or <i>monsieur</i>, <i>madame</i>, or <i>mademoiselle</i>).
Italy	<ul style="list-style-type: none"> ● Eating too much pasta, as it is not the main course. ● Handing out business cards freely. Italians use them infrequently.
Spain	<ul style="list-style-type: none"> ● Expecting punctuality. Your appointments will usually arrive twenty to thirty minutes late. ● Making the U.S. sign for “OK” with your thumb and forefinger. In Spain (and many other countries), this is vulgar.
Scandinavia (Denmark, Sweden, Norway)	<ul style="list-style-type: none"> ● Being overly rank-conscious in these countries. Scandinavians pay relatively little attention to a person’s place in the hierarchy.
Asia	
All Asian Countries	<ul style="list-style-type: none"> ● Pressuring an Asian job applicant or employee to brag about his or her accomplishments. Asians feel self-conscious when boasting about individual accomplishments and prefer to let the record speak for itself. In addition, they prefer to talk about group rather than individual accomplishment.
Japan	<ul style="list-style-type: none"> ● Shaking hands or hugging Japanese (as well as other Asians) in public. Japanese consider the practices offensive. ● Not interpreting “We’ll consider it” as a “no” when spoken by a Japanese businessperson. Japanese negotiators mean “no” when they say, “We’ll consider it.” ● Not giving small gifts to Japanese when conducting business. Japanese are offended by not receiving these gifts. ● Giving your business card to a Japanese businessperson more than once. Japanese prefer to give and receive business cards only once.
China	<ul style="list-style-type: none"> ● Not taking a business card presented to you seriously, such as quickly putting it in your pocket. ● Using a strong handshake instead of a limp one. Insisting on a handshake rather than a polite bow. ● Making cold calls on Chinese business executives. An appropriate introduction is required for a first-time meeting with a Chinese official. ● Giving expensive gifts because this may obligate the person to reciprocate with something of equal value to you. Giving a clock can sometimes backfire because the Mandarin word for “to give clocks” resembles “to attend a dying relative.”
Korea	<ul style="list-style-type: none"> ● Saying “no.” Koreans feel it is important to have visitors leave with good feelings.
India	<ul style="list-style-type: none"> ● Telling Indians you prefer not to eat with your hands. If the Indians are not using cutlery when eating, they expect you to do likewise.
Thailand	<ul style="list-style-type: none"> ● Putting the sole of your shoes toward another person. (It’s not so cool in other countries also.) Be aware of this potential mistake when sitting.
Mexico and Latin America	
Mexico	<ul style="list-style-type: none"> ● Flying into a Mexican city in the morning and expecting to close a deal by lunch. Mexicans build business relationships slowly.
Brazil	<ul style="list-style-type: none"> ● Attempting to impress Brazilians by speaking a few words of Spanish. Portuguese is the official language of Brazil.
Most Latin American Countries	<ul style="list-style-type: none"> ● Wearing elegant and expensive jewelry during a business meeting. Most Latin Americans think Americans should appear more conservative during a business meeting.

A cultural mistake for Americans to avoid when conducting business in most countries outside the United States and Canada is to insist on getting down to business too quickly. North Americans in small towns also like to build a relationship before getting down to business. Also, the entire world is becoming more informal, as evidenced by people from different cultures addressing others by their first name upon first meeting.

Source: The first and third items about China are adapted from Eric Spitsnagel, “Impress Your Chinese Boss,” *Bloomberg Businessweek*, January 16, 2012, pp. 8081.

are valued by all groups in the workplace. In reality, the idea of individual accomplishment does not have positive connotations for all groups. Among many Latino cultural groups, interpersonal harmony is valued over individual accomplishment.

3. Show respect for all workers. The same behavior that promotes good cross-cultural relations in general helps overcome communication barriers. A widely used comment that implies disrespect is to say to a person from another culture, “You have a funny accent.” Should you be transposed to that person’s culture, you too might have a “funny accent.” The attitude of highest respect is to communicate your belief that although another person’s culture is different from yours, it is not inferior to your culture. Showing respect for another culture can be more important than being bilingual in overcoming communication barriers.²⁷

4. Use straightforward language, and speak slowly and clearly. When working with people who do not speak your language fluently, speak in an easy-to-understand manner. Minimize the use of idioms and analogies specific to your language. A systems analyst from New Delhi, India, left confused after a performance review with her manager. The manager said, “I will be giving you more important assignments because I notice some good chemistry between us.” The woman did not understand that *good chemistry* means *rapport*, and she did not ask for clarification because she did not want to appear uninformed.

Speaking slowly is also important because even people who read and write a second language at an expert level may have difficulty catching some nuances of conversation. Facing the person from another culture directly also improves communication because your facial expressions and lips contribute to comprehension. And remember, there is no need to speak much louder.

5. Look for signs of misunderstanding when your language is not the listener's native language. Signs of misunderstanding may include nods and smiles not directly connected to what you are saying, a lack of questions, inappropriate laughter, and a blank expression. If these signs are present, work harder to apply the suggestions in point 4.²⁸

6. When the situation is appropriate, speak in the language of the people from another culture. Americans who can speak another language are at a competitive advantage when dealing with businesspeople who speak that language. The language skill, however, must be more advanced than speaking a few basic words and phrases. Speaking the local language will often bring a person more insight and prevent misunderstandings. Equally important, being bilingual helps bring a person the respect that a leader needs to be fully credible.²⁹

A frustration the native English speaker who is using another language faces is that so many people around the world capitalize on an opportunity to speak English. So the leader who speaks another language to establish rapport might be rebuffed. Despite this problem, speaking another language in the workplace is likely to have a positive net effect.

As more deaf people have been integrated into the work force, knowing American Sign Language can be a real advantage to a leader when some of his or her constituents are deaf.

7. Observe cross-cultural differences in etiquette. Violating rules of etiquette without explanation can erect immediate communication barriers. A major rule of business etiquette in most countries is that the participants conducting serious business together should first share a meal. So if you are invited to a banquet that takes place the night before discussions about a major business deal, regard the banquet as a major opportunity to build a relationship. To avoid the banquet is a serious faux pas.

8. Do not be diverted by style, accent, grammar, or personal appearance. Although these superficial factors are all related to business success, they are difficult to interpret when judging a person from another culture. It is therefore better to judge the merits of the statement or behavior. A highly intelligent worker from another culture may still be learning English and thus make basic mistakes. He or she might also not yet have developed a sensitivity to dress style in your culture, for example.

9. Avoid racial or ethnic identification except when it is essential to communication. Using a person's race or ethnicity as an adjective or other descriptor often suggests a negative stereotype.³⁰ For example, suppose a leader says, "I am proud of Julio. He is a very responsible Mexican-American customer service rep." One possible interpretation of this statement is that most Mexican-American customer service reps are not so responsible. Or, a leader might say, "We are happy to have Martha on our team. She is an easy-to-get-along-with English lady." A possible implication is that women from England country are usually not too easy to work with.

10. Be sensitive to differences in nonverbal communication. A person from another culture may misinterpret nonverbal signals. To use positive reinforcement, some managers will give a sideways hug to an employee or will touch the employee's arm. People from some cultures resent touching from workmates and will be offended. Koreans in particular dislike being touched or touching others in a work setting.

11. Be attentive to individual differences in appearance. A major cross-cultural insult is to confuse the identity of people because they are members of the same race or ethnic group. An older economics professor reared in China and teaching in the United States had difficulty communicating with students because he was unable to learn their names. The professor's defense was that "so many of these Americans look alike to me." A study suggests that people have difficulty seeing individual differences among people of another race because they see so-called racial differences first; they might think, "He has the nose of a Chinese person." However, people can learn to search for more distinguishing features, such as a dimple or eye color, and expression (serious or not so serious).³¹

The Leader's Role in Resolving Conflict and Negotiating

Leaders and managers spend considerable time resolving conflicts and negotiating. A frequent estimate is that they devote about 20 percent of their time to dealing with conflict including negotiation. Conflict arises frequently among top executives, and it can have enormous consequences for the organization. An example of such competition would be two business units competing for resources.

Departmental competition has been regarded as the ugly underbelly of all sizes of companies, often resulting in product delays, increased costs, and dwindling market shares as departments fight each other for domination behind the scenes. Until conflict between or among the groups is resolved, collaboration is unlikely.³² For example, if the operations group is in conflict with the human resources group, it will be difficult for the two groups to collaborate on a diversity training program.

Another type of intergroup conflict leaders might face is dealing with heavy demands from a large employee group, such as employees uniting to complain about working conditions. A representative example is an employee uprising that took place at a Walmart in Hialeah Gardens, Florida. About 100 employees walked off the job one morning demanding better hours and fair treatment. A major complaint was that store management was demanding more work from fewer employees. A representative of the employee group said that the employees had issues with store leadership, not Wal-Mart Inc. Store leadership met with employees to discuss their concerns, as a way of resolving the conflict at least for the short term.³³ The accompanying Leader in Action insert illustrates how a high-level business leader might enter into conflict with the workforce.

Leaders are sometimes involved in conflict with groups outside their organization, and such conflict may need to be resolved. An example is that state governments have begun demanding sales taxes from online merchants who claimed that they were exempt from such taxation.

An extensive description of conflict resolution is more appropriate for the study of managerial skills than for the study of leadership skills. The reason is because conflict resolution has more to do with establishing equilibrium than with helping the firm or organizational unit reach new heights. Here we focus on a basic framework for understanding conflict resolution styles, resolving conflict between two group members, and a few suggestions for negotiating and bargaining.

Conflict Management Styles

As shown in Figure 12-1, a widely accepted finding is that there are five major styles of conflict management: competitive, accommodative, sharing, collaborative, and avoidant. Each style is based on a combination of satisfying one's own concerns (assertiveness) and satisfying the concerns of others



LEADER IN ACTION

IBM CEO, Ginni Rometty, Expresses Anger at Total Workforce

Virginia ("Ginni") Rometty became the CEO of IBM Corporation after a 31-year distinguished career at the company that included key marketing positions. Although IBM remained an internationally respected business enterprise with annual sales of about \$115 billion, the company was not performing as well as Rometty and Wall Street analysts had expected. When assigned the CEO position, Rometty was supposed to get IBM back on a smoother path of progress.

Apparently fed up with the company's lack of substantial progress, in April 2012, Rometty expressed anger toward employees in a five-minute video. All 434,000 employees were told by their leader to step up by working faster and more effectively. She wanted them to more proactively and productively engage customers, and stop letting big deals slip away to the competition.

Rometty then focused some of the blame toward the sales staff, particularly for poor sales in the quarter preceding the video release. She said that sales representatives had failed to close on a number of software and hardware deals. Rometty expressed particular disappointment at a failed attempted software sale to a major retailer. She said, "We were too slow to understand the value and then engage on the approval and the sign-off process." The result was that the sales staff did not get the job done.

Six months later, Rometty decided to criticize the workforce again, this time in an e-mail. "Ours is a pay for performance culture and we must all be committed to take action to address our performance gaps," she

said. Rometty also noted that sales of hardware continued to perform poorly, particularly in growth market countries.

Both in the video and the e-mail, Rometty did express optimism about the company's ability to overcome its lack-luster sales performance. She concluded that "Our fundamentals are strong and our future is in our own hands. I know we will confront this honestly and with urgency." She added that in moments like this IBMers rise to the occasion, and go on the offense rather than retreating.

QUESTIONS

1. How effective do you think Rometty's expression of anger and disappointment will be in motivating IBM employees to perform better?
2. What damage might Rometty have done to her relationship with the sales staff?
3. How effective do you think Rometty's concluding positive comments were in patching up any hard feelings her criticisms might have created?

Sources: Original story created from facts and observations in the following sources: Spencer E. Ante, "IBM's Chief to Employees: Think Fast, Move Faster," *The Wall Street Journal*, April 25, 2013, pp. B1, B2; Nicholas Carlson, "After Poor Earnings, IBM CEO 'Reprimands' 443,000 Employees in 5-Minute Companywide Video Memo," www.businessinsider.com, April 25, 2013, p. 1; Dale Buss, "Never Mind Not Working From Home, IBM CEO Tells Employees to Work Faster," *Brandchannel*, (www.brandchannel.com), April 25, 2013, pp. 1-2; Spencer E. Ante, "IBM Shakes Up a Unit: CEO Criticizes Company for Failing to execute in Sales of Computer Hardware," *The Wall Street Journal*, October 18, 2013, p. B3.

(cooperativeness).³⁴ Leadership Self-Assessment Quiz 12-3 gives you an opportunity to think about your conflict management style.

Competitive Style The competitive style is a desire to achieve one's own goals at the expense of the other party, or to dominate. A person with a competitive orientation is likely to engage in win-lose power struggles.

Accommodative Style The accommodative style favors appeasement, or satisfying the other's concerns without taking care of one's own. People with this orientation may be generous or self-sacrificing just to maintain a relationship. An irate customer might be accommodated with a full refund, "just to



FIGURE 12-1 Conflict-Handling Styles According to the Degree of Cooperation and Assertiveness.

Source: Kenneth W. Thomas, "Organizational Conflict," in Marvin D. Dunnette, ed., *Handbook of Industrial and Organizational Psychology*, p. 900 (Rand McNally).



LEADERSHIP SELF-ASSESSMENT QUIZ 12-3

My Conflict Resolution Style

Instructions: Answer each of the following statements "mostly true" or "mostly false" with respect to how you have dealt with the situation, would deal with the situation, or how much you agree with the attitude expressed.

	MOSTLY TRUE	MOSTLY FALSE
1. I see myself as a hard-hitting, smash-mouth negotiator.	<input type="checkbox"/>	<input type="checkbox"/>
2. The best way to resolve conflict is to overwhelm the other side.	<input type="checkbox"/>	<input type="checkbox"/>
3. When negotiating a price, I like to make sure that the other side walks away with at least some profit.	<input type="checkbox"/>	<input type="checkbox"/>
4. When negotiating a price, I like to start with an outrageous demand or offer so I can eventually get the price I really wanted.	<input type="checkbox"/>	<input type="checkbox"/>
5. After a successful negotiation, one side wins and one side loses.	<input type="checkbox"/>	<input type="checkbox"/>
6. After a successful negotiation, both sides walk away with something of value.	<input type="checkbox"/>	<input type="checkbox"/>
7. When I am in conflict with somebody else, I try to listen carefully to understand his or her point of view.	<input type="checkbox"/>	<input type="checkbox"/>

QUIZ 12-3 (continued)

	MOSTLY TRUE	MOSTLY FALSE
8. Face it: Business is war, so why grant concessions when in a dispute?	<input type="checkbox"/>	<input type="checkbox"/>
9. When working out a disagreement with a workmate, I keep in mind the fact that we will have to work together in the future.	<input type="checkbox"/>	<input type="checkbox"/>
10. Nice people finish last when it comes to resolving disputes.	<input type="checkbox"/>	<input type="checkbox"/>
Total score: _____		

Scoring and Interpretation: Give yourself a score of 1 for each answer that matches the scoring key:

- | | | |
|------------------------|------------------------|-------------------------|
| 1. Mostly false | 5. Mostly false | 9. Mostly true |
| 2. Mostly false | 6. Mostly true | 10. Mostly false |
| 3. Mostly false | 7. Mostly true | |
| 4. Mostly true | 8. Mostly false | |

If your score is 8, 9, or 10, you most likely use the collaborative (win-win) approach to resolving conflict and negotiating. If your score is 7 or less, you most likely use the competitive (win-lose) approach to resolving conflict and negotiating. The collaborative approach is more likely to enhance your leadership effectiveness in the long run.

shut him (or her) up.” The intent of such accommodation might also be to retain the customer’s loyalty.

Sharing Style The sharing style is halfway between domination and appeasement. Sharers prefer moderate but incomplete satisfaction for both parties, which results in a compromise. The term *splitting the difference* reflects this orientation, which is commonly used in such activities as purchasing a house or car.

Collaborative Style In contrast to the other styles, the collaborative style reflects a desire to fully satisfy the desires of both parties. It is based on the underlying philosophy of the **win-win approach to conflict resolution**, the belief that after conflict has been resolved, both sides should gain something of value. The user of win-win approaches is genuinely concerned about arriving at a settlement that meets the needs of both parties, or at least does not badly damage the welfare of the other side. When collaborative approaches to resolving conflict are used, the relationships among the parties are built on and improved.

The collaborative style of conflict management has many variations, one of which is to agree with the person criticizing you. When you agree with a critic, you show that you seek a solution, not a way to demonstrate that you are right. If you agree with the substance of the criticism, you show that you are aware of the situation and ready to do what is best to solve the problem.

To illustrate, if a group member criticizes you for having been too harsh in your evaluation of him or her, you might say: “I agree that my evaluation was harsh, but I was harsh for a purpose. I want to be candid with you so you will be motivated to make what I think are necessary improvements.” Your agreement is likely to spark further discussion about how the group member can improve. The collaborative style is the approach an effective leader is most likely to use because the outcome leads to increased productivity and satisfaction.

Another form of agreeing with criticism is for leaders to apologize when they have truly made a mistake. An apology often reduces conflict because the other side becomes less hostile, and the scene is set for cooperation. Visualize a scenario in which members of the executive team vote themselves large financial bonuses during a period of financial losses to the company and layoffs of employees. Saying, “We’re sorry, and we goofed” to the union and/or employees can help soften the sting. Giving back some of the bonuses would be even more helpful. In general, a good apology must be perceived as genuine, with an honest appeal for forgiveness.³⁵

Avoidant Style Avoiders combine lack of cooperation and unassertiveness. They are indifferent to the concerns of either party. The person may actually be withdrawing from the conflict or be relying upon fate. An example of an avoider is a manager who stays out of a conflict between two team members, leaving them to resolve their own differences.

People engaged in conflict resolution typically combine several of the five resolution styles to accomplish their purpose. For example, a generally effective approach to resolving conflict is to be competitive with regard to a cost that is important to oneself but unimportant to the opponent, and at the same time use accommodation for a cost that is unimportant to oneself but important to the opponent.³⁶

Deciding which mode or modes of conflict handling to use depends upon a number of variables. The major contingency factors are the importance of the conflict issue and the relative power of the opposing parties. An issue may be so important to a leader, such as preventing his or her organizational unit from being outsourced, that domination may be the most effective mode. At other times, a leader may use the accommodating mode of conflict management when the opposing side has much more power, and he or she may want to save domination for a more important issue in the future.

A variable influencing how much conflict a leader has to resolve is his or her personality. An accepting, warm, and understanding leader will have less conflict to resolve than a rejecting, cold, and noncompassionate leader. Ken Frazier, the Merck CEO, was formerly the company’s general counsel and then the head of marketing. He minimizes conflict by scrupulously never making anyone look bad, including allowing scientists at the giant pharmaceutical firm do their job. Frazier says, “I am a person who does not subscribe to the hero-CEO school of thought.”³⁷

Resolving Conflict Between Two Group Members

A high-level managerial skill is to help two or more group members resolve conflict between or among them. Much of the time a manager or leader invests in conflict resolution is geared toward assisting others to resolve their conflict. Often, the conflict is between the heads of two different departments or divisions. The most useful approach is to get the parties in conflict to engage in confrontation and problem solving. (*Confrontation* refers to discussing the true problem, and *problem solving* refers to finding a way to resolve the conflict.) The manager sits down with the two sides and encourages them to talk to each other about the problem (rather than to the manager). This approach is preferable to inviting each side to speak with the manager or leader alone, because then each side might attempt to convince the manager that he or she is right.

During the confrontation and problem-solving session, the leader/manager is placed in a mediator role of being impartial and wanting the both sides to come to an agreement. As shown in the illustration below, the heart of the approach is *storytelling* in which each employee tells how and why the conflict started and persists. Each side must allow the other side to talk, and the leader maintains his or her impartiality.³⁸ An abbreviated example follows:

Leader: I've brought you two together to see if you can overcome the problems you have about sharing the workload during a period in which one of you is overloaded.

Stephanie: I'm glad you did. Josh never wants to help me, even when I'm drowning in customer requests.

Josh: I would be glad to help Stephanie if she ever agreed to help me. If she has any downtime, she runs to the break room so she can chat on her cell phone.

Stephanie: Look who's talking. I have seen you napping in your SUV when you have a little downtime.

Leader: I'm beginning to see what's going on here. Both of you are antagonistic toward each other, and you look for little faults to pick. With a little more respect on both sides, I think you would be more willing to help each other out.

Josh: Actually, Stephanie's not too bad. And I know she can perform well when she wants to. Next time I see her needing help, I'll pitch in.

Stephanie: I know that the name "Josh" is related to joking around, but our Josh really has a warm heart. I'm open to starting with a fresh slate. Maybe Josh can ask me politely the next time he needs help.

Conflict specialist Patrick S. Nugent believes that being able to intervene in the conflicts of group members is a management skill that grows in importance. Such competencies are useful in an emerging form of management based less on traditional hierarchy and more on developing self-managing subordinates and teams. When the conflict is between two different groups,

such as online versus off-line marketing, a major goal of conflict resolution is to get the two sides to see the company's big picture.³⁹

Negotiating and Bargaining

As described in Chapter 1, negotiating and bargaining is a basic leadership role. Few leaders have enough formal power to get everything they want without negotiation. Situations call for negotiation include arriving at a price for purchasing another company, receiving a tax break from a local government, or satisfying worker (or labor union) demands for adequate working conditions.

The link between negotiating and bargaining is that conflicts can be considered situations that call for negotiating and bargaining, or conferring with another person to resolve a problem. When you are trying to negotiate a fair price for relocating an office, you are simultaneously trying to resolve a conflict. At first, the demands of the two parties may seem incompatible, but through negotiation a salary may emerge that satisfies both parties. Here we review a handful of practical negotiating tactics a leader will find helpful. The approaches to negotiation presented here emphasize a strategy of integration or collaboration, with a philosophy of win-win.

Listen First to Investigate What the Other Side Wants An advanced negotiating technique is to begin by soliciting the other person's or group's point of view. You can use this information to shape the objectives of the negotiation, and figure out how you will be able to attain them.⁴⁰ For example, a business unit leader might be negotiating with executives from headquarters about outsourcing the manufacture of a product. The unit head might attempt to analyze why the headquarters group really wants to outsource. Are they attempting to reduce operating costs? Are they concerned mostly about increasing quality? Are they concerned mostly about enhancing profits?

Listening skills are essential for seeing the big picture. Bobby Covic says, "There's a saying among negotiators that whoever talks the most during a negotiation loses." Being the first to listen helps establish trust. Listening also involves paying attention to what the other side is saying.⁴¹ A person might begin a negotiating session claiming to want a bigger share of the division budget. Yet careful listening might indicate that he or she really is looking for his or her department to receive more respect and attention. So the issue is not financial.

As shown in the example just presented, listening helps the negotiator dig for information as to why the other side wants what it does.⁴² If the other side wants a bigger budget just to have more respect, there are less expensive ways to grant respect than grant a bigger share of the budget. Perhaps the leader can give the person a classier job title, rename the department, or appoint the person to head a task force. For example, the head of marketing is renamed "chief of brands," and her department, "brand development."

Begin with a Plausible Demand or Offer Most people believe that compromise and allowing room for negotiation include beginning with an extreme demand or offer. The theory is that the final compromise will be closer to the true demand or offer than if the negotiation were opened more realistically. But a plausible demand is better because it reflects good faith bargaining. Also, if a third party has to resolve the conflict, a plausible demand or offer will receive more sympathy than an implausible one.

When it appears that the negotiation requires compromise to reach a satisfactory solution, it is usually time to *brainstorm and barter*. Brainstorming is helpful when a negotiation has hit a wall, and when no middle ground seems possible. According to negotiation researcher Nadine Kaslow, it may be helpful for both sides to consider multiple, mutual solutions. All parties should come up with at least ten options.⁴³ For example, both sides might search for ten ways of increasing an employee pension fund without damaging profits or lowering the stock price.

In bartering, the parties exchange one set of goods and services for another, in a way that pleases both sides. Bartering, however, may not be applicable to many types of negotiation. A possible example is that a leader of an information technology services company might be willing to provide a construction company a couple of years of cloud computing in exchange for a lower price on a new building.

Focus on Interests, Not Positions Rather than clinging to specific negotiating points, one should keep overall interests in mind and try to satisfy them. The true object of negotiation is to satisfy the underlying interests of both sides. As professional mediator John Heister explains, when you focus on interests, all of the disputants get on the same side of the table and say, “We have a problem to solve. Based on our common interests, we need to find a solution that meets the needs of each of the stakeholders.”⁴⁴

Here is how the strategy works: Your manager asks you to submit a proposal for increasing sales volume. You see it as an important opportunity to link up with another distributor. When you submit your ideas, you learn that management wants to venture further into e-commerce, not to expand the dealer network. Instead of insisting on linking with another dealer, be flexible. Ask to be included in the decision making for additional involvement in e-commerce. You will increase your sales volume (your true interest), and you may enjoy such secondary benefits as having helped the company develop a stronger e-commerce presence.

Be Sensitive to International Differences in Negotiating Style A challenge facing the multicultural leader is how to negotiate successfully with people from other cultures. Frank L. Acuff notes that Americans often have a no-nonsense approach to negotiation. A key attitude underlying the U.S. approach to negotiation is “Tell it like it is.”

A problem with this type of frankness and seeming impatience is that people from other cultures may interpret such remarks as rudeness. The adverse interpretation, in turn, may lead to a failed negotiation. Acuff gives

a case example: “It is unlikely in Mexico or Japan that the other side is going to answer ‘yes’ or ‘no’ to any question. You will have to discern answers to questions through the context of what is being said rather than from the more obvious direct cues that U.S. negotiators use.”⁴⁵

By sizing up what constitutes an effective negotiating style, the negotiator stands a reasonable chance of achieving a collaborative solution. Other cross-cultural differences in negotiation style include these tendencies: Japanese avoid direct confrontation and prefer an exchange of information. Russians crave combat; Koreans are team players; Nigerians prefer the spoken word; and Indians the written one.⁴⁶ (We caution again that cultural stereotypes are true much of the time, but not all of the time.)

Allow for Face Saving While negotiating, it is important to recognize that you might want to make another deal, another day, with the same party. As a result, you want to conduct yourself in a dignified way and not attempt to maximize gain for yourself and minimize gain for the other side. Allowing for face saving is one of the principles of leadership espoused by Dale Carnegie that has considerable empirical and theoretical support. One such research finding is that when a person’s face is threatened, the individual attempts to use face-saving techniques. Furthermore, if employees are allowed to save face after dealing with a problem, they are more likely to perform well and report errors.⁴⁷

Negotiating and bargaining, as with any other leadership and management skill, require conceptual knowledge and practice. Leadership Skill-Building Exercise 12-3 gives you an opportunity to practice collaboration, the most integrative form of negotiating and bargaining, as well as conflict resolution. Practice in finding options for mutual gains is helpful for the leader because negotiating is a high-impact part of his or her job.



LEADERSHIP SKILL-BUILDING EXERCISE 12-3

Win-Win Bargaining

The class is organized into groups of six, with each group being divided into two negotiating teams of three each. The members of the negotiating teams would like to find a win-win (collaborative) solution to the issue separating the two sides. The team members are free to invent their own pressing issue, or they can choose one of the following:

- Management wants to control costs by not giving cost-of-living adjustments in the upcoming year. The employee group believes that a cost-of-living adjustment is absolutely necessary for its welfare.
- The marketing team claims it could sell 350,000 units of a jeweled smartphone case if it could be produced at

\$40 per unit. The manufacturing group says it would not be feasible to get the manufacturing cost below \$50 per unit.

- Taco Bell would like to build in a new location that is adjacent to a historic district in one of the oldest cities in North America. The members of the town planning board would like the tax revenue and jobs that the Taco Bell store would bring, but they do not want a Taco Bell restaurant (or store) adjacent to the historic district.

After the teams have arrived at their solutions through high-level negotiating techniques, the creative solutions can be shared with teammates.



READER'S ROADMAP

So far we have studied considerable information about the nature of leadership; the attributes, behaviors, and styles of leaders; the ethics and social responsibility of leaders; and how leaders exert power and use politics and influence. We then studied techniques for developing teamwork, as well as motivation and coaching skills. After studying creativity and innovation as part of leadership, we focused on communication skills as they relate to leadership. Next, we shift our study to direction setting at the organizational level: strategic leadership.

SUMMARY

Open communication between company leaders and employees helps an organization overcome problems and attain success. Effective communication skills contribute to inspirational leadership. Nonverbal skills are also important for leadership effectiveness. A major feature of communication by leaders is to rely on networks of contacts both in-person and electronically. Without being connected to other people, it would be almost impossible for leaders to carry out their various roles. Developing networks of live interpersonal contacts remains an essential method for a leader building relationships, motivating others, and attaining collaboration. Face-to-face communication networks allow for helpful conversations. Changes in the organization as well as generational changes have increased the importance of conversations. Leadership networks include the peer, operational, personal, and strategic.

An important use of the social media is for the leader to build and maintain a professional network. The productive leader is more likely to focus on contacts of relevance or density rather than superficial contacts. The strength-of-ties perspective explains the difference between strong and weak ties. The relationships among the different actors in a network can be broadly classified into two major types: strong versus weak ties and direct versus indirect ties.

Inspirational and powerful communication helps leaders carry out their roles. Suggestions for inspirational and powerful speaking and writing

include the following: (1) be credible; (2) gear your message to your listener including his or her needs; (3) sell group members on the benefits of your suggestions; (4) use heavy-impact and emotion-provoking words; (5) use anecdotes to communicate meaning; (6) back up conclusions with data; (7) minimize language errors, junk words, and vocalized pauses; (8) use business jargon in appropriate doses; and (9) write crisp, clear memos, letters, and reports, including a front-loaded message.

Using a power-oriented linguistic style is another way to communicate with inspiration and power. The style includes a variety of techniques, such as downplaying uncertainty, emphasizing direct rather than indirect talks, and choosing an effective communication frame. Leaders can also improve their communication skills by following the six principles of persuasion: liking, reciprocity, social proof, consistency, authority, and scarcity.

Skill can also be developed in using nonverbal communication that connotes power, being in control, forcefulness, and self-confidence. Among the suggestions for nonverbal communication are to stand erect; speak at a moderate pace with a loud, clear tone; and smile frequently in a relaxed manner. A person's external image also plays an important part in communicating messages to others.

Videoconferencing, including telepresence, places heavy demands on nonverbal communication. Videoconferences represent a powerful tool for far-flung managers to make a name for themselves at corporate headquarters. The camera

magnifies small nonverbal communication errors, such as scratching your head.

Listening is a fundamental management and leadership skill. A foundation tactic for a leader to become an effective listener is to show respect for others. Two impediments for the leaders who want to listen well are (1) leaders are already overloaded, and (2) people can listen to more words per minute than others can speak. Leaders have to be careful about listening selectively. A robust communication channel for the leader/manager is to engage in face-to-face communication with direct reports by making the rounds. Such rounds are effective for dealing with morale problems.

Overcoming communication barriers created by dealing with people from different cultures is another leadership and management challenge. Guidelines for overcoming cross-cultural barriers include the following: (1) be sensitive to the existence of cross-cultural communication barriers; (2) challenge your cultural assumptions; (3) show respect for all workers; (4) use straightforward language, and speak slowly and clearly; (5) look for signs of misunderstanding when your language is not the listener's native language; (6) when appropriate, speak in the language of the people from another culture; (7) observe cross-cultural differences in etiquette; (8) do not be diverted by style, accent, grammar, or personal appearance; (9) avoid racial or ethnic identification except when it is essential to communication; (10) be sensitive to differences in nonverbal communication;

and (11) be attentive to individual differences in appearance.

Leaders and managers spend considerable time managing conflict, including conflict with outsiders. Resolving conflict facilitates collaboration. Five major styles of conflict management are as follows: competitive, accommodative, sharing, collaborative (win-win), and avoidant. Each style is based on a combination of satisfying one's own concerns (assertiveness) and satisfying the concerns of others (cooperativeness). The collaborative style of conflict management includes agreeing with the criticizer and apologizing. When resolving conflict, people typically combine several of the five resolution styles to accomplish their purpose, such as dominating and accommodating. Which modes of conflict handling to use depends upon a number of variables such as the importance of the issue and the relative power between the parties.

A high-level managerial skill is to help two or more group members resolve conflict between or among them. The most useful approach is to get the parties in conflict to engage in confrontation and problem solving.

Conflicts can be considered situations calling for negotiating and bargaining. Specific negotiating techniques include the following: (1) listen first to investigate what the other side wants; (2) begin with a plausible demand or offer; (3) focus on interests, not positions; (4) be sensitive to international differences in negotiating style; and (5) allow for face saving.

KEY TERMS

linguistic style 390

making the rounds 396

win-win approach to conflict

resolution 405



GUIDELINES FOR ACTION AND SKILL DEVELOPMENT

A subtle part of being an effective communicator—including be a good listener—is to avoid language that discourages another person from expressing his or her opinion, or worse, shuts the person up.

At times you may feel like putting the lid on a subordinate. However, in the long run, silencing your team will backfire because you will lose valuable input. Here are three examples of statements

leaders and managers frequently use that clamp down on communication: "I already know that," "Why would you want to change that? It's not broken," and, "Well, it's my decision and I say no."⁴⁸

Another technique for curtailing communication is to react to a comment with a blank stare and no comment of your own. Such behavior implies that you either don't care or are denying the reality of what the person is saying.

Discussion Questions and Activities

1. Now that you have studied this chapter, what are you going to do differently to improve your communication effectiveness as a leader?
2. What is your opinion of the advantages and disadvantages of a leader, such as a CEO or division president being Facebook friends with as many company employees as possible?
3. In the United States, a person who has an English (U.K.) accent is often at advantage to obtain a leadership position. What is your opinion of the ethics of a person developing such an accent in order to get promoted?

4. What do you see as a potential downside to using a power-oriented linguistic style?
5. In what ways does being good at public speaking enhance a leader's effectiveness?
6. Jack Dorsey, the executive chairman of Twitter and the CEO of Square, is quite soft spoken yet still very persuasive. How can that be?
7. Given that people really do defer to experts, how might the leader establish his or her expertise?
8. Some managers avoid developing personal friendships with any direct reports because they do not want to be at a disadvantage in resolving conflict or negotiating with a subordinate. Does this idea seem reasonable to you?
9. What concrete steps can a leader take to demonstrate that he or she respects a group member from another culture?
10. Assume that during a meeting, a middle manager is told by a subordinate that he or she is not fit for the position and should resign. What approach do you recommend that the leader take to resolve this conflict?

LEADERSHIP CASE PROBLEM A

Margot, the Cross-Cultural Communicator

Margot is the sales development manager of an online retailer that specializes in the sale of upscale clothing for men and women, at drastically low prices. Most of the clothing sold stems from reselling of inventory from high-end retailers who have gone out of business, are bankrupt, or liquidating merchandise for other reasons such as needing cash desperately.

Based in Los Angeles, the online store has an office and a distribution warehouse. Yet some sales are shipped directly from the distressed retailers who receive a small payment for making the shipments.

Margot was raised in Mexico. She speaks both English and Spanish fluently, which facilitates her working well in Los Angeles. However, Margot considers herself to be multicultural beyond working well with Americans, Latinos, and Mexican-Americans. "Give me anybody, whatever ethnicity and race, and

I'll warm up to that person," she says. Not all the staff members at the company are so convinced about the effectiveness of Margot's multicultural skills.

Derek, the company website designer, who is African-American, said this about Margot: "I love the lady, but sometimes I think she patronizes me. She starts almost all our conversations asking me something about professional basketball. Oh, yes, I know that the vast majority of NBA players are black, but so are almost all the doctors, scientists, and lawyers in Africa. To please Margot, I make a few general comments about basketball so the conversation can proceed."

Lucie, an order-fulfillment specialist, is a Latina raised in Costa Rica. She said that she appreciates Margot's working hard to establish rapport with her, but that she gets tired of Margot so frequently asking

her questions about Costa Rican cooking and holidays. "Okay, I was raised in Costa Rica. That doesn't mean that I think about my home country every day. I am here living and working in L.A."

Basil, a purchasing specialist, is the only senior working at the company. He has forty years of experience in merchandising women's clothing. "To me, Margot is like a niece, but I don't think she gets it about dealing with a senior. Margot keeps talking to me about my health, retirement planning, and how I like working with younger people in an online business. I just don't like talking about senior concerns."

Questions

1. What suggestions can you make to Margot about overcoming cross-cultural communication barriers?
2. What might be the factor or factors contributing to any errors Margot might be making in terms of cross-cultural communication?
3. To what extent do you think the three staff members mentioned above are being too harsh in judging Margot's attempts at establishing rapport?

ASSOCIATED ROLE PLAY

One person plays the role of Margot who will be having brief face-to-face interactions today with Derek, Lucie, and Basil. She will be taking her usual approach to establishing rapport with her staff members. Three other students will play the roles of Derek, Lucie, and Basil. All three would

prefer that Margot not focus so much on the cultural identity mentioned above. (Most people have more than one cultural identity, such as being Latino as well as a member of Generation Y.) Observers will be alert to how well the cross-cultural interactions go.

LEADERSHIP CASE PROBLEM B

Sean Contemplates a Delicate Confrontation

Sean is the head of the logistics group at a medium-size company that makes plastic parts for other companies, including manufacturers of printers, television sets, computers, and washing machines. His department provides a few valuable services for the company such as receiving and storing raw materials, shipping products, and disposal of waste materials. The logistics department consists of ten people including an administrative support specialist. Sean's department is meeting its goals, and Sean regularly receives average or above-average performance evaluations.

In contrast to the generally positive job situation facing Sean, he sees one irritating problem that needs resolution. Sean has received feedback from several employees inside and outside the department that Phil, one of the logistic technicians, frequently mocks him but not to his face. Karen, the administrative support person, casually mentioned

to Sean recently, "Have you seen Phil do one of his impressions of you? He did one the other day during coffee break. It was kind of negative, and very unprofessional."

Sean noticed that Phil made the following post on his Facebook page: "Life isn't always so easy when you know much more than your boss." Although the post may not have been directed specifically at Sean, it was still hurtful.

Sean was thinking while driving to work, "I don't have any direct evidence that Phil is mocking me, but it sure seems to be true. I have to figure what to do about this problem."

Questions

1. What kind of a leadership issue is Sean dealing with?
2. What do you recommend that Sean do about his conflict with Phil?

ASSOCIATED ROLE PLAY

One student plays the role of Sean who decides to confront Phil about what could very well be a form of insubordination. Another student plays the role of Phil who is not very impressed with Sean as a

leader, but he does not think he has done anything out of line in terms of reacting negatively toward him. Observers will look to see how the potential conflict in this situation might be resolved.



LEADERSHIP SKILL-BUILDING EXERCISE 12-4

My Leadership Portfolio

For this chapter's entry into your leadership portfolio, think through how you have dealt with your opportunities to communicate as a leader in your experiences. Did you have an opportunity to attempt to persuade an individual or group? Did you have an opportunity to be supportive toward another person? Did you have an opportunity to make a presentation on the job or in class? During these communication opportunities, how well did you come across as a leader? Did you impress anybody with persuasive skill or warmth? Carlos, an assistant restaurant manager, made this entry in his portfolio:

I help manage an upscale restaurant. The wait staff has to be on top of its game when in the dining room. Without superior service, nobody is going to pay our prices, even if the food and wine are good. Late one afternoon, Rick dragged in, looking in no

shape to give good service to our guests. He looked worried and distracted. Instead of telling Rick to go home, I took him aside in the office. I asked him to give me a full explanation of whatever problem he was facing. We both sat down, and I poured Rick a cup of coffee. After a minute or so, Rick opened up to tell me about how he rammed the back of his car into a two-foot-high guardrail in a parking lot. His fiberglass bumper split, and he figures it will cost him \$750 to replace it. I listened to his whole story without being judgmental. I said I would check with the manager to see if we could give him extra hours this month to earn more money to apply toward his repair. Rick said, "Thanks for listening," and he left our one-on-one session feeling better and looking well enough to face the guests.

I give myself a gold star for having been a supportive leader. Ha! Ha!



LEADERSHIP SKILL-BUILDING EXERCISE 12-5

Evaluating the Communication Skills of an Organizational Leader

So much has been said about the importance of good communication skills for an effective leader. Your assignment is to observe a specific organizational leader of your choice, such as a business executive. Methods of observing an organizational leader include (a) a live or video replay interview of an executive on a television news channel, (b) finding a brief executive presentation on YouTube or Hulu, and (c) attending a function in which an

executive is either giving a talk or interacting with visitors. In preparing your evaluation, look for such factors as persuasiveness, adequate grammar and sentence structure, and ability to establish rapport with the receiver of the message.

A side aspect of this assignment is to observe the executive's communication skills with the intent of picking up an idea or two to improve your own communication effectiveness.

NOTES

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Strategic Leadership and Knowledge Management

LEARNING OBJECTIVES

After studying this chapter and doing the exercises, you should be able to

- Identify a number of current business strategies.
- Describe how leaders contribute to the management of knowledge and the learning organization.

CHAPTER OUTLINE

The Nature of Strategic Leadership

High-Level Cognitive Activity of the Leader
Maintaining a Human and Emotional Aspect
Gathering Multiple Inputs to Formulate Strategy
Anticipating and Creating a Future
Revolutionary and Contrarian Thinking
Creating a Vision
Leadership Effectiveness and Strategy Implementation

Conducting a SWOT Analysis

Internal Strengths
Internal Weaknesses
External Opportunities
External Threats

A Sampling of Business Strategies Formulated by Leaders

Knowledge Management and the Learning Organization

Knowledge Management
Servant Leadership and the Creation of Knowledge
The Learning Organization

Summary

Key Terms

Guidelines for Action and Skill Development

Leadership Case Problem A

Leadership Case Problem B

Notes

The chairman and CEO of PepsiCo, Indra Nooyi, combines analytical skills with a charming demeanor to inspire thousands of employees and other stakeholders. PepsiCo has twenty-two brands that gross more than \$1 billion per year each in annual sales.

Among the company's most popular brands are Pepsi-Cola, Gatorade, Tropicana, and Frito-Lay.

As a business leader, Nooyi is best known for her developing and executing strategy. Prior to becoming CEO, Nooyi was the company president and chief financial

officer. In this position, her responsibilities included the direction of finance, strategy, business process optimization, investor relations, and information technology. She also served in other strategy positions with PepsiCo, including senior vice president, strategic planning, for two years. Nooyi began her career in management consulting. Between 1986 and 1990, she was vice president and director of corporate strategy at Motorola Corporation.

Nooyi is the chief architect of Performance with Purpose, PepsiCo's commitment to do what is right for the company by doing what is right for people and the planet. The goal is to deliver consistent financial performance by providing a wide range of foods and beverages from treats to healthy snacks. At the same time, PepsiCo finds ways to minimize any negative company impact on the environment, keep costs low, provide a safe and inclusive workplace for employees, and invest in the local communities in which the company operates. Nooyi is also leading the company to move the company away from emphasizing low-nutritional value food to healthier alternatives.

As part of directing the company's business strategy, Nooyi divested its restaurants in Yum! Brands Inc. She

has also spearheaded the acquisition of Tropicana and the merger with Quaker Oats that included Gatorade. Nooyi was behind the purchase, in 2011, of Russian yogurt giant Wimm-Bill-Dann Foods, PepsiCo's biggest foreign acquisition to date. She explained that Russia was just a base. "You're doing it for the former Soviet Union countries. This is a business that is going to grow substantially. That's what fires everybody up." Part of the marketing strategy was to shift consumers from lower-margin dairy and juice products to more profitable "value-added" products such as drinkable yogurts or juices with added vitamins.

To help bolster PepsiCo's share of the beverage market, Nooyi has invested in research to develop something the industry has long pursued—a low-calorie or no-calorie all-natural sweetener that will make soft drinks taste just like their full-calorie beverages.

Nooyi graduated with a major in physics, chemistry, and mathematics from Madras Christian College, and an MBA from the Indian Institute of Management in Calcutta. She also received a master of public and private management from Yale University.¹

The story about CEO and chairman Indra Nooyi illustrates how leaders must continually think through the direction in which the firm is headed. A key leadership role is to form a **strategy**, an integrated, overall concept of how the firm will achieve its objectives.² In this chapter, we approach strategic leadership by emphasizing the leader's role rather than presenting extensive information about business strategy and the analytics that support strategy and strategic planning. First, we examine the nature of strategic leadership and describe a frequently used tool for development strategy, SWOT analysis. We then examine the strategies that leaders most frequently use to bring about success. Following that is a description of a leader's contribution to an important thrust in strategy, knowledge management, and developing a learning organization.

The Nature of Strategic Leadership

Strategic leadership deals with the major purposes of an organization or an organizational unit, and therefore has a different focus than leadership in general: Strategic leadership emphasizes balancing the short- and long-term needs of the organization to ensure the enduring success of the organization, yet the emphasis is on the future. Strategy professor Roger L. Martin

explains that true strategy is about placing bets and making hard choices.³ Leaders engage in strategic leadership when they act, think, and influence in ways that promote the competitive advantage of their organization.⁴ For our purposes, **strategic leadership** is the process of providing the direction and inspiration necessary to create or sustain an organization. Netflix founder Reed Hastings provided strategic leadership because he developed a concept for an organization, developed the organization, and inspired large numbers of people to help him achieve his purpose. Furthermore, developing a major presence on the Internet was an example of direction setting by Hastings.

Strategic leadership is a complex of personal characteristics, thinking patterns, and effective management, all centering on the ability to think strategically. Do Leadership Self-Assessment Quiz 13-1 to explore your orientation toward thinking strategically. Our approach to understanding the nature of strategic leadership will be to describe certain associated characteristics, behaviors, and practices, as outlined in Figure 13-1. The information about transformational leadership presented in Chapter 3 is also relevant here.

High-Level Cognitive Activity of the Leader

Thinking strategically requires high-level cognitive skills, such as the ability to think conceptually, absorb and make sense of multiple trends, and condense all of this information into a straightforward plan of action. The ability to process information and understand its consequences for the organization in its interaction with the environment is often referred to as

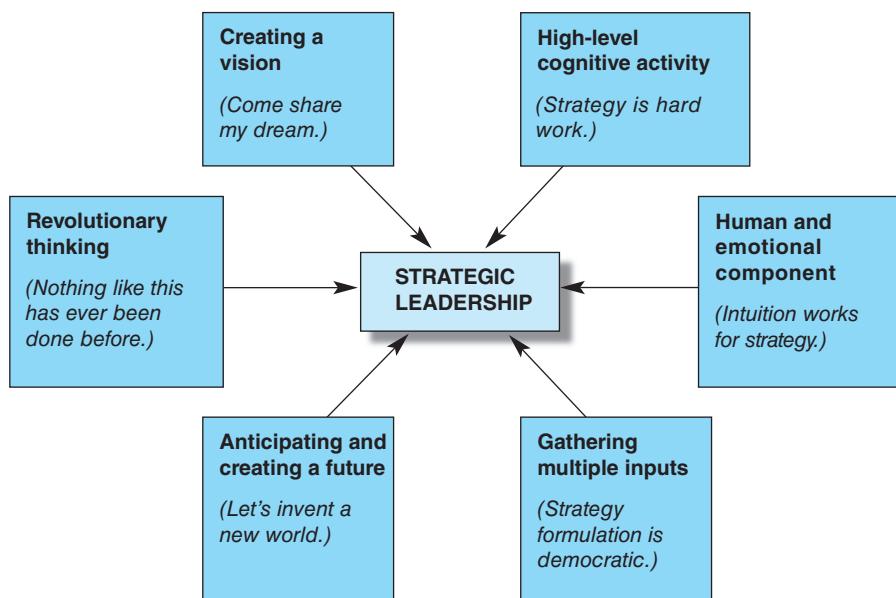


FIGURE 13-1 Components of Strategic Leadership



LEADERSHIP SELF-ASSESSMENT QUIZ 13-1

Are You a Strategic Thinker?

Instructions: Indicate your strength of agreement with each of the following statements: SD = strongly disagree, D = disagree, N = neutral, A = agree, SA = strongly agree.

	SD	D	N	A	SA
1. Every action I take on my job should add value for our customers, our clients, or the public.	1	2	3	4	5
2. Let company leadership ponder the future; I have my own job to get done.	5	4	3	2	1
3. Strategic thinking is fluff. Somebody down the organization has to get the job done.	5	4	3	2	1
4. A company cannot become great without an exciting vision.	1	2	3	4	5
5. What I do on the job each day can affect the performance of the company many years into the future.	1	2	3	4	5
6. It is rather pointless to develop skills or acquire knowledge that cannot help you on the job within the next month.	5	4	3	2	1
7. Strategic planning should be carried out in a separate department rather than involve people throughout the organization.	5	4	3	2	1
8. It makes good sense for top management to frequently ask itself the question, "What business are we really in?"	1	2	3	4	5
9. If a company does an outstanding job of satisfying its customers, there is little need to worry about changing its mix of goods or services.	5	4	3	2	1
10. Organizational visions remind me of pipe dreams and hallucinations.	5	4	3	2	1
11. I like the idea of an organization sending a group of managers and professionals to an off-site strategy development session every couple of years or so.	1	2	3	4	5
12. Strategy formulation is a bureaucratic exercise that usually gets the organization nowhere.	5	4	3	2	1

Scoring and Interpretation: Find your total score by summing the point values for each question. A score of 52 to 60 suggests that you already think strategically, which should help you provide strategic leadership to others. Scores of 30 to 51 suggest a somewhat neutral, detached attitude toward thinking strategically. Scores of 12 to 29 suggest thinking that emphasizes the here and now and the short term. People scoring in this category are not yet ready to provide strategic leadership to group members.

Skill Development: Reflecting on your ability to think strategically is useful because leaders at all levels are expected to see the big picture and point people in a useful direction.

systems thinking. Systemic thinking means that the person thinks in terms of a system, and the process gets quite complex.⁵ For instance, a part of systemic thinking would be to investigate how parts of a system react and interact to each other and external factors. Suppose a company leader decides to reduce expenditures for research and development. He or she should analyze how the cutback will affect marketing and sales in the next

several years. Long-term thinking is a key part of strategy. A CEO might work with a twenty-five-year perspective regardless of whether he or she would be with the same firm in twenty-five years.

High-level cognitive ability is also required to interpret all the data and information that often accumulate when developing strategy. The strategist needs to recognize patterns, clarify ambiguity, and seek new insights. A chief marketing officer was studying data about who was purchasing and not purchasing the company's line of snacks. One interpretation she made of the data was that a fast-growing segment of the population, diabetics, was rarely buying the snacks. The marketing officer then introduced a line of sugar-free cakes that was successful.⁶

Emphasizing the cognitive activity of the leader helps emphasize that the leader plays a major role in strategy formulation. The leader must think through what makes the organization distinct, and define its purpose. Creativity and insight are required to achieve these profound conclusions.

As one moves up the hierarchy, more problem-solving ability and imagination are required to handle the task environment effectively. To engage in strategic management and leadership, a person must have conceptual prowess. An organization will be successful when the cognitive abilities of its leaders are a good fit with the nature of the work. An essential component of the leader's cognitive ability for strategy formulation is the ability to focus outward. The outward focus includes understanding how seemingly unrelated data can relate to the leader's central interest. Melinda Gates once said on the television show *60 Minutes* that her husband, Bill Gates, could read an entire book about fertilizer. The relevance of fertilizer to the work of Bill Gates was that he is constantly looking for technological advances that can save thousands of lives. "A few billion people would have to die if we hadn't come up with fertilizer," said Gates.⁷

Creative problem solving is also important because the strategic leader has to develop alternative courses of action for shaping the organization. Furthermore, asking what-if questions requires imagination. For example, at Ford Motor Co., Alan Mullaly asked at one time, "What if we sold off our luxury brands, terminated the Mercury line, and concentrated on Ford—would we be a stronger company?" (He was right.)

Maintaining a Human and Emotional Aspect

As implied by the creative component to strategy, strategic leaders rely heavily on intuition as to what direction the organization should take. Cynthia Montgomery, a strategy professor and former head of the Strategy Unit at Harvard Business School, says that many executives have lost the leadership and human dimension of strategy. She believes that strategy has become too analytical, a must-do instead of a want-to-do. To make strategy more personal, leaders should answer the questions: "Does your company matter? What is your company adding to what already exists in the market?"

To illustrate the human touch in strategy, Montgomery gives the example of Gucci. The brand had become trashed and of low value because the

name appeared on 22,000 products including cigarette lighters and tennis balls. A new CEO revamped the Gucci strategy. He decided the brand should be sexy, at the leading edge of fashion, and a good value. The original Gucci market niche was high-fashion appealing to an older audience. The new CEO turned the company around to meet the new strategy, leading to survival and good profits.⁸

Most great companies start with great purposes formulated by the founder. A sterling example is IKEA's intent to offer customers "a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible can afford them."⁹ Typically, the purpose comes from intuition rather than extensive analysis. Mintzberg believes that synthesizing information and thinking ahead is more important than strategic planning in developing useful business strategy.¹⁰

Gathering Multiple Inputs to Formulate Strategy

Many strategic leaders arrive at their ideas for the organization's future by consulting with a wide range of interested parties, in a process similar to conducting research to create a vision. Customers are a natural source of inputs for formulating strategy, often by simply asking them what new products, services, or features they would want. A few years ago, Coastal Contacts, a large online contact lens retailer, was searching for a way to enhance growth. During a six-month period, the CEO and the senior team phoned customers to see if they had any ideas. A surprise finding was that many customers wanted to receive their lenses the next day. When Coastal Contacts began using overnight delivery, sales surged.¹¹ (We recognize that some strategy experts would regard shortening of delivery time as a marketing tactic, not a true business strategy.)

A growing number of companies are gathering strategy inputs through **crowdsourcing**, the use of collective intelligence gathered from the public for accomplishing tasks, often by the use of social media. One reason for gathering data for strategy formulation through crowdsourcing is to pull in diverse and end-user perspectives that are typically overlooked but potentially useful. A second reason is to build enthusiasm and alignment behind a company's strategic direction. The people whose opinions are solicited might become more committed to the new strategic direction of the company. Crowdsourcing can involve employees as well as other stakeholders including customers and the general public.

3M used crowdsourcing successfully when it decided to reinvigorate its Markets of the Future process—a critical input to the company's strategic planning. Previously, a small group of analysts conducted research about megatrends that could affect the company's future. The new method of gathering input was to invite all of the company sales, marketing, and R&D employees to a Web-based forum. In two weeks, the forum attracted more than 1,200 participants from more than forty countries and generated more than 700 ideas. As a result of crowdsourcing, nine new future markets were identified with an aggregate multibillion dollar sales potential.¹²

Anticipating and Creating a Future

A major component of leadership is direction setting, which involves anticipating and sometimes creating a future for the enterprise or organizational unit. To set a direction is also to tell the organization what it should be doing. To set a productive direction for the future, the leader must accurately forecast or anticipate that future. Insight into tomorrow can take many forms, such as a leader's making accurate forecasts about consumer preferences, customer demands, and the skill mix needed to operate tomorrow's organization. The head of a government agency might visualize what services will be the most important to the population in the future. A truly visionary leader anticipates a future that many people do not think will come to pass. A classic example is that in the early days of computers few people predicted that anyone would want to use a computer while not in the office or at home.

Creating the future is a more forceful approach than anticipating the future. The leader, assisted by widespread participation of team members, creates conditions that do not already exist. He or she must ask questions about the shape of the industry in five to ten years and decide how to ensure that the industry evolves in a way that is highly advantageous to the company. Furthermore, the leader must recognize the skills and capabilities that must be acquired now if the company is to occupy the industry high ground in the future.

Creating the future has been conceptualized as reinventing an industry. Entrepreneurial leaders frequently engage in such activity. An example of creating the future was the development of the iPad by the late Steve Jobs and his product designers at Apple Inc. Hand-held computers had existed before, but nothing of the nature of the iPad. Industrial applications of the device spread rapidly including using them to display products as well as the owner's manual for the Kia automobiles and SUVs.

So how much time should an executive leader invest in plotting the future? About 5 percent of work time invested in plotting the future might seem realistic. One reason is that a leader has to invest time in executing the existing strategy.

Revolutionary and Contrarian Thinking

Using even stronger terms than *reinventing an industry*, Gary Hamel characterizes strategy as being revolutionary. According to Hamel, corporations are reaching the limits of incrementalism. Incremental improvements include squeezing costs, introducing a new product a few weeks earlier, enhancing quality a notch, and capturing another point of market share. These continual improvements enhance an organization's efficiency and are therefore vital to a firm's success, but they are not strategic breakthroughs or radical innovations.¹³

To be an industry leader, a company's leaders must think in revolutionary terms. Revolutionary companies such as Amazon.com and Netflix create the rules for others to follow. According to Hamel, any strategy that does

not seriously challenge the status quo is not actually a strategy. What passes for strategy in most companies is often sterile and unimaginative. Another variation of revolutionary thinking is to discover ways to disrupt the business activities of other companies or to ward off being disrupted by others. A disruptive innovation is aimed at serving a new market or less demanding customers with a product that may be inferior or easier to use. Among the many disruptive innovations in modern times have been personal computers disrupting mainframe computers, smartphones disrupting personal computers and expensive cameras, cell phones disrupting watches, and manufactured patio homes replacing larger, standard homes.¹⁴

Contrarian thinking, in which the leader rejects conventional wisdom, is much like the investor who trolls for hidden value in out-of-favor stocks. Travis Kalanick, CEO of the car-service app Uber, has successfully engaged in contrarian thinking. His company enables consumers to purchase rides on vehicles for hire and also share rides. Airports have long been the target of nonlicensed vehicles that compete with taxis. Kalanick's contrarian thinking was that a company could compete against licensed taxis nationally and internationally. Another aspect of Kalanick's contrarian thinking is to charge customers more for ground transportation during peak demands times—something done by air carriers but not taxis. As a company, Uber continues to face legal challenges but the company continues to grow.¹⁵

Creating a Vision

We have already mentioned visions in this book, including the description in Chapter 3 of the vision component of charismatic leadership. Here we examine the concept of vision in more depth, because visions are an integral part of strategic leadership. One of the most important challenges of high-level leadership is to create a shared vision that will motivate organizational members to perform well.¹⁶ Whether the effort takes place is also a function of the leader's behavior and personality. Otherwise a carefully crafted vision written anonymously and emitted by e-mail would be a strong motivator.

The final vision statement is relatively short. James R. Lucas, a specialist in vision formulation, writes that a carefully considered and articulated vision helps us know who we are and who we are not. The vision also points to what we do successfully and what we do not, which activities we should take on and which we should avoid.¹⁷ An example of a short vision statement that appears to be motivational is the statement Marc Benioff, the founder of Salesfor.com: "In ten years I want us to be the largest and most important enterprise cloud computing company."¹⁸ (A few more specifics about developing a vision statement are presented in the Guidelines for Action and Skill Development section of this chapter.)

Articulating a clear vision helped get several great companies off the ground when the company founders were seeking funding from venture capitalists. When Sergey Brin and Larry Page were planning to launch a company, they had no business experience and no track record, yet they had a powerful one-line vision. They told investors at Sequoia Capital,

"We deliver the world's information in one click." The investors liked the vision statement, and invested in the company called Google.¹⁹ The Google statement might be classified as dealing with a *mission* because it relates to the present, not the future. However, even the smartest minds in business often use *mission* and *vision* interchangeably.

In companies that believe strongly in visions and strategic goals, all activities throughout the company are supposed to support the vision and goals. For example, at Salesforce.com, company leadership expects workers at all levels to make suggestions for enhancing cloud computing service to other companies.

Leadership Effectiveness and Strategy Implementation

Carefully crafting a strategy and vision is not sufficient for its effectiveness. The strategy and vision must also be implemented or executed by the leader/manager. Part of being an effective leader is to implement a strategic initiative. A basic example is that Domino's managers throughout the organization successfully implemented the strategic initiative of upgrading pizza quality after the CEO decided that a high quality was necessary.

The cofounders of Honest Tea, Yale professor Seth Goldman and one of his students, Barry Nalebuff, have spoken to many business executives about strategy implementation. The Honest Tea partners point out that no strategy, however brilliant, can be implemented successfully unless the people with key jobs know what they need to do differently, and understand how and why they should be executing.²⁰ The key people must also have the necessary resources, such as every Domino manager having the correct ingredients to upgrade the Domino Pizzas after the CEO at the time initiated a strategy of high quality.

Quite often, implementation requires a series of goals that will be steps along the way to implementing the strategy. An example is the rise to prominence of VIZIO, the manufacturer of television receivers and other electronic products. The company moved gradually from being a store brand to a brand name that consumers wanted to purchase. The goals along the way included selling to more prominent retailers and creating brand recognition through advertising on television and purchasing the rights to college football games.

Formulating and implementing organizational strategy is a process that must quite often be repeated in order for the firm to be competitive and survive. Strategy researcher and Columbia University Business School professor, Rita Gunther McGrath, points out that leaders need to embrace the idea that advantage is transient. Companies must therefore launch new strategic initiatives from time to time. The result is a portfolio of advantages that can be built quickly and dropped as rapidly.²¹ PepsiCo is an example of a company that has shifted its marketing strategy several times, moving away from dependence on carbonated beverages to a firm that sells a wide variety of snack foods and noncarbonated beverages. The accompanying Leader in Action insert describes an executive who is widely admired for his strategic thinking.



LEADER IN ACTION

Ford CEO Alan Mulally Focuses on the Company and the Outside World

Alan Mulally, the CEO of Ford Motor Co., through June 2014 is widely admired for his accomplishments in recapturing much of the past glory of Ford. Mulally has played a key role in two different industries. As the president of the commercial airplane business at Boeing in the late 1990s, he revitalized the company including a major thrust into digital technology.

Mulally was hired as the CEO of Ford in 2006, to help turn around the company, at a time when Ford was on the verge of collapse. One of Mulally's first giant moves was to borrow \$23 billion by putting up Ford's assets as collateral. The purpose of the loan was to give the company enough cash to survive until its cash flow position improved. The huge loan enabled the company to avoid bankruptcy and a federal government bailout. Ford soon became a stable, profitable company, and by 2013 became the number one seller of automobiles and trucks in the United States.

A key part of the turnaround plan was to create global heads of manufacturing, marketing, and product development, thereby contributing to a consolidation labeled "One Ford." The One Ford plan is a vision for the organization and its mission. At the heart of the plan is the phrase "One Team." Another part of Ford's vision derives from Henry Ford, who understood that the desire to move—to have freedom of mobility—is enduring and universal. Mulally believes that the company's role in attaining his enduring vision will evolve. He believes that one day Ford might be part of connecting different modes of transportation, including bicycles, waterways, cars, busses, and subways. His short-range vision for automobiles is that they will really be another instrument on the Internet.

Mulally believes that a leader must have a compelling vision and a comprehensive plan. He refers to this as *positive leadership*, referring to the idea that there is always a way forward, and that the leader must find the right path to move forward. Every employee is included in this plan, and everyone's contribution is respected. Mulally also focuses on understanding what is happening in the world, such as

sensing the rise of the middle class in Asia thereby creating an expanded market for vehicles.

To help managers respond to the outside world, Ford holds a Business Plan Review meeting every week. The entire global leadership team attends either in person or remotely. Leaders discuss the worldwide business environment at the time, including such factors as the economy, the energy and technology sectors, and what competitors are doing, and what customers want. The group then talks about forces in the world that are going to shape what consumers will value in the future. The Business Plan Review meeting functions as both a strategic plan and a relentless execution plan.

Mulally believes that leaders across the company are responsible for deciding "What business are we in?" At the same time leadership, with the contribution of their team members, must figure out what deep consumer need the company is uniquely positioned to satisfy.

Mulally received a bachelor of science and a master of science in aeronautical and astronautical engineering from the University of Kansas. He also holds a master's degree in management from the MIT Sloan School of Management.

QUESTIONS

1. Which aspects of strategic leadership are mentioned in this story about the Ford CEO?
2. To what extent does Mulally make use of his cognitive skills as a leader?
3. What takeaway for managing your own career can you squeeze out of the story just presented?

Sources: Original story created from facts and observations in "Leading in the 21st Century: An Interview with Ford's Alan Mulally," McKinsey & Company (www.mckinsey.com), November 2013, pp. 1–3; Dan Gallagher, "Back-Seat Drivers at Microsoft," *The Wall Street Journal*, January 9, 2014, p. C8; Mike Snider, "Ford's Mulally: Be Nice, Work Hard," *USA Today*, October 14, 2013, p. 6B; Keith Naughton, "The Happiest Man in Detroit," *Bloomberg Business Week*, February 7–13, 2011, pp. 66–71; Steve Ballmer," Alan Mulally," *Time*, May 11, 2009, p. 74.



LEADERSHIP SKILL-BUILDING EXERCISE 13-1

Mapping Out a Future for an Organization

The purpose of this exercise is to give you practice on a key aspect of strategic leadership, articulating where you want your organization to be, and how to arrive at that in future. To formulate a basic organizational strategy, first choose an organization. The organization could be a present employer (including self-employment), a past employer, or any organization familiar to you.

Step One is to write down at the bottom of a page a brief description of where the organization (business or

non-profit) is today. This might include product or service offerings, annual revenues, and number of employees.

Step Two is to write down where you want the firm to be at a future date.

Step Three is to write down what must be done to get from Step One to Step Two. You have therefore created future goals for your organization and the strategy required to achieve those goals (or vision).

Source: The idea for this exercise stems from “Business Strategies for Thinking Managers,” (www.thinkingmanagers.com), June 7, 2006, p. 1.

Leadership Skill-Building Exercise 13-1 gives you an opportunity to practice a straightforward approach to developing business strategy.

Conducting a SWOT Analysis

Strategic planning helps a manager lead strategically. **Strategic planning** encompasses those activities that lead to the statement of goals and objectives and the choice of strategy. Quite often, a firm arrives at its strategy after completing strategic planning. In practice, many executive leaders choose a strategy prior to strategic planning. As mentioned earlier, at times intuition and judgment is more important than planning in the creation of a strategy. Once the firm has the strategy, such as forming strategic alliances, a plan is developed to implement it.

Quite often, strategic planning takes the form of a **SWOT analysis**, a long-standing method of considering internal strengths and weaknesses as well as external opportunities and threats in a particular situation. A SWOT analysis represents an effort to examine the interaction between the particular characteristics of your organization or organizational unit and the external environment, or marketplace, in which you compete.²² The framework, or technique, is useful in identifying a niche the company has not already exploited. The components of a basic version of SWOT are described next.

Internal Strengths

The emphasis in this step is assessing factors within the organization that will have a positive impact on implementing the plan. (In some versions of SWOT analysis, an analysis of the external environment is included in this step.) What are the good points about a particular alternative? What are

your advantages? What do you do well? Use your own judgment and intuition, and also ask knowledgeable people. As a business owner, you may have a favorable geographic location that makes you more accessible to customers than your competitor is. Another strength is that you may have invested in state-of-the art equipment that became available only recently.

A successful example of capitalizing on internal strengths took place when leaders at Amazon.com capitalized on its world-class capabilities for payment processing and order management for physical retailing. Soon the company offered these services to other companies, therefore becoming an outsourcing firm in addition to its many other capabilities. The specific service provided is that Amazon customers can make purchases on a company's website using the payment and shipping information stored in their Amazon accounts.²³

Internal Weaknesses

Here the strategy developer takes a candid look at factors within the firm that could have a negative impact on the proposed plan. Consider the risks of pursuing a particular course of action, such as subcontracting work to a low-wage country (outsourcing). What could be improved? What is done badly? What should be avoided? Examine weaknesses from internal and external perspectives. Do outsiders perceive weaknesses that you do not see? (You may have to ask several outsiders to help you identify these weaknesses.) Are there products, services, or work processes your competitors perform better than you do? You are advised to be realistic now and face any unpleasant truths as soon as possible. Again, use your judgment and ask knowledgeable people. As a manager or business owner, you may have problems managing your inventory, or you may have employees who are not up to the task of implementing a new plan or venture.

External Opportunities

The purpose of this step is to assess socioeconomic, political, environmental, and demographic factors among others to estimate what benefits they may bring to the organization. Think of the opportunities that await you if you choose a promising strategic alternative, such as creating a culturally diverse customer base. Use your imagination, and visualize the possibilities. Look for interesting trends. Useful opportunities can derive from such events as the following:

- Changes in technology and markets on both a broad and narrow scale
- Changes in government policy related to your field
- Changes in social patterns, population profiles, lifestyles, and so forth.

External Threats

The purpose of this step is to assess what possible negative impact socioeconomic, political, environmental, and demographic factors may have on the organization. There is a downside to every alternative, so think ahead, and



LEADERSHIP SKILL-BUILDING EXERCISE 13-2

Conducting a SWOT Analysis

In small groups, develop a scenario for a SWOT analysis, such as the group starting a chain of Panini restaurants, pet-care service centers, or recycling centers for electronic devices. Because you will probably have mostly hypothetical data to work with, you will have to rely heavily on your imagination. Group leaders might share

the results of the SWOT analysis with the rest of the class. Conducting a SWOT analysis reinforces the skill of thinking strategically about a course of action. A key challenge in preparing this hypothetical SWOT analysis is to make a distinction between internal and external forces.

do contingency planning. Ask people who may have tried in the past what you are attempting now. Answer questions such as:

- What obstacles do you face?
- What is your competition doing?
- Are the required specifications for your job, products, or services changing?
- Is changing technology changing your ability to compete successfully?

Despite a careful analysis of threats, do not be dissuaded by the naysayers, heel dragger, and pessimists. To quote Nike, “Just do it.”

Carrying out a SWOT analysis is often illuminating in terms of both pointing out what needs to be done and putting problems into perspective. Although much more complex schemes have been developed for strategic planning, they all include some analysis of strengths, weaknesses, and opportunities. Leadership Skill-Building Exercise 13-2 gives you an opportunity to conduct a SWOT analysis.

A Sampling of Business Strategies Formulated by Leaders

We have been focusing on the process by which leaders and managers make strategic decisions. Also of interest to leaders and potential leaders is the content of such decisions. Business strategies are often classified according to their focus of impact: corporate level, business level, or functional level. Corporate-level strategy asks, “What business are we in?” Business-level strategy asks, “How do we compete?” And functional-level strategy asks, “How do we support the business-level strategy?” Some of the business strategies listed next might cut across more than one of these three levels. The first three of these strategies are the generic strategies espoused by Michael Porter.²⁴

1. Differentiation. A differentiation strategy seeks to offer a product or service that the customer perceives as being different from available alternatives. The organization may use advertising, distinctive features, exceptional service, or new technology to gain this perception of uniqueness. What differentiates one

of your favorite products? A challenge with the differentiation strategy is that if the product or service is successful, competitors move in quickly. Groupon, the popular website specializing in local shopping deals by placing consumers into groups, was an immediate sensation. The business model required no special technology, and soon other websites were in competition, including LivingSocial and BuyWithMe.²⁵

2. Cost leadership. A basic strategy is to produce a product or service at a low cost in order to lower the selling price and gain market share. Aldi, a chain of deep-discount food stores, is the eighth largest retailer in the world. The company capitalizes on the bargain hunter who accepts private labels, limited choices, and paying 25 cents to use a grocery cart. The choice of fewer brands helps cut costs. Aldi does not accept credit cards or checks and encourages customers to bring their own bags. An investor in urban grocery stores said, “Now it’s private label that is attractive, that has nutritious labels on it, and that are part of the corporate strategy.”²⁶ A variety of general merchandise stores, such as Dollar General and Family Dollar, implement the cost leadership strategy. A major problem with a cost-leadership strategy is that competitors can easily enter the field, creating a downward spiral in pricing.

3. Focus or niche. In a focus strategy, the organization concentrates on a specific regional market or buyer group. To gain market share, the company will use either a differentiation or a cost-leadership approach in a targeted market. The focus strategy is a natural, common-sense approach to business because it is difficult to serve every customer well. A focus strategy is about the same thing as finding a niche, or your place in the market. Almost every successful business venture was found by locating a niche. Pawn shops that cater to the affluent exemplify how varied a niche strategy can be. One such firm is Suttons & Robertsons. CEO, Jeffrey A. Weiss, explains, “We focus on the blue-chip, wealthy crowd.” The company has been in business for over 250 years and capitalizes on the fact that many people today are asset rich but have a temporary liquidity problem.²⁷

4. High quality. A basic business strategy is to offer goods or services of higher quality than the competition does. Leaders continue to emphasize quality, even if there is less explicit emphasis today on formal quality programs than in the past. Important exceptions are the Six Sigma programs that emphasize statistical approaches to attaining quality. Leaders at GE and 3M, for example, emphasize Six Sigma. One reason that quality is classified as a strategy is that it contributes to competitive advantage in cost and differentiation. Because many customers now expect high quality, a quality strategy must be supplemented with other points of differentiation, such as supplying customized features and services that customers desire. How about Apple Inc. or the Swiss Army knife for a quality strategy? Also, all the merchandise offered at the pawn shop just mentioned is of high quality, such as diamond necklaces.

Drifting away from a strategy of high quality can damage an organization's reputation and sales. A few years back, Toyota Motor Corp. had to

recall millions of automobiles and trucks because of a variety of electronic and mechanical problems. President Akio Toyoda blamed some of the problems on excessive focus on growth. He said that the rapid expansion had “attracted much praise from outside the company and some people just got too big-headed and focused too excessively on profit.”²⁸ The implication was that Toyota’s strategy of high quality was diminished.

5. *Imitation.* If you cannot be imaginative, why not imitate the best? Manufacturers of popular digital devices such as digital cameras and smart phones use an imitation strategy. The company waits for the right time to introduce a lower-priced competitor. Benchmarking is a form of learning by watching. One company emulates the best practices of another company, usually without outright stealing the product or service ideas of another company. The automotive industry is rampant with one company imitating another. Next time you are in a busy parking lot or driving on the highway, see how many hoods and auto grilles you can find that resemble a Mercedes.

6. *Strategic alliances.* A modern business strategy is to form alliances, or joint ventures, with other companies to exploit a market opportunity. Strategic alliances have become more common as leaders in the high-tech industry attempt to capitalize on the strengths of other companies. Typically, the parent companies have complementary skills and assets. Eli Lilly, a major pharmaceutical company, has been forming strategic alliances for about 100 years. The many partnerships around the world are aimed at discovery, development, and marketing. One example is that Lilly partners with the Belgium company Galapagos to develop treatments for osteoporosis.²⁹

7. *Growth through acquisition.* A standard strategy for growth is for one company to purchase others. Growth in size is important, but companies may also purchase other companies to acquire a new technology or complete a product line. Buying a new technology is often less expensive than investing huge sums in R&D that might not yield a marketable product. Much of General Electric’s growth over the years can be attributed to acquiring other companies. When Marissa Mayer became the CEO of Yahoo, she quickly implemented a strategy of growth through acquisition. Within ten months, Yahoo purchased ten smaller firms. One purchase was Loki Studios, a mobile gaming company purchased primarily because of its experience with “community and location-based services.”³⁰

8. *High-speed and first-mover strategy.* High-speed managers focus on speed in all of their business activities, including product development, sales response, and customer service. Believing that time is money, they choose time as a competitive resource. It is important to get products to market quickly because the competition might get there first or might deliver a product or service more rapidly. Getting to market first is also referred to as the first-mover strategy. Starbucks was the first national chain of coffee bars. The many storefronts served as marketing devices to

acquire more customers. A first-mover strategy sometime gives only a temporary advantage, such as the BlackBerry once being almost synonymous with smartphone. Many competitors swept in, including Samsung, Apple, and Nokia, making it difficult for BlackBerry to survive.

9. Product and global diversification. A natural business strategy is to offer a variety of products and services and to sell across borders to enhance market opportunities. Coca-Cola Co. exemplifies a company that thrives on both global and product diversification. Coke now generates 75 percent of its revenue and operating profit from countries outside the United States. Despite the company's reputation for relying too heavily on Coke, it has acquired many smaller brands of beverages in recent years, including the purchase of the organic beverage company Honest Tea of Bethesda in 2011. A key point of the acquisition is that Honest Tea is a growth company, and many consumers have made a move toward health and wellness in their beverage consumption.³¹

Global diversification is such a widely accepted strategy that the burden of proof would be on a business leader who shunned globalization.

10. Sticking to core competencies. Many firms of all sizes believe they will prosper if they confine their efforts to the activities they perform best—their core competencies. Corporate strategist Jim Collins calls this the Hedgehog concept: becoming very good at one thing in a world of companies that spread themselves into many areas where they lack depth.³² Many firms that expanded through diversification later trimmed back operations to activities on which they had built their reputation.

GE, mentioned above as a major example of growth through acquisition, is also a case history in refocusing on core competencies. A few years ago, CEO Jeff Immelt decided that GE was drifting too far from its industrial roots, including at one time earning more than half its profits from its financial wing, GE Capital. The new strategy of simplification resulted in reducing the scope of GE Capital, the sale of NBC Universal, and a portfolio with a refocus on industrial product such as power generators and jet engines.³³ (Reducing the scope of GE Capital would include no longer making certain types of loans, such as subprime loans to restaurants.)

11. Brand leadership. As obvious as it may appear, succeeding through developing the reputation of a brand name can be considered a business strategy. The opposite strategy is to build components for others, build products that others market under their names, or be a commodity, such as cinder blocks.

According to research company Interbrand, the world's ten leading brands in order of brand strength are (1) Apple, (2) Google, (3) Coca-Cola, (4) IBM, (5) Microsoft, (6) General Electric, (7) McDonald's, (8) Samsung, (9) Intel, and (10) Toyota.³⁴ By building the reputation of their brands, senior management (assisted by countless thousands of workers) has helped these companies succeed financially.

12. Focus on environmental sustainability. Yet another strategy is for company leadership to focus on being green, that is, engaging in many

activities that help sustain the external environment. Among the myriad activities fitting the green strategy would be using solar panels and wind turbines for as much energy as possible, using recycled paper, and encouraging employees to car pool. (Many of these green initiatives were presented in Chapter 6.)

A specific example of the green strategy was formulated by former Chief Executive Officer Peter Loscher of the German conglomerate Siemens. Shortly after becoming the CEO, he focused on green business to assure the company's future. Loscher increased the proportion of Siemens that sells sustainability-focused customers products such as light bulbs, high-speed trains, and factory control systems. Siemens also generates considerable revenue from the sale of wind power, solar energy, and energy-conserving electricity grids. About one-quarter of Siemens employees are classified as *green-collar workers* because they produce or market resource-efficient products.³⁵ Note that the green strategy of Siemens focuses on customers rather than the company itself.

13. Competitive advantage through hiring talented people. A powerful strategy for gaining competitive advantage is to build the organization with talented, well-motivated people at every level. The most urgent need in building great companies is to find and keep great people. Microsoft and Amazon.com, along with elite business consulting firms, are examples of firms that explicitly use the hiring-talented-people strategy. Talented people may need some leadership direction, but they will think of new products and services and develop effective work processes.

All of these impressive strategies have limited impact unless they are implemented properly, meaning that effective management must support strategic leadership. To repeat, visions must be followed up with execution. Based on case research in many companies, Michael Beer and Russell A. Eisenstat found that strategies are sometimes not implemented correctly because top management is not aware of problems that threaten the business.³⁶ An example would be that faced with pressures to reduce costs, some manager in operating units do not report that quality is being sacrificed to hold down manufacturing costs.

Knowledge Management and the Learning Organization

Another thrust of leaders is to help their organizations better adapt to the environment by assisting workers and the organization to become better learners. To accomplish this, the leader manages knowledge and cultivates a learning organization. **Knowledge management (KM)** is a concerted effort to improve how knowledge is created, delivered, and applied.³⁷ When knowledge is managed effectively, information is shared as needed, whether it be printed, stored electronically, or rests in the brains of workers. Managing knowledge helps create a **learning organization**—one that is skilled at creating, acquiring, and transferring knowledge and at modifying behavior to reflect new knowledge and insights.³⁸

Knowledge Management

Knowledge management (KM) deals with a cultural focus on knowledge sharing. Managing knowledge is an important leadership role because very few organizations make systematic use of the collective wisdom of employees. Loads of information is often collected in databases, and even through text messaging, but little systematic use is made of the information. Here we look at the general format of KM programs.

Knowledge management has three components, as revealed by the research and observations of Thomas H. Davenport, Laurence Prusak, and Bruce Strong.³⁹ *Knowledge creation* is used to spur innovation. Programs for creating knowledge solicit ideas, insights, and innovations from many sources, including rank and file workers, customers, and business partners, instead of relying exclusively on the research and development staff. For example, more than 40 percent of Procter & Gamble products have a component from external sources that is up from 10 percent ten years ago.

Knowledge dissemination through information technology is the most frequent activity within knowledge management. Methods of sharing knowledge include company intranets that consolidate information in one place so that it is more accessible to potential users. Also of importance are internal online collaboration networks in which workers from the same as well as geographically dispersed units share work-related information. An example is to make an intranet a one-stop information shop designed to support critical jobs and work processes. For example, Intel places on one website all of the information workers need to make a capital purchase. *Knowledge application* is the process of getting workers better at what they do. Many organizations have discovered that the most effective way of encouraging workers to apply knowledge is through basic practices such as mentoring, on-the-job training, and workshops.

General Format of KM Programs Knowledge management systems sometimes take the form of a computer-based system for collecting and organizing potentially useful information. However, knowledge is still disseminated through traditional approaches such as people exchanging stories about incidents that have taken place in the past. A noteworthy example is the British Royal Navy and its highly efficient informal internal network. Leadership information and stories referred to as “dits” are exchanged across the network—among layers of management, generations, branches, and social groups. Aided by these dits, the Royal Navy’s collective consciousness processes new knowledge and insights while reinforcing established ones. Crews are encouraged to share their dits.⁴⁰ A dit might take this form: “A few years ago Admiral _____ visited one of the biggest vessels in the fleet. He said that he could tell our morale was high and we were battle ready because so many sailors were smiling.”

A very practical form of knowledge management is to deliver information just in time, or at the point at which it is most needed. A widely practiced method of delivering information just in time is through tablet computers, such as an insurance accessing the right information to help a customer

with a complicated coverage problem. Whatever advanced technology is used to implement knowledge management, it works best in an organizational culture that values knowledge and encourages its dissemination. A study conducted in 121 new-product development teams and 41 subsidiaries of a high-technology company quantified another factor that influences knowledge sharing. Professional workers are less likely to hoard knowledge when there is less competition across the organizational units.⁴¹

The organizational subculture shapes our assumptions about what constitutes knowledge and which knowledge is worth managing.⁴² Professional workers in the finance division of Gap, Inc. might think that watching music channels on company time or surfing the Internet is a waste of company time. In the merchandising division, however, watching music channels and Internet surfing might be perceived as a valuable way of understanding clothing trends.

Servant Leadership and the Creation of Knowledge

A new theory of how knowledge is created in organizations focuses on the role of the servant leader. A key point of the theory is that servant leaders are effective in sharing leadership responsibility, and shared leadership enhances the creation of knowledge. One reason is that shared leadership leads to a free flow of information exchange among group members. Shared leadership de-emphasizes hierarchical boundaries, which facilitates servant leaders and followers communicating freely. With less power distance between group member and leader, the group members believe in the importance of their opinions and suggestions, which leads to more information exchange. The exchange of information often triggers new learning.

Caring for people is another aspect of servant leadership that facilitates knowledge creation. The reason is that caring relationships facilitate the expression of diverse ideas and foster constructive reasoning and evaluation of ideas. When people feel that they are cared for, they are more willing to disclose information and put effort into processing information.⁴³

An example of this abstract theory about servant leadership and the creation of knowledge is as follows: A marketing assistant at a financial services was concerned about the portion of the company's website that dealt with customers investing in funds. The manager in his caring and sharing style could be classified as a servant leader. The assistant said that she had three relatives (who were customers of the company) who attempt to navigate the appropriate portion of the website, and all three agreed that the experience was frustrating. Furthermore, two of the relatives said the website was so goofy that they would telephone customer service rather than invest online. The manager accepted the information in a relaxed and inquisitive manner. The discussion ultimately led to getting the cooperation of the website developer in creating a more user-friendly experience for customers.

Think through your attitudes toward sharing knowledge by taking Leadership Self-Assessment Quiz 13-2. Then, to round out your understanding of knowledge management, do Leadership Skill-Building Exercise 13-3.



LEADERSHIP SELF-ASSESSMENT QUIZ 13-2

My Attitudes Toward Sharing Knowledge

Instructions: Indicate how much you agree with the following statements: disagree strongly (DS); disagree (D); neutral (N); agree (A); and agree strongly (AS).

	DS	D	N	A	AS
1. I have often helped other students with their homework.	1	2	3	4	5
2. In brainstorming sessions, I usually hold back from giving my best ideas because I do not want them stolen.	5	4	3	2	1
3. I enjoy helping another person with a work or school problem.	1	2	3	4	5
4. I would be willing to submit some of my best ideas to a company database, such as an intranet.	1	2	3	4	5
5. I am concerned about submitting my most creative ideas on a term paper because these ideas could be stolen.	5	4	3	2	1
6. I enjoy working as part of a team and sharing ideas.	5	4	3	2	1
7. I get a little suspicious when a coworker or fellow student attempts to pick my brain.	1	2	3	4	5
8. It upsets me if I do not receive full credit for my ideas.	5	4	3	2	1
9. If I had a great idea for a screenplay or novel, I would not tell anyone about it before I was finished with the idea.	5	4	3	2	1
10. I have often let other people know about a good method I developed to improve work efficiency.	1	2	3	4	5

Total score: _____

Scoring and Interpretation: Tally your score by adding the numbers you circled or checked.

- **40 or higher:** You are generous with respect to knowledge sharing and would probably fit well in an organization that practices knowledge management.
- **20–39:** You have average attitudes toward sharing knowledge, with a mixture of enthusiasm and skepticism about knowledge sharing.
- **1–19:** You are quite cautious and guarded about sharing ideas. Unless you become more willing to share your ideas, you would not fit well in an organization that emphasized knowledge management.

Note: You are authorized to share this quiz with as many people as you would like.

The Learning Organization

A learning organization can be viewed as a group of people working together to enhance their capacities to create the results they value.⁴⁴ Organizational leadership, however, must usually take the initiative to create the conditions whereby such enhancement of capacities, or learning, takes place. The research noted earlier in the chapter based on 20,000 executives



LEADERSHIP SKILL-BUILDING EXERCISE 13-3

The Knowledge-Sharing Investigation Teams

A challenge with the idea of knowledge sharing is to know what knowledge should be shared among company members. The class is organized into knowledge-sharing investigation teams. Members of each team contact two people working in a support, technical, sales, professional, or managerial position in a profit or nonprofit organization. Ask the contact persons what knowledge would be valuable to share in their place of work.

Communicate using the easiest method, whether it be a phone call, a text message, or a tweet.

Discuss your findings in a group, and perhaps add opinions of your own as to what knowledge would be worthwhile sharing in an organization. Arrive at a conclusion about five specific types of knowledge within an organization worth sharing. Share your findings with members of the other groups in the class.

found that strategic leaders are the focal point for organizational learning. Such leaders promoted a culture of inquiry, and they search for the lessons to be learned in both successful and unsuccessful outcomes. Strategic leaders also study their own failures and those of the team to find hidden lessons.⁴⁵ For example, a retailing executive might conclude that going too far to attract young, more fashionable customers wound up alienating too many older, more traditional customers.

To facilitate organizational learning, several firms have created a position labeled chief knowledge officer (CKO), or its equivalent. The major justification for creating such a position is that in many companies, human skills, intuition, and wisdom are replacing capital as the most precious resource. Chief knowledge officers seek to disperse those assets throughout the firm and convert them into innovations. They are in charge of systematically collecting information and connecting people with others who might have valuable information.

Here we look at a variety of leadership practices and attitudes that facilitate organizational learning.

Transformational Versus Transactional Leadership and Organizational Learning Research in a large European financial services firm has brought into sharper focus the leader's role in organizational learning. One major finding was that transformational leadership behaviors contribute significantly to encouraging workers to pursue exploratory innovation. An exploratory innovation deals with finding new products, services, processes, or technology. An example would be a bank finding an entirely new service to offer to the public, such as a relocation service for geographically transferred employees. Another major finding was that transactional leadership behaviors facilitate improving and extending existing knowledge and are associated with exploitative innovation.⁴⁶ Exploitation relates to learning

ways to make incremental improvements in existing products, services, or processes. An example would be a bank developing a line of credit specifically geared toward the one-person enterprise.

Leadership Initiatives for Enhancing the Learning Organization A wide variety of leadership initiatives can create and enhance a learning organization. Understanding them will help you grasp the concept of what a leader might do to enhance organizational learning.⁴⁷

A major building block of a learning organization is a *supportive learning environment*. Several factors comprise a supportive learning environment. Employees should not fear being belittled or marginalized when they disagree with their manager or coworkers or ask naive questions. Instead, they should feel comfortable about expressing disagreement or puzzlement. Differences in opposing views should be both accepted and appreciated. Supportive learning also includes being open to new ideas and having the time to think and reflect. In many organizations, a person seen looking out the window would be assumed to be daydreaming rather than thinking about work-related problems.

A second building block of a learning organization is *concrete learning processes and practices*. One example would be for a company to hold debriefing sessions discussing what went right or wrong with a recent program of placing product advertisements as temporary tattoos on the foreheads of paid participants.

A third building block is *leadership that reinforces learning*. For example, when leaders actively question and listen to employees, dialogue and debate as well as learning are encouraged. Most of the behaviors in the rest of this section would fit the building block of leadership that reinforces learning.

A top-level leader should *create a strategic intent to learn*. Organizational learning then becomes a vehicle for gaining competitive advantage. *Creating a shared vision* enhances learning, as organization members develop a common purpose and commitment to having the organization keep learning. If workers at all levels believe that the company is headed toward greatness, they will be motivated to learn to help deliver greatness.

In a learning organization, *employees are empowered to make decisions and seek continuous improvement*. The idea is to develop a community of learning in which every worker believes that he or she can contribute to a smarter, more effective organization.

Systems thinking is almost synonymous with organizational learning. The leader helps organization members regard the organization as a system in which everybody's work affects the activities of everybody else. Systems thinking also means keeping the big picture foremost in everybody's mind and being keenly aware of the external environment. In addition to the big picture of systems thinking, the leader must encourage the little picture of *personal mastery of the job*. As team members gain personal mastery of their jobs, they contribute to *team learning*, an essential part of a learning

organization. Team learning centers on collective problem solving in which members freely share information and opinions to facilitate problem solving.

Action learning, or learning while working on real problems, is a fundamental part of a learning organization. Participants in action learning are asked to work in teams to attack a significant organizational problem, such as decreasing the cycle time on a project. In the process of resolving an actual work problem, the participants acquire and use new skills, tools, or concepts. As the project progresses, new skills are applied while working with the problem. For example, if the team learned how to eliminate duplication of effort in one aspect of the work process, it would look to eliminate duplication at other points in the cycle.

Learning from failure contributes immensely to a learning organization. A company that diversified into an area unsuccessfully might analyze why it failed, and then not repeat the same mistake. *Encouraging continuous experimentation* is another important practice for crafting a learning strategy. The leader encourages workers to learn from competitors, customers, suppliers, and other units within the organization.

For organizational learning to proceed smoothly, workers throughout the organization must have the *political skills to make connections with and influence others*. For example, if a production technician discovers an effective method of reducing water consumption, he or she must have the skill to sell an influential person on the merits of this idea.

A final perspective on creating the learning organization is that the leader must encourage organizational members to think creatively—to imagine possibilities that do not already exist. Research synthesized by Yukl suggests that a comprehensive way for leaders to enhance organizational learning is to “Develop, implement, and support programs and systems that will encourage and reward the discovery of new knowledge and its diffusion and application in the organization.”⁴⁸ Instead of merely adapting to the environment, the organization engages in the type of breakthrough thinking described in our previous discussions of creativity and strategic leadership.



READER'S ROADMAP

So far we have studied the nature of leadership; the attributes, behaviors, and styles of leaders; the ethics and social responsibility of leaders; and how leaders exert power and use politics and influence. We then studied techniques for developing teamwork as well as motivation and coaching skills. After having studied creativity and innovation as part of leadership, we focused on communication skills as they relate to leadership. We then shifted to strategic leadership. Next, we examine another broad challenge facing leaders: dealing with cultural diversity within the organization and across borders.

SUMMARY

Strategic leadership deals with the major purposes of an organization or organizational unit and provides the direction and inspiration necessary to create, provide direction to, or sustain an organization. Strategic leadership has six important components: (1) the high-level cognitive activity by the leader, (2) human and emotional aspect, (3) gathering multiple inputs to formulate strategy, (4) anticipating and creating a future, (5) revolutionary and contrarian thinking, and (6) creating a vision.

Creating a vision is an integral part of strategic leadership. The final vision statement is relatively short. After formulating a vision, the leader should be involved in its communication and implementation. A carefully considered and articulated vision helps us know who we are and who we are not. The vision also points to what we do successfully and what we do not, which activities we should take on and which to avoid. In companies that believe in visions and strategic goals, all activities throughout the company are supposed to support the vision and goals.

Carefully crafting a strategy and vision is not sufficient for effectiveness. The strategy and vision must also be implemented or executed by the leader/manager. Strategy cannot be implemented successfully unless key people know what they need to do differently and understand how they should be executing. Quite often, implementation requires a series of goals that will be steps along the way to implementing the strategy. Strategic planning quite often takes the form of a SWOT analysis, taking into account internal strengths and weaknesses and external opportunities and threats in a given situation. A SWOT analysis examines the interaction between the organization and the environment.

Strategic leaders use many different types of business strategies, including the following: (1) differentiation, (2) cost leadership, (3) focus or niche, (4) high quality, (5) imitation, (6) strategic alliances, (7) growth

through acquisition, (8) high speed and first-mover strategy, (9) product and global diversification, (10) sticking to core competencies, (11) brand leadership, (12) focus on environmental sustainability, and (13) competitive advantage through hiring talented people.

Another strategic thrust of leaders is to help their organizations adapt to the environment by assisting workers and the organization to become better learners. To accomplish this feat, the leader manages knowledge and cultivates a learning organization. Knowledge management focuses on the systematic sharing of information, including being able to deliver information just in time. Knowledge management consists of knowledge creation, dissemination, and application.

Servant leaders are effective in sharing leadership responsibility, and shared leadership enhances the creation of knowledge. De-emphasizing hierarchical boundaries facilitates servant leaders communicating freely. People who feel cared for are more willing to disclose and process information.

The leader has many roles in a learning organization. Transformational leaders tend toward encouraging exploratory innovation, whereas transactional leaders tend toward encouraging exploitative (increments in what already exists) innovation.

Major leadership initiatives for creating a learning organization include creating a strategic intent to learn, creating a shared vision, and empowering employees to make decisions and seek continuous improvements. Also important is encouraging systems thinking, encouraging personal mastery of the job, and team learning. Action learning, or learning while working on real problems, learning from failures, and encouraging continuous experimentation are also part of the learning organization. Workers must have the political skills to make connections and influence others. Encouraging creative thinking is also part of the learning organization.

KEY TERMS

strategy 419
strategic leadership 420
crowdsourcing 423

strategic planning 428
SWOT analysis 428

Knowledge management
(KM) 434
learning organization 434



GUIDELINES FOR ACTION AND SKILL DEVELOPMENT

Business strategy may be a complex subject, but the end result should be something almost everybody in the organization can understand. Three recommended rules toward making strategy understandable are as follows:⁴⁹

1. **Make it simple.** Strategy can usually be reduced to one page that addresses in which space the organization will compete, and how it will win.
2. **Perfection is not necessary.** Strategy is not about finding perfect answers, but more about placing bets with a reasonable chance of winning.
3. **Explain the logic behind the strategy clearly.** Be clear about the changes necessary to achieve the strategic goal and mission.

To make sure that all workers understand the company's vision of where it wants to go, the vision statement should have certain key characteristics:⁵⁰

1. **Brief.** The statement should be short enough, so employees can recall it with ease. It has been suggested that a vision should fit on an adult-size T-shirt.
2. **Verifiable.** A verifiable vision is one that ten people could agree that an organization has achieved.
3. **Focused.** Vision statements often contain too many ideas. It is better to focus on a major goal such as the vision of Ford Motor Company: "Employee involvement is our way of life." (Notice that this vision is about human resource management, not about a product or brand.)
4. **Understandable.** A major purpose of the vision statement is that employees will know

where the organization wants to go and how to help it get there. Being understandable is therefore a key quality of the vision statement. Terms such as *world class* and *leading edge* might be subject to wide interpretation. The following component of the H&R Block vision statement would be understandable by most company employees: "Quality products, excellent service, and reasonable fees."

5. **Inspirational.** To inspire, a vision statement should make employees feel good about working for the organization and should focus them on measurable business goals.

Discussion Questions and Activities

1. Why might being very practical minded interfere with being an outstanding strategic leader?
2. How might being very strong with business analytics (such as analyzing reams of data and preparing spreadsheets) help a person develop business strategy?
3. In what way can a business strategy motivate and inspire employees?
4. How could you adapt a business strategy to guide you in your own career as a leader?
5. Many top-level managers say that they want lower-ranking managers to think strategically. How can a middle manager or a first-level manager think strategically?
6. Imagine that you are a high-level executive of a consumer products or industrial company, and that you are in the final stages of developing a business strategy. What would be an advantage and a disadvantage of posting this strategy

- on several social media sites and asking for input from readers?
7. Working alone or with several team members, provide a recent example of revolutionary thinking by a company.
 8. During the Great Recession, many consumers who had previously shopped at traditional supermarkets shifted to doing basic shopping at dollar stores and discount department stores.

Furthermore, some of these shoppers remained loyal to the low-priced stores after the recession. What are the strategy lessons here?

9. In what way might doing a good job of knowledge management give a company a competitive advantage?
10. Why do you think it has been so difficult for researchers to prove that knowledge management pays dividends to an organization?

LEADERSHIP CASE PROBLEM A

The Saratoga Supply Company Needs a Strategy

The Saratoga Supply Company is a distributor of a wide variety of industrial supplies to small- and medium-size companies, as well as schools, hospitals, and government agencies. The wide range of supplies number in the thousands including paper clips, copying paper, office furniture, desktop computers, pencil sharpeners, paper towels, and cleaning solvents. Saratoga Supply uses state-of-the art information technology for purchasing, selling, and delivering products.

Although the company has been in business for sixty years, CEO Wes is worried about the future of Saratoga Supply. In consultation with CFO, Darleen, and head of sales, Gary, Wes notices a disturbing and steady decline in sales for almost all the products the company supplies. Wes agrees with Darleen that the downward trend in sales is accelerating (sales are decelerating) at an unhealthy rate. He also agrees with Gary's analysis that too many customers are now ordering directly from manufacturers through online sales. In the past,

most manufacturers did not want to bother with small sales to individual companies. But with e-commerce, sales can be implemented more readily without going through intermediaries such as Saratoga Supply Company.

With a concerned look on his face, Wes says to Darleen and Gary, "We need to develop a business strategy to prevent going out of business. Maybe we should meet for an all-day strategy session real soon."

Questions

1. How should Wes and his team go about developing a survival strategy for Saratoga Supply?
2. Does Saratoga Supply really need a survival strategy? Or should the company just begin to downsize to fit the demand for its products and services?
3. From the limited evidence presented, how effectively do you think Wes is carrying out the role of a strategic leader?

ASSOCIATED ROLE PLAY

Organize into teams of about six students because Wes has selected you to come up with a strategy for Saratoga that will enable the company to survive. Wes instructs you via e-mail: "Be as courageous as you want in giving me a strategy suggestion. We have been in business for sixty years, but we have to do something different to

survive and prosper. The handwriting is on the wall. Saratoga Supply is headed toward extinction." You have about thirty minutes to arrive at a survival strategy for Saratoga Supply. An alternative is to spend some supplementary time outside of class working on the problem. Brainstorm by e-mail or social media if you prefer.

LEADERSHIP CASE PROBLEM B

“Superintendent Briggs Is Busy Creating Visions Today”

Mary Briggs is the superintendent of schools of a city school district comprised of more than sixty schools, including pre-kindergarten, elementary, middle, and high schools. The school district has approximately 50,000 students enrolled at any one time. Many of the students are doing well, but the school district is also beset with many problems. Fewer than 50 percent of the students graduate from high school, and only about 10 percent of the high school graduates are considered ready for college or employment.

The local press, many parent groups, and the office of the mayor voice frequent complaints about the low performance of the city schools. Some people blame the teachers and the school principals for the problems. Others blame the parents and the neighborhood influences for the problems. Still others blame the problems of the school district on Superintendent Briggs, who, as the leader, should be able to fix most of the problems facing the district, they believe.

A member of the school board recently asked Mary Briggs what she perceived to be the most important part of her job. Briggs replied, “I do visions. As a leader my job is to help create a better future for the schools, our students, and our teachers. I see a great future for our schools in which most of our students develop the skills and intellect to prepare them for the modern world. Many of our students will become leaders in our society, no matter what field they enter.”

The school board member replied, “Thanks, Dr. Briggs, but I thought you might be working on problems like there not being enough money in the food program for our poorest students.”

During the workday, school principals and vice principals often send Briggs e-mails asking her advice for dealing with an immediate problem, such as a student physically assaulting a teacher or another student in the classroom. Usually it takes about twenty-four hours to receive a response.

As an alternative to sending Briggs an e-mail about an important operational problem, some principals or vice principals will attempt to get through to her on the telephone. Usually, the calls go to voice mail. On occasion, the call does get through to Briggs’ administrative assistant. A response from the assistant that has come to irritate many of the principals and vice principals, is “Sorry, Superintendent Briggs is busy creating visions today. So she cannot talk with you unless this problem is a total emergency.” As a result, the phrase “Superintendent Briggs is busy creating visions today” has become a punch line for many jokes among principals, vice-principals, and teachers.

Questions

1. As a strategic leader, what error might Mary Briggs be making?
2. To what extent should a school superintendent be spending more time on strategy than operational problems?
3. What advice might you offer Briggs to enhance her leadership image in her school district?

ASSOCIATED ROLE PLAY

One student plays the role of the head of the teacher’s union in the school district just described. The union leader believes firmly that Mary Briggs is not devoting enough time to working on operational problems, such as dealing with teacher complaints about classroom assaults. The

union leader has arranged a face-to-face meeting with Briggs. Another student plays the role of Briggs who will probably defend her role as a visionary for the school system who cannot spend too much time on mundane, operational problems.



LEADERSHIP SKILL-BUILDING EXERCISE 13-4

My Leadership Portfolio

A major part of being a strategic leader is to think strategically. Entrapped by the necessities of the small tasks facing us daily, it is easy to “think little” instead of “think big” as required to be a strategic thinker. A “little thinker” might attend a leadership seminar and spend five minutes demanding a \$5.00 rebate because he or she was served ill-prepared food at lunch. A “big thinker” might reflect on the same poorly prepared meal as a lesson in the importance of employees’ taking care of small details to ensure customer satisfaction. For this installment in your leadership portfolio, enter into your journal how you capitalized—or did not capitalize—on the opportunity to think strategically during the last week, or so. An example follows:

My friend and I visited a large shopping mall on Saturday morning. We noticed a large number of vehicles, both autos and small trucks, circling around within a block of the mall entrance. The drivers were

obviously looking for a parking spot close enough so they could avoid walking the block, or so, necessary if they parked farther from the entrance.

My friend is a fitness nut, so he said the parking space chasers could do themselves a favor by parking a long distance from the mall entrance. In this way they could get a little physical exercise. A strategic flash went through my mind. If I, or perhaps the First Lady, could launch a national campaign for parking a distance away from mall entrances, we could make some headway on two of the major problems facing our society. First, physical inactivity is becoming almost as big a killer as smoking. Second, think of all the gas people are wasting. On a national scale, think of all the gas we would save if people would stop circling around looking for spaces. Besides, those little extra blocks of gas consumption add up. My strategic brainstorm could lead to more fitness and less energy consumption in our country.



LEADERSHIP SKILL-BUILDING EXERCISE 13-5

Developing a Business Strategy for a Small Appliance Repair Chain

Imagine that you and a few classmates are the management team of a business that is almost dead—a chain of household small appliance repair stores. Over the years, your business has been declining steadily. A major contributing factor is that most people just replace rather than repair appliances such as television sets, DVD players, irons, heaters, hair dryers, and electric razors.

Today you are holding a business strategy session focused on the survival of your business. Be as bold as possible in your thinking, but keep in mind that you probably do not have much cash on hand and that your borrowing power is limited. Within thirty minutes, see if you can construct at least a tentative path for the survival of your appliance-repair business.

NOTES

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International and Culturally Diverse Aspects of Leadership

LEARNING OBJECTIVES

After studying this chapter and doing the exercises, you should be able to

- Explain the potential, ethical, and competitive advantage from leading and managing diversity.
- Describe how cultural factors, including values, influence leadership practice.
- Explain the contribution of cultural sensitivity and cultural intelligence to leadership effectiveness.
- Explain how global leadership skills contribute to leadership effectiveness.
- Pinpoint leadership initiatives to enhance the acceptance of cultural diversity.

CHAPTER OUTLINE

The Advantages of Managing for Diversity

Cultural Factors Influencing Leadership Practice

Key Dimensions of Differences in Cultural Values
Cultural Values and Leadership Style

Cultural Sensitivity and Cultural Intelligence

Cultural Sensitivity
The English-Only Policy and Cultural Sensitivity
Cultural Intelligence

Global Leadership Skills

General Model of Global Leadership Skills
Success Factors in International Management Positions
Motivating and Inspiring Workers in Other Cultures
Avoiding Product Names That Could Be Embarrassing in Another Culture

Leadership Initiatives for Achieving Cultural Diversity

Hold Managers Accountable for Achieving Diversity
Establish Minority Recruitment, Retention, and Mentoring Programs

Conduct Diversity Training

Conduct Cross-Cultural Training

Encourage the Development of Employee Networks

Avoid Group Characteristics When Hiring for Person-Organization Fit

Modify Products and Services for Targeted Demographic Groups

Attain Diversity Among Organizational Leaders

Summary

Key Terms

Guidelines for Action and Skill Development

Leadership Case Problem A

Leadership Case Problem B

Notes

Hilton Worldwide Inc. has long been a culturally diverse organization with respect to its workforce and customer base. In recent years, leadership at the hotel chain has developed a new thrust that moves them even further into promoting cultural diversity, and at the same time expands its investment market. Hilton management actively seeks hotel franchise owners who are former well-known athletes because these men are skilled in teamwork and leadership, and often have considerable money to invest.

Hilton Worldwide especially covets African-American and Latino athletes because they sometimes have the influence required to build in hard-to-reach markets, inner cities included. David Robinson, the well-known former San Antonio star and Naval Academy Graduate, has been an active investor through his Admiral Capital Group and its real estate holdings. (The 7-foot-1 inch Robinson was nick-named “The Admiral” during his playing days.) As part of the transaction, Admiral Capital purposely creates opportunities for lower-income employees including internships, training and mentoring, and a partnership with the University of Houston’s Hilton School to support outreach to lower-income communities.

Robinson was a natural fit for Hilton chain because he and his partner Dan Bassichis, formerly of Goldman Sachs, founded the Admiral Capital Group to invest in office, hotel, multifamily, and retail properties valued between \$20 million and \$100 million. Admiral Capital gives 10 percent of their profits to philanthropic causes in the geographic areas where they invest. Robinson has also launched the Admiral Hospitality Scholars, an internship that provides motivated high-school students earn a degree and pursue a career in the hospitality industry. The educational program is sponsored by both the Admiral Capital Group and Hilton Worldwide.

Jennifer Silberman, vice president corporate responsibility, Hilton Worldwide, said about the program, “We applaud the Admiral Capital Group for creating opportunities and fostering diversity within our industry through its Admiral Hospitality Scholars Program.”

Leadership at Hilton Worldwide encourages also the investment of athletes who are Caucasian, including former Houston Astros first baseman, Glenn Davis, who owns two Hilton-branded hotels in Columbus, Ohio.¹

The story about Hilton Worldwide and a famous former professional basketball player illustrates how building cultural diversity into its business plan can help a company expand its market (and practice a high level of social responsibility at the same time). A broader perspective of note is that corporate success, profit, and growth depend increasingly on the management of a diverse work force both outside and within one’s own country.

Because the focus on diversity includes giving many types of people an opportunity to participate fully in the organization, the word *inclusion* is often used to replace *diversity*. Not only is the work force becoming more diverse, but business has also become increasingly global. Small- and medium-size firms, as well as corporate giants, are increasingly dependent on trade with other countries. Furthermore, most manufactured goods contain components from more than one country, and global outsourcing has become a dominant trend.

Frances Hesselbein, the former CEO of the Girl Scouts of the USA, and then the president and CEO of the Peter F. Drucker Foundation for Non-profit Management, wrote five years ago, “Today, if we are not developing a richly diverse organization, led by a wonderfully diverse team of leaders, then we are already an organization of the past, led by leaders of the past.”²

Our approach to cultural diversity both within and across countries emphasizes the leadership perspective. Key topics include the ethical and

competitive advantage of managing for diversity, how cultural factors influence leadership practices, and how cultural sensitivity and global leadership skills contribute to leadership effectiveness. This chapter also describes initiatives that enhance the acceptance of cultural diversity. The underlying theme is that effective leadership of diverse people requires a sensitivity to and enjoyment of cultural differences.

The Advantages of Managing for Diversity

The ethical and socially responsible goals of leaders and their organizations include providing adequately for members of the diverse work force. Ethical leaders should therefore feel compelled to use merit instead of favoritism or bias as a basis for making human resource decisions. A firm that embraces diversity is also behaving in a socially responsible manner. A leader, for example, who chose to hire five developmentally disabled, unemployed individuals, would be acting in a socially responsible manner. Hiring these people would transfer responsibility for their economic welfare from the state or private charity to the employer. (Some would argue that unless hiring these people is cost effective, the company is neglecting its responsibility to shareholders.)

According to research and opinion, managing for diversity also brings the firm a competitive advantage. Patricia Harris, the Global Chief Diversity Officer of McDonald's Corporation, expresses the matter quite directly: "We began to diversify our operations when it became clear to us it was the best way to sell more hamburgers in minority communities."³ Javier Palomarez, president and CEO of the U.S. Hispanic Chamber of Commerce, points to a broader contribution of diversity than selling a product. He believes that diversity can provide new perspectives on dealing with public policy or marketplace strategies or developing the next generation of robotic rovers to explore Mars.⁴

The advantages just cited are most likely to accrue when diversity is built into the firm's strategy. In addition, the chief executive of an organization should be the champion for valuing inclusion and must establish this perspective and associated actions for others throughout the organization.⁵

Here we review evidence and opinion about the competitive advantage of demographic and cultural diversity.

1. Managing diversity well offers a marketing advantage. A representational work force facilitates the sale of products and services, and the need for such a workforce appears to be increasing. A major component of the marketing advantage of diversity is that a work force that matches the diversity of a company's customer base has an edge in appealing to those customers. According to the Future Work Institute, the fastest-growing domestic markets in the United States for goods and services will be minority communities. One such emerging group is African immigrants, representing a fast-growing market in terms of buying power.⁶

Another marketing advantage is that many people from culturally diverse groups prefer to buy from a company with a good reputation for managing diversity. Allstate Insurance Company, Inc. is well known for its diversity initiatives, and the company has become the nation's leading insurer of African-Americans and Latinos. Allstate leadership states that inclusive diversity is one of its core values.⁷ The large number of agents and customer service representatives from these two groups facilitates attracting and retaining a high percentage of African-Americans and Latinos as customers. State Farm is another example of a financial services company that promotes diversity as part of its business strategy.

The general picture is that cultural diversity can drive business development. By reflecting the demographics of the community companies become more desirable in the global marketplace. The networks of talented employees from culturally and demographically diverse groups enable the company to connect with various audiences and expand into new markets.⁸ For example, the many Latino employees at the Buick division of General Motors have helped increase the popularity of Buick cars among Latinos in the United States.

2. Companies with a favorable record in managing diversity are at a distinct advantage in recruiting and retaining talented people. Those companies with a favorable reputation for welcoming diversity attract the strongest job candidates among women and racial and ethnic minorities. Also, a company that does not welcome a diverse work force shrinks its supply of potential candidates. An organization that strives for diversity in recruiting simply has a larger talent pool in which to search for candidates. A telling example is that in recent years companies have chosen more executive leaders who are women or who are foreigners. When companies hire culturally diverse workers and provide them with all the tools, resources, and opportunities they need to succeed, those companies are more likely to display the full talents of their work force.

3. Heterogeneity in the work force may offer the company a creativity advantage, as well as improve its problem-solving and decision-making capability. Creative solutions to problems are more likely to be reached when a diverse group attacks a problem. Diversity specialist Joe Gerstandt presents a chemical analogy: By themselves, atoms of oxygen, carbon, and hydrogen are tasteless. When combined, however, they create sugar. Gerstandt believes that innovation takes place at the intersection of differences, even if getting there may bring some tensions at first.⁹ In support of this statement, a spokesperson at Hewlett-Packard said that diversity and inclusion are the key drivers of creativity, innovation, and invention.¹⁰

4. Diversity and inclusion programs help local economies thereby boosting social responsibility. Many large companies take the diversity initiative of purchasing from local, minority, as well as female suppliers. The substantial purchases aid the local economy in terms of the flow of money as well as employment. Joyce Ibardolasa, director of diversity and inclusion at

PG&E, a San Francisco utility, says: “There’s no doubt in my mind that spending money at minority-owned businesses has a positive net effect on local economies.”¹¹

5. Enhancement of team performance. Similar to the creativity advantage, cultural diversity can enhance team performance, often because diverse backgrounds are associated with diverse information, knowledge, and perspectives that can be used to solve problems. Two studies conducted with students at a Dutch business school working on business simulations tasks provide some insight into when the conditions under which diversity enhances team performance. The general finding was that cultural diversity is more likely to enhance team performance when team members have a high learning approach orientation to attaining goals. (Refer back to Chapter 10.) In contrast, when team members are oriented toward the avoidance of poor performance, cultural diversity has no particular impact on team performance.¹² An interpretation here is that when the culturally diverse teammates are more concerned about developing new skills, they will perform better as a group than when they attempt to prevent looking bad.

According to Frances J. Milliken and Luis L. Martins, diversity appears to be a double-edged sword: It increases both the opportunity for creativity and the likelihood that group members will be dissatisfied and fail to identify with the group.¹³ (The diverse viewpoints often enhance creativity.) Another caution is that the leader of the diverse group must help members collaborate; otherwise, the advantages of diverse perspectives will be lost.¹⁴

To raise your level of awareness about how to capitalize on the potential advantages of diversity, do Leadership Skill-Building Exercise 14-1, which illustrates that diversity skills are another important subset of interpersonal skills associated with leadership.



LEADERSHIP SKILL-BUILDING EXERCISE 14-1

Pinpointing a Diversity Advantage

Much has been written and talked about of the advantage that a culturally diverse workforce can bring to a company, school, or government agency. Organize into teams of about five, or conduct this exercise on your own. Each person outside of class attempts to find one advantage that stemmed to an organization from having a culturally diverse workforce. Instead of relying on written information, contact one or two people in your network. Speak to your contact person or persons by

telephone, text, or conduct a video interview. Ask the person to identify any workplace advantage to diversity that he or she has observed. Record the evidence you have collected, and share with group members if you formed a group. The skill builder in this exercise is that you might raise your awareness level of the advantages of a culturally diverse workforce. You might also become aware of a potential problem to diversity that you would have to manage as a leader.

Cultural Factors Influencing Leadership Practice

A **multicultural leader** is a leader with the skills and attitudes to relate effectively to and motivate people across race, gender, age, social attitudes, and lifestyles. To influence, motivate, and inspire culturally diverse people, the leader must be aware of overt and subtle cultural differences. Although such culturally based differences are generalizations, they function as starting points in the leader's attempt to lead a person from another culture. For example, many Asians are self-conscious about being praised in front of the group because they feel that individual attention clashes with their desire to maintain group harmony. Therefore, a manager might refrain from praising an Asian group member before the group until he or she understands that group member's preferences. The manager is likely to find that many Asians welcome praise in front of peers, especially when working outside their homeland.

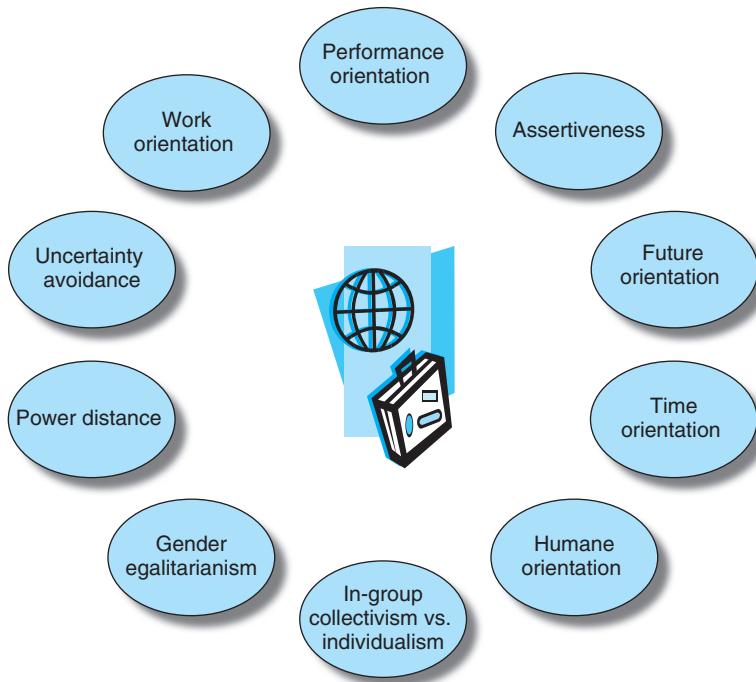
Here we examine two topics that help a leader learn how to manage in a culturally diverse workplace: (1) understanding key dimensions of differences in cultural values and (2) the influence of cultural values on leadership style.

Key Dimensions of Differences in Cultural Values

One way to understand how national cultures differ is to examine their values or cultural dimensions. The cultural dimensions presented here and outlined in Figure 14-1 are based mostly on those included in Global Leadership and Organizational Behavior Effectiveness (GLOBE), a research program in sixty-two societal cultures, and builds on previous analyses of cultural dimensions.¹⁵ We also include two other dimensions useful in working with people from other cultures—attitudes toward time and work orientation. Keep in mind that these cultural dimensions are stereotypes that apply to a representative person from a particular culture and are not meant to insult anybody. Individual differences are substantial. For example, many Americans are not assertive, and many French people are willing to work seventy hours per week (particularly during the long-term recession in France).

1. Performance orientation is the degree to which a society encourages (or should encourage) and rewards group members for performance improvement and excellence. Countries high on this dimension are the United States and Singapore, whereas those low on this dimension are Russia and Greece.

2. Assertiveness is the degree to which individuals are (and should be) assertive, confrontational, and aggressive in their relationships with one another. Countries scoring high on this dimension are the United States and Austria, whereas those low on this dimension are Sweden and New Zealand. Assertive people enjoy competition in business, in contrast to less assertive cultural groups who prefer harmony, loyalty, and solidarity.

**FIGURE 14.1** Dimensions of Cultural Values.

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3. Future orientation is the extent to which individuals engage (and should engage) in future-oriented behaviors such as delaying gratification, planning, and making investments for the future. Singapore and Switzerland are examples of societies with longer time horizons, whereas Russia and Argentina are less future oriented.

4. Time orientation is the importance nations and individuals attach to time. People with an urgent time orientation perceive time to be a scarce resource and tend to be impatient. People with a casual time orientation view time as an unlimited and unending resource and tend to be patient. Americans are noted for their urgent time orientation. They frequently impose deadlines and are eager to get started doing business. Asians, Mexicans, and Middle Easterners, in contrast, are patient negotiators.

5. Humane orientation is the degree to which a society encourages and rewards, and should encourage and reward, individuals for being fair, altruistic, and caring to others. Egypt and Malaysia rank high on this cultural dimension, and France and Germany rank low.

6. In-group collectivism is the degree to which individuals express, and should express, pride, loyalty, and cohesiveness in their organizations and families. Asian societies emphasize collectivism, as do Egypt and Russia. One consequence of collectivism is taking pride in family members and the organizations that employ them.

7. Gender egalitarianism is the degree to which a culture minimizes, and should minimize, gender inequality. European countries emphasize gender egalitarianism, and so do the United States and Canada. South Korea is an example of a country that is low on gender egalitarianism and is male dominated.

8. Power distance is the degree to which members of a society expect, and should expect, power to be distributed unequally. Individuals who accept power and authority expect the boss to make the major decisions. These same individuals are more formal; however, being formal toward people in positions of authority has decreased substantially throughout the world in recent years. Examples of societies that score high on acceptance of power and authority are Thailand, Brazil, France, and Japan.

9. Uncertainty avoidance is the extent to which members of a society rely (and should rely) on social norms, rules, and procedures to lessen the unpredictability of future events. The stronger the desire to avoid uncertainty, the more likely people are to seek orderliness, consistency, and laws to cover situations in daily life. Examples of societies with high uncertainty avoidance are Singapore and Switzerland. Societies with low uncertainty avoidance include Russia and Greece.

10. Work orientation is the number of hours per week and weeks per year people expect to invest in work versus leisure, or other nonwork activities. American corporate professionals typically work about fifty-five hours per week, take forty-five-minute lunch breaks, and go on two weeks of vacation. Americans tend to have a stronger work orientation than Europeans but a weaker one than Asians. U.S. employees average 1,804 hours of work per year, compared with 1,407 for Norwegian workers and 1,564 for the French. Workers in seven Asian countries including South Korea, Bangladesh, and China work 2,200 hours per year.¹⁶

How might a manager use information about differences in values to become a more effective leader? A starting point would be to recognize that a person's national values might influence his or her behavior. Assume that a leader wants to influence a person with a low power distance orientation to strive for peak performance. The low-power person will not spring into action just because the boss makes the suggestion. Instead, the leader needs to patiently explain the personal payoffs of achieving peak performance. Another example is a leader who wants to improve quality and therefore hires people who value collectivism. A backup tactic would be to counsel people who value individualism on the merits of collective action. Leadership Self-Assessment Quiz 14-1 will help you think about how values can moderate (or influence) work performance.

Cultural Values and Leadership Style

The values embedded in a culture influence the behavior of leaders and managers as well as the behavior of other workers. As Geert Hofstede explains, relationships between people in a society are affected by the values



LEADERSHIP SELF-ASSESSMENT QUIZ 14-1

Charting Your Cultural Value Profile

Instructions: For each of the ten value dimensions, circle the number that most accurately fits your standing on the dimension. For example, if you perceive yourself to have a “high humane orientation,” circle the 7 on the fifth dimension.

1. Low performance orientation	2	3	4	5	6	7
2. Low Assertiveness	1	2	3	4	5	6
3. Casual time orientation	1	2	3	4	5	6
4. Low future orientation	1	2	3	4	5	6
5. Low humane orientation	1	2	3	4	5	6
6. In-group individualism	1	2	3	4	5	6
7. Low gender egalitarianism	1	2	3	4	5	6
8. Low power distance	1	2	3	4	5	6
9. Low uncertainty avoidance	1	2	3	4	5	6
10. Low work orientation	1	2	3	4	5	6

Scoring and Interpretation: After circling one number for each dimension, use a marker, pen, or pencil to connect the circles; this gives you a *profile of cultural values*. Do not be concerned if your line cuts through the names of the dimensions. Compare your profile to others in class. Should time allow, develop a class profile by computing the class average for each of the ten dimensions and then connecting the points. If the sample size is large enough, compare the cultural value profiles of Westerners and Easterners.

One possible link to leadership development is to hypothesize which type of profile would be the most responsive and which would be the least responsive to your leadership.

programmed in the minds of these people. Because management deals heavily with interpersonal relationships, management and leadership are affected by cultural values. Management and leadership processes may vary from culture to culture, but, being value based, these processes show strong continuity in each society.¹⁷

French Managers One example of the influence of values on management and leadership style is the behavior of French managers. France has always put a strong emphasis on class. French managers who have attended the major business schools (*Grand Écoles*) have the highest status of all. The implication for leadership style is that French managers, particularly in major corporations, are part of an elite class, and they behave in a superior, authoritarian manner. (Not every French manager follows the cultural tradition of being authoritarian, with the more modern managers being less class conscious.) The traditional style of manager would expect obedience and high respect from group members, and would tend to emphasize bureaucracy.¹⁸ In recent years, most cultures have undergone a decrease in power-distance values. As a result, a greater number of French managers are more egalitarian.

German Managers Another example of a distinctive leadership style related to culture is the stereotype of the German manager. German managers were studied as part of the GLOBE project. Data were collected on culture and leadership from 457 middle managers in the telecommunications, food processing, and finance industries. A strong performance orientation was found to be the most pronounced German cultural value. German middle managers thus tend to avoid uncertainty, are assertive, and are not terribly considerate of others.

German managers typically show little compassion, and their interpersonal relations are straightforward and stern.¹⁹ (Another interpretation of these findings is that the performance orientation of German managers is so strong that they seem less interested in interpersonal relations in comparison. This does not mean that German managers and leaders are inconsiderate.) And the strong performance they expect must be packed into a short workweek!

Malaysian Managers The characteristic leadership style of Malaysian managers is instructive because other Asian managers use a similar style. Malaysia has become important as a trading partner of both the United States and Europe, particularly because of the outsourcing movement. The following conclusions about the Malaysian leadership style were also based on the GLOBE project.²⁰ Malaysians emphasize collective well-being (collectivism) and display a strong humane orientation within a society that respects hierarchical differences (high power difference). The culture discourages aggressive, confrontational behavior, preferring harmonious relationships. The preferred organizational leadership style is therefore for managers to show compassion, while at the same time be more autocratic than participative. The Malaysian work group member defers to the boss and in turn is treated with respect and compassion. A Malaysian supervisor might say typically to a worker, “Here is exactly how I want this job done, but I want you to enjoy yourself and learn something valuable while doing the job.”

Northern U.S. Versus Southern U.S. Managers Differences in cultural values between regions of a large country can also have an impact. An example of a cross-regional stereotype is that managers in the southern United States are lower key and more interested in relationship building than are their brusque counterparts in the north. Leaders from the north have a reputation for efficiency and getting tasks accomplished quickly. Leaders from the south perceive such behavior as rude, pushy, and short on relationship building. The point here is that southern chivalry has worked its way into leadership style.

However, the stereotype of southern business leaders being more laid-back and slow moving has been challenged. Business in the south may have moved more slowly in the days before air conditioning was widespread. Heat tends to slow people down. John W. Thompson, former CEO of Symantec Corporation and now chairman of Microsoft Corporation, is a Florida A&M graduate. He says there is nothing regional about attaining business results. “I was raised in the south and spent 27 years working for IBM all over the world. I don’t think management style can be localized.”²¹

Despite culturally based differences in leadership style, certain leadership practices are likely to work in every culture, including giving people clear directions and administering appropriate rewards for attaining goals. A comprehensive analysis of leader-member relations, conducted with studies from twenty-three countries found that high-quality relationships with subordinates facilitated task performance in countries with different values. The anchor values in clusters of values studied were individualistic versus collectivist.²²

Cultural Sensitivity and Cultural Intelligence

Some managers are more effective at leading diverse groups than others. The traits and behaviors described in Chapters 2, 3, and 4 should equip a person to lead diverse groups. In addition, cultural sensitivity, cultural intelligence, and certain specific global leadership skills are essential for inspiring people from cultures other than one’s own. Although they reinforce each other, here we describe cultural sensitivity and cultural intelligence separately. Global leadership skills encompass so many behaviors that they receive a section of their own.

Cultural Sensitivity

Leaders, as well as others, who are attempting to influence a person from a foreign country must be alert to possible cultural differences. Thus, the leader must be willing to acquire knowledge about local customs and learn to speak the native language at least passably (unless the company has an English-only policy on the job). A cross-cultural leader must be

patient, adaptable, flexible, and willing to listen and learn. All of these characteristics are part of **cultural sensitivity**, an awareness of and a willingness to investigate the reasons why people of another culture act as they do. Five aspects of cultural sensitivity are described next.

1. Recognition of nuances in customs. A person with cultural sensitivity will recognize certain nuances in customs that will help build better relationships with work associates from another culture. Refer to Table 12-3 in Chapter 12 for a sampling of appropriate and less appropriate behaviors in a variety of countries for the purpose of overcoming communication barriers. (These are suggestions, not absolute rules.) Additional information about appropriate leadership behavior, or good etiquette, in different culture is presented in Figure 14-2.

Another aspect of cultural sensitivity is being tolerant of the subtle differences between cultures. Leadership Self-Assessment Quiz 14-2 gives you an opportunity to reflect on your own tolerance for cross-cultural issues.

2. Being a multicultural worker. Cultural sensitivity is also important because it helps a person become a **multicultural worker**. Such an individual is convinced that all cultures are equally good and enjoys learning about other cultures. Multicultural workers and leaders are usually people who have been exposed to more than one culture in childhood. (Refer to Leadership

Positive Behaviors

- Demonstrate empathy by listening carefully to employees with different experiences and perspectives. Careful eye contact will help show empathy.
- Show that you care about the other culture by learning what is important to them, such as asking about the national and local soccer teams in most countries and cities.
- Know where the country you are visiting is located; know name of the city in which the business interaction is taking place, and pronounce it correctly.
- Define acronyms, slang and jargon, such as explaining that “EBITDA” means earnings before interest, taxes, depreciation, and amortization.
- Emphasize how everybody’s job is important to the team.

Negative Behaviors

- Touching and hugging employees without first knowing that such behavior is acceptable.
 - Suggesting that the business practices from your country are superior to those of the country you are visiting.
 - Display some humility and a group-oriented, rather than individualistic, approach in most countries.
 - Emphasizing the importance of financial incentives in motivating people.
-

FIGURE 14-2 Suggestions for Engaging in Successful Cross-Cultural Leadership Interactions.

Source: Several of the ideas are adapted from Gayle Cotton, “Do This, Not That When Doing Business Overseas,” (www.cnbc.com), April 8, 2013, pp. 1–5; Tina Smagala, “Empathy a Critical Skill for Leaders to Have,” *Democrat and Chronicle*, January 21, 2014, p. 5B.



LEADERSHIP SELF-ASSESSMENT QUIZ 14-2

My Tolerance for Cultural Differences

Instructions: Indicate how comfortable you would feel in the following circumstances: very uncomfortable (VU); uncomfortable (U); neutral (N); comfortable (C) ; very comfortable (VC).

	VU	U	N	C	VC
1. Working on a team with both men and women	1	2	3	4	5
2. Coaching a team or club when all the members are of a different sex than myself	1	2	3	4	5
3. Having a transsexual person for a boss	1	2	3	4	5
4. Having a person of a different race for a boss	1	2	3	4	5
5. Having an opposite-sex person for a boss	1	2	3	4	5
6. Answer 6a if you are heterosexual; 6b if you are homosexual:	1	2	3	4	5
6a. Having a gay or lesbian boss					
6b. Having a straight boss					
7. Having dinner with someone who eats what I consider to be a pet	1	2	3	4	5
8. Having dinner with someone who eats what I consider to be a repulsive animal or insect	1	2	3	4	5
9. Working alongside a teammate who I know is HIV positive	1	2	3	4	5
10. Working alongside a teammate who has served prison time for vehicular homicide	1	2	3	4	5
Total score:	<hr/>				

Scoring and Interpretation:

- **40–50:** You are highly tolerant and flexible in terms of working with a broad spectrum of people. These attitudes should help you be an effective multicultural leader.
- **21–39:** Your tolerance for working with people different from yourself is within the average range. If you learn to become more tolerant of differences, you are more likely to become an effective multicultural leader.
- **10–20:** You may be experiencing difficulties in working with people quite different from yourself. As a consequence, your effectiveness as a multicultural leader might be hampered. If you seek out more diverse cross-cultural experiences, you are likely to become more tolerant of differences.

Self-Assessment Quiz 12-2, about cross-cultural relations.) Being multicultural helps one be accepted by a person from another culture. The concept of a multicultural worker also refers to an employee who identifies with two more cultures, such as a graphics designer born in Japan, who speaks Japanese at home and works in the United States. Because multicultural workers can readily relate to people from other cultures, they are well-suited to the global workplace.²³

Sensitivity is the most important characteristic for leading people from other cultures because cultural stereotypes rarely provide entirely reliable

guides for dealing with others. An American manager, for example, might expect Asian group members to accept his or her directives immediately because Asians are known to defer to authority. Nevertheless, an individual Asian might need considerable convincing before accepting authority.

3. Recognizing potential problems of cultural misunderstanding. Problems of cultural misunderstanding leaders should be aware of cluster in five areas.²⁴ *Language* differences create problems because U.S. workers (most of whom are monolingual) can become frustrated by coworkers' accents and limited English skills. Non-English speakers may feel that they do not fit well into the team. Differences in *religion* are the source of many misunderstandings. In many cultures, religion dominates life in ways that Americans find difficult to comprehend. *Work habits* vary enough across cultures to create friction and frustration. Employees in some cultures are unwilling to spend personal time on work. Problems can also stem from office rituals, such as having coffee or tea together during work breaks, or singing songs together at the start of the workday.

Women's roles may differ considerably from those in the United States. Women in many countries may not have the same independence or access to education and higher-level jobs as American women. Workers from various countries may therefore have difficulty accepting the authority of an American manager who is female.

What constitutes *acceptable personal appearance and behavior* varies considerably across cultures. Grooming, office attire, eating habits, and nonverbal communication may deviate significantly from the U.S. standards. Many workers around the world may perceive American workers as overfriendly, aggressive, or rude.

A key item in personal appearance is choosing appropriate attire when working in another culture. Cultural sensitivity helps you detect what type of clothing is appropriate. Many faux pas are possible, including that many Hindus in India may be offended by a finely tooled leather belt and briefcase because steers have religious significance. In some parts of Asia, white is the color of mourning. A cross-cultural guideline for professionals is that a dark, well-made business suit and conservative accessories such as ties and simple jewelry are acceptable for business around the world.²⁵

Generational differences are another manifestation of cultural differences, quite often within a leader's national culture. For example, young people typically want more frequent recognition and rewards as well as flexible scheduling. Older people might want more deference to their knowledge and experience.

4. Transgender employees. The reality of greater number of *transgender* employees in the workplace requires considerable cultural sensitivity on the part of the leader or manager. (A transgender person goes beyond cross-dressing, and converts to the opposite sex through a combination of surgery and hormone treatments.) Managers may have to deal with their own tolerance toward the transgender (or transsexual) workers, as well as the tolerance and flexibility of employees and customers. A particular need for

cultural sensitivity is to begin referring to an employee as “him” or “her,” when the person was formerly “her” or “him.” A general guide is that transgender employees are rare, but are still part of a culturally diverse workforce, and they have some legal protections with respect to job discrimination.

5. Flexibility in dealing with others. Cultural sensitivity is enhanced by cultural training, and also by simply listening carefully and observing. A key principle is to be flexible when dealing with people from other cultures. Cultural sensitivity is also enhanced by asking questions, such as whether it is reasonable to expect people to work on Saturday and Sunday. When cross-cultural issues about performance arise, the leader/manager is advised to ask: “My job requires that I manage your performance. Your job is to meet or exceed our performance standards. How can I help you do that?”²⁶

The English-Only Policy and Cultural Sensitivity

To facilitate communication in international enterprise, a growing number of companies have declared English as the official language for conducting business. For example, Honda Motor has made English the official language of global meetings as the Japanese vehicle manufacturer transfers decision-making authority to regional units. The new rule applies to in-person meetings and videoconferences.²⁷

A key argument for an English-only policy in companies involved in cross-cultural activity is that multilingualism without restriction interferes with accomplishing business goals.²⁸ Without clearly understood communication, sales are lost, physical accidents occur, and post-merger cultures are difficult to integrate. (The accidents might occur with respect to misunderstanding safety directions or not taking precautions.) Many businesspeople from all over the world are proud of their ability to speak English that tends to minimize negative attitudes toward an English-only policy.

Despite the general acceptance of English as the language of business, problems of cultural sensitivity remain. Some people may regard the policy as an affront to their cultural identity and may resent the implication that English is the superior language. Furthermore, some businesspeople may not feel comfortable speaking about complicated topics in English if their English-speaking ability is not strong. One approach the leader can take to demonstrate cultural sensitivity in this area is to emphasize that English-only policy applies mostly to formal meetings, and he or she wants to listen to the sound of another language at other times. Also, if the leader speaks another language well, he or she might exchange a few words in that language before the formal meeting gets started.

A word of caution here is that an English-only policy may not legally permit a manager to insist that all workers speak only English when they interact with each other during working hours or on break. In general, the Equal Employment Opportunity Commission (EEOC) states in its compliance manual, “An English-only rule is justified by ‘business necessity’ if it is needed for an employer to operate safely and efficiently.”²⁹ As with any law, this would be the subject to interpretation.

Cultural Intelligence

A refinement and expansion of cultural sensitivity is **cultural intelligence (CQ)**: an outsider's ability to interpret someone's unfamiliar and ambiguous gestures the way that person's compatriots would.³⁰ For example, an American might be attending a business meeting in Europe. He or she might pick up the clue that the Europeans present prefer to discuss U.S. politics and trade agreements (or current events) for twenty minutes before discussing the business purpose of the meeting. So the cross-border visitor engages in a lively but nonpartisan discussion of politics and trade agreements. Cultural intelligence has three facets or components:

- *Cognitive CQ (head).* The first facet of cultural intelligence is the ability to pick up some factual clues about relevant behavior such as the importance of deadlines.
- *Physical CQ (body).* Your actions and demeanor must prove to your foreign hosts that you have entered their world by adopting people's habits and mannerisms. You might gently kiss each cheek of a French compatriot (or be kissed), and not shake hands with a Japanese work associate in Tokyo. With the latter, you might bow slightly or smile as a form of greeting.
- *Emotional/motivational CQ (heart).* Adapting to a new culture involves overcoming obstacles and setbacks. You need the self-confidence and courage to keep trying even though your first few attempts at adapting your behavior to a group of foreign workers went poorly. You might say to yourself, "OK, when I stood very close to the Mexican workers, they didn't like it even though they stand close to each other. Maybe I looked a little stiff. I'll practice some more."

To attain the highest level of cultural intelligence, you would need competence in all three facets, and the head, body, and heart would have to work together smoothly. You would need to gather the facts, adapt your mannerism and appearance to fit the culture, and stay motivated to make refinements.

Cultural intelligence is similar to emotional intelligence, yet it goes one step further by enabling a person to distinguish among behaviors that are (a) produced by the culture in question, (b) peculiar to particular individuals, and (c) found in all human beings. Suppose you are making a PowerPoint presentation in Germany and suddenly your presentation is verbally attacked. You ask yourself, "Is this a German trait? Are these people just being hostile? Or are my slides so bad anyone would attack them?" Picking up on the cues, you decide that German corporate professionals find it normal to challenge ideas and that they are not being personal.

A study conducted with 294 international executives and graduate business students in China and Ireland provides insights into which leaders are the most likely to develop cultural intelligence. It was found that overseas work experience is more likely to contribute to the development of cultural intelligence when the global executive has a divergent learning style.

A divergent learning style emphasizes concrete experience and reflective observation. Individuals with this learning style are often imaginative and emotional. As a result, they can attach their feelings to the experience. People with a divergent learning style tend to have broad cultural interests and show a strong interest in obtaining international experiences. (The latter is part of motivational CQ.) Divergent learners are interested in people from other cultures and are likely to develop relationships with them. A person with a divergent learning style might think after several days of visiting a customer in another country, “People over here tend to smile and nod when I talk about the competition with respect. But when I talk tough, like referring to eliminating competitors, they look disappointed.”

The study participants with other type of learning styles profited less from overseas experience with respect to developing cultural intelligence. One example of a learning style not so well suited to developing cultural intelligence is the accommodative style characterized by learning in an intuitive trial-and-error manner. Then, same people tend to be impatient and lacking in reflection.³¹

Global Leadership Skills

In general, **global leadership skills** refer to the ability to exercise effective leadership in a variety of countries. The definition stems from the idea that the essence of global leadership is the ability to influence people who are dissimilar to the leader and stem from different cultural backgrounds.³² Such skills would therefore include the concepts already reviewed of cultural sensitivity, being a multicultural worker, and cultural intelligence. Understanding the culture from another country is also important. Here we look at global leadership skills from several perspectives: a general model of global leadership skills, success factors in international positions, motivating workers in different cultures, and minimizing the use of product names that could be embarrassing.

General Model of Global Leadership Skills

Global leadership skills are so important that they improve a company's reputation and contribute to a sustainable competitive advantage.³³ Excellent global leaders have a leadership style that generates superior corporate performance in terms of four criteria: (1) profitability and productivity, (2) continuity and efficiency, (3) commitment and morale, and (4) adaptability and innovation. *Behavioral complexity* is the term given to this ability to attain all four criteria of organizational performance. Excellent global leaders are able to understand complex issues from the four perspectives just mentioned and to achieve the right balance. For example, when a company is facing a mature market, it might be necessary to invest more effort into being innovative than into achieving high profits.

The global leader must tap into a deep, universal layer of human motivation to build loyalty, trust, and teamwork in different cultures. Universal needs are found among people in all cultures; for example, both Dominican Republicans and Inuit want to be part of a group. Another example of a universal need is to have meaning in the work one performs. Meaningful work would therefore be another universal need, with a large percentage of people wanting to perform work they consider to be relevant. People vary considerably in what they regard as meaningful work, with some people thinking that producing pharmaceuticals is meaningful while others think the same for producing video games.

Success Factors in International Management Positions

A study was conducted of success factors in international management positions. Two traits were specifically related to success in conducting international business: sensitivity to cultural differences and being culturally adventurous.³⁴ Cultural sensitivity has already been described. The adventurous aspect refers to a willingness to take chances and experiment with a new culture. A Mexican-American from Phoenix, Arizona, who volunteered for a six-month assignment in Johannesburg, South Africa, would be culturally adventurous.

A study demonstrated that deficits in emotional intelligence contributed to executive failure on assignments in Latin America, Europe, and Japan.³⁵ Being able to read emotions is particularly helpful when evaluating how well the person from another culture is accepting your propositions.

Tolerance for ambiguity is important for leaders in general, and especially important for developing global leadership skills. Every country he or she works in represents a new way of doing things, so the leadership has to work with only general guidelines. A leader from an American company might be visiting a Korean affiliate. He or she should probably reflect, “Koreans have high respect for authority, and at the same time have a strong work ethic. So how far should I go in asking questions? They might expect me as the leader to have all the answers. Yet at the same time, they probably want to display their knowledge.” Asking Korean managers questions before the presentation might be a good idea.³⁶

Another area where tolerance for ambiguity is a success factor lies within providing leadership to cross-cultural teams. One of the more pronounced cross-cultural differences is that various members of the team may have differing attitudes toward hierarchy and authority (or power distance). Team members from some cultures may have difficulty with the flat structure of most teams. If team members defer to a higher-status team member, their behavior will be regarded as appropriate when most of the team derives from a hierarchical culture. In contrast, team members who defer to authority may damage their stature and credibility if most of the team comes from a culture of low power distance (egalitarian). One manager of Mexican heritage who belonged to a cross-cultural team lamented:

In Mexican culture, you’re always supposed to be humble. So whether you understand something or not, you’re supposed to put it in the form of a question. You

have to keep it open-ended, out of respect. I think that actually worked against me, because the Americans thought I really didn't know what I was talking about. So it made me feel like they thought I was wavering on my answer.³⁷

A potential leadership intervention to the problem of status and hierarchy is to talk about the problem in advance, and to encourage behavior that will fit most team members. The team leader might mention several times that the structure is flat, and that all team members have an equal voice. Because cultural values control behavior so strongly, the message will have to be repeated frequently.

A confusing skill issue for many international workers is the importance of having a good command of a second language. Part of the confusion comes from the fact that English has become the standard language of business, as well as technology, engineering, and science. However, when you are trying to influence a person from another culture, you are more influential if you can speak, read, and write well in his or her language. (We assume that even with an English-only policy, some conversations take place outside of group meetings. Also, not every company has an English-only policy.) A command of a second language also enhances the person's charisma.

Motivating and Inspiring Workers in Other Cultures

The discussion of expectancy theory in Chapter 10 provided the best general clue to motivating people in other cultures—figure out which rewards have high valence for them. Workers who lack basic necessities in life would rather be rewarded with a scooter or bicycle than a \$500 luxury fountain pen or watch. Workers will be motivated and inspired to the extent that need satisfaction will be forthcoming.

Cross-cultural trainer Nancy Settle-Murphy provides another example: Team members from the United States tend to crave popularity and approval. For Germans, the goal is to do an excellent job with great attention to detail. The implication is that German professionals prefer motivation through exciting work, whereas Americans prefer external rewards. Team members from Asian cultures are more motivated by rewards that emphasize group harmony, such as a group reward.³⁸ (Again we are presented with cultural stereotypes that work much of the time.)

So who is an example of a leader with global leadership skills—one person who has most of the attributes described in this section? A highly visible example is Carlos Ghosn, the chief executive of both Nissan and Renault, known as the “hottest car guy on earth.” He travels around the world in a corporate jet that can fly between Paris and Tokyo nonstop. Ghosn also spends considerable time visiting the U.S. operations of Nissan. He carries two briefcases, one for Renault and another for Nissan. He crosses time zones and cultures with great facility. After many years being the CEO of two companies, Ghosn recommended that two CEOs be hired to eventually replace him, stating, “Being in charge of two companies and having to run between two countries is extremely taxing on people.” Born in Brazil to Lebanese parents and college-educated in Paris, Ghosn speaks several languages and enjoys cuisine from many countries.³⁹

Avoiding Product Names That Could Be Embarrassing in Another Culture

Another global leadership skill is to be mindful of how a product name might be interpreted in another culture. A leader or manager cannot be expected to do everything working alone, so it is best to use skilled translators who know that target language quite well. Checking out the use of a product name with a few native speakers is another helpful safety check. Two examples of product-naming errors follow:

- The British food company Sharwood launched a new curry sauce over a decade ago called *Bundh*. Many Punjabi (India) speakers called the company saying that the brand name sounded like their word for “backside.”⁴⁰
- A few German manufacturers of back packs, or knapsacks, referred to them as “body bags” for the English-speaking market thereby limiting their appeal.

The accompanying Leader In Action insert describes a business leader whose business has achieved success in two different cultures.



LEADER IN ACTION

Adriana Cisneros, CEO of the International Conglomerate, the Cisneros Group

At age 33, Adriana Cisneros was appointed as CEO of the Cisneros Group, a family-owned international conglomerate (or holding company) with annual sales estimated at \$1 billion. The company's holdings include media, entertainment, telecom, and consumer products. The group owns the top-rated television channel in Venezuela, the Miss Venezuela beauty pageant, and a production company that supplies soap opera and other content for many partners, including Univision, the largest Spanish-language channel in the United States.

Cisneros had spent seven years with the company, the previous three as the company's vice chairman and director of strategy. As the director of strategy, Cisneros created an interactive strategy for the company's twelve television programs, from news to a soap opera, and headed game applications for mobile devices. She was responsible for creating Cisneros Interactive, the company's digital media division that focuses on mobile and online advertising networks, e-commerce, social gaming, and crowd-funding.

After being based in Venezuela for many decades, the Cisneros Group is now headquartered in Coral Gables,

Florida. Cisneros said she is 95 percent focused on doing business in Latin America, and that her major goal is to dominate Spanish-language TV. Beyond media, the Cisneros Group is developing Tropicalia, a \$2 billion resort complex in the Dominican Republic. The company plays an active role in corporate social responsibility with a focus on education in Latin America. Cisneros observed a few years ago that company employees were not relating to corporate social responsibility. She therefore made it a priority by assigning a dedicated executive in each business unit to develop a corporate social responsibility campaign.

Cisneros says that nurture was a big influence on her business drive. Her parents were highly supportive of their children coming up with crazy ideas. When she was six years old, she started a club, Los Emprendedores, in the Dominican Republic where the family had a beach house. The children collected bottles they picked up on the beach, and the parents paid for them.

Gustavo Cisneros, the father of Adriana, said this about his daughter as the new CEO: “She has immense drive. She’s tireless. She has very good ideas and wants

ACTION (continued)

to carry them out. We had a big success with the interactive strategy on *Eva Luna* (a soap opera).

Cisneros is fluent in Spanish and English, both essential for role as an international manager. She holds a BA degree from Columbia University and an MA from New York University, both with a major in journalism. She is also a graduate of the Harvard Business School Program for Leadership Development.

QUESTIONS

- Identify two global leadership skills Adriana Cisneros needs to be successful in her role as the CEO of the family business.

- Cisneros is the daughter and granddaughter of former CEOs and chairmen of her company. What has she done to make her credible in her role as the new CEO of the company?

Sources: Original story created from facts and observations in the following sources: Corina Pone, "Cisneros's First Female CEO Seeks Latin American Expansion," www.bloomberg.com, November 15, 2013, pp. 1–2; Suzan Adams, "Adriana Cisneros and Gustavo Cisneros of Cisneros Group," *Forbes* (www.forbes.com), May 6, 2011, pp. 1–2; "Gustavo Cisneros Appoints Adriana Cisneros CEO of Cisneros," (<http://cisneros.com>), August 28, 2013, p. 1; Cindy Krischer Goodman, "Adriana Cisneros: The New Face of Cisneros Group," *Miami Herald* (www.miamiherald.com), October 27, 2013, pp. 1–5; "Jane Cisneros Named CEO of Media Conglomerate," *Miami Herald* (www.miamiherald.com), August 29, 2013, pp. 1–2.

Leadership Initiatives for Achieving Cultural Diversity

For organizations to value diversity and inclusion, top management must be committed to it. The commitment is clearest when it is embedded in organizational strategy, as well as in the life and culture of the organization. Company leadership should dedicate time to work personally on diversity and inclusion initiatives.⁴¹ Diversity initiatives should be deep rather than superficial.⁴² A true diversity strategy should encourage all employees to contribute their unique talents, skills, and expertise to the organization's operations, independent of race, gender, ethnic background, and any other definable difference. In addition, leaders should take the initiative to ensure that many activities are implemented to support the diversity strategy. Table 14-1 lists the eight leadership initiatives for encouraging diversity that are discussed in the following text.

TABLE 14-1 Leadership Initiatives for Achieving Cultural Diversity

- Hold managers accountable for achieving diversity.
- Establish minority recruitment, retention, and mentoring programs.
- Conduct diversity training.
- Conduct cross-cultural training.
- Encourage the development of employee networks.
- Avoid group characteristics when hiring for person–organization fit.
- Modify products and services for targeted demographic groups.
- Attain diversity among organizational leaders.

Hold Managers Accountable for Achieving Diversity

A high-impact diversity initiative is for top-level organizational leaders to hold managers accountable for diversity results at all levels. If managers are held accountable for behavior and business changes in the diversity arena, an organizational culture supportive of diversity will begin to develop. A group of CEOs whose organizations are well known for their diversity practices agreed that metrics are essential because, “What gets measured gets done.” Bank of America, for example, includes questions about diversity and inclusiveness in its biannual employee engagement survey, and results are compared against a normative group of companies. CEO Brian Moynihan says, “We’ve also built a diversity-and-inclusion index that tells us if people here feel they are treated fairly and to help us ensure that people of diverse backgrounds can succeed at Bank of America.”⁴³

Accountability for diversity results when achieving diversity objectives is included in performance evaluations and when compensation is linked in part to achieving diversity results. Another way of making managers accountable for diversity is to consider the attainment of diversity and inclusion a factor in being promoted to a higher-level position.

Establish Minority Recruitment, Retention, and Mentoring Programs

An essential initiative for building a diverse work force is to recruit and retain members of the targeted minority group. Because recruiting talented members of minority groups and women is competitive, careful human resources planning is required.

Efforts at recruiting a culturally diverse work force must be supported by a leadership and management approach that leads to high retention. To increase retention rates, diversity consultants advise employers to strengthen cultural training programs, recognize employees’ hidden skills and talents, and give diversity committees clout with top management.⁴⁴ Retaining employees is also a function of good leadership and management in general, such as offering workers challenging work, clear-cut goals, feedback, and valuable rewards for goal attainment. Mentoring is a key initiative for retaining minority group members, as well as for facilitating their advancement.

Conduct Diversity Training

Diversity training has become a widely used method for enhancing diversity within organizations. The purpose of diversity training is to bring about workplace harmony by teaching people how to get along better with diverse work associates. Quite often the program is aimed at minimizing open expressions of racism and sexism. All forms of diversity training center on increasing people’s awareness of and empathy for people who are

different from themselves in some important way. Diversity training often emphasizes leveraging diversity to enhance business performance.⁴⁵ The enhancements to performance were described at the outset of the chapter.

Training sessions in valuing differences focus on the ways in which men and women, or people of different races, reflect different values, attitudes, and cultural backgrounds. These sessions can vary from several hours to several days or longer. Sometimes the program is confrontational, sometimes not.

An essential part of relating more effectively to diverse groups is to empathize with their point of view. To help training participants develop empathy, representatives of various groups explain their feelings related to workplace issues. Leadership Skill-Building Exercise 14-2 gives you the opportunity to engage in an effective diversity training exercise. A useful way of framing diversity training is to say that it represents a subset of interpersonal skills: Relating effectively to coworkers who are different from you in some meaningful way adds to your interpersonal effectiveness.

A frequently mentioned concern about diversity training is that it reinforces stereotypes about groups. Participants are informed about group differences, such as cultural values, and tactics might be suggested for coping with these differences—such as using more body language when relating to Latinos.

Leaders of diversity training exercises are cautioned to guard against encouraging participants to be too confrontational and expressing too much hostility. Companies have found that when employees are too blunt during these sessions, it may be difficult to patch up interpersonal relations in the work group later on. Sometimes the diversity trainer encourages group members to engage in outrageous behavior, such as by having



LEADERSHIP SKILL-BUILDING EXERCISE 14-2

The Diversity Circle

Some diversity trainers use the *diversity circle* exercise to help workers appreciate diversity and overcome misperceptions. The exercise adapts well for classroom use. Form a group of about ten students. Arrange your chairs into a circle, and put one additional chair in the center of the circle. A group member who feels diverse in any way volunteers to sit in the center chair and become the first awareness subject. Because most people are diverse in some way, most people are eligible to occupy the center chair.

The person in the center tells the others how he or she has felt about being diverse or different, and how people have reacted to his or her diversity. For example, an Inuit

described how fellow workers were hesitant to ask him out for a beer, worrying whether he could handle alcohol. Another name for this exercise is “How I Felt Different” because each person describes how he or she felt different from others at one point in his or her life.

An equally effective alternative to this procedure is for each class member to come up in front of the class to describe a significant way in which he or she is different. After each class member has presented, a discussion might be held of observations and interpretations.

What lessons did you learn about interpersonal relations from this exercise that will help you be a more effective leader?

women sexually harass men so the men know what it feels like. Key themes of negative reactions to diversity training are charges of political correctness and white male bashing.

Diversity training is yet another initiative that needs to be incorporated into a culture that supports inclusion for the training to have much of an impact on the organization. In the words of diversity training pioneer, Roosevelt Thomas, “I may come out with some skills (after diversity training), but I also know that if I’m going to use these skills effectively, I must have a culture that supports their use, that affirms their use.”⁴⁶

A review of 178 articles about diversity training supports the comments made by Thomas. When diversity training was integrated into a system of other diversity-related activities, the outcomes were more likely to be positive, such as participants believing that they learned to interact more effectively with other cultural groups. Another key finding was that programs that focus on a more general, positive, and inclusive approach—rather than singling out one demographic group—may be better received by all participants.⁴⁷

Conduct Cross-Cultural Training

For many years, companies and government agencies have prepared their managers and other workers for overseas assignments. The method frequently chosen is **cross-cultural training**, a set of learning experiences designed to help employees understand the customs, traditions, and beliefs of another culture. Foreign language training is often included in cultural training. The multicultural leader needs to know that English is spoken differently in the United States, Great Britain, Australia, and South Africa, among other countries. Four examples follow:

- Britons say “keen” whereas Americans say “enthusiastic.”
- Britons say “to table (an idea),” whereas Americans say “to put (an idea) out for discussion.”
- Britons say “to put (an idea) aside,” whereas Americans say “to table (an idea).”
- Britons say “lift,” whereas Americans say “elevator.”
- Britons say “sorry” when they accidentally get in your way, whereas Americans say “excuse me.”⁴⁸

Cross-cultural training usually includes the type of information about cross-cultural bloopers included in Chapter 12. In addition, the art of facial cheek-kissing is an amusing, yet important, aspect of cross-cultural training. Americans favor handshakes for greetings, yet in most countries outside of Asia, light kisses on the cheek of the other person are more acceptable. The kisses are given to people of the same and opposite sex for greeting purposes; however, kissing a business acquaintance of the opposite sex is even more expected and appropriate. Frank Higgins, a global leader of two divisions for Nestle USA Inc., observes, “I would be rude if I didn’t kiss my female colleagues from Mexico.” At the company’s Zurich headquarters, Higgins triple cheek-kisses.⁴⁹

Another development in intercultural training is to train global leaders in cultural intelligence. Following the model of cultural intelligence described earlier in this chapter, global managers receive training in the cognitive, physical, and emotional or motivational domains. The training is highly complex, with the leader being expected to learn dozens of different concepts and behaviors, as well as insights. A sampling of what training in cultural intelligence involves is as follows:⁵⁰

A Canadian manager is attempting to interpret a “Thai smile.” First, she needs to observe the various cues provided in addition to the smile gesture itself (for example, other facial or bodily gestures, significance of others who may be in proximity, the source of the original smile gesture) and to assemble them into a meaningful whole and make sense of what is really experienced by the Thai employee. Second, she must have the requisite motivation (directed effort and self-confidence) to persist in the face of confusion, challenge, or apparently mixed signals. Third, she must choose, generate, and execute the right actions to respond appropriately.

If any of these elements is deficient, she is likely to be ineffective in dealing with the Thai employee. A high CQ manager has the capability with all three facets as they act in unison.

Again, cultural intelligence is a refinement of cultural sensitivity. The international leader who remains alert to cues in the environment can go a long way toward building relationships with people from different cultures.

Encourage the Development of Employee Networks

Another leadership initiative toward recognizing cultural differences is to permit and encourage employees to form **employee network (or affinity) groups**. The network group is composed of employees throughout the company who affiliate on the basis of a group characteristic such as race, ethnicity, sex, sexual orientation, or physical ability status. Group members typically have similar interests and look to the groups as a way of sharing information about succeeding in the organization. Although some human resources specialists are concerned that network groups can lead to divisiveness, others believe they play a positive role.

Macy's is an example of a business firm that encourages diversity through affinity groups, also known as employee resource groups. The groups help employees network and bond across different functions and levels within Macy's. Affinity groups include those for women, African-Americans, Latinos, Native Americans, Chinese-Americans, the disabled, plus gay, lesbian, and transgender employees.⁵¹

Employee networks sometimes play a functional role in the organization. Angela Brady, CEO of WellPoint, the managed-care firms, says, “I visit each group twice a year and give them real assignments. I am very clear about my expectation that they will have a real impact on the business.”⁵²

A caution about employee network groups is that they can result in employees segregating rather than integrating themselves into the workforce,

thereby defeating the purpose of diversity initiatives. A series of studies in over 800 companies referred to above found that networking and affinity groups may simply resegregate the workplace.⁵³

Avoid Group Characteristics When Hiring for Person–Organization Fit

An important consideration in employee recruitment and hiring is to find a good *person–organization fit*, the compatibility of the individual with the organization. The compatibility often centers on the extent to which a person's major work-related values and personality traits fit major elements of the organization culture. Following this idea, a person who is adventuresome and prone to risk taking would achieve highest performance and satisfaction where adventuresome behavior and risk taking are valued. Conversely, a methodical and conservative individual should join a slow-moving bureaucracy.

Many business firms today are investing time and effort into recruiting and hiring employees who show a good person–organization fit. A selection strategy of this type can lead to a cohesive and strong organizational culture. The danger, however, is that when employers focus too sharply on cultural fit in the hiring process, they might inadvertently discriminate against protected classes of workers. Specifically, the hiring manager might focus on superficial aspects of conformity to culture, such as physical appearance and which schools the candidates attended.

The selection of candidates who look alike and act alike conflicts with a diversity strategy. Leaders can take the initiative to guard against this problem. The way to circumvent it is to avoid using group characteristics (such as race, sex, ethnicity, or physical status) in assessing person–organization fit. The alternative is to focus on traits and behaviors, such as intelligence or ability to be a team player. Leaders at Microsoft and Amazon emphasize hiring intelligent people only because bright people fit their culture best. Being intelligent is an individual difference rather than a group characteristic.

Modify Products and Services for Targeted Demographic Groups

Managing for diversity often means modifying products and services as to increase their appeal to targeted demographic groups. Hundreds of examples abound in everyday life including advertisements written in Spanish in newspapers and on the Internet to enhance their appeal to the Latino community. Even as ordinary an act as having a larger kosher food section in supermarkets situated in a neighborhood with many Jewish people is an example of this straightforward business tactic. State Farm Insurance exemplifies a company whose leadership emphasizes ethnic-targeted services. An advisory committee meets annually to discuss how they can better meet the needs of Hispanic customers. Rural Texas is one such focus because of its

large proportion of Spanish-speaking residents. Invoices for insurance are sent in both English and Spanish, and customer service agents in the regional call center have a bilingual unit to handle calls in English and Spanish.⁵⁴

Another approach to targeting products to minority groups is to emphasize purchasing from minority vendors who have expertise to make the right connections with customers. Macy's has a training program for minority vendors to help them learn the basics of big-time retail, and the most promising ones are offered the opportunity to sell the company's local market. One such winning firm was a manufacturer of cosmetics targeted at African-American and multiethnic women.⁵⁵

Attain Diversity Among Organizational Leaders

To achieve a multicultural organization, firms must also practice **leadership diversity**—that is, have a culturally heterogeneous group of leaders. Many global firms have already achieved leadership diversity with respect to ethnicity. Sex is another key area for leadership diversity, with many organizations today having women in top executive positions. An organization with true leadership diversity also has a heterogeneous group of leaders in such positions as supervisors, middle managers, and team leaders. McDonald's Corp. and General Motors Corporation are two examples of well-known companies whose C-level executives include minority group members and women. One of the executive positions at McDonald's is chief diversity officer, a practice also followed by several other large business firms including PepsiCo.

Top-team diversity appears to be associated with the financial success of the enterprise. A study of 180 firms conducted by the consulting firm, McKinsey & Company, measured diversity in terms of women and foreign nationals on senior teams. Firms in the top quartile of executive diversity, in comparison to the bottom quartile, had a 53 percent higher return on equity. The same firms had scored 14 percent higher on earnings before interest and taxes.⁵⁶ (Another interpretation of these results is that more prosperous firms are more willing to recruit diverse leaders.)



READER'S ROADMAP

So far we have studied the nature of leadership; the attributes, behaviors, and styles of leaders; the ethics and social responsibility of leaders; and how leaders exert power and use politics and influence. We then studied techniques for developing teamwork as well as motivation and coaching skills. After studying creativity and innovation as part of leadership, we focused on communication skills as they relate to leadership. We then shifted our attention to strategic leadership, after which we discussed another broad challenge facing leaders: dealing with cultural diversity within the organization and across borders. Next, we deal with the capstone topic of developing leaders and choosing successors for executives.

SUMMARY

The modern leader must be multicultural because corporate success, profit, and growth depend increasingly on the management of a diverse work force. The ethical and social responsibility goals of leaders and their organizations include providing adequately for the members of the diverse work force.

Managing for diversity brings a competitive advantage to the firm in several ways. Marketing can be improved because a representational work force facilitates selling products and services, and a good reputation for diversity management may attract customers. Companies with a favorable record in managing diversity are at an advantage in recruiting and retaining talented minority group members. Managing diversity also helps unlock the potential for excellence among employees who might otherwise be overlooked. A heterogeneous work force may also offer an advantage in creativity and problem solving. Diversity and inclusion programs also help local economies partly because of the reliance on minority suppliers, and team performance is often enhanced.

To influence, motivate, and inspire culturally diverse people, the leader must be aware of overt and subtle cultural differences. Differences in cultural values help explain differences among people. Ten of these values are as follows: (1) performance orientation, (2) assertiveness, (3) future orientation, (4) time orientation, (5) humane orientation, (6) ingroup collectivism, (7) gender egalitarianism, (8) power distance (acceptance of formal authority), (9) uncertainty avoidance, and (10) work orientation.

Cultural values influence leadership style as well as the behavior of other workers. For example, French managers believe in a class system. Another way to understand how culture influences leadership is to compare leadership styles across cultural groups. For Malaysian managers, the preferred organizational leadership style is to show compassion while at the same time being more autocratic than participative. Cultural differences in leadership style within the same country exist also, such as the stereotype of U.S. Southern managers being more interested in building relationships than their Northern counterparts.

Cultural sensitivity is essential for inspiring people from different cultures. Part of this sensitivity is the leader's willingness to acquire knowledge about local customs and to learn to speak the native language. A person with cultural sensitivity will recognize certain nuances in customs that help him or her build better relationships with people from different cultures. Cultural misunderstandings tend to cluster in five key areas: (1) language differences, (2) religious differences, (3) work habits, (4) women's roles, and (5) personal appearance and behavior. Choosing appropriate attire for conducting business in another culture requires careful observation. The reality of a greater number of transgender employees requires considerable sensitivity by the leader or manager. A key principle is to be flexible in dealing with people from other cultures.

To facilitate communication in international enterprise, many companies have declared English as the official language for conducting business. Despite the general acceptance of English as the official language of business, problems of cultural sensitivity remain, and speaking a second language well still gives the leader an edge.

Cultural intelligence helps an outsider interpret someone's unfamiliar and ambiguous gestures the way that person's compatriots would. Such intelligence has three facets: (1) cognitive (head), (2) physical (body), and (3) emotional/motivational (heart).

Global leadership skills help improve a company's reputation and contribute to a sustainable competitive advantage. One model of such skills contends that behavioral complexity helps a leader attain high organizational performance. Among the success factors for international management positions are cultural sensitivity; cultural adventurousness (or being a global explorer); being a contextual chameleon (adaptation to the unfamiliar); emotional intelligence; and tolerance for ambiguity. Having a command of a second language is helpful for influencing a person from another culture.

Top management commitment to valuing diversity is clearest when valuing diversity is embedded in organizational strategy. Specific leadership

initiatives for valuing diversity can be divided into eight categories: (1) hold managers accountable for diversity; (2) establish minority recruitment, retention, and mentoring programs; (3) conduct diversity training; (4) conduct cross-cultural training;

(5) encourage the development of employee networks; (6) avoid group characteristics when hiring for person–organization fit, (7) modify products and services for targeted demographic groups; and (8) attain diversity among organizational leaders.

KEY TERMS

multicultural leader 453
performance orientation 453
assertiveness 453
future orientation 454
time orientation 454
humane orientation 454
in-group collectivism 454

gender egalitarianism 455
power distance 455
uncertainty avoidance 455
work orientation 455
cultural sensitivity 459
multicultural worker 459
cultural intelligence (CQ) 463

global leadership skills 464
diversity training 469
cross-cultural training 471
employee network (or affinity) groups 472
leadership diversity 474



GUIDELINES FOR ACTION AND SKILL DEVELOPMENT

A major problem to manage in developing a diverse work force is for company leadership to reduce turnover among the employees they have worked so hard to recruit. A report that surveyed 490 minority professionals in finance suggests that companies that work so hard to get diverse employees in the building don't try nearly hard enough to keep them from leaving. Among the suggestions made in the report were to include communicating a clear path for employee advancement and providing suggestions for development as part of performance evaluation. The report also stated that "Professionals of color are, or perceive themselves to be, outside of the informal mechanisms of information sharing and social networks, including lunch or coffee with peers, being invited to drinks, and socializing with managers."⁵⁷

A caution in implementing diversity management is for managers and other interviewers not to go overboard in trying to make a minority group member feel comfortable. "When interviewers try too hard to be black, Latin, or Asian," says Martin de Campo, managing consultant with an executive search firm, "they come across as hokey." John Fujii, the president of a diversity recruiting firm, says, "The best way to make minority candidates feel comfortable is to make them feel

that they have an equal opportunity to compete for a position. That's all they want."⁵⁸

Discussion Questions and Activities

1. A wheelchair user is conducting a job search to land a middle management position. Given that so many companies are attempting to build a more culturally diverse group of managers, should this job hunter include a photo of himself in a wheelchair on his job resume? Explain your reasoning.
2. With so much business being conducted over the Internet, including e-mail, why is it important to understand cross-cultural differences in values?
3. If a business leader is regarded as charismatic by many people in one culture, to what extent do you think the leader would be perceived as charismatic in many other cultures?
4. What actions might a leader take to demonstrate that his or her interest in diversity goes beyond rhetoric?
5. Assume that a manager becomes the leader of a division in which the vast majority of the workers are under twenty-five, such as a restaurant

- chain. Would you recommend that the leader get some body piercing and tattoos to help establish rapport with the division work force? Explain your reasoning.
6. Many international companies have found that it is particularly helpful to hire local citizens for key management positions in a company location in another country. What advantages might a native offer to the company?
 7. Many large business firms make it mandatory for CEOs to retire from their position when they reach a designated age such as 62 or 65. In what way might this retirement practice interfere with the goal of having a workforce with the widest possible diversity?
 8. Should a company such as McDonald's Restaurants that already has a highly diverse workforce and customer base require managers and franchise owners attend diversity training? Explain your reasoning.
 9. Suppose you are a team leader and one of your team members has a strong work ethic, based on his or her cultural values. Is it fair to assign this member much more work just because he or she is willing to work longer and harder than the other team members?
 10. What can you do this week to help prepare yourself to become a multicultural leader?

LEADERSHIP CASE PROBLEM A

What to Do About Louie?

Louie is the manager of a Mighty Muffler Brake service center in the Great Lakes Regions of the United States. The centers offer a wide range of services for vehicles including muffler and exhaust system replacement, brake systems, oil change, lubrication, tune-ups, and state inspection. Louie's branch is located close to a busy highway, yet stores and residential neighborhoods are also close by. His store is among the chain's highest-volume and most profitable units.

Management at Mighty Muffler is pleased with the financial management of Louie's store, yet complaints have surfaced about aspects of his relationships with employees and customers. Emma, the human resources and customer services for the company, was recently poring over the results from customer satisfaction cards mailed back to the company. She found that a few of the customer comments suggested that Louie might have made some inappropriate comments, as reflected in the following feedback:

"You did a wonderful job replacing my brakes and fixing a rattle in my exhaust system. But the manager insulted me a little by suggesting that I talk over with my husband about whether to get a new exhaust system now."

"I have no complaints about the repairs you made or the price you charged.

However, you better replace that manager of yours. He is definitely out of touch with the times. My partner and I are proud of our gayness, so we don't attempt to hide occasional public displays of affection. When your manager saw me giving my partner a light kiss on the cheek, he asked if we were from San Francisco."

"When I came back to pick up my car, I had to wait two hours even though I was told the car would be ready by 3 p.m. I also found some smudge marks on the beige leather seats. When I complained to the manager, he said, 'Granny, watch your blood pressure. It's not good for a senior citizen to get too excited.' I was never so insulted."

Concerned about these comments, Emma scheduled a trip to Louie's store to investigate any possible problems he might be having in managing cultural diversity among customers and employees. Emma explained to Louie that the home office likes to make periodic trips to the stores to see how well employee relations are going, and how well employees are working together. Louie responded, "Talk to

anybody you want. I may joke a little with the boys and girls in the shop, but we all get along great."

In Emma's mind, her informal chats with workers at Louie's Mighty Muffler suggested that employee relations were generally satisfactory, but she did find a few troublesome comments. A young African-American noted that when he does something particularly well, or Louie agrees with him strongly, Louie gives him a high five. In contrast, Caucasian or Latino workers will receive a congratulatory handshake or a fist bump, respectively.

A woman brake technician said that Louie is a kind-hearted boss but that he is sometimes patronizing without realizing it. She volunteered this incident: "During breaks I sometimes enter the waiting room area because we have a vending machine up front that sells small bags of nuts and raisins, which I particularly like. One day, I was about to enter the waiting room when Louie tells me to stay in the back. He said that there was a Hell's Angels-type guy waiting for his truck to be repaired, and he probably wouldn't appreciate it if he thought that

a 'girl' was working on his truck. How could anybody be that sexist in today's world?"

Emma went back to the home office to discuss her findings with the CEO and the vice president of administration. Emma said that Louie is making a contribution to the firm, but that some changes needed to be made. The two other executives agreed that Louie should become a little more multicultural, but that they didn't want to upset him too much because he could easily join a competitor. Emma concluded, "So I guess we need to figure out what to do about Louie."

Questions

1. Does Louie have a problem, or are the people who made the negative comments about him being too sensitive?
2. What improvements might Louie need to make to become a truly multicultural manager?
3. What activity or program would you recommend to help make Louie more culturally sensitive?

ASSOCIATED ROLE PLAY

One student plays the role of Emma who decides to take it upon herself to coach Louie about becoming more culturally sensitive and schedules an appointment with Louie for her first coaching session. Another person plays the role of Louie, who does not understand the purpose of the meeting, yet

agrees to the appointment. During this first coaching session, Emma will focus on getting Louie to become more aware that he should become more culturally sensitive. Louie might become a little defensive during the session. Observers will make particular note as to whether Emma is getting through to Louie.

LEADERSHIP CASE PROBLEM B

An Affinity Group for Workers 60 and Over?

Penelope is the vice president of HR at a large utility company, Power Energy. The company prides itself for its culturally diverse workforce, including a leadership team that is demographically and culturally diverse. One of the company initiatives for recognizing the rights of different groups are the company sponsorship of affinity groups. Power Energy affinity groups (also referred to as employee network groups) include the Latino Association,

The Black Tech Workers Group, The Gay Workers Alliance, and the Lesbian Rainbows. The groups receive both encouragement and a modest financial budget from the company.

Penelope is the official coordinator for these groups, and has helped each group form a charter and organize meetings. Last week she received an e-mail from five workers who have decided to form another affinity group, Power Energy employees

60 years of age and older. Skeptical of the purposes of such a group, Penelope holds a meeting with the group who is attempting to form the new affinity group, "The Splendid Seniors."

During the meeting, members of the Splendid Seniors explain to Penelope that the company has a large number of workers aged 60 and over who collectively have special interests. Ron, the leader of the group, explains that many senior workers like to talk about retirement, as well as their concerns that Power Energy might soon cut their retirement and medical benefits. Ron also pointed out that if the company can sponsor affinity groups for Latinos, Blacks, Gays, and Lesbians, the company should be willing to support a group organizing itself by age.

Penelope explains to the group that an affinity group is usually reserved for Equal Opportunity Commission (EEO) protected groups such as race,

gender, and sexual orientation. She also asks why outside of talk about future retirement, workers over 60 have any particular concerns that would warrant a company-sponsored affinity group.

Ron replied, "I and the rest of the group are disappointed. We thought that Power Energy really believed in demographic diversity." Penelope replied that she would give the subject of an affinity group for people 60 and over some more thought.

Questions

1. What do you recommend that Penelope do with the request to form a company-sponsored affinity group, The Splendid Seniors?
2. What concerns, if any, do you have about Penelope's commitment to demographic and cultural diversity at Power Energy?

ASSOCIATED ROLE PLAY

One student plays the role of Ron, who has requested a private meeting with Penelope to reinforce the group meeting. However, Ron is much more aggressive in his demands that Power Energy form the affinity group, "The Splendid Seniors." He also hints of possible legal action because Penelope

might be in violation of Equal Employment Opportunity legislation. Another student plays the role of Penelope who wants to be a firm but fair leader in this situation. Observers should look to evaluate the extent to which Penelope demonstrates effective cultural sensitivity and leadership.



LEADERSHIP SKILL-BUILDING EXERCISE 14-3

My Leadership Portfolio

To be an effective cross-cultural leader, you need to work effectively with people from demographic and cultural groups different from your own. Describe what experiences you have had lately in working with and/or relating effectively to a person quite different from you. If you have not had such an experience, take the initiative during the next week to relate meaningfully to a person quite different from you in terms of culture or demographic group membership. Finance major Stephanie had this to say:

Claire, a special education teacher, lives on my block. Claire goes to work every school day in

spite of being legally blind. She can read with visual assists, including reading what is on her computer screen. Yet paper forms are difficult for Claire to navigate. I telephoned Claire one night and asked her if she could use my assistance in preparing her income tax this year. Claire agreed, and it worked out well. I now feel more comfortable working side by side with a visually handicapped person. Also, I picked up some practical experience in preparing a complicated tax form.



LEADERSHIP SKILL-BUILDING EXERCISE 14-4

Positive Cross-Cultural Experiences in the Workplace

Organize into brainstorming groups to identify at least six positive cross-cultural experiences you have observed in the workplace, or would like to observe. Take an expansive view of cross-cultural experiences to include many types of demographic factors such as wheelchair use, visual status, and

ethnic, racial, and age groups. After you have completed your brainstorming, attempt to draw conclusions from the findings. Comparing the results of your group with those of other brainstorming groups in the class will be helpful in drawing conclusions because you will have more data at your disposal.

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Leadership Development and Succession

LEARNING OBJECTIVES

After studying this chapter and doing the exercises, you should be able to

- Explain how leaders develop through self-awareness and self-discipline.
- Explain how leaders develop through education, experience, and mentoring.

- Summarize the nature of leadership development programs.
- Describe the nature of leadership succession.

CHAPTER OUTLINE

Development Through Self-Awareness and Self-Discipline

Leadership Development Through Self-Awareness
Leadership Development Through Self-Discipline

Development Through Education, Experience, and Mentoring

Education
Experience
Mentoring

Leadership Development Programs

Types of Leadership Development Programs

Leadership Succession

How the Board Chooses a Successor

Succession Planning at General Electric and Procter & Gamble

The Emotional Aspects of Leadership Succession
Developing a Pool of Successors
Promotion from Within

Challenges of Being a New Leader

Summary

Key Terms

Guidelines for Action and Skill Development

Leadership Case Problem A

Leadership Case Problem B

Notes

Many people have heard about those brave and highly skilled men and women who are members of the New York Fire Department. They fight fires

in buildings and subways, and they rescue people trapped in vehicular accidents. Now a select number of these firefighters are helping develop corporate leaders.

The FDNY Firefighter for a Day Team Challenge was developed to share the New York City Fire Department's team building and leadership practices with members of corporations. The setting for the training is the FDNY training academy. Participants are exposed to state-of-the-art training simulators to strengthen teamwork and leadership skills. Executives have reached out to the FDNY to express how increasingly complex the business environment has recently become, and dependent on leaders who could motivate teams to work together quickly and efficiently to solve difficult problems.

The key component of the challenge is that corporations compete in teams of four people where they receive hands-on training designed to improve team building, leadership, communication, and problem-solving skills. A major goal of the program is to help leaders become more skilled at dealing with a crisis.

On a given day of training, to enhance their leadership skills, managers from about two dozen different companies joined with some of their employees to simulate being firefighters on a given afternoon. Teams of four wear firefighter gear, including gas masks. Supervised by New York City firefighters, the four-person teams go through emergency drills, particularly rushing into burning buildings and rescuing passengers from simulated subway accidents.

Leadership skills are needed, as the four-person teams quickly make assignments within the group to deal with a building fire or a subway accident. The program coordinators from the FDNY recommend that each team has one senior official and several nonmanagerial employees.

One of the demanding exercises to help build trust and communication is lowering down participants from a five-story building. "Up the stairs, all the way!" yell the course instructors. Upon arriving on the roof and at a rope dangling from the edge of the building, participants learn that one at a time they are going to lower each other from the roof. The theme of the exercise is trust and communication. As participants are lowered, they need to communicate with teammates, helping from floors above and the below, the appropriate pace of descent.

Scott Parel, of the major law firm Weil, Gotshal, & Manges, offered this comment about the firefighter training: "A truly incredible and unique experience. You will leave with valuable team building and leadership skills and a new sense of pride and respect for the FDNY."

Malinda Robey reacted to her experience in these words: "The FDNY Firefighter for a Day Team Challenge is a once in a lifetime, must-do experience! I now have a newfound respect for New York's bravest, the FDNY."¹

The leadership development program (yet another type of offsite training) just described illustrates the importance companies place on developing the leadership ability of managers and other personnel. The previous chapters in this book have included information and activities designed to develop leaders and enhance their effectiveness. This chapter describes how self-development can enhance leadership effectiveness, as well as the processes organizations use to develop current and future leaders. Such activities and processes are typically referred to as leadership development or management development.

The primary emphasis in leadership development is on building and using interpersonal competence, even when it appears that a trait or behavior is the focus of development.² For example, a leader might work on enhancing his or her self-discipline, yet being more self-disciplined might help the leader to remember to provide feedback and recognition to group members.

In addition to describing various approaches to leadership development, this chapter also describes leadership succession. Leadership succession is included here because an important part of leadership development is being groomed for promotion. Leadership development combined with succession planning was ranked as the top human capital priority for business

executives looking ahead two to three years, according to a Conference Board report.³ The text concludes with a glimpse of the challenges newly appointed leaders face.

Development Through Self-Awareness and Self-Discipline

Leadership development is often perceived in terms of education and training, job experience, and coaching. Nevertheless, self-help also contributes heavily to developing leadership capabilities. Self-help takes many forms, including working on one's own to improve communication skills, to develop charisma, and to model the behavior of effective leaders. As the self becomes developed, the leader is able to engage in more effective interactions with people. Two major components of leadership self-development are self-awareness and self-discipline.

Leadership Development Through Self-Awareness

An important mechanism underlying self-development is **self-awareness**, insightfully processing feedback about oneself to improve one's effectiveness. Part of self-awareness is being able to understand how the individual is perceived by others.⁴ For example, a leader might say, "I come across to others as a person of passion and commitment." If others perceive the leader in the same way, the leader has good self-awareness. In contrast, if most subordinates perceive the leader as unexcited about attaining group goals, the leader's self-awareness is low.

According to two specialists in leadership assessment, many big mistakes in careers and organizations result from gaps in self-awareness.⁵ For example, a managerial leader might observe that three key group members left her group over a six-month time span. The leader might defensively dismiss this fact with an analysis such as, "I guess we just don't pay well enough to keep good people." Her first analysis might be correct. With a self-awareness orientation, however, the leader would dig deeper for the reasons behind the turnover. She might ask herself, "Is there something in my leadership approach that creates turnover problems?" She might ask for exit interview data to sharpen her perceptions about her leadership approach.

The late Chris Argyris has coined the terms *single-loop learning* and *double-loop learning* to differentiate between levels of self-awareness.⁶ **Single-loop learning** occurs when learners seek minimum feedback that might substantially confront their basic ideas or actions. As in the example of the high-turnover leader, single-loop learners engage in defensive thinking and tend not to act on the clues they receive. Argyris offers the example of a thermostat that automatically turns on the heat whenever the room temperature drops below 68 degrees Fahrenheit (20 degrees Celsius).

Double-loop learning is an in-depth type of learning that occurs when people use feedback to confront the validity of the goal or the values implicit in the situation. The leader mentioned earlier was engaged in

double-loop learning when she questioned the efficacy of her leadership approach. To achieve double-loop learning, one must minimize defensive thinking. Many people are blind to their areas of incompetence and do not know their vision is blocked. Figure 15-1 illustrates the difference between single-loop and double-loop learning.

An important contribution of double-loop learning is that it enables the leader to learn and profit from setbacks. Interpreting the reason that a setback occurred may help the leader to do better the next time. Faced with a group in crisis, a leader might establish a vision of better days ahead for group members. The leader observes that the vision leads to no observable changes in performance and behavior. Perhaps the group was not ready for a vision. In a comparable situation in the future, the leader might hold back on formulating a vision until the group is headed out of the crisis.

A fruitful area of self-awareness is for leaders to recognize their standing on two key dimensions of leadership: forceful versus enabling leadership, and strategy versus operational. Bob Kaplan explains that the leader should not go overboard on each dimension, such as being too forceful or too enabling (empowering). A leader should also not spend so much time strategizing that operations become neglected, or so much time focusing on operations that strategy is neglected. The process of self-awareness on these two dimensions is much like volume control—raise or lower the volume to get the best result. Figure 15-2 outlines this area of self-awareness in terms of the extremes, or being lopsided. Leaders can take the Leadership Versatility Index®, which enables them to find their standing on the two dimensions of leadership. The ideal point is to be just right in forcefulness versus enabling, and strategic versus operational. Feedback from others helps a leader become self-aware of his or her standing on these two dimensions.⁷

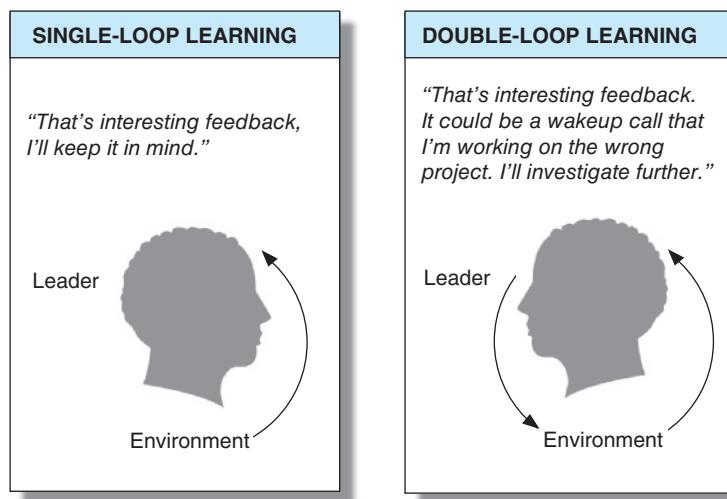
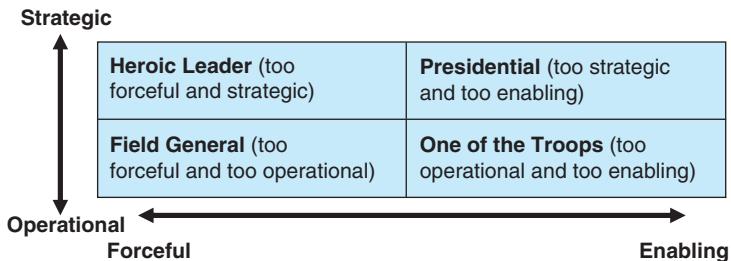


FIGURE 15-1 Single-Loop Learning Versus Double-Loop Learning.

**FIGURE 15-2** Four Kinds of Lopsided Leaders.

Source: Based on concepts from Bob Kaplan with Rob Kaiser, *The Versatile Leader: Make the Most of Your Strengths—Without Overdoing It* (San Francisco: Pfeiffer, 2006).

Self-awareness can also be helpful in understanding how close an individual is to his or her concept of an ideal leader.⁸ Many people develop perceptions of who they consider to be an ideal leader, even without a conscious process of searching for such a person. A person with high self-awareness might think, “I’m getting close to behaving like _____, but I still have to develop my charisma and strategic thinking further to get there.”

Leadership Development Through Self-Discipline

As with other types of personal development, leadership development requires considerable self-discipline. In the present context, **self-discipline** is mobilizing one’s effort and energy to stay focused on attaining an important goal. Self-discipline is required for most forms of leadership development. Assume, for example, that a leader is convinced that active listening is an important leadership behavior. The leader reads about active listening and also attends a workshop on the subject. After the reading and workshop are completed, the leader will need to concentrate diligently in order to remember to listen actively. Self-discipline is particularly necessary because the pressures of everyday activities often divert a person’s attention from personal development.

Self-discipline plays an important role in the continuous monitoring of one’s behavior to ensure that needed self-development occurs. After one identifies a developmental need, it is necessary to periodically review whether one is making the necessary improvements. Assume that a person recognizes the developmental need to become a more colorful communicator as a way of enhancing charisma. The person would need self-discipline to make the conscious effort to communicate more colorfully when placed in an appropriate situation. Leadership Self-Assessment Quiz 15-1 contains an interpersonal skills checklist that will help you identify your own developmental needs related to interpersonal relationships.

A specific example of a leader addressing a developmental need is advertising account manager Samantha Reeb-Wilson who recognized that honing her negotiation skills might accelerate her career. She said, “In my role, we try to figure out the best way to solve a client’s business problems, and that



LEADERSHIP SELF-ASSESSMENT QUIZ 15-1

The Interpersonal Skills Checklist

Instructions: Following are a number of specific aspects of behavior that suggest that a person needs to improve his or her interpersonal skills related to leadership and influence. Check each statement that is generally true for you. You can add to the reliability of this exercise by asking one or two other people who know you well to rate you. Then compare your self-analysis with their analysis of you.

DEVELOPMENTAL NEEDS AND AREAS FOR IMPROVEMENT

1. I am too shy and reserved.
2. I bully and intimidate others frequently.
3. I tell others what they want to hear rather than emphasizing the truth.
4. I have trouble expressing my feelings.
5. I make negative comments about group members too readily.
6. Very few people pay attention to the ideas I contribute during a meeting.
7. My personality is not colorful enough.
8. People find me boring.
9. I pay too little attention to the meaning behind what team members and coworkers are saying.
10. It is very difficult for me to criticize others.
11. I am too serious most of the time.
12. I avoid controversy in dealing with others.
13. I do not get my point across well.
14. It is difficult for me to make small talk with others.
15. I boast too much about my accomplishments.
16. I strive too much for individual recognition instead of looking to credit the team.
17. Self-confidence is my weak point.
18. My spoken messages are too bland.
19. I rarely ever speak to people any longer. Instead I rely on text messages.
20. I relate poorly to people from cultures different from my own.
21. I read people poorly.
22. I display a lot of nervous mannerisms when I am working in a group.
23. I do a poor job of making a presentation in front of others.
24. I multitask, such as receiving a phone call, while talking to another person face-to-face.
25. _____

(Fill in your own statement.)

Now that you (and perhaps one or two others) have identified specific behaviors that may require change, draw up an action plan. Describe briefly a plan of attack for bringing about the change you hope to achieve for each statement that is checked. Ideas might come from personal development books or from leadership development and human relations workshops. After formulating an action plan, you will need self-discipline for its successful implementation. For example, if you checked, "People find me boring," you might want to expand your fund of

QUIZ 15-1 (continued)

knowledge by extensive reading and by talking to dynamic people. You will then need the self-discipline to continue your quest for ideas and to incorporate some of these ideas into your conversation.

Another approach to this exercise is for each student to choose one developmental need, combined with an action plan, that he or she is willing to share with others. Next, students present their developmental need and action plan to the rest of the class. After all students have presented, a class discussion is held about whatever observations and generalizations students have reached.

requires laying out an argument and defending it." As a result, she signed up for a seminar on persuasive argument at a women's leadership program at her alma mater, Barnard College.⁹

A key part of making self-awareness and self-discipline vehicles for personal development is to have a healthy belief in personal growth. According to psychology professor Carol Dweck, some people have a healthy belief in growth, whereby they assume that they will develop their talents during their personal and work lives. In contrast, others possess a fixed mindset, whereby they believe that talents are innate and will carry them to the top without the need for modification.¹⁰

Development Through Education, Experience, and Mentoring

Much of leadership development takes place through means other than self-awareness and self-discipline or leadership development programs. Leadership is such a comprehensive process that almost any life activity can help people prepare for a leadership role. Three important life and work experiences that contribute to leadership development are education, experience as a leader, and mentoring. In the next several pages, we look at the link between each of these three factors and leadership.

Education

Education generally refers to acquiring knowledge without concern about its immediate application. If a potential leader studies mathematics, the logical reasoning acquired might someday help him or her solve a complex problem facing the organization. As a result, the leader's stature is enhanced. Reading biographies and autobiographies about successful people is a good source of ideas about leadership. Formal education is positively correlated with achieving managerial and leadership positions. Furthermore, there is a positive relationship between the amount of formal education and the level of leadership position attained.

The correlation between education and leadership status, however, may not reflect causation. Many people get the opportunity to hold a business leadership position *only if* they have achieved a specified level of education.

A more important issue than the statistical association between leadership and formal education is *how* education contributes to leadership effectiveness.

Most high-level leaders are intelligent, well-informed people who gather knowledge throughout their career. The knowledge that accrues from formal education and self-study provides them with information for innovative problem solving. Being intellectually alert also helps them exert influence through logical persuasion.

Experience

On-the-job experience is an obvious contributor to leadership effectiveness. Without experience, knowledge cannot readily be converted into skills. For example, you will need experience to put into practice the appropriate influence tactics you studied in Chapter 8. Leadership experience also helps build skills and insights that a person may not have formally studied. Many company leadership development programs focus on giving participants varied experiences, such as Yum! Brands requiring that executive leaders obtain experience managing a store.

Challenging Experiences The best experiences for leadership development are those that realistically challenge the manager, including dealing with stressful problems. Creating an environment for development requires that an organization first rid itself of the belief in survival of the fittest. The goal of leadership development is to provide meaningful development opportunities, not to push managers to the point where they are most likely to fail.¹¹ An example of a stretch experience for many managers is being placed in charge of an organizational unit with low productivity and morale. The manager would need to apply many leadership skills to improve the situation.

Failure is a special type of challenging experience that contributes enormously to reaching one's leadership potential. One reason is that people who have never failed have avoided taking big risks. Richard Branson, the flamboyant chair of Virgin Atlantic Airways Limited, claims that "the best developer of a leader is failure." An effective way of capitalizing on failure is to reflect on what you might do differently in the future. Ask yourself questions such as "What would have to change inside me to enable me to do things differently?"¹² For example, perhaps the project failed because you did not provide enough guidance to the group and did not communicate a sense of urgency. In the future, you might lead with more control and assertion. Table 15-1 lists a number of powerful learning experiences for developing leadership and managerial skills.

An important part of capitalizing on challenging experiences is for the leader or manager to be given leeway in choosing how to resolve the problem. A team leader, for example, might be told, "Increase productivity by 10 percent and, at the same time, decrease costs by 10 percent." The team leader would have the developmental opportunity of finding a solution to this challenge.

TABLE 15-1 Powerful Learning Experiences for Developing Leadership Skills

Research with managers has revealed fifteen types of powerful learning experiences that contribute to one's development as a leader and manager.

- 1. Unfamiliar responsibilities.** Responsibilities are new, quite different, or much broader than previous ones. As a result, the situation requires skills and abilities beyond a person's current competencies.
- 2. Proving yourself.** There is pressure to show others that one can get the job done.
- 3. Developing new directions.** The leader is responsible for starting something new, implementing a reorganization, or responding to rapid changes in the business environment.
- 4. Inherited problems.** The manager must fix problems created by a former manager or is handed the responsibility for problem employees.
- 5. Downsizing decisions.** The manager must make decisions about shutting down operations or reducing staff.
- 6. Dealing with problem employees.** The group members lack adequate experience, are incompetent, or are resistant.
- 7. Facing high stakes.** The manager is faced with tight deadlines, pressure from senior management, high visibility, and responsibility for success and failure.
- 8. Managing business complexity.** The job is large in scope, and the manager is responsible for multiple functions, groups, products, customers, or markets.
- 9. Role overload.** The size of the job requires a large investment of time and energy. An example is that suddenly you deal with a customer request far beyond the capacity of the company to handle.
- 10. Handling external pressure.** The manager is forced to deal with external factors that affect the business, such as negotiating with unions or government agencies or coping with serious community problems.
- 11. Having to exert influence without authority.** To accomplish the job, it is necessary to influence peers, higher management, external parties, or other key people over whom one has no formal control.
- 12. Adverse business conditions.** The business unit faces a drop in revenues or a drastic budget cut. For example, it becomes necessary to raise funds from investors and you have to be humble and almost beg for money.
- 13. Lack of top management support.** Senior management is reluctant to provide direction, support, or resources for the manager's major work activities or for a new project.
- 14. Lack of personal support.** The manager is excluded from key networks and receives little encouragement from others about the work activities.
- 15. Difficult boss.** A personality clash with the boss is evident, or he or she is incompetent.

Source: Adapted from C. McCauley, M. Ruderman, P. Ohlott, and J. Morrow, "Assessing the Developmental Components of Managerial Jobs," *Journal of Applied Psychology*, 79, 4 (1994), pp. 544–560. Point 1 is also derived from Gretchen M. Spreitzer, "Leadership Development Lessons from Positive Organizational Studies," *Organizational Dynamics*, Issue No. 4, 2006, p. 307. Points 7 and 12 are also derived from "Moments of Truth: Global Executives Talk About the Challenges That Shaped Them as Leaders," *Harvard Business Review*, January 2007, pp. 16, 17.

Extremely challenging experiences are sometimes referred to as **crucibles**—critical events and experiences that more often reflect failure than grand success. The crucible demands that leaders step up and do something they have never done before, such as rescuing a failing business or rebuilding after a hurricane has struck a key business location.¹³

Sources of Experience The two major developmental factors in any work situation are work associates and the task itself.¹⁴ Work associates can help a person develop in myriad ways. An immediate superior can be a positive or negative model of effective leadership. You might observe how your boss skillfully confronts a cost overrun problem during a staff meeting. You observe carefully, and plan to use a similar technique when it becomes necessary for you to confront a problem with a group. In contrast, assume that your boss's confrontational approach backfires and the group becomes defensive and recalcitrant. You have learned how not to confront. Members of upper management, peers, and reporting staff can also help a worker profit from experience. For example, by trial and error, the worker might learn which type of praise is best for influencing others.

Work-related tasks can also contribute to leadership development because part of a leader's role is to be an effective and innovative problem solver. The tasks that do most to foster development are those that are more complex and ambiguous than a person has faced previously. Starting a new activity for a firm, such as establishing a dealer network, exemplifies a developmental experience.

An extreme approach to developing leadership skills is to be assigned responsibility for an area in which you lack the appropriate skills or knowledge of the business. An example would be appointing an operations manager as the director of marketing. According to Matt Paese of Development Dimensions International, leadership ability is the most effective way of succeeding in areas where you lack technical expertise. Among the specific leadership skills would be consulting with people who have the necessary expertise and exuding self-confidence, yet not being arrogant.¹⁵

Broad Experience Many aspects of leadership are situational. A sound approach to improving leadership effectiveness is therefore to gain managerial experience in different settings. An aspirant to executive leadership is well advised to gain management experience in at least two different organizational functions, such as marketing and operations.

A widespread practice is to assign managers to cross-functional teams to give them experience in working with other disciplines. The more urgent the purpose of the team, the more likely meaningful leadership development will take place. Achieving broad experience fits well with the current emphasis on growth through learning new skills rather than a preoccupation with vertical mobility. For example, more professionals today than in the past are willing to take a lateral move instead of a promotion if there is an opportunity to acquire new skills. For example, the manager of market research might be content to become a sales manager (a position at about the same level) in order to enhance his or her skill portfolio.

A particularly effective type of broad experience early in a career is to perform technical work in one's specialty, and combine it with frontline supervision. A representative example is a person with a specialty in materials management who receives an assignment of managing order delivery technicians.

As implied by double-loop learning, experience is the most beneficial when the person extracts value from what is happening. People with this capability have the capacity to scan for new ideas, the intellectual skills to absorb them, and the practical intelligence to translate that new learning into productive action for customers and organizations.¹⁶ For example, the materials management supervisor just mentioned might spot a way to stack inventory to save enough space to avoid having to construct a new wing to the distribution center.

The leadership portfolio that you have been maintaining will help you capitalize on experience as a source of leadership development.

Mentoring

Another experience-based way to develop leadership capability is to be coached by an experienced, knowledgeable leader. Quite often this person is a **mentor**, a more experienced person who develops a protégé's abilities through tutoring, coaching, guidance, and emotional support. Mentoring others is an important leadership responsibility. In some companies, every manager from the CEO on down is supposed to be an active mentor. The mentor, a trusted counselor and guide, is typically a person's manager. However, a mentor can also be a staff professional or coworker. An emotional tie exists between the person mentored and the mentor. To personalize the subject of mentoring, test your attitudes toward the process by taking Leadership Self-Assessment Quiz 15-2.

Informal Versus Formal Mentoring Mentoring is traditionally thought of as an informal relationship based on compatibility or spark between two personalities. In reality, employers often formally assign a mentor to a new employee to help him or her adjust well to the organization and to succeed. Belle Rose Ragins and John L. Cotton conducted a study comparing the effectiveness of informal versus formal mentoring programs for men and women.¹⁷ Three occupations were studied: engineering (male dominated), social work (female dominated), and journalism (gender integrated). Formal mentoring programs were used in all three of these occupations.

Protégés with informal mentors received greater benefits than protégés with formal mentors. Informal mentors were also perceived as more effective. The protégés with informal mentors reported that their mentors provided more career development and psychological and social support than protégés with formal mentors. Protégés with informal mentors also reported higher incomes. A possible explanation for these findings is that people who are able to attract their own mentor are more career-driven and have the type of interpersonal skills that help one earn a higher income.

Another approach to mentoring is **shadowing**, or directly observing the work activities of the mentor by following the person around for a stated period of time, such as one day per month. The protégé might be invited to strategy meetings, visits with key customers, discussions with union leaders, and the like. The protégé makes observations about how the mentor handles



LEADERSHIP SELF-ASSESSMENT QUIZ 15-2

My Attitudes Toward Mentoring

Instructions: Answer “Generally Agree” or “Generally Disagree” to the following ten statements.

	GENERALLY AGREE	GENERALLY DISAGREE
1. Many times in life I have taught useful skills to younger family members or friends.	<input type="checkbox"/>	<input type="checkbox"/>
2. Few people would be successful if somebody else had not given them a helping hand.	<input type="checkbox"/>	<input type="checkbox"/>
3. I would enjoy (or have enjoyed) being a Big Brother or Big Sister.	<input type="checkbox"/>	<input type="checkbox"/>
4. Experienced workers should be willing to show the ropes to less experienced workers.	<input type="checkbox"/>	<input type="checkbox"/>
5. I would like to be considered a good role model for others in my field.	<input type="checkbox"/>	<input type="checkbox"/>
6. I have very little concern that if I shared my knowledge with a less experienced person, he or she would replace me.	<input type="checkbox"/>	<input type="checkbox"/>
7. At least one of my teachers has been an inspirational force in my life.	<input type="checkbox"/>	<input type="checkbox"/>
8. I am willing to drop what I am doing to help somebody else with a work or study problem.	<input type="checkbox"/>	<input type="checkbox"/>
9. I am willing to share my ideas with others, even if I do not receive any credit.	<input type="checkbox"/>	<input type="checkbox"/>
10. Helping others contributes toward becoming immortal.	<input type="checkbox"/>	<input type="checkbox"/>

Scoring and Interpretation: This quiz does not have a precise scoring key. However, the more of the statements that you agree with, the more likely you have the proper mental set to be a mentor.

Source: DUBRIN, ANDREW J., COACHING & MENTORING SKILLS NETEFFECT SERIES, 1st Edition, © 2005. Reprinted by permission of Pearson Education, Inc., Upper Saddle River, NJ

situations, and a debriefing session might be held to discuss how and why certain tactics were used.

Online Mentoring Online, or virtual, mentoring is popular because sending e-mail messages and social media posts helps overcome barriers created by geography, limited time, and voice mail. Exchanges of tweets are popular for mentoring also because of the brevity and pointedness, such as a mentor sending this message to the person being mentored, “Good presentation this morning, but avoid getting defensive when questioned. Ask for clarification rather than getting angry.” Another positive feature of online mentoring is that the protégé might pose a career or work question to the mentor and receive a helpful reply that day. A major advantage of online mentoring is that it offers a wide pool of possible mentors and better matches between the mentor and the person mentored. Going online, you might be working in Chicago, yet have a good fit with a manager in San Francisco or London.

One innovation in online mentoring is websites that link mentors and mentored employees via profiling software, modeled after dating websites. Another innovation is virtual mentoring that makes face-to-face contact

rare. With one system, an employee searching for a mentor logs onto an intranet and enters up to three career interests or skills he or she wants to develop. Video transmissions, such as webcams and Skype, can also be effective for mentoring.

Despite the efficiency advantage of online mentoring, some face-to-face contact with a mentor is recommended to help keep the relationship vibrant. Can you imagine somebody recommending you for promotion after having communicated with you exclusively by e-mail and a website?

Effective Mentoring Behaviors Because many mentors are leaders, effective mentors are likely to engage in many of the behaviors of effective leaders described throughout this book. Interviews with professionals in service firms, such as consultancies and accounting firms, suggest that the following behaviors in particular are characteristic of a good mentor:

- Highly credible, and whose integrity shows through whether the message delivered is positive or negative
- If necessary, will tell you things you do not want to hear, but listens to you
- Interacts with you in a way that makes you want to improve your effectiveness
- Makes you feel secure enough to be willing to take risks
- Helps boost your self-confidence enough to put aside your inner doubts and fears
- Encourages you to set stretch goals for yourself
- Presents opportunities and points to challenges you might not have seen on your own
- Instead of giving a definitive answer to your problem, shares a way of thinking about a problem you may not have thought about¹⁸

The behaviors just listed are examples of contributions by a mentor that can assist the protégé develop as a leader.

Impact on Leadership Mentors enhance the career of protégés in many ways, such as by recommending them for promotion and helping them establish valuable contacts. High-level leaders sometimes use mentors as a way of obtaining useful feedback. Coaching can be a component of mentoring. Mentors demonstrating a high level of involvement tend to coach apprentices on how they handle certain leadership assignments. The mentor is usually not physically present when the protégé is practicing leadership. An important role for a mentor is to coach and guide the person being mentored on leadership situations the person is facing or will be facing. Jeff Immelt, the CEO of General Electric explains how a former mentor guided him in an aspect of strategic leadership:

I started my career selling plastic in Detroit and my first boss was a sales manager, a guy named Pat Bayes, and he was awesome. He really taught me how to see the company through the eyes of the marketplace and through customers. He told me

to have a healthy skepticism of headquarters, which I still have today. I think there's value in the CEO having a healthy skepticism of what corporate people do. He taught me in a constructive way how to be agnostic about corporates and see the company through the eyes of the customer. I still carry that with me today.¹⁹

A challenge in having a strong mentor is to at some point graduate from mentorship. Your mentor may have given you credibility and connections for a long time, but at some point you have to emerge from the shelter of that shadow in order to be perceived as a leader with your own strengths. Detaching yourself from a strong mentor is often facilitated by a few accomplishments of your own, outside your mentor's jurisdiction.²⁰

A study conducted with 260 graduate business students and information systems students provides evidence that mentoring can impact a person's leadership behaviors. Approximately 80 percent of the students held full-time positions while attending school. The results of the study indicated that participants who had a mentor had slightly more political skill than did participants without a mentor. The presence of a mentor, in general, did not have an impact on leadership self-efficacy. (Political skill and self-efficacy were measured by questionnaires rather than by observing the participants in action.) Yet having a higher-quality mentoring relationship was associated with significantly higher leadership self-efficacy but not with increased political skill.²¹ An important implication of this study is that having a good mentor can help a person develop leadership self-efficacy but might not further enhance political skill.

The Importance of Having More than One Mentor Having a backup mentor is important because mentoring relationships are often fragile, and problems can occur. One potential problem is that the mentor might perceive the protégé to be a rival and therefore attempt to damage the latter's career through such means as badmouthing. A more common problem is that the mentor may wind up neglecting the protégé because the former becomes preoccupied with his or her own job responsibilities. Having more than one mentor at a time helps alleviate both problems.²²

Kate Mitchell, a venture capitalist, uses the term *composite mentor* to refer to a collection of people you draw lessons from, including enhancing strategic thinking and creativity. A composite mentor is important because challenges typically evolve. Relying on multiple sources enables you to zero in on the best advice for different situations.²³

Leadership Development Programs

A time-honored strategy for developing prospective, new, and practicing leaders is to enroll them in leadership development programs. Many management development programs are also aimed at leadership development. The difference, however, is that management development programs offer courses that cover hundreds of topics within the functions of planning, organizing,

controlling, and leading. About 32 percent of all money spent on employee training and development is invested in leadership training and development.²⁴ Table 15-2 lists a sample of leadership development programs.

An analysis conducted by *Fortune* concluded that no matter what business a company is in, the real business is building leaders. Without a cadre of effective current and future leaders, a company would lose its competitive edge. Part of the reason is that leaders are either responsible for providing innovative ideas or for creating the conditions that foster innovation (refer back to Chapter 11). One of the forces compelling companies to develop leaders is the world economy's shift from dependency on financial capital toward human capital. The general picture of developing leaders is to make such development part of the culture, including mentoring and offering constructive feedback on performance.²⁵ The more specific picture of leadership development is presented next.

Developing and training leaders is far more complex than merely sending aspiring leaders to a one-week seminar. The leadership development program has to be appropriately sponsored, carefully designed, and professionally executed. Although online learning supplements other forms of leadership development, face-to-face interaction with other leaders and

TABLE 15-2 A Sampling of Leadership Development Programs Offered by Universities and Training and Development Firms

High-Performance Leadership
The Executive Program (four-week program for senior executives involved in the strategic management of their firms)
Transforming Your Leadership Strategy
Reinventing Your Business Strategy
Business Ethics for the Professional Manager
The Disney Approach to Leadership Excellence
Leading Change and Innovation
Building Better Work Relationships
Implementing Successful Organizational Change
Managing People for Maximum Performance
Building Leadership Capital
Developing Exemplary Leaders: Key Practices for Achieving Results
The Voice of Leadership: How Leaders Inspire, Influence, and Achieve Results
The People Side of Great Business
Capitalizing on Social Media for Marketing and Internal Communications
Executive Program in Corporate Strategy

Note: Organizations offering such seminars and courses are the Wharton School of the University of Pennsylvania, the University of Michigan Business School, the University of Chicago Graduate School of Business, the Cornell University School of Industrial and Labor Relations, the Massachusetts Institute of Technology, MIT Sloan School of Management, the Center for Creative Leadership, the Center for Management Research, the American Management Association, Dale Carnegie Training, the World Business Forum, Stanford Executive Briefings and DVD Programs, and the Disney Institute.

course presenters will most likely remain popular. Leadership development programs for C-level executives are unlikely to be conducted online because executives believe that face-to-face contact with professors and other executives is an important part of the learning process.

Types of Leadership Development Programs

In practice, the various programs for developing leaders often overlap. For ease of comprehension, we divide these programs into six categories: feedback-intensive programs, those based on skills, conceptual knowledge and awareness, socialization, action learning, and coaching and psychotherapy. We also comment on the effectiveness of leadership development.

Feedback-Intensive Programs As implied at many places in this text, an important vehicle for developing as a leader is to obtain feedback on various aspects of your behavior. A **feedback-intensive development program** helps leaders develop by seeing more clearly their patterns of behaviors, the reasons for such behaviors, and the impact of these behaviors and attitudes on their effectiveness. Such a program also helps leaders or potential leaders find more constructive ways of achieving their goals.

An instructive point about feedback-intensive programs, as well as practically all forms of leadership development, is that the person being developed needs to follow up. If you learn that you tend to shut people off with an angry smirk on your face, unless you practice removing that smirk, you have not gained much from the feedback. In the words of leadership coach Marshall Goldsmith, “If you go to a class and don’t do any follow-up, it’s a complete waste of time.”²⁶

Skill-Based Programs Skill training in leadership development involves acquiring abilities and techniques that can be converted into action. Acquiring knowledge precedes acquiring skills, but in skill-based training the emphasis is on learning how to apply knowledge. A typical example would be for a manager to develop coaching skills, so he or she can be a more effective face-to-face leader. Skills training, in short, involves a considerable element of how to.

Five different methods are often used in skill-based leadership training: lecture, case study, role play, behavioral role modeling, and simulations. Because the first three methods are quite familiar, only the last two are described here. *Behavioral role modeling* is an extension of role playing and is based on social learning theory. You first observe a model of appropriate behavior, and then you role-play the behavior and gather feedback. A person might observe a video of a trainer giving positive reinforcement, then role-play giving positive reinforcement. Finally, the classroom trainer and the other participants would offer feedback on performance.

Simulations give participants the opportunity to work on a problem that simulates a real organization. In a typical simulation, participants receive a computerized packet of information about a fictitious company.

The participants are given details such as the organization chart, the company's financial status, descriptions of the various departments, and key problems facing the organization and/or organizational units. Participants then play the roles of company leaders and devise solutions to the problems. During the debriefing, participants receive feedback on the content of their solutions to problems and the methods they used. The group might be told, for example, "Your decision to form a strategic alliance was pretty good, but I would have liked to have seen more group decision making."

According to simulation developer and founder of the online training company, Enspire Learning, Bjorn Billhardt, the most effective training involves competition. He says that having teams go up against each other is a powerful motivator for people to test and hone their skills. Another advantage of simulations for leadership training is that making mistakes and learning from a simulation is better than failing in the outside world. An energy management company executive says his company uses Enspire to train employees who are moving into supervisory roles. The simulations give these employees an opportunity to develop leadership skills.²⁷

Simulations are also used to give managers the opportunity to work on problems that approximate those faced by the company. For example at Macy's Leadership Institute in Cincinnati, Ohio teams of four or five middle managers tackle problems such as contending with an underperforming juniors department.²⁸

Conceptual Knowledge and Awareness Programs A standard university approach to leadership development is to equip people with a conceptual understanding of leadership. The concepts are typically supplemented by experiential activities such as role playing and cases. Conceptual knowledge is very important because it alerts the leader to information that will make a difference in leadership. For example, if a person studies how a leader brings about transformations, he or she can put these ideas into practice. Table 15-2 presents examples of the types of conceptual knowledge contained in leadership development programs. One of the reasons for the continuing acceptance of university-based conceptual knowledge programs for leadership development is that these programs often address topics of immediate concern to business. For example, programs have been developed in recent years to help managers provide leadership in using social media to the company's advantage.

Socialization Programs From the company standpoint, an essential type of leadership development program emphasizes becoming socialized—becoming acclimated to the company and accepting its vision and values. Senior executives make presentations in these programs because they serve as role models who thoroughly understand the vision and values participants are expected to perpetuate.²⁹ Many of the other types of programs presented so far also include a segment on socialization, particularly in the kickoff session. Quite frequently, the chief executive makes a presentation of the company's vision and values. An important purpose of a socialization program

is to help leaders sustain the organizational culture, such as placing a high priority on honest dealing with each other and customers.

Action Learning Programs A directly practical approach to leadership development is for leaders and potential leaders to work together in groups to solve organizational problems outside their usual sphere of influence. You will recall that action learning is part of the learning organization, as described in Chapter 13. Much of the development relates to problem solving and creativity, yet collaborating with a new set of people from your firm can also enhance interpersonal skills.

A few years ago, executives at Goodyear Tire & Rubber Co, decided to change the business from a volume tire supplier to one that focused on market segments, such as tires for construction equipment. A deep leadership bench was required to bring about these changes. An action learning format was included in developing the necessary number of leaders. (Other aspects of the leadership development program included virtual learning overseen by a business school professor.) Program participants identified areas they wanted to learn more about, and found learning partners to assist them. The executive team developed the learning projects by identifying real business issues. High-impact projects were chosen, including a cost-reduction plan that had a major impact on the supply chain. One measure of the success of the program is that within a year after the program began, one half of the members received new assignments or increased responsibilities, and 22 percent received promotions.³⁰

A variation on action learning for leadership development is to assign managers to socially responsible projects that are not part of company operations. Natural Cosmeticos of Brazil sends managers to work full time organization and building nongovernmental organizations, such as hospitals, clinics, and community centers. The responsibility helps develop leadership skills as well as a first-hand view of the importance of social responsibility.³¹

Coaching and Psychotherapy Executive coaching as described in Chapter 10 is clearly a form of leadership development because the managers coached receive advice and encouragement in relation to their leadership skills. A coach, for example, might advise a leader that giving more recognition for good performance would make him a more dynamic leader. Coaching is perhaps the most direct approach to leadership development because the person might be able to improve in an area that is preventing him or her from becoming a leader, or blocking further progress as a leader.

Leadership coach Julie Cohen describes how she helped an SAP sales support executive move into a new leadership role by reshaping his image of being quiet and reflective. He was encouraged to present himself as an innovator and expert on public sector clients. Cohen suggested that he promote himself and his skills rather than assuming “people would see his ability and tap him on the shoulder.” The client advanced so rapidly in his interpersonal skills that an SAP executive commented, “I barely recognized him.”³²

Another highly personal way of enhancing leadership effectiveness is to undergo treatment for emotional problems that could be blocking leadership effectiveness. For example, a leader who has difficulty giving recognition might not improve in response to coaching. The person might have underlying problems of being so hostile toward people that he or she really does not want to boost their morale. Psychiatrist Kerry Sulkowicz notes that change from psychotherapy does not always take place quickly. However, executives are accustomed to getting quick results, which can make them highly motivated patients.³³

In general, leaders who score low on the personality dimension of emotional stability might become more effective in their interpersonal relationships with the benefit of psychotherapy. Some of the bizarre behavior exhibited by executives, such as swearing at and belittling subordinates, sexually harassing subordinates, and arbitrarily firing workers, are symptoms of emotional instability. The hostility is often directed at people who disagree with them, even about technical and design issues.

Evaluation of Leadership Development Programs Many companies evaluate their leadership development programs to see if they are cost effective. In a large company, for example, a comparison would be made of the ratings from superiors and subordinates for those leaders who participated in the program versus those who did not. Another method of evaluating the outcome of a leadership development program would be to compare the financial results of participants versus nonparticipants.

According to a leadership development benchmarking survey of 329 organizations around the globe, about 75 percent of organizations said their leadership development programs are not very effective. Yet the satisfaction with the programs was high under certain conditions: A specific leadership development strategy was in place; the financial investment in leadership development is substantial; and the leadership development program has been in existence five years or longer.³⁴

The accompanying Leader in Action insert illustrates the extensive involvement a company might have in leadership development.

Leadership Succession

In a well-managed organization, replacements for executives who quit, retire, or are dismissed are chosen through **leadership succession**, an orderly process of identifying and grooming people to replace managers. Succession planning is vital to the long-term health of an organization, and therefore an important responsibility of senior leadership. Instead of engaging in a flurry of activity after a key person leaves the organization, the planning is done in an orderly way over time. Despite the importance of succession planning, only 23 percent of organizations responding to a Society for Human Resource survey reported having a succession plan in place for the CEO position.³⁵



LEADER IN ACTION

Leadership at Hilton Worldwide Commits Heavily to Leadership Development

Company leadership at Hilton Worldwide believes it is essential that its leaders and team members have the requisite skills and knowledge to carry out their jobs effectively, and the ability to grow professionally and personally. To achieve these ends, Hilton Worldwide offers a wide selection of learning opportunities ranging from on-the-job training to management development programs and learning seminars.

At the Leadership College, senior leaders participate in executive and leadership development programs and experiences to help Hilton Worldwide attain a steady, best-in-class pipeline of company leaders. Executive coaching is also available to Hilton Worldwide senior leaders who want an opportunity to test out ideas, while gaining better self-insight. Coaching offers feedback and guidance on the spot, helping leaders utilize their strengths and enhance their skills.

A key part of the leadership development program at Hilton Worldwide is partnerships with universities, including Harvard and Cornell. Harvard Business Publishing and Hilton Worldwide establish a multiyear agreement to provide the Leadership College with a number of programs including Harvard ManageMentor®, an online resource for management essentials. Ray Carvey, an executive vice president at Harvard Business Publishing, said, “Great Leaders are integral to Hilton Worldwide’s outstanding reputation for quality and providing exceptional guest experiences. We are proud to partner with them on this important initiative.”

eCornell and Hilton Worldwide established a partnership to offer a selection of online learning opportunities in hospitality management, revenue management, and strategic leadership to Hilton senior executives and hotel general managers. The Cornell University School of Hotel Administration also contributes to these programs. Matt Schuler, Chief Human Resources Officer, Hilton Worldwide, said, “With a network of more than

3,800 hotels across 88 countries, our business leaders can now access a wide variety of training courses online through eCornell which is both convenient and cost-effective for us.”

The leadership development programs at Hilton Worldwide include personalized attention to the needs and styles of individual leaders. As offered by the consulting firm TMBC, founded by Marcus Buckingham, individualized leadership styles are diagnosed using assessment devices based on algorithms. Advice and coaching is then offered to leaders based on their style. Some of these suggestions are delivered by apps. Here is a sample targeted advice: “Your leadership style is Connector, so here is a tip for you. Link your idea to the success of a coworker or customer. Show how your solution will increase his or her influence and control. Some people attempting this tactic might appear manipulative, but you will not.”

QUESTIONS

1. Why would a hotel chain (and also a housing complex developer) invest so heavily in leadership development and management training?
2. The consulting firm that develops the algorithms to assess leadership style and corresponding advice implies that the method is highly scientific. Yet, do you think the kind of individual advice offered is a little hokey, much like reading palms or tea leaves?

Source: Original story based on facts and observations in the following sources: Marcus Buckingham, “Leadership Development In the Age of the Algorithm,” *Harvard Business Review*, June 2012, pp. 86–94; “Advance Your Knowledge & Career,” *Hilton Worldwide* (<http://jobs.hiltonworldwide.com>), accessed January 24, 2014; “Hilton Worldwide and Harvard Business Publishing Partner to Develop a Word-Class Leadership Curriculum,” (<http://news.hiltonworldwide.com>), January 26, 2012, pp. 1–6; Hilton Worldwide Expands Leadership Development Training Partnership with eCornell,” (<http://news.hiltonworldwide.com/>), January 24, 2012.

Succession planning is linked to leadership development in two important ways. First, being groomed as a successor is part of leadership development. Second, the process of choosing and fostering a successor is part of a manager's own development. Our approach to understanding the leadership aspects of succession focuses on five topics: (1) how the board chooses a new chief officer; (2) succession planning at GE and P&G; (3) the emotional aspects of leadership succession; (4) developing a pool of successors; and (5) promotion from within. Understanding these factors should lead to more success in new appointments to leadership positions.

How the Board Chooses a Successor

A major responsibility of the board of directors is to select a successor to the chief executive, typically a CEO. The general approach is to follow standard principles of human resource selection, such as thoroughly screening candidates, including speaking to several people who have worked with the individual. Conducting a background investigation to uncover any possible scandalous or illegal behavior is also important. When the successor is an outsider, boards consistently use executive search firms (also known as *headhunters*) to locate one or several candidates. Even when the board has an outside candidate in mind, a search firm might be hired to act as an intermediary.

George D. Kennedy, a person with experience on many boards, provides a few specifics of a representative approach to selecting an internal candidate for the top executive position. First, the information from a development program for successors must be carefully reviewed, including documentation of performance. Second, the board should have direct and regular contact with all of the promising candidates. Some of the contact should be formal; for example, the candidate should make regular presentations at board meetings. Informal connections are also important. Board members should invest the time to develop a feel for the personal chemistry of the candidates through such means as casual conversations over dinner and lunch.³⁶

Whether selecting an insider or an outsider to succeed a given leader, the board is encouraged to obtain objective data about the candidate's performance in addition to opinions about his or her effectiveness.³⁷ Among these objective performance indicators would be profits, changes in stock price, new product introductions, employee turnover, and cost control.

Succession Planning at General Electric and Procter & Gamble

General Electric is often noted for its progressive and thorough management techniques. Its system for identifying and developing talent is considered exemplary. Leadership development is so important to the company that CEO Jeffrey Immelt reportedly invests 30 percent of his time to the process. GE-trained executives are in high demand at other business firms.

Much of this activity is linked closely to succession planning. Board members are closely involved in an ongoing evaluation of the company's

130 highest-ranking managers. Twice a year, directors scrutinize about 15 of these people. The information they use comes from lengthy interviews with the managers, their managers, former associates, and group members. Directors investigate the managers' strengths and weaknesses, make suggestions for leadership development, and discuss future assignments. Ruthless honesty in evaluating the performance of managers and the businesses they represent contributes to the succession planning. Should the day arrive when a manager must be chosen to replace a higher-level manager, the board will be prepared to make an independent decision rather than have to give automatic approval to an insider's recommendations.³⁸

Key advantages of the GE system for identifying successors are that it is based on multiple opinions and that it tracks longitudinal performance. Yet, the system may still be replete with political biases. The board members, for example, are not exempt from giving high ratings to the people they like the best or to people who have personal characteristics similar to theirs.

Another famous company, Procter & Gamble, has a rigorously developed succession program. Labeled Build from Within, it tracks the performance of every manager in great detail, making sure that he or she is ready for promotion. Each of the top fifty leadership positions has three replacement candidates in line. Most replacements are from within, helping reduce the 50 percent fail rate often attributed to promoting outsiders into key positions. A key part of developing successors is to give high-potential managers broad experience, such as being the assistant manager for Cascade detergent, then taking on assignments in Canada and Asia.³⁹

A key part of succession planning at P&G is for a high-level manager to identify likely successors. In 2013, A.G. Lafley came out of retirement to become CEO again at P&G because his own successor did not meet the board's expectations. (You could argue that the well-known succession planning system was not a total success.) One of Lafley's top priorities was to prepare a lineup of P&G executives who could replace him. The company was reorganized into four sectors, each headed by a president who was most likely on the successor list.⁴⁰

The Emotional Aspects of Leadership Succession

Leadership succession should not be regarded as a detached, objective management process. Even financially independent executives are likely to experience an emotional loss when they are replaced; they might yearn for the power and position they once possessed. Leadership succession in family-owned firms is a highly emotional process for many reasons. Family members may fight over who is best qualified to take the helm, or the owner and founder may not feel that any family member is qualified. An intensely emotional situation exists when the owner would like a family member to succeed him or her, yet no family member is willing. The business may therefore have to be sold or simply abandoned; in any case, its identity will be lost.

The emotional aspects of leadership succession are also evident when a business founder is replaced by another leader, whether or not the

enterprise is a family business. After the sale of his or her company, the business founder often stays on in some capacity, perhaps as a consultant or chair. Watching the new owner manage the business can be uncomfortable for the founder. The issue transcends concerns about delegation. Entrepreneurial leaders typically are emotionally involved in the firms they have founded and find it difficult to look on while somebody else operates the firm.

Emotional reactions to leadership succession also take place at the work-group level, as described in a theory developed by Gary A. Ballinger and F. David Schoorman. For example, when a departing leader is well liked by the group or team, it will be more difficult for the new leader to exert his or her authority or to be accepted. Another problem is that when the previous leader was well liked, turnover in the group will be higher and productivity might be lower. Yet, on the positive side, if the previous leader was disliked, turnover might be lower and productivity might be higher.⁴¹

Developing a Pool of Successors

Developing a pool of successors goes beyond succession planning, which usually involves identifying one or two candidates for a specific job. The steps involved in developing a pool of successors (or succession management) follow:⁴²

- Evaluate the extent of an organization's pending leadership shortage. Planning should begin several years in advance of when the new leaders will be needed.
- Identify needed executive competencies based on the firm's future business needs, values, and strategies.
- Identify high-potential individuals for possible inclusion in the pool, and assess these individuals to identify strengths and developmental needs to determine who will stay in the high-potential pool.
- Establish an individually tailored developmental program for each high-potential candidate that includes leadership development programs, job rotation, special assignments, and mentoring. Rising stars should be given the opportunity to change responsibilities every three to five years.
- Select and place people into senior jobs based on their performance, experience, and potential. While in these positions, the leaders should have access to board members including making presentations. The managers develop a sense of what matters to directors, and directors get to see firsthand the talent in the pipeline.
- Continuously monitor the program and give it top management support.

Developing a pool of candidates, therefore, combines evaluating potential with giving high-potential individuals the right type of developmental experiences. To the extent that these procedures are implemented, a leadership shortage in a given firm is less likely to take place.

To help preserve a strong pool of candidates for future assignments, financial services giant Aetna focuses on mentoring young managers with high potential. A specific program is that eight high-level Aetna managers,

including the chief executive, meet one-on-one with eight target candidates for an hour each month for a year. To qualify, the protégés must have at least a decade of experience at the company and have received high performance evaluations.⁴³

Promotion from Within

A continuing debate related to succession planning is whether a company should promote an insider or an outsider to a top position. Research and analysis suggest that promoting insiders with an outside perspective may be the best solution. Joseph Bower found in his analysis of 1,800 successions that companies performed substantially better when they appointed insiders to CEO. Other researchers have reached similar conclusions. A study conducted by the consultancy Booz & Co. found that CEOs hired from outside a company are more than twice as likely to be dismissed as those promoted from within. A major problem is that the outsider often does not understand how to bring about change within the company.⁴⁴

Promotion from within also offers the advantage of more hope to insiders because they believe they have more opportunity for advancement within their own company. Company insiders promoted to a top position know the company, its culture, and its people but often do not see clearly the need for radical change. Also, their many political ties may inhibit them from making some necessary personnel shifts. Outsiders may recognize the need for a new approach but may be limited because they do not understand the company culture or the industry. Bower recommends that companies nurture *insider-outsiders*—internal candidates who have developed an outside perspective.

Insider-outsiders are frequently those who have considerable experience away from the company mainstream (and away from headquarters), and experience in taking on challenging opportunities. Before being selected as CEO of Procter & Gamble, A. G. Lafley, for instance, worked for years building the Chinese cosmetics division of the company rather than P&G's core business.⁴⁵

A study indicated that board members who are appointed as CEO outperformed other types of candidates because they represent a strong blend of insider and outsider. Board members have more company knowledge than a pure outsider. Yet, at the same time, they don't have the constraints of a pure insider with respect to making politically unpopular decisions or bring about painful changes. For example, it is often difficult for an insider to lay off a well-liked but underperforming executive.⁴⁶

Challenges of Being a New Leader

People participate in leadership development programs for two broad purposes: (1) preparing to become a leader for the first time, or (2) enhancing their leadership skills for a current position or advancement into more leadership responsibility. Everything that has been written in this book and

discussed in your leadership course fits these two broad purposes. Another way of preparing for becoming a leader for the first time is to think through some of the inevitable challenges in the role. The information about the rewards and frustrations of occupying a leadership role in Chapter 1 points to the challenges of occupying a formal leadership position for the first time. In addition, consider these five additional challenges for the first-time leader:

- 1. *Uncertainty about how much time to spend leading versus doing individual tasks.*** From the first-level supervisor of entry-level workers to the chairperson of the board, leaders spend some time as individual contributors, including preparing budgets, thinking of ideas for new products, and making financial deals. As a new leader, you have to work with your manager and perhaps your direct reports to find the right balance between doing and leading.
- 2. *Overcoming the resentment of the people in the group who wanted your leadership position.*** If you are selected from among the group to be the new leader, you will have to deal with the resentment and envy of several direct reports who wanted your position. It can be helpful to deal openly with the issue with such statements as, “I know that other people would be equally qualified to be the leader of the group. Yet management has chosen me for this position, at least for now. I respect your expertise, and I need your contribution. I also want your respect for me in my job as the chosen leader.”
- 3. *Building relationships and fostering teamwork quickly enough.*** As a new leader, a high priority is to build constructive relationships with subordinates as quickly as possible, using many of the techniques described in Chapter 9. Several direct reports who were your former coworkers may attempt to manipulate you and take advantage of prior friendships to receive special treatment. It is essential to build a professional, merit-based team climate as soon as possible. In the words of career coach Aya Fubara Eneli: “Friendships work best between equals. If you were already friends with some of the staff, expect those relationships to change. It’s difficult to be a friend while giving orders and judging performance.”⁴⁷
- 4. *Having realistic expectations about how much you can accomplish right away.*** The role of a leader/manager is not like that of a house painter—you typically do not see sparkling results right away. Patience is necessary. Many organizational leaders as well as elected officials proclaim, “Everything will be different from day one.” Leadership involves building relationships, so the process will take more time than the implied in the two previous statements.
- 5. *Overcoming the need to be liked by everybody.*** The most admired leaders at every level are rarely liked by everybody. By the nature of their roles, leaders make decisions that not everybody agrees with. The changes you bring about may hurt the feelings of some people and jeopardize their positions. Your role is to establish and implement goals that will result in the greatest good.



LEADERSHIP SKILL-BUILDING EXERCISE 15-1

Building for the Future

Our close-to-final skill-building exercise, the use of a feedback circle, encompasses many aspects of leadership covered in this and the previous fourteen chapters. Ten members of the class arrange their chairs in a circle. One person is selected as the feedback target, and the other nine people take turns giving him or her supportive feedback. Assume it is Linda's turn. Each person in the circle gives Linda two pieces of feedback: (a) her best leadership attribute, and (b) how she needs to develop for the future. The feedback should take about thirty

seconds per feedback giver. After receiving input from all of the circle members, Linda is free to comment. It is then the next person's turn to be the feedback target.

Class members who are not in the circle observe the dynamics of what is happening and report their observations after the circle finishes. With diligence, the whole process will take about ninety minutes. If time permits, a new feedback circle can form. Alternatively, the class can break into several circles that operate simultaneously, or run just one circle with ten volunteers.

Leadership Skill-Building Exercise 15-1 may give you a few good insights into the type of leader you are becoming and how well you fit the role of a new or experienced leader.

SUMMARY

Leadership and management development are widely practiced in a variety of organizations and take many forms, including self-development. Self-awareness involves the insightful processing of feedback about oneself to improve personal effectiveness. Single-loop learning occurs when learners seek minimum feedback that may substantially confront their basic ideas or actions. Double-loop learning occurs when people use feedback to confront the validity of the goal or values implicit in the situation; it enables the leader to learn and profit from failure. A promising area of self-awareness is for leaders to recognize their standing on two key dimensions of leadership: forceful versus enabling, and strategy versus operational.

Leadership development requires considerable self-discipline. For example, self-discipline is needed to monitor one's behavior to ensure that the necessary self-development takes place.

Education, leadership experience, and mentoring are all major contributors to leadership development. Most high-level leaders are intelligent,

well-informed people who gather knowledge throughout their career. The best experiences for leadership development are those that realistically challenge the manager. An important part of capitalizing on challenging experiences is for the leader/manager to be given leeway in how to resolve the problem. Two important aspects of leadership experience are work associates and the task itself (such as a complex and ambiguous assignment). An extreme approach to developing leadership skills is to be assigned responsibility for an area in which you lack the appropriate skills or knowledge of the business.

Broad experience is important for leadership development, as suggested by membership on a cross-functional team. An effective type of broad experience early in a career is to perform technical work in one's specialty, combined with frontline supervision. People who profit from their experience have good potential for leadership.

Another experience-based way to develop leadership capability is to receive mentoring. Although

usually an informal relationship, mentoring can also be assigned. A study showed that informal mentors typically were more helpful to a person's career than formal mentors, and informal mentoring is also associated with higher income.

The human resource department often coordinates a formal mentoring program. Shadowing is a form of mentoring. Mentors enhance the career of protégés in many ways, such as by recommending them for promotion and helping them establish valuable contacts. Also, the mentor can serve as a model for effective (or ineffective) leadership. Having more than one mentor is helpful because a mentoring relationship can fail.

Feedback-intensive development programs help leaders develop by seeing more clearly their patterns of behavior, the reasons for such behaviors, and the impact of these behaviors and attitudes on their effectiveness. Skill training in leadership development involves acquiring abilities and techniques that can be converted into action. Such training involves a considerable element of *how to*. Five methods of skill-based training are lecture, case study, role play, behavior role modeling, and simulations. During simulations, participants play the role of company leaders and devise solutions to problems. Simulations can also involve working on hypothetical company problems. Feedback on performance is provided.

A standard university approach to leadership development is to equip people with a conceptual understanding of leadership. The concepts can be applied to leadership situations. From the company standpoint, an essential type of leadership development is becoming socialized in the company vision and values. Action learning is a directly practical approach to leadership development and may be directed at areas outside the participant's expertise.

Coaching and psychotherapy are two highly personal ways of developing as a leader. Psychotherapy is called for when the leader has emotional problems that lower his or her effectiveness.

Leadership succession is linked to leadership development because being groomed as a successor is part of a leader's development. Boards of directors use standard selection methods in choosing a CEO. In addition, they look for both formal and informal contact with insiders. When recruiting an outsider, organizations often employ executive search firms. General Electric and Procter & Gamble are examples of companies that use rigorous succession planning. Leadership succession is highly emotional for the leader who is being replaced, especially when a founder sells a business. The succession problem in a family business often leads to conflict among family members. Large family-run businesses are more likely to identify leadership successors. One way to cope with potential shortages of leaders is to identify a pool of high-potential individuals and provide them with developmental experiences. Promotion from within to top-level leadership positions is often more effective than recruiting an outsider. Research and analysis suggest that promoting company insiders with an outside perspective may be the best solution to succession through an internal versus an external candidate.

One way of preparing for becoming a first-time leader is to think through some of the inevitable challenges in the role, including the following: uncertainty about how much time for leading versus doing individual tasks; overcoming resentment of people who wanted your job; quickly building relationships and fostering teamwork; having realistic expectations about quick accomplishments; and overcoming the need to be liked by everybody.

KEY TERMS

self-awareness 485

single-loop learning 485

double-loop learning 485

self-discipline 487

crucibles 491

mentor 493

shadowing 493

feedback-intensive develop-

ment program 498

leadership succession 501



GUIDELINES FOR ACTION AND SKILL DEVELOPMENT

A major determinant of whether a person will develop as a leader later in life is the *motivation to lead*. Typically, this motivation develops early in life. The motivation is manifested in such activities as volunteering for leadership roles, as well as taking the initiative to lead in sport, club, or neighborhood activities.⁴⁸ It is therefore important to assume leadership roles in both work and personal life as early in your career as possible.

An important method for enhancing both the acceptance and the effectiveness of leadership development is needs analysis, the diagnosis of the needs for development. A needs analysis is based on the idea that there are individual differences among leaders and future leaders. For example, Jasmine might have excellent conceptual knowledge about leadership but limited team experience. She might be a good candidate for outdoor training. Jordan might be an excellent team leader with limited conceptual knowledge. He might be a good candidate for a leadership development program concentrating on formal knowledge about leadership. Sources of data for assessing leadership developmental needs include the following:

1. Self-perceptions of developmental needs, including the results of many of the diagnostic instruments presented in this text
2. Perceptions by superiors, subordinates, and peers of the person's developmental needs, including 360-degree survey results
3. Psychological evaluation of developmental needs
4. A statement of organizational needs for development, such as the importance of leaders who can deal effectively with diversity (within the company, with customers, and globally)

Multiple sources of data are useful because of possible errors in perception, biases, and favoritism.

Discussion Questions and Activities

1. Assuming that you have the physical capabilities, would you be willing to participate in the

FDNY Firefighter for a Day Team Challenge as part of your leadership and teamwork skills development? Explain your logic.

2. Many business executives believe that playing team sports helps a person develop as a leader. Based on your knowledge of leadership development, where do you stand on this issue?
3. How might a leader make use of social media to obtain feedback on his or her leadership effectiveness?
4. Suppose you aspired to become a senior manager in a large company. How would working as an office supervisor, production supervisor, or manager in a quick-service restaurant help you achieve your goal?
5. Why is being a member of a cross-functional team considered to be helpful experience for a future leader?
6. According to the Corporate Productivity Institute, companies whose leaders participated in a leadership development program experienced better customer satisfaction, more revenue growth, and reduced employee turnover. Why might have such good results come about?
7. Identify at least one developmental need with respect to leadership skills for the current president of the United States. Point to any specific behavior of the president that indicates the need for the particular development you specify. (Attempt to be objective rather than political in your answer.)
8. What can you as a parent, future parent, or close relative do to help a child under ten years old become a leader later in life?
9. Ask an experienced leader what he or she thinks is the most effective method of developing leadership skills. Bring your findings back to class.
10. Now that you have completed a course in leadership, what do you think of this ancient adage: "Leadership shouldn't be a popularity contest."?

LEADERSHIP CASE PROBLEM A

Malcolm Eyes the Executive Suite

Malcolm comes from a family whose members include many successful business executives, including his parents. Since he was a teenager, Malcolm has been fascinated with the prospects of becoming a corporate executive. In addition to more typical teenage interests, Malcolm would frequently read the business section of his local newspaper, *The Wall Street Journal* and *Forbes*. He also enthusiastically read biographies of business executives including Warren Buffet, Henry Ford, and Martha Stewart.

Malcolm studied industrial engineering as an undergraduate, thinking that such a program would give him a solid base for understanding the operations of a business. He followed up his undergraduate degree with an MBA, with an emphasis on leadership and organizational behavior. Malcolm said to himself, his family, and friends repeatedly, "I know I have what it takes to get to the corner office."

With first-rate interpersonal skills to match his solid education, Malcolm was well received by an on-campus recruiter for a major player in the high-tech field, a manufacturer of computer equipment and services. He was chosen to a management training program in which he would be given approximately one-year assignments in several business functions. His initial assignment was as a member of a team whose purpose was to help reduce the manufacturing costs of desktop computers.

Six weeks after being assigned to the team, Malcolm informed his team leader that he was developing his skills in Mandarin Chinese, a language he had studied in college. As Malcolm explained to his team leader, "Chinese is going to help me because so much of our manufacturing is outsourced to China. And besides, a second language can only be an asset for a future executive leader."

After about fifteen months on the team, Malcolm was appointed as the supervisor of an order fulfillment group within a distribution center of the company within the same manufacturing complex. Upon

accepting the distribution center assignment, Malcolm told his new manager, "I will do my best to be an outstanding performer here. But I am wondering if spending time in a distribution center will really enhance my credentials for becoming an executive in this company."

Upon completing his eighteen-month supervisory assignment, Malcolm's performance was evaluated. His boss noted that his performance was slightly above average, but that he seemed a little too focused on his career ambitions and not focused enough on the good of the company. Malcolm's next assignment was as a team leader of a logistics group that kept track of the flow of equipment that manufactured overseas. Given that about 80 percent of the company's manufacturing was globally outsourced, logistics was highly valued at the company.

A few weeks after Malcolm began his new assignment, he met with his company assigned mentor, Jessica, a manufacturing executive. Asked how his work was going at the company, Malcolm replied: "Maybe you can help me. I'm enjoying my work, but I think that my career is inching along, when I should be making big strides. I would like to be assigned to a strategy team, or maybe a new product development team. In this way I would get the experience and the visibility I need to move more quickly into the corner office."

Jessica responded, "Malcolm, I think highly of you, but your idea of career progress is old fashioned. You need to focus more on performance than promotion."

Questions

1. In what way is this case about leadership development?
2. What would you recommend that Malcolm do to facilitate his path to an executive position?
3. To what extent do you think Jessica's comment is justified?

ASSOCIATED ROLE PLAY

One person plays the role of Malcolm who has arranged to have a brief meeting with Peter, the director of management and organization development at the company. Malcolm wants to plead his case that he has the potential to be an executive in the company. He wants to make sure that he is not

overlooked by the company. Peter listens but wants to avoid making any commitments to Malcolm. At the same time, Peter thinks that perhaps Malcolm is expecting too much too soon from the company. Observers might want to look for signs of leadership potential Malcolm displays during his interview.

LEADERSHIP CASE PROBLEM B

Kaitlin the New Mentor

Kaitlin is the sales manager at a lumber supply company, so successful in its geographic region that it employs 250 full-time workers, and 50 part-time. In addition to selling lumber to builders, the company also makes steps, doors, deck material, and molding. Kurt, the CEO, asked Kaitlin if she would mentor Misty, a newly hired marketing researcher. Kurt explained to Kaitlin that the marketing research position is vital to the future of the company. He believes that the market for the company's main product line is leveling off, and that a market researcher might be able to explore new markets and product expansion for the company.

Kaitlin said that she was eager to mentor Misty because she thinks that the new market researcher has considerable potential to help the company. Kaitlin said, "I've already begun mentoring Misty, and she seems receptive." Three days later, Kaitlin met with Misty for the first mentoring session. The session included the following comments by Kaitlin:

"Misty, as your official mentor, I want you to do the following things. First, dress more professionally. It looks like you outfit yourself at stores for low-income people. I will recommend a few better stores for you in an e-mail. Second, I have a list of websites I want you to track every day. I have sent you an e-mail listing these sites because

they are excellent for picking up marketing trends. Third, I want you to spend at least one day a week out in field speaking to new potential users of our products."

Three weeks later, Kaitlin sent Misty a text message saying, "Report back to me immediately on your progress. Send me a summary of your website searches. Also, send me a few photos of any new office clothing you have bought."

Later that day, Kaitlin sent Misty a brief text message that stated, "Remember to focus on your daily work tasks. Don't be a dreamer."

During lunch with Pete, the company information systems administrator, he asked Misty how she enjoyed being mentored by Kaitlin. Misty responded, "Did you say being mentored or being smothered?"

Questions

1. What is your evaluation of the most likely effectiveness of Kaitlin's approach to mentoring?
2. What recommendations would you make to Kaitlin to improve her mentoring effectiveness?
3. What do you recommend Misty do to profit more from the mentoring and leadership provided by Kaitlin?

ASSOCIATED ROLE PLAY

One student plays the role of Kaitlin who meets with Misty to discuss how well she is responding to her mentoring. Kaitlin is concerned that Misty is resisting her mentoring and leadership. One student plays the

role of Misty who feels that she is being micromanaged rather than mentored. Yet she does not want to offend her boss, and she believes that the marketing research position will be a great learning opportunity.



LEADERSHIP SKILL-BUILDING EXERCISE 15-2

My Leadership Portfolio

The final entry for your leadership portfolio deals more with the future than the present. As you build your leadership career in either a formal or informal leadership position, update your journal from time to time, perhaps once a quarter. Review what experiences you have had that contribute to your development as a leader. Entries might take forms such as the following:

- In January, my company sent me to a seminar about dealing with difficult people. I came away with a few good insights about helping to turn around a difficult person, such as explaining how his or her behavior was hurting productivity and morale. I also learned that many difficult

people are crying out for attention, so I will try to pay more attention to a difficult person should I encounter one.

- We had a major flood in the area last week, and our office became inundated. We had to do something quick before we were damaged so badly that we could not serve our customers. Our supervisor was out of town. I called her on her cell phone and asked for her authorization to be in charge of organizing our salvage operation. I spearheaded an effort that helped salvage a lot of equipment and computer records. I think I really polished my crisis management skills.



LEADERSHIP SKILL-BUILDING EXERCISE 15-3

Analyzing a Local Leader

As an individual or group project, identify a leader in your community who you would like to analyze from the standpoints of strengths, weaknesses, and needs for development. Among the possibilities of a leader to analyze would be a prominent business person, the president of your learning institution, or an athletic coach. Use information from anywhere in the text, plus your own thoughts, to

identify both the positive and negative personal characteristics, along with the developmental needs of this particular leader.

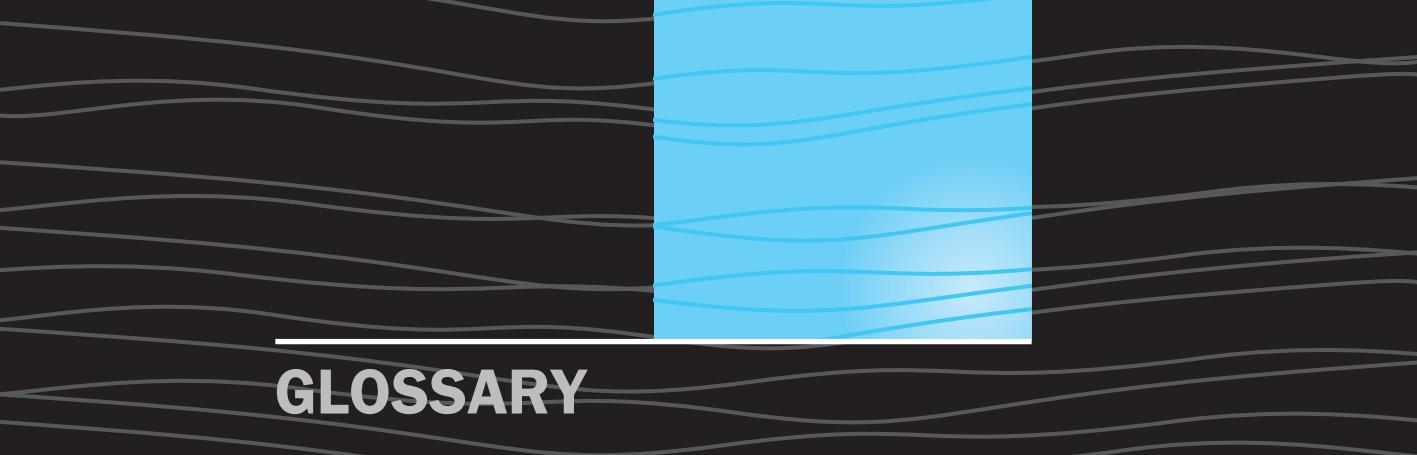
If this is a group project, look to see if there is any consistency across groups with respect to the traits, behaviors, and developmental needs of the leader chosen. If you think the analysis is constructive, you might send a copy to the leader in question.

NOTES

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GLOSSARY

NOTE: The number in brackets following each term refers to the chapter in which the term first appears.

Achievement motivation Finding joy in accomplishment for its own sake. [2]

Assertiveness Forthrightness in expressing demands, opinions, feelings, and attitudes. [2] As a cultural value, the degree to which individuals are (and should be) assertive, confrontational, and aggressive in their relationships with one another. [14]

Apprising Influence tactic in which influence agent explains how carrying out a request or supporting a proposal will benefit the target personally, including advancing the target's career. [8]

Authenticity Being genuine and honest about your personality, values, and beliefs, as well as having integrity. [2]

Autocratic leader A person in charge who retains most of the authority for himself or herself. [4]

Charisma A special quality of leaders whose purposes, powers, and extraordinary determination differentiate them from others. [3]

Coalition A specific arrangement of parties working together to combine their power. [8]

Coercive power The power to punish for non-compliance; power based on fear. [7]

Cognitive factors Problem solving and intellectual skills collectively. [2]

Commitment The most successful outcome of a leader's influence tactic: The person makes a full effort. [8]

Compliance Partial success of an influence attempt by a leader: The person makes a modest effort. [8]

Co-opt To win over opponents by making them part of your team or giving them a stake in the system. [8]

Consensus leader The person in charge who encourages group discussion about an issue and then makes a decision that reflects general agreement and that group members will support. [4]

Consideration The degree to which the leader creates an environment of emotional support, warmth, friendliness, and trust. [4]

Consultative leader A person in charge who confers with group members before making a decision, but who retains the final authority to make decisions. [4]

Contingency approach to leadership The contention that leaders are most effective when they make their behavior contingent upon situational forces, including group member characteristics. [5]

Cooperation theory A belief in cooperation and collaboration rather than competitiveness as a strategy for building teamwork. [9]

Core self-evaluations A broad personality trait that captures bottom-line self-assessment, composed of self-esteem, locus of control, generalized self-efficacy, and emotional stability. [2]

Corporate social responsibility Responsibility of the organization that is part of external engagement, or the efforts a company makes to manage its relationship with the external world. [6]

Creativity The production of novel and useful ideas. [11]

Crisis leadership The process of leading group members through a sudden and largely unanticipated, intensely negative, and emotionally draining circumstance. [5]

Cross-cultural training A set of learning experiences designed to help employees understand the customs, traditions, and beliefs of another culture. [14]

Crowdsourcing The use of collective intelligence gathered from the public for accomplishing tasks, often by the use of social media. [13]

Crucibles Critical events and experiences that more often reflect failure than grand success. [15]

Cultural intelligence (CQ) An outsider's ability to interpret someone's unfamiliar and ambiguous gestures the way that person's compatriots would. [14]

Cultural sensitivity An awareness of and a willingness to investigate the reasons why people of another culture act as they do. [14]

Debasement The act of demeaning or insulting oneself to control the behavior of another person. [8]

Delegation The assignment of formal authority and responsibility for accomplishing a specific task to another person. [7]

Democratic leader A person in charge who confers final authority on the group. [4]

Dependence perspective The point of view that a person accrues power by other being dependent on him or her for things they value. [7]

Diversity training A learning experience designed to bring about work-place harmony by teaching people how to get along better with diverse work associates. [14]

Double-loop learning An in-depth style of learning that occurs when people use feedback to confront the validity of the goal or the values implicit in the situation. [15]

Drive A propensity to put forth high energy into achieving goals and persistence in applying that energy. [2]

Effective leader One who helps group members attain productivity, including high quality and customer satisfaction, as well as job satisfaction. [4]

E-leadership A form of leadership practiced in a context where work is mediated by information technology. [9]

Emergent leader A group member who significantly influences another group member even though he or she has not been assigned formal authority. [1]

Emotional intelligence The ability to do such things as understand one's feelings, have empathy

for others, and regulate one's emotions to enhance one's quality of life. [2]

Employee network (or affinity) group A group of employees throughout the company who affiliate on the basis of a group characteristic such as race, ethnicity, sex, sexual orientation, or physical ability status. [14]

Empowerment Passing decision-making authority and responsibility from managers to group members. [7]

Engagement The high levels of personal investment in the tasks performed on a job. [10]

Entitlement In relation to unethical behavior by executives, the idea that some CEOs lose their sense of reality and feel entitled to whatever they can get away with or steal. [6]

Ethical mind A point of view that helps the individual aspire to good work that matters to their colleagues, companies, and society in general. [6]

Ethics The study of moral obligations, or separating right from wrong. [6]

Evidence-based leadership or management The approach whereby managers translate principles based on best evidence into organizational practices. [5]

Executive coaching A one-on-one development process formally contracted between a coach and a management-level client to help achieve goals related to professional development and/or business performance. [10]

Expectancy An individual's assessment of the probability that effort will lead to correct performance of the task. [10]

Expectancy theory A theory of motivation based on the premise that the amount of effort people expend depends on how much reward they can expect in return. [10]

Experience of flow An experience so engrossing and enjoyable that the task becomes worth doing for its own sake, regardless of the external consequences. [11]

Farsightedness The ability to understand the long-range implications of actions and policies. [2]

Feedback-intensive development program A learning experience that helps leaders develop by seeing more clearly their patterns of behaviors, the reasons for such behaviors, and the impact of these behaviors and attitudes on their effectiveness. [15]

Flexibility The ability to adjust to different situations. [2]

Future orientation As a cultural value, the extent to which individuals engage (and should engage) in future-oriented behaviors such as delaying gratification, planning, and making investments for the future. [14]

Gender egalitarianism As a cultural value, the degree to which a culture minimizes, and should minimize, gender inequality. [14]

Global leadership skills The ability to exercise effective leadership in a variety of countries. [14]

Goal What a person is trying to accomplish. [10]

Hands-on leader A leader who gets directly involved in the details and process of operations. [8]

Humane orientation As a cultural value, the degree to which a society encourages and rewards, and should encourage and reward, individuals for being fair, altruistic, and caring others. [14]

Implicit leadership theories Personal assumptions about the traits and abilities that characterize an ideal organizational leader. [8]

Influence The ability to affect the behavior of others in a particular direction. [8]

In-group collectivism As a cultural value, the degree to which individuals express, and should express, pride, loyalty, and cohesiveness in their organizations and families. [14]

Initiating structure Organizing and defining relationships in the group by activities such as assigning specific tasks, specifying procedures to be followed, scheduling work, and clarifying expectations of team members. [4]

Innovation The process of creating new ideas and their implementation. [11]

Insight A depth of understanding that requires considerable intuition and common sense. [2]

Instrumentality An individual's assessment of the probability that performance will lead to certain outcomes. [10]

Integrity Loyalty to rational principles, thereby practicing what one preaches, regardless of emotional or social pressure. [6]

Intergroup leadership Leading a number of teams within the organization. [9]

Knowledge management (KM) A concerted effort to improve how knowledge is created, delivered, and applied. [13]

Leader-member exchange (LMX) model An explanation of leadership proposing that leaders develop unique working relationships with group members. [9]

Leader political support Political acts and influence behaviors performed by leaders to provide followers with valuable resources to advance individual, group, or organizational objectives. [7]

Leadership The ability to inspire confidence and support among the people who are needed to achieve organizational goals. [1]

Leadership diversity The presence of a culturally heterogeneous group of leaders. [14]

Leadership effectiveness Attaining desirable outcomes such as productivity, quality, and satisfaction in a given situation. [1]

Leadership Grid™ A framework for specifying the extent of a leader's concern for the production and people. [4]

Leadership polarity The disparity in views of leaders: They are revered or vastly unpopular, but people rarely feel neutral about them. [3]

Leadership by storytelling The technique of inspiring and instructing group members by telling fascinating stories. [3]

Leadership style The relatively consistent pattern of behavior that characterizes a leader. [4]

Leadership succession An orderly process of identifying and grooming people to replace executives. [15]

Leading by example Influencing others by acting as a positive role model. [8]

Learning organization An organization that is skilled at creating, acquiring, and transferring knowledge and at modifying behavior to reflect new knowledge and insights. [13]

Legitimate power The lawful right to make a decision and expect compliance. [7]

Linguistic style A person's characteristic speaking pattern. [12]

Machiavellians People in the work place who ruthlessly manipulate others. [8]

Management openness A set of leadership behaviors particularly relevant to subordinates' motivation to voice their opinion. [4]

Making the rounds The leader casually dropping by constituents to listen to their accomplishments, concern, and problems and to share information. [12]

Meaningful work The feeling of doing work that matters or makes a difference. [10]

Mentor A more experienced person who develops a protégé's abilities through tutoring, coaching, guidance, and emotional support. [15]

Micromanagement The close monitoring of most aspects of group member activities by the manager or leader. [9]

Moral identity The extent to which an individual holds morality as part of his or her self-concept.

Morals An individual's determination of what is right or wrong influenced by his or her values. [6]

Multicultural leader A leader with the skills and attitudes to relate effectively to and motivate people across race, gender, age, social attitudes, and lifestyles. [14]

Multicultural worker A worker who is convinced that all cultures are equally good and enjoys learning about other cultures. [14]

Normative decision model A view of leadership as a decision-making process in which the leader examines certain factors within the situation to determine which decision-making style will be the most effective. [5]

Open-book management An approach to management in which every employee is trained, empowered, and motivated to understand and pursue the company's business goals. [9]

Organizational politics Informal approaches to gaining power through means other than merit or luck. [7]

Outcome Anything that might stem from performance, such as a reward. [10]

Participative leader A person in charge who shares decision making with group members. [4]

Path-goal theory An explanation of leadership effectiveness that specifies what the leader must do to achieve high productivity and morale in a given situation. [5]

Performance orientation As a cultural value, the degree to which a society encourages (or should encourage) and rewards group member for performance improvement and excellence. [14]

Personal brand Your basket of strengths that makes you unique. [3]

Personal magnetism A captivating, inspiring personality with charm and charismatic-like qualities. [8]

Personal power Power derived from the person rather than from the organization. [7]

Personalized charismatic A charismatic leader who exercises few restraints on the use of power in order to best serve his or her own interests. [3]

Pet-peee technique A method of brainstorming in which a group identifies all the possible complaints others might have about the group's organizational unit. [11]

Positive psychological capital An individual's positive psychological state of development, characterized by four psychological resources: self-efficacy, hope, optimism, and resilience. [7]

Power The potential or ability to influence decisions and control resources. [7]

Power distance As a cultural value, the degree to which members of a society expect, and should expect, power to be distributed unequally. [14]

Practical intelligence The ability to solve everyday problems by using experience-based knowledge to adapt to and shape the environment. [2]

Prestige power The power stemming from one's status and reputation. [7]

Proactive personality A relatively stable tendency to effect environmental change. [2]

Pygmalion effect The situation that occurs when a managerial leader believes that a group member will succeed and communicates this belief without realizing it. [4]

Resistance The state that occurs when an influence attempt by a leader is unsuccessful: The target is opposed to carrying out the request and finds ways to either not comply or do a poor job. [8]

Reward power The authority to give employees rewards for compliance. [7]

Self-awareness Insightfully processing feedback about oneself to improve personal effectiveness. [15]

Self-discipline The ability to mobilize one's efforts to stay focused on attaining an important goal. [15]

Self-efficacy The confidence in one's ability to carry out a specific task. [10]

Self-leadership The idea that all organizational members are capable of leading themselves, at least to some extent. [7]

Servant leader One who serves constituents by working on their behalf to help them achieve their goals, not the leader's own goals. [4]

Shadowing An approach to mentoring in which the trainee follows the mentor around for a stated period of time. [15]

Single-loop learning A situation in which learners seek minimum feedback that might substantially confront their basic ideas or actions. [15]

Situational Leadership II (SLII) A model of leadership that explains how to match the leadership style to capabilities of group members on a given task. [5]

Social entrepreneurship The use of market-based methods to solve social problems. [6]

Socialized charismatic A charismatic leader who restrains the use of power in order to benefit others. [3]

Strategic contingency theory An explanation of sources of power suggesting that units best able to cope with the firm's critical problems and uncertainties acquire relatively large amounts of power. [7]

Strategic leadership The process of creating or sustaining an organization by providing the right direction and inspiration. [13]

Strategic planning Those activities that lead to the statement of goals and objectives and the choice of strategy. [13]

Strategy An integrated, overall concept of how the firm will achieve its objectives. [13]

Substitutes for leadership Factors in the work environment that provide guidance and incentives to perform, making the leader's role almost superfluous. [1]

SWOT analysis A method of considering internal strengths, weaknesses, and external opportunities and threats in a given situation. [13]

Team A work group that must rely on collaboration if each member is to experience the optimum success and achievement. [9]

Teamwork Work done with an understanding and commitment to group goals on the part of all team members. [9]

Territorial games Also referred to as turf wars, political tactics that involve protecting and hoarding resources that give one power, such as information, relationships, and decision-making authority. [7]

360-degree feedback A formal evaluation of superiors based on input from people who work for and with them, sometimes including customers and suppliers. [4]

Time orientation As a cultural value, the importance nations and individuals attach to time. [14]

Tough question One that makes a person or group stop and think about why they are doing or not doing something. [4]

Transformational leader A leader who brings about positive, major changes in an organization. [3]

Trust A person's confidence in another individual's intentions and motives and in the sincerity of that individual's word. [2]

Uncertainty avoidance As a cultural value, the extent to which members of a society rely (and should rely) on social norms, rules, and procedures to lessen the unpredictability of future events. [14]

Upward appeal A means of influence in which the leader enlists a person with more formal authority to do the influencing. [8]

Valence The worth or attractiveness of an outcome. [10]

Virtuous circle The idea that corporate social performance and corporate financial performance feed and reinforce each other. [6]

Vision The ability to imagine different and better conditions and ways to achieve them. [3]

Whistleblower An employee who discloses organizational wrongdoing to parties who can take action. [6]

Win-win approach to conflict resolution The belief that after conflict has been resolved, both sides should gain something of value. [12]

Work orientation As a cultural value, the number of hours per week and weeks per year people expect to invest in work versus leisure, or other nonwork activities. [14]

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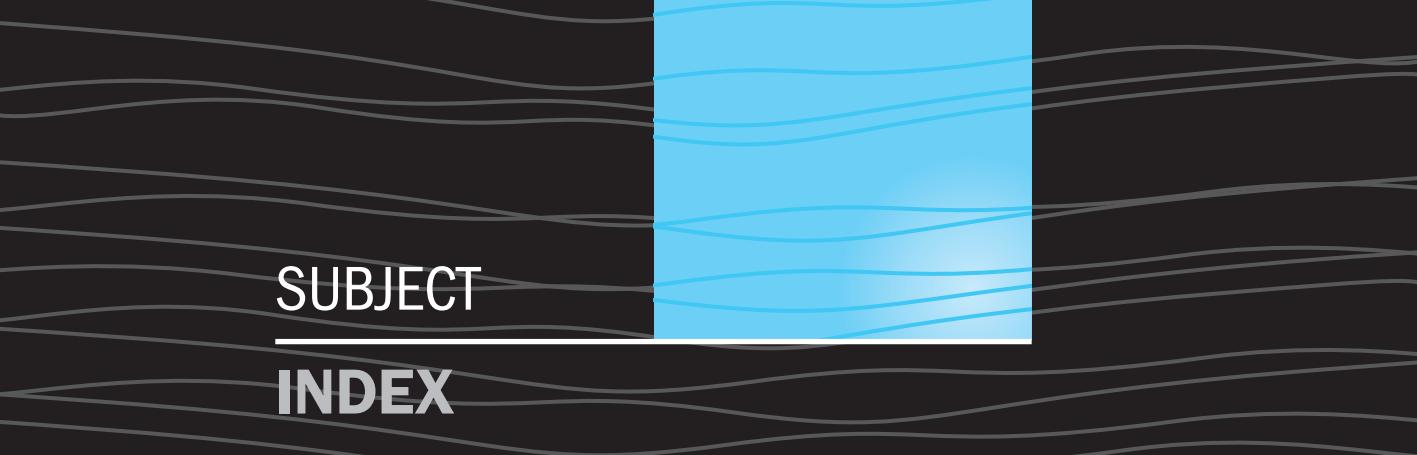
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