Chapter 14
Leadership

What Is Leadership?

After reading these sections, you should be able to:

1. explain what leadership is.
2. describe who leaders are and what effective leaders do.

Leadership
Leaders versus Managers

MANAGERS
Do things right
Status quo
Short-term
Means
Builders
Problem solving

LEADERS
Do the right thing
Change
Long-term
Ends
Architects
Inspiring & motivating

American organizations (and probably those in much of the rest of the industrialized world) are underled and overmanaged. They do not pay enough attention to doing the right thing, while they pay too much attention to doing things right.

- Warren Bennis

Substitutes for Leadership

• Leadership substitutes
  – subordinate, task, or organizational characteristics that make leaders redundant or unnecessary

• Leadership neutralizers
  – subordinate, task, or organizational characteristics that interfere with a leader’s actions

• Leaders don’t always matter
  – Poor leadership is not the cause of every organizational crisis
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Leadership Substitutes and Neutralizers

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>People-Related Leadership Behaviors</th>
<th>Task-Related Leadership Behaviors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subordinate Characteristics</td>
<td>Neutralize</td>
<td>Substitute, Neutralize</td>
</tr>
<tr>
<td>Ability, experience, training, knowledge</td>
<td>Neutralize</td>
<td>Substitute, Neutralize</td>
</tr>
<tr>
<td>Need for independence</td>
<td>Neutralize</td>
<td>Substitute, Neutralize</td>
</tr>
<tr>
<td>Professional orientation</td>
<td>Neutralize</td>
<td>Neutralize</td>
</tr>
<tr>
<td>Inherence toward organizational rewards</td>
<td>Neutralize</td>
<td>Neutralize</td>
</tr>
<tr>
<td>Task Characteristics</td>
<td>No effect</td>
<td>Substitute, Neutralize</td>
</tr>
<tr>
<td>Unambiguous and routine tasks</td>
<td>No effect</td>
<td>Substitute, Neutralize</td>
</tr>
<tr>
<td>Performance feedback provided by the work itself</td>
<td>Substitute, Neutralize</td>
<td>Neutralize</td>
</tr>
<tr>
<td>Intrinsically satisfying work</td>
<td>Neutralize</td>
<td>Neutralize</td>
</tr>
<tr>
<td>Organizational Characteristics</td>
<td>No effect</td>
<td>Substitute, Neutralize</td>
</tr>
<tr>
<td>Formalization, meaning specific plans, goals, and areas of responsibility</td>
<td>No effect</td>
<td>Neutralize</td>
</tr>
<tr>
<td>Inflexibility, meaning rigid, unbending rules and procedures</td>
<td>No effect</td>
<td>Neutralize</td>
</tr>
<tr>
<td>Highly specified staff functions</td>
<td>No effect</td>
<td>Neutralize</td>
</tr>
<tr>
<td>Cohesive work groups</td>
<td>Substitute, Neutralize</td>
<td>Neutralize</td>
</tr>
<tr>
<td>Organizational rewards beyond a leader’s control</td>
<td>Neutralize</td>
<td>Neutralize</td>
</tr>
<tr>
<td>Spatial distance between supervisors and subordinates</td>
<td>Neutralize</td>
<td>Neutralize</td>
</tr>
</tbody>
</table>

Who Leaders Are and What Leaders Do

Leadership Traits

Leadership Behavior

Leadership Behaviors

Initiating Structure

The degree to which a leader structures the roles of followers by setting goals, giving directions, setting deadlines, and assigning tasks.

Consideration

The extent to which a leader is friendly, approachable, and supportive and shows concern for employees.
Providing Security

Beyond the Book

Jeffrey Katzenberg, CEO of DreamWorks, has realized that making employees feel secure has become increasingly important, especially in the last two years. If people don't feel secure, they won't be willing to take risks, which is crucial to success in the film business. Katzenberg works hard to communicate this to his employees—that their jobs are safe, that the company is growing (300 hires in the last year), and that they have a strong financial position. What kind of leadership behavior is Katzenberg demonstrating here?


Blake/Moulton Leadership Grid

Situational Approaches to Leadership

After reading these sections, you should be able to:

3. explain Fiedler’s contingency theory.
4. describe how path-goal theory works.
5. explain the normative decision theory.
Putting Leaders in the Right Situation: Fiedler’s Contingency Theory

Leadership Style: Least Preferred Coworker

- Leadership style is the way a leader generally behaves toward followers
  - seen as stable and difficult to change

- Style is measured by the Least Preferred Co-worker scale (LPC)
  - relationship-oriented
  - task-oriented
Leadership Style: Least Preferred Coworker Scale

How would you rank your least-preferred coworker? He or she is:

<table>
<thead>
<tr>
<th>Category</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
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<tbody>
<tr>
<td>Friendly</td>
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<tr>
<td>Supportive</td>
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<tr>
<td>Accepting</td>
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<td>Positive</td>
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<tr>
<td>Realistic</td>
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<tr>
<td>Interesting</td>
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<tr>
<td>Creative</td>
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<tr>
<td>Cheers</td>
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</tbody>
</table>

Situational Favorableness

The degree to which a particular situation either permits or denies a leader the chance to influence the behavior of group members.

Three factors:
- Leader-member relations
- Task structure
- Position power

Situational Favorableness

<table>
<thead>
<tr>
<th>Leader-Member Relations</th>
<th>Good</th>
<th>Good</th>
<th>Good</th>
<th>Poor</th>
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<th>Poor</th>
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</thead>
<tbody>
<tr>
<td>Task Structure</td>
<td>High</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Position Power</td>
<td>Strong</td>
<td>Weak</td>
<td>Strong</td>
<td>Weak</td>
<td>Strong</td>
<td>Weak</td>
<td>Weak</td>
</tr>
<tr>
<td>Situation</td>
<td>Favorable</td>
<td>Moderately Favorable</td>
<td>Unfavorable</td>
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</tbody>
</table>
Path-Goal Theory

A leadership theory that states that leaders can increase subordinate satisfaction and performance by clarifying and clearing the paths to goals and by increasing the number and kinds of rewards available for goal attainment.

How to Apply Path-Goal Theory

- Clarify paths to goals
- Clear paths to goals by solving problems and removing roadblocks
- Increase the number and kinds of rewards available for goal attainment
- Do things that satisfy followers today or will lead to future rewards or satisfaction
- Offer followers something unique and valuable beyond what they’re experiencing
Path-Goal Theory

Subordinate Contingencies
- Perceived Ability
- Locus of Control
- Experience

Leadership Styles
- Directive
- Supportive
- Participative
- Achievement-Oriented

Environmental Contingencies
- Task Structure
- Formal Authority System
- Primary Work Group

Outcomes
- Subordinate satisfaction
- Subordinate performance

Adapting Leader Behavior: Path-Goal Theory

Leadership Styles
- Directive
  - clarifying expectations and guidelines
- Supportive
  - being friendly and approachable
- Participative
  - allowing input on decisions
- Achievement-Oriented
  - setting challenging goals
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Subordinate and Environmental Contingencies

<table>
<thead>
<tr>
<th>Subordinate</th>
<th>Environmental</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived ability</td>
<td>Task structure</td>
</tr>
<tr>
<td>Locus of control</td>
<td>Formal authority system</td>
</tr>
<tr>
<td>Experience</td>
<td>Primary work group</td>
</tr>
</tbody>
</table>

Beyond the Book

Control What You Can

Wendy Kopp, founder and CEO of Teach for America which provides teachers for urban and rural public schools, has found that the most predictive trait of success in her teachers is an internal locus of control. As she says, there are many factors that could be blamed for student difficulties—kids, kids’ families, the education system—but the successful teachers will figure out what they can control within the given environment and own it and use it to their advantage.


Path Goal Theory:
When to Use Leadership Styles

<table>
<thead>
<tr>
<th>Directive Leadership</th>
<th>Supportive Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unstructured tasks</td>
<td>Structured, simple, repetitive tasks</td>
</tr>
<tr>
<td>Inexperienced workers</td>
<td>Stressful, frustrating tasks</td>
</tr>
<tr>
<td>Workers with low perceived ability</td>
<td>When workers lack confidence</td>
</tr>
<tr>
<td>Workers with external locus of control</td>
<td>Clear formal authority system</td>
</tr>
<tr>
<td>Unclear formal authority system</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Participative Leadership</th>
<th>Achievement-Oriented Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experienced workers</td>
<td>Unchallenging tasks</td>
</tr>
<tr>
<td>Workers with high perceived ability</td>
<td></td>
</tr>
<tr>
<td>Workers with internal locus of control</td>
<td></td>
</tr>
<tr>
<td>Workers not satisfied with rewards</td>
<td></td>
</tr>
<tr>
<td>Complex tasks</td>
<td></td>
</tr>
</tbody>
</table>
Worker Readiness

- The ability and willingness to take responsibility for directing one’s behavior at work

- Components of worker readiness:
  - Job readiness
  - Psychological readiness

Worker Readiness

<table>
<thead>
<tr>
<th>R4</th>
<th>confident willing able</th>
</tr>
</thead>
<tbody>
<tr>
<td>R3</td>
<td>insecure not willing able</td>
</tr>
<tr>
<td>R2</td>
<td>confident willing not able</td>
</tr>
<tr>
<td>R1</td>
<td>insecure not able not willing</td>
</tr>
</tbody>
</table>
Leadership Styles

- Telling (R1): high task behavior, low relationship behavior
- Selling (R2): high task behavior, high relationship behavior
- Participating (R3): low task behavior, high relationship behavior
- Delegating (R4): low task behavior, low relationship behavior

Beyond the Book

Normative Decision Theory

Decision Styles

- A1: Solve the problem yourself
- AII: Obtain information, select a solution yourself
- C1: Share problem, get ideas from individuals, select a solution yourself
- CII: Share problem with group, get ideas, make decision, which may or may not reflect input
- GII: Share problem with group, together try to reach a solution, leader acts as facilitator

Decision Quality and Acceptance

C1: Solve the problem yourself
AII: Obtain information, select a solution yourself
CII: Share problem with group, get ideas, make decision, which may or may not reflect input
GII: Share problem with group, together try to reach a solution, leader acts as facilitator
Decision Quality and Acceptance

- Using the right amount of employee participation:
  - improves decision quality
  - improves acceptance
- Decision tree helps leader identify optimal level of participation

Normative Theory Decision Rules to Increase Decision Quality

- **Quality Rule**
  - If the quality of the decision is important, then don't use an autocratic decision style.
- **Leader Information Rule**
  - If the quality of the decision is important, and the leader doesn't have enough information to make the decision on his or her own, then don't use an autocratic decision style.
- **Subordinate Information Rule**
  - If the quality of the decision is important, and if the subordinates don't have enough information to make the decision themselves, then don't use a group decision style.

Normative Theory Decision Rules to Increase Decision Quality

- **Goal Congruence Rule**
  - If the quality of the decision is important, and subordinates' goals are different from the organization's goals, then don't use a group decision style.
- **Problem Structure Rule**
  - If the quality of the decision is important, the leader doesn't have enough information to make the decision on his or her own, and the problem is unstructured, then don't use an autocratic decision style.
Normative Theory Decision Rules to Increase Decision Acceptance

- **Commitment Probability Rule**
  - If having subordinates accept and commit to the decision is important, then don't use an autocratic decision style

- **Subordinate Conflict Rule**
  - If having subordinates accept the decision is important and critical to successful implementation, and if subordinates are likely to disagree or end up in conflict over the decision, then don't use an autocratic or consultative decision style

- **Commitment Requirement Rule**
  - If having subordinates accept the decision is absolutely required for successful implementation, and if subordinates share the organization's goals, then don't use an autocratic or consultative style

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Strategic Leadership

*After reading this section, you should be able to:*

6. explain how visionary leadership (i.e., charismatic or transformational leadership) helps leaders achieve strategic leadership.

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Visionary Leadership

- Charismatic Leadership
- Transformational Leadership
Charismatic Leadership

• Creates an exceptionally strong relationship between leader and follower
• Charismatic leaders:
  – articulate a clear vision based on values
  – model values consistent with vision
  – communicate high performance expectations
  – display confidence in followers’ abilities

Building a Cathedral

Alan Mulally, CEO of Ford Motor Co., tells the following story: When three bricklayers are asked what they are doing, the first answers, “I’m making a living laying these bricks.” The second answers, “I’m learning about the profession of bricklaying so I can be the best bricklayer ever.” Finally, the third answers, “I’m helping to build a cathedral.” As a leader, Mulally believes, you need to help people understand the broader vision behind what they are doing. As people better understand the broader vision, they will be more motivated and unified in working towards it.


Kinds of Charismatic Leaders

• Ethical Charismatics
  – provide developmental opportunities
  – are open to positive and negative feedback
  – recognize others’ contributions
  – share information
  – show concern for the interests of the group

• Unethical Charismatics
  – control and manipulate followers
  – do what is best for themselves
  – only want positive feedback
  – motivated by self-interest
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Ethical and Unethical Charismatic Leaders

<table>
<thead>
<tr>
<th>Ethical Charisms</th>
<th>Ethical Charisms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Using power to serve others</td>
<td>Using power to serve others</td>
</tr>
<tr>
<td>Allow followers to help develop the vision</td>
<td>Allow followers to help develop the vision</td>
</tr>
<tr>
<td>Engage in two-way communication</td>
<td>Engage in two-way communication</td>
</tr>
<tr>
<td>Are open to feedback</td>
<td>Are open to feedback</td>
</tr>
<tr>
<td>Want followers to think and question the status quo</td>
<td>Want followers to think and question the status quo</td>
</tr>
<tr>
<td>Focus on developing followers</td>
<td>Focus on developing followers</td>
</tr>
<tr>
<td>Exhibit three virtues: courage, sense of fairness, integrity</td>
<td>Exhibit three virtues: courage, sense of fairness, integrity</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Charismatic Leader Behaviors</th>
<th>Ethical Charisms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exercising Power</td>
<td>Use power to serve others</td>
</tr>
<tr>
<td>Creating the vision</td>
<td>Using power to serve others</td>
</tr>
<tr>
<td>Communicating with followers</td>
<td>Communicating with followers</td>
</tr>
<tr>
<td>Accepting feedback</td>
<td>Accepting feedback</td>
</tr>
<tr>
<td>Stimulating followers</td>
<td>Stimulating followers</td>
</tr>
<tr>
<td>Developing followers</td>
<td>Developing followers</td>
</tr>
<tr>
<td>Living by moral standards</td>
<td>Living by moral standards</td>
</tr>
</tbody>
</table>

Reducing Risks of Unethical Charismatics

1. Have a clearly written code of conduct
2. Recruit, select, and promote managers with high ethical standards
3. Train leaders how to value, seek, and used diverse points of view
4. Train leaders and subordinates regarding ethical leader behaviors
5. Reward those who exhibit ethical behaviors
Transformational Leadership

• Generates awareness and acceptance of group’s purpose and mission
• Gets followers to accomplish more than they intended or thought possible

Components of Transformational Leadership

1. Charisma or idealized influence
2. Inspirational motivation
3. Intellectual stimulation
4. Individualized consideration