

Topic 5: Leadership

Chapter 16

1. define leader and leadership
2. explain why managers should be leaders.

A **leader** is someone who can influence others who may or may not possess managerial authority

Leadership is the process of influencing a group to achieve goals

Because leading is one of the four management functions, ideally all managers should be leaders

3. discuss what research has shown about leadership traits
4. contrast the findings of the four behavioural leadership theories
5. explain the dual nature of a leader's behaviour.

Early theories of leadership:

Trait theories

Behavioural Theories

Four main studies:

The University of Iowa studies

The Ohio State studies

The University of Michigan studies

The Managerial Grid

Contingency Theories:

Fiedler contingency model

Hersey Situational Leadership Model

Path-goal theory

Contemporary Theories:

Leader-member exchange Theory

Transformational-transactional leadership

Charismatic-visionary leadership

Team leadership roles

Early theories of Leadership

Trait theories

- Great man theory focusing on the 'person'
- Leaders are BORN and cannot be TRAINED
- leadership theories that tried to isolate characteristics that differentiated leaders from non-leaders:
 - intelligence, charisma, decisiveness, enthusiasm, strength, bravery, integrity and self-confidence

Later research focusing on the leadership 'process' identified seven traits:

Intelligence- leaders need to be intelligent to gather, synthesize and interpret large amounts of info. Need to create visions, solve problems and make correct decisions

Job-relevant knowledge- effective leaders have a high degree of knowledge about company, industry and technical matters. In-depth knowledge allows for well-informed decisions and understanding implications

Desire to lead- strong desire to influence and lead others

Honesty and Integrity- build trusting relationships by being truthful or non-deceitful and by showing high consistency between word and deed

Extraversion- leaders are lively, energetic people. Sociable, assertive.

Self confidence- need to show confidence to convince followers of rightness of goals and decisions

Drive- exhibit high effort level. Relatively high desire for achievement; ambitious; takes initiative

Behavioural theories

- Leadership theories that identified behaviours that differentiated effective leaders from ineffective leaders.
- Trait theories did not accurately predict the 'right' people for leadership roles
- Leadership is more than possessing a few generic traits
- Based on the idea that once the BEST style of leadership was identified, leaders could be TRAINED
- Leaders are not born, but trained

Four main studies:

The University of Iowa studies

Democratic- a leader who involved employees in decision-making, delegate authority, encourage participation in deciding work methods and goals, and use feedback as an opportunity for coaching employees

Autocratic- a leader who dictated work methods, make unilateral decisions and limit employee participation

Laissez-fair- a leader who generally gave the group complete freedom to make decisions and complete the work in whatever way they saw fit

Democratic leadership style most effective

The Ohio State studies

Initiating structure – the extent to which a leader was likely to define and structure his role & roles of the group members in the search for goal attainment

Consideration - the extent to which a leader has job relationships characterised by mutual trust and respect for group members' ideas and feelings

High-high leader achieved high subordinate performance and satisfaction, but not in all situations

The University of Michigan studies

Employee oriented – described as emphasising interpersonal relations; took a personal interest in the needs of their followers and accepted individual difference between group members

Production orientated – tended to emphasise on the technical or task aspects of a job, concerned mainly with accomplishing their group's tasks, regarded members as a means to an end

Employee-oriented leaders were associated with high group productivity and higher job satisfaction

The Managerial Grid- a two dimensional grid of two leadership behaviours

Concern for people- measured a leader's concern for subordinates on a scale of 1 to 9

Concern for production- measured leader's concern for getting the job done on a scale of 1 to 9

Leaders performed better with a 9.9 style (high concern in production and people)

Limitations of behavioural leadership theories:

- No consistent relationship between leadership behaviour and performance indicators of production, efficiency and satisfaction
- Predicting leadership success more complex than isolating a few leader traits or preferable behaviours

No consideration of situational factors

Contingency theories of leadership

- Effective leadership requires more than an understanding of traits and behaviours
- Ability to 'read' and 'adapt' to situational circumstances as important
- History is replete with those with the 'right' traits and behaviours who yet failed due to misunderstanding situational cues

Fiedler contingency model / Match between a leader's style of interacting with his or her followers and the degree to which the situation allows the leader to control and influence /	<p>Based on the Least-preferred co-worker (LPC) questionnaire (to measure leader's style).</p> <p>Two types:</p> <ul style="list-style-type: none">– Task oriented– Relationship oriented <p>Three contingency dimensions defined the key situational factors for determining leader effectiveness:</p> <ul style="list-style-type: none">– Leader-member relations The degree of confidence, trust and respect employees had for their leader– Task structure degree to which job assignments were formalised and procedurised; high/low– Position power The degree of influence a leader had over power-based activities such as hiring, firing, discipline, promotions and salary increases; rated strong or weak <p>Each leadership situation was evaluated in terms of these 3 contingency variables, which produced eight possible situations leaders could find themselves. Following, described in terms of favourableness. Task-oriented leaders performed better in very favourable and unfavourable situations. Relationship-oriented leaders performed better in moderately favourable situations.</p> <p>Since assumed individual's leadership style was fixed, two ways to improve leadership effectiveness</p> <ol style="list-style-type: none">1. bring in a new leader whose style matched the situation2. change the situation to fit leader – restructuring tasks- increasing/ decreasing power leader had.
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	<p>Criticisms:</p> <ul style="list-style-type: none"> – Unrealistic to assume that leaders cannot change leadership style – Impractical, difficulties in measuring contingency factors (LPC) – Contingency variables were difficult for practitioners to assess. <p>Fiedler model provided evidence that effective leadership style needed to reflect situational factors.</p>
<p>Hersey Situational Leadership Model</p> <p>/ focuses on followers' readiness/</p>	<ul style="list-style-type: none"> - Successful leadership is achieved by selecting the right leadership style, which is contingent on the level of the followers' readiness - Reality that it is the followers who accept or reject the leader - Readiness: the extent to which people have the ability and willingness to accomplish a specific task. <p>Four specific leadership styles</p> <ul style="list-style-type: none"> - Based on task & relationship behaviour (i.e. high-low: telling, selling, participating & delegating) - Telling(high task-low r/s) → leader defines roles and tells people what to do, how, where and when to do it - Selling (high task- high r/s)→ leader provides both directive and supportive behaviour - Participating (low task-high r/s)→ leader and follower share in decision making - Delegating (low task- low r/s)→ leader gives little direction or support <p>Four stages of readiness</p> <ul style="list-style-type: none"> - Based on employee ability, willingness, and confidence <p>R1→ people both 'unable and unwilling' to take responsibility for something. →need clear and specific directions (telling)</p> <p>R2→ people 'unable but willing' – followers motivated but lack appropriate skills →leaders need to display high task orientation to compensate for followers' lack of ability and high r/s orientation for followers to buy into leaders' desires.</p> <p>R3→ people 'able but unwilling' – competent but either do not want to do something or feel insecure →need to use supportive style</p>

	<p>R4 → followers are 'able and willing' – competent and willing → leaders can turn over responsibility for decisions and implementation</p> <p>Intuitive appeal: acknowledges importance of followers and builds on the logic that leader can compensate for ability and motivational limitations in followers. Gained wide popularity in many management training programs.</p>
Path-goal theory	<ul style="list-style-type: none"> – A leader's job is to assist followers in attaining their goals and provide the direction or support to ensure followers' goals match organisational objectives – Assumes that leaders are flexible and can display any of these leadership styles <p>Four types:</p> <p>Directive – lets subordinates know what is expected of them, schedules work to be done, gives specific guidance on how to accomplish tasks.</p> <p>Supportive – Friendly and shows concerns for needs of followers.</p> <p>Participative – consults with group members and used suggestions before making a decision</p> <p>Achievement-oriented – sets challenging goals and expects followers to perform at their highest level</p> <p>Proposes 2 situational or contingency variables that moderate the leadership behaviour-outcome r/s. those</p> <ul style="list-style-type: none"> • In the environment that are outside the control of followers (task structure, formal authority system, work group) <ul style="list-style-type: none"> ◦ Determine type of leader behaviour required if subordinate outcomes are to be maximised. • Personal characteristics of the follower (locus of control, experience and perceived ability). <ul style="list-style-type: none"> ◦ Determine how the environment and leader behaviour are interpreted <p>Eg of predictions: Directive Leadership</p> <ul style="list-style-type: none"> - Leads to greater satisfaction when tasks are ambiguous or stressful than when they are highly structured and well laid out. Followers not sure of what to do so leaders have to give them some direction - Likely to be perceived as redundant among subordinates with high perceived experience. - Higher employee satisfaction when there is substantive conflict within a work group. Need a leader to take charge <p>Eg of predictions: Supportive leadership</p> <ul style="list-style-type: none"> - Leads to high employee performance and satisfaction when subordinates are performing structured tasks. Need support, not leader telling them what to do.

	<ul style="list-style-type: none"> - subordinates with an internal locus of control(who believe that they control their own destiny) will be more satisfied with a participative style. They prefer to participate in decisions - external locus of control will be more satisfied with a directive style. <p>Research on path-goal model is generally encouraging.employee's performance and satisfaction are likely to be positively influenced when leader compensates for shortcomings in either employee or work setting.</p>
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Contemporary view on leadership (latest views)

Leader-member exchange Theory	<p>/ The leadership theory that says leaders create in-groups and out-groups, and that those in the in-group will have higher performance ratings, less turnover and greater job satisfaction/</p> <ul style="list-style-type: none"> - leader will implicitly categorise the follower as being 'in' or 'out'. - Encourage LMX by rewarding employees with whom they want a closer linkage to and punishing those that they do not. - for it to work, both leader and follower must 'invest' in the relationship - In group members may have similar attitudes, demographics, personality or have a higher level of competence than out-group members. - leader does the choosing, but follower's characteristics drive the decision. - not surprising as leaders invest their time and other resources in those whom they expect to perform best.
Transformational-transactional leadership	<p>Transactional leaders</p> <ul style="list-style-type: none"> – Leaders that lead primarily by using social exchanges (or transactions) – Guide or motivate their followers to work towards established goals by exchanging rewards for their productivity <p>Transformational leaders</p> <ul style="list-style-type: none"> – Built on top of transactional leaders. – Stimulates and inspires followers to transcend their own self-interests for the good of the organisation to achieve extraordinary outcomes – Pay attention to the concerns and developmental needs of individual followers; change followers' awareness of issues by helping them to look at old problems in new ways; excite and inspire followers to put in extra effort to achieve group goals. <p>Strongly correlated with:</p> <ul style="list-style-type: none"> – lower turnover rates – higher levels of productivity, employee satisfaction, creativity, goal attainment and follower well-being <p>Superiority of transformational over transactional. Transformational leaders were evaluated as more effective, higher performers, more promotable than their transactional counterparts and more interpersonally sensitive.</p>
Charismatic-visionary leadership	<ul style="list-style-type: none"> – An enthusiastic, self-confident leader whose personality and actions influence people to behave in certain ways – May not always be needed to achieve high levels of employee performance, for example, when follower's task has an ideological purpose or when the environment involves a high degree of stress and uncertainty – Five characteristics that differentiate charismatic leaders from non-charismatic ones. Having vision ; being able to articulate vision, sensitive to environmental constraints and follower needs, exhibiting behaviours that are out of the ordinary.

	<ul style="list-style-type: none"> – Can be trained to be charismatic. <p>visionary leadership: the ability to create and articulate a realistic, credible and attractive vision of the future that improves upon the current situation. Goes beyond charisma</p>
Team leadership roles	<ul style="list-style-type: none"> – Role of the leader in guiding team members has become increasingly important. – Challenge for most managers is becoming an effective team leader. Have to learn skills eg. Having the patience to share information, being able to trust others and to give up authority, and understanding when to intervene. <p>Leader has different roles:</p> <ul style="list-style-type: none"> – Coach <ul style="list-style-type: none"> – Clarify expectations and roles, teach, offer support, whatever to help team members keep work performance levels high – Conflict manager <ul style="list-style-type: none"> – When disagreements arise, help to process the conflict. Help to identify source of conflict, issues at stake, resolution options available, advantages and disadvantages. – Liaison with external constituencies <ul style="list-style-type: none"> – Include upper management, other organisational work teams, customers or suppliers. Leader represents team to other constituencies, secures needed resources, clarifies expectations of the team and gathers info from outside. – Trouble shooter <ul style="list-style-type: none"> – Team leaders try to resolve problems. Contribute by asking penetrating questions, helping the team talk through them and getting needed resources to tackle problems.

1. differentiate between transactional and transformational leaders.
2. Describe charismatic and visionary leadership
3. Discuss what team leadership involves

12. describe the 5 sources of a leader's power

13. discuss the issues today's leaders face

Leaders and Power

The capacity of a leader to influence work actions or decisions is dependent upon the following sources of power:

- Legitimate power- the power a leader has as a result of his position in the organization. Because of legitimate power, workers usually comply.
- Expert power – influence that is based on expertise, special skills or knowledge. Managers increasingly dependent on staff ‘experts’ to achieve organisational goals.
- Reward - power due to ability to give positive benefits or rewards. Eg. Money, favourable performance appraisals, promotions etc.
- Referent – power that arises because of a person’s desirable resources or personal traits.
- Coercive - the power a leader has because of the ability to punish or control. Followers react to this power out of fear of the negative results that may occur if they do not comply.

Leadership Issues in the 21st century

Developing trust

- Credibility
 - The degree to which followers perceive someone as honest, competent and able to inspire.
 - If people follow a leader willingly, they have to assure themselves that the person is worthy of their trust
- Trust
 - Belief in the integrity, character, and ability of a leader
 - Five dimensions
 - Integrity - honesty and truthfulness – most critical when assessing trustworthiness
 - Competence – technical and interpersonal knowledge and skills
 - Consistency – reliability, predictability, and good judgement in handling situations
 - Loyalty – willingness to protect, physically and emotionally
 - Openness – willingness to share ideas and information freely.

Research has shown that trust in leadership is significantly related to positive job outcomes, including job performance, organisational citizenship behaviour, job satisfaction and organisational commitment.

Suggestions to building trust

Practice openness, be fair, speak your feelings, tell the truth, show consistency, fulfil promises, maintain confidences, demonstrate competence.

Providing ethical leadership

- Ethics are part of leadership:
 - Moral virtue, serving others, being honest
- Reinforcing ethics through organisational mechanisms such as communication and the reward system
- Lack of ethics seen in leaders abusing power by giving themselves a larger salary, while seeking to cut costs by laying off employees.

Empowering employees

- Increasing the decision-making discretion of workers
- Individual employees and employee teams are making key operating decisions that directly affect their work. Developing budgets, scheduling workloads, controlling inventories, and other activities that were viewed exclusively as part of the manager’s job.
- Need for quick decisions by the people who are most knowledgeable about the issues- often those at the lower organisational levels.
- Organisational downsizing has left many managers with considerably larger spans of control- hence, have to empower employees to cope with workload.

The demise of celebrity leadership

- Controversy surrounding executive pay
- Trust in business leaders are eroding. Resentment when huge management salaries are given to executives even when business performance has declined.

Boards of directors need to have a more pragmatic view of what the CEO's job really is and what an appropriate salary is. CEOs need to get back the basics of what it means to be a leader. How?

1. Give people a reason to go to work. – help develop a passion for work, commitment to colleagues, sense of responsibility to the organisation's customers.
2. Be loyal to organisation's people – when employees feel that organisation is loyal to them, they work harder and are more productive. Should financial problems arise, CEOs should cut their own salary first rather than downsizing.
3. Spend time with people who do real work of the organisation – people at the loading dock, checkout line etc. they are critical to success of organisation.
4. Be more open and more candid about what business practices are acceptable and proper and how unacceptable ones should be fixed.

Sustainability initiatives and ethical transformational leadership

- Leaders who understand how their decisions impact on all levels of the organisation as well as on customers and society in general
 - > Toyota

Being an effective leader

Leadership training

- High self-monitors and level of motivation
- Can teach skills such as trust building and mentoring, situational analysis, learn how to evaluate situations and how to modify situations to fit their style.

Cross-cultural leadership

- National culture affects leadership style because it influences how followers will respond. Leaders constrained by the cultural conditions their followers have come to expect.
- Eg. Korean leaders are expected to be paternalistic towards employees.
- Japanese leaders are expected to be humble and speak frequently. Leaders in Malaysia are expected to show compassion while using a more autocratic than participative style.

Gender differences in leadership

- Males and females do use different styles. Women adopt a more participative style, share power and information, while men use a directive style, command-and-control. Use transactional leadership, handing out rewards and punishments.

In Conclusion,

- Being a leader is an integral part of being a manager
- Leadership theories have evolved from focusing on individual traits to situational factors
- Contemporary leaders are encouraged to be transformational leaders
- Trust, ethics, empowerment and sustainability are some of the issues pertaining to leadership in the 21st century

14. discuss how leaders can be trained, and the cross-cultural influences on leadership

15. identify how male and female leadership styles may differ

16. explain why leadership is sometimes irrelevant