

Chapter 10

LEADERSHIP [PowerPoint Slide 1]

Chapter 10 explains the nature of organizational leadership and what a leader must do to be effective. Here we synthesize a number of ideas particularly relevant to the aspiring manager and leader. The chapter begins with an explanation of the difference between leadership and management, and then describes how leaders influence and empower team members. Next is a discussion of the characteristics, traits, and behaviors of effective leaders. A discussion follows of standard approaches to classifying leadership style: the participative, autocratic, and Leadership Grid styles.

Additional insights into leadership are provided through describing situational leadership II, entrepreneurial leadership, and transformational and charismatic leadership. Special attention is then paid to a leader's dealing with adversity and crisis. The final chapter topics deal with the leader's activity as a mentor, and leadership skills.

Learning Objectives

1. Differentiate between leadership and management.
2. Describe how leaders are able to influence and empower team members.
3. Identify important leadership characteristics and behaviors.
4. Describe participative, autocratic leadership, the Leadership Grid, situational, and entrepreneurial leadership.
5. Describe transformational and charismatic leadership.
6. Explain the leadership role of mentoring.
7. Pinpoint leadership approaches to dealing with adversity and crises.
8. Identify the skills that contribute to leadership.

Chapter Outline and Lecture Notes

Leadership is the ability to inspire confidence and support among the people who are needed to achieve organizational goals. Leadership ability is important at every organizational level.

I. THE LINK BETWEEN LEADERSHIP AND MANAGEMENT [PowerPoint Slide 2]

Managers must know how to lead as well as manage. Management is more formal and scientific than leadership, while leadership involves having a vision of what the organization can become. C-level executives are supposed to exercise strategic leadership that sets the course for the organization. Effective leadership and management are both required in the modern workplace because to be an effective leader, one must also be an effective manager. Exhibit 10-1 presents a stereotype of the difference between leadership and management.

II. THE LEADERSHIP USE OF POWER AND AUTHORITY [PowerPoint Slide 3]

Power is the ability to get others to do things and to control resources. **Authority** is the formal right to accomplish the same ends.

A. Types of Power [PowerPoint Slides 4 and 5]

Leaders use different types of power to influence others, and team members have their sources of power. (1) *Legitimate power* is the authentic right of the leader to make certain requests. (2) *Reward power* is the leader's control over valuable rewards. (3) *Coercive power* is the leader's control over punishments. (4) *Expert power* is the leader's job-related knowledge as perceived by subordinates. (5) *Referent power* is based on the loyalty of group members and the desire to please the leader. (6) *Subordinate power* is any type of power that employees can exert upward.

Despite some constraints on leadership power, a small number of executives abuse power such as using company funds for private use, such as having the company pay for home renovations.

B. Influence Tactics [PowerPoint Slide 6]

In addition to using the sources of power just mentioned, leaders use specific influence tactics as follows: Leading by example, leading by values, assertiveness, rationality (appeal to reason), ingratiation, exchange, coalition formation, and joking and kidding. A **coalition** is a specific arrangement of parties working together to combine their power, thus exerting influence on another individual or group.

Leaders typically choose an influence tactic that fits the demands of the situation. For example, rationality might work best in a fast-paced team setting such as a meeting to discuss a product introduction.

C. Employee Empowerment and the Exercise of Power [PowerPoint Slide 7]

A current thrust in organizations is for managers to systematically share power and control with group members. Empowered employees are often better motivated stemming from a feeling of being in charge. Empowerment is widely used to enhance customer service. A key component of empowerment is the leader's acceptance of the employee as a partner in decision making.

1. *Self-Leadership and Empowerment* For empowerment to work well, people have to exercise **self-leadership**, the process of influencing oneself. Intrinsically motivating tasks facilitate empowerment. To encourage self-leadership managers should (a) set an example of self-leadership, (b) give encouragement and instruction in self-leadership skills, and (c) reward accomplishment in self-leadership.

[PowerPoint Slide 8]

2. *Cross-cultural Factors and Empowerment* To the extent that cultural values support the manager sharing power with group members, the more likely empowerment will lead to higher productivity and morale. For example, one study showed that Indian workers rated their supervisor low when empowerment was high. [PowerPoint Slide 9]

III. CHARACTERISTICS, TRAITS, AND BEHAVIORS OF EFFECTIVE LEADERS

Many leadership situations require similar characteristics and behaviors. Leadership encompasses a wide variety of personal qualities and behaviors that could be relevant in a given situation.

A. Characteristics and Traits of Effective Leaders [PowerPoint Slides 10 and 11]

Dozens of studies demonstrate that effective leaders differ from others in certain aspects. The same positive attributes of a leader will often facilitate his or her effectiveness in comparable settings. Also, the traits of leaders are related closely to the degree to which they are perceived as leaders. Key traits and characteristics are listed here.

1. *Drive and passion.* Leaders are noted for the effort they invest in their work and the passion they have for work and work associates.
2. *Power motive.* **Power motivation** is a strong desire to control others or get them to do things on your behalf.
3. *Self-confidence combined with humility.* Self-confident leaders project a positive image, and are able to make tough decisions. A dose of humility added to self-confidence makes the leader even more influential.
4. *Trustworthiness and honesty.* Leadership is undermined without a leader being trusted, and trust is regarded as one of the major leadership attributes. Leaders must also trust group members. A current trend in leadership is to use **open-book management**, a system by which employees are exposed to financial details of the firm.
5. *Good intellectual ability, knowledge, and technical competence.* Problem-solving ability and knowledge of the business are essential for leadership success in most situations. The leader's skills of obtaining, using, and sharing useful knowledge are crucial to success in the information age.
6. *Sense of humor.* The effective use of humor is regarded as an important part of a leader's job.
7. *Emotional intelligence.* Most effective leaders are alike in one essential way: they have a high degree of emotional intelligence, or the ability to manage ourselves and our relationships effectively. Emotional intelligence is also said to encompass traits and behaviors related to intelligence such as self-confidence, empathy, passion for the task, and visionary leadership.
8. *Leadership efficacy.* A comprehensive trait is **leadership efficacy**, a specific form of efficacy (feeling effective) associated with the level of confidence in the knowledge, skills, and abilities associated with leading others.

B. Behaviors and Skills of Effective Leaders [PowerPoint Slides 12 and 13]

Traits alone do not make for leadership effectiveness. Leaders are a combination of genetic predisposition and learning. Key behaviors and skills are also linked to leadership effectiveness. An effective leader exhibits the following behaviors and skills::

1. *Is adaptable to the situation.* The essence of situational leadership is to adapt to the situation. Adaptability is based on insight and intuition.

2. *Establishes a direction and demands high standards of performance from group members.* The group must be pointed in the right direction. Effective leaders then emphasize high standards of performance, which raises productivity.
3. *Is visible and maintains a social presence* Being visible allows for spontaneous communication with group members, and a relaxed atmosphere to hear about problems.
4. *Provides emotional support to group members.* Giving group members support improves morale and sometimes productivity.
5. *Gives frequent feedback and accepts feedback.* To change the behavior of group members, it is necessary to provide them feedback. The effective leader also listens to feedback from group members, and acts on positive suggestions. The late coaching legend John Wooden says that you need to listen to those under your supervision and to your superiors.
6. *Recovers quickly from setback, including crises.* The trait of resiliency allows managers to recover quickly from setbacks. A key part of managing a crisis well is for the leader to present a plan for dealing with the crisis, and be calm and reassuring.
7. *Plays the role of servant leader.* Some effective leaders believe that their primary mission is to serve the needs of their constituents, thereby working for group members.

IV. LEADERSHIP STYLES

Leadership style is the typical pattern of behavior a leader uses to influence employees to achieve organizational goals. Much of the balance of this chapter relates to leadership styles.

A. Participative Leadership Style [PowerPoint Slide 14]

A **participative leader** shares decision making with group members, as favored in the modern organization. Because of its frequent use in teams, the participative leadership is also referred to as the *team leadership style*. Three subtypes are: the *consultative leader* simply gathers input before making a decision; the *consensus leader* works toward complete agreement; the *democratic leader* confers final authority on the group.

Participative leaders can be found in all types of organizations, and at all levels. A celebrated example is Semco, the Brazilian equipment supplier where CEO Ricardo Semler gets only one of 3,000 votes on a variety of issues. Participative leadership works well with people who want to share decision making. Yet consensus and democratic leadership is time consuming and results in many meetings. Ford Motor Company was at one time slowed down by democratic decision making.

B. Autocratic Leadership Style [PowerPoint Slide 15]

Autocratic leaders retain most of the authority for themselves and make most decisions unilaterally. Hands-on leadership is typical of autocratic leaders. Autocratic leadership works well in a crisis, but has lost favor in the modern organization. Nevertheless, several visible leaders such as Donald Trump of the Trump organization are autocratic.

C. Leadership Grid® Leadership Styles [PowerPoint Slide 16]

Research extending over 55 years has shown that the dimensions of tasks and relationships contribute to both performance and satisfaction. The widely quoted **Leadership Grid** is based on different combinations of the leader's concern for results (tasks) and people (relationships). The Grid identifies five stereotypes. The developers of the Grid argue strongly for the value of sound (team) management (9, 9). Note that the version of the Grid presented in the text is from 2006, not the Grid used for many years.

D. The Situational Leadership®II [PowerPoint Slides 17 and 18]

Situational leadership II (SLII) of Kenneth H. Blanchard and his colleagues explains how to match the leadership style to the capabilities of group members on a given task. Leaders are taught to use the leadership style that matches or responds to the needs of the situation. The major premise of SLII is that the basis for effective leadership is managing the relationship between a leader and a subordinate on a given task. Leaders adapt their behavior to the level of *commitment* and *competence* of a particular subordinate to a given task. The four combinations of commitment and competence are (a) Enthusiastic Beginner, (b) Disillusioned Learner, (c) Capable but Curious Performer, and (d) Self-Reliant Achiever. Effective leadership depends on two independent behaviors: supporting and directing.

The style match up is as follows: Directing for the Enthusiastic Beginner; Coaching for the Disillusioned Learner; Supporting for the Capable but Cautious Performer; and Delegating for the Self-Reliant Achiever.

A key point of SLII is that no one style is best: an effective leader uses all four styles depending on the subordinate's developmental level on a given task. The situational model makes sense in that competent people require less direction than do the less competent. But, in reality, leadership situations are less clear-cut than the four quadrants suggest. Also, the prescriptions for leadership will work only some of the time.

E. The Entrepreneurial Leadership Style [PowerPoint Slide 19]

Entrepreneurial leaders tend to be task-oriented and charismatic, and their style is linked to personal characteristics, including the following: (1) a strong achievement drive, (2) high enthusiasm, creativity, and visionary perspective, and (3) uncomfortable with hierarchy and bureaucracy.

A general comment about leadership styles is the importance of adaptability to the situation. The effective executive selects the best style to fit a given situation.

V. TRANSFORMATIONAL AND CHARISMATIC LEADERSHIP

A **transformational leader** helps organizations and people make positive changes in the way they do things. Transformational leadership combines charisma, inspirational

leadership, and intellectual stimulation. William Bratton, the celebrated chief of police and now the head of a security consulting firm, exemplifies a transformational leader.

A. How Transformations Take Place [PowerPoint Slide 20]

Transformations are accomplished in one or more of three ways: (1) raising consciousness levels about the importance of rewards and how to achieve them, (2) getting people to transcend their self-interest, and (3) raising people beyond a focus on minor satisfaction to a quest for self-fulfillment. During the downturn in high-technology firms several years back, many leaders of these firms attempted to become transformational leaders. A study in credit unions suggested that leaders perceived to be transformational were better able to get team members to agree on the importance of certain goals, such as improving customer service.

B. Charismatic Leadership [PowerPoint Slide 21]

Charisma is the ability to influence others based on personal charm, magnetism, inspiration, and emotion. A charismatic leader (1) has vision, (2) has a masterful communication style, (3) inspires trust, (4) energy and action orientation, and (5) inspiring leadership. Charisma may be related to personality factors, but often the leader is perceived as charismatic because he or she has attained outstanding performance.

C. Developing Charisma [PowerPoint Slide 22]

Managers can improve their chances of being perceived as charismatic by engaging in favorable interactions with group members, using a variety of techniques. Among them are to use visioning, make frequent use of metaphors, make others feel capable, smile frequently, make others feel important, and multiply the effectiveness of their handshake. David Brandon, the former CEO of Domino's Pizza, and now the athletic director at the University of Michigan, provides a good example of a transformational and charismatic leader.

D. The Downside of Charismatic Leadership [PowerPoint Slide 23]

Some charismatic leaders are unethical and lead their organizations toward illegal and immoral ends. People are willing to follow the charismatic leader down a quasi-legal path because of his or her charisma. (Bernard Madoff was a charmer!) Some charismatic business leaders become so caught up in receiving publicity and mingling with politicians, they neglect the operations of the business. Because of this, lower-key executives are more in style than previously.

VI. THE LEADER AS A MENTOR AND COACH [PowerPoint Slide 24]

Another vital part of leadership is being a **mentor**, a more experienced person who develops a protégé's ability through tutoring, coaching, guidance, and emotional support. Coaching deals with helping others improve performance, as described in Chapter 16. A mentor can be an immediate manager, a staff professional, a co-worker, or someone in another company or industry. Helping the protégé solve problems is an important part of mentoring. Mentoring can be an informal relationship, or a formal relationship assigned by the company. A recently popular approach to mentoring is **shadowing**, or directly

observing the work activities of the mentor by following him or her around for a stated period of time.

Pitney Bowes executive Keith R. Wyche says that mentoring enhances the leadership capacity of the mentor. “A true leader helps create future leaders.”

VII. LEADERSHIP DURING ADVERSITY AND CRISIS [PowerPoint Slides 25 and 26]

An important role of both managers and leaders is to help the group deal with adversity and crisis, including a business downturn, sudden surge in workload, hurricane, product recall, or workplace violence. Ten behaviors and actions are particularly relevant for a leader dealing with adversity and crisis.

1. *Make tough decisions quickly.*
2. *Serve as a model by being resilient.*
3. *Present a plan for dealing with the adversity or crisis.*
4. *Appear confident and trustworthy.*
5. *Focus on the future.*
6. *Communicate widely about the problem.*
7. *Change to meet changing circumstances.*
8. *Stick with constructive core values.*
9. *Divide problems into smaller chunks.*
10. *Lead with compassion.*

VIII. LEADERSHIP SKILLS [PowerPoint Slide 27]

Leadership involves personal qualities, behaviors, and skills (a present capability). Many of these skills have been mentioned throughout the book. Additional skills include sizing up situations so as to use the best leadership approach, exerting influence, motivating team members, and developing an inspiring mission statement.