Learning Objectives

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

1. Define leadership and followership.

2. Discuss the differences between leadership and management, and between leaders and managers.

3. Compare autocratic, democratic, and laissez-faire leadership styles.

4. Explain initiating structure and consideration, leader behaviors, and the Leadership Grid.

5. Explain Fiedler's contingency theory of leadership.

6. Distinguish among the path-goal theory, the Vroom-Yetton-Jago theory, and the situational leadership model.

7. Distinguish among transformational, transactional, and charismatic leaders.

8. Discuss the characteristics of effective and dynamic followers.
1. Define leadership and followership.

leadership
The process of guiding and directing the behavior of people in the work environment.

formal leadership
Officially sanctioned leadership based on the authority of a formal position.

informal leadership
Unofficial leadership accorded to a person by other members of the organization.

followership
The process of being guided and directed by a leader in the work environment.

Leadership in organizations is the process of guiding and directing the behavior of people in the work environment. The first section of the chapter distinguishes leadership from management. Formal leadership occurs when an organization officially bestows on a leader the authority to guide and direct others in the organization. Informal leadership occurs when a person is unofficially accorded power by others in the organization and uses influence to guide and direct their behavior. Leadership is among the most researched topics in organizational behavior and one of the least understood social processes in organizations.

Leadership has a long, rich history in organizational behavior. In this chapter, we explore many of the theories and ideas that have emerged along the way in that history. To begin, we examine the differences between leaders and managers. Next, we explore the earliest theories of leadership, the trait theories, which tried to identify a set of traits that leaders have in common. Following the trait theories, behavioral theories were developed, proposing that leader behaviors, not traits, are what counts. Contingency theories followed soon after. These theories argue that appropriate leader behavior depends on the situation and the followers. Next, we present some exciting contemporary theories of leadership, followed by the “hot” and exciting new issues that are arising in leadership. We end by discussing followership, and providing you with some guidelines for using this leadership knowledge.

2. Discuss the differences between leadership and management, and between leaders and managers.

John Kotter suggests that leadership and management are two distinct, yet complementary systems of action in organizations. Specifically, he believes that effective leadership produces useful change in organizations (as exemplified by Lee Iacocca at Chrysler Corporation in the early 1980s) and that good management controls complexity in the organization and its environment (as exemplified by Jack Welch at General Electric). Healthy organizations need both effective leadership and good management.

For Kotter, the management process involves (1) planning and budgeting, (2) organizing and staffing, and (3) controlling and problem solving. The management process reduces uncertainty and stabilizes an organization. Alfred P. Sloan’s integration and stabilization of General Motors after its early growth years are an example of good management.

In contrast, the leadership process involves (1) setting a direction for the organization; (2) aligning people with that direction through communication; and (3) motivating people to action, partly through empowerment and partly through basic need gratification. The leadership process creates uncertainty and change in an organization. Donald Peterson’s championing of a quality revolution at Ford Motor Company is an example of effective leadership.

Abraham Zaleznik proposes that leaders have distinct personalities that stand in contrast to the personalities of manager. Zaleznik suggests that both
TABLE 12.1 LEADERS AND MANAGERS

<table>
<thead>
<tr>
<th>Personality Dimension</th>
<th>Manager</th>
<th>Leader</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitudes toward goals</td>
<td>Has an impersonal, passive, functional attitude; believes goals arise out of necessity and reality</td>
<td>Has a personal and active attitude; believes goals arise from desire and imagination</td>
</tr>
<tr>
<td>Conceptions of work</td>
<td>Views work as an enabling process that combines people, ideas, and things; seeks moderate risk through coordination and balance</td>
<td>Looks for fresh approaches to old problems; seeks high-risk positions, especially with high payoffs</td>
</tr>
<tr>
<td>Relationships with others</td>
<td>Avoids solitary work activity, preferring to work with others; avoids close, intense relationships; avoids conflict</td>
<td>Is comfortable in solitary work activity; encourages close, intense working relationships; is not conflict averse</td>
</tr>
<tr>
<td>Sense of self</td>
<td>Is once born; makes a straightforward life adjustment; accepts life as it is</td>
<td>Is twice born; engages in a struggle for a sense of order in life; questions life</td>
</tr>
</tbody>
</table>


Leaders and managers make a valuable contribution to an organization and that each one's contribution is different. Whereas leaders agitate for change and new approaches, managers advocate stability and the status quo. There is a dynamic tension between leaders and managers that makes it difficult for each to understand the other. Leaders and managers differ along four separate dimensions of personality: attitudes toward goals, conceptions of work, relationships with other people, and sense of self. The differences between these two personality types are summarized in Table 12.1. Zaleznik's distinction between leaders and managers is similar to the distinction made between transactional and transformational leaders, or between leadership and supervision. Transactional leaders use formal rewards and punishment to engage in deal making and contractual obligations, which you will read about later in this chapter.

It has been proposed that some people are strategic leaders, who embody both the stability of managers and the visionary abilities of leaders. Thus, strategic leaders combine the best of both worlds in a synergistic way. The unprecedented success of both Coca-Cola and Microsoft suggests that their leaders, the late Robert Goizueta (of Coke) and Bill Gates, were strategic leaders.

**Early Trait Theories**

The first studies of leadership attempted to identify what physical attributes, personality characteristics, and abilities distinguished leaders from other members of a group. The physical attributes considered have been height, weight,
3. Compare autocratic, democratic, and laissez-faire leadership styles.

**autocratic style**
A style of leadership in which the leader uses strong, directive, controlling actions to enforce the rules, regulations, activities, and relationships in the work environment.

**democratic style**
A style of leadership in which the leader takes collaborative, responsive, interactive actions with followers concerning the work and work environment.

**laissez-faire style**
A style of leadership in which the leader fails to accept the responsibilities of the position.

Behavioral theories emerged as a response to the deficiencies of the trait theories. Trait theories told us what leaders were like, but didn’t address how leaders behaved. Three theories are the foundations of many modern leadership theories: the Lewin, Lippitt, and White studies; the Ohio State Studies; and the Michigan studies.

**Lewin Studies**
The earliest research on leadership style, conducted by Kurt Lewin and his students, identified three basic styles: autocratic, democratic, and laissez-faire. Each leader uses one of these three basic styles when approaching a group of followers in a leadership situation. The specific situation is not an important consideration, because the leader’s style does not vary with the situation. The **autocratic style** is directive, strong, and controlling in relationships. Leaders with an autocratic style use rules and regulations to run the work environment. Followers have little discretionary influence over the nature of the work, its accomplishment, or other aspects of the work environment. The leader with a **democratic style** is collaborative, responsive, and interactive in relationships and emphasizes rules and regulations less than the autocratic leader. Followers have a high degree of discretionary influence, although the leader has ultimate authority and responsibility. The leader with a **laissez-faire style** leads through nonleadership. A laissez-faire leader abdicates the authority and responsibility of the position, and this style often results in chaos.

**Ohio State Studies**
The leadership research program at Ohio State University also measured specific leader behaviors. The initial Ohio State research studied aircrews and
pilots. The aircrew members, as followers, were asked a wide range of questions about their lead pilots using the Leader Behavior Description Questionnaire (LBDQ). The results using the LBDQ suggested that there were two important underlying dimensions of leader behaviors. These were labeled initiating structure and consideration.

**Initiating structure** is leader behavior aimed at defining and organizing work relationships and roles, as well as establishing clear patterns of organization, communication, and ways of getting things done. **Consideration** is leader behavior aimed at nurturing friendly, warm working relationships, as well as encouraging mutual trust and interpersonal respect within the work unit. These two leader behaviors are independent of each other. That is, a leader may be high on both, low on both, or high on one while low on the other. The Ohio State studies were intended to describe leader behavior, not to evaluate or judge behavior.

**Michigan Studies**

Another approach to the study of leadership, developed at the University of Michigan, suggests that the leader's style has very important implications for the emotional atmosphere of the work environment and, therefore, for the followers who work under that leader. Two styles of leadership were identified: employee oriented and production oriented.

A production-oriented style leads to a work environment characterized by constant influence attempts on the part of the leader, either through direct, close supervision or through the use of many written and unwritten rules and regulations for behavior. The focus is clearly on getting work done.

In comparison, an employee-oriented leadership style leads to a work environment that focuses on relationships. The leader exhibits less direct or less close supervision and establishes fewer written or unwritten rules and regulations for behavior. Employee-oriented leaders display concern for people and their needs.

These three groups of studies (the Lewin, Lippitt, and White studies; Ohio State studies; and Michigan studies) taken together form the building blocks of many recent leadership theories. What the studies have in common is that two basic leadership styles were identified, with one focusing on tasks (autocratic, production oriented, initiating structure) and one focusing on people (democratic, employee oriented, consideration). You can use Challenge 12.1 to assess your supervisor's task- versus people-oriented styles.

**The Leadership Grid: A Contemporary Extension**

Robert Blake and Jane Mouton's **Leadership Grid**, originally called the Managerial Grid, was developed with a focus on attitudes. The two underlying dimensions of the Grid are labeled Concern for Results and Concern for People. These two attitudinal dimensions are independent of each other and in different combinations form various leadership styles. Blake and Mouton originally identified five distinct managerial styles, and further development of the Grid has led to the seven distinct leadership styles shown in Figure 12.1.

The **organization man manager** (5,5) is a middle-of-the-road leader who has a medium concern for people and production. This leader attempts to balance a concern for both people and production without a commitment to
Challenge 12.1

How Does Your Supervisor Lead?

Answer the following sixteen questions concerning your supervisor’s (or professor’s) leadership behaviors using the seven-point Likert scale. Then complete the summary to examine your supervisor’s behaviors.

<table>
<thead>
<tr>
<th>Question</th>
<th>Not at All</th>
<th>Very Much</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Is your superior strict about observing regulations?</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>2. To what extent does your superior give you instructions and orders?</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>3. Is your superior strict about the amount of work you do?</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>4. Does your superior urge you to complete your work by the time he or she has specified?</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>5. Does your superior try to make you work to your maximum capacity?</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>6. When you do an inadequate job, does your superior focus on the inadequate way the job was done instead of on your personality?</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>7. Does your superior ask you for reports about the progress of your work?</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>8. Does your superior work out precise plans for goal achievement each month?</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>9. Can you talk freely with your superior about your work?</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>10. Generally, does your superior support you?</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>11. Is your superior concerned about your personal problems?</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>12. Do you think your superior trusts you?</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>13. Does your superior give you recognition when you do your job well?</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>14. When a problem arises in your workplace, does your superior ask your opinion about how to solve it?</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>15. Is your superior concerned about your future benefits like promotions and pay raises?</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>16. Does your superior treat you fairly?</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
</tbody>
</table>

Add up your answers to Questions 1 through 8. This total indicates your supervisor’s performance orientation:

Task orientation = ________

Add up your answers to Questions 9 through 16. This total indicates your supervisor’s maintenance orientation:

People orientation = ________

A score above 40 is high, and a score below 20 is low.

In Opportunistic Management, people adapt and shift to any grid style needed to gain the maximum advantage. Performance occurs according to a system of selfish gain. Effort is given only for an advantage for personal gain.

1,9 Country Club Manager:
Thoughtful attention to the needs of the people for satisfying relationships leads to a comfortable, friendly organization atmosphere and work tempo.

9,9 Team Manager:
Work accomplishment is from committed people; interdependence through a 'common stake' in organization purpose leads to relationships of trust and respect.

5,5 Middle-of-the-Road Manager:
Adequate organization performance is possible through balancing the necessity to get work out while maintaining morale of people at a satisfactory level.

1,1 Impoverished Manager:
Exertion of minimum effort to get required work done is appropriate to sustain organization membership.

9,1 Authority-Compliance Manager:
Efficiency in operations results from arranging conditions of work in such a way that human elements interfere to a minimum degree.

9+9: Paternalism/Maternalism
Management:
Reward and approval are bestowed to people in return for loyalty and obedience; failure to comply leads to punishment.

Figure 12.1 The Leadership Grid

Source: The Leadership Grid® figure, Paternalism Figure and Opportunism from Leadership Dilemmas—Grid Solutions, by Robert R. Blake and Anne Adams McCanse (Formerly the Managerial Grid by Robert R. Blake and Jane S. Mouton). Houston: Gulf Publishing Company, (Grid Figure: p. 29, Paternalism Figure: p. 30, Opportunism Figure: p. 31), Copyright 1991 by Blake and Mouton, and Scientific Methods, Inc. Reproduced by permission of the owners.

Either. The authority-compliance manager (9,1) has great concern for production and little concern for people. This leader desires tight control in order to get tasks done efficiently and considers creativity and human relations unnecessary. The country club manager (1,9) has great concern for people and little...
team manager (9,9)
A leader who builds a highly productive team of committed people.

impoverished manager (1,1)
A leader who exerts just enough effort to get by.

paternalistic “father knows best” manager (9+9)
A leader who promises reward and threatens punishment.

opportunistic “what’s in it for me” manager (Opp)
A leader whose style aims to maximize self-benefit.

5. Explain Fiedler’s contingency theory of leadership.

Contingency Theories

Contingency theories involve the belief that leadership style must be appropriate for the particular situation. By their nature, contingency theories are “if-then” theories: If the situation is __ , then the appropriate leadership behavior is __ . We examine four such theories, including Fiedler’s contingency theory, path-goal theory, normative decision theory, and situational leadership theory.

Fiedler’s Contingency Theory

Fiedler’s contingency theory of leadership proposes that the fit between the leader’s need structure and the favorableness of the leader’s situation determine the team’s effectiveness in work accomplishment. This theory assumes that leaders are either task oriented or relationship oriented, depending upon how the leaders obtain their primary need gratification. 

Task-oriented leaders are primarily gratified by accomplishing tasks and getting work done. Relationship-oriented leaders are primarily gratified by developing good, comfortable interpersonal relationships. Accordingly, the effectiveness of both types of leaders depends on the favorableness of their situation. The theory classifies the favor-
Organizational Reality 12.1

People and Results at Kingston Technology

When David Sun and John Tu founded Kingston Technology Inc. in 1987, Tu bet Sun a new car that they would not last a year in the business. Who won? Sun did—and got a new Jaguar. Kingston designs and manufactures memory products, with sales of more than $1.6 billion in 2000.

One key to Kingston’s success is its founders’ abilities to focus on both people and results. The focus on people stems from a belief that the company is really more family than business. Employees receive gargantuan bonuses when the company is successful. Just in case the company fails, Sun and Tu have established a number of programs to care for employees. “Even if nobody ever buys a PC again and the whole industry is out of business, if I can take care of my employees, then I have no shame on myself,” says Sun.

Kingston’s focus on results is equally important. The sales force was reorganized three times in two years to take advantage of quick openings in the market. If a customer needs an important piece of technology, Kingston has been known to fly it in and hand-deliver it the same day. Managers never renege on deals, even if a sudden swing in the chip market diminishes Kingston’s profit margin.

Along with a focus on both people and results, the philosophy that guides Kingston contributes to its success. “You’ve got to take the approach that every day is a rose garden,” says Sun. “It’s an easygoing philosophy. Other companies are so intense. We are not.”


THE LEAST PREFERRED COWORKER

Fiedler classifies leaders using the Least Preferred Coworker (LPC) Scale. The LPC Scale is a projective technique through which a leader is asked to think about the person with whom he or she can work least well (the least preferred coworker, or LPC).

The leader is asked to describe this least preferred coworker using sixteen eight-point bipolar adjective sets. Two of these bipolar adjective sets follow (the leader marks the blank most descriptive of the least preferred coworker):


Leaders who describe their least preferred coworker in positive terms (that is, pleasant, efficient, cheerful, and so on) are classified as high LPC, or relationship-
task structure
The degree of clarity, or ambiguity, in the work activities assigned to the group.

position power
The authority associated with the leader's formal position in the organization.

leader-member relations
The quality of interpersonal relationships among a leader and the group members.

6. Distinguish among the path-goal theory, the Vroom-Yetton-Jago theory, and the situational leadership model.

oriented, leaders. Those who describe their least preferred coworker in negative terms (that is, unpleasant, inefficient, gloomy, and so on) are classified as low LPC, or task-oriented, leaders.

The LPC score is a controversial element in contingency theory. The LPC score has been critiqued conceptually and methodologically because it is a projective technique with low measurement reliability.

SITUATIONAL FAVORABLENESS The leader's situation has three dimensions: task structure, position power, and leader-member relations. Based on these three dimensions, the situation is either favorable or unfavorable for the leader. Task structure refers to the number and clarity of rules, regulations, and procedures for getting the work done. Position power refers to the leader's legitimate authority to evaluate and reward performance, punish errors, and demote group members.

The quality of leader-member relations is measured by the Group-Atmosphere Scale, composed of nine eight-point bipolar adjective sets. Two of these bipolar adjective sets follow:

- Friendly
- Accepting
- Unfriendly
- Rejecting

A favorable leadership situation is one with a structured task for the work group, strong position power for the leader, and good leader-member relations. In contrast, an unfavorable leadership situation is one with an unstructured task, weak position power for the leader, and moderately poor leader-member relations. Between these two extremes, the leadership situation has varying degrees of moderate favorableness for the leader.

LEADERSHIP EFFECTIVENESS The contingency theory suggests that low and high LPC leaders are each effective if placed in the right situation. Specifically, low LPC (task-oriented) leaders are most effective in either very favorable or very unfavorable leadership situations. In contrast, high LPC (relationship-oriented) leaders are most effective in situations of intermediate favorableness. Figure 12.2 shows the nature of these relationships and suggests that leadership effectiveness is determined by the degree of fit between the leader and the situation.

What, then, is to be done if there is a misfit? That is, what happens when a low LPC leader is in a moderately favorable situation or when a high LPC leader is in a highly favorable or highly unfavorable situation? It is unlikely that the leader can be changed, according to the theory, because the leader's need structure is an enduring trait that is hard to change. Fiedler recommends that the leader's situation be changed to fit the leader's style. A moderately favorable situation would be reengineered to be more favorable and therefore more suitable for the low LPC leader. A highly favorable or highly unfavorable situation would be changed to one that is moderately favorable and more suitable for the high LPC leader.

Fiedler's theory makes an important contribution in drawing our attention to the leader's situation.

Path–Goal Theory

Robert House developed a path–goal theory of leader effectiveness based on an expectancy theory of motivation. From the perspective of path–goal theory, the basic role of the leader is to clear the follower's path to the goal. The leader
uses the most appropriate of four leader behavior styles to help followers clarify the paths that lead them to work and personal goals. The key concepts in the theory are shown in Figure 12.3.

A leader selects from the four leader behavior styles, shown in Figure 12.3, the one that is most helpful to followers at a given time. The directive style is used when the leader must give specific guidance about work tasks, schedule work, and let followers know what is expected. The supportive style is used when the leader needs to express concern for followers’ well-being and social status. The participative style is used when the leader must engage in joint decision-making activities with followers. The achievement-oriented style is used when the leader must set challenging goals for followers and show strong confidence in those followers.

In selecting the appropriate leader behavior style, the leader must consider both the followers and the work environment. A few characteristics are included in Figure 12.3. Let us look at two examples. In Example 1, the followers are inexperienced and working on an ambiguous, unstructured task. The leader in this situation might best use a directive style. In Example 2, the followers are highly trained professionals, and the task is a difficult, yet achievable one. The leader in this situation might best use an achievement-oriented style. The leader always chooses the leader behavior style that helps followers achieve their goals.
The path-goal theory assumes that leaders adapt their behavior and style to fit the characteristics of the followers and the environment in which they work. Actual tests of the path-goal theory and its propositions provide conflicting evidence.\(^{18}\) It is premature either to fully accept or fully reject the theory at this point. The path-goal theory does have intuitive appeal and offers a number of constructive ideas for leaders who lead a variety of followers in a variety of work environments.

**Vroom-Yetton-Jago Normative Decision Model**

The Vroom-Yetton-Jago normative decision model helps leaders and managers know when to have employees participate in the decision-making process. Victor Vroom, Phillip Yetton, and Arthur Jago developed and refined the normative decision model, which helps managers determine the appropriate decision-making strategy to use. The model recognizes the benefits of authoritative, democratic, and consultative styles of leader behavior.\(^{19}\) Five forms of decision making are described in the model:

- **Decide.** The manager makes the decision alone and either announces it or “sells” it to the group.
- **Consult individually.** The manager presents the problem to the group members individually, gets their input, and then makes the decision.
- **Consult group.** The manager presents the problem to the group members in a meeting, gets their inputs, and then makes the decision.
- **Facilitate.** The manager presents the problem to the group in a meeting and acts as a facilitator, defining the problem and the boundaries that surround the decision. The manager’s ideas are not given more weight than any other group member’s ideas. The objective is to get concurrence.
- **Delegate.** The manager permits the group to make the decision within the prescribed limits, providing needed resources and encouragement.\(^{20}\)

The key to the normative decision model is that a manager should use the decision method most appropriate for a given decision situation. The manager arrives at the proper method by working through matrices like the one in Figure 12.3.
12.4. The factors across the top of the model (decision significance, commitment, leader expertise, etc.) are the situational factors in the normative decision model. This matrix is for decisions that must be made under time pressure, but other matrices are also available. For example, there is a different matrix managers can use when their objective is to develop subordinates' decision-making skills.

**FIGURE 12.4** Time-Driven Model (Reprinted from a Model of Leadership Style by Victor Vroom) 1999

TIME-DRIVEN MODEL

Instructions: The matrix operates like a funnel. You start at the left with a specific decision problem in mind. The column headings denote situational factors which may or may not be present in that problem. You progress by selecting High or Low (H or L) for each relevant situational factor. Proceed down from the funnel, judging only those situational factors for which a judgment is called for, until you reach the recommended process.

Vroom has also developed a Windows-based computer program called Expert System that can be used by managers to determine which style to use.

Although the model offers very explicit predictions, as well as prescriptions, for leaders, its utility is limited to the leader decision-making tasks.

One test of the normative decision model supported it based on leader perceptions of a recent decision process but failed to support the model based on follower perceptions of the same process.21

The Situational Leadership Model

The situational leadership model, developed by Paul Hersey and Kenneth Blanchard, suggests that the leader's behavior should be adjusted to the maturity level of the followers.22 The model employs two dimensions of leader behavior as used in the Ohio State studies; one dimension is task oriented, and the other is relationship oriented. Follower maturity is categorized into four levels, as shown in Figure 12.5. Follower maturity is determined by the ability and willingness of the followers to accept responsibility for completing their work. Followers who are unable and unwilling are the least mature, and those who are both able and willing are the most mature. The four styles of leader behavior associated with each level of follower maturity are depicted in the figure as well.

According to the situational leadership model, a leader should use a telling style of leadership with immature followers who are unable and unwilling to take responsibility for completing their work. This style is characterized by high

**FIGURE 12.5** The Situational Leadership Model: The Hersey-Blanchard Model

![Diagram of the Situational Leadership Model](image)

concern with the task and strong initiating structure behavior, coupled with low concern with relationships and little consideration behavior. As followers mature to the second level, the leader should use a selling style, in which there is high concern with both the task and relationships. The able but unwilling followers are the next most mature and require a participating style from the leader. This style is characterized by high concern with relationships and low concern with the task. Finally, the most mature followers are ones who are both able and willing, thus requiring a delegating style of leadership. The leader employing this style of leadership shows low concern with the task and relationships, because the followers accept responsibility.

One key limitation of the situational leadership model is the absence of central hypotheses that could be tested, which would make it a more valid, reliable theory of leadership. However, the theory has intuitive appeal and is widely used for training and development in corporations. In addition, the theory focuses attention on follower maturity as an important determinant of the leadership process.

Recent Developments in Leadership Theory

Leadership is an exciting area of organizational behavior, one in which new research is constantly emerging. Four new developments are important to understand. These are leader–member exchange, substitutes for leadership, transformational leadership, and charismatic leadership.

Leader–Member Exchange

Leader–member exchange theory, or LMX, recognizes that leaders may form different relationships with followers. The basic idea behind LMX is that leaders form two groups, in-groups and out-groups, of followers. In-group members tend to be similar to the leader, and given greater responsibilities, more rewards, and more attention. They work within the leader’s inner circle of communication. As a result, in-group members are more satisfied, have lower turnover, and have higher organizational commitment. In contrast, out-group members are outside the circle and receive less attention and fewer rewards. They are managed by formal rules and policies.

Research on LMX is supportive. In-group members are more likely to engage in organizational citizenship behavior, while out-group members are more likely to retaliate against the organization. And, the type of stress varies by the group to which a subordinate belongs. In-group members’ stress comes from the additional responsibilities placed on them by the leader, whereas out-group members’ stress comes from being left out of the communication network.

Substitutes for Leadership

Sometimes situations can neutralize or even replace leader behavior. This is the central idea behind the substitutes for leadership theory. When a task is very satisfying and when employees get feedback about performance, leader behavior is irrelevant, because the employee’s satisfaction comes from the interesting work and the feedback. Other things that can substitute for leadership include high skill on the part of the employee, team cohesiveness, and formal controls.
7. Distinguish among transformational, transactional, and charismatic leaders.

Transformational Leadership

Transformational leaders inspire and excite followers to high levels of performance. They rely on their personal attributes instead of their official position to manage followers. In contrast, transactional leaders use rewards and punishments to make deals with subordinates. For example, the late Sam Walton may be considered the transformational leader and the visionary heart of Wal-Mart. Certainly, he changed the way the U.S. retailing business operated. As in the case of Wal-Mart, however, it becomes an organizational challenge to figure out a way to institutionalize a transformational leader's style and vision.

There is some evidence that transformational leadership can be learned. As U.S. corporations increasingly operate in a global economy, there is a greater demand for leaders who can practice transformational leadership by converting their visions into reality, and by inspiring followers to perform “above and beyond the call of duty.”

Bass, an early writer on transformational leadership, proposed that leaders can be both transformational and transactional. Research on leaders of environmental organizations supports this idea. If the environmental organization is nonprofit, more of a tendency toward transformational leadership is seen. Bass also proposed that transformational leadership adds to the effects of transactional leadership, but exceptional transactional leadership cannot substitute for transformational leadership. Research on leaders from over 200 organizations supports this idea.

Charismatic Leadership

Anita Roddick (founder of The Body Shop) and Herb Kelleher are charismatic leaders who created a vision and sold it to customers and followers alike, motivating their followers to fulfill the vision. Charismatic leadership results when a leader uses the force of personal abilities and talents to have profound and extraordinary effects on followers. Some scholars see transformational leadership and charismatic leadership as very similar, but others believe they are different. Charisma is a Greek word meaning “gift”; the charismatic leader’s unique and powerful gifts are the source of the leader’s great influence with followers. In fact, followers often view the charismatic leader as one who possesses superhuman, or even mystical, qualities. Charismatic leaders rely heavily on referent power, discussed in Chapter 11, and charismatic leadership is especially effective in times of uncertainty. Charismatic leadership falls to those who are chosen (are born with the “gift” of charisma) or who cultivate that gift. Some say charismatic leaders are born, and others say they are taught.

Charismatic leadership carries with it not only great potential for high levels of achievement and performance on the part of followers but also shadowy risks of destructive courses of action that might harm followers or other people. Several researchers have attempted to demystify charismatic leadership and distinguish its two faces. The ugly face of charisma is revealed in the personalized power motivations of Adolf Hitler in Nazi Germany and David Koresh of the Branch Davidian cult in Waco, Texas. Both men led their followers into struggle, conflict, and death. The brighter face of charisma is revealed in the socialized power motivations of U.S. President Franklin D. Roosevelt and Richard Branson, CEO of Virgin Group, which includes Virgin Atlantic Air-

Charismatic leadership 
The use, by a leader, of personal abilities and talents in order to have profound and extraordinary effects on followers.

Web Sighting

Tom Peters is a best-selling author and lead spokesman for the management revolution of the past few decades. This successful management guru revolutionized the shape of business and has been called “the father of the post-modern corporation.” Visit the following site to learn more about one of America’s most charismatic business leaders.

http://www.tompeters.com
ways. He is a role model to employees and to many young people because of his energy and creativity, and his ability to lead a balanced happy life. He has achieved success without compromising his ethics.41

Despite the warm emotions charismatic leaders can evoke, some charismatic leaders are narcissists who listen only to those who agree with them and do not need advice from those who disagree.42 Whereas charismatic leaders with socialized power motivation are concerned about the collective well-being of their followers, charismatic leaders with a personalized power motivation are driven by the need for personal gain and glorification.43

Charismatic leadership does not address attributes of the situation that may create contingencies for the exercise of leadership.

Emerging Issues in Leadership

Along with the recent developments in theory, some exciting issues have emerged that leaders must be aware of. These include emotional intelligence, trust, virtual teams, women leaders, and servant leadership.

Emotional Intelligence

It has been suggested that effective leaders possess emotional intelligence, which is the ability to recognize and manage emotion in oneself and in others. Emotional intelligence is made up of several competencies, including self-awareness, empathy, adaptability, and self-confidence. These are learned capabilities, and they can be developed.44 Joe Torre, manager of the New York Yankees, gets the most out of his team, makes his boss happy, and delivers wins. He is a model of emotional intelligence: compassionate, calm under stress, a great motivator. He advocates “managing against the cycle,” which means staying calm when situations are tough, but turning up the heat on players when things are going well.45

Trust

Trust has been cited as an essential element in leadership. Trust is the willingness to be vulnerable to the actions of another.46 This means that followers believe that their leader will act with the followers’ welfare in mind. Trustworthiness is also one of the competencies in emotional intelligence. Trust among top management team members facilitates strategy implementation; that means that if team members trust each other, they have a better chance of getting “buy-in” from employees on the direction of the company.47 And, if employees trust their leaders, they will buy in more readily. The Scientific Foundation presents a study that explored trust among NCAA basketball teams.

Leading Virtual Teams

How would you go about leading a team of people in different organizations, in different geographic locations
Does a Team that Trusts Its Leader Perform Better?

If a team trusts its leader does it perform better? A recent study of NCAA basketball teams examined this question. The researchers also wanted to know whether the relationship between past team performance and future team performance could be explained by trust in leadership. Basketball teams are teams in which trust in the leader and trust in teammates are important. The coach controls many resources, such as playing time, that are important to the team. The teams included in the research study were members of twelve different conferences. Three hundred fifty-five basketball players completed questionnaires that assessed their trust in their coach, their trust in their teammates, and other factors. The team's performance was indicated by its winning percentage.

The results of the study highlighted the importance of trust by showing that trust in the coach was related to a team's winning percentage. In other words, the more the players trusted their coach, the more games the team won. Other factors were found by the researchers to be related to team performance.

These included team talent, past team performance, preconference performance, the coach's record, and trust in teammates.

In business, as in basketball, we believe that the best predictor of future performance is past performance. This study shed additional light by showing that trust mediated the relationship between past performance and future performance. This means that the link between past performance and future performance could be explained by the team's trust in the coach.

Teams in business organizations are similar in many ways to basketball teams. What we can learn from this study is that leaders need to consider how they can build trust with their followers. From previous research we know the three ways to do this are by engaging in transformational leadership behaviors like role modeling, by creating fair processes, and by allowing team members to participate in decision making.


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Web Sighting

Womenfuture is a leadership-development group dedicated to advancing the role of women in the workplace. In addition to providing networking resources to its membership, the organization hosts international conferences to explore how women are changing the business world. Visit Womenfuture to learn more about leadership distinctions between men and women in today's business environment.

http://www.womenfuture.com

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around the world, who had never met? They would not have shared understandings of problems, norms, work distribution, roles, or responsibilities. This is a challenge that is becoming more common, and one that Boeing-Rocketdyne faced. This company, which is the major U.S. manufacturer of liquid-fueled rocket engines, put together a virtual team to drive the costs of rocket engines down by 100 times, get the engine to market 10 times faster, and increase the life of a rocket engine by three times—and they did so successfully. What Boeing-Rocketdyne learned is that the leader of such teams needs to be the "spoke in the center of the wheel" in terms of coordination. The leader also needs to help the team create a common language and document results for the entire team. Leading virtual teams requires creativity, because face-to-face interaction that is the hallmark of leadership is not possible. Organizational Reality 12.2 shows how STMicroelectronics mastered the challenge of leading virtual teams.

Women Leaders

An important, emergent leadership question is this: Do women and men lead differently? Historical stereotypes persist, and people characterize successful
Virtual Teaming at STMicroelectronics

STMicroelectronics (STM) got good news! They won a coveted order to design and build microchips for new navigational mapping systems to be installed in Fiats and Peugeots. Now the bad news: The customers needed the chips fast, and STM's specialists were scattered all over the globe. Key players lived in France, England, Italy, India, California, and Arizona, spanned fourteen time zones, and spoke six different languages. Time and costs meant they couldn't meet in one location. Virtual teaming was the only way to get it done.

Being a member of a virtual team is a blessing and a curse. The blessing is that you can design something in the morning, e-mail it out, and by the afternoon have everyone's input from everywhere. The curse is that when a team member's cell phone is turned on, he or she can forget about eight-hour days or uninterrupted meals and relaxing weekends.

The old command-and-control style of leadership does not work with virtual teams. The team leader's job is not decision making but building mutual commitment and confidence. Multiple leaders were used at STM, and leader roles shifted as tasks shifted. And virtual teaming was not always the answer. Groupware or no groupware, sometimes there was no substitute for face-to-face collaboration. At one point, an engineer from India temporarily moved to San Jose to deal with technical problems that were slowing the project down. Leading virtual teams requires a new form of leadership, one that revolves around adaptability.


managers as having more male-oriented attributes than female-oriented attributes. Although legitimate gender differences may exist, the same leadership traits may be interpreted differently in a man and a woman because of stereotypes. The real issue should be leader behaviors that are not bound by gender stereotypes.

Early evidence shows that women tend to use a more people-oriented style that is inclusive and empowering. Women managers excel in positions that demand strong interpersonal skills. More and more women are assuming positions of leadership in organizations. Donna Dubinsky, president and CEO of Handspring, cofounded Palm and Handspring, and is known as the mother of the handheld computer. She wants to change the world such that PDAs outsell PCs. Interestingly, much of what we know about leadership is based on studies that were conducted on men. We need to know more about the ways women lead.

Servant Leadership

Robert Greenleaf was director of management research at AT&T for many years. He believed that leaders should serve employees, customers, and the community, and his essays are the basis for today's view called servant leadership. His personal and professional philosophy was that leaders lead by serving others. Other tenets of servant

Donna Dubinsky, CEO of Handspring, Inc., proudly displays a handheld computer—a product she is the driving force behind.
leadership are that work exists for the person as much as the person exists for work, and that servant leaders try to find out the will of the group and lead based on that. Servant leaders are also stewards who consider leadership a trust and desire to leave the organization in better shape for future generations. Although Greenleaf's writings were completed thirty years ago, many have now been published and are becoming more popular.

8. Discuss the characteristics of effective and dynamic followers.

Followership

In contrast to leadership, the topic of followership has not been extensively researched. Much of the leadership literature suggests that leader and follower roles are highly differentiated. The traditional view casts followers as passive, whereas a more contemporary view casts the follower role as an active one with potential for leadership. The follower role has alternatively been cast as one of self-leadership in which the follower assumes responsibility for influencing his or her own performance. This approach emphasizes the follower's individual responsibility and self-control. Self-led followers perform naturally motivating tasks and do work that must be done but that is not naturally motivating. Self-leadership enables followers to be disciplined and effective, essential first steps if one is to become a leader. Organizational programs such as empowerment and self-managed work teams may be used to further activate the follower role.

Types of Followers

Contemporary work environments are ones in which followers recognize their interdependence with leaders and learn to challenge them while at the same time respecting the leaders' authority. Effective followers are active, responsible, and autonomous in their behavior and critical in their thinking without being insubordinate or disrespectful. Effective followers and four other types of followers are identified based on two dimensions: (1) activity versus passivity and (2) independent, critical thinking versus dependent, uncritical thinking. Figure 12.6 shows these follower types.

Alienated followers think independently and critically, yet are very passive in their behavior. As a result, they become psychologically and emotionally distanced from their leaders. Alienated followers are potentially disruptive and a threat to the health of the organization. Sheep are followers who do not think independently or critically and are passive in their behavior. They simply do as they are told by their leaders. Yes people are followers who also do not think independently or critically, yet are very active in their behavior. They uncritically reinforce the thinking and ideas of their leaders with enthusiasm, never questioning or challenging the wisdom of the leaders' ideas and proposals. Yes people are the most dangerous to a leader because they are the most likely to give a false positive reaction and give no warning of potential pitfalls. Survivors are the least disruptive and the lowest risk followers in an organization. They perpetually sample the wind, and their motto is “Better safe than sorry.”

Effective followers are the most valuable to a leader and an organization because of their active contributions. Effective followers share four essential qualities. First, they practice self-management and self-responsibility. A leader can delegate to an effective follower without anxiety about the outcome. Second, they are committed to both the organization and a purpose, principle, or
person outside themselves. Effective followers are not self-centered or self-aggrandizing. Third, effective followers invest in their own competence and professionalism and focus their energy for maximum impact. Effective followers look for challenges and ways in which to add to their talents or abilities. Fourth, they are courageous, honest, and credible. Challenge 12.2 gives you an opportunity to consider your effectiveness as a follower.

Effective followers might be thought of as self-leaders who do not require close supervision. The notion of self-leadership, or superleadership, blurs the distinction between leaders and followers. Caring leaders are able to develop dynamic followers.

The Dynamic Follower

The traditional stereotype of the follower or employee is of someone in a powerless, dependent role rather than in a potent, active, significant role. The latter, in which the follower is dynamic, is a more contemporary, healthy role. The dynamic follower is a responsible steward of his or her job, is effective in managing the relationship with the boss, and practices responsible self-management.

The dynamic follower becomes a trusted adviser to the boss by keeping the supervisor well informed and building trust and dependability into the relationship. He or she is open to constructive criticism and solicits performance feedback. The dynamic follower shares needs and is responsible.

It takes time and patience to nurture a good relationship between a follower and a supervisor. Once this relationship has been developed, it is a valuable resource for both.

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**FIGURE 12.6** Five Types of Followers

Challenge 12.2

Are You an Effective Follower?

To determine whether you are an effective follower, read the text section on "Types of Followers," look back at your self-reliance results on Challenge 7.2, and work through the following four steps. Answer each question in the four steps yes or no.

Step 1. Self-Management and Self-Responsibility

Do you take the initiative at work?

Do you challenge the system at work when appropriate?

Do you ask questions when you need more information?

Do you successfully bring your projects to completion?

Step 2. Commitment beyond Yourself

Are you committed to your boss's and company's success?

Is there a higher purpose in life that you value deeply?

Is there a principle(s) that you will not compromise?

Is there a person at work or elsewhere you admire greatly?

Scoring:

Count the number of "yes" answers in Steps 1 through 4: ________

If you have 10 to 16 "yes" answers, this would suggest that you are an effective follower. If you have 7 or fewer "yes" answers, this may suggest that you fall into one of the other four categories of followers.

Step 3. Self-Development

Do you attend a professional development class annually?

Do you have a program of self-study or structured learning?

Do you take at least one class each semester in the year?

Have you identified new skills to learn for your job?

Step 4. Courage and Honesty

Have you disagreed with your boss twice this year?

Have you taken two unpopular positions at work this year?

Have you given critical feedback to someone, kindly?

Have you taken one risk at work to do a better job?

People who are self-reliant may also be effective followers, and effective followers may also be self-reliant. If you are an effective follower, were you also self-reliant in Challenge 7.2? If you were not self-reliant in Challenge 7.2, did you fall into a category other than the effective follower category?


Cultural Differences in Leadership

The situational approaches to leadership would lead to the conclusion that a leader must factor in culture as an important situational variable when exer-
cising influence and authority. Thus, global leaders should expect to be flexible enough to alter their approaches when crossing national boundaries and working with people from foreign cultures.59

We are beginning to learn more about how perspectives on effective leadership vary across cultures. You might assume that most Europeans view leadership in the same way. Research tells us instead that there are many differences between the European countries. In Nordic countries like Finland, leaders who are direct and close to subordinates are viewed positively, while in Turkey, Poland, and Russia this is not the case. And leaders who give subordinates autonomy are viewed more positively in Germany and Austria than in the Czech Republic and Portugal.60 There are even differences between the American view of transformational leadership and that found in the United Kingdom. The U.K. approach to transformational leadership is much closer to what we in the United States refer to as servant leadership. It involves more connectedness between leaders and followers, and more vulnerability on the part of the leader.61

Guidelines for Leadership

Leadership is a key to influencing organizational behavior and achieving organizational effectiveness. When artifacts are eliminated, studies of leadership succession show a moderately strong leader influence on organizational performance.62 With this said, it is important to recognize that other factors also influence organizational performance. These include environmental factors (such as general economic conditions) and technological factors (such as efficiency).

Corporate leaders play a central role in setting the ethical tone and moral values for their organizations. For example, as chairman and CEO of Johnson & Johnson, James Burke played a pivotal role in modeling ethical leadership at the company in the 1970s and 1980s. Further, Johnson & Johnson ranked No. 1 in the Fortune list of most admired corporations in corporate leadership, in part due to the ethical and moral values reflected in the J&J culture and credo.63

Five useful guidelines appear to emerge from the extensive leadership research of the past sixty years:

- First, leaders and organizations should appreciate the unique attributes, predispositions, and talents of each leader. No two leaders are the same, and there is value in this diversity.
- Second, although there appears to be no single best style of leadership, there are organizational preferences in terms of style. Leaders should be chosen who challenge the organizational culture, when necessary, without destroying it.
- Third, participative, considerate leader behaviors that demonstrate a concern for people appear to enhance the health and well-being of followers in the work environment. This does not imply, however, that a leader must ignore the team’s work tasks.
• Fourth, different leadership situations call for different leadership talents and behaviors. This may result in different individuals taking the leader role, depending on the specific situation in which the team finds itself.

• Fifth, good leaders are likely to be good followers. Although there are distinctions between their social roles, the attributes and behaviors of leaders and followers may not be as distinct as is sometimes thought.