

Leadership

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*I am more afraid of an army of 100 sheep
led by a lion than an army of 100 lions
led by a sheep. —Talleyrand*



Photo: Michelle Donovan (left), Prasad Setty (right), at the Google HR offices. Source: Peter Dasilva/The New York Times/Redux Pictures.

As the Google example shows, leadership styles differ considerably. So which styles, and which people, are most effective? These are some of the questions we'll tackle in this chapter. To assess yourself on a specific set of qualities that we'll discuss shortly, take the following self-assessment.

In this chapter, we look at what makes an effective leader and what differentiates leaders from nonleaders. First, we present trait theories, which dominated the study of leadership until the late 1940s. Then we discuss behavioral theories, popular until the late 1960s. Next, we introduce contingency and interactive theories. Finally, we discuss the most contemporary approaches: charismatic, transformational, and authentic leadership. Most of the research discussed in this chapter was conducted in English-speaking countries. We know very little about how culture might influence the validity of the theories, particularly in Eastern cultures. However, analysis of the Global Leadership and Organizational Behavior Effectiveness (GLOBE) research project has produced some useful preliminary insights that we discuss throughout.¹ But first, let's clarify what we mean by *leadership*.



What's My Leadership Style?

In the Self-Assessment Library (available on CD and online) take assessment II.B.1 (What's My Leadership Style?) and answer the following questions.

1. How did you score on the two scales?
2. Do you think a leader can be both task oriented and people oriented? Do you think there are situations in which a leader has to make a choice between the two styles?
3. Do you think your leadership style will change over time? Why or why not?

What Is Leadership?

- 1 Define *leadership* and contrast leadership and management.

We define **leadership** as the ability to influence a group toward the achievement of a vision or set of goals. The source of this influence may be formal, such as that provided by managerial rank in an organization. But not all leaders are managers, nor, for that matter, are all managers leaders. Just because an organization provides its managers with certain formal rights is no assurance they will lead effectively. Nonsanctioned leadership—the ability to influence that arises outside the formal structure of the organization—is often as important or more important than formal influence. In other words, leaders can emerge from within a group as well as by formal appointment.

Organizations need strong leadership *and* strong management for optimal effectiveness. We need leaders today to challenge the status quo, create visions of the future, and inspire organizational members to want to achieve the visions. We also need managers to formulate detailed plans, create efficient organizational structures, and oversee day-to-day operations.

Trait Theories

2 Summarize the conclusions of trait theories of leadership.

Throughout history, strong leaders—Buddha, Napoleon, Mao, Churchill, Roosevelt, Reagan—have been described in terms of their traits. **Trait theories of leadership** thus focus on personal qualities and characteristics. We recognize leaders like South Africa's Nelson Mandela, Virgin Group CEO Richard Branson, Apple co-founder Steve Jobs, and American Express chairman Ken Chenault as *charismatic*, *enthusiastic*, and *courageous*. The search for personality, social, physical, or intellectual attributes that differentiate leaders from non-leaders goes back to the earliest stages of leadership research.

Early research efforts to isolate leadership traits resulted in a number of dead ends. A review in the late 1960s of 20 different studies identified nearly 80 leadership traits, but only 5 were common to 4 or more of the investigations.² By the 1990s, after numerous studies and analyses, about the best we could say was that most leaders “are not like other people,” but the particular traits that characterized them varied a great deal from review to review.³ It was a pretty confusing state of affairs.

A breakthrough, of sorts, came when researchers began organizing traits around the Big Five personality framework (see Chapter 5).⁴ Most of the dozens of traits in various leadership reviews fit under one of the Big Five (ambition and energy are part of extraversion, for instance), giving strong support to traits as predictors of leadership.

The personal qualities and traits of Indra Nooyi make her a great leader. Nooyi is CEO and board chairman of PepsiCo, the second largest food and beverage firm in the world. She is described as fun-loving, sociable, agreeable, conscientious, emotionally stable, and open to experiences. Nooyi's personality traits have contributed to her job performance and career success. She joined PepsiCo in 1994 as head of corporate strategy and was promoted to president and chief financial officer before moving into the firm's top management position. Nooyi has been named one of the most powerful women in business and one of the most powerful women in the world.



Source: PRNewsFoto/PepsiCo, Ray Hand.

leadership The ability to influence a group toward the achievement of a vision or set of goals.

trait theories of leadership Theories that consider personal qualities and characteristics that differentiate leaders from nonleaders.

A comprehensive review of the leadership literature, when organized around the Big Five, has found extraversion to be the most important trait of effective leaders,⁵ but it is more strongly related to the way leaders emerge than to their effectiveness. Sociable and dominant people are more likely to assert themselves in group situations, but leaders need to make sure they're not too assertive—one study found leaders who scored very high on assertiveness were less effective than those who were moderately high.⁶

Unlike agreeableness and emotional stability, conscientiousness and openness to experience also showed strong relationships to leadership, though not quite as strong as extraversion. Overall, the trait approach does have something to offer. Leaders who like being around people and are able to assert themselves (extraverted), who are disciplined and able to keep commitments they make (conscientious), and who are creative and flexible (open) do have an apparent advantage when it comes to leadership, suggesting good leaders do have key traits in common.

One reason is that conscientiousness and extraversion are positively related to leaders' self-efficacy, which explained most of the variance in subordinates' ratings of leader performance.⁷ People are more likely to follow someone who is confident she's going in the right direction.

Another trait that may indicate effective leadership is emotional intelligence (EI), discussed in Chapter 4. Advocates of EI argue that without it, a person can have outstanding training, a highly analytical mind, a compelling vision, and an endless supply of terrific ideas but still not make a great leader. This may be especially true as individuals move up in an organization.⁸ Why is EI so critical to effective leadership? A core component of EI is empathy. Empathetic leaders can sense others' needs, listen to what followers say (and don't say), and read the reactions of others. A leader who effectively displays and manages emotions will find it easier to influence the feelings of followers, by both expressing genuine sympathy and enthusiasm for good performance and by using irritation for those who fail to perform.⁹

The link between EI and leadership effectiveness may be worth investigating in greater detail.¹⁰ Some recent research has demonstrated that people high in EI are more likely to emerge as leaders, even after taking cognitive ability and personality into account, which helps to answer some of the most significant criticisms of this research.¹¹

Based on the latest findings, we offer two conclusions. First, contrary to what we believed 20 years ago and thanks to the Big Five, we can say that traits can predict leadership. Second, traits do a better job predicting the emergence of leaders and the appearance of leadership than actually distinguishing between *effective* and *ineffective* leaders.¹² The fact that an individual exhibits the traits and that others consider him or her a leader does not necessarily mean the leader is successful at getting the group to achieve its goals.

Behavioral Theories

3 Identify the central tenets and main limitations of behavioral theories.

The failures of early trait studies led researchers in the late 1940s through the 1960s to wonder whether there was something unique in the way effective leaders *behave*. Trait research provides a basis for *selecting* the right people for leadership. In contrast, **behavioral theories of leadership** implied we could *train* people to be leaders.

Morgan Smith is an employee-oriented leader. As owner and managing partner of Boneheads Restaurant in Lake Forest, California, Smith (left) takes a personal interest in the needs of his employees. Described as generous, kind, and cheerful, he shows respect for his employees and invests a great deal of time in helping them at work and assisting them in their personal lives such as donating food for their weddings. Smith's goal for his employees is for them to reach their full potential. During bi-weekly one-on-one meetings with employees, Smith serves as their leader, trainer, role model, and advisor. He also provides quarterly training for employees and includes them in reviewing the restaurant's profit and loss statement.



Source: 044/ZUMA Press/Newscom.

The most comprehensive theories resulted from the Ohio State Studies in the late 1940s,¹³ which sought to identify independent dimensions of leader behavior. Beginning with more than a thousand dimensions, the studies narrowed the list to two that substantially accounted for most of the leadership behavior described by employees: *initiating structure* and *consideration*.

Initiating structure is the extent to which a leader is likely to define and structure his or her role and those of employees in the search for goal attainment. It includes behavior that attempts to organize work, work relationships, and goals. A leader high in initiating structure is someone who “assigns group members to particular tasks,” “expects workers to maintain definite standards of performance,” and “emphasizes the meeting of deadlines.”

Consideration is the extent to which a person's job relationships are characterized by mutual trust, respect for employees' ideas, and regard for their feelings. A leader high in consideration helps employees with personal problems, is friendly and approachable, treats all employees as equals, and expresses appreciation and support. In a recent survey, when asked to indicate what most motivated them at work, 66 percent of employees mentioned appreciation.¹⁴

Leadership studies at the University of Michigan's Survey Research Center had similar objectives: to locate behavioral characteristics of leaders that appeared related to performance effectiveness. The Michigan group also came up with two behavioral dimensions: the **employee-oriented leader** emphasized

behavioral theories of leadership

Theories proposing that specific behaviors differentiate leaders from nonleaders.

initiating structure The extent to which a leader is likely to define and structure his or her role and those of subordinates in the search for goal attainment.

consideration The extent to which a leader is likely to have job relationships characterized by mutual trust, respect for subordinates' ideas, and regard for their feelings.

employee-oriented leader A leader who emphasizes interpersonal relations, takes a personal interest in the needs of employees, and accepts individual differences among members.

interpersonal relationships by taking a personal interest in the needs of employees and accepting individual differences among them, and the **production-oriented leader** emphasized the technical or task aspects of the job, focusing on accomplishing the group's tasks. These dimensions are closely related to the Ohio State dimensions. Employee-oriented leadership is similar to consideration, and production-oriented leadership is similar to initiating structure. In fact, most leadership researchers use the terms synonymously.¹⁵

At one time, the results of testing behavioral theories were thought to be disappointing. However, a more recent review of 160 studies found the followers of leaders high in consideration were more satisfied with their jobs, were more motivated, and had more respect for their leader. Initiating structure was more strongly related to higher levels of group and organization productivity and more positive performance evaluations.

Some research from the GLOBE study suggests there are international differences in preference for initiating structure and consideration.¹⁶ Based on the values of Brazilian employees, a U.S. manager leading a team in Brazil would need to be team oriented, participative, and humane. Leaders high in consideration would succeed best in this culture. As one Brazilian manager said in the GLOBE study, "We do not prefer leaders who take self-governing decisions and act alone without engaging the group. That's part of who we are." Compared to U.S. employees, the French have a more bureaucratic view of leaders and are less likely to expect them to be humane and considerate. A leader high in initiating structure (relatively task-oriented) will do best and can make decisions in a relatively autocratic manner. A manager who scores high on consideration (people oriented) may find that style backfiring in France. According to the GLOBE study, Chinese culture emphasizes being polite, considerate, and unselfish, but it also has a high performance orientation. Thus, consideration and initiating structure may both be important.

Summary of Trait Theories and Behavioral Theories

Leaders who have certain traits and who display consideration and structuring behaviors do appear to be more effective. Perhaps you're wondering whether conscientious leaders (trait) are more likely to be structuring (behavior) and extraverted leaders (trait) to be considerate (behavior). Unfortunately, we can't be sure there is a connection. Future research is needed to integrate these approaches.

Some leaders may have the right traits or display the right behaviors and still fail. As important as traits and behaviors are in identifying effective or ineffective leaders, they do not guarantee success. The context matters, too.

Contingency Theories

4 Assess contingency theories of leadership by their level of support.

Some tough-minded leaders seem to gain a lot of admirers when they take over struggling companies and help lead them out of the doldrums. Home Depot and Chrysler didn't hire former CEO Bob Nardelli for his winning personality. However, such leaders also seem to be quickly dismissed when the situation stabilizes.

The rise and fall of leaders like Bob Nardelli illustrate that predicting leadership success is more complex than isolating a few traits or behaviors. In their cases, what worked in very bad times and in very good times didn't seem to translate into long-term success. When researchers looked at situational

influences, it appeared that under condition *a*, leadership style *x* would be appropriate, whereas style *y* was more suitable for condition *b*, and style *z* for condition *c*. But what *were* conditions *a*, *b*, *c*? We next consider three approaches to isolating situational variables: the Fiedler model, situational theory, path-goal theory, and the leader-participation model.

The Fiedler Model

Fred Fiedler developed the first comprehensive contingency model for leadership.¹⁷ The **Fiedler contingency model** proposes that effective group performance depends on the proper match between the leader's style and the degree to which the situation gives the leader control.

Identifying Leadership Style Fiedler believes a key factor in leadership success is the individual's basic leadership style. He created the **least preferred co-worker (LPC) questionnaire** to identify that style by measuring whether a person is task or relationship oriented. The LPC questionnaire asks respondents to think of all the co-workers they have ever had and describe the one they *least enjoyed* working with by rating that person on a scale of 1 to 8 for each of 16 sets of contrasting adjectives (such as pleasant–unpleasant, efficient–inefficient, open–guarded, supportive–hostile). If you describe the person you are least able to work with in favorable terms (a high LPC score), Fiedler would label you *relationship oriented*. If you see your least-preferred co-worker in unfavorable terms (a low LPC score), you are primarily interested in productivity and are *task oriented*. About 16 percent of respondents score in the middle range¹⁸ and thus fall outside the theory's predictions. The rest of our discussion relates to the 84 percent who score in either the high or low range of the LPC questionnaire.

Fiedler assumes an individual's leadership style is fixed. This means if a situation requires a task-oriented leader and the person in the leadership position is relationship oriented, either the situation has to be modified or the leader has to be replaced to achieve optimal effectiveness.



SELF-ASSESSMENT LIBRARY

What's My LPC Score?

In the Self-Assessment Library (available on CD and online) take assessment IV.E.5 (What's My LPC Score?).

Defining the Situation After assessing an individual's basic leadership style through the LPC questionnaire, we match the leader with the situation. Fiedler has identified three contingency or situational dimensions:

1. **Leader–member relations** is the degree of confidence, trust, and respect members have in their leader.

production-oriented leader *A leader who emphasizes technical or task aspects of the job.*

Fiedler contingency model *The theory that effective groups depend on a proper match between a leader's style of interacting with subordinates and the degree to which the situation gives control and influence to the leader.*

least preferred co-worker (LPC) questionnaire *An instrument that purports to measure whether a person is task or relationship oriented.*

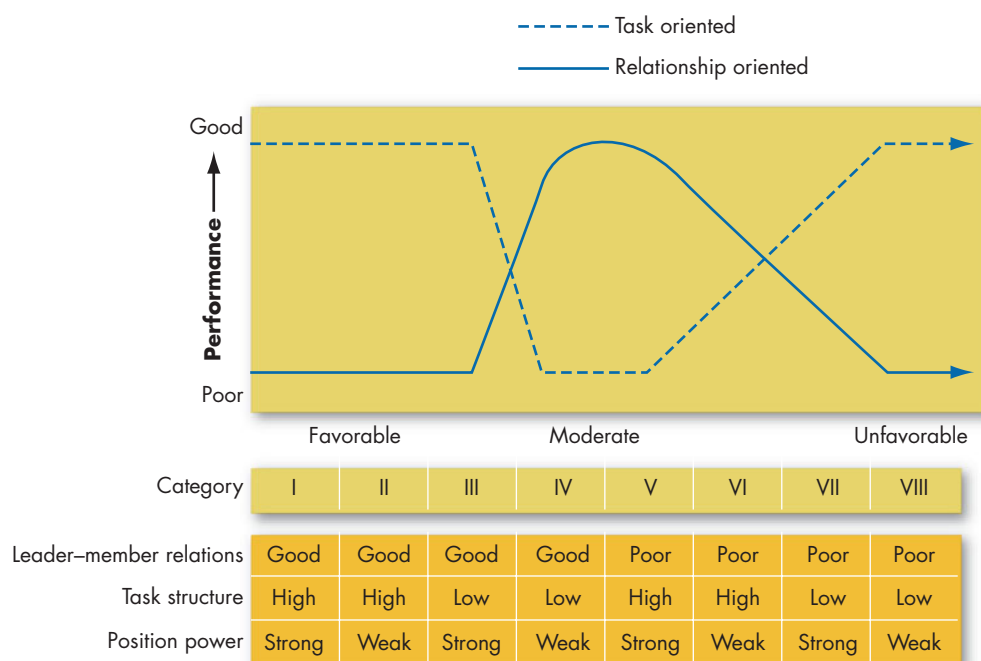
leader–member relations *The degree of confidence, trust, and respect subordinates have in their leader.*

2. **Task structure** is the degree to which the job assignments are procedurized (that is, structured or unstructured).
3. **Position power** is the degree of influence a leader has over power variables such as hiring, firing, discipline, promotions, and salary increases.

The next step is to evaluate the situation in terms of these three variables. Fiedler states that the better the leader–member relations, the more highly structured the job, and the stronger the position power, the more control the leader has. A very favorable situation (in which the leader has a great deal of control) might include a payroll manager who is well respected and whose employees have confidence in her (good leader–member relations); activities that are clear and specific—such as wage computation, check writing, and report filing (high task structure); and provision of considerable freedom to reward and punish employees (strong position power). An unfavorable situation might be that of the disliked chairperson of a volunteer United Way fundraising team. In this job, the leader has very little control.

Matching Leaders and Situations Combining the three contingency dimensions yields eight possible situations in which leaders can find themselves (Exhibit 12-1). The Fiedler model proposes matching an individual's LPC score and these eight situations to achieve maximum leadership effectiveness.¹⁹ Fiedler concluded that task-oriented leaders perform better in situations very favorable to them and very unfavorable. So, when faced with a category I, II, III, VII, or VIII situation, task-oriented leaders perform better. Relationship-oriented leaders, however, perform better in moderately favorable situations—categories IV, V, and VI. In recent years, Fiedler has condensed these eight situations down to three.²⁰ He now says task-oriented leaders perform best in

Exhibit 12-1 Findings from the Fiedler Model



situations of high and low control, while relationship-oriented leaders perform best in moderate control situations.

How would you apply Fiedler's findings? You would match leaders—in terms of their LPC scores—with the type of situation—in terms of leader–member relationships, task structure, and position power—for which they were best suited. But remember that Fiedler views an individual's leadership style as fixed. Therefore, there are only two ways to improve leader effectiveness.

First, you can change the leader to fit the situation—as a baseball manager puts a right- or left-handed pitcher into the game depending on the hitter. If a group situation rates highly unfavorable but is currently led by a relationship-oriented manager, the group's performance could be improved under a manager who is task-oriented. The second alternative is to change the situation to fit the leader by restructuring tasks or increasing or decreasing the leader's power to control factors such as salary increases, promotions, and disciplinary actions.

Evaluation Studies testing the overall validity of the Fiedler model find considerable evidence to support substantial parts of it.²¹ If we use only three categories rather than the original eight, ample evidence supports Fiedler's conclusions.²² But the logic underlying the LPC questionnaire is not well understood, and respondents' scores are not stable.²³ The contingency variables are also complex and difficult for practitioners to assess.²⁴

Other Contingency Theories

Although LPC theory is the most widely researched contingency theory, three others deserve mention.

When Yahoo's growth and revenues slowed for several years, the company hired Carol Bartz as its new chief executive. Known as a task-oriented leader, Bartz previously led a successful turnaround at software maker Autodesk where, under her leadership, the company's revenues grew from \$300 million to more than \$1.5 billion. But after two and a half years at Yahoo, Bartz was fired as CEO for failing to revive the company's revenues and stock price. According to Fiedler's contingency model, Bartz's task-oriented style was not effective in improving Yahoo's performance. Observers noted that Bartz failed to provide the visionary leadership and focused strategic direction and execution needed to position the company for growth.



Source: Paul Sakuma/AP Images.

task structure *The degree to which job assignments are procedurized.*

position power *Influence derived from one's formal structural position in the organization; includes power to hire, fire, discipline, promote, and give salary increases.*

Situational Leadership Theory Situational leadership theory (SLT) focuses on the followers. It says successful leadership depends on selecting the right leadership style contingent on the followers' *readiness*, or the extent to which they are willing and able to accomplish a specific task. A leader should choose one of four behaviors depending on follower readiness.

If followers are *unable* and *unwilling* to do a task, the leader needs to give clear and specific directions; if they are *unable* and *willing*, the leader needs to display high task orientation to compensate for followers' lack of ability and high relationship orientation to get them to "buy into" the leader's desires. If followers are *able* and *unwilling*, the leader needs to use a supportive and participative style; if they are both *able* and *willing*, the leader doesn't need to do much.

SLT has intuitive appeal. It acknowledges the importance of followers and builds on the logic that leaders can compensate for their limited ability and motivation. Yet research efforts to test and support the theory have generally been disappointing.²⁵ Why? Possible explanations include internal ambiguities and inconsistencies in the model itself as well as problems with research methodology in tests. So, despite its intuitive appeal and wide popularity, any endorsement must be cautious for now.

MyManagementLab

For an interactive application of this topic, check out this chapter's simulation activity at www.mymanagementlab.com.

Path-Goal Theory Developed by Robert House, **path-goal theory** extracts elements from the Ohio State leadership research on initiating structure and consideration and the expectancy theory of motivation.²⁶ It says it's the leader's job to provide followers with the information, support, or other resources necessary to achieve their goals. (The term *path-goal* implies effective leaders clarify followers' paths to their work goals and make the journey easier by reducing roadblocks.)

According to path-goal theory, whether a leader should be directive or supportive or should demonstrate some other behavior depends on complex analysis of the situation. It predicts the following:

- Directive leadership yields greater satisfaction when tasks are ambiguous or stressful than when they are highly structured and well laid out.
- Supportive leadership results in high performance and satisfaction when employees are performing structured tasks.
- Directive leadership is likely to be perceived as redundant among employees with high ability or considerable experience.

Testing path-goal theory has not been easy. A review of the evidence found mixed support for the proposition that removing obstacles is a component of effective leadership. Another review found the lack of support "shocking and disappointing."²⁷ Others argue that adequate tests of the theory have yet to be conducted.²⁸ Thus, the jury is still out. Because path-goal theory is so complex to test, that may remain the case for some time.

In a study of 162 workers in a document-processing organization, researchers found workers' conscientiousness was related to higher levels of performance only when supervisors set goals and defined roles, responsibilities, and priorities.²⁹ Other research has found that goal-focused leadership can lead to higher levels of emotional exhaustion for subordinates who are low in conscientiousness and emotional stability.³⁰ These studies demonstrate that leaders who set goals enable conscientious followers to achieve higher performance and may cause stress for workers who are low in conscientiousness.

Leader-Participation Model The final contingency theory we cover argues that *the way* the leader makes decisions is as important as *what* she or he decides.

Victor Vroom and Phillip Yetton’s **leader-participation model** relates leadership behavior and participation in decision making.³¹ Like path–goal theory, it says leader behavior must adjust to reflect the task structure. The model is normative—it provides a decision tree of seven contingencies and five leadership styles for determining the form and amount of participation in decision making.

Research testing both the original and revised leader-participation models has not been encouraging, although the revised model rates higher in effectiveness.³² Criticism focuses on the model’s complexity and the variables it omits.³³ Although Vroom and Jago have developed a computer program to guide managers through all the decision branches in the revised model, it’s not very realistic to expect practicing managers to consider 12 contingency variables, eight problem types, and five leadership styles to select the decision process for a problem.

As one leadership scholar noted, “Leaders do not exist in a vacuum”; leadership is a symbiotic relationship between leaders and followers.³⁴ But the theories we’ve covered to this point assume leaders use a fairly homogeneous style with everyone in their work unit. Think about your experiences in groups. Did leaders often act very differently toward different people? Our next theory considers differences in the relationships leaders form with different followers.

Leader–Member Exchange (LMX) Theory

Think of a leader you know. Did this leader have favorites who made up his or her ingroup? If you answered “yes,” you’re acknowledging the foundation of leader–member exchange theory.³⁵ **Leader–member exchange (LMX) theory** argues that, because of time pressures, leaders establish a special relationship with a small group of their followers. These individuals make up the ingroup—they are trusted, get a disproportionate amount of the leader’s attention, and are more likely to receive special privileges. Other followers fall into the toutgroup.

The theory proposes that early in the history of the interaction between a leader and a given follower, the leader implicitly categorizes the follower as an “in” or an “out” and that relationship is relatively stable over time. Leaders induce LMX by rewarding those employees with whom they want a closer linkage and punishing those with whom they do not.³⁶ But for the LMX relationship to remain intact, the leader and the follower must invest in the relationship.

Just how the leader chooses who falls into each category is unclear, but there is evidence ingroup members have demographic, attitude, and personality characteristics similar to those of their leader or a higher level of competence

situational leadership theory (SLT) A contingency theory that focuses on followers’ readiness.

path–goal theory A theory that states that it is the leader’s job to assist followers in attaining their goals and to provide the necessary direction and/or support to ensure that their goals are compatible with the overall objectives of the group or organization.

leader-participation model A leadership theory that provides a set of rules to determine the form and amount of participative decision making in different situations.

leader–member exchange (LMX) theory A theory that supports leaders’ creation of in-groups and out-groups; subordinates with in-group status will have higher performance ratings, less turnover, and greater job satisfaction.

Cross-Cultural Leadership Styles

While a great deal has been said about international differences in leadership styles and their effectiveness, another issue probably matters more for most organizations: How can we develop leaders who are effective across cultural boundaries? Is it possible to create a truly global leadership style that will extend across cultures? Some recent forays into the field of cross-cultural leadership highlight possibilities for how global organizations might proceed.

Some of the leadership styles we have described in this chapter do seem to generalize across cultures. For example, research suggests charismatic leadership is effective in a variety of national contexts. In many cultures, terms like *visionary*, *symbolizer*, and *self-sacrificer* appear as descriptors of

effective leaders, and positive leader-member exchanges also are associated with high performance across a variety of cultures. Culturally intelligent leaders are flexible and adaptable, tailoring their leadership styles to the specific and changing needs of the global workforce.

Researchers agree that learning to be a global leader requires gaining active experience in dealing with multiple cultures simultaneously. These experiences give leaders a chance to observe how different leadership styles work with different groups of people and build confidence in working across cultural boundaries. Leadership development programs can also use 360-degree feedback from supervisors, colleagues, and subordinates to help leaders recognize when their

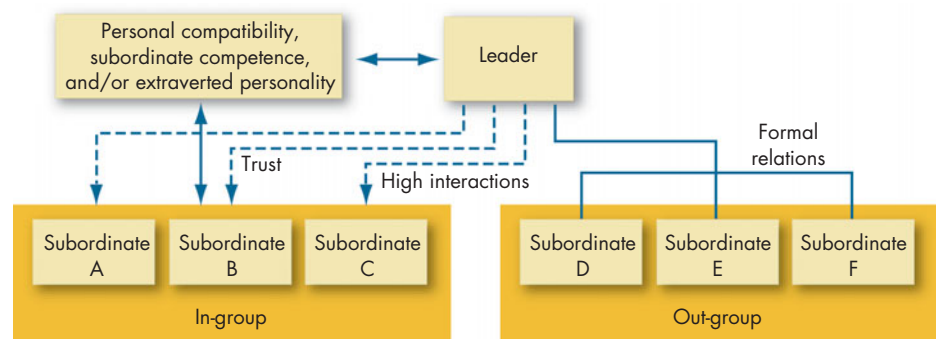
behavior is not effective with certain populations of employees. Companies like PepsiCo and Ford have their most effective global leaders provide seminars to emerging leaders so they can describe practices that have been especially effective.

Sources: K. Ng, L. Van Dyne, and S. Ang, "From Experience to Experiential Learning: Cultural Intelligence as a Learning Capacity for Global Leader Development," *Academy of Management Learning and Education* 9, no. 4 (2009), pp. 511–526; C. B. Gibson and D. M. McDaniel, "Moving Beyond Conventional Wisdom: Advancements in Cross-Cultural Theories of Leadership, Conflict, and Teams," *Perspectives on Psychological Science* 5, no. 4 (2010), pp. 450–462; and D. Simmonds and O. Tsui, "Effective Design of a Global Leadership Programme," *Human Resource Development International* 13, no. 5 (2010), pp. 519–540.

than outgroup members³⁷ (see Exhibit 12-2). Leaders and followers of the same gender tend to have closer (higher LMX) relationships than those of different genders.³⁸ Even though the leader does the choosing, the follower's characteristics drive the categorizing decision.

Research to test LMX theory has been generally supportive, with substantive evidence that leaders do differentiate among followers; these disparities are far from random; and followers with ingroup status will have higher performance ratings, engage in more helping or "citizenship" behaviors at work, and report greater satisfaction with their superior.³⁹ One study conducted in both Portugal

Exhibit 12-2 Leader–Member Exchange Theory



and the United States found that leader–member exchange was associated especially strongly with followers’ commitment to the organization when the leaders were seen as embodying the values and identity of the organization.⁴⁰ These positive findings for ingroup members shouldn’t be surprising, given our knowledge of self-fulfilling prophecy (see Chapter 6). Leaders invest their resources with those they expect to perform best. And believing ingroup members are the most competent, leaders treat them as such and unwittingly fulfill their prophecy. Conversely, a study in Turkey demonstrated that when leaders differentiated strongly among their followers in terms of their relationships (some followers had very positive leader–member exchange, others very poor), employees responded with more negative work attitudes and higher levels of withdrawal behavior.⁴¹ Leader–follower relationships may be stronger when followers have a more active role in shaping their own job performance. Research on 287 software developers and 164 supervisors showed leader–member relationships have a stronger impact on employee performance and attitudes when employees have higher levels of autonomy and a more internal locus of control.⁴²

Charismatic Leadership and Transformational Leadership

5 Compare and contrast *charismatic and transformational leadership*.

In this section, we present two contemporary leadership theories—charismatic leadership and transformational leadership—with a common theme: they view leaders as individuals who inspire followers through their words, ideas, and behaviors.

Charismatic Leadership

John F. Kennedy, Martin Luther King Jr., Ronald Reagan, Bill Clinton, Mary Kay Ash (founder of Mary Kay Cosmetics), and Steve Jobs (co-founder of Apple Computer) are frequently cited as charismatic leaders. What do they have in common?

What Is Charismatic Leadership? Max Weber, a sociologist, defined *charisma* (from the Greek for “gift”) more than a century ago as “a certain quality of an individual personality, by virtue of which he or she is set apart from ordinary people and treated as endowed with supernatural, superhuman, or at least specifically exceptional powers or qualities. These are not accessible to the ordinary person and are regarded as of divine origin or as exemplary, and on the basis of them the individual concerned is treated as a leader.”⁴³ Weber argued that charismatic leadership was one of several ideal types of authority.

The first researcher to consider charismatic leadership in terms of OB was Robert House. According to House’s **charismatic leadership theory**, followers attribute heroic or extraordinary leadership abilities when they observe certain behaviors.⁴⁴ A number of studies have attempted to identify the characteristics of charismatic leaders: they have a vision, they are willing to take personal

charismatic leadership theory A leadership theory that states that followers make attributions of heroic or extraordinary leadership abilities when they observe certain behaviors.

Exhibit 12-3 Key Characteristics of a Charismatic Leader

1. *Vision and articulation.* Has a vision—expressed as an idealized goal—that proposes a future better than the status quo; and is able to clarify the importance of the vision in terms that are understandable to others.
2. *Personal risk.* Willing to take on high personal risk, incur high costs, and engage in self-sacrifice to achieve the vision.
3. *Sensitivity to follower needs.* Perceptive of others' abilities and responsive to their needs and feelings.
4. *Unconventional behavior.* Engages in behaviors that are perceived as novel and counter to norms.

Source: Based on J. A. Conger and R. N. Kanungo, *Charismatic Leadership in Organizations* (Thousand Oaks, CA: Sage, 1998), p. 94.

risks to achieve that vision, they are sensitive to follower needs, and they exhibit extraordinary behaviors⁴⁵ (see Exhibit 12-3).

Are Charismatic Leaders Born or Made? Are charismatic leaders born with their qualities? Or can people actually learn to be charismatic leaders? Yes, and yes.

Individuals *are* born with traits that make them charismatic. In fact, studies of identical twins have found they score similarly on charismatic leadership measures, even if they were raised in different households and had never met. Personality is also related to charismatic leadership; charismatic leaders are likely to be extraverted, self-confident, and achievement oriented.⁴⁶ Consider Presidents Barack Obama and Ronald Reagan: like them or not, they are often compared because both possess the qualities of charismatic leaders.

Most experts believe individuals can be trained to exhibit charismatic behaviors.⁴⁷ After all, just because we inherit certain tendencies doesn't mean we can't learn to change. One set of authors proposes a three-step process.⁴⁸ First, develop an aura of charisma by maintaining an optimistic view; using passion as a catalyst for generating enthusiasm; and communicating with the whole body, not just with words. Second, draw others in by creating a bond that inspires them to follow. Third, bring out the potential in followers by tapping into their emotions.

The approach seems to work, according to researchers who have asked undergraduate business students to “play” charismatic.⁴⁹ The students were taught to articulate an overarching goal, communicate high performance expectations, exhibit confidence in the ability of followers to meet these expectations, and empathize with the needs of their followers; they learned to project a powerful, confident, and dynamic presence; and they practiced using a captivating and engaging voice. They were also trained to evoke charismatic nonverbal characteristics: they alternated between pacing and sitting on the edges of their desks, leaned toward the subjects, maintained direct eye contact, and had relaxed postures and animated facial expressions. Their followers had higher task performance, task adjustment, and adjustment to the leader and the group than did followers of noncharismatic leaders.

How Charismatic Leaders Influence Followers How do charismatic leaders actually influence followers? Evidence suggests a four-step process.⁵⁰ It begins with articulating an appealing **vision**, a long-term strategy for attaining a goal by linking the present with a better future for the organization. Desirable visions fit the times and circumstances and reflect the uniqueness of the organization. Steve Jobs championed the iPod at Apple, noting, “It’s as Apple as anything

Apple has ever done.” People in the organization must also believe the vision is challenging yet attainable.

Second, a vision is incomplete without an accompanying **vision statement**, a formal articulation of an organization’s vision or mission. Charismatic leaders may use vision statements to imprint on followers an overarching goal and purpose. They build followers’ self-esteem and confidence with high performance expectations and belief that followers can attain them. Next, through words and actions the leader conveys a new set of values and sets an example for followers to imitate. One study of Israeli bank employees showed charismatic leaders were more effective because their employees personally identified with them. Charismatic leaders also set a tone of cooperation and mutual support. A study of 115 government employees found they had a stronger sense of personal belonging at work when they had charismatic leaders, increasing their willingness to engage in helping and compliance-oriented behavior.⁵¹

Finally, the charismatic leader engages in emotion-inducing and often unconventional behavior to demonstrate courage and conviction about the vision. Followers “catch” the emotions their leader is conveying.⁵²

Does Effective Charismatic Leadership Depend on the Situation? Research shows impressive correlations between charismatic leadership and high performance and satisfaction among followers.⁵³ People working for charismatic leaders are motivated to exert extra effort and, because they like and respect their leader, express greater satisfaction. Organizations with charismatic CEOs are also more profitable, and charismatic college professors enjoy higher course evaluations.⁵⁴ However, charisma appears most successful when the follower’s task has an ideological component or the environment includes a high degree of stress and uncertainty.⁵⁵ Even in laboratory studies, when people are psychologically aroused, they are more likely to respond to charismatic leaders.⁵⁶ This may explain why, when charismatic leaders surface, it’s likely to be in politics or religion, or during wartime, or when a business is in its infancy or facing a life-threatening crisis. Franklin D. Roosevelt offered a vision to get the United States out of the Great Depression in the 1930s. In 1997, when Apple Computer was floundering and lacking direction, the board persuaded charismatic co-founder Steve Jobs to return as interim CEO and return the company to its innovative roots.

Another situational factor apparently limiting charisma is level in the organization. Top executives create vision; it’s more difficult to utilize a person’s charismatic leadership qualities in lower-level management jobs or to align his or her vision with the larger goals of the organization.

Finally, people are especially receptive to charismatic leadership when they sense a crisis, when they are under stress, or when they fear for their lives. Charismatic leaders are able to reduce stress for their employees, perhaps because they help make work seem more meaningful and interesting.⁵⁷ And some peoples’ personalities are especially susceptible to charismatic leadership.⁵⁸ Consider self-esteem. An individual who lacks self-esteem and questions his or her self-worth is more likely to absorb a leader’s direction rather than establish his or her own way of leading or thinking.

The Dark Side of Charismatic Leadership Charismatic business leaders like AIG’s Hank Greenberg, GE’s Jack Welch, Tyco’s Dennis Kozlowski, Southwest Airlines’ Herb Kelleher, Disney’s Michael Eisner, and HP’s Carly Fiorina became

vision A long-term strategy for attaining a goal or goals.

vision statement A formal articulation of an organization’s vision or mission.

celebrities on the order of David Beckham and Madonna. Every company wanted a charismatic CEO, and to attract their boards of directors gave them unprecedented autonomy and resources—the use of private jets and multimillion-dollar penthouses, interest-free loans to buy beach homes and artwork, security staffs, and similar benefits befitting royalty. One study showed charismatic CEOs were able to leverage higher salaries even when their performance was mediocre.⁵⁹

Unfortunately, charismatic leaders who are larger than life don't necessarily act in the best interests of their organizations.⁶⁰ Many have allowed their personal goals to override the goals of the organization. The results at companies such as Enron, Tyco, WorldCom, and HealthSouth were leaders who recklessly used organizational resources for their personal benefit and executives who violated laws and ethical boundaries to inflate stock prices and allow leaders to cash in millions of dollars in stock options. It's little wonder research has shown that individuals who are narcissistic are also higher in some behaviors associated with charismatic leadership.⁶¹

It's not that charismatic leadership isn't effective; overall, it is. But a charismatic leader isn't always the answer. Success depends, to some extent, on the situation and on the leader's vision. Some charismatic leaders—Hitler, for example—are all too successful at convincing their followers to pursue a vision that can be disastrous.



How Charismatic Am I?

In the Self-Assessment Library (available on CD and online), take assessment II.B.2 (How Charismatic Am I?).

Transformational Leadership

A stream of research has focused on differentiating transformational from transactional leaders.⁶² The Ohio State studies, Fiedler's model, and path-goal theory describe **transactional leaders**, who guide their followers toward established goals by clarifying role and task requirements. **Transformational leaders** inspire followers to transcend their self-interests for the good of the organization and can have an extraordinary effect on their followers. Andrea Jung at Avon, Richard Branson of the Virgin Group, and Jim McNerney of Boeing are all transformational leaders. They pay attention to the concerns and needs of individual followers; they change followers' awareness of issues by helping them look at old problems in new ways; and they excite and inspire followers to put out extra effort to achieve group goals. Exhibit 12-4 briefly identifies and defines the characteristics that differentiate these two types of leaders.

Transactional and transformational leadership complement each other; they aren't opposing approaches to getting things done.⁶³ Transformational leadership *builds on* transactional leadership and produces levels of follower effort and performance beyond what transactional leadership alone can do. But the reverse isn't true. So if you are a good transactional leader but do not have transformational qualities, you'll likely only be a mediocre leader. The best leaders are transactional *and* transformational.

Full Range of Leadership Model Exhibit 12-5 shows the full range of leadership model. Laissez-faire is the most passive and therefore least effective of leader behaviors.⁶⁴ Management by exception—active or passive—is slightly better, but it's still considered ineffective. Management-by-exception leaders tend to be available only when there is a problem, which is often too late. Contingent reward leadership can be an effective style of leadership but will not get employees to go above and beyond the call of duty.

Exhibit 12-4**Characteristics of Transactional and Transformational Leaders****Transactional Leader**

Contingent Reward: Contracts exchange of rewards for effort, promises rewards for good performance, recognizes accomplishments.

Management by Exception (active): Watches and searches for deviations from rules and standards, takes correct action.

Management by Exception (passive): Intervenes only if standards are not met.

Laissez-Faire: Abdicates responsibilities, avoids making decisions.

Transformational Leader

Idealized Influence: Provides vision and sense of mission, instills pride, gains respect and trust.

Inspirational Motivation: Communicates high expectations, uses symbols to focus efforts, expresses important purposes in simple ways.

Intellectual Stimulation: Promotes intelligence, rationality, and careful problem solving.

Individualized Consideration: Gives personal attention, treats each employee individually, coaches, advises.

Source: Based on A. H. Eagly, M. C. Johannesen-Schmidt, and M. L. Van Engen, "Transformational, Transactional, and Laissez-faire Leadership Styles: A Meta-Analysis Comparing Women and Men," *Psychological Bulletin* 129, no. 4 (2003), pp. 569–591; and T. A. Judge and J. E. Bono, "Five Factor Model of Personality and Transformational Leadership," *Journal of Applied Psychology* 85, no. 5 (2000), pp. 751–765.

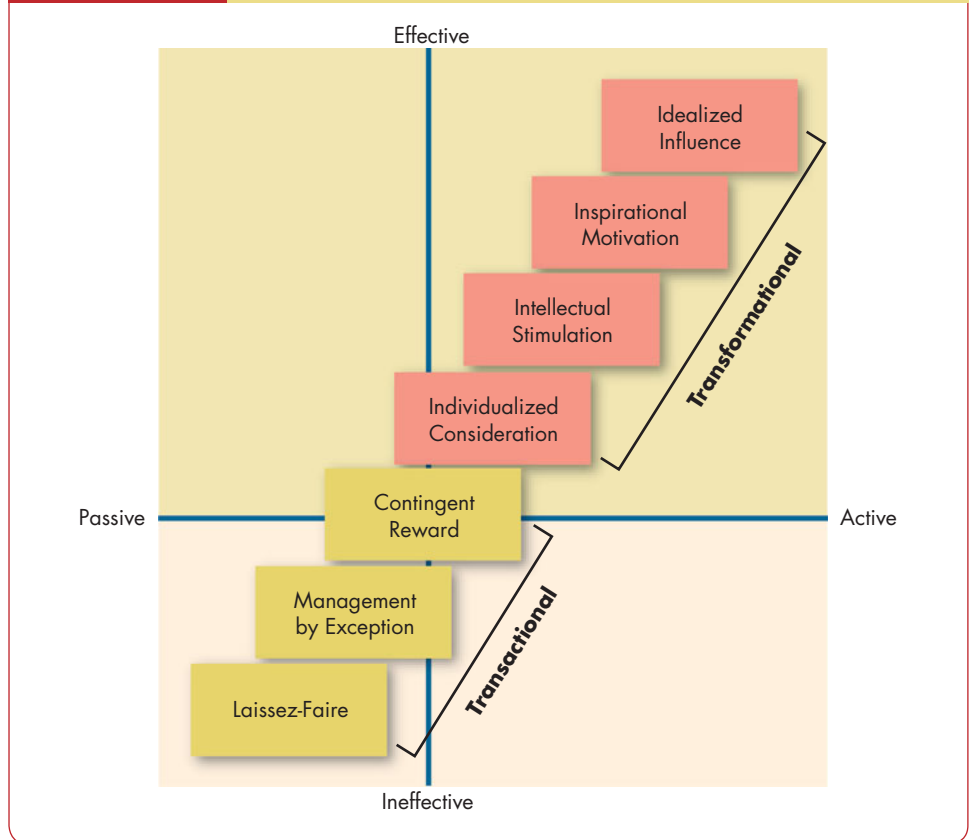
Only with the four remaining styles—all aspects of transformational leadership—are leaders able to motivate followers to perform above expectations and transcend their self-interest for the sake of the organization. Individualized consideration, intellectual stimulation, inspirational motivation, and idealized influence all result in extra effort from workers, higher productivity, higher morale and satisfaction, higher organizational effectiveness, lower turnover, lower absenteeism, and greater organizational adaptability. Based on this model, leaders are generally most effective when they regularly use each of the four transformational behaviors.

How Transformational Leadership Works Transformational leaders are more effective because they are more creative, but also because they encourage those who follow them to be creative, too.⁶⁵ Companies with transformational leaders have greater decentralization of responsibility, managers have more propensity to take risks, and compensation plans are geared toward long-term results—all of which facilitate corporate entrepreneurship.⁶⁶ One study of information technology workers in China found empowering leadership behavior led to feelings of positive personal control among workers, which increased their creativity at work.⁶⁷

Companies with transformational leaders also show greater agreement among top managers about the organization's goals, which yields superior organizational performance.⁶⁸ The Israeli military has seen similar results, showing

transactional leaders Leaders who guide or motivate their followers in the direction of established goals by clarifying role and task requirements.

transformational leaders Leaders who inspire followers to transcend their own self-interests and who are capable of having a profound and extraordinary effect on followers.

Exhibit 12-5 Full Range of Leadership Model

that transformational leaders improve performance by building consensus among group members.⁶⁹ Transformational leaders are able to increase follower self-efficacy, giving the group a “can do” spirit.⁷⁰ Followers are more likely to pursue ambitious goals, agree on the strategic goals of the organization, and believe the goals they are pursuing are personally important.⁷¹

Just as vision helps explain how charismatic leadership works, it also explains part of the effect of transformational leadership. One study found vision was even more important than a charismatic (effusive, dynamic, lively) communication style in explaining the success of entrepreneurial firms.⁷² Finally, transformational leadership engenders commitment on the part of followers and instills greater trust in the leader.⁷³

Evaluation of Transformational Leadership Transformational leadership has been impressively supported at diverse job levels and occupations (school principals, teachers, marine commanders, ministers, presidents of MBA associations, military cadets, union shop stewards, sales reps). One study of R&D firms found teams whose project leaders scored high on transformational leadership produced better-quality products as judged 1 year later and higher profits 5 years later.⁷⁴ Another study looking at employee creativity and transformational leadership more directly found employees with transformational leaders had more confidence in their ability to be creative at work and higher levels of creative performance.⁷⁵ A review of 117 studies testing transformational leadership found it was related to higher levels of individual follower performance, team performance, and organizational performance.⁷⁶

Transformational leadership isn't equally effective in all situations. It has a greater impact on the bottom line in smaller, privately held firms than in more complex organizations.⁷⁷ The personal nature of transformational leadership may be most effective when leaders can directly interact with the workforce and make decisions than when they report to an external board of directors or deal with a complex bureaucratic structure. Another study showed transformational leaders were more effective in improving group potency in teams higher in power distance and collectivism.⁷⁸ Other recent research using a sample of employees both in China and the United States found that transformational leadership had a more positive relationship with perceived procedural justice among individuals who were lower in power-distance orientation, which in turn related to a stronger transformational leadership-citizenship behavior relationship among those higher in power distance.⁷⁹ Transformational leaders also obtain higher levels of trust, which reduces stress for followers.⁸⁰ In short, transformational leadership works through a number of different processes.

One study examined how different types of transformational leadership can be effective depending on whether work is evaluated at the team or the individual level.⁸¹ Individual-focused transformational leadership is behavior that empowers individual followers to develop, enhance their abilities, and increase self-efficacy. Team-focused transformational leadership emphasizes group goals, shared values and beliefs, and unified efforts. Evidence from a sample of 203 team members and 60 leaders in a business unit found individual transformational leadership associated with higher individual-level performance, whereas team-focused transformational leadership drew higher group-level performance.

Transformational leadership theory is not perfect. Contingent reward leadership may not characterize transactional leaders only. And contrary to the full range of leadership model, the four I's in transformational leadership are not always superior in effectiveness to transactional leadership (contingent reward leadership sometimes works as well as transformational leadership).

In summary, transformational leadership is more strongly correlated than transactional leadership with lower turnover rates, higher productivity, lower employee stress and burnout, and higher employee satisfaction.⁸² Like charisma, it can be learned. One study of Canadian bank managers found branches managed by those who underwent transformational leadership training performed significantly better than branches whose managers did not receive training. Other studies show similar results.⁸³

The GLOBE study—of 18,000 leaders from 825 organizations in 62 countries—links a number of elements of transformational leadership with effective leadership, regardless of country.⁸⁴ This conclusion is very important because it disputes the contingency view that leadership style needs to adapt to cultural differences.

What elements of transformational leadership appear universal? Vision, foresight, providing encouragement, trustworthiness, dynamism, positiveness, and proactiveness top the list. The GLOBE team concluded that “effective business leaders in any country are expected by their subordinates to provide a powerful and proactive vision to guide the company into the future, strong motivational skills to stimulate all employees to fulfill the vision, and excellent planning skills to assist in implementing the vision.”⁸⁵

A vision is important in any culture, then, but the way it is formed and communicated may need to vary by culture. A GE executive who used his U.S. leadership style in Japan recalls, “Nothing happened. I quickly realized that I had to adapt my approach, to act more as a consultant to my colleagues and to adopt a team-based motivational decision-making process rather than the more vocal style which tends to be common in the West. In Japan the silence of a leader means far more than a thousand words uttered by somebody else.”⁸⁶

Authentic Leadership: Ethics and Trust

- 6** Define *authentic leadership* and show why effective leaders exemplify ethics and trust.

Although theories have increased our understanding of effective leadership, they do not explicitly deal with the role of ethics and trust, which some argue is essential to complete the picture. Here, we consider these two concepts under the rubric of authentic leadership.⁸⁷

What Is Authentic Leadership?

Mike Ullman, JCPenney CEO, argues that leaders have to be selfless, listen well, and be honest. Campbell Soup's CEO Douglas R. Conant is decidedly understated. When asked to reflect on the strong performance of Campbell Soup, he says, "We're hitting our stride a little bit more (than our peers)." He regularly admits mistakes and often says, "I can do better." Ullman and Conant appear to be good exemplars of authentic leadership.⁸⁸

Authentic leaders know who they are, know what they believe in and value, and act on those values and beliefs openly and candidly. Their followers consider them ethical people. The primary quality produced by authentic leadership, therefore, is trust. Authentic leaders share information, encourage open communication, and stick to their ideals. The result: people come to have faith in them.

Because the concept is new, there has been little research on authentic leadership. However, it's a promising way to think about ethics and trust in leadership because it focuses on the moral aspects of being a leader. Transformational or charismatic leaders can have a vision and communicate it persuasively, but sometimes the vision is wrong (as in the case of Hitler), or the leader is more concerned with his or her own needs or pleasures, as were Dennis Kozlowski (ex-CEO of Tyco), Jeff Skilling (ex-CEO of Enron), and Raj Rajaratnam (founder of the Galleon Group).⁸⁹



SELF-ASSESSMENT LIBRARY

Am I an Ethical Leader?

In the Self-Assessment Library (available on CD and online), take assessment IV.E.4 (Am I an Ethical Leader?).

Ethics and Leadership

Only recently have researchers begun to consider the ethical implications in leadership.⁹⁰ Why now? One reason may be the growing interest in ethics throughout the field of management. Another may be the discovery that many past leaders—such as Martin Luther King Jr., John F. Kennedy, and Thomas Jefferson—suffered ethical shortcomings. Some companies, like Boeing, are tying executive compensation to ethics to reinforce the idea that, in CEO Jim McNerney's words, "there's no compromise between doing things the right way and performance."⁹¹

Ethics and leadership intersect at a number of junctures. We can think of transformational leaders as fostering moral virtue when they try to change the attitudes and behaviors of followers.⁹² Charisma, too, has an ethical component. Unethical leaders use their charisma to enhance power over followers, directed toward self-serving ends. Ethical leaders use it in a socially constructive way to serve others.⁹³ Leaders who treat their followers with fairness, especially by providing honest, frequent, and accurate information, are seen as more effective.⁹⁴ Leaders rated highly ethical tend to have followers who engage in

more organizational citizenship behaviors and who are more willing to bring problems to the leaders' attention.⁹⁵ Because top executives set the moral tone for an organization, they need to set high ethical standards, demonstrate them through their own behavior, and encourage and reward integrity in others while avoiding abuses of power such as giving themselves large raises and bonuses while seeking to cut costs by laying off longtime employees.

Leadership is not value-free. In assessing its effectiveness, we need to address the *means* a leader uses in trying to achieve goals, as well as the content of those goals. Scholars have tried to integrate ethical and charismatic leadership by advancing the idea of **socialized charismatic leadership**—leadership that conveys other-centered (not self-centered) values by leaders who model ethical conduct.⁹⁶ Socialized charismatic leaders are able to bring employee values in line with their own values through their words and actions.⁹⁷

Servant Leadership

Scholars have recently considered ethical leadership from a new angle by examining **servant leadership**.⁹⁸ Servant leaders go beyond their own self-interest and focus on opportunities to help followers grow and develop. They don't use power to achieve ends; they emphasize persuasion. Characteristic behaviors include listening, empathizing, persuading, accepting stewardship, and actively developing followers' potential. Because servant leadership focuses on serving the needs of others, research has focused on its outcomes for the well-being of followers.

What are the effects of servant leadership? One study of 123 supervisors found it resulted in higher levels of commitment to the supervisor, self-efficacy, and perceptions of justice, which all were related to organizational citizenship behavior.⁹⁹ This relationship between servant leadership and follower OCB appears to be stronger when followers are focused on being dutiful and responsible.¹⁰⁰ Second, servant leadership increases team potency (a belief that one's team has above-average skills and abilities), which in turn leads to higher levels of group performance.¹⁰¹ Third, a study with a nationally representative sample of 250 workers found higher levels of citizenship associated with a focus on growth and advancement, which in turn was associated with higher levels of creative performance.¹⁰²

Servant leadership may be more prevalent and more effective in certain cultures.¹⁰³ When asked to draw images of leaders, U.S. subjects tend to draw them in front of the group, giving orders to followers. Singaporeans tend to draw leaders at the back of the group, acting more to gather a group's opinions together and then unify them from the rear. This suggests the East Asian prototype is more like a servant leader, which might mean servant leadership is more effective in these cultures.

Trust and Leadership

Trust is a psychological state that exists when you agree to make yourself vulnerable to another because you have positive expectations about how things are going to turn out.¹⁰⁴ Even though you aren't completely in control of the

authentic leaders Leaders who know who they are, know what they believe in and value, and act on those values and beliefs openly and candidly. Their followers would consider them to be ethical people.

socialized charismatic leadership A leadership concept that states that leaders convey values that are other centered versus self centered and who role-model ethical conduct.

servant leadership A leadership style marked by going beyond the leader's own self-interest and instead focusing on opportunities to help followers grow and develop.
trust A positive expectation that another will not act opportunistically.

Do Leaders Have a Responsibility to Protect Followers?

Leaders are expected to monitor performance and assign work tasks. But do they also have a responsibility to protect their followers as well? Should they “take the heat” so employees can be more productive? Former research and development head at 3M William Coyne felt one of his most significant contributions as a manager of creative employees was to prevent them from being bombarded with questions and suggestions from higher-ups. Especially in creative fields, leaders need to make the environment safe for employees to express their ideas, even if it means generating conflict with upper levels in the organization. Leaders may also need to protect up-and-coming employees from longer-tenured employees who see them as a threat.

Important components of servant leadership include putting subordinates first, helping them grow, and empowering them. We might thus expect servant leaders to protect their followers from negative pressures in the organization. Studies also show

that higher levels of servant leadership are associated with more citizenship behavior, higher performance, and greater creativity in work groups. As our review of the literature shows, acting to protect workers has a demonstrated impact on effective performance in the real world.

Still, shielding workers may not be in the organization’s best interest all the time. Close personal relationships with subordinates can make it difficult to provide negative feedback when it’s needed. A leader might be coddling a poor performer rather than protecting him or her from excess scrutiny. Thus, leaders need to take care when exercising their protecting role and be objective about what function it is serving.

So what should leaders do to effectively protect workers without falling into the trap of protecting the incompetent? Here are a few suggestions:

1. Try to identify barriers to effective performance in the work environment and protect employees from

these unnecessary sources of political infighting, distraction, and delay.

2. Assess employee contributions realistically. Try to separate your feelings about an employee from your desire to protect him or her from outside scrutiny.
3. Sometimes the best thing to do is let an employee handle problems independently and wait for him or her to ask for help. This can be surprisingly hard for many leaders who are used to seeing themselves in a proactive role.

Sources: Based on R. I. Sutton, “The Boss as Human Shield,” *Harvard Business Review* (September, 2010), pp. 106–109; J. Hu and R. C. Liden, “Antecedents of Team Potency and Team Effectiveness: An Examination of Goal and Process Clarity and Servant Leadership,” *Journal of Applied Psychology*, Online first publication (February 14, 2011), doi: 10.1037/a0022465; and F. O. Walumbwa, C. A. Hartnell, and A. Oke, “Servant Leadership, Procedural Justice Climate, Service Climate, Employee Attitudes, and Organizational Citizenship Behavior: A Cross-Level Investigation,” *Journal of Applied Psychology* 95, no. 3 (2010), pp. 517–529.

situation, you are willing to take a chance that the other person will come through for you.

Trust is a primary attribute associated with leadership; breaking it can have serious adverse effects on a group’s performance.¹⁰⁵ As one author noted, “Part of the leader’s task has been, and continues to be, working with people to find and solve problems, but whether leaders gain access to the knowledge and creative thinking they need to solve problems depends on how much people trust them. Trust and trust-worthiness modulate the leader’s access to knowledge and cooperation.”¹⁰⁶

Followers who trust a leader are confident their rights and interests will not be abused.¹⁰⁷ Transformational leaders create support for their ideas in part by arguing that their direction will be in everyone’s best interests. People are unlikely to look up to or follow someone they perceive as dishonest or likely to take advantage of them. Thus, as you might expect, transformational leaders do generate higher levels of trust from their followers, which in turn is related

to higher levels of team confidence and, ultimately, higher levels of team performance.¹⁰⁸

In a simple contractual exchange of goods and services, your employer is legally bound to pay you for fulfilling your job description. But today's rapid reorganizations, diffusion of responsibility, and collaborative team-based work style mean employment relationships are not stable long-term contracts with explicit terms. Rather, they are more fundamentally based on trusting relationships than ever before. You have to trust that if you show your supervisor a creative project you've been working on, she won't steal the credit behind your back. You have to trust that extra work you've been doing will be recognized in your performance appraisal. In contemporary organizations, where less work is closely documented and specified, voluntary employee contribution based on trust is absolutely necessary. And only a trusted leader will be able to encourage employees to reach beyond themselves to a transformational goal.

How Is Trust Developed?

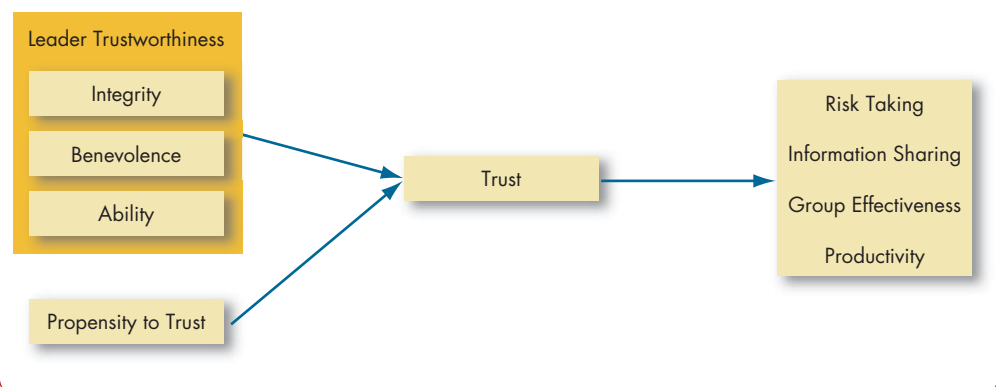
Trust isn't just about the leader; the characteristics of followers also influence its development. What key characteristics lead us to believe a leader is trustworthy? Evidence has identified three: integrity, benevolence, and ability (see Exhibit 12-6).¹⁰⁹

Integrity refers to honesty and truthfulness. It seems the most critical characteristic in assessing another's trustworthiness.¹¹⁰ When 570 white-collar employees were given a list of 28 attributes related to leadership, they rated honesty the most important by far.¹¹¹ Integrity also means having consistency between what you do and say. "Nothing is noticed more quickly . . . than a discrepancy between what executives preach and what they expect their associates to practice."¹¹²

Benevolence means the trusted person has your interests at heart, even if yours aren't necessarily in line with theirs. Caring and supportive behavior is part of the emotional bond between leaders and followers.

Ability encompasses an individual's technical and interpersonal knowledge and skills. Even a highly principled person with the best intentions in the world won't be trusted to accomplish a positive outcome for you if you don't have faith in his or her ability to get the job done. Does the person know what he or she is talking about? You're unlikely to listen to or depend on someone whose abilities you don't respect.

Exhibit 12-6 The Nature of Trust



Trust as a Process

Trust propensity refers to how likely a particular employee is to trust a leader. Some people are simply more likely to believe others can be trusted.¹¹³ Those who carefully document every promise or conversation with their supervisors aren't very high in trust propensity, and they probably aren't going to take a leader's word for anything. Those who think most people are basically honest and forthright will be much more likely to seek out evidence that their leaders have behaved in a trustworthy manner. Trust propensity is closely linked to the personality trait of agreeableness, while people with lower self-esteem are less likely to trust others.¹¹⁴

Time is the final ingredient in the recipe for trust. We come to trust people based on observing their behavior over a period of time.¹¹⁵ Leaders need to demonstrate they have integrity, benevolence, and ability in situations where trust is important—say, where they could behave opportunistically or let employees down but don't. Trust can also be won in the ability domain simply by demonstrating competence.

Leaders who break the psychological contract with workers, demonstrating they aren't trustworthy, will find employees are less satisfied and less committed, have a higher intent toward turnover, engage in less citizenship behavior, and have lower task performance.¹¹⁶ Leaders who betray trust are especially likely to be evaluated negatively by followers if there is already a low level of leader-member exchange.¹¹⁷ Once it is violated, trust can be regained, but only in certain situations that depend on the type of violation.¹¹⁸ If the cause is lack of ability, it's usually best to apologize and recognize you should have done better. When lack of integrity is the problem, though, apologies don't do much good. Regardless of the violation, simply saying nothing or refusing to confirm or deny guilt is never an effective strategy for regaining trust. Trust can be restored when we observe a consistent pattern of trustworthy behavior by the transgressor. However, if the transgressor used deception, trust never fully returns, not even after apologies, promises, or a consistent pattern of trustworthy actions.¹¹⁹

What Are the Consequences of Trust?

Trust between supervisors and employees has a number of important advantages. Here are just a few that research has shown:

- **Trust encourages taking risks.** Whenever employees decide to deviate from the usual way of doing things, or to take their supervisors' word on a new direction, they are taking a risk. In both cases, a trusting relationship can facilitate that leap.
- **Trust facilitates information sharing.** One big reason employees fail to express concerns at work is that they don't feel psychologically safe revealing their views. When managers demonstrate they will give employees' ideas a fair hearing and actively make changes, employees are more willing to speak out.¹²⁰
- **Trusting groups are more effective.** When a leader sets a trusting tone in a group, members are more willing to help each other and exert extra effort, which further increases trust. Conversely, members of mistrusting groups tend to be suspicious of each other, constantly guard against exploitation, and restrict communication with others in the group. These actions tend to undermine and eventually destroy the group.
- **Trust enhances productivity.** The bottom-line interest of companies also appears positively influenced by trust. Employees who trust their supervisors tend to receive higher performance ratings.¹²¹ People respond to mistrust by concealing information and secretly pursuing their own interests.

Leading for the Future: Mentoring

- 7** Demonstrate the role mentoring plays in our understanding of leadership.

Leaders often take responsibility for developing future leaders. Let's consider what makes mentoring valuable as well as its potential pitfalls.

Mentoring

A **mentor** is a senior employee who sponsors and supports a less-experienced employee, a protégé. Successful mentors are good teachers. They present ideas clearly, listen well, and empathize with protégés' problems. Mentoring relationships serve both career functions and psychosocial functions (see Exhibit 12-7).¹²²

Traditional informal mentoring relationships develop when leaders identify a less experienced, lower-level employee who appears to have potential for future development.¹²³ The protégé will often be tested with a particularly challenging assignment. If he or she performs acceptably, the mentor will develop the relationship, informally showing the protégé how the organization *really* works outside its formal structures and procedures.

Why would a leader want to be a mentor?¹²⁴ Many feel they have something to share with the younger generation and want to provide a legacy. Mentoring also provides unfiltered access to the attitudes of lower-ranking employees, and protégés can be an excellent source of early warning signals that identify potential organizational problems.

Are all employees in an organization equally likely to participate in a mentoring relationship? Unfortunately, no.¹²⁵ In the United States, upper managers in most organizations have traditionally been white males, and because mentors tend to select protégés similar to themselves in background, education, gender,

Exhibit 12-7

Career and Psychological Functions of the Mentoring Relationship

Career Functions

- Lobbying to get the protégé challenging and visible assignments
- Coaching the protégé to help develop his or her skills and achieve work objectives
- Providing exposure to influential individuals within the organization
- Protecting the protégé from possible risks to his or her reputation
- Sponsoring the protégé by nominating him or her for potential advances or promotions
- Acting as a sounding board for ideas the protégé might be hesitant to share with a direct supervisor

Psychosocial Functions

- Counseling the protégé to bolster his or her self-confidence
- Sharing personal experiences with the protégé
- Providing friendship and acceptance
- Acting as a role model

mentor A senior employee who sponsors and supports a less-experienced employee, called a protégé.

“Power Helps Leaders Perform Better”

Somewhat surprisingly, this statement appears to be partly true.

All leaders, of course, have some power (we'll consider power in the next chapter). But how do differences in power between leaders affect how they do their jobs? Most of us probably think that when leaders obtain *more* power, they relax and “rest on their laurels”—or worse, they abuse it.

Several recent studies, however, suggest that this is not quite the case. Power actually can help a leader do his or her job more effectively. In a series of experiments, researchers found that when individuals were given power as

leaders, they performed more effectively. Why? Power gives leaders a greater sense of responsibility toward their group—as a result, powerful leaders were more likely to exert effort and make sacrifices than those with less power. If you're powerless (or *think* you're powerless), after all, why bother?

Interestingly, though, the research also suggested that if leaders happen to see a task as beneath them, they will disregard it. Thus, if leaders are given more power, it's important that they don't use it to dismiss as trivial the duties that truly matter.

Of course, we don't really know whether these experimental results generalize to more realistic settings, or whether power has long-term corrupting effects. But the findings do suggest that giving leaders more power is not always a bad idea.

Source: C. N. DeWall, R. F. Baumeister, N. L. Mead, and K. D. Vohs, “How Leaders Self-Regulate Their Task Performance: Evidence That Power Promotes Diligence, Depletion, and Disdain,” *Journal of Personality and Social Psychology* 100, no. 1 (2010), pp. 47–65.

race, ethnicity, and religion, minorities and women are less likely to be chosen. “People naturally move to mentor and can more easily communicate with those with whom they most closely identify.”¹²⁶ Senior male managers may also select male protégés to minimize problems such as sexual attraction or gossip.

Many organizations have created formal programs to ensure mentoring relationships are equally available to minorities and women.¹²⁷ Although begun with the best intentions, these formal relationships are not as effective as informal ones.¹²⁸

Poor planning and design may often be the reason. Mentor commitment is critical to a program's effectiveness; mentors must see the relationship as beneficial to themselves and the protégé. The protégé, too, must feel he or she has input into the relationship; someone who feels it's foisted on him or her will just go through the motions.¹²⁹ Formal mentoring programs are also most likely to succeed if they appropriately match the work style, needs, and skills of protégé and mentor.¹³⁰

You might assume mentoring is valuable for objective outcomes like compensation and job performance, but research suggests the gains are primarily psychological. One review concluded, “Though mentoring may not be properly labeled an utterly useless concept to careers, neither can it be argued to be as important as the main effects of other influences on career success such as ability and personality.”¹³¹ It may *feel* nice to have a mentor, but it doesn't appear that having a good mentor, or any mentor, is critical to your career. Mentors may be effective not because of the functions they provide, but because of the resources they can obtain: a mentor connected to a powerful network can build relationships that will help the protégé advance. Most evidence suggests that network ties, whether built through a mentor or not, are a significant predictor of career success.¹³² If a mentor is not well connected or not a very strong performer, the best mentoring advice in the world will not be very beneficial.

Challenges to the Leadership Construct

8 Address challenges to the effectiveness of leadership.

“In the 1500s, people ascribed all events they didn’t understand to God. Why did the crops fail? God. Why did someone die? God. Now our all-purpose explanation is leadership.”¹³³ But much of an organization’s success or failure is due to factors outside the influence of leadership. Sometimes it’s just a matter of being in the right or wrong place at a given time. In this section, we present two perspectives and one technological change that challenge accepted beliefs about the value of leadership.

Leadership as an Attribution

As you may remember from Chapter 6, attribution theory examines how people try to make sense of cause-and-effect relationships. The **attribution theory of leadership** says leadership is merely an attribution people make about other individuals.¹³⁴ Thus we attribute to leaders intelligence, outgoing personality, strong verbal skills, aggressiveness, understanding, and industriousness.¹³⁵ At the organizational level, we tend to see leaders, rightly or wrongly, as responsible for extremely negative or extremely positive performance.¹³⁶

One longitudinal study of 128 major U.S. corporations found that whereas perceptions of CEO charisma did not lead to objective company performance, company performance did lead to perceptions of charisma.¹³⁷ Employee perceptions of their leaders’ behaviors are significant predictors of whether they blame the leader for failure, regardless of how the leader assesses him- or

Elements of transformational leadership such as vision and foresight appear to be universal. In China, for example, Wang Jianzhou is the CEO of China Mobile, the world’s largest mobile phone operator with more than 600 million subscribers. With vision and foresight, Jianzhou is expanding mobile service throughout China’s vast rural areas and plans to expand in emerging markets such as Africa, Asia, and Latin America. Proactive and positive, Jianzhou’s leadership draws from his extensive knowledge of and more than 30 years of experience in the telecommunications industry. Jianzhou is shown here during the launch of the firm’s OPhone operating system platform.



Source: Bao fan / Imaginechina/AP Images.

attribution theory of leadership A leadership theory that says that leadership is merely an attribution that people make about other individuals.

herself.¹³⁸ A study of more than 3,000 employees from western Europe, the United States, and the Middle East found people who tended to “romanticize” leadership in general were more likely to believe their own leaders were transformational.¹³⁹

When Merrill Lynch began to lose billions in 2008 as a result of its investments in mortgage securities, it wasn’t long before CEO Stan O’Neal lost his job. He appeared before the House Oversight and Government Reform Committee of the U.S. Congress for what one committee member termed “a public flogging.” Some called him a “criminal,” and still others suggested Merrill’s losses represented “attempted destruction.”¹⁴⁰

Whether O’Neal was responsible for the losses at Merrill or deserved his nine-figure severance package are difficult questions to answer. However, it is not difficult to argue that he probably changed very little between 2004 when *Fortune* described him as a “turnaround genius” and 2009 when he was fired. What did change was the performance of the organization he led. It’s not necessarily wrong to terminate a CEO for failing or flagging financial performance. However, O’Neal’s story illustrates the power of the attribution approach to leadership: hero and genius when things are going well, villain when they aren’t.

We also make demographic assumptions about leaders. Respondents in a study assumed a leader described with no identifying racial information was white at a rate beyond the base rate of white employees in a company. In scenarios where identical leadership situations are described but the leaders’ race is manipulated, white leaders are rated as more effective than leaders of other racial groups.¹⁴¹ One large-scale summary study (a meta-analysis) found that many individuals hold stereotypes of men as having more leader characteristics than women, although as you might expect, this tendency to equate leadership with masculinity has decreased over time.¹⁴² Other data suggest women’s perceived success as transformational leaders may be based on demographic characteristics. Teams prefer male leaders when aggressively competing against other teams, but they prefer female leaders when the competition is within teams and calls for improving positive relationships within the group.¹⁴³

Attribution theory suggests what’s important is projecting the *appearance* of being a leader rather than focusing on *actual accomplishments*. Leader-wannabes who can shape the perception that they’re smart, personable, verbally adept, aggressive, hardworking, and consistent in their style can increase the probability their bosses, colleagues, and employees will view them as effective leaders.

Substitutes for and Neutralizers of Leadership

One theory of leadership suggests that in many situations leaders’ actions are irrelevant.¹⁴⁴ Experience and training are among the **substitutes** that can replace the need for a leader’s support or ability to create structure. Organizational characteristics such as explicit formalized goals, rigid rules and procedures, and cohesive work groups can also replace formal leadership, while indifference to organizational rewards can neutralize its effects. **Neutralizers** make it impossible for leader behavior to make any difference to follower outcomes (see Exhibit 12-8).

This observation shouldn’t be too surprising. After all, we’ve introduced a number of variables—such as attitudes, personality, ability, and group norms—that affect employee performance and satisfaction. It’s simplistic to think employees are guided to goal accomplishments solely by the actions of their leader. Leadership is simply another independent variable in our overall OB model.

Sometimes the difference between substitutes and neutralizers is fuzzy. If I’m working on a task that’s intrinsically enjoyable, theory predicts leadership

Exhibit 12-8**Substitutes for and Neutralizers of Leadership**

Defining Characteristics	Relationship-Oriented Leadership	Task-Oriented Leadership
Individual		
Experience/training	No effect on	Substitutes for
Professionalism	Substitutes for	Substitutes for
Indifference to rewards	Neutralizes	Neutralizes
Job		
Highly structured task	No effect on	Substitutes for
Provides its own feedback	No effect on	Substitutes for
Intrinsically satisfying	Substitutes for	No effect on
Organization		
Explicit formalized goals	No effect on	Substitutes for
Rigid rules and procedures	No effect on	Substitutes for
Cohesive work groups	Substitutes for	Substitutes for

Source: Based on S. Kerr and J. M. Jermier, "Substitutes for Leadership: Their Meaning and Measurement," *Organizational Behavior and Human Performance* (December 1978), p. 378.

will be less important because the task itself provides enough motivation. But does that mean intrinsically enjoyable tasks neutralize leadership effects, or substitute for them, or both? Another problem is that while substitutes for leadership (such as employee characteristics, the nature of the task, and so forth) matter to performance, that doesn't necessarily mean leadership doesn't.¹⁴⁵

Online Leadership

How do you lead people who are physically separated from you and with whom you communicate electronically? This question needs attention from OB researchers.¹⁴⁶ Today's managers and employees are increasingly linked by networks rather than geographic proximity.

We propose that online leaders have to think carefully about what actions they want their digital messages to initiate. They confront unique challenges, the greatest of which appears to be developing and maintaining trust. **Identification-based trust**, based on a mutual understanding of each other's intentions and appreciation of the other's wants and desires, is particularly difficult to achieve without face-to-face interaction.¹⁴⁷ And online negotiations can also be hindered because parties express lower levels of trust.¹⁴⁸

We tentatively conclude that good leadership skills will soon include the abilities to communicate support, trust, and inspiration through keyboarded words and accurately read emotions in others' messages. In electronic communication, writing skills are likely to become an extension of interpersonal skills.

substitutes Attributes, such as experience and training, that can replace the need for a leader's support or ability to create structure.

neutralizers Attributes that make it impossible for leader behavior to make any difference to follower outcomes.

identification-based trust Trust based on a mutual understanding of each other's intentions and appreciation of each other's wants and desires.

Finding and Creating Effective Leaders

Source: Carlos Osorio/AP Images.



Richard Wagoner was fired as CEO and chairman of General Motors. His leadership was faulted for playing a part in the automaker's bankruptcy, with critics saying that he did not force much-needed radical change in reducing debt, cutting costs, and investing in fuel-efficient cars. Wagoner, however, inherited a messy situation and accomplished much in fixing GM during his 9 years as CEO. He cut GM's U.S. workforce from 177,000 to 92,000, closed factories, saved billions of dollars by globalizing engineering, manufacturing, and design, and led a resurgence in quality and performance. But the attribution approach to leadership would suggest a reverse causality: that GM's failures caused people to question his leadership, and not the other way around.

How can organizations find or create effective leaders? Let's try to answer that question.

Selecting Leaders

The entire process organizations go through to fill management positions is essentially an exercise in trying to identify effective leaders. You might begin by reviewing the knowledge, skills, and abilities needed to do the job effectively. Personality tests can identify traits associated with leadership—extraversion, conscientiousness, and openness to experience. High self-monitors are better at reading situations and adjusting their behavior accordingly. Candidates with high emotional intelligence should have an advantage, especially in situations requiring transformational leadership.¹⁴⁹ Experience is a poor predictor of leader effectiveness, but situation-specific experience is relevant.

Because nothing lasts forever, the most important event an organization needs to plan for is a change in leadership. Recently, Apple's board of directors has been very concerned with identifying a successor to Steve Jobs. Other organizations seem to spend no time on leadership succession and are surprised when their picks turn out poorly. University of Kentucky chose its men's basketball coach, Billy Gillispie, within 2 weeks of the departure of Tubby Smith. Yet within 2 years Gillispie had been fired, causing observers to wonder whether Kentucky had done its homework in leadership succession.

Training Leaders

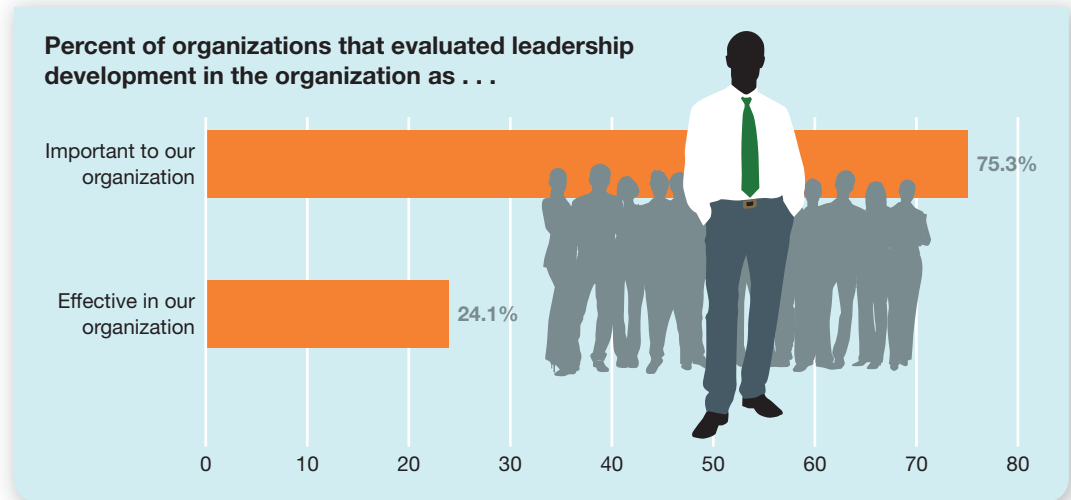
Organizations spend billions of dollars on leadership training and development.¹⁵⁰ These efforts take many forms—from \$50,000 executive leadership programs offered by universities such as Harvard to sailing experiences offered by the Outward Bound program. Business schools, including some elite programs such as those at Dartmouth, MIT, and Stanford, are placing renewed emphasis on leadership development. Some companies, too, place a lot of emphasis on leadership development. Goldman Sachs is well known for developing leaders; *BusinessWeek* called it the "Leadership Factory."¹⁵¹

How can managers get maximum effect from their leadership-training budgets?¹⁵² First, let's recognize the obvious. Leadership training of any kind is likely to be more successful with high self-monitors. Such individuals have the flexibility to change their behavior.

Second, what can organizations teach that might be related to higher leader effectiveness? Probably not "vision creation" but, likely, implementation skills. We can train people to develop "an understanding about content themes critical to effective visions."¹⁵³ We can also teach skills such as trust building and mentoring. And leaders can be taught situational-analysis skills. They can learn how to evaluate situations, modify them to better fit their style, and assess which leader behaviors might be most effective in given situations. BHP Billiton, Best Buy, Nokia, and Adobe have hired coaches to help top executives one on one to improve their interpersonal skills and act less autocratically.¹⁵⁴

Behavioral training through modeling exercises can increase an individual's ability to exhibit charismatic leadership qualities. Recall the researchers who scripted undergraduate business students to "play" charismatic.¹⁵⁵ Finally, leaders can be trained in transformational leadership skills that have bottom-line results, whether in the financial performance of Canadian banks or the effectiveness of soldiers in the Israeli Defense Forces.¹⁵⁶

OB Poll The Leadership Gap



Source: G. Kranz, "Special Report: Leadership Development," *Workforce Management* (May 2011), pp. 28–32; and P. J. Kiger, "The Leadership Formula," *Workforce Management* (May 2010), pp. 25–31.

MyManagementLab

Now that you have finished this chapter, go back to www.mymanagementlab.com to continue practicing and applying the concepts you've learned.

Summary and Implications for Managers

- 9 Assess whether charismatic and transformational leadership generalize across cultures.

Leadership plays a central part in understanding group behavior, because it's the leader who usually directs us toward our goals. Knowing what makes a good leader should thus be valuable in improving group performance.

- The early search for a set of universal leadership traits failed. However, recent efforts using the Big Five personality framework show strong and consistent relationships between leadership and extraversion, conscientiousness, and openness to experience.
- The behavioral approach's major contribution was narrowing leadership into task-oriented (initiating structure) and people-oriented (consideration) styles. By considering the situation in which the leader operates, contingency theories promised to improve on the behavioral approach, but only LPC theory has fared well in leadership research.
- Research on charismatic and transformational leadership has made major contributions to our understanding of leadership effectiveness. Organizations want managers who can exhibit transformational leadership qualities and who have vision and the charisma to carry it out.
- Effective managers must develop trusting relationships with followers because, as organizations have become less stable and predictable, strong bonds of trust are replacing bureaucratic rules in defining expectations and relationships.
- Tests and interviews help identify people with leadership qualities. Managers should also consider investing in leadership training such as formal courses, workshops, rotating job responsibilities, coaching, and mentoring.

Heroes Are Made, Not Born

POINT

From Apple CEO Steve Jobs and Microsoft CEO Bill Gates to US Air Pilot Sully Sullenberger and Walmart founder Sam Walton, we often ascribe heroic qualities to our leaders. They are courageous in the face of great risk. They persevered when few would. They take action when most sit by. Heroes are exceptional people who display exceptional behavior.

But some social psychologists question this conventional wisdom. They note that heroism can be found in many spheres of life, including in the behavior of whistleblowers, explorers, religious leaders, scientists, Good Samaritans, and those who beat the odds. At some time in our lives, we all show acts of heroism when the situation allows us to do so. If we want to see more heroic behavior, we need to create more situations that produce it.

Stanford psychologist Phil Zimbardo goes even further to argue that our romantic, inborn, trait-based view of heroic behavior is misplaced:

"The banality of evil is matched by the banality of heroism. Neither is the consequence of dispositional tendencies. . . . Both emerge in particular situations at particular times, when situational forces play a compelling role in moving individuals across the line from inaction to action."

People exhibit brave behavior every day. The workers who risked their lives to contain Japan's earthquake-ravaged nuclear reactors are a great example. Thus, we err when we think leaders are uniquely positioned to behave heroically. We all can be heroes in the right situation.

COUNTERPOINT

Of course heroes are not like everyone else. That's what makes them heroes.

A generation of evidence from behavioral genetics reveals that "everything is genetic," meaning we have yet to discover an important human behavior that does not have genetic origins. Though we're not aware of any such study with respect to heroism, it would be surprising if courageous behavior were not at least partly genetic.

It's foolish to think courageous people aren't exceptional because of who they are. Just as we know there is an entrepreneurial personality and a leader personality, there is a heroic personality. Research suggests, for example, that people who score high on conscientiousness are more likely to engage in courageous behavior.

Not all leaders are heroes, but many have exhibited courageous behavior. When Richard Branson launches his latest attempt to set the world record for an around-the-world balloon flight or sloop sailing, he is the same leader who also exhibits courageous behavior as CEO of Virgin Group. Virgin Group now includes more than 400 companies, including Virgin Galactic, a space tourism company, and Virgin Fuels, whose goal is to revolutionize the industry by providing sustainable fuels for automobiles and aircraft. Same leader, same heroic behavior—in work and in life.

Are we really to believe that Richard Branson and other courageous leaders are just like everyone else?

Sources: Z. E. Franco, K. Blau, and P. G. Zimbardo, "Heroism: A Conceptual Analysis and Differentiation Between Heroic Action and Altruism," *Review of General Psychology* 15, no. 2 (2011), pp. 99–113; O. Dorell, "At Nuke Plant, Heroes Emerge," *USA Today* (March 25, 2011), pp. 1A, 2A; L. J. Walker, J. A. Frimer, and W. L. Dunlop, "Varieties of Moral Personality: Beyond the Banality of Heroism," *Journal of Personality* 78, no. 3 (2010), pp. 907–942; and J. Lehrer, "Are Heroes Born, or Can They Be Made?" *The Wall Street Journal* (December 11, 2010), p. C12.

QUESTIONS FOR REVIEW

- 1 Are leadership and management different from one another? If so, how?
- 2 What is the difference between trait and behavioral theories? Are the theories valid?
- 3 What are the main limitations of behavioral theories of leadership?
- 4 What is Fiedler's contingency model? Has it been supported in research?
- 5 How do charismatic and transformational leadership compare and contrast? Are they valid?
- 6 What is authentic leadership? Why do ethics and trust matter to leadership?
- 7 How is mentoring valuable to leadership? What are the keys to effective mentoring?
- 8 How can organizations select and develop effective leaders?

EXPERIENTIAL EXERCISE What Is a Leader?

1. Working on your own, write down 12 adjectives that describe an effective business leader.
2. Break into groups of four or five. Appoint a note-taker and spokesperson. Compare your lists of adjectives, making a new list of those common across two or more persons' lists. (Count synonyms—steadfast and unwavering, for example—as the same.)
3. Each spokesperson should present the group's list to the class.
4. Are there many similarities among the lists? What does this tell you about the nature of leadership?

ETHICAL DILEMMA Undercover Leaders

As you saw in one of the Chapter 1 cases, the television show *Undercover Boss* features a leader working undercover in his or her own company to find out how the organization really works. In Chapter 1, we considered the show as an example of management by walking around (MBWA). Here, we consider the ethical leadership lessons it might offer.

Executives from DirecTV, Hooters, 7-Eleven, NASCAR, Chiquita, and Choice Hotels have been featured on the show. Typically, the executive works undercover for a week. Then the employees with whom and under whom the leader has worked are summoned to company headquarters and rewarded, or punished, for their actions.

In one episode, Waste Management's president Larry O'Donnell, sporting gray stubble and work clothes, works the back of a trash truck. Later, he sorts recyclables from a fast-moving conveyor belt. Under the barking orders of a supervisor, he even cleans a long line of portable toilets.

Some criticize the show for its faux realism. The CEOs know they are on camera, so every word and facial expression is for the cameras. Many employees know they

are on camera too. One critic commented, "Because the series' very existence requires cooperation from the executives that it purports to make suffer for their sins, it has to raise them higher, in the end, than it found them at the start."

Realistic or not, the series continues to be popular. After all, haven't you sometimes wondered what it would be like to do someone else's job?

The idea has moved beyond television too. Recently, the Australian government created a program that places CEOs undercover in their own workplaces. One CEO, Phil Smith of clothing retailer Fletcher Jones, said in tears of the experience, "I learnt a lot from this that I wouldn't have found out any other way."

Questions

1. Do you think it is ethical for a leader to go undercover in his or her organization? Why or why not?

2. Do you think leaders who work undercover are really changed as a result of their experiences?
3. Would you support a government program that gave companies incentives to send leaders undercover?

Sources: K. Jones, "CEOs Go Undercover Over Workplace Safety," *SafetyAtWorkBlog* (February 5, 2011), downloaded June 10, 2011, from <http://safetyatworkblog.wordpress.com/>; W. Kern, "The Fakery of CEOs Undercover," *Bloomberg Businessweek* (February 15, 2010), pp. 78–79.

CASE INCIDENT 1 Leadership Mettle Forged in Battle

In 2008, facing a serious shortage of leadership-ready employees at the store management level, Walmart decided to recruit from the U.S. military. The company sent recruiters to military job fairs and hired 150 junior military officers, pairing them with store mentors to learn on the job. The result: Walmart claims that it's been able to bring in world-class leaders who were ready to take over once they had learned the retail business that Walmart could easily teach them. Other organizations that have heavily recruited from the military in recent years include GE, Home Depot, Lowe's, State Farm Insurance, Merck, and Bank of America.

It's not really surprising to see companies turn to the military for leadership potential. A long tradition of books and seminars advises leaders to think like military leaders ranging from Sun Tzu to Norman Schwarzkopf. And military veterans do have a variety of valuable skills learned through experience. General David Petraeus notes, "Tell me anywhere in the business world where a 22- or 23-year-old is responsible for 35 or 40 other individuals on missions that involve life and death... They're under enormous scrutiny, on top of everything else. These are pretty formative experiences. It's a bit of a crucible-like experience that they go through." Military leaders are also used to having to make due in less than

optimal conditions, negotiate across cultures, and operate under extreme stress.

However, they do have to relearn some lessons from the service. Some may not be used to leading someone like an eccentric computer programmer who works strange hours and dresses like a slob, but who brings more to the company's bottom line than a conventional employee would. Indeed, in some companies like Google, there is nothing like the chain of command military leaders are used to. Still, most forecasts suggest there will be an ample supply of battle-tested military leaders ready to report for corporate duty in the near future, and many companies are eager to have them.

Questions

1. Do you think leaders in military contexts exhibit the same qualities as organizational leaders? Why or why not?
2. In what ways not mentioned in the case would military leadership lessons *not* apply in the private sector? What might military leaders have to re-learn to work in business?
3. Are specific types of work or situations more likely to benefit from the presence of "battle-tested" leaders? List a few examples.

Sources: B. O'Keefe, J. Birger, and D. Burke, "Battle Tested," *Fortune* (March 22, 2010), p. 108–118; B. Whitmore, "Hiring Military Veterans Is Good Business," *Huntington WV Herald-Dispatch* (November 6, 2010), www.herald-dispatch.com; and B. Wansink, C. R. Payne, and K. van Ittersum, "Profiling the Heroic Leader: Empirical Lessons from Combat-Decorated Veterans of World War II," *Leadership Quarterly* 19, no. 5 (2008), pp. 547–555.

CASE INCIDENT 2 Leadership Factories

Companies differ markedly in their ability to produce future leaders, as several recent analyses of the 1,187 largest publicly traded U.S. companies revealed. Among the CEOs in one study, a remarkable total of 26 once worked at General Electric (GE).

However, as the following table shows, on a per-employee basis, that ability earns GE only tenth place in

terms of the likelihood of a current or former employee becoming CEO of a large company. Top on the list is management consulting firm McKinsey & Company. Amazingly, if we extrapolate into the future from the current stock of McKinsey alums who are CEOs, of every 1,060 McKinsey employees, one will become CEO of a *Fortune* 1000 company.

Company	Size (employees)	CEOs Produced	Odds
McKinsey & Co.	17,000	16	1,060:1
Baxter International	48,500	11	4,410:1
Motorola	60,000	7	8,570:1
Intel	82,500	8	10,310:1
Procter & Gamble (P&G)	127,000	12	10,580:1
General Electric (GE)	287,000	26	11,040:1
Ernst & Young	144,000	12	12,000:1

Some companies did not fare nearly as well, such as Citigroup (odds: 30,180:1), AT&T (odds: 23,220:1) and Johnson & Johnson (odds: 15,275:1).

While some might dismiss the results, not surprisingly, the companies at the top of the list do not. “We are a leadership engine and a talent machine,” said retiring Procter & Gamble CEO A. G. Lafley.

Questions

1. Management consulting firms did very well on a per-employee basis, partly because they are mostly made up of managers (as opposed to blue-collar or
2. Do you think so-called leadership factories are also better places for nonleaders to work? Why or why not?
3. Assume you had job offers from two companies that differed only in how often they produced CEOs. Would this difference affect your decision?
4. Do these data support the value of leader selection and leader development? Why or why not?

Source: Based on D. McCarthy, “The 2008 Best Companies for Leaders,” *Great Leadership* (February 17, 2009), www.greatleadershipbydan.com/2009/02/2008-best-companies-for-leaders.html; D. Jones, “Some Firms’ Fertile Soil Grows Crop of Future CEOs,” *USA Today* (January 9, 2008), pp. 1B, 2B; and P. O’Connell, “How Companies Develop Great Leaders,” *Bloomberg Businessweek* (February 16, 2010), www.businessweek.com.

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