Chapter 18

Leadership

Chapter Outline

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Annotated Learning Objectives

After studying this chapter, students should be able to:

1. Define leadership and explain its importance for organizations.
   
   There is probably no topic more important to business success today than leadership. Leadership occurs between people, involves the use of influence, and is used to attain goals. Influence means that the relationship among people is not passive. A definition of leadership is the ability to influence people toward the attainment of goals. This definition captures the idea that leaders are involved with other people in the achievement of goals. Leadership is dynamic and involves the use of power. Power is the potential ability to influence the behavior of others. Power represents the resources with which a leader effects changes in employee behavior.

2. Identify personal characteristics associated with effective leaders.
   
   Traits are the distinguishing personal characteristics of a leader such as intelligence, values, and appearance. In addition to personality traits, physical, social, and work-related characteristics have been studied. However, these traits do not stand-alone. The appropriateness of a trait, or set of traits, depends on the leadership situation. The same traits do not apply to every organization. Further studies have expanded the understanding of leadership beyond the personal traits of the individual to focus on the dynamics of the relationship between leaders and followers.

3. Describe the leader behaviors of initiating structure and consideration and when they should be used.
   
   The autocratic and democratic styles suggest that it is the behavior of the leader rather than a personality trait that determines leadership effectiveness. The focus of recent research has shifted from leader personality traits toward the behaviors successful leaders display. Researchers at Ohio State University identified two major behaviors, consideration and initiating structure. Consideration is the extent to which the leader is mindful of subordinates, respects their ideas and feelings, and establishes mutual trust. Initiating structure is the extent to which the leader is task oriented and directs subordinate work activities toward goal attainment. Consideration and initiating structure are independent of each other and are dependent upon the situation.

4. Describe Hersey and Blanchard’s situational theory and its application to subordinate participation.
   
   Hersey and Blanchard’s approach focuses a great deal of attention on the characteristics of employees in determining appropriate leadership behavior. Subordinates vary in readiness level. People low in task readiness, because of little ability or training, or insecurity, need a different leadership style than those who are
in high readiness and have good ability, skills, confidence, and willingness to work. The leader should evaluate subordinates and adopt whichever style is needed. If one or more followers are at low levels of readiness, the leader must be very specific, telling them exactly what to do, how to do it, and when. For followers high in readiness, the leader provides a general goal and authority to do the task as they see fit.

5. Explain the path-goal model of leadership.

Path-goal theory suggests the leader’s responsibility is to increase subordinates’ motivation to attain personal and organizational goals. The leader increases their motivation by either clarifying the subordinates’ path to the rewards that are available or increasing the rewards they value and desire. The model is called a contingency theory because it consists of three sets of contingencies: leader behavior and style, situational contingencies, and the use of rewards to meet subordinates’ needs.

6. Discuss how leadership fits the organizational situation and how organizational characteristics can substitute for leadership behaviors.

The organizational situation or variables can be so powerful that they actually substitute for, or neutralize, the need for leadership. A substitute for leadership makes the leadership style unnecessary or redundant. Highly professional subordinates who know how to do their tasks do not need a leader to initiate structure for them and tell them what to do. A neutralizer counteracts the leadership style and prevents the leader from displaying certain behaviors. If a leader has no position power, or is physically removed from subordinates, the leader’s ability to give directions to subordinates is greatly reduced.

7. Describe transformational leadership and when it should be used.

Managers deal with organizational complexity, leaders initiate productive change. Transformational leaders are similar to charismatic leaders, but are distinguished by their special ability to bring about innovation and change. They have the ability to lead changes in the organization’s mission, structure, and human resource management. They emerge to take an organization through major strategic change, such as revitalization.

8. Identify the five sources of power and how each causes different subordinate behavior.

Power is the potential ability to influence the behavior of others. Power represents the resources with which a leader effects changes in employee behavior. Within organizations there are typically five sources of power:

Legitimate power comes from a formal management position in an organization and the authority granted to it.
Reward power stems from the manager’s authority to bestow rewards on others.
Coercive power, the opposite of reward power, refers to the manager’s authority to punish or recommend punishment.
Expert power results from a leader’s special knowledge or skill.
Referent power comes from leader personality characteristics that command subordinate’s identification, respect, and admiration so they wish to emulate the leader.

9. Explain innovative approaches to leadership in a turbulent environment.

The concept of leadership is changing because of dramatic changes in today’s environment and organizations. Globalization, e-commerce, virtual organizations and telecommuting, changes in employee interests and expectations, and increasing diversity have all contributed to a shift in how we think about and practice leadership.

Level 5 leadership deals with the transformation of companies from merely good to truly great organizations. A key characteristic of Level 5 leaders is an almost complete lack of ego; Level 5 leaders often seem shy and unpretentious. Although they accept full responsibility for their mistakes, poor results, or failures, Level 5 leaders give credit for successes to other people. Yet, Level 5 leaders have a fierce determination to do whatever it takes to produce great and lasting results for their organizations. Level 5 leaders build an organization with many strong leaders who can step forward and continue the company’s success. These leaders want everyone in the organization to develop to their fullest potential.

Interactive leadership, also known as Women’s Ways of Leading, focuses on minimizing personal ambition and developing others. This means that the leader favors a consensual and collaborative process, and influence derives from relationships rather than position power and formal authority. The characteristics associated with interactive leadership are emerging as valuable qualities for both male and female leaders in the new workplace.

The virtual workplace, in which employees work remotely from each other and from leaders, is becoming more common in today’s organizations, bringing new leadership challenges. In a virtual environment, leaders face a constant tension in trying to balance structure and accountability with flexibility. Effective virtual leaders set clear goals and timelines and are very explicit about how people will communicate and coordinate their work. However, the details of day-to-day activities are left up to employees. People who excel as virtual leaders tend to be open-minded and flexible, exhibit positive attitudes that focus on solutions rather than problems, and have superb communication, coaching, and relationship-building skills. Good virtual leaders never forget that work is accomplished through people, not technology. Building trust, maintaining open lines of communication, caring about people, and being open to subtle cues from others are essential in a virtual environment.

In a turbulent environment, the best leaders operate from the assumption that work exists for the development of the workers as much as the worker exists to do the work. Servant leadership is leadership upside down because leaders transcend self-
interest to serve others and the organization. Servant leaders operate on two levels: for the fulfillment of their subordinates’ goals and needs and for the realization of the larger purpose or mission of their organization. Servant leaders give things away—power, ideas, information, recognition, credit for accomplishments. Servant leaders bring the follower’s higher motives to the work and connect them to the organizational mission and goals.

Lecture Outline

Suggested Opening Remarks

Roy Pelaez wanted to create an organization where people cared about each other and about the customer and willingly gave their best. To do so meant breaking some “unwritten management rules” about not getting involved with followers’ personal problems. Pelaez quickly realized that his subordinates (many of whom were immigrants) had very low levels of skill, ability, and confidence, along with tremendous personal needs that consumed much of their attention and motivation. In terms of the theories discussed in the chapter, Pelaez combined a telling leadership style, as indicated by the Hersey and Blanchard Theory for followers at a low readiness level, with a supportive leadership approach, as defined by the Path-Goal Theory. Pelaez had to use a telling style because if he didn’t, many of his workers simply didn’t know what to do. However, he also knew he needed to be supportive to help build the pride and confidence of employees.

In addition, Pelaez acted as a servant leader by being deeply committed to helping his followers grow and improve in their personal as well as their work lives, such as setting up classes for anyone interested in improving English language skills. He instituted an Employee of the Month recognition program, which provided a reward beyond a weekly paycheck. Anyone who had perfect attendance over a six-week period or who turned in a purse or wallet with cash and credit cards got a day off with pay. Members of the “Top Crew of the Month” were rewarded with free movie passes, calling cards, or “burger bucks.” These forms of recognition and reward were a real boost to workers who had received little attention and appreciation in their lives. The outcome of Pelaez’s leadership was a drop in the turnover rate from 100 percent a year to 12 percent a year and an increase in revenue from $5 million to $14 million. Employees began turning in large amounts of money found on planes, returning some 250 wallets with more than $50,000 in cash to passengers who had left them on board. By genuinely caring about and giving to his employees, Pelaez tremendously increased his personal power and built a community of highly satisfied and committed employees. According to one observer, Pelaez “created a group of people who will do anything in the world for him.”

1. THE NATURE OF LEADERSHIP

   ➢ Why is leadership such an important management topic?
There is probably no topic more important to business success than leadership because it occurs among people, involves influence, and is used to attain goals. *Influence* means that the relationship among people is not passive; influence is designed to achieve some end or goal. *Leadership* is the ability to influence people toward the attainment of goals. Leadership is reciprocal, occurring among people; it is dynamic and involves the use of power to get things done.

II. LEADERSHIP VERSUS MANAGEMENT

*What is the difference between management and leadership?*

Management and leadership are both important to organizations. Effective managers must be leaders because of distinctive qualities associated with each that provide different strengths for the organization. Management and leadership reflect two different sets of qualities and skills that frequently overlap within a single individual.

A person may have more of one set of qualities than the other, but ideally a manager develops a balance of both manager and leader qualities. A primary distinction between management and leadership is that management promotes stability; order and problem solving within the existing organizational structure and systems. Leadership promotes vision, creativity, and change; it means questioning the status quo so that outdated, unproductive or socially irresponsible norms can be replaced. Leadership cannot replace management; management helps the organization meet current commitments, while good leadership moves the organization into the future.

III. LEADERSHIP TRAITS

Early efforts to understand leadership focused on the leader’s personal characteristics or traits. *Traits* are the distinguishing personal characteristics of a leader such as intelligence, values, and appearance. Generally, research found only a weak relationship between personal traits and leader success.

Physical, social, and work-related characteristics of leaders have also been studied; the appropriateness of a trait or set of traits depends on the leadership situation. The same traits do not apply to every organization or situation.
UNLOCKING CREATIVE SOLUTIONS THROUGH TECHNOLOGY

An E-Commerce Revolution at General Motors

After a decade on the job, CIO Szygenda has taken GM a long way toward his goal of creating the first totally wired car company. Today, employees around the globe can collaborate on projects. Szygenda wants to do for cars what Michael Dell has done for computers. It is a tremendous undertaking, but Syzgenda thrives on such monumental tasks. He is known as an overachiever who loves the sense of accomplishment that comes from completing seemingly impossible jobs. His high energy level enables him to work 70-hour weeks and take home massive amounts of work. Szgenda is also known as a consummate diplomat and skillful negotiator, who can get things accomplished through tact and compromise. Syzenda believes persistence and determination are his best qualities. He will do whatever it takes to get the job done, and he has the confidence to see it through to the end.

Discussion Question #2: Suggest some personal traits that you believe would be useful to a leader. Are these traits more valuable in some situations than in others?

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IV. BEHAVIORAL APPROACHES

➢ What are the behavior approaches?

The inability to define effective leadership based solely on traits led to an interest in looking at the behavior of leaders and how it might contribute to leader success.

Two basic leadership behaviors that have been identified as important for leadership are task-oriented behavior and people-oriented behavior.

Although these are not the only important leadership behaviors, concern for tasks and concern for people must be shown at some reasonable level.

Important research programs using these categories were conducted at Ohio State, The University of Michigan, and the University of Texas.

A. Ohio State Studies

The Ohio State studies of leader behavior identified two major leadership behaviors called consideration and initiating structure.

Consideration is the extent to which the leader is sensitive to subordinates, respects their ideas and feelings, and establishes mutual trust.

Considerate leaders are friendly, provide open communication, develop teamwork, and are oriented toward their subordinates’ welfare.
Initiating structure is the extent to which a leader is task oriented and directs subordinate activities towards goal attainment.

Leaders with this style typically give instructions, spend time planning, emphasize deadlines, and provide schedules of work activities.

Consideration and initiating structure are independent of each other; a leader with a high degree of consideration may be high or low on initiating structure.

A leader may have any of four styles:
- high initiating structure-low consideration
- high initiating structure-high consideration
- low initiating structure-low consideration
- low initiating structure-high consideration

The research showed that the high consideration-high initiating structure style achieved better performance and greater satisfaction than the other styles.

However, new research has found that the “high-high” style is not necessarily the best; effective leaders may have different styles depending on the situation.

UNLOCKING CREATIVE SOLUTIONS THROUGH PEOPLE
The De La Salle Spartans Win with Soul

The last time the De La Salle Spartans lost a football game was in 1991. Coach Bob LaDouceur has led his team of players, many of whom are derided as “undersized” and “untalented,” to one victory after another, year after year. LaDouceur directs close attention the tasks needed to accomplish the goal of winning. He keeps his players on a year-round strength and conditioning program. Tasks are important, but for LaDouceur, people always come first. As tensions build during the season, players are encouraged to speak their hearts, confess their fears, and talk about their commitments. Before the game, LaDouceur talks bout the “L word.” “Love. Why is that work so hard to say?” he asks his players.

B. Michigan Studies

The University of Michigan studies compared the behavior of effective and ineffective supervisors.

Employee-centered leaders were the effective leaders who established high performance goals and displayed supportive behavior toward subordinates.

Job-centered leaders were ineffective and less concerned with goal achievement and human needs in favor of meeting schedules, keeping costs low, and achieving efficiency.
C. The Leadership Grid

Researchers at the University of Texas developed the *leadership grid*, a two-dimensional model that measures concern for people and for production.

Each axis on the grid is a nine-point scale, with 1 meaning low and 9 high concern.

*Team management* (9,9) is often considered the most effective style for all managers; organization members work together to accomplish task outcomes.

*Country-club management* (1,9) occurs when primary emphasis is given to people rather than to work outputs.

*Authority-compliance management* (9,1) occurs when efficiency in operations is the dominant orientation.

*Middle-of-the-road management* (5,5) reflects a moderate concern for both people and production.

*Impoverished management* (1,1) means the absence of a management philosophy; managers exert little effort toward interpersonal relationships or work accomplishment.

At Truserv, Pamela Lieberman is characterized by high concern for tasks and low-to-moderate concern for people.

At Tires Plus, Tom Gegax is high on concern for people and a moderate concern for production; both leaders are effective although they display different styles.

**Discussion Question #3:** What is the difference between *trait theories* and *behavioral theories of leadership*?

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V. CONTINGENCY APPROACHES

- What are contingency approaches?

Several models of leadership that explain the relationship between leadership styles and specific situations; these are termed *contingency approaches*.

A. Fiedler’s Contingency Theory.

Fiedler’s basic idea is simple; match the leader’s style with the most favorable for success; by diagnosing leadership style and the organizational situation, the correct fit can be arranged.

1. Leadership style

The cornerstone of Fiedler’s contingency theory is the extent to which the leader’s style is relationship oriented or task oriented.
A relationship-oriented leader is concerned with people; a task-oriented leader is primarily motivated by task accomplishment.

Leadership style was measured with a questionnaire known as the least preferred co-worker (LPC) scale, a set of 16 bipolar adjectives on an 8-point scale.

If the leader describes the least preferred co-worker using positive concepts, he is considered relationship oriented; if the leader uses negative concepts, he is task oriented.

2. Situation

Leadership can be analyzed in terms of three elements.

- **Leader-member relations** refer to attitudes toward, and acceptance of, the leader.
- **Task structure** refers to tasks performed by the group which are defined, involve specific procedures, and have clear goals.
- **Position power** concerns the leader’s formal authority over subordinates.

Combining the three situational characteristics yields a list of eight leadership situations. Situation I is the most favorable and Situation VIII is most unfavorable.

**Discussion Question #6:** Consider Fiedler’s theory as illustrated in Exhibit 15.4. How often do very favorable, intermediate, or very unfavorable situations occur in real life? Discuss.

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B. Contingency Theory

Task-oriented leaders excel when the situation is highly favorable or highly unfavorable; in a favorable situation, everyone gets along.

In an unfavorable situation, structure and task direction are needed; a strong leader defines task structure and establishes authority over subordinates.

Relationship-oriented leaders are more effective in situations of moderate favorability because human relations skills are needed for high group performance.

The leader with good interpersonal skills can create a positive group atmosphere.

To use Fiedler’s contingency theory, a leader needs to know whether he/she has a relationship- or task-oriented style.

Diagnose the situation and determine if leader-member relations, task structure, and position power are favorable or unfavorable:

- At Merrill Lynch Stan O’Neal slashed 24,000 jobs, closed 300 offices, and demoted or fired veteran managers; he also achieved a remarkable turnaround.
- O’Neal might be characterized as using a task-oriented style in an unfavorable situation; as the situation becomes more favorable, O’Neal’s style will not work.

Fiedler’s research shows how styles fit the situation to improve organizational effectiveness. Fitting the leader style to the situation can yield large dividends.
Discussion Question #1: Do you think leadership style is fixed and unchangeable for a leader or flexible and adaptable? Discuss.

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C. Hersey and Blanchard’s Situational Theory

The focus of this theory is that subordinates vary in their readiness level.

People low in task readiness need a different leadership style than those with high maturity.

People have low task readiness due to limited skills, lack of training, or insecurity.

People with high task readiness tend to have ability, skills, confidence, and willingness to work

According to situational theory, a leader can adopt a leadership styles, based on relationship (concern for people) and task (concern for production) behavior.

The four styles include:

- **Telling style**---a high concern for tasks and a low concern for people and relationships.
- **Selling style**---a high concern for both people and tasks
- **Participating style**---a combination of high concern for people and relationships and low concern for production tasks.
- **Delegating style**---a low concern for both relationships and tasks.

Followers may be at low, moderate, high, or very high levels of readiness.

1. Low Readiness Level

   A telling style is appropriate when followers are at a low readiness level because of poor ability and skills, little experience, insecurity, or unwillingness.

   The leaders tells followers what to do, how to do it, and when to do it.

2. Moderate Readiness Level

   A selling style works best with moderate levels of readiness because these subordinates might lack some education and experience for the job.

   The selling style gives direction but includes seeking input from others and clarifying tasks.

3. High Readiness Level

   When subordinates demonstrate a high readiness level, a participating style is effective; these subordinates have the necessary education, experience, and skills.
For these followers, the leader provides a general goal, delegates’ sufficient authority to do the task, and expects followers to complete the task as they see fit.

4. Very High Readiness Level

When followers have very high levels of education, experience, and readiness to accept responsibility for their own task behavior, the delegating style is effective.

The contingency model is easier to understand than Fiedler’s model, but it incorporates only the characteristics of followers, not those of the situation.

C. Path-Goal Theory

Path-goal theory is another contingency approach in which the leader’s responsibility is to increase subordinates’ motivation to attain personal and organizational goals.

The leader increases followers’ motivation by clarifying the path to rewards; the leader helps subordinates learn the behaviors for task accomplishment and rewards.

Then the leader increases the rewards subordinates value and desire---whether they are intrinsic rewards (from the work itself) or extrinsic rewards (raises or promotions).

This model consists of three contingencies: leader behavior, situational contingencies, and the use of rewards to meet subordinate needs.

1. Leader behavior.

This is the style or type of behavior the leader can adopt:

Supportive leadership involves behavior that shows concern for subordinates’ well being and personal needs; the leader creates a team climate.

Directive leadership occurs when the leader tells subordinates exactly what they are to do.

Participative leadership means the leader consults with subordinates about decisions; the leader encourages discussion and suggestions.

Achievement-oriented leadership occurs when the leader sets clear and challenging goals for subordinates, shows confidence in them and assists them in achieving high goals.

These are types of leader behavior that every leader is able to adopt depending on the situation.

2. Situational Contingencies

One situational contingency is the personal characteristics of group members including ability, skills, needs, and motivations.

The other is the work environment, which includes degree of task structure, nature of the formal authority system, and the work group itself.

The task structure includes the extent to which tasks are defined and have explicit job descriptions and work procedures.

The formal authority system includes the amount of legitimate power of managers and the extent to which policies and rules constrain workers’ behavior.
Work group characteristics refer to the educational level of subordinates and the quality of relationships among them.

3. Use of Rewards.  

The leader’s responsibility is to clarify the path to rewards for subordinates and increase the amount of rewards to enhance satisfaction and job performance. In some situations, the leader works with subordinates to help them acquire the skills and confidence to perform tasks and achieve rewards already available. In others, the leader may develop new rewards to meet the specific needs of a subordinate.

Exhibit 15.7 illustrates four examples of how leadership behavior is tailored to the situation.

The outcomes produce greater employee effort either by clarifying how subordinates can receive rewards or changing the rewards to fit their needs.

For example, the CEO of PSS Medical World hires people who exhibit a desire to win and then keeps them motivated with his achievement-oriented leadership. Path-goal theorizing can be complex, but the research on it has been encouraging.

D. Substitutes for Leadership  

The contingency leadership approaches considered so far have focused on leader’s style, subordinates’ nature, and situation’s characteristics.

The final contingency approach suggests that situational variables can be so powerful that they substitute for, or neutralize, the need for leadership.

A substitute is a situational variable that makes a leadership style redundant or unnecessary; highly professional subordinates do not need a leader to tell them what to do.

A neutralizer is a situational variable that prevents a leader from displaying certain behaviors.

Situational variables include characteristics of the subordinate, task, and the organization.

The value of the situations described in Exhibit 15.8 is that they help leaders avoid leadership overkill.

Leaders should adopt a style complementary to the organizational situation to ensure that both task needs and people needs of the work group are met.

Discussion Question #10: Consider the leadership position of a senior partner in a law firm. What task, subordinate, and organizational factors might serve as substitutes for leadership in this situation?
VII. LEADING CHANGE

Why is leadership particularly important in a turbulent environment?

Research has found that some leadership approaches are more effective than others for bringing about change in organizations.

Two types of leadership that can have a substantial impact are charismatic and transformational; these are best understood in comparison to transactional leadership.

Transactional leaders clarify subordinates’ role and task requirements, initiate structure, provide appropriate rewards, and try to meet the social needs of subordinates.

Transactional leaders excel at management functions, are hardworking, tolerant, and fair-minded; they stress the impersonal aspects of performance—plans, schedules, and budgets.

Leading change requires a different approach.

A. Charismatic and Visionary Leadership

The charismatic leader has the ability to inspire and motivate people to do more than they would normally do, despite obstacles and personal sacrifice.

Charismatic leaders state a vision of an imagined future, shape a corporate value system, and trust subordinates and earn their complete trust in return.

Charismatic leaders are often skilled in the art of visionary leadership, speaking to the hearts of employees, letting them be part of something bigger.

They see beyond current realities and help followers believe in a brighter future; a vision is an attractive, ideal future that is credible yet not readily attainable.

Charismatic leaders have a strong vision for the future, almost an obsession, and they can motivate others to help realize it—Sam Walton, Mother Theresa.

Charisma can also be used for self-serving purposes that lead to deception, manipulation, and exploitation of others—Adolf Hitler, Osama bin Laden.

B. Transformational Leaders

Transformational leaders are distinguished by their special ability to bring about innovation and change.

They recognize followers’ needs and concerns, help them look at old problems in new ways, and encourage them to question the status quo.

Transformational leaders create significant change in both followers and the organization.

They have the ability to lead changes in the organization’s mission, structure, and human resource management.

They focus on intangibles, such as vision, shared values, and ideas to build relationships, give larger meaning to activities, and enlist followers in change.

A recent study confirmed that transformational leadership has a positive impact on follower development and follower performance.
Transformational leadership skills can be learned and are not ingrained personality characteristics.

A good example of a transformational leader is Richard Kovacevich who steered Wells Fargo through numerous acquisitions to make it a large and powerful bank.

**Discussion Question #7:** What is transformational leadership? Differentiate between transformational leadership and transactional leadership. Give an example of each.

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**VIII. USING POWER AND INFLUENCE**

*Power* is the potential ability to influence the behavior of others; *influence* is the effect of a person’s actions on the attitudes, values, beliefs, or behavior of others.

Whereas power is the capacity to cause a change in a person, influence may be thought of as the degree of actual change.

Power results from an interaction of leader and followers.

Sometimes power comes from a person’s position in the organization, while other sources of power are based on personal characteristics.

Within organizations, there are typically five sources of power: legitimate, reward, coercive, expert, and referent.

A. Position Power

The traditional manager’s power comes from the organization. The position gives managers power to reward or punish subordinates to influence behavior.

Examples of position power include:

- **Legitimate power.** Comes from a formal management position in an organization and the authority granted to it.
  
  Subordinates accept this source of power as legitimate, which is why they comply.

- **Reward power.** Stems from the manager’s authority to bestow rewards on other people.
  
  Legitimate and reward power are most likely to generate compliance.

- **Coercive power.** The opposite of reward power. Here, the manager has the authority to punish or recommend punishment, which often generates resistance.
  
  *Resistance* means workers tend to try to avoid carrying out instructions or will attempt to disobey them.
Discussion Question #4: Suggest the sources of power that would be available to the leader of a student government organization. To be effective, should student leaders keep power to themselves or delegate power to other students?

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B. Personal Power

Personal power often comes from internal sources, such as a person’s special knowledge or personality.

Examples of personal power include:

- **Expert power.** Results from a leader’s special knowledge or skill regarding the tasks performed by followers.

- **Referent power.** Comes from leader personality characteristics that command subordinates’ identification, respect, and admiration so they wish to emulate the leader.

  Subordinate response will be *commitment*, which means subordinates will enthusiastically carry out instructions.

  Leaders can increase their referent power when they share power and authority with employees; a significant trend is to *empower* lower employees.

VIII. **POST-HEROIC LEADERSHIP FOR TURBULENT TIMES**

The concept of leadership is changing because of the turbulence and uncertainty in the environment.

Ethical and economic difficulties, corporate governance concerns, globalization, changes in technology, new ways of working, shifting employee interests expectations contributed to a shift in thinking about and practicing leadership.

Of particular interest is a *post-heroic approach* that focuses on the unseen, unrewarded acts of good leaders.

The post-heroic major characteristic is *humility*, being unpretentious and modest rather than arrogant and prideful.

New leadership approaches include servant leadership, Level 5 Leadership, interactive leadership, e-leadership, and moral leadership.

A. Servant Leadership

There have always been leaders who operate from the assumption that work exists for the development of the worker as much as the worker exists to do the work.

*Servant leaders* operate on two levels: for the fulfillment of the subordinates’ goals and for the realization of the larger purpose or mission of their organization.
Servant leaders give things away—power, ideas, information, recognition, and credit for accomplishment.

Servant leaders bring the follower’s higher motives to the work and connect them to the organizational mission and goals.

Servant leaders often work in the nonprofit world because it offers a natural way to apply their leadership drive and skills to serve others.

B. Level 5 Leadership

A recent study conducted by Jim Collins identified the critical importance of Level 5 leadership in transforming companies from good to great organizations.

*Level 5* refers to the highest level in a hierarchy of manager capabilities; a key characteristic of Level 5 leaders is an almost complete lack of ego.

Level 5 leaders often seem shy and unpretentious.

Although they fully accept responsibility for mistakes, poor results, or failures, Level 5 leaders give credit for successes to other people.

Level 5 leaders have a fierce determination to do whatever it takes to produce great and lasting results for their organizations.

They are extremely ambitious for their companies rather than for themselves.

Level 5 leaders develop a solid corps of leaders, so that when they leave the company it can continue to thrive and grow even stronger.

Level 5 leaders build an organization with many strong leaders who can step forward and continue the company’s success.

They want everyone in the organization to develop to their fullest potential.

**Discussion Question #8:** How does Level 5 leadership differ from the concept of servant leadership? Do you believe anyone has the potential to become a Level 5 leader? Discuss.

**Notes**

C. Interactive Leadership

*Interactive leadership* is characterized by values such as inclusion, collaboration, relationship building, and caring rather than position power.

Recent research indicates that women’s styles of leadership are particularly suited to today’s organizations.

Female managers score significantly higher than men on abilities such as motivating others, fostering communication, and listening.

Values associated with interactive leadership include personal humility, inclusion, relationship building, and caring.
D. E-Leadership

Today people work from home or other remote locations connected to the office and one another through information technology.

This new way of working brings new leadership challenges; leaders face a tension in trying to balance structure and accountability with flexibility.

Leaders have to provide enough structure and direction so that people have a clear understanding of requirements but trust virtual workers to perform duties.

Effective virtual leaders set clear goals and timelines and are very explicit about how people will communicate and coordinate their work.

Virtual leaders take extra care to keep people informed and involved with one another and with the organization.

Virtual leaders are open-minded and flexible, exhibit positive attitudes focused on solutions, and have good communication and relationship-building skills.

Good virtual leaders never forget that work is accomplished through people, not technology.

**Discussion Question #5:** What skills and abilities does a manager need to effectively lead in a virtual environment? Do you believe a leader with a consideration style or an initiating-structure style would be more successful as a virtual leader? Explain your answer.

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E. Moral Leadership

*Moral leadership* is about distinguishing right from wrong and choosing to do right.

Moral leaders remember that business is about values, not just economic performance.

Leaders are often faced with right-versus-right decisions, in which several responsibilities conflict with one another.

Moral leaders strive to find the moral answer or compromise rather than taking the easy way out.

Clearly moral leadership requires courage, the ability to step forward through fear and act on one’s values and conscience; leaders often act unethically because they lack courage.

Moral leaders summon the fortitude to do the right thing, even if it is unpopular; this is how leaders create honesty, trust, and integrity in the organization.

**Discussion Question #9:** Do you think leadership is more important or less important in today’s flatter, team-based organizations? Explain.
Lecture Example File

Leaders do not command excellence; they build excellence. Excellence is "being all you can be" within the bounds of doing what is right for your organization. To reach excellence you must first be a leader of character. You must do everything you are supposed to do. An organization will not achieve excellence by figuring out where it wants want to go, then having leaders do whatever they have to in order to get the job done, and hope that along the way those leaders acted with good character. That way is backwards. Pursuing excellence should not be confused with accomplishing a job or task. When you do planning, you do it by backwards planning. But you do not achieve excellence by backwards planning. Excellence starts with leaders of character who engage in the entire process of leadership. And the first process is being a person of honorable character.

Character develops over time. Many think that much of character is formed early in life. However, nobody knows exactly how much or how early character develops. But, it is safe to claim that character does not change quickly. A person's observable behavior is an indication of her character. This behavior can be strong or weak, good or bad. A person with strong character shows drive, energy, determination, self-discipline, willpower, and nerve. She sees what she wants and goes after it. She attracts followers. On the other hand, a person with weak character shows none of these traits. She does not know what she wants. Her traits are disorganized; she vacillates, and is inconsistent. She will attract no followers.

An organization needs leaders with strong and good characteristics, people who will guide them to the future and show that they can be trusted.

To be an effective leader, your people must have trust in you and they have to be sold on your vision. In any organization, a leader's actions set the pace. This behavior wins trust, loyalty, and ensures the organization's continued vitality. One of the ways to build trust is to display a good sense of character. Character is the disposition of a person, made up of beliefs, values, skills, and traits.

Beliefs are the deep-rooted beliefs that a person holds dear. They could be assumptions or convictions that you hold true regarding people, concepts, or things. They could be the beliefs about life, death, religion, what is good, what is bad, what is human nature, etc.

Values are attitudes about the worth of people, concepts, or things. For example, you might value a good car, home, friendship, personal comfort, or relatives. These are import because they influence your behavior to weigh the importance of alternatives. For example, you might value friends more than privacy.

Skills are the knowledge and abilities you gain throughout life. The ability to learn a
new skill varies with each individual. Some skills come almost naturally, while others come only by complete devotion to study and practice.

**Traits** are distinguishing qualities or characteristics of a person, while character is the total sum of these traits. There are hundreds of personality traits, far too many to be discussed here.

**Answers to End-Of-Chapter Discussion Questions**

1. *Rob Martin became manager of a forklift assembly plant and believed in participative management, even when one supervisor used Rob’s delegation to replace two competent line manager with his own friends. What would you say to Rob about his leadership style in this situation?*

   Perhaps Rob should be reminded of Hersey and Blanchard’s model of leadership. The maturity level of the group should be considered when deciding on a leadership style. It would appear that the level of the supervisor would require that a different style be used with him. Less autonomy and more direction might be called for in this situation.

2. *Suggest some personal traits that you believe would be useful to a leader. Are these traits more valuable in some situations than in others?*

   This question is designed to stimulate student discussion, and there is no single correct answer. The point of the question is to help students relate leader traits to specific situations. For example, students may mention good communication or human relations skills as being valuable traits for a leader. Upon reflection, they may realize that these traits may not be useful with difficult, immature employees who do not wish to cooperate.

3. *What is the difference between trait theories and behavioral theories of leadership?*

   Traits are the distinguishing personal characteristics of a leader, such as values, personality characteristics, or intelligence. Traits are considered a rather permanent feature of the individual. Behavioral theories are concerned with specific behaviors displayed by a leader, such as consideration or initiating structure. Behaviors are not considered a permanent part of the leader, so leaders can adopt any leader behavior with appropriate training. Behavioral theories assume that leaders are flexible with respect to their leadership style.

4. *Suggest the sources of power that would be available to the leader of a student government organization. To be effective, should student leaders keep power to themselves or delegate power to other students?*

   Legitimate power would be one source because the student government position would have certain authority granted to it. Indeed, legitimate power would probably
be the primary source of authority for the leader. Coercive power is probably not a source because most student government leaders do not have severe punishments that they can apply to subordinates. The other three sources of power—reward, expert, referent—are possible sources of student government leader power depending on the leader’s situation. If the leader has rewards available, he or she may be able to use them. Expert power and referent power would depend on the leader’s knowledge of the student government process and his or her ability to command the respect and admiration of others. Delegation of power is usually a way to be more effective as a leader and should be used.

5. **Would you prefer working for a leader who has a consideration or an initiating structure leadership style? Discuss the reasons for your answer.**

The point of this question is that one style is not preferable to the other. Consideration is the extent to which the leader respects subordinates’ ideas and feelings, provides open communication, develops teamwork, and establishes mutual trust. Initiating structure is the extent to which the leader is task oriented, directs subordinates’ work activities, and plans and emphasizes deadlines. Both aspects of leadership are necessary. The point of the various theories in this chapter is that both consideration and initiating structure are valuable. Fiedler’s contingency theory found that initiating structure was more effective in highly favorable or unfavorable situations, and consideration was most effective in situations of moderate favorability. The substitutes for leadership theory indicates that consideration and initiating structure both must be present, but that the situation may substitute for the leader characteristic. Thus, when the situation provides a characteristic, the leader need not, and vice versa. Students can argue that both consideration and initiating structure should be present, or they can argue for one characteristic or the other and explain why each is appropriate in a specific situation.

6. **Consider Fiedler’s theory as illustrated in Exhibit 18.5. How often do very favorable, favorable, intermediate, or very unfavorable situations occur in real life? Discuss.**

Highly favorable and highly unfavorable situations are probably rarer than situations of intermediate favorableness. In general terms, highly unfavorable means a situation that requires a turnaround, and most situations are not that bad. Highly favorable situations last only a short time in a fast changing world. Thus most situations probably do best with person-oriented leadership. Most of the world revolves around the mean (average) of leader-member relations, task structure, and position power.

7. **What is transformational leadership? Differentiate between transformational leadership and transactional leadership. Give an example of each.**

Transformational leadership goes beyond the traditional ideas for influencing people. Transformational leaders can motivate people beyond what is normally expected. They motivate people to transcend their own interests for the sake of the organization. They have a special ability to bring about innovation and change.
because they have visionary ideas that excite and stimulate other people to work hard and attain the vision.

Transactional leaders fill a more traditional leadership role. They do not inspire or motivate people to transcend their own interests. More methodical than inspirational, transactional leaders verify the task structure of subordinates, initiate structure, and motivate people by providing monetary rewards. They are fair-minded and help subordinates improve productivity, but they do not inspire people with exciting visions for the future. The best example of a transactional leader is a typical administrator. The administrator works hard to manage the affairs of his or her department and to initiate structure for workers. On the other hand, transformational leaders like Jack Welch or Lee Iacocca, do not focus on details, rules, or specific directions but on intangible qualities such as vision, shared values, and ideas.

8. Some experts believe that leadership is more important than ever in a learning organization. Do you agree? Explain.

Leadership in learning organizations has taken a new dimension of quality that inspires and motivates people beyond their normal levels of performance. Research has found that some leadership approaches are more effective than others for bringing about change in organizations. There are two types of leadership styles that can have a substantial impact on performance: charismatic and transactional.

Transactional leaders clarify the role and task requirements of subordinates, initiate structure, provide appropriate rewards, and try to be considerate to and meet the social needs of subordinates.

Charismatic leaders have the ability to inspire and motivate people to do more than they would normally do, despite obstacles and personal sacrifice. Followers transcend their own self-interests for the sake of the department or organization.

9. What is meant by “servant leadership”? Have you ever known a servant leader? Discuss.

Servant leaders operate on two levels: for the fulfillment of their subordinates’ goals and needs, and for the realization of the larger purpose of mission of their organization. Servant leaders give things away—power, ideas, information, recognition, credit for accomplishments. They truly value other people, encourage participation, share power, enhance others’ self-worth, and unleash peoples’ creativity, full commitment and natural impulse to learn.

Student responses will vary as to their exposure to a servant leader.

10. Do you think leadership style is fixed and unchangeable for a leader or flexible and adaptable? Discuss.

This question is designed to stimulate student discussion, and there is no single correct answer. The issue of whether leadership style is fixed or flexible has been a
fundamental debate in the literature. Trait theories assume that leadership style is fixed: people with the correct traits will good leaders. Fiedler’s work on least preferred coworker also takes a trait approach by assuming that the situation rather than the leader must be changed to suit the leader’s style. Moreover, evidence in favor of fixed leader style comes from work on inspirational leaders. Inspirational leaders tend to have an inborn ability to motivate others that is difficult to train. In much the same way, transformational leaders and entrepreneurial leaders seem to emerge in certain situations. These people seem to succeed because of personal characteristics more than learned behaviors.

Most other theories, however, assume that leaders are flexible enough to adopt more than one type of leader behavior. The two-dimensional theories, the path-goal theory, the Vroom-Jago model, and substitutes for leadership all assume that leaders can tailor their leadership behavior to fit the organizational situation. In general, the weight of evidence suggests that leader behavior can be flexible. However, it may be that transactional leadership behaviors can be flexible but that inspirational leader behavior is fixed.

11. Consider the leadership position of a senior partner in a law firm. What task, subordinate, and organizational factors might serve as substitutes for leadership in this situation?

With respect to the list of variables in Exhibit 15.10, macro variables such as formalization, inflexibility, and physical separation probably would not be typical of a law firm. Moreover, task characteristics typically are not highly structured. However, subordinates may get automatic feedback on how they are doing, such as winning or losing a court case, which is a substitute for task-oriented leadership. Moreover, law practice is probably intrinsically satisfying, and this is a substitute for people-oriented leadership. The group characteristics of professionalism and experience would also substitute for task-oriented leadership and to some extent people-oriented leadership. The net effect is that the senior partner in a law firm needs to provide only minimal leadership to subordinates because of the nature of the task and the high professionalism of subordinates. Free of an active role in directing subordinates or in meeting their task or people needs, the senior partner could spend a fair amount of time concentrating on his or her own law clients.

Teaching Note for Experiential Exercise

T-P Leadership Questionnaire: An Assessment of Style

This short questionnaire measures an individual’s dominant or preferred leadership style. Based on their scores on two dimensions (task-orientation and people-orientation), individuals are classified as either high task, low people-orientation; low task, high people-orientation; low task, low people-orientation; or mixed (moderate scores on both dimensions). Ask students how they think their dominant style will affect their behavior as leaders. This might be a good time to ask students about the flexibility of most people. If one has a dominant task-oriented style, for example, how difficult will it be for him or
her to exhibit a people-oriented style when the situation requires it? To lead into Fiedler’s theory, ask students which they think would be easier to change: a manager’s leadership style or situational variables so they match the dominant style of the leader?

Teaching Note for Ethical Dilemma

Does Wage Reform Start at the Top?

Asking his managers and workers to take serious pay cuts when he is not willing to do so himself is unfair to Preston Smith’s employees. Accepting the current director’s salary and circulating information that he is taking a cut in pay to come to Resitronic is more equitable from Smith’s standpoint, but workers are not likely to see it that way. This option is not likely to engender the kind of commitment, cooperation, and trust Smith needs to turn the company around. To truly “try out his theories about an empowered workforce,” Smith needs symbolize his commitment to the company by choosing Option 2, taking the kind of serious pay cut he is asking his employees to take and implementing open-book management so that all workers know where they stand and how they can achieve financial rewards for improving performance.

Surf the Net

1. **Leadership Style.** Student responses to the leadership style self assessment will vary. There is no precise leadership style. Most leadership styles are situational; therefore, there is no one best way to lead a group.

   **Test your Leadership**

   1. Are you dissatisfied with the way things run now--dissatisfied enough to keep change activity constantly underway?

   2. Do you have a strong mental model of the way you want things to be improved in the future and are you working at refining the model with your team?

   3. Do you recognize the need to focus on the core competencies of the people and the organization in order to succeed? Does the list of competencies exist in hard copy?

   4. Have you set clear strategic goals and objectives for your organization, are they written and measurable, and is individual accountability clear?

   5. Are you conscious of setting goals that stretch and motivate your team, but not to the extent that they act numb or confused? Are the goals published?
6. Do you assess and give feedback on performance to your team members one-on-one regularly; is performance against goals more measurable than soft; are performance assessments documented?

7. Can you run effective executive meetings with your team, well aligned to the organization's goals? Are you complimented often by team members on the way you run meetings?

8. When you give credit to the real achievers, are you usually clear on the contribution they have made to improved performance? Whenever possible, do you publish achievement awards?

9. Are you recognized by your organization as being an outstanding speech maker and does the audience appear more motivated during and after your speech, e.g., in their questions?

10. Do you provide people in your organization with the opportunity to regularly provide an assessment of your team's performance and the things that need to be improved across the organization?

11. How many hours (actual time face to face) do you spend with customers or members of your organization each week - your visibility rating (Score "Always" for more than 30 hours then scale linearly down to "Never")?

12. Have you created a personal leadership development plan for yourself with a coach or mentor; do you like to hear about new management techniques and try them; can you recall what you did last week to improve yourself?

13. To what extent are you taking a personal role in trying to change things in the organization by leading some aspect of the change process yourself (in addition to leading the executive team) and reinforcing the new behaviors of others?

14. Do you ask people to give you informal feedback on your personal performance; can you take criticism positively and change?

15. Are you visibly putting achieving the organization's performance goals above all else? Are you conscious of your habits and traits that detract others from the goals?

2. **Learning Training.** Students are encouraged to view the video available at the Web site and submit observations from it. www.ninthhouse.com.

3. **Leadership Research.** Don't be afraid to take a big step when one is indicated. You can't cross a chasm in two small steps -- David Lloyd George British Prime Minister during WWI.
A model of change - some guidelines for personal development. Develop an awareness and understanding of the impact of your behavior. Develop a plan and stick to it. Try out new behaviors, realizing they won't be comfortable at first. Monitor and measure progress. Adjust and modify your plan and your leadership style as you learn. Recognize that you will backslide. Go back to your plan and continue to measure your progress. Immediate perfection is not realistic. Sustained commitment is what counts.

Case for Critical Analysis Solution

DGL International

1. What leadership style did John Terrill use? What do you think was his primary source of power?

John Terrill’s style is high in people orientation. He shows genuine concern for his subordinates and has taken steps in building a strong, highly focused team. Although, initially, Terrill’s power is legitimate, his primary source of power is referent. Terrill’s subordinates respected and admired both his empathy for their situation and his successful efforts to dramatically illustrate the problem and change the situation.

2. Based on the Hersey-Blanchard theory, should Terrill have been less participative? Should he have initiated more task structure for the engineers? Explain.

In this case, the immediate problem was to decrease the number of required reports and thereby increase the efficient use of time per employee. This effort required Terrill’s participation (S3). However, Terrill’s remarks to the engineers reflect his recognition of the high maturity level (M4) within the department. Having freed his subordinates from the mundane task of filing useless reports, Terrill’s remarks indicate his determination to establish goals and provide department personnel with sufficient authority to complete tasks as they see fit.

3. What leadership approach would you have taken in this situation?

While some students may offer alternative leadership approaches, the majority will probably support the style used by Terrill. It is important, therefore, that students support their opinions with sound arguments.