INTRODUCTION TO
Management
FIFTH EDITION

WARREN **R**. **P**LUNKETT
Wright College

RAYMOND **F**. **A**TTNER
Brookhaven College

1994

13

Leadership

LEARNING OBJECTIVES

After reading and discussing this chapter, you should be able to:

- Define this chapter's essential terms

- Distinguish between managers and leaders

- Discuss a leader's use of task-centered and people-centered approaches

- Discuss the three kinds of power that leaders can possess

- Describe the three interacting factors that create a manager's leadership style

- Differentiate between positive and negative motivation

- Discuss the three styles of leadership and their appropriate use

- Explain how to use the managerial grid

- Compare and contrast the contingency, path-goal, and life-cycle theories of leadership

M A N A G E M E N T   I N   A C T I O N
"Male" and "Female" Approaches to Leadership

A recent study by the National Association of Women Business Owners showed that 5.4 million U.S. businesses are owned by women. The same source revealed that women-owned businesses employ some 11.7 million Americans. Women have been starting businesses at a higher rate than men, and the study predicted that during 1992 women-owned businesses would create more jobs and employ more people than would the 500 largest corporations in America.

Women own businesses in every sector of the U.S. economy; the greatest percentage is in retail (40%). Of women-owned business, 9% generate over $1 million per year in sales. Most women owners are active in the management of their businesses. According to *Inc.* magazine, of America's 500 fastest-growing private companies, 8% have women as CEOs and nearly one-third have husband-and-wife teams in charge.

Leadership styles can include traits considered "masculine" or "feminine," combined in the best way to get the job done.

A survey of 456 executives (355 women and 101 men) revealed some interesting differences between the ways in which both sexes approach their leadership roles. Women respondents favored being interactive—encouraging others to participate and making subordinates feel good about themselves, their contributions, and their organizations. Interactive leaders attempt to create a group identity in a variety of ways. One way is to encourage others to have a say in almost every aspect of work, from setting performance goals to determining strategy. To facilitate inclusion, interactive leaders create mechanisms to get people to participate, using a conversational style that encourages involvement.

The majority of the male respondents described their styles of leadership as a set of transactions with subordinates—exchanging rewards for services rendered or punishment for inadequate performance.

429

Gender-neutral traits were adaptiveness, tactfulness, sincerity, efficiency, and reliability.

University of Chicago sociology professor Pauline B. Bart has studied how women lead. Bart believes that women with female models are more inclusive, cooperative, nurturing, and less power-obsessed than women who have adopted men as their role models. Author, professor, and senior program associate for the Center for Creative Leadership, Carole Leland observed that:

> Many women, in the face of discrimination, have learned to do the things men have learned to do—and they've survived by exercising control....But leadership traits such as being 'inclusive and non-hierarchical' are more likely to be found among women.

▶ The "best" style depends on organizational context. Both men and women can learn much from each other.

Men reported that they were more likely than women to use power that comes from their "organizational position and formal authority."

The men and women surveyed claimed to have an equal mix of traits considered to be feminine, masculine, and gender neutral. Feminine traits included understanding, compassion, sensitivity, and dependency. Masculine traits included dominance, toughness, assertiveness, and competitiveness.

Some men lead with what are considered feminine traits; some women lead with so-called masculine traits. And both men and women vary their approaches as circumstances dictate. A detrimental trait under one set of circumstances becomes a beneficial trait under another.

The "best" style depends on organizational context. Both men and women can learn much from each other. ▲

For more about male and female leadership styles, see "Women Entrepreneurs: A Pretty Big Game," *Nation's Business,* August 1992, p. 53; Carol Kleiman, "Women-Owned Firms on Upswing Despite Recession," *Chicago Tribune,* July 13, 1992, sec. 4, p. 3; Martha E. Mangelsdorf, "Behind the Scenes," *Inc., October 1992, p. 78;* Judy B. Rosener, "Ways Women Lead," *Harvard Business Review,* November–December 1990, pp. 119–125; Carol Kleiman, "Male, Female Leadership a Study in Contrasts," *Chicago Tribune,* sec. 4, p. 3.

Leadership Defined

Leadership is part of the seamless fabric of management functions. The concepts of leadership, communication, and motivation are inextricably interrelated, and they are closely linked to the manager's directing and controlling tasks. **Leadership,** in its management application, is the process of influencing individuals and groups to set and achieve goals. **Influence** is the power to sway other people to one's will. Leaders guide, direct, show, and inspire—all these activities are components of

management. This chapter will examine the nature of leadership, the theories and principles of leadership, and its importance to managers and organizations.

Leadership involves three sets of variables: the leader, those being led, and the circumstances in which leadership is exercised. All three variables change constantly. When head coach Jackson of the Chicago Bulls prepares his team to take on an opponent, he is exercising leadership. Each opponent, game, and play present the coach, his staff, and their players with new challenges and demands. When David Nagel, head of Apple Computer's advanced technology group, works with his teams to create new software and digital devices, he is leading. His teams' efforts are influenced by the quality of his leadership, the abilities and motivations of team members, and the internal and external limits and challenges they encounter in each situation.

What qualities must a leader have? As Kleiman (1992) reported, Jeffrey Christian, president and chief executive officer of a Cleveland-based executive search firm, looks for managers

> who are high impact players, change agents, drivers and winners—people who are extremely flexible, bright, tactical and strategic, who can handle a lot of information, make decisions quickly, motivate others, chase a moving target and shake things up. Previously, corporate recruiting emphasized credentials [schooling] and experience, which are still important, but . . . you can't teach good leadership or how to be excited about life.

Robert K. Greenleaf, former director of management research at AT&T and founding director of the Center for Applied Ethics, said: "The leader exists to serve those whom he nominally leads, those who supposedly follow him. He (or she) takes *their* fulfillment as his (or her) principal aim" (Kiechell, 1992). The servant-leader takes people and their work seriously, listens to and takes the lead from the troops, heals, is self-effacing, and sees himself or herself as a steward (Kiechell, 1992).

Leadership Traits

Early theories about leadership suggested that excellent leaders possessed certain traits, or personal characteristics, that lay at the root of their ability to lead. Following World War II, the U.S. Army surveyed soldiers in an attempt to compile a list of traits shared by commanders who soldiers perceived as leaders. The resulting list, which included 14 traits, was clearly inadequate to describe leadership. No two commanders displayed all the traits, and many famous commanders lacked several.

More recently, Gary A. Yukl (1981) constructed a list of traits and skills commonly associated with effective leaders. Exhibit 13.1 presents these traits. Yukl's list suggests that a leader is strongly motivated to excel and succeed.

No list of leadership traits and skills can be definitive, however, because no two leaders are exactly alike. Different leaders working with different people in different situations need different traits. If people in charge possess what is needed when it is needed, they should be able to exercise effective leadership.

William H. Peace is a former executive with Westinghouse and United Technologies. Now he is director and executive consultant with Doctus Management Consultancy of Chester, England. In the course of his career, Peace has learned that certain traits serve him well in management jobs. In an article for

Traits	Skills
Adaptable	Cleverness (intelligence)
Alert to social environment	Conceptual ability
Ambitious and achievement-oriented	Creativity
Assertive	Diplomacy and tact
Cooperative	Fluency in speaking
Decisive	Knowledge about the group task
Dependable	Organizational (administrative) ability
Dominant (desires to influence others)	Persuasiveness
Energetic (high activity level)	Social ability
Persistent	
Self-confident	
Tolerant of stress	
Willing to assume responsibility	

Source: Gary A. Yukl, *Leadership in Organizations*, p. 70. Adapted by permission of Prentice-Hall, Inc., Englewood Cliffs, NJ. Copyright 1981.

Harvard Business Review, Peace (1991) noted the importance of intelligence, energy, confidence, and responsibility. He differed from some observers in his emphasis on candor, sensitivity, and a "certain willingness to suffer the painful consequences of unpopular decisions." Peace called using these traits in management "soft management." As the Management in Action feature that opened this chapter noted, personal traits are often perceived as masculine, feminine, or gender neutral. All constructive traits are valuable and have their place in the exercise of leadership.

Leadership Skills

A person's skills are the competencies and capabilities he or she possesses. Look again at Exhibit 13.1 and notice that many of the skills Yukl identified are primarily useful in dealing with others. These skills include diplomacy, fluency in speech (communication skills), persuasiveness, and social ability. Some of the traits listed imply the existence of skills. For example, being decisive means that one has skill in making decisions by both rational and intuitive means.

Chris Carey, president of Datatec Industries, which makes in-store computer systems, believes that subordinates should evaluate their bosses in what he calls reverse performance reviews. He has his 318 employees score their managers' skills in areas such as coaching, listening, praising, and responsiveness. Employees

rate upper managers in terms of support of employees, articulation of goals, attention to employee ideas, and fairness. The surveys are anonymous and the results are shared. Formal, top-down appraisals follow within a month. "Scheduling the reviews back-to-back underscores the fact that everyone can perform better and everyone has a chance to say how that will happen" (*Inc.*, October 1992).

Leadership Behaviors

Gary Yukl (1981) and his colleagues determined 19 categories of "meaningful and measurable" leadership behavior. Exhibit 13.2 presents the Yukl group's categories along with definitions and examples. As you examine these behaviors—the things leaders do in the everyday exercise of leadership—relate them to the traits and skills discussed earlier. Then link the concepts to what you know about human behavior and motivation as described in Chapter 12.

Exhibit 13.2

The Yukl group's 19 categories of leadership behavior.

1. **Performance emphasis:** The extent to which a leader emphasizes the importance of subordinate performance, tries to improve productivity and efficiency, tries to keep subordinates working up to their capacity, and checks on their performance.

   Example: My supervisor urged us to be careful not to let orders go out with defective components.

2. **Consideration:** The extent to which a leader is friendly, supportive, and considerate toward subordinates and strives to be fair and objective.

   Example: When a subordinate was upset about something, the supervisor was sympathetic and tried to console him.

3. **Inspiration:** The extent to which a leader stimulates subordinates' enthusiasm for the work of the group and says things to build subordinates' confidence in their ability to perform assignments successfully and attain group objectives.

   Example: My boss told us we were the best design group he had ever worked with, and he was sure that our new product was going to break every sales record in the company.

4. **Praise-recognition:** The extent to which a leader provides praise and recognition to subordinates with effective performance, shows appreciation for their special efforts and contributions, and makes sure they get credit for their helpful ideas and suggestions.

   Example: In a meeting, the supervisor told us she was satisfied with our work and that she appreciated the extra effort we had made this month.

5. **Structuring reward contingencies:** The extent to which a leader rewards effective subordinate performance with tangible benefits. Such benefits include pay increases, promotions, preferred assignments, a better work schedule, and time off.

   Example: My supervisor established a new policy that any subordinate who brought in a new client would earn 10% of the contracted fee.

Exhibit 13.2 (continued)

6. **Decision participation:** The extent to which a leader consults with subordinates and otherwise allows them to influence decisions.

   > *Example:* My supervisor asked me to attend a meeting with him and his boss to develop a new production schedule. He was very receptive to my ideas on the subject.

7. **Autonomy-delegation:** The extent to which a leader delegates authority to subordinates and allows them to determine how to do their work.

   > *Example:* My boss gave me a new project and encouraged me to handle it as I think best.

8. **Role clarification:** The extent to which a leader informs subordinates about their duties and responsibilities, specifies the rules and policies that must be observed, and lets subordinates know what is expected of them.

   > *Example:* My boss called me in to inform me about a rush project that must be given top priority, and she gave me some specific assignments related to this project.

9. **Goal setting:** The extent to which a leader emphasizes the importance of setting specific performance goals for each important aspect of a subordinate's job, measures progress toward the goals, and provides concrete feedback.

   > *Example:* The supervisor held a meeting to discuss the sales quota for next month.

10. **Training-coaching:** The extent to which a leader determines training needs for subordinates and provides any necessary training and coaching.

    > *Example:* My boss asked me to attend an outside course at the company's expense and said I could leave the office early on the days classes were to be held.

11. **Information dissemination:** The extent to which a leader keeps subordinates informed about developments that affect their work, including events in other work units or outside the organization; decisions made by higher management; and progress in meetings with superiors or outsiders.

    > *Example:* The supervisor briefed us about some high-level changes in policy.

12. **Problem solving:** The extent to which a leader takes the initiative in proposing solutions to serious work-related problems and acts decisively to deal with such problems when a prompt solution is needed.

    > *Example:* The unit was short-handed due to illness, and we had an important deadline to meet. My supervisor arranged to borrow two people from other units, so we could finish the job today.

13. **Planning:** The extent to which a leader decides how to organize and schedule work efficiently, plans how to attain work-unit objectives, and makes contingency plans for potential problems.

    > *Example:* My supervisor suggested a shortcut that allows us to prepare our financial statements in three days instead of the four days it used to take.

14. **Coordinating:** The extent to which a leader coordinates the work of subordinates, emphasizes the importance of coordination, and encourages subordinates to coordinate their activities.

    > *Example:* My supervisor encouraged subordinates who were ahead in their work to help those who were behind. By helping each other, all the different parts of the project will be ready at the same time.

15. **Work facilitation:** The extent to which a leader obtains for subordinates any necessary supplies, equipment, support services, or other resources; eliminates problems in the work environment; and removes other obstacles that interfere with the work.

    > *Example:* I asked my boss to order some supplies, and he arranged to get them right away.

Exhibit 13.2 *(continued)*

16. **Representation:** The extent to which a leader establishes contacts with other groups and important people in the organization, persuades them to appreciate and support the leader's work unit, and influences superiors and outsiders to promote and defend the interests of the work unit.

    Example: My supervisor met with the data processing manager to ask for revisions to the computer programs. The revised programs will meet our needs more effectively.

17. **Interaction facilitation:** The extent to which a leader tries to get subordinates to be friendly with each other, cooperate, share information and ideas, and help each other.

    Example: The sales manager took the group out to lunch to give everybody a chance to get to know the new sales representative.

18. **Conflict management:** The extent to which a leader restrains subordinates from fighting and arguing, encourages them to resolve conflicts in a constructive manner, and helps settle disagreements between subordinates.

    Example: Two members of the department who were working together on a project had a dispute about it. The manager met with them to help resolve the matter.

19. **Criticism-discipline:** The extent to which a leader criticizes or disciplines a subordinate who shows consistently poor performance, violates a rule, or disobeys an order. Disciplinary actions include official warnings, reprimands, suspensions, and dismissals.

    Example: The supervisor, concerned that a subordinate repeatedly made the same kinds of errors, made sure that the subordinate was aware of expectations concerning quality.

Source: Gary A. Yukl, *Leadership in Organizations*, pp. 121–125. Adapted by permission of Prentice-Hall, Inc., Englewood Cliffs, NJ. Copyright 1981.

The first behavior Yukl listed, performance emphasis, remains a popular focus for managers and business writers. The movement in business today is to pay people for what they learn and to reward them for their individual and group performance. At Lyondell Petrochemical, owned half by its employees and half by Atlantic Richfield (Arco), "Managers and workers tackle new undertakings in teams, which get bonuses if their ideas fly" (Nulty, 1992). By putting their emphasis and money where their words are, company managers emphasize performance and productivity.

Management Versus Leadership

Management and *leadership* are not synonyms. Managers plan, organize, staff, direct, and control. They may or may not be effective in influencing their subordinates or team members to set and achieve goals. Ideally, leadership and management skills combine to allow a manager to function as a leader, as Exhibit 13.3 suggests. The manager who gives orders and explicit instructions to experienced people, for instance, is not leading but actually impeding productivity. Planning effectively helps one to become a manager; enabling others to plan effectively is leading. Leaders empower—they give people the things they need to

People Who Have Both
Leadership Ability and
Management Ability

**Leadership
Ability**

**Management
Ability**

People Who Have
Leadership Ability but
Are Not Managers

People Who Have
Management Ability,
but Are Not Leaders
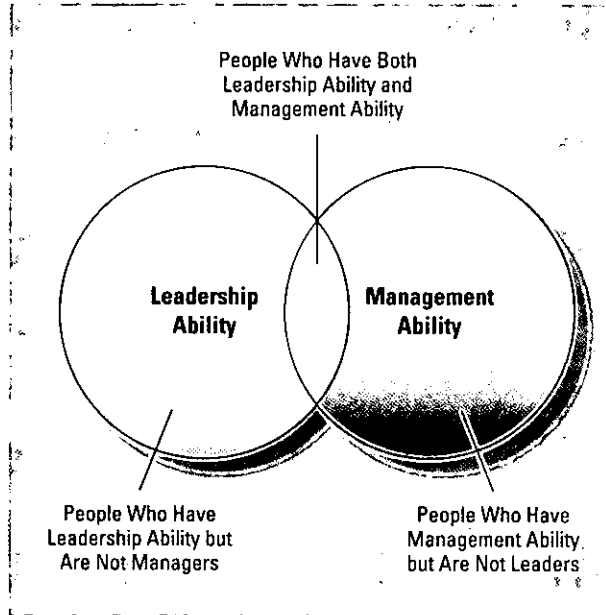
grow, to change, and to cope with change. Leaders create and share visions, generating strategies to bring the visions to reality.

According to Datatec's Chris Carey, empowering people requires a corporate culture that makes empowerment a core value. His company worked hard to create a culture that has as "its core values: honesty, openness, empowerment, and acceptance of failure" (*Inc.*, October 1992).

John P. Kotter and James L. Heskett (1992), in *Corporate Culture and Performance*, listed organizations that had made major cultural changes. The leaders of these organizations first had to realize that change was needed. Then they had to communicate to employees the facts that pointed to a crisis or potential crisis so the employees would perceive the need to change. Finally, as Kotter and Keskett described, these leaders

> developed or clarified their visions of what changes were needed .... After perceiving some minimum readiness on the part of their managers, the leaders then began communicating their visions of what changes were necessary. These visions always carried some general message about key constituencies, especially customers.... [Also] included was information about more specific strategies and practices that were seen as needed to deal with the current business climate or competitive situation.

As the leaders' visions and strategies were conveyed, they won allies and became role models for other managers. "Their ability to change and play a useful leadership role signaled that others could also" (Kotter and Heskett, 1992). Such leaders are often called transformational leaders, because they are able to create fundamental changes in their organizations' values, missions, and cultures. Exhibit 13.4, which is based on John P. Kotter's work, further differentiates between

Exhibit 13.4

The differences between management and leadership.

Management	Leadership
Planning and budgeting. Establishing detailed steps and timetables for achieving needed results and then allocating the resources necessary to make them happen.	**Establishing direction.** Developing a vision of the future, often the distant future, and strategies for producing the changes needed to achieve that vision.
Organizing and staffing. Establishing a structure for accomplishing plan requirements, staffing that structure with individuals, delegating responsibility and authority for carrying out the plan, providing policies and procedures to help guide people, and creating methods or systems to monitor implementation.	**Aligning people.** Communicating the direction by words and deeds to all those whose cooperation may be needed to influence the creation of teams and coalitions that understand the vision and strategies and accept their validity.
Controlling and problem solving. Close monitoring of results in terms of the plan, identifying deviations, and then planning and organizing to solve these problems.	**Motivating and inspiring.** Energizing people to overcome major political, bureaucratic, and resource barriers by satisfying basic, but often unfulfilled human needs.
Produces a degree of predictability and order and consistently achieves the key results expected by various stakeholders (for customers, being on time; for stockholders, being on budget).	*Produces change, often to a dramatic degree, that has the potential of being extremely useful (for example, developing new products that customers want or new approaches to labor relations that help make a firm more competitive).*

Source: John P. Kotter, *A Force for Change: How Leadership Differs from Management* (New York: Free Press), 1990, p. 6.

management and leadership. Notice how Kotter's list of leadership behaviors emphasizes people skills and motivational connections.

Bruce R. Ellig, vice president of personnel of Pfizer, discussed leadership in regard to change in the context of a chief personnel officer's role: "To get the CPO job, the key requirement is the ability to identify and lead needed organizational change that will serve both of personnel's customers: management and the employees" (Ellig, 1991).

Sam Walton (1992), founder of Wal-Mart, wrote about the importance of change to his company, noting that strong corporate culture can create a resistance to change:

> When folks buy into a way of doing things, and really believe it's the best way, they develop a tendency to think that's exactly the way things should always be done. So I've made it my own personal mission to ensure that constant change is a vital part of the Wal-Mart culture itself. I've forced change—sometimes for change's sake alone—at every turn in our company's development. In fact, I think one of the greatest strengths of Wal-Mart's ingrained culture is its ability to drop everything and turn on a dime.

Positive leadership styles encourage development of employees and higher levels of job satisfaction (Keller and Szilagyi, 1978). Negative leadership styles are based on the manager's ability to withhold items of value from employees. The result of negative leadership may be an environment of fear, where managers are viewed with distrust and seen as dictators rather than leaders or team players.

Decision-Making Styles

Another element in a manager's leadership style is the degree to which he or she shares decision-making authority with subordinates. Managers' styles range from not sharing at all to completely delegating decision-making authority. Exhibit 13.6 shows the degrees of sharing as a continuum, with the range of styles categorized in three groups: autocratic style, participative style, and free-rein style. Which style a manager chooses should relate to the situation encountered.

The Autocratic Style   A manager who uses the **autocratic style** does not share decision-making authority with subordinates. The manager makes the decision and then announces it. Autocratic managers may ask for subordinates' ideas and feedback about the decision, but the input does not usually change the decision unless it indicates that something vital has been overlooked. The hallmark of this style is that the entire process is executed by the manager, who retains all the authority. Consequently, the autocratic style is sometimes called the "I" approach.

Under certain conditions, the autocratic style is appropriate. When a manager is training a subordinate, for instance, the content, objectives, pacing, and execution of decisions properly remain in the hands of the trainer. (The manager should elicit feedback from the trainee, however.) During a crisis—a hazardous-materials spill or bomb threat, say—leaders are expected to take charge, issue orders, and make decisions. When a subordinate directly challenges a manager's authority, an autocratic response may be needed to preclude acts of insubordination. In circumstances where employees have not been empowered to make decisions, supervisors must make them. Some subordinates do not want to share authority or become involved in any way beyond the performance of their routine duties.

Exhibit 13.6

Leadership styles and the distribution of decision-making authority.

Autocratic Style	Participative Style	Free-Rein Style
Manager makes decision, announces it, and seeks feedback	Manager makes decision with input from subordinates	Subordinate makes decision subject to limits set by boss

Manager's Exercise of Authority

Subordinates Share of Decision-Making Authority
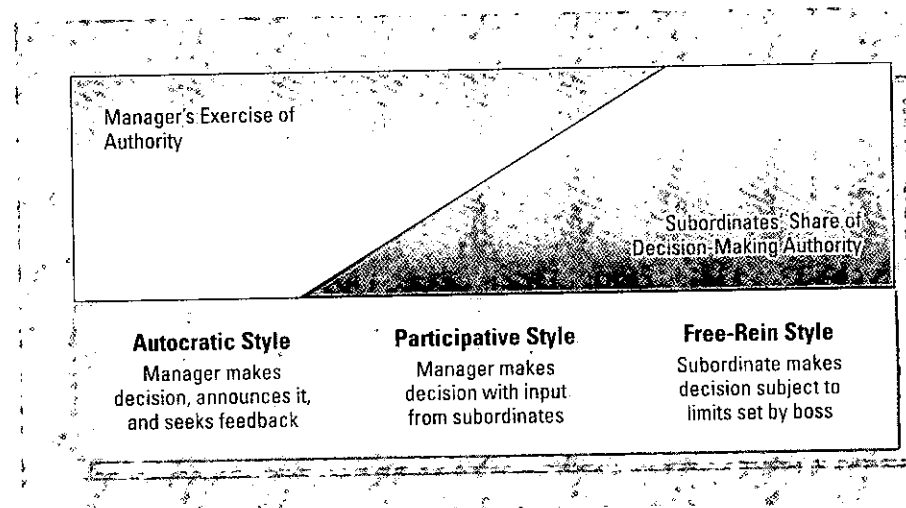
Managers should respect these preferences but also make incentives and growth opportunities available.

To use the autocratic style effectively, managers must know what needs to be done and they must possess expert power. The autocratic style is effective when managers face issues that they are best equipped to solve, create solutions whose implementation does not depend on others, and desire to communicate through orders and instructions. If these conditions do not exist, one of the other two leadership styles is probably more appropriate.

The Participative Style Managers who use the **participative style** share decision-making authority with subordinates. The degree of sharing can range from the manager's presenting a tentative decision that is subject to change, to letting the group or subordinate participate in making the decision. Sometimes called the "we" approach, participative management involves others and lets them bring their unique viewpoints, talents, and experiences to bear on an issue. This style is strongly emphasized today because of the trends toward downsizing, employee empowerment, and worker teams.

A consultative and democratic approach works best for resolving issues that affect more than just the manager or decision maker. People affected by decisions support them more enthusiastically when they participate in the decision making than when decisions are imposed on them. Also, if others in a manager's unit know more than the manager does about an issue, common sense urges their inclusion in decisions concerning it.

Before subordinates can be brought into the process, mutual trust and respect must exist between them and their managers. The subordinates must be willing to participate and trained to do so. People need training in rational decision making. They must also possess the related skills and knowledge needed to cope with the problems they are expected to solve. It takes time to give people the confidence

Participation in management decisions is the hallmark of the more democratic style favored today, reflecting the trend toward downsizing, employee empowerment, and worker teams.
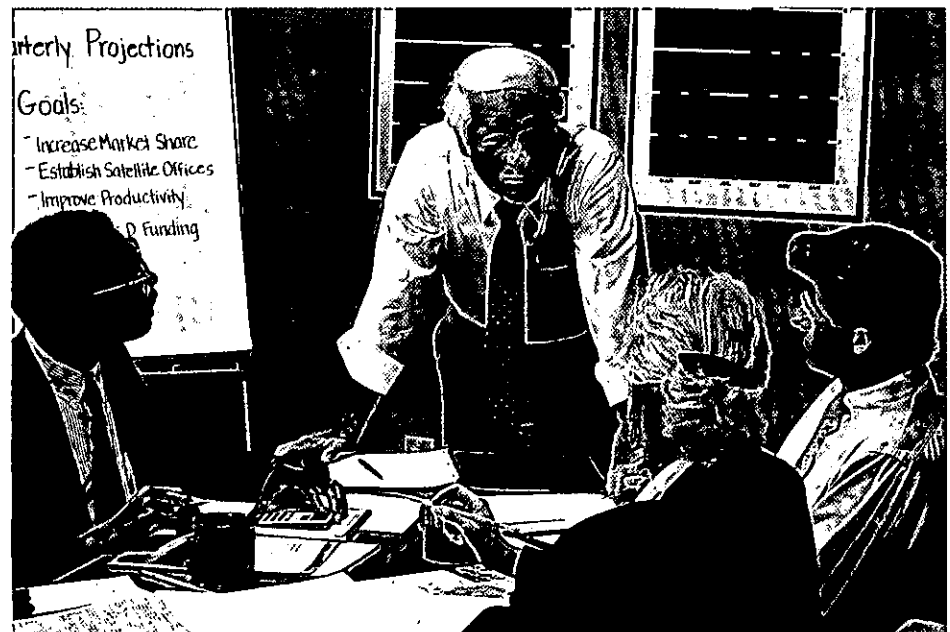
and competence needed to make decisions. Managers must have the time, means, and patience to prepare subordinates to participate. But when employees participate, they devise solutions that they feel they own. This sense of ownership increases their commitment to making the solutions work.

Inc. magazine (October 1992) reported that at Datatec the participation of employees is encouraged even in the matter of their bosses' appraisals. Datatec managers believe that

> giving employees the chance to appraise their bosses forces a company to live up to its commitment to participative management. [Managers are asked] to conduct one-on-one reverse appraisals with subordinates. Employees who find appraising their bosses simply too discomforting may choose to talk to another manager. [President] Carey wants to make sure that problems don't get buried just because they're prickly ones.

Limits on subordinates' participation must be clearly spelled out beforehand; there should be no misunderstandings about who holds authority to do what. Mistakes will be made and some waste will occur, but the power of the participative style to motivate and energize people is great. In many organizations, such as Datatec, managers must use this style; corporate culture and policies demand it.

F O C U S   O N   Q U A L I T Y

Participation Leads to Success

ack Stack, CEO of Springfield Remanufacturing Company and author of *The Great Game of Business,* believes that "the best, most efficient, most profitable way to operate a business is to give everybody in the company a voice in saying how the company is run and a stake in the financial outcome, good or bad." He and his 650 employees remanufacture engines and engine components, but Stack believes that his real business is education:

> We teach people about business. We give them the knowledge that allows them to go out and play the Game.... We try to take ignorance out of the workplace and force people to get involved, not with threats and intimidation but with education.... To do that you have to knock down the barriers that separate people, that keep people from coming together as a team.

In other words, Stack leads by enabling others to do so.

Employees learn from each other through classes and tutoring. Their managers provide them with all the facts relating to how their business is run and how it is doing. Along with their willingness to learn and help their company win what Stack calls "the great game of business" comes job security and a share in the profits. At Springfield Remanufacturing, people share authority and learn to do more than one job. All the employees think and act like owners because they are. Stack has learned what happens when all employees embrace the same goals; work together as a team to achieve them; have the information, understanding, and knowledge they need to make a decision; and possess the will to act quickly: Quality and success will follow. Stack has been successful in achieving success for his company. From 1983 to 1986, the company went from a loss to a profit before taxes of $2.7 million. By 1991, annual sales hit about $70 million and the work force grew from 119 to 650. ▲

For more about participative leadership, see Jack Stack, *The Great Game of Business,* Bo Burlingham, editor (New York: Doubleday/Currency), 1992; and Jack Stack, "The Great Game of Business," *Inc.,* June 1992, pp. 53–62.

The Free-Rein Style Often called the "they" approach, or spectator style, the free-rein style empowers individuals or groups to function on their own, without direct involvement from the managers to whom they report. The style relies heavily on delegation of authority and works best when the parties have expert power, when participants have and know how to use the tools and techniques needed for their tasks. Under this style, managers set limits and remain available for consultation. The managers also hold participants accountable for their actions by reviewing and evaluating performance.

Free-rein leadership works particularly well with managers and experienced professionals in engineering, design, research, and sales. Such people generally resist other kinds of supervision.

In most organizations, managers must be able to use the decision-making style that circumstances dictate. Lee is new, so he needs to use an autocratic approach until he develops the confidence and knowledge to perform independently or until he joins a team. Kim, experienced in her job and better at it than anyone else, will probably do well under a participative or free-rein approach. Because people and circumstances constantly change and because subordinates must be prepared for change, the effective manager switches from one leadership style to another as appropriate.

Task Orientation Versus Employee Orientation

Yet another element of leadership style is the manager's philosophy about the most effective way to get work done. Leaders can adopt a focus on task (a work, or task, orientation) or a focus on employees (a relationship, or people-centered, approach). Depending on the manager's perspective and situation, these two approaches can be used separately or in combination.

A task focus emphasizes technology, methods, plans, programs, deadlines, goals, and getting the work out. Typically, the manager who focuses on a task uses the autocratic style of leadership and issues guidelines and instructions to subordinates. A task focus works well in the short run, especially with tight schedules or under crisis conditions. Used over the long term, however, a task focus can create personnel problems. It may cause the best performers, who desire flexibility and freedom to be creative, to leave the group, and it may increase absenteeism and decrease job satisfaction (Likert, 1976).

The manager who focuses on employees emphasizes workers' needs. He or she treats employees as valuable assets and respects their views. Building teamwork, positive relationships, and mutual trust are important activities of the people-centered leader. By focusing on employees a manager can increase job satisfaction and decrease absenteeism (Likert, 1976).

The University of Michigan Studies   In the 1970s researchers at the University of Michigan compared the behaviors of effective and ineffective supervisors. The researchers' findings indicated that supervisors who focused on their subordinates' needs ("employee-centered leaders") were the most effective, building high-performance teams that reached their goals. The less-effective supervisors ("job-centered leaders") tended to focus on tasks and were more concerned with efficiency and meeting schedules (Likert, 1979).

The Ohio State University Studies   Researchers at Ohio State University surveyed hundreds of leaders in the 1970s. The researchers studied their behavior in terms of two factors: consideration and initiating structure. *Consideration* was defined as concern for subordinates' ideas and feelings (what the University of Michigan studies referred to as an employee focus). Leaders who rated high in consideration communicated openly, developed teams, and focused on subordinates' needs. *Initiating structure* was defined as concern for goal achievement and task orientation (what the Michigan studies called job focus). Leaders who rated high in initiating structure were concerned with deadlines, planning work, and meeting schedules (Schriesheim and Bird, 1979).

The researchers found that leaders had one of four combinations of the two behaviors: high consideration and low initiating structure, low consideration and high initiating structure, low consideration and low initiating structure, and high consideration and high initiating structure. The researchers concluded that the last combination resulted in the greatest job satisfaction and performance by subordinates (Schriesheim and Bird, 1979).

Since the Ohio State studies, additional research suggests that the approach a manager takes should vary, depending upon the people involved and the situation. In a crisis, managers should focus on task. When training people to become a self-managing work team, managers should focus on people—their needs to cooperate, get to know one another, and develop relationships. Managers, these studies suggest, must be flexible and provide the kind of leadership their people and situations require.

Exhibit 13.7

The managerial grid.

High | 9 ●
— **1.9** Thoughtful attention to needs of people
8 for satisfying relationships leads to a
comfortable, friendly organizational
atmosphere and work tempo
7

Concern for People
6
— **5.5** Adequate organization
performance is possible through
5 balancing the necessity to
accomplish work while maintaining
morale at a satisfactory level
4

3

— **1.1** Exertion of minimum effort
2 to get required work done
is appropriate to sustain
organization membership
Low ●

1   2   3   4   5   6   7   8   9

9.9 Work accomplishment is from
committed people; interdepen-
dence through a common stake
in organization purpose leads to
relationships of trust and respect

9.1 Efficiency in operations
results from arranging
conditions of work in such a
way that human elements
interfere to a minimum degree

Low ◄—— **Concern for Production** ——► High

Source: Adapted from Robert R. Blake and Anne Adams McCanse, *Leadership Dilemmas—Grid Solutions* (Houston: Gulf). Reprinted by permission of the owners. Copyright 1991 by Scientific Methods, Inc.

The Managerial Grid   Robert R. Blake and Jane S. Mouton of the University of Texas created a two-dimensional model for visualizing the continuum from task focus to employee focus (Blake et al., 1964). They called the model the **managerial grid**. As Exhibit 13.7 shows, the model presents two axes, one that rates concern for people and another that rates concern for production. (These axes clearly correspond to employee- and job-centeredness in the University of Michigan studies, and consideration and initiating structure in the Ohio State studies.) The ratings are stated in terms of a 9-point scale, with 1 representing low concern and 9 representing high concern. The grid effectively summarizes positions that managers and leaders can take under a variety of circumstances.

If you are a manager, see if you can place your focus on the grid in relation to a specific subordinate. If you are not a manager, try placing your boss's focus. Then ask yourself if the focus is appropriate. Such an analysis typifies one use of the grid—it is an effective tool for management training and development.

In choosing a leadership style, a manager must adapt to the situation while evaluating motivational strategy, decision-making style, and the merits of a task or employee focus. The style a manager chooses is influenced by the leader's philosophy, background, and perceptions; the personalities, backgrounds, and needs of subordinates or team members; and external pressures, influences, and constraints.

The next section will examine three theories of leadership that incorporate these situational elements: the contingency model, the path-goal theory, and the life-cycle theory.

Theories of Situational Leadership

Three general theories of leadership address adaptation of leadership to situations. All have strong roots in the motivational theories discussed in Chapter 12.

Fiedler's Contingency Model

Fred E. Fiedler (1974) holds that the most appropriate style of leadership for a manager depends on the manager's situation. Fiedler's model of management, the **contingency model**, suggests that a manager should choose task or employee focus according to the interaction of three situational variables: leader-member relations, task structure, and leader position power. Because Fiedler's model emphasizes the importance of the situation, Fiedler's work is sometimes called the theory of situational leadership. Exhibit 13.8 shows Fiedler's contingency model.

The solid line plotted at the top of Exhibit 13.8 reveals the recommended focus for specific situations. To understand the recommendations and how they were reached, you must understand the variables the model uses.

The scale of leader-member relations refers to the degree to which the leader is or feels accepted by the group. Measured by the observed degree of mutual respect, trust, and confidence, this acceptance is rated as good or poor. In a good relationship, the leader should be able to inspire and influence subordinates. If the relationship is poor, the manager may have to resort to negotiating or to promising favors to get performance.
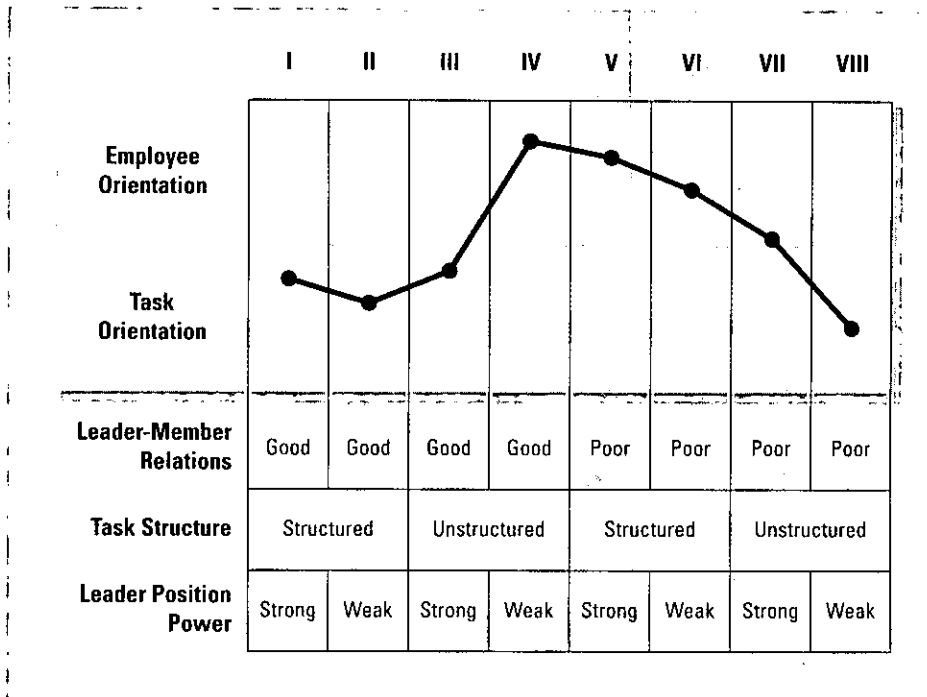
The task structure ratings relate to the nature of subordinates' jobs or tasks. A structured task is or can be broken into procedures. It is narrowly defined and may be machine-paced, and it tends to be full of routines that are repeated regularly. Data entry clerks, file clerks, and supermarket checkers hold structured jobs. An unstructured job includes complexities, variety, and latitude for creative expression. Researchers, managers, design engineers, and most professionals hold unstructured jobs.

The ratings for leader position power describe the organizational power base from which the leader operates. To what degree can the leader reward and punish? With whom is the leader allied? The leader's connections, legitimate power, expert power, and referent power determine weakness or strength—the ability to exercise a little influence or a great deal of influence inside the organization.

Note position I in Exhibit 13.8. In a situation displaying good leader-member relations, structured tasks, and strong leader position power, the contingency model tells the leader to adopt a task orientation. At position VII, a nearly equal blend of employee- and task-orientation is best. Employee-oriented leaders

Exhibit 13.8

Fiedler's contingency model, depicting the interaction of leadership orientations with situational variables.

	I	II	III	IV	V	VI	VII	VIII
Leader-Member Relations	Good	Good	Good	Good	Poor	Poor	Poor	Poor
Task Structure	Structured		Unstructured		Structured		Unstructured	
Leader Position Power	Strong	Weak	Strong	Weak	Strong	Weak	Strong	Weak

perform best under conditions associated with positions IV, V, and VI. When a manager is promoted or given a temporary assignment—as project leader or product design team leader, for example—he or she will find a new combination of people and circumstances. Each combination calls for a fresh assessment of Fiedler's three variables.

House and Mitchell's Path-Goal Theory

Robert J. House and Terrence R. Mitchell (1974) developed the **path-goal theory** of leadership. Their theory relates to the behaviors a leader can use to stimulate subordinates' motivation to achieve both personal and organizational goals and rewards (House, 1971). The path-goal theory suggests that a leadership style is effective or ineffective on the basis of how successfully leaders influence and support their subordinates' perceptions of:

o   Goals that need to be achieved

o   Rewards for successful performance

o   Behaviors that lead to successful performance

According to the path-goal theory, leaders can influence subordinates' motivation by (1) teaching employees the competencies they will need to perform successfully and gain rewards, (2) tailoring rewards to meet employees' needs, and (3) acting to support subordinates' efforts. Teaching (coaching, development, and training) builds confidence and competencies. Adapting rewards to the specific

needs of individual employees makes them more appealing. Supportive behaviors assist subordinates as necessary, enabling them to achieve both personal and organizational goals.

The path-goal theory has its basis in the expectancy theory of motivation. In that theory, employees' motivations are influenced by their perceptions of what a task requires, their confidence in their abilities to perform, the attractiveness of the reward being offered, and the relationship of the reward to the accomplishment of the task. The more self-confidence and the greater the desire for the reward, the more willing employees will be to perform as required. According to the path-goal theory, leadership behaviors and situational factors influence the motivational process.

Leadership Behaviors   House and Mitchell (1974) based their theory on the following two assumptions:

1. A leader's behavior is acceptable and satisfying to subordinates to the extent that they view it as either an immediate source of satisfaction or as an instrument to some future satisfaction.

2. A leader's behavior will increase subordinates' efforts if it links satisfaction of their needs to effective performance and supports their efforts to achieve goals.

These two assumptions tell managers to increase the number of ways in which performance can be deemed successful, to clear away barriers to successful outcomes, and to help subordinates see these outcomes as desirable (House and Mitchell, 1974). To enable leaders to do these things, the theory provides four kinds of leadership behavior:

o   Instrumental behavior (task-oriented). This behavior, sometimes called directive behavior, involves the planning, directing, monitoring, and task-assignment aspects of leadership. It can be prescriptive. A manager who uses instrumental behavior establishes precise procedures, goals, and timetables and utilizes the autocratic style of leadership. This behavior can be used to increase an employee's work effort or to clarify outcomes.

o   Supportive behavior (employee-oriented). This behavior creates a climate of mutual trust and respect between leaders and followers. It involves the coaching, counseling, and mentoring aspects of leadership. Supportive behavior requires open communication and a leader's honest concern for subordinates' needs. This type of behavior builds teams.

o   Participative behavior (employee-oriented). In this behavior, a leader solicits and uses subordinates' ideas and contributions and involves subordinates in decision making. During the planning and execution phases of an operation, the manager tries to obtain input from everyone concerned. Supportive behavior promotes participative behavior. The reverse is true as well. Participative behavior builds team spirit, values individuals and their contributions, and encourages development through exposure to others' points of view and experience.
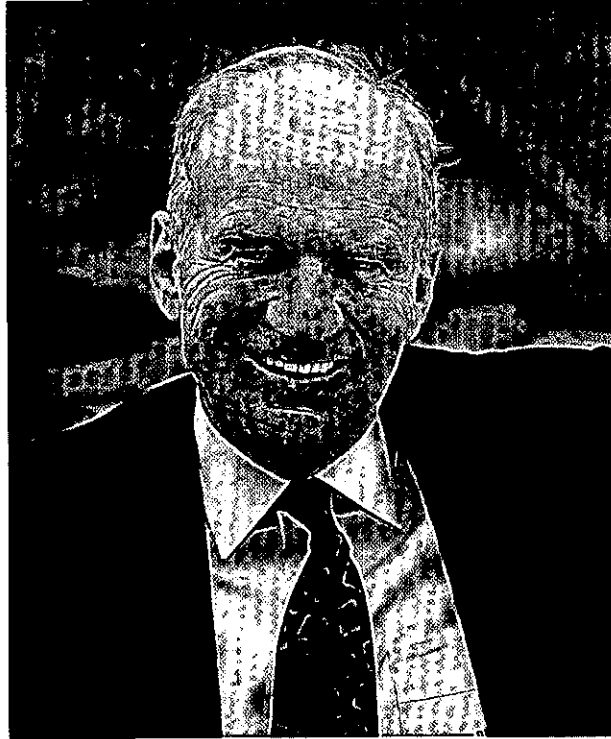
- Achievement-oriented behavior (employee-oriented). A leader who shows this type of behavior helps subordinates grow and increases their competencies through training and development. The leader's primary aim is to improve subordinates' abilities and performance, thus making the employees more valuable to themselves and their organization. Instrumental behavior, supportive behavior, and participative behavior increase a leader's ability to engage in achievement-oriented behavior, which paves the way for subordinates' advancement.

CEO D. Wayne Calloway heads up the 300,000 employees of PepsiCo's worldwide operations. His regular routines include all four types of behavior that House and Mitchell described. He uses instrumental behavior in his hands-on approach to hiring, strategic planning, and executive appraisals. He interviews all job candidates for positions at the vice-presidential level or above, and some 75 executives each year. Twice a year Calloway is personally involved in evaluating some 600 managers (Konrad and Rothman, 1992).

Calloway uses supportive behavior in a company-wide drive to build on past decentralization with renewed efforts at empowerment. His participative behavior includes encouraging employees—everyone from route salespeople to restaurant workers—to recommend ways to improve the business. In 1991, for example, Calloway introduced the Great PepsiCo Brainstorm, in which employees won prizes for contributing ideas. His achievement-oriented behavior includes encouraging people to take risks and rewarding them for their initiative, whether it leads to success or failure (Konrad and Rothman, 1992).

leadership   The process of influencing individuals and groups to set and
achieve goals.

leadership style   The perceived approaches and behaviors a manager uses to
influences others.

legitimate power   Authority possessed by managers and derived from the
positions they occupy in the formal organization.

life-cycle theory   A view of management that asserts that a leader's behavior
toward a subordinate should relate to the subordinate's maturity level. The
focus on tasks and relationships should vary as the subordinate matures.

managerial grid   Blake and Mouton's two-dimensional model for visualizing
the extent to which a manager focuses on tasks or employees.

participative style   A leadership approach in which a manager shares
decision-making authority with subordinates.

path-goal theory   A view of management that asserts that subordinates'
behaviors and motivations are influenced by the behaviors managers
exhibit toward them. This theory suggests that leadership style should
depend on the leader's influence and subordinate's perceptions, goals,
rewards, and goal paths.

referent power   Influence that comes to people because of the kinds of
persons they seem to be—their traits, personalities, and attractiveness
to others.

sanction   A penalty—such as a fine, suspension, or termination—used to
influence people's behavior.

C A S E   P R O B L E M
Teams at the Top

Many companies are concluding that the job of chairperson and president is too complex for one person to handle, especially in multistate and multinational environments. In 1992 Xerox, Microsoft, and retail leader Nordstrom Inc. moved to power sharing in their executive suites. According to University of Southern California business professor James O'Toole, "Corporate America is moving away from single, all-powerful chief executives. One person can't have all the wisdom." Deborah Ancona,

associate professor of organizational studies at MIT's Sloan School of Management, adds: "The complexity of the task is becoming overwhelming for one person. There is too much for the CEO to do himself.... [Work] that used to be done sequentially now must be done in parallel."

At the Paris headquarters of Accor S.A., a French hotel and restaurant group, two people share the chairman's job—M. Dubrule and M. Pelisson. The two believe that their arrangement works because it is

based on mutual trust. As Pelisson put it, "It took three years to become very confident in the other person. The key is the building of confidence." The two chairmen believe that they must extend the same degree of trust to their managers that they extend to each other. Their company is highly decentralized. "Managers in the group are required to consult with the chairmen on major strategic decisions, such as whether to focus their product expansion on Europe or on Asia. But once the long-term goals are set, managers may chart their own course."

At Seattle-based Nordstrom Inc., three Nordstroms share the chair, and four managers (three men and one woman) share the president's position. In the case of the chairpersons, the decisions are made by committee but are generally limited to controlling strategic direction. Day-to-day management is left to the four presidents. "Like the co-chairmen, the presidents have ample debate, they say, and resolve most disagreements by focusing on what would be best for the customer.... '[We] leave our egos at the doorstep.'" The co-presidents each concentrate on their specialty areas and act with great autonomy.

Xerox, the copier and printer giant, has a new corporate position that six top executives share. In place of a president, the company has a group headed by Paul Allaire, chairman and CEO; three operations executives; one head of corporate research and technology; and one head of corporate strategic services. Before the change, "a lot of operating decisions came to the corporate office. In many cases,

the people making decisions at corporate headquarters didn't have all the information that someone working today might have." The results were sluggish product development and lost opportunities.

David Nadler, president of Delta Consulting Group in New York, helped design the Xerox structure. He says competition for the top job—either covert or overt—is the main threat to team leadership in the executive suite.

The power-sharing technique has not yet stood the test of time. Those who are experimenting with it face many questions. How should the executives coordinate their efforts? What happens when a decision demands the expertise of two or more executives and overlaps the authority of each? Will two or more executives be able to act as swiftly in a crisis as one?

QUESTIONS

1. What potential problems do you think co-presidents and co-chairpersons will face when sharing power?

2. Can power-sharing arrangements work in companies where lower levels do not have a high degree of operating autonomy? Why or why not?

3. Do you think that power-sharing arrangements are appropriate for small, local businesses? Why or why not?

For more about leadership variants, see: Dori Jones Yang, "Nordstrom's Gang of Four," *Business Week*, June 15, 1992, pp. 122–123; Amanda Bennett, "Firms Run by Executive Teams Can Reap Rewards, Incur Risks," *Wall Street Journal*, February 5, 1992, pp. B1, B2; Brian Coleman, "Accor Finds Success with Two Chairmen," *Wall Street Journal*, April 2, 1992, p. B6; and Suein L. Hwang, "Xerox Forms New Structure for Businesses," *Wall Street Journal*, February 5, 1992, p. B6.