LEADERSHIP IN ORGANIZATIONS

There Is a Difference between Leaders and Managers

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Preface

Leadership in Organizations is the first in a series of three books written primarily for distance-learning students in online undergraduate and graduate programs with a focus on management, leadership and organizational development. This first book introduces concepts of leadership and leadership theories and principles across a broad spectrum and is intended for students in online courses on leadership, management and business. It presents a unique perspective on leadership by approaching the subject from a management perspective as well as a leadership perspective. A significant theme of the book is the distinction between leadership and management.

ONLINE DISTANCE EDUCATION

While there are numerous management textbooks in countless libraries and bookstores everywhere, most are not written with online distance-learning students in mind. In several respects, online students are unlike students in a traditional college campus setting. Most online students are working adults with full-time or part-time jobs, growing families, and endless responsibilities that demand their time and compete for their attention. Yet they have a motivation and desire to learn and grow and to advance their education. As busy adults, they need textbooks that not only contain the necessary material without extraneous narrative and are clearly written and easy to read but also are engaging and stimulating.

As I discovered during my online education, and while teaching online courses for over twelve years, online distance education is challenging. Having obtained both my masters and doctoral degrees in a distance-learning

program as a mature adult with a full- time job, growing family, dependant parents, and other demanding obligations, I found it important that textbooks present the material in clear and understandable language and in a format that is self-explanatory. Yet very few textbooks filled this need. Instead, I found texts were written with the assumption that a professor was in the classroom ready to explain and describe the information and conduct a classroom discussion—a luxury that online students do not always have.

Thus, this book is written primarily for students in online distance-learning programs who do not always have classroom participation opportunities to seek explanations of the material. It assumes that texts for online education must be clearly written at an appropriate level and must present the material in an appropriate structure and format so that students can understand the material without the benefit of direct classroom participation. It addresses a need for textbooks that are both engaging and specifically designed to meet these criteria.

In addition to my online graduate coursework and research, and my experience teaching online undergraduate and graduate courses, I bring to this book many years of hands-on leadership experience from a number of work situations in the military and in industry. Thus, the selection and syntheses of the literature cited in this book reflect a real-world view of leadership theory and principles based upon direct experience.

OVERVIEW OF THE TEXT

The material in this book is organized in three parts and is designed so the student will gain basic information from early chapters, beginning with an introduction to leaders and leadership—what it is and what it is not. Part one introduces the student to concepts of leadership. Chapter 1 surveys the evolving nature of leadership. Chapter 2 presents definitions of leaders and leadership from several well-known sources. Chapter 3 discusses leadership in organizations and the differences between leaders and managers. By presenting factual material from recognized authors and experts in the subject matter, the student has access to an overview of leaders and leadership from several different perspectives. The end of each chapter leads the student through the findings to reach conclusions based on the information presented.

Part two introduces theories and principles of leadership by comparing the findings of selective studies on underlying theories and principles of leadership. It focuses on the evolution of leadership theory from genetic and trait theories of leadership (chapter 4) to the more recent and popular theories of leadership, including personal behavior theories (chapter 5); situational theo-

ries of leadership (chapter 6); charismatic leadership (chapter 7); and transformational leadership (chapter 8). Students will find the descriptions and explanations of the material on leadership are given in the text and summarized in tables.

Part three presents applications of the theories and principles of leadership in relation to power, conflict, and change in an organizational setting. Chapter 10 introduces students to what is meant by leadership as it applies to power within an organization and its relationship to position and authority. Chapters 11 and 12 present material on the differences between leaders and managers as they apply to two important functions of leadership in organizations: responding to conflict; and responding to change in an organization setting. Once again, material from several noted authors is considered, and conclusions are drawn based on the findings and data presented.

Thus, *Leadership in Organizations* is designed not only to convey a real-world view of leadership theory and principles that is meaningful for working online students but also to encourage online students to compare and contrast real-world situations with leadership theories. In doing so, online students of management and leadership learn to recognize the dynamics of leadership theory in operation and can begin to apply leadership principles in working situations.

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Acknowledgments

Putting together a manuscript for publication is a monumental task and certainly not an individual effort. There are many people who contribute to getting even one book published; but getting three textbooks written, edited, and published is almost impossible without the help of many family members, associates, and friends. There is no way I can personally thank the many people who have helped me along the way; but there are a few who deserve special recognition.

First, I would like to recognize Dr. Jay Avella, my mentor during my doctoral studies. Jay first saw something in my work and then planted the seed that perhaps some of the doctoral research could eventually be published. I have him to thank for getting me thinking about publishing my manuscripts.

Second, although I take full responsibility for the contents of this book, I thank my editor for taking my random notes, disjointed sentences and unfocused paragraphs and turning them into what you read between these covers. My editor had monumental patience with me but continued to press me to finish or else, like many engineers, I would engineer the thing to death, always trying to get to the one hundred percent solution.

Lastly, I thank my wife Nancy for her patience with me these nearly fifty years. I moved her all over the world, left her and the children for foreign deployments, and generally became difficult to manage as the years went on. I cannot thank her enough for giving up her career and following mine; for warming up dinner many times when I was stuck behind the computer; and for excusing me when I could not attend something she wanted to do; all because I was trying to gather my thoughts and finish a chapter or two.

Introduction

First of all, it is difficult to separate *leadership* from *leaders*. Their meanings are intertwined; and by describing one, we automatically and mentally consider the other. This makes it difficult to talk about leadership without talking about leaders. When we do, we often consider the concept of leadership in terms of persons who demonstrate examples of leadership. So it is essential to any discussion of leadership and leaders to include a discussion of the qualities of leadership, the characteristics displayed by respected leaders, and the attributes of leaders.

But here is a complication. New leaders emerge every day, and as new examples of leadership come to our attention, our definitions of what makes a leader and what exactly leadership is are also changing. This is what makes a study of leaders and leadership so exciting and challenging. Can anyone deny that Rudy Giuliani displayed extraordinary leadership qualities during the 911 crisis? Can anyone deny that Jack Welch was a leader of General Electric Corporation over the years he served as its CEO?[1] Or that Bill Gates was the leader of Microsoft over the years he served as its CEO? What about "Chainsaw" Al Dunlap of Sunbeam?[2] Or even Captain James T. Kirk from the Starship Enterprise? Or General Colin Powell? You can insert your own example here as well: leaders from your workplace; leaders from your place of religious worship; leaders from your community. Based on the evidence, I find—and I hope you do, too,—that leadership theory is dynamic. What we once thought of as the "absolute" definition of leadership continues to give way to new definitions just as our examples of leaders evolve.

But consider the opposite—what I call "non-leaders." You know them: they can't make decisions; they ponder over things endlessly; they can't seem to see the big picture; they have difficulty making up their mind on a course

of action; and generally get lost in the minutia. When they finally come to a decision, it's too late or their decisions are flawed. They don't seem to have a solid vision of what needs to be done; how it is going to be accomplished; and what everybody's role is in getting it done. More importantly, they can't get followers to willingly reach high levels of performance or achieve lofty goals. These "non-leaders" engage in endless meetings with no decisions forthcoming; their followers have no clue as to what is going on; and the person in charge seems lost by unfolding events. Floundering describes the situation best.

Leaders, on the other hand, seem to know exactly what has to be done; specifically how it is going to be accomplished; who is going to do what; what the end result will be and why it is important. Leaders seem to have an innate ability to see the big picture; to be able to delegate the work; to empower followers to achieve great and lofty goals; and magnetically attract people to want to get their part of the task done efficiently and effectively.

Leaders know where they are; where they are going or what has to be done; how they are going to get there (or how they are going to get the task done). They have a unique ability to get others to follow them. Importantly in this context, leaders can communicate their vision: this is where we are; this is where we want to go; and this is how we are going to get there. Leaders have the ability to present a clear path for followers to take and followers willingly follow them—whether the path leads to wartime combat, a business venture, or cleaning up one of the largest cities in the world.

Every group to which you belong—family, sports, social, study, work—probably includes one person you consider to be more influential than the others. When this person speaks, others listen; when this person suggests or directs action to be taken, others take that action. Consider the example of Michael Corleone (portrayed by Al Pacino) in the movie *The Godfather*. When Michael's father was shot, Michael calmly sat in the chair and laid out the plan his older brothers were unable to formulate. In spite of being the youngest, Michael displayed the leadership to take whatever action was needed or scripted. He seemed to know what had to be done, how it was to be done, and communicated the plan clearly and logically, getting his brothers to follow his plan of action. This example is from a movie based on novel about organized crime figures, but the character serves as an example of a few of the capabilities that also distinguish legitimate leaders: Real leaders just seem to be able to visualize what is needed and how to accomplish it.

Indeed, we often take for granted the importance of leaders for the effectiveness of work undertaken by groups of individuals who alone could not accomplish their legitimate intended purposes. Because of the importance of leadership in organizations, leaders have been the subjects of countless stud-

ies, novels, stories, and trade publications, all attempting to say something about what leaders do, what leadership is, and even how to be a leader.[3]

Generally speaking, we can say that leaders are individuals who motivate or influence other individuals to do what they might not do in the absence of the leader's influence. However, in the example of leadership influence demonstrated by Michael Corleone in *The Godfather,* certain organizational norms related to organized crime come into play. Thus, it is important to qualify and measure the type of leadership influence. Typically, a leader's effectiveness is measured by the accomplishment of a legitimate shared goal, or a combination of goals, by individuals who can choose to follow (or not follow) a given leader's influence. But how does one measure the type of coercive influence practiced by members of street gangs, organized crime, prostitution rings, drug cartels, terrorist organizations or other illegal or illegitimate activities in which followers may not have the freedom to *willingly* choose to follow a given "leader"? Individuals may view the leader as effective or ineffective according to the satisfactions they derive from the total experience. In fact, acceptance of a leader's directives or requests rests largely on the followers' expectations that a favorable response can lead to an attractive outcome for the individual follower, not necessarily the group or organization.

In our study of leadership in legitimate organizations, we are concerned with how a leader can make a difference in measures of organizational effectiveness: production, efficiency, quality, flexibility, satisfaction, competitiveness and development. Yet, in spite of numerous studies, scholars and practitioners of leadership still cannot completely and accurately measure the degree of difference that leaders can and do make in any organization. Gibson, Ivancevich, and Donnelly note three important reasons why:[4]

- First, organizations tend to select their leaders from those with similar backgrounds, experiences, and qualifications as the previous leader. The similarity of selected individuals reduces the range of characteristics exhibited by leaders. The similarity of leaders also can produce a self-selection bias wherein leaders select individuals similar to themselves to succeed them.

- Second, leaders at even the highest levels do not have unilateral control over resources that they need to accomplish their task. Followers whom they depend upon as well as financial resources are sometimes just not under their control, so leaders become dependent on others to support their ventures. Major decisions require approval, review, and suggested modification by others.
- Third, leaders cannot control or modify many important factors in a situation. Labor markets, environmental factors, and policies are often outside a

leader's direct control. External factors may be overwhelming and uncontrollable, no matter how astute, insightful, and influential a leader may be in a situation.

 So where does this leave us? In an organizational context, some leaders chosen to fit a certain profile may not, after all, be leaders; instead, they are, in effect, managers. Thus, this book approaches the subject of leadership in organizations by considering the differences between leaders and managers. We will also explore some of the numerous ways scholars attempt to explain, define, and examine leadership and what constitutes a leader.

 In Part one, we consider how scholars have tried to identify characteristics that define a leader. Gibson, Ivancevich, and Donnelly found certain personality characteristics to describe leaders. Earlier study and research focused on identifying intellectual, emotional, physical and other personal traits of effective leaders. This approach assumes that a finite number of identifiable traits for certain leaders can be found. Later research suggests that personality characteristics such as alertness, energy level, tolerance for stress, emotional maturity, originality, personal integrity and self-confidence are associated with effective leadership. Thus, to a significant extent, the personnel testing component found in many organizations is based upon the trait theory of leadership.[5]

 Gibson, Ivancevich, and Donnelly also cite studies conducted by Edwin Ghiselli, who reported several personality traits associated with leader effectiveness. Ghiselli studied leaders in organizations and was particularly interested in significant similarities among leaders at different levels in organizations. He contrasted supervisors, middle managers, and CEOs, and found some differences in their personality traits. For example, he found that the ability to initiate action decisively was related to the individual's level in the organization. The higher the person advanced in the organization, the more important this trait became. CEOs were more decisive than middle managers, who were more decisive than first-line supervisors. Ghiselli also found that self-assurance was related to one's hierarchical position in the organization.[6]

 More recent studies conclude that achievement, motivation, ambition, tenacity, initiative, and self-confidence are associated with leadership. Although these characteristics do not identify actual or potential leaders in every instance, they appear to have sufficient validity as predictors of leadership ability. Lastly, leaders seem to exhibit a relatively high need for power, but they act on that need in socially acceptable ways. Effective leaders work within the system to accomplish socially desirable outcomes. This particular orientation to use power for constructive purposes, termed *socialized power orientation,* has been well-established as one of the motivations of leaders.

This orientation also distinguishes our present study of leaders and leadership in organizations from the coercive orientations involved in illegal or illegitimate activities in which followers may not have the freedom to *willingly* choose to follow a given "leader."

Another motivation that sets leaders apart is a relatively high need for achievement, particularly as reflected in the field of their interests. Lee Iacocca, Sam Walton, Jack Welch, or Norman Schwarzkopf would certainly rate very high on the need for achievement in their chosen fields. You can name others. Some studies indicate that effective leaders have a relatively weak need for affiliation, suggesting that they are more motivated by getting a task completed than by interacting with other people. However, a weaker need for affiliation does not preclude the effective leader from the applying interpersonal skills to get followers to do what they need to do.

Turning to the ways scholars have tried to formulate the concept of leadership, Part two of this book introduces several current theories of leadership. Owing to the large volume of leadership theory published in countless books and academic papers, our study will be limited to a review or executive summary of the following theories: the trait theory of leadership; personal behavior theory; job-centered and employee-centered leadership; Fiedler's contingency theory; the Hersey-Blanchard situational leadership theory; the vertical dyad-linkage theory; charismatic leadership; and transactional and transformation leadership theory. We will also look briefly at two leadership models: the contingency model; and the path-goal model. This gives the student an overview of the predominant leadership theories.

Next, leaders and leadership in organizations are often considered in terms of the power relations within the organization, so it is appropriate that we give some attention to the relationship between leadership and power within the organization. Also, conflict and change within organizations is inevitable, and there seems to be a significant difference in the way managers deal with conflict and change compared to the way leaders affect and deal with conflict and change. Thus, Part three addresses leadership in relation to power, conflict and change in organizational settings.

Finally, returning to the examples of leaders, the Additional Reading Sources introduces three books by business leaders who emerged as real-world examples of leadership in their organizations. Using the definitions of leadership and leadership theory and principles covered in this book as a foundation, we can compare and contrast their examples with the underlying theories and use the results to reinforce or modify our own leadership style and techniques. Their stories range from practical applications of leadership principles and behavioral theory to the more colorful personality traits of leaders.

NOTES

1. An autobiographical account of Jack Welch's business career is found in Jack Welch and John A. Byrne, *Jack: Straight from the Gut* (New York: Warner Business Books, 2001).

2. Noted for his success in turning around companies that were on the downhill slide, "Chainsaw" Al Dunlap describes his leadership techniques in Albert J. Dunlap and Bob Andelman, *Mean Business: How I Save Bad Companies & Make Good Companies Great* (New York: Random House, 1996).

3. See the Additional Reading Sources near the end of this book for three examples selected from the trade press.

4. James L. Gibson, John M. Ivancevich, and James H. Donnelly Jr., *Organizations: Behavior, Structure, Processes*, 9th ed. (Boston: Irwin McGraw Hill, 1997), 270–92.

5. Gibson, *Organizations,* 9th ed., 274–75.

6. Edwin E. Ghiselli, *Explorations in Management Talent.* Santa Monica, CA: Goodyear, 1971; Edwin E. Ghiselli, "The Validity of Management Traits in Relation to Occupational Level," *Personnel Psychology* (Summer 1963): 109–13, cited by James L. Gibson, John M. Ivancevich, and James H. Donnelly Jr., *Organizations: Behavior, Structure, Processes*, 10th ed. (Boston: Irwin McGraw Hill, 2000), 274.

Part One

WHAT IS LEADERSHIP?

Chapter One

The Evolving Nature of Leadership

The subject of leadership requires us to consider the evolving nature of leadership in organizations. According to Pearce and Robinson, the job of leading a company has never been more demanding, and it will only become more challenging amidst the global dynamism businesses face today.[1] In today's global environment, organizations need to be increasingly receptive to change, responsive, more flexible and less structured. While the CEO will likely remain the ultimate authority, corporations will depend increasingly on the skills of top leaders as well as a host of subordinate leaders to show the way, coordinate, make decisions, and act quickly.

This perspective of the evolving nature of leadership in organizations that are flexible and responsive reflects the needs of organizations that tend to be more like virtual organizations, where employees live and work where the jobs are. The growing surge towards more virtual organizations will require all the more emphasis on able leadership and a strong culture to shape decisions that must be made quickly, especially when the stakes are high. Thus, in the future, every line manager will have to exercise leadership prerogatives to an extent unthinkable twenty years ago.

John Kotter, a widely recognized leadership expert predicted this evolving role of leadership in an organization when he distinguished between management and leadership:[2] Management has certain complex and often routine functions relating to an organization. As we have seen, one of the most significant developments of the twentieth century has been the emergence of large organizations bringing with it even more complexity in the management functions. Good management brings calmness and stability to an organization and tries to eliminate what sometimes can be chaotic circumstances that

threaten their very existence. Good management brings a degree of order and consistency to the quality and profitability of products or services.

Leadership, by contrast, is about vision, big picture views, and coping with change. Part of the reason leadership has become so important in recent years is that the business world has become more global, more competitive and more volatile. As a result, the old way of doing things just isn't sufficient. Doing what was done yesterday, or doing it five percent better, is no longer a formula for success. Major changes in organizational design, structure and leadership are becoming essential for survival in this new environment. Thus, coping with organizational change demands effective leadership.[3]

Organizational leadership involves action on two key elements: 1) Guiding the organization to deal with constant change. This requires leaders who embrace change; who do so by clarifying and communicating strategic intent or vision; and who build their organization and shape its culture to fit with opportunities and challenges; and 2) Providing the management skill to deal with change in the organization. This means identifying and staffing the organization with supporting managers prepared to provide operational leadership and vision as never before. According to this perception of leadership, organizational leadership involves creating a vision; seeing the big picture, communicating that vision or path to the future, then guiding and shepherding the organization to move toward achieving that vision. Thus, creating a vision for the organization is critically important step to providing leadership in organizations.

Considering the manner in which organizations have traditionally gone about selecting their top managers from within their organizations leads one to question whether in the current changing environment the best leaders for an organization are likely to emerge from within the organization, especially if an organization's particular brand of leadership may be skewed. This scenario leads us to two questions: What is leadership? And what constitutes a leader? Thus, we turn to definitions of leadership in the next chapter.

NOTES

1. John A. Pearce and Richard B. Robinson, *Strategic Management*. 10th ed. (New York: McGraw Hill, 2007), 358–89.

2. John P. Kotter, "What Leaders Really Do," in *Managing People and Organizations*, ed. John J. Gabarro (Boston: Harvard Business School Publications, 1992), 102–14.

3. Pearce, *Strategic Management,* 358–89.

Chapter Two

Definitions of Leadership

Leadership definitions can be found in many places, and we will attempt to provide several noteworthy definitions in this chapter. As we noted in chapter 1, our notions of leaders and leadership are evolving. There is a continual search for leadership among our government leaders. Not a day goes by when members of Congress and the President are not questioned with regard to their leadership. High profile CEOs are also examined for their leadership skills, especially if the company has been the target of some ethical issue or if the company has not made a sizeable profit, has lost considerable business, or has become the object of a merger and acquisition transaction.

There are many examples of good leadership and bad leadership in history and in current news. All one has to do is read the daily papers or watch the TV news for current examples. It seems that the concept of leadership is best described by a series of associated behaviors, related functions, situational considerations, and some similar personal characteristics. But none of these accurately describe exactly what constitutes leadership or provides a clear definition. However, each of them provides a glimpse of what is meant by leadership and each tends to describe certain qualities of a leader. Thus, we will consider several of the more noted definitions of leadership and attempt to arrive at a consensus on what leadership involves based on a comparison of their key elements.

First, Stogdill's *Handbook of Leadership*, an authoritative source of leadership theory, defines leadership as:

> . . . an interaction between members or a group. Leaders are agents of change, persons whose acts affect other people more than other people's acts affect them. Leadership occurs when one group member modifies the motivation or competencies of others in the group.[1]

Thus, according to Stodgill's definition, leadership involves the use of influence. It also implies that even impersonal relationships can involve leadership. Stodgill's definition stresses the importance of being a change agent—being able to affect a follower's behavior and performance.

Second, Gibson, Ivancevich and Donnelly define leadership as the process by which one individual influences others to accomplish desired goals without coercive types of influence. Leadership is:

> . . . an attempt to use non coercive influence to motivate individuals to accomplish some goal.[2]

Third, *Webster's New World Dictionary* defines *leadership* as "the position or guidance of a leader or the ability to lead" the followers of a group.[3]

Fourth, an interesting definition of leaders and leadership comes from a book by Jennifer M. George and Gareth R. Jones, who define leadership as the exercise of influence by one member of a group or organization over other members to help the group achieve its goals. Thus, a leader is the individual who exerts such influence. They also distinguish between formal and informal leaders: formal leaders have authority over followers in an organization by virtue of their position in the organization. Informal leaders lack formal authority but exercise influence over followers by their talent, skills, or friendship.[4]

Finally, in describing some of the characteristics found in leaders, Shelly Kirkpatrick and Edwin Locke describe a model of leadership comprised of five characteristics found in leaders:[5]

- Achievement: A leader's need to achieve is essential to complete difficult projects, obtain work and educational experiences, and to start and finish projects.
- Ambition: A leader's ambition drives learners to set challenging goals to achieve.
- Energy: A leader focuses energy on successfully handling an intense and demanding project.
- Tenacity: A leader demonstrates staying power in completing difficult projects and overcoming sizeable obstacles.
- Initiative: A leader is proactive rather than reactive, seizing opportunities and not hesitating to initiate action to correct identified problems.

Note that none of these characteristics of leaders or the any of the definitions above has anything to do with making a profit. Instead, all of the definitions given above (and possibly many others one can think of) include the concepts such as the following:

- Leaders are agents of change, persons whose acts affect other people more than other people's acts affect them.
- Leaders modify the motivation of others in the group.
- Leaders use a non-coercive form of influence used to motivate a group to accomplish goals.

To summarize, these definitions tell us that leadership involves some form of influence. An important element of leadership involves being a change agent—being able to affect the behavior and performance of other people. Leaders just seem to get groups of people (followers) to do things they normally wouldn't do. Lastly, each definition focuses on the accomplishment of some goal by which we can measure a leader's effectiveness.[6]

These definitions of leadership lead us to the following working definition: From my perspective, leadership is the combination of characteristics or personality traits in an individual that compels that person to inspire others to achieve goals that, without the leader's motivation, would not normally be accomplished. In an organizational setting, leaders have a clear mental picture of where the organization is; where the organization needs to go; and how the organization is going to get there. Leaders present a clear path for followers to take to accomplish a task or goal. Thus, leaders instinctively seem to know what needs to be done, when it needs to be done, and how it is going to be accomplished; and they get followers to work together to complete the tasks necessary to accomplish the goal.

Although leadership is important and has been studied by behavioral scientists for decades, it still remains something of a mystery. We still lack consensus on exactly what leadership is, how it should be analyzed, what makes leaders different or unique from non-leaders. Yet experts agree that leaders *are* somehow different from non-leaders.

Where we find consensus among researchers, it centers around the following issues: leadership is distinguishable from management; leadership is complex; leadership attributes can be developed through experience, training, and analysis; and leadership effectiveness depends on the relationships among leaders, followers, and the circumstances involved. Thus, we explore these issues in the next chapter.

NOTES

1. Ralph M. Stogdill, *Handbook of Leadership*. (New York: Free Press, 1974), 43–44.

2. James L. Gibson, John M. Ivancevich, and James H. Donnelly Jr., *Organizations: Behavior, Structure, Processes*, 10th ed. (Boston: Irwin McGraw Hill, 2000), 272.

3. ———. *Webster's New World Dictionary*. (New York: Prentice Hall Press, 1986).

4. Jennifer M. George and Jones, Gareth, *Understanding and Managing Organizational Behavior,* 4th ed. (Upper Saddle River, NJ: Prentice Hall, 2005), 357, 398.

5. Shelley A. Kirkpatrick and Edwin A. Locke, "Leadership: Do Traits Matter?" *The Executive* (May 1991): 48–60, cited by Gibson, *Organizations*, 10th ed., 275.

6. Gibson, *Organizations*, 10th ed., 274–75.

Chapter Three

Functional Differences between Leaders and Managers

Some leaders are very good managers and some managers are very good leaders. However, management typically reflect different functions in an organization. A manager in a formal organization is responsible for functions such as planning, organizing, controlling, budgeting, staffing, problem solving, and other fundamental tasks necessary to run the business, whereas a leader typically does not function well in the management functions and instead provides a vision of what needs to be done and how it is going to be accomplished that drives the performance of the organization in accomplishing its goals.

COMPARING LEADERS AND MANAGERS

In comparing differences between leadership and management functions, Dr. David Kozak notes that successful organizations need both management and leadership, although it is commonly accepted that managers deal with systems, processes, budgets, equipment, and "things," while leaders deal with visions and people.[1] In addition, anyone in at any level can play a leadership role and need not be in a top management position to make a leadership contribution. However, and this is a major point, for an organization to thrive, there must be leadership at the top. A comparison of leaders and managers compiled by Dr. Kozak is presented in table 3.1.

Another difference is that a leader's effectiveness is typically measured by the accomplishment of one or a combination of goals, whereas a manager's effectiveness is typically measured by profit margins. Individuals may view a leader as effective or ineffective according to the satisfaction they derive from

Table 3.1.   A Comparison of Leaders and Managers

Leaders:	*Managers:*
Goal oriented	Task oriented
Inspires / Empowers	Directs
Thoughtful	Industrious
Results oriented	Action oriented
Effective	Efficient
Long-term planner	Short-term planner
Policy oriented	Implementation oriented
Mission oriented	Program oriented
Attracts talent	Recruits talent
Works in the future	Works in present
Studies the environment	Observes operations
National / International perspective	Agency perspective
Process oriented	Product oriented
Consults	Consulted
Decides	Recommends
Utilizes staff work	Provides staff work
Mediates	Champions
Focuses on concepts	Focuses on details
Looks outward	Looks inward
Represents entire institution / unit/ agency	Represents separate organizational functions
Sees the whole	Sees parts of the whole
Operates in internal and external politics	Operates in internal politics
Delegates	Oversees

Source: Data from David C. Kozak, "Leadership," *Gannon University Magazine*, Winter 1998, 5.

the total work experience in accomplishing goals. In fact, acceptance of a leader's directives or requests rests largely on their followers' expectations that a favorable response can lead to an attractive outcome.[2]

As we noted in the definitions of leadership in chapter 2, a significant aspect of leadership is the ability of followers to freely choose whether to follow the leader or not. Unless followers have some choice to follow or not follow, leaders cannot lead. Leadership results when a person influences followers freely and willingly to accept requests without any apparent exertion of power. Through an ability to influence, the leader creates and uses the power and authority received from the followers.

On the management side in a typical hierarchical organization structure, the manager directs, instructs, or commands. The organizational structure itself places a manager over the followers or employees, so they have little or no alternative but to comply with a manager's orders and directives. If followers risk punitive actions and truly have no choice, the situation becomes one of domination and intimidation.

Thus, one of the major differences between managers and leaders is not in the leaders or the managers themselves, but in their followers. In the case of leadership, followers are free to either follow the leader or not. In the case of managers, normally employees do not necessarily have the same freedom if they risk the loss of their jobs. Of course, one can argue this premise with numerous cases of leadership in military situations where military members do not have the freedom to follow the leaders or not; but based on this distinction, it is easy to understand why followers who are empowered to complete a specific task tend to be more effective and efficient than followers who simply carry out a task under direct and close supervision.

In an article titled, "What Leaders Really Do," John P. Kotter argues that leadership is different from management for many and varied reasons and not what most people think.[3] He contends that leadership and management are two completely different philosophies of action and that each has its own unique functions and characteristics. According to Kotter, one of the primary differences between management and leadership centers on their basic and primary functions. Whereas management is about complexity in personnel issues, organizational design and structure, budget preparation and execution, staffing, control of input and output, and numerous Human Resources issues, leadership is about vision, big picture issues, change and the future.[4] Part of the reason leadership has become so important in recent years is that the business world has become more competitive and more volatile owing to faster technological changes, greater international competition, rise of the internet, deregulation of markets, and a host of other changes that have taken place. Thus, they find most companies are "over-managed" and "under-led" and need to develop their capacity to exercise leadership.

As an example, Kotter uses a simple military analogy: a peacetime army can survive with good administration and management both up and down the chain of command, but a wartime army needs leadership at all levels. They contend that no one has figured out a way to "manage" soldiers into battle; they must be led. In a roundabout way, they have analyzed one of the major problems plaguing the military service today. Military officers are often recognized and promoted during peacetime for their management skills, some rising to top levels of each service; but when a war starts these senior officers, who were recognized and promoted for their management skills, are not prepared to be wartime leaders of an army at war and in battle. It seems true that soldiers in combat cannot be "managed" into combat but must be led to face the enemy.[5]

Another difference between leaders and managers is how they go about accomplishing or coping with their primary functions and responsibilities.

Managers cope with complexity by planning and budgeting, setting goals, establishing steps for achieving those targets, then allocating resources to accomplish those plans. Managers function within an organizational structure wherein everyone has a job and a clear reporting channel. Managers ensure plan accomplishment by controlling and problem solving, by organizing and staffing the plan, by formally and informally comparing results to the plan, preparing reports, organizing meetings, and other methods to ensure plan adherence. Leaders cope with change by setting a direction for the organization as a whole, developing a vision of what has to be done and how it is to be completed, setting an overall strategy, communicating the strategy to followers, getting the right people to do the work (called alignment rather than organizing and staffing), delegating responsibility or empowering people for carrying out the strategy, and getting followers to want to complete their part of the task.

These are significant differences. Managers tend to plan, organize, structure, and budget, whereas leaders tend to visualize what has to be done, mentally develop a clear path to accomplish the change in the situation, and communicate what has to be done to their followers. For example, setting a direction with a clear vision of what has to be done is quite different than developing plans and budgets to accomplish the same goal. If the goal is to improve performance in the organization by ten percent over the next year, managers will accomplish that by developing a plan, developing a budget, staffing a group to study the plan, and perhaps re-organize the organizational structure. Leaders, on the other hand, will have a clear vision of what has to be done, can communicate their vision to followers, and empower those followers to play their role in the strategy. They generally know what has to be done, how it is going to be accomplished and what is needed to accomplish that task.

Leaders are able to generate highly energized behavior by communicating to followers how they are part of the solution to the problem. Empowerment tends to make followers believe they truly are an important part of the work and their participation is crucial to accomplishment of the mission. Managers, on the other hand, measure performance as compliance with the plan and evaluate deviations to that plan as an ongoing action. Deviations are then dealt with on a case by case basis.

Employees may or may not see the big picture even as they complete their part of the overall plan. Consider the example of two workers with two different visions:[6] Two auto workers performing the same repetitive operation in different manufacturing plants were asked, "What are you doing?" The first worker replied, "I'm welding door hinges on the door frame." The second worker, when asked, replied, "I'm helping to build transportation systems for

the benefit of mankind." Which of the two would inspire the highest quality performance?

THE PROCESS OF LEADERSHIP

These differences between leaders and managers lead us to consider the process of leadership. Jay Conger has proposed a four-stage model of the process of leadership that embraces the qualities of leadership we have already noted:[7]

- Formulating a strategic vision;
- Communicating the vision to others;
- Building trust through technical expertise, personal risk-taking, self-sacrifice, and unconventional behavior; and
- Demonstrating the means to achieve the vision through role modeling, empowerment, and unconventional tactics.

In formulating a strategic vision, leaders create a vision for the organization by asking what the company is trying to do and what it wants to become. Developing a carefully reasoned answer to these questions pushes leaders to consider the company's business character and to develop a clear picture of where the company needs to be headed over the next five to ten years. A leader's vision of what the organization really is, what it does, and where it's going, helps establish a strong organizational identity. The strategic vision represents what an organization must become in order to compete and survive in the future and is the grand strategy that conceptually represents the evolution from the present to the future. A well-conceived strategic vision prepares a company for the future, establishes long-term direction, and indicates the company's intent to stake out a particular business position.

To communicate the vision to others, Thompson and Strickland stress the importance of establishing and communicating a vision of a future state, a condition that does not presently exist and has never existed before. By communicating a vision, the leader provides an organization with an all-important bridge from the present to the future. A vision cannot be established by edict or coercion. It is more an act of persuasion, of creating enthusiastic and dedicated commitment to the visionary concept simply because it is right for the times, right for the organization, and most importantly, right for the people working toward it. By focusing attention on a vision, the leader operates on the emotional and spiritual resources of the organization, on its values, commitment, and aspirations.[8]

A vision always refers to a future condition, a circumstance that does not presently exist in the organization but is in the future. The vision should be projected in time and space beyond the boundaries of ordinary planning activities, but should not be so far distant as to be beyond the ability of incumbents in the organization to realize. A vision statement "pulls" rather than "pushes" an organization into the future. A shared vision is a powerful, energizing force in any organization. The vision pulls the organization in the desired direction; it yields alignment toward a common future state. Thus, the power of a vision is that individuals have a commitment to a common view of success for the organization. Table 3.2 recapitulates several points to remember about creating and communicating a strategic vision for an organization.

Table 3.2.   Key Considerations in Creating a Strategic Vision

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1. Performance management, quality, and productivity improvement require a vision of what the organization is to be.
2. There is a systematic "grand strategy" that conceptually represents the evolution from the present to the future.
3. Motives and incentives need to be established for people in your organization to be active about performance improvement.
4. Underlying values and beliefs, stated in the form of guiding principles, need re-examining and realignment.
5 Management processes and practices need to be redesigned and more effectively implemented in order to successfully respond to challenges.
6. By focusing attention on a vision, the leader operates on the emotional and spiritual resources of the organization, on its values, commitment, and aspirations. The manager, by contrast, operates on the physical resources of the organization, on its capital, human skills, raw material, and technology.
7. With a vision, the leader provides the all important bridge from the present to the future of the organization.
8. A vision articulates a view of a realistic, credible, attractive future for the organization, a condition that is better in some important ways than what now exists.
9. The vision grabs and pulls people toward it and provides a unified purpose.
10. A vision always refers to a future state, a condition that does not presently exist.
11. The vision animates, inspirits, and transforms purpose into action.
12. To choose a direction, a leader must first have developed a mental image of a possible and desirable future state for the organization.
13. The vision should be projected in time and space beyond the boundaries of ordinary planning activities, but should not be so far distant as to be beyond the ability of incumbents in the organization to realize.

Sources: Adapted from Gibson, *Organizations*, 9th ed.; Gibson, *Organizations*, 10th ed.; George, *Understanding and Managing Organizational Behavior*, 4th ed.; Gabarro, ed., *Managing People and Organizations*; Thompson, *Strategic Management Concepts and Cases*, 9th ed.; Thompson, *Strategic Management Concepts and Cases*, 12th ed.

Although strategic planning merits a separate study from that of leadership, three aspects of forming a well-conceived strategic vision and expressing it in a mission statement overlap with strategic planning in an organization:[9]

- Understanding what business the company is in. A company's business is defined by what needs it is trying to satisfy, by which customer groups it is targeting, by the technologies it will use, and the functions it will perform in serving the target market.
- Communicating the vision and mission in ways that are clear, concise, exciting and inspiring.
- Deciding when to alter the company strategic course and change its business mission.

Thus, with regard to building trust and demonstrating the means to achieve the vision, Pearce and Robinson note the importance of setting forth the strategic intent of the organization and directing the inevitable changes that must occur if the organization is to thrive in a global economy.[10] Traditionally, the concept of vision has been a description or picture of what the organization could be that accommodates the needs of all of its stakeholders. The intensely competitive, rapidly changing global marketplace leads us to refine this concept to better reflect what an organization must become to establish and sustain its position in a global setting. Leaders do this by concentrating simultaneously and very clearly on vision and performance. Relative to performance, a key element of organizational leadership is to make clear the performance expectations a leader has for the organization and the managers in it, as they move toward a strategic vision.

STRATEGIC ISSUES

It follows then that leaders spend considerable time shaping and refining their organizational structure and making it function effectively to accomplish strategic intent. Because leaders are attempting to embrace change, they are often rebuilding or remaking their organization to align it with the ever-changing environment and needs of a new strategy. And because embracing change often involves overcoming resistance to change, leaders find themselves addressing strategic issues as they attempt to build or rebuild their organization. Examples of these overlapping issues include the following:[11]

- Ensuring a common understanding about organizational priorities.
- Clarifying responsibilities among managers and organizational units.

- Empowering newer managers and pushing authority lower in the organization.
- Uncovering and remedying problems in coordination and communication across the organization and across boundaries inside and outside the organization.
- Gaining the personal commitment to a shared vision from managers throughout the organization.
- Keeping closely connected with what's going on inside and outside the organization and with its customers.

SUMMARY

In this chapter, we began by considering some of the characteristics that distinguish leaders and managers. Key differences between leaders and managers are summarized in table 3.1. Next we reviewed four stages in the process of leadership. To complete the picture, we examined how leaders formulate a strategic vision for an organization and guide the organization to embrace it. Key points to remember concerning the formulation of the vision statement are summarized in table 3.2.

In summary, creation of an initial vision statement is the role of the organization's top management. It is the creation of a compelling vision that distinguishes leaders from managers. The successful leader is one who has the practicality to convert the vision into reality. This conversion is accomplished through the strategic planning process.

NOTES

1. David C. Kozak, "Leadership," *Gannon University Magazine*, Winter 1998, 2–7.
2. George, *Understanding*, 398.
3. Kotter, "What Leaders Really Do," 102–14.
4. Kotter, "What Leaders Really Do," 103.
5. Kotter, "What Leaders Really Do," 103
6. Arthur A. Thompson, Jr. and A. J. Strickland, III, *Strategic Management Concepts and Cases*, 12th ed. (New York: McGraw Hill Companies, 2001), 41.
7. Gibson, *Organizations*, 10th ed., Instructor's Manual, Lecture Resource Guide, eds. Courtney Hunt, Monty Lynn, and Terry Gaston, IM12–109.
8. Arthur A. Thompson, Jr. and A. J. Strickland, III, *Strategic Management Concepts and Cases*, 9th ed. (Boston: Times Mirror Higher Education Group, Inc., 1996), 27–28.
9. Thompson, *Strategic Management*, 9th ed., 23.
10 Pearce, *Strategic Management,* 361–62.
11. Pearce, *Strategic Management,* 361–62.

Part Two

THEORIES AND PRINCIPLES OF LEADERSHIP

Chapter Four

Personality Characteristics or Traits of Leaders

In addition to the functional characteristics that distinguish leaders and managers which we considered in chapter 3, we encounter another type of distinction based on the personality traits of leaders and managers. Abraham Zaleznik, a professor at Harvard Business School, found that leaders can tolerate chaos and lack of structure and seem to be more goal-oriented than managers.[1] Zaleznik indicates managers, on the other hand, seek order, discipline, and control in the organization and are driven to disposing of problems even before they understand their significance. Thus, Zaleznik depicts leaders as having more in common with artists, scientists, and other creative thinkers than they do with managers. Because it is hard to resist thinking about leadership apart from persons in positions of leadership or individuals who demonstrate leadership, we turn first to theories of personality characteristics or traits of leaders.

THE EMERGENCE OF TRAIT THEORIES

Theories of personality traits of leadership are relatively recent, dating back to just after World War II. They were preceded by what we call the genetic theory of leadership, which is not based on scientific study but is used to describe historical traditions or customs dating back to early medieval days or perhaps even to biblical times. Sons of kings were expected to rise to the throne when the father died. The belief that leadership ability was transmitted "genetically" from father to son was called the divine right of kings and others of "royal" blood. Genetic theories dominated ideas about leadership until World War I, when the war decimated most of the royal houses in Europe.

The strength of the genetic approach is that it explains the origins of leadership from the beginnings of time. If you were a leader, it was because your parents were leaders and you inherited the leadership ability from your parents and had a "right" to that position. Ultimately, the genetic theory was superseded because the world changed as a result of World War I and the rise of an industrial leadership in the 18th and 19th centuries as men and women of humble origins who were not of the "royal" lineage rose to positions of power, influence, and leadership by growing industrial giants, some of which are still in existence today. Genetic theory could not explain how and why these "non-royal" persons rose to positions of leadership and power.

In contrast to genetic theory, the trait theory essentially says that leaders are born with certain traits or characteristics that make them leaders. Importantly, the traits need not come from royalty but can come from non-royal parents. What we call the trait theory is really a collective grouping of theories that attempt to explain or describe leadership through a series of similar personality characteristics or traits. This theory attempts to identify specific physical, mental and personality characteristics associated with leadership success and relates those traits to certain success criteria.

According to trait theory, individuals who possess certain identifiable traits would be natural born leaders, and the trait theory would appear to be a clear and concise view of the origins and nature of leadership. Trait theory assumes a finite number of individual traits of effective leadership can be identified and measured by studying proven leaders. Thus, there are probably as many different traits as there are leaders studied. Notwithstanding this assumption, trait theory and the examination of traits are worthy of study simply because it is one attempt to predict leadership effectiveness from physical, sociological and psychological characteristics of leaders.

THE SEARCH FOR TRAITS

The search for traits has led to numerous studies that considered such factors as height, weight, intelligence and personality. The traits typically associated with the trait theory are intelligence, personality, communicative skills, physical characteristics and supervisory ability. For example, Stogdill found that leaders were indeed more intelligent than followers.[2] Other studies suggest that personality traits such as alertness, originality, personal integrity, and self-confidence can be associated with effective leadership.

Ghiselli reported several other personality traits that are associated with one's position in an organization, such as the ability to initiate action independently. This ability was directly related to the individual's position in the

Table 4.1. Leadership Traits

Intelligence	Personality	Abilities
Judgment	Adaptability	Ability to enlist cooperation
Decisiveness	Alertness	Co-cooperativeness
Knowledge	Creativity	Popularity and prestige
Fluency of speech	Personal Integrity	Sociability
	Self-confidence	Social participation
	Emotional balance and control	Tact, diplomacy
	Independence (nonconformity)	

Source: Data from David C. Kozak, "Leadership," *Gannon University Magazine,* Winter 1998, 4.

organization: the higher the person's position in the organization, the more important this trait became. Ghiselli also found that self-assurance was related to hierarchical positions in the organization: those persons who exhibited individuality were the most effective leaders.[3] Table 4.1 presents a summary of personality and character traits associated with leadership effectiveness.

Another perspective of traits pertains to leadership qualities. Almost every author considered in this book presents material relative to the meaning of leadership as it applies to different people in different situations and in different environments. In effect, leadership means different things to different people, and different people provide a different emphasis. However, data in table 4.2 summarize most authorities' perceptions of leadership.

Kirkpatrick and Locke found evidence to support the idea that effective leaders are different from other people.[4] Their review of the literature suggests that drive, motivation, ambition, honesty, integrity, and self-confidence are key leadership traits, which they call the "right stuff" concept: Leaders do

Table 4.2. Perceptions of Leadership

Inspirational charisma	Sense of direction
Intelligence	Concentration on achieving goals and results
Learning / renewal	Flexibility
World-mindedness / sense of history	A sense of humor
Coalition building	A scheme of priorities
Motivation / morale building	Competence and credibility
Stamina, energy, tenacity, courage	Transformational consequences
Character / integrity / honesty / morality	Reasonableness
Risk-taking /entrepreneurship	
Ability to persuade	
Understanding of power	

Source: Adapted from William E. Rosenbach and Robert L. Taylor. *Contemporary Issues in Leadership*, 3rd ed. (Boulder, CO: Westview Press, 1993), cited by David C. Kozak, "Leadership," *Gannon University Magazine*, Winter 1998, 5.

Table 4.3.   Leadership Traits Deemed Essential for Effectiveness or Success

1. Knowing One's Self: physical and personality skills.
2. Managing Stress: personal health and fitness.
3. Group Dynamics: learning styles, understanding and managing, excessive group dynamics.
4. Leadership: functions and styles.
5. Thinking: critical and creative.
6. Effective Communication: speaking, listening, writing.
7. Negotiations: compromise, bargaining, advocacy to include media and legislative relations.
8. Decision Making: environment, process and behavior.
9. Quantitative and Qualitative Analysis and Computers: executive level appreciation for utility, strengths, weaknesses, and limitations.
10. Values: ethics and judgment.

Source: Adapted from David C. Kozak, "Leadership," *Gannon University Magazine*, Winter 1998, 6.

not have to be great intellects to succeed, but the study suggests that they do need to have the "right stuff" or traits to have a good chance to be effective. The leaders they studied had the "right stuff" or the traits identified above. Moreover, they found that the "right stuff" was present in leaders of any age, religion, size, gender, or race.

Finally, some high-level leaders have their own answers to the question of what traits are necessary for leadership survival and success today. Kozak identifies three traits necessary for effective leadership:[5] global literacy; a welcoming view of new technology where leaders are the masters not the servants; and three hundred sixty degree communication skills for dealing with supervisors, subordinates, peers, and customers. Table 4.3 presents several additional leadership traits Kozak deems essential to determine effectiveness or success.

DEVELOPING LEADERSHIP SKILLS

The trait theory of leadership informs us some specific and very similar personality traits can indeed be found in many successful leaders. However, the exact traits found in one individual leader are not necessarily found in other leaders. What makes leaders different from others is still an unknown. And there continues to be controversy as to whether these leadership traits can be taught or are inborn in leaders. Those in academia would argue that leadership can indeed be taught. Those not connected with academia are not so sure, and there are numerous examples in both categories. Some of the most influential leaders have never had a leadership course, yet they are recognized as "great leaders." Others were recipients of leadership training from a number

of sources, yet are not recognized as great leaders. So where does this leave us? Certainly, the traits recognized by most researchers are not found in some catalogue or internet shopping website where one can go and order intelligence, ability, skills, or any of the personality traits noted in this chapter.

Instead, Kozak finds that with a combination of academic preparation and experimental activities, each of us have the opportunity to fashion our own appropriate leadership approaches.[6] He presents as an argument that there are many ways an individual can pursue leadership. To reinforce that concept, he relates that some practitioners of leadership embark on self-improvement programs by reading a variety of books or taking seminars on the subject in a lifelong learning effort. Others engage in a fairly aggressive reading program of the "great books of leadership," approaching the literature with the devotion of physicians to the *New England Journal of Medicine*, or attorneys to recent legal case precedents. Another avenue to leadership development is to join a community-based leadership development program that networks and bonds together emerging community leaders. A final approach is to gather and use a variety of helpful and useful quotes, methods, and procedures from well-known and visionary leaders.

CRITICISMS OF TRAIT THEORY

How does trait theory explain many recognizable leaders who were not "born" from generations of leaders? Maybe it's the situation in which a person finds his or herself that compels a person to become a leader. Because traits denoting leadership in one study are not necessarily found in other studies, the sheer number of possible leadership traits further complicates the situation.

According to Gibson, Ivancevich and Donnelly, some studies conclude that some traits do indeed differentiate effective from ineffective leaders, but research findings are still contradictory for a number of possible reasons.[7] First, the list of potentially important traits is endless. Every year, new traits, such as the sign under which a person is born, handwriting styles, and order of birth, are added to personality, physical characteristics, and intelligence. By continually adding on additional and different traits, confusion results among those interested in identifying true leadership traits. Second, trait test scores are not consistently predictive of leader effectiveness. Leadership traits do not operate singly to influence followers but act in combination. This interaction influences the leader-follower relationship. Third, patterns of effective behavior depend largely on the situation: leadership behavior that is effective in a bank may be ineffective in a laboratory or in a military situation. Finally,

the trait approach fails to provide insight into what the effective leader does on the job.

Other criticisms of the Trait Theory of Leadership include these issues:[8] The theory does not consider the possibility that leadership activity can influence a leaders's traits; the theory assumes the subjects classified as leaders possess greater leadership characteristics than subjects classified as followers; the theory neglects the question of what degree of a particular trait is optimal for effective leadership; the theory ignores the relative importance of different traits in determining leadership effectiveness; and finally, the theory ignores the needs of followers as an important factor in leadership. Thus, observations are needed that describe the behavior of effective and ineffective leaders.

STRENGTHS OF TRAIT THEORY

Despite these criticisms of train theory, Stogdill concisely captures the value of the trait approach:[9]

> The view that leadership is entirely situational in origin and that no personal characteristics are predictive of leadership . . . seems to overemphasize the situational and underemphasize the personal nature of leadership.

Consistent with this view of trait theory, Kozak offers several criteria of leadership relative to the personal nature of leadership:[10]

• Leadership requires vision, contagious enthusiasm and self-confidence, empowerment, action enabling of others, getting things done, making things happen.
• People skills—not position—make for leadership.
• Excellence, quality, performance and productivity are the results of leadership.
• Participatory, collegial, consultative decision structures are most productive.
• Success in making things happen or come true requires objectives and goals, strategies, leadership, and resources.

IDENTIFYING LEADERS

After many years of study and research on leadership traits, there still is not a unified position of the characteristics necessary to predict leadership abilities. How then do we identify leaders? Are there some unique characteristics that all leaders possess?

George and Jones identify eight characteristics or personal traits that help to identify leaders:[11]

- Intelligence—helps a leader solve complex problems.
- Task-relevant knowledge—ensures that a leader knows what has to be done, how is should be done and what resources are required for a group organization to achieve its goals.
- Dominance—an individual's need to exert influence and control over others helps a leader channel follower's efforts and abilities toward achieving group and organizational goals.
- Self-confidence—helps a leader influence followers and motivates them to persevere in the face of obstacles or difficulties.
- Energy—helps a leader deal with the many demands they face on a day to day basis.
- Tolerance for stress—helps a leader deal with the uncertainty inherent in any leadership role.
- Integrity and honesty—help to ensure a leader behaves ethically and is worthy of followers' trust and confidence.
- Emotional maturity—helps to ensure a leader is not overly self-centered, can control their feelings, and can accept criticism.

SUMMARY

In summary, the body of research indicates that certain personality traits can describe leaders and can be distinguishing traits that separate leaders from others. Three types of characteristics are commonly found in leaders include the following:

- Abilities and skills that enable them to do their job.

These abilities stem from several characteristics: intelligence; interpersonal skills such as persuasiveness; tact and diplomacy; and knowledge.[12] The studies reviewed found that intelligence traits were distinguishing characteristics of leaders and that leaders are more intelligent than followers. The studies also found that leaders needed to have a great deal of persuasiveness, tact, diplomacy and knowledge about the task at hand. Although these traits vary from situation to situation, these traits were needed to accomplish the work.

- Personality Traits.

Ghiselli found that personality traits such as alertness, energy level, tolerance for stress, emotional maturity, originality, personal integrity, and self-confidence are associated with effective leadership.Ghiselli also found that the higher an individual's position in an organization, the more important these traits became. More recent reviews and studies concluded that motivation, tenacity, initiative, and self-assurance could be added to the list of personality traits found in leaders.[13]

• Motivation.

By motivation, we are referring here to what motivates leaders themselves. Why do they do what they do? Almost all studies agree that leaders seem to exhibit a high need for power but act on that need in socially acceptable ways. It appears that leaders know that to get tasks accomplished they must have the constructive power to bring together the resources needed to get the job done. Power then seems to be a driving force. Another motivating force seems to be the drive for achievement. In several studies, most leaders demonstrated a need to achieve particularly in their field of endeavor and were motivated by getting a task completed.[14]

The key to remember is that most studies agree that leaders are different from other people. Leaders have generally demonstrated certain personality traits and motivating forces to a higher degree than followers seem to exhibit. How and why this occurs is exactly what makes the study of leadership so exciting and always relevant to whatever period in history the studies take place. It also leads us to consider other theories and principles of leadership.

NOTES

1. Abraham Zaleznik, "Managers and Leaders: Are They Different?" in *Managing People and Organizations*, ed. John J. Gabarro (Boston: Harvard Business School Publications, 1992), 85–100.

2. Ralph, M. Stogdill, "Historical Trends in Leadership Theory and Research," *Journal of Contemporary Business* (Autumn 1974): 4.

3. Edwin E. Ghiselli, "The Validity of Management Traits in Relation to Occupational Levels," *Personnel Psychology* (Summer 1963): 109–13.

4. Kirkpatrick, "Leadership: Do Traits Matter?" 48–60.

5. Kozak, "Leadership," 3.

6. Kozak, "Leadership," 5–6.

7. James L. Gibson, John M. Ivancevich, and James H. Donnelly Jr., *Organizations: Behavior, Structure, Processes*, 9th ed. (Boston: Irwin McGraw Hill, 1997), 274–75.

8. Gibson, Organizations, 8th ed., Lecture Resource Guide, ed. Kim A. Stewart, Boston: Irwin, 1994), 77.

9. Ralph M. Stogdill, "Personal Factors Associated With Leadership," *Journal Of Applied Psycholog*y (January 1948): 72.

10. Kozak, "Leadership," 5–6.

11. George, *Understanding,* 377.

12. Gibson, *Organizations,* 9th ed., 274.

13. Edwin E. Ghiselli, *Explorations in Management Talent.* Santa Monica, CA: Goodyear, 1971; Edwin E. Ghiselli, "The Validity of Management Traits in Relation to Occupational Level," *Personnel Psychology* (Summer 1963): 109–13, cited by Gibson, *Organizations*, 10th ed., 274.

14. Gibson, *Organizations,* 9th ed., 277.

Chapter Five

Personal Behavior Theories of Leadership

Personal behavior theories of leadership date back to the late 1940s and set forth the hypothesis that, rather than a person's DNA or personality characteristics or traits, it is how a person acts in a particular situation that determines that person's leadership effectiveness. Instead of searching for traits to explain leadership and leader effectiveness, researchers turned to an examination of the behavior of leaders and the resulting effects on the performance and satisfaction of their followers. Thus, personal behavior theories of leadership are based on the premise that leadership behavior can be determined by studying what leaders do in relation to accomplishing tasks and maintaining the efforts of people performing the task. Going back to the forces that motivate leaders discussed in chapter 4, leaders must accomplish a task and they must do so through the efforts of those they lead.

THE RESEARCH BASES

The behavioral approaches to leadership came out of the human relations movement in management theory, which focused on the individual and not the task, and stressed that leadership can be studied and learned. The research supporting behavioral theories of leadership was developed from two prominent studies: the job-centered and employee-centered leadership study led by Rensis Likert at the University of Michigan in 1947; and the initiating structure and consideration study conducted by the Bureau of Educational Research at Ohio State University after World War II.[1] Now, these were not the only studies done in Behavioral Leadership but they were the first to lead researchers beyond the Trait Theory and into the next evolution.

Job-Centered and Employee-Centered Leadership

The purpose of the Likert/University of Michigan study was to discover the principles and methods of effective leadership in a wide variety of organizations and industries: chemical; electronics; food; heavy machinery; insurance; petroleum; public utilities; hospitals; banks; and government agencies. Data were obtained from thousands of employees doing different tasks, ranging from unskilled work to highly skilled research and development work. The effectiveness criteria used in many of the studies included the following:[2]

1. Productivity per work hour, or other similar measures of the organization's success in achieving its production goals;
2. Job satisfaction of members of the organization;
3. Turnover, absenteeism, and grievance rates;
4. Costs;
5. Scrap loss; and
6. Employee and managerial motivation.

Through interviewing leaders and followers, researchers identified two distinct styles of leadership, referred to as *job-centered leadership* and *employee-centered leadership:*[3]

Likert suggested that a *job-centered leader* is a leader who closely supervises and directs the work of others. The leader focuses on completing the task and uses close supervision so that subordinates perform their tasks using specified procedures dictated by the leader or manager. This leader relies on coercion, reward, and legitimate power to influence the behavior and performance of followers. Leaders exhibiting this leadership style seem to view concern for people an important luxury which they cannot always afford. In some respects, this is a perception that the job must be accomplished and people are expendable as long as the job gets done. There were many examples of this style in industries in the 1940s and 1950s and in wartime military operations. More recently, leaders of this stripe are commonly known as "micro-managers."

Likert also described an *employee-centered leader* as one who generally supervises the work of others more loosely and permits them to work autonomously. The leader focuses on the people doing the work and delegates decision making to followers, thus empowering them with the power and resources to complete the job. Leaders satisfy the needs of the people who perform the work by creating a supportive work environment. Employee-centered leaders concern themselves with followers' personal advancement, growth, and achievement. Such leaders emphasize individual and group

development with the expectation that effective work performance would naturally follow. In later studies, Dr. W. Edwards Deming called this "participative followership," wherein followers are empowered and given not only the responsibility but also the decision making authority to go with the responsibility.[4]

Gibson, Ivancevich and Donnelly credit the University of Michigan job-centered and employee-centered leadership study with making a very strong case for the relative advantage of employee-centered leadership over job-centered leadership. However, the studies also suggest that a leader must be either one or the other: an individual cannot be both job-centered and employee-centered at the same time. The seeming inability to be both job-centered and person-centered and be an effective leader led researchers to test that conclusion in further studies.[5]

Initiating Structure and Consideration

Among the several large leadership research programs that developed after World War II, one of the most significant was undertaken at Ohio State University. This program resulted in the development of a two-factor theory of leadership that indicated leaders could in fact be both "job-centered and employee-centered." Based on a series of studies, the Ohio State researchers isolated two leadership behaviors referred to as *initiating structure* and *consideration*:[6]

Initiating structure (or job-centered in Likert's terms) is defined as leadership that implies the rigid structuring of job tasks as well as follower responsibilities. It involves behavior in which the leader organizes and defines the relationships in the group, tends to establish well-defined patterns and channels of communication, and spells out ways of getting the job done. The leader with a high initiating structure tendency focuses on goals and results.

Consideration (or employee-centered in Likert's terms) is defined as leadership that shows supportive concern for followers. It involves behavior indicating friendship, mutual trust, respect, warmth, and rapport between the leader and the followers. The leader with a high consideration tendency supports open communication and participation.

The Ohio State researchers also measured leaders' tendencies to practice these two leadership behaviors in different combinations. The original premise was that a high degree of consideration and a high degree of initiating structure ("High-High") was the most effective of the four possible combinations. There have been numerous studies of the relationship between these two leadership dimensions and various effectiveness criteria. In an early study at International Harvester, researchers began to find more complicated interactions of the two dimensions. Supervisors who scored high on initiating

structure not only had high proficiency ratings from superiors but also had more employee grievances. A high consideration score was related to lower proficiency ratings and lower absences.

Other studies have examined how men and women leaders utilize initiating structure and consideration. A review of the literature found that men and women leaders exhibit equal amounts of initiating structure and consideration and have equally satisfied followers. Thus, these leadership styles are not assumed to be gender-biased.

A COMPARISON OF RESEARCH APPROACHES

These two personal behavior theories share several common themes, methods and limitations. Each study attempts to proscribe broad dimensions of leadership behavior that results in a simplistic view of a complex problem. For example, the Ohio State studies have been criticized for being over-simplified because they used only two dimensions of leadership; because it did not reach a general consensus; and because it relied upon questionnaire responses to measure leadership effectiveness. Each study was conducted in different organizational settings. Yet the linkage between leadership and important performance indicators, such as production, efficiency, and satisfaction, has not been conclusively resolved by either of these personal behavior theories of leadership. Instead, these personal behavior approaches suggest that leaders should seriously consider situational variables, such as the followers' expectations, skills, role clarity, and previous experiences. That is to say, leaders need to examine the many variables prior to exhibiting a particular leadership style; and unless a leader can properly modify these variables or change their style of leadership to adapt to them, their effectiveness in improving performance will be limited.

Despite these limitations, these studies made considerable headway in our understanding of effective leadership behavior. In particular, they broke from the traditional thinking that a leader must focus either on tasks or on people. The researchers found that leaders could behave in ways that gave equal attention to both factors in any and all leadership situations: that is, the task to be done; and the people to perform the task.[7]

Finally, Montana summarizes the University of Michigan Study and the Ohio State Study as follows:[8]

1. Leadership has at least two dimensions and is more complex than that demonstrated by either a genetic theory of leadership or a personality trait or personal characteristic approach.

2. Leadership styles are flexible; managers can change the mix of task orientation and employee orientation as the situation requires.
3. Leadership styles are not innate; they can be learned.
4. There is no one right style of leadership.

SUMMARY

Although the personality trait and personal behavior theories of leadership differ from one another, both theories contribute to our understanding of leadership by indicating what leaders tend to be like and what they do to achieve effective performance. Yet, neither completely describes leaders and leadership because they do not consider the situation in which leadership is applied. The trait theory focuses on personal characteristics to describe leaders and leadership, whereas the behavioral approach seeks to identify the behavior responsible for effective leadership. The latter assumes that certain leadership behaviors will result in a high degree of satisfaction and performance by followers, not withstanding the particular situation. Some of the criticisms of the personal behavior theory include:[9] the theory does not consider that followers can influence a leader's behavior; it neglects the possibility that a leader's behavior differs among followers; and a disagreement as the importance of the leader-subordinate scores. Based on these strengths and limitations, the trait and personal behavioral theories gave way to the development of several new theories, collectively called the situational approaches, which we consider next.

NOTES

1. Gibson, *Organizations*, 10th ed., 277–280.
2. Rensis Likert, *New Patterns of Management* (New York: McGraw Hill, 1961), cited by Gibson, *Organizations,* 10th ed., 277.
3. Gibson, *Organizations*, 10th ed., 277.
4. Gibson, *Organizations*, 10th ed., 277.
5. Gibson, *Organizations*, 10th ed., 277–280.
6. E. A. Fleishman, E.F. Harris, and H. E. Burr, *Leadership and Supervision in Industry* (Columbus, OH: Bureau of Educational Research, Ohio State University, 1955), cited by Gibson, *Organizations*, 10th ed., 278.
7. Gibson, *Organizations*, 10th ed., 279–80.
8. Montana, *Management*, 3rd ed., 264.
9. Gibson, *Organizations*, 8th ed., Lecture Resource Guide, ed. Kim A. Stewart, 77. (Boston: Irwin 1994), 77.

Chapter Six

Situational Theories of Leadership

When the search for the "best" set of personality traits or personal behavior patterns did not produce an accurate and complete explanation of effective leadership or leadership styles, the importance of the particular leadership situation or environment was studied more closely. Researchers hypothesized that an individual's leadership style depended upon the particular situation and could be modified depending on each situation. In other words, leadership behavior needed to enhance performance depends in part on the circumstances, and effective leadership in one situation may not be considered effective in a different situation. Thus, situational theories of leadership proposed leadership effectiveness depends on the fit among personality, the task to be accomplished, power, attitudes, and perceptions—in other words, the situation at hand. In some cases and studies, the situational theories are also called "contingency theories" because the theory is contingent or dependent upon the needs or circumstances of the situation.[1]

As the importance of situational factors and a leader's assessment of forces at play became recognized, leadership research became more systematic, and situational theories and contingency models of leadership began to appear in the organizational behavior and management literature. Each theory or model has its advocates, and each theory attempts to identify the behaviors most appropriate for a series of leadership situations. Also, each theory attempts to identify the leader-situation patterns important for effective leadership.[2] We consider four: Two of the earlier theories are Fiedler's contingency theory and the Path-Goal theory. Again, these are not the only theories in this category but are four of the more famous theories and provide a introspection on what is called Situational Theories. Both theories present approaches to understanding leadership that go beyond personality traits and behavior patters of

leaders and explain that in order to influence or motivate followers using an appropriate leadership style, leaders must first understand their own behavior, the behavior of their subordinates, and the situation at hand. These two approaches investigate and describe effective leadership based on a situational logic for applying leadership styles or motivating people to accomplish goals.

The two later theories we consider are the Hersey-Blanchard theory and the Vertical Dyad-Linkage theory, which is also known as the Leader-Member Exchange theory. The Hersey-Blanchard theory requires the leader to have diagnostic skills in human behavior as well as the ability to turn on and turn off a particular leadership style as the situation requires. The Vertical Dyad-Linkage theory describes how a leader's perceptions influence his or her behavior toward followers and can reinforce the latter's behavior.[3]

SITUATIONAL FACTORS

Collectively, the situational theories contend that four factors can influence leadership effectiveness and performance in a given setting and that situational leadership can be understood along four dimensions: the personal characteristics of the leader; the nature of the job; the nature of the organization; and the nature of the people who follow.[4] The first dimension involves the personal characteristics of the leader. This is where the personal traits or personal characteristics come into play: the leader's drive; technical skills and abilities; personal motivation to achieve; past experiences and expertise; and the vision of the task to be accomplished, of what work has to be done and the path to accomplish the task.

The second dimension requires that the nature of the job or the task must be well defined so the leader knows what must be done and not lack direction and focus. Typically, work that is more complex can often be accomplished with better performance than routine tasks when followers are motivated to want to perform tasks that challenge and excite them.

The third dimension concerns the nature of the organization, including the corporate culture, organizational rules and politics, the time and resources available, and the organizational expectations. All of these may affect the leader's performance and effectiveness. For example, policies and procedures that control or limit certain types of action by a leader may detract from expected performance goals. This relates to the amount of control that a leader has over resources to accomplish a task within an organization.

The fourth dimension is the nature of the followers: their personalities and values, needs, motivations, and past experience and expertise. Their mix may also impact the leader's effectiveness.

Before examining four of the more widely known and researched situational theories of leadership, it may be useful to consider examples of situational and non-situational leaders in practice, in terms of these four dimensions: Can you think of examples of leaders who have developed diagnostic skills in human behavior as well as the ability to turn on and off a particular leadership style as the situation dictates? Can you name a leader who was capable of analyzing the behavior of their followers and was able to change his or her leadership style in order to reach a goal or solve a problem? Alternatively, can you think of examples of leaders who think only about what has to be done and getting others to follow? Or leaders who give little thought to changing or adapting their style based on the situation at hand? How effective are they? If any assessment of the situation and people takes place, is it after the fact, or before charging into action? Finally, how many leaders have you known who have skills in diagnosing human behavior and the ability to adapt his or her style according to the situation but who are unable to overcome organizational obstacles in accomplishing a vision?

As you come up with examples, you may find that you are already thinking in terms of situational theories and have moved beyond the descriptive theories of personality traits and behavior patterns. Turning to the situational theories themselves, let us examine how closely the theories relate to the real world.

FIEDLER'S CONTINGENCY THEORY

Fiedler's contingency theory presumes that performance (or effectiveness) of leaders depends on the interaction between the leadership style and the particular organizational situation. Fiedler viewed leadership as a relationship based on power and influence, and was interested in examining leadership effectiveness as a function of variables in this relationship: To what degree did the situation provide the leader with the power and influence needed to be effective? To what extent could the leader predict the effects of leadership style on follower's behavior and performance?[5]

Fiedler hypothesized that a leader's effectiveness is contingent on the leader-follower relationship and the task at hand. He gathered data from managers in numerous studies relative to how a leader interacted with a worker in terms efficiency and effectiveness, and derived a score that measured the leader's success. Studies by Fiedler and others hypothesized that leaders whose personality favored task accomplishment and achievement would be task-oriented, whereas leaders whose personality favored warm, supportive relationships with others would likely be categorized as relationship-oriented

leaders. Fiedler's assumed that a leader cannot be both task-oriented and relationship-oriented and leaders would settle on one style or the other. This assumption was consistent with early personal behavior studies such as Rensis Likert's job-centered and employee-centered leadership styles.

Fiedler used something called the Least Preferred Co-Worker ("LPC") as a variable in assessing leadership style. He hypothesized that a low LPC score indicated a low degree of acceptance of the worker by the leader and would identify the leader as task-oriented and not relationship-oriented. Conversely, a high LPC score indicated a high degree of worker-leader acceptance and would classify the leader as relationship-oriented.

Fiedler used several variables to describe and predict leadership behavior: task structure; leader-member relations; and leader position power. Task structure focused on the nature of the task itself. In Fiedler's studies, the task was either structured or unstructured, meaning simple and routine tasks were structured whereas complex, non- routine tasks were unstructured.

Leader-member relations focused on the relationship that existed between leaders and followers. The elements of this variable were particularly difficult to quantify and consisted of the confidence workers had in leaders; trust between leaders and followers; and the respect that existed between leaders and followers. A higher score indicated followers had a high degree of trust, respect and confidence in the leader. Conversely, a lower score indicated a leader would have to do something different or special in order to get the same efficiency and effectiveness as those with high scores.

Leader position power focused on the actual power of the leader within the organization. Scores ranged from high to low and were dependent on the different types of power within the organization: namely, legitimate power; reward power; coercive power; expert power; referent power; charismatic power; and information power.

A major outcome of Fiedler's contingency approach was the finding that based on whether the scores for the situational variables identified the task as either task-oriented or relationship-oriented, different leadership styles would be appropriate. A leader's style in that situation would be an indicator of how effective a leader would be in certain situations. For example, if scores indicated a task-oriented situation, the leader would be more efficient and effective if the leader tended to be task-oriented and not employee-oriented. The same logic would apply if the situation was clearly relationship-oriented and the leader had high scores in relationship orientation. In that situation, a relationship-oriented leader would be more effective and efficient than a task-oriented leader.

Fiedler's research has been used in many studies leading to new insights on effective leadership styles. Through the development of measures or scores

attributed to the situational variables and the integration of those variables into a total assessment equation, Fiedler's research was groundbreaking and innovative.

Although Fiedler's contingency model has been criticized on the basis of the measurement tools he used and the reliability and validity of the data used to construct the model, Fiedler made significant contributions to the study and application of leadership principles. His view of leadership stimulated numerous research studies and generated debate among scholars regarding the dynamics of leadership in organizations.

Criticisms surrounding Fiedler's Theory include: the LPC measure has a low reliability and its meaning is unclear; measures of situation favorability ignore the follower's perceptions; the theory ignores middle LPC individuals; and the theory contends that leadership style is one dimensional and unchangeable.[6]

PATH-GOAL THEORY

The path-goal theory of leadership, developed by Martin Evans and Robert House,[7] attempts to predict leadership effectiveness based on a leader's positive influence on a follower's motivation, ability to perform, and job or task satisfaction. The path-goal theory has its basis in the expectancy motivation theory that asserts that leaders become effective by making rewards available to subordinates and by making those rewards contingent on the subordinates' accomplishment of specific goals. One of the major functions of the leader then is to clarify or define for subordinates the behavior most likely to result in goal or reward accomplishment.[8] Show the follower the goal as well as the path to that goal and the rewards available to the follower along that path is the essence of this theory.

Accordingly, this theory makes certain assumptions about leaders and workers. It assumes that a leader must influence a follower's perception of work goals, self development goals, and paths to goal attainment. With regard to workers, it assumes, that the worker believes that the job can be accomplished; that the rewards offered to the worker are suitable for the desired task accomplishment; and that the rewards are meaningful to the individual. To some, this would mean, "I know what you want done, now what's in it for me?"

The main contribution of the path-goal theory of leadership is its more complex view of the leader's interaction with followers through different situations and circumstances. It is complex in that it is the leader's job to influence performance of a goal by associating the goal with the needs of workers; by communicating the path necessary to achieve the goals; and then

rewarding excellent performance. The path-goal theory also implies that leaders can influence more effective performance and satisfaction of needs by using positive reinforcement than by negative reinforcement.

The path-goal theory has also led to the development of two important propositions concerning leadership behavior:[9]

1. Leader behavior is effective to the extent that subordinates perceive such behavior as a source of immediate satisfaction or as instrumental to future satisfaction.
2. Leader behavior is motivational to the extent that it makes the satisfaction of subordinates' needs contingent on effective performance and that it complements the environment of subordinates by providing the guidance, clarity of direction, and rewards necessary for effective performance.

Thus, Evans and House classified leader behavior into four classes:[10]

1. Instrumental behavior or the managerial functions of planning, budgeting, task assignment, controlling and, generally, the normally thought of managerial functions.
2. Supportive behavior which is similar to the relationship-oriented variable defined by Fiedler, and includes such elements as in interest in, concern for and support of workers.
3. Participative behavior which includes workers' freedom to participate in activities such as sharing of information and seeking worker suggestions and ideas.
4. Achievement-oriented behavior which includes such functions as setting challenges for workers as part of the motivational techniques.

Similarly, but from a different theoretical perspective, George and Jones note four types of behaviors or actions by leaders to motivate followers:[11]

1. Directive behavior lets subordinates know what tasks need to be performed and how they should be performed.
2. Supportive behavior lets followers know that their leader cares about their well-being and is looking out for them.
3. Participative behavior enables followers to be involved in making decisions that affect them.
4. Achievement-oriented behavior provides followers to do their best and includes setting difficult goals for followers, expecting high performance, and expressing confidence in their capabilities.

   A critique of the path-goal theory suggests that subordinate performance might be the cause of changes in leader behavior instead of leader behavior causing changes in subordinate performance. Further, research has consistently shown that the higher the task structure of subordinate jobs (that is, the more complex, the more difficult, and the more challenging a jobs is), the stronger the relationship between supportive leader behavior and subordinate satisfaction. On the positive side, it is recognized by leadership researchers that the path-goal theory is an improvement over the trait and personal behavior theories because it attempts to indicate which factors affect motivation to perform. In addition, the path-goal approach introduces both situational factors and individual differences when examining leader behavior and outcomes, such as satisfaction and performance, and attempts to explain why a particular style of leadership works best in a given situation.

THE HERSEY-BLANCHARD THEORY

Paul Hersey and Kenneth Blanchard developed a situational leadership theory that focuses on organizational activity and operational environment. Their approach is one that leaders apply on the job or in the office and emphasizes followers and their willingness to do a job. In this approach, the leader must properly judge or intuitively know the maturity (or developmental) level of followers and apply a leadership style that fits that level. For example, the leadership style applied to a follower with high skill and experience levels and the ability to perform the job without close and continuous supervision differs from the leadership style applied to a follower with lower skill and experience levels requiring constant supervision and direction.[12]

   Hersey and Blanchard used the Ohio State studies (discussed in chapter 5) to further develop four leadership styles available to managers and later revised the terms to better describe the leadership styles.

1. Telling or Directing: the leader defines the roles needed to do the job and tells followers what, where, how and when to do the tasks.
2. Selling or Coaching: the leader provides followers with structured instructions, but is also supportive.
3. Participating or Supporting: the leader and followers share in decisions about how best to complete a high-quality job.
4. Delegating: the leader provides little specific, close direction or personal support to followers.

According to this scheme, telling or directing is the most dictatorial leadership style, whereas delegating is a form of empowerment of employees.

These four leadership styles parallel the classes of leadership behavior noted by Evans and House and by George and Jones. In applying them, the Hersey-Blanchard approach parallels contingency theory in that the leader would apply the style appropriate to the maturity or developmental level of the follower. As we will see in chapter 8, the Hersey-Blanchard theory is also a forerunner of transactional leadership and is closely aligned with what is called "management by exception."

One problem with this theory is that, in practice, some leaders, no matter how hard they try, are unable or unwilling to change from style to style. Those who excel in a telling or directing style may not be able to automatically change to a delegating style. Nor is there research that would indicate that leaders can be as adaptable to various styles as needed by different follower groups. Critics of the model also argue that there is no real evidence the model really works because the originators have failed to provide evidence that predictions can be made and which style is best.[13]

THE VERTICAL DYAD-LINKAGE THEORY/LEADER-MEMBER EXCHANGE THEORY

The vertical dyad-linkage ("VDL") theory presents a situational theory in which leaders consciously or unconsciously classify subordinates into in-group members and out-group members. In-group members share a common bond and value system, and interact with the leader; out-group members have less in common with the leader and do not share much with the leader. Further, in-group members are likely to receive more challenging assignments and more meaningful rewards; be more positive about the organizational culture; and have higher job performance and satisfaction than out-group members. Out-group members are likely to receive less challenging assignments and little positive attention; become bored with the job; and quit. The VDL approach assumes that the leader's perception of followers influences the leader's behavior, which in turn influences the follower's behavior. Thus, it is also referred to as the leader-member exchange theory.[14]

Accordingly, the leader's perception of the follower influences the leaders attitude toward the follower; leading to a positive or negative perception of the leader by the follower; causing further reinforcement of the leader's positive or negative perception of the follower; and so on. Thus, one of the main criticisms of the VDL approach is that its view of leadership assumes there is no consistent leadership behavior with subordinates. Each one-on-one rela-

tionship is unique and a leader can behave in different ways with different followers.

SUMMARY

Situational theories of leadership emphasize the interactions among leaders, subordinates, and forces within the organization. Unlike personality traits or behavioral patterns, effective situational leadership is based upon a diagnosis of the forces in a particular organization and a leadership style that fits the particular situation. A particular challenge of situational leadership is that, in practice, leaders who are aware of the forces in operation in a given situation must also be able to modify their leadership style to cope with changes in the work environment.

The four situational models of leadership considered in this chapter are similar in that they focus on the dynamics of leadership rather than traits or behavior; they have stimulated further research and inquiry on leadership; and they remain controversial because of limitations in testing and measuring leadership behavior and effectiveness. Their major differences pertain to the outcome or measurement criteria for assessing successful leadership behavior.[15] Thus, situational theories may be better at broadening our view of leadership than predicting leadership behavior in a situation.

Fiedler's Contingency Theory reflects that leaders are task or relationship oriented and does best in work situations that are engineered to fit that style. Further Fiedler contends that followers prefer different leadership styles depending on the structure of the task, the relationship with the leader, and the leader's power position in the organization. The leader's effectiveness is determined by the interaction of the situation and various personality factors.[16]

The Path-Goal Model of Leadership indicates that leaders can increase their effectiveness by applying task-reward techniques and that each follower has different motivational needs that must be considered by the leader to correctly use the model. The path-goal also indicates that effective leaders clearly and directly communicate the paths or the behavior best suited for the organization and what actions must be completed in order to receive the rewards.[17]

The Hersey-Blanchard theory reflects that leaders must adapt their style of leadership to fit the particular task and the relationship with the followers. Further, a follower's ability to take responsibility influences the leadership style of the leader by considering the maturity and skills of each follower and that effective leaders are able to adapt directing, coaching, supporting and

delegating styles of leadership to fit a follower's maturity level, skills and experience.[18]

The Vertical-Dyad Linkage or Leader-Member Exchange Theory, like the Hersey-Blanchard theory, indicates that leaders must be adaptive and not consistent with all followers. In this theory, followers are classified as "in group" or "out group" wherein "in group" followers share a common bond and values with the leader and "out group" members have less in common with the leader and the most effective leader is one who is able to adapt the leadership style to fit a follower's needs and group situation.[19]

NOTES

1. Gibson, *Organizations*, 10th ed., 280; Montana, *Management*, 265.
2. Gibson, *Organizations,* 9th ed., 281.
3. Gibson, *Organizations,* 9th ed., 290–91.
4. Montana, *Management*, 265–66.
5. Gibson, *Organizations,* 10th ed., 280–85; Montana, *Management,* 266–68; George, *Understanding*, 381–85.
6. Gibson, *Organizations,* 10th ed., 284–85.
7. Gibson, *Organizations*, 10th ed., 285–288 and Montana, *Management*, 3rd ed., 268–270.
8. Frank Pacetta demonstrates this concept in the organizational setting by describing a clear communication leadership trait he uses when talking to subordinates and superiors alike: "Say what you mean and mean what you say" and "set your standards high and expect subordinates to achieve the goals." *See* Frank Pacetta and Roger Gittines, *Don't Fire Them, Fire Them Up: A Maverick's Guide to Motivating Yourself and Your Team* (New York: Simon & Schuster, 1994), 35.
9. Gibson, *Organizations,* 10th ed., 285–87.
10. Montana, *Management*, 3rd ed., 269.
11. George, *Understanding*, 387.
12. Gibson, *Organizations,* 10th ed., 288–90.
13. Gibson, *Organizations,* 10th ed., 288–90.
14. George, *Understanding*, 390.
15. Gibson, *Organizations,* 9th ed., 291.
16. Gibson, *Organizations*, 9th ed., 291.
17. Gibson, *Organizations*, 9th ed., 291.
18. Gibson, *Organizations*, 9th ed., 291.
19. Gibson, *Organizations*, 9th ed., 291.

Chapter Seven

Charismatic Leadership

Charisma is a Greek word meaning "gift." In historical times, powers that could not be clearly explained by logical means were called "charismatic." Although we have not found a definitive answer to what constitutes charismatic leadership behavior, one idea that comes close is as follows: charismatic leaders are those who have charismatic effects on their followers to an unusually high degree. Followers want to follow them, followers want to be near them, and followers want to be recognized by them, and so on.

Webster's New World Dictionary defines *charisma* as "a personal magic of leadership arousing special popular loyalty or enthusiasm for a statesman or military commander."[1] Webster's definition makes it clear that charisma is not a learned characteristic. Montana and Charnov define *charisma* as the power of one individual to influence another by force of character,[2] whereas George and Jones define charismatic leadership as a self confident, enthusiastic leader able to win followers' respect and support for his or her vision of how good things could be.[3]

Most researchers who study charisma agree it is a collection of personal characteristics, not a single trait. It is probably tied to a person's potential for risk taking; their ability to tolerate ambiguity and dissonance; their personal appearance; and other qualities. Researchers also agree charisma is not something you can learn by taking courses or through experience. Researchers have described charisma as the magical essence of leadership, and it is an ingredient that few possess. Some have tried to explain charisma as similar to magnetism where followers are "attracted" to the leader.

Charisma has also been defined as the ability to influence followers based on a sort of supernatural gift and attractive powers. Followers enjoy being with a charismatic leader because they feel inspired, correct, and important.[4]

STAGES OF CHARISMATIC LEADERSHIP

Jay Conger and Rabindra Kanungo have proposed a model that describes charismatic leadership according to four stages.[5] In the first stage, the leader assesses the environment for unexploited opportunities; remains sensitive to followers needs; and adapts and formulates a vision. In the second stage, the leader communicates his or her vision to followers by distinguishing the *status quo* as unacceptable and the vision as the most acceptable alternative. In the third stage, the leader solidifies trust and commitment to the followers through expertise, risk-taking, self-sacrifice and unconventional behavior. Last, in the fourth stage, the charismatic leader serves as a role model and motivator and convinces the followers that they can achieve the vision. Table 7.1 summarizes this model of the four stages of charismatic leadership.

CHARISMA AND VISION

Most discussions of charismatic leadership focus on the vision aspect of leadership. Most agree charismatic leaders have the uncanny ability to share the vision of what can be and what should be with their followers. Vision-based

Table 7.1.   Four Stages of Charismatic Leadership

Stage One	*Stage Two*	*Stage Three*	*Stage Four*
1. Detecting unexploited opportunities and deficiencies in the present situation.	1. Communicating the vision.	1. Building trust through technical expertise, personal risk-taking, self-sacrifice, and unconventional behavior.	1. Demonstrating the means to achieve the vision through role modeling, empowerment, and unconventional tactics.
2. Being sensitive to constituents' needs.	2. Articulating the *status quo* as unacceptable and the vision as the most attractive alternative.		
3. Formulating an idealized strategic vision.	3. Articulating motivation to lead followers.		

Source: Adapted from Jay A. Conger and Rabindra Kanungo, "Toward a Behavioral Theory of Charismatic Leadership in Organizational Settings," *Academy of Management Review* (October 1967): 637–47.

charismatic leadership then encourages (some would say "seduces") followers to perform acts without regard for personal safety, consequences, or results. There are numerous examples of military leaders who have led followers into battle and performed acts of heroism as vision-based charismatic leaders.

On the negative side, vision-based charismatic leaders such as Josef Stalin, Adolf Hitler, and Jim Jones secured great commitment to failing, personally demeaning, and tragic goals. In the business world, John DeLorean was able to raise hundreds of millions of dollars for his failed automobile venture because of his powers of persuasion and impression management: he promoted himself as an innovative genius. As management scholar and writer Peter Drucker notes, "charisma sometimes becomes the undoing of leaders."[6]

Thus, charisma itself is value-neutral: it does not distinguish between moral, immoral, or amoral intentions. Some charismatic leadership can lead to fanatical behavior of followers when used by the wrong person. On the other hand, it can also lead to heroic self-sacrifice by followers when used for entirely different purposes and in different circumstances.

CHARISMATIC LEADERSHIP IN CRISES

Another form of charismatic leadership is crisis-based or situational. Crisis-based charismatic leaders can have an impact when the circumstances dictate that existing knowledge, resources, and procedures are not adequate. The crisis-based leader is empowered to do what is necessary to correct the situation or to solve the problem and communicates to the followers clearly what actions need to be taken and what their consequences will be. The crisis permits the characteristic leader to promote non-traditional actions by the followers, some of which may be disorderly, chaotic, and outside the normal bounds of actions. Through it all, the charismatic leader encourages, supports, and, in return, receives the desired action by the followers.[7] An example of crisis-based charismatic leadership is former New York Mayor Rudy Guiliani's response to the September 11, 2001 attack on the World Trade Center.

EXAMPLES OF CHARISMATIC LEADERS

The study of charismatic leaders indicates they are not limited by age or situation. A small sample of charismatic leaders described by Gibson, Ivancevich and Donnelly illustrate this point.[8]

Individuals such as John F. Kennedy, Winston Churchill, Mikhail Gorbachev, and Walt Disney possessed exceptional qualities and an attractiveness that enabled them to play a vital role in creating change in their respective countries or fields of endeavor.

Sam Walton is considered by many to have possessed charismatic qualities. He worked hard to explain his vision of retailing and serving the customer. He would visit Wal-Mart stores to continually inform his associates (the employees) that customer service is the first, second, and third priority that must be accomplished in order for the company to become the top retailer. As people responded to his vision and goals, Walton kept up a fast pace to meet people and express his viewpoint. He paid attention to his employees and his customers-the human assets of business. Walton had a "gift" for making other people "feel" good about working for him and buying his products and service.

Steven Jobs, cofounder of Apple Computer, provides another example of how charisma inspires others. Jobs's impact, attraction, and inspiration when he was with the firm were described as follows by John Scully following a tour of Apple Computers with Steven Jobs:[9]

> When I walked through the Macintosh building with Steve, it became clear that he wasn't just another general manager bringing a visitor along to meet another group of employees. He and many of Apple's leaders weren't managers at all; they were impresarios. . . . Not unlike the director of an opera company, the impresario must cleverly deal with the creative temperaments of artists. . . . His gift is to merge powerful ideas with the performance of his artists.

SUMMARY

There remains considerable ambiguity relative to charisma and charismatic leadership, which suggests that more research and study is needed in areas such as charismatic authority, how charismatic leadership evolves, and the specific characteristics found in a charismatic leader. A number of empirical studies have examined behavior and personal attributes of various charismatic leaders, including traits such as articulation ability, affection from followers, ability to inspire, dominating personality, and the need for influence. Situational approaches describe a form of charismatic leadership that is crisis-based. However, the knowledge base is still based largely on examples and cases. Charisma remains a relatively abstract and difficult concept to define, except with regard to one characteristic: it is thought charisma cannot be taught or learned.

Moreover, it is difficult to explain the difference between charismatic leadership that is considered acceptable by all standards, and similar behavior considered unacceptable by those same standards. Charismatic leaders certainly have a type of magical quality that attracts followers to perform in levels above the normal. Yet the same qualities can, and have, convinced followers to perform unspeakable acts. More research is certainly needed to comprehend how charismatic leaders can bring people to carry out such visions.

Given the ambiguities and unanswered questions about charismatic leadership, what, if anything, does charismatic leadership have to do with situational theories of leadership? Can charismatic leadership play a role in defining legitimate leadership styles if it cannot be taught or learned? To what extent can the evolution of leadership theory take into account the magnetism and powers of attraction of charismatic leaders and their ability to form a vision? To explore connections between charismatic leadership and the development of leadership theories, we consider two additional theories of leadership that have roots in situational theory and charismatic leadership behavior: transactional leadership; and transformational leadership.

NOTES

1. David B. Guralnik, ed. *Webster's New World Dictionary*, 2nd College ed. (New York: Prentice Hall Press, 1986), s.v. "charisma."

2. Montana, *Management*, 258.

3. George, *Understanding*, 394.

4. Gibson, *Organizations,* 10th ed., 309.

5. Jay A. Conger and Rabindra Kanungo, "Toward a Behavioral Theory of Charismatic Leadership in Organizational Settings," *Academy of Management Review* (October 1967): 637–47.

6. Drucker, cited by Gibson, *Organizations,* 9th ed., 312.

7. Gibson, *Organizations,* 9th ed., 312.

8. Gibson, *Organizations,* 9th ed., 309–12.

9. John Scully, "Sculley's Lessons from Inside Apple," *Fortune,* September 14, 1987, 108–11, quoted in Gibson, *Organizations,* 9th ed., 309.

Chapter Eight

Transactional and Transformational Leadership

As the needs of organizations have changed and the challenges of coping with change have evolved, two widely-held theories of leadership have emerged: transactional leadership; and transformational leadership. Both theories build upon some of the features of situational theories, particularly with regard to relationship-oriented leadership styles and path-goal leadership behaviors that motivate performance. Transformational leadership also has roots in charismatic leadership behavior.

Transactional leadership is defined by Gibson, Ivancevich and Donnelly as a type of leadership where the leader identifies what types of rewards followers want and helps them achieve a level of performance that results in rewards that are based on their performance.[1] Transformational leaders have the ability to inspire and motivate followers to achieve results greater than originally planned through internal rewards rather than external rewards. They motivate followers to work for longer-term and more substantial goals than short-term self-interests. Both theories focus on rewards to the follower, but do so through different means and in different forms.[2] For example, transactional leaders communicate to followers what has to be done and what they need to do to achieve what they (the followers) want in terms of external rewards, such as more pay, better conditions, or some lucrative goal; transformational leaders motivate or inspire their followers to accomplish a vision or goals through intrinsic rewards that are internally rewarding to followers, such as self-satisfaction or being part of the team.

TRANSACTIONAL LEADERSHIP

Sometimes referred to as "management by exception," the transactional leader helps followers identify what must be done to accomplish the desired

results, taking into account the person's self-concept and esteem needs. The leader frames the rewards for the expected performance and then utilizes path-goal concepts to clearly show the follower how to achieve the rewards. The leader then steps aside and does not intervene unless the goals are not being achieved; hence, it is called management by exception.[3]

George and Jones define transactional leadership as leadership that motivates followers by exchanging rewards for high performance and noticing and reprimanding subordinates for mistakes and substandard performance.[4] In using transactional leadership, the leader relies on contingent rewards—rewards that depend on the follower doing what needs to be done in order to get the rewards. For example, followers may need to increase sales to get better salaries; to lower costs to get bigger bonuses; or to increase the workload to obtain promotions. The transactional leader uses path-goal concepts as a framework; but the leader will also adjust goals, directions, and missions of the organization in order to achieve effectiveness. Flexibility is paramount in the leader as well as the followers.

TRANSFORMATIONAL LEADERSHIP

Transformational leaders have the ability to inspire and motivate followers to achieve results that exceed expectations. This ability is generally based on three personality characteristics—charisma; individual attention; and intellectual stimulation—which are described as follows:[5]

1. Charisma: The leader is able to instill a sense of value, respect, and pride, and to articulate a vision.
2. Individual attention: The leader pays attention to followers' needs and assigns meaningful projects so followers grow personally and professionally.
3. Intellectual stimulation: The leader helps followers rethink rational ways to examine a situation and encourages followers to be creative.

Transformational leadership theory is based on ten functions that define how leaders achieve a vision by working through others to bring about change. These functions are summarized in table 8.1., and are described as follows:[6]

First, the transformational leader searches for opportunities: whether leading a small workgroup, division, or an organization, a transformational leader continually searches for performance improvement and innovation opportunities for the group which he or she leads.

Second, the transformational leader experiments and takes risks: experimentation involves challenging the *status quo* and creating a work environment that encourages subordinates to do the same. The leader encourages innovative ideas; makes sure that the rewards of success are greater than the penalties for failure; and encourages a positive attitude and approach to challenge and change.

Third, the transformational leader develops a vision: the leader develops a high performance vision which tells followers what and where the unit wants to be and provides a common purpose and common ground for the group.

Fourth, the transformational leader enlists others: the leader enlists others to obtain their acceptance of the vision or plan of action by emphasizing the vision's common purpose; by communicating the vision well; by demonstrating his or her belief in the vision; and by showing faith in followers.

Fifth, the transformational leader fosters collaboration: collaboration involves bringing people together to work toward the vision's often challenging goals. Collaboration requires the leader to promote cooperation rather than conflict; to create mechanisms of interaction for subordinates; to build trust (that is, by trusting individuals until one sees evidence that an individual cannot be trusted); and to use group problem-solving.

Sixth, the transformational leader strengthens others: the leader strengthens employees' capacity to achieve the vision's goals by giving them the tools, knowledge, and resources to do the job. Empowerment of employees is a must; employees are provided with autonomy and decision-making authority on the job. Followers must be given needed information, and the leader works to eliminate obstacles in their paths, such as red tape and bureaucracy.

Seventh, the transformational leader sets an example: the leader is a model of the behaviors and beliefs that are required for accomplishing the vision.

Eighth, the transformational leader plans small wins: the leader sets up a series of small goals that contribute to the vision's overarching goals. In accomplishing these small goals, employees can see evidence of progress through small wins. The series of small wins builds a base of confidence and a winning attitude toward the overall vision.

Ninth, the transformational leader links rewards to performance: a leader makes expectations known; makes sure performance is measurable; provides rewards that people value; removes obstacles toward achieving task goals and receiving rewards; and is consistent in rewarding performers.

Tenth, the transformational leader celebrates accomplishments: the transformational leader is a cheerleader of sorts, recognizing performance achievements and celebrating the unit's achievements in a way that is public and visible.

Table 8.1. What a Transformational Leader Does

1. Search for opportunities.
2. Experiment and take risks.
3. Develop a vision.
4. Enlist others.
5. Foster collaboration.
6. Strengthen others.
7. Set an example.
8. Plan small wins.
9. Link rewards to performance.
10. Celebrate accomplishments.

Source*: Adapted Gibson, Ivancevich and Donnelly, Instructor's Manual and Lecture Resource Guide to Or-*ganizations Behavior, Structures, Process, 10th ed., Boston: Irwin McGraw Hill, 2000, LRG 12-306 and LRG 12-307. (Original was from James M. Kouzes and Barry Z. Posner, The Leadership Challenge, San Francisco: Jossey-Bass, 1987.)

The development of transformational leadership evolved from a study by Bernard M. Bass, entitled, *Leadership Performance Beyond Expectations*, in which Bass described three functions that characterize transformational leaders:[7]

1. Transformational leaders increase subordinates' awareness of the importance of their tasks and the importance of performing well.
2. Transformational leaders make subordinates aware of their needs for personal growth, development, and accomplishment.
3. Transformational leaders motivate their subordinates to work for the good of the organization rather than exclusively for their own personal gain or benefit.

Transformational leaders are often confused with charismatic leaders because, in addition to being able to articulate a vision and being sensitive to the needs of followers, transformational leaders often have charisma. Charisma is often a defining quality among transformational leaders together with rational approaches to creative problem-solving and meaningful attention and rewards. Thus, in contrast to charismatic leadership, transformational leadership theory attempts to provide a rational, if not empirical, approach to leadership theory by observing how leaders actually motivate and reward followers to achieve a vision and by measuring leadership in real terms.

SUMMARY

Transactional leadership is commonly referred to as "management by exception" because the leader focuses on the goals to be accomplished and provides

rewards that are tied to performance but does not intervene unless the goals are not being met. Transformational leadership focuses on achieving a vision and exceeding goals through intrinsic motivation and rewards. Both theories reflect some of the features of situational theories with regard to relationship-oriented leadership styles and leadership behaviors that motivate perform-ance. Transformational leadership also incorporates charismatic leadership behavior. Traces of transactional leadership and transformational leadership can be found in various organizational settings.

NOTES

1. Gibson, *Organizations*, 10th ed., 313–14.
2. Gibson, *Organizations*, 10th ed., 312–15.
3. Gibson, *Organizations*, 10th ed., 313.
4. George, *Understanding*, 396.
5. Gibson, *Organizations*, 9th ed., 314.
6. Gibson, *Organizations*, 10th ed., Instructor's Manual, Lecture Resource Guide, eds. Courtney Hunt, Monty Lynn, and Terry Gaston, LRG 12-306.
7. Bernard M. Bass, *Leadership Performance Beyond Expectations* (New York: Academic Press, 1985), cited by George, *Understanding*, 394.

A Critical Review
of Leadership Theories

In the preceding chapters, we traced the development of leadership theories beginning with genetic and trait theories of leadership through transformational leadership theory. As we saw, the earlier theories often contributed to the development of newer approaches to thinking about leadership in organizations, while subsequent theories attempted to overcome the shortcomings of earlier theories. Before turning to a critical review of the research underlying some of the major theories that we have considered, we will briefly summarize their key points.

TRAIT THEORY

According to the trait theory of leadership, leaders tend to have certain identifiable characteristics or personality traits, such as intelligence, dominance, self-confidence, energy, honesty, maturity, and skills in addition to being able to withstand stress.

Gibson, Ivancevich and Donnelly[1] researched the theory and present a clear summary of the trait theory characteristics as follows:

1. Leaders are found to be somewhat more intelligent than followers but not substantially so—and not always.
2. Alertness, energy level, tolerance for stress, emotional maturity, originality, personal integrity, and self-confidence were seen as early predictors of effective leadership. But, not everyone possessing these characteristics will be or can be leaders and some leaders do not have all these characteristics.
3. The list of potential important traits could be endless and as more leaders emerge in modern times, different traits surface compared to leaders of past

times. More recent studies conclude that achievement, motivation, ambition, tenacity, initiative, and self-confidence are associated with leadership.

Some of the main criticisms of trait theory are summarized in table 9.1 and discussed below:[2]

First, this theory implies that certain traits produce effective leadership in a cause and effect relationship. This assumption neglects the possibility that leadership activity and outcomes can influence individual traits and characteristics. For example, success as a leader can instill an individual with even more self-confidence. Further it does not consider that followers can influence a leader's behavior. The theory also does not consider that a leader's behavior may differ from follower to follower.

Second, much of the research is limited by the way it tests the trait theories; that is, by comparing the traits of leaders to those of followers. This approach assumes that subjects classified as leaders possess greater leadership characteristics than do subjects who are classified as followers, which may be an inaccurate assumption. Thus, findings may be confounded by the categorization of subjects and may not accurately reflect the traits.

Third, the theory does not address the question of how much or what degree of a trait is optimal for leader effectiveness. For example, is minimal level of a trait necessary for leader effectiveness? How much of any one trait is needed to declare that person is a "leader." It is not clear that more of a trait is better for effective leadership.

Fourth, trait theory does not address the relative importance of different traits, such as age, height, weight, and appearance in achieving effective lead-

Table 9.1.   Summary of Leadership Theories and Principles

Theory:	*Underlying Assumptions and Principles:*
Genetic Theory	Leadership is inherited at birth. Royalty begets royalty and royal leaders come from royal parents.
Trait Theory	Leaders possess certain identifiable characteristics or personality traits that contribute to leadership.
Behavioral Theory	Specific behaviors distinguish leaders.
Fiedler's Contingency Theory	Leaders are relationship-oriented or task-oriented and their effectiveness depends on the situation.
Path-Goal Theory	Leaders can influence performance of goals through motivation and rewards.
Transformational and Charismatic Leadership	Leaders can make profound changes in followers; charisma is the dynamic characteristic that makes leaders effective in getting followers to achieve goals they would not necessarily achieve.

Source: Adapted from Jennifer M. George and Jones, Gareth, *Understanding and Managing Organizational Behavior*, 4th ed. (Upper Saddle River, NJ: Prentice Hall, 2005), 398.

ership performance. Studies in this area achieved contradictory results and do not conclusively support these traits as important to leadership qualities.

Fifth, trait theory ignores the needs of followers as an important factor in achieving effective leadership.

Despite these criticisms, study of the Trait Theory is useful in researching personal characteristics of known leaders. But they do not appear to be useful in predicting leadership qualities.

BEHAVIORAL THEORY

Behavioral theory teaches that the behaviors that leaders demonstrate fall into two categories: consideration; and initiating structure.[3] Consideration includes leadership qualities such as trust, respect, and a good relationship with followers. Initiating structure behaviors include leadership behaviors that helps followers achieve their goals and perform at a high level.

Some of the main criticisms of behavioral theory are summarized in table 9.2 and discussed below:[4]

First, the theory assumes that leader's behavior influences a subordinate's performance and outcomes. However, some research findings indicate that a subordinate's performance can also influence a leader's behavior. For example, a subordinate's high performance can reduce a leader's initiating structure behavior and increase consideration behavior, and low performance has the opposite effect.

Second, the theory assumes that leaders exhibit the same behavior across among subordinates. However, some research indicates that leader behavior differs across subordinates.

Third, many studies have reported a low level of agreement between perceptions of a leader's style by leaders and subordinates. In such a situation, which views should prevail in measuring the leader's style?

FIEDLER'S CONTINGENCY THEORY

Fiedler's Contingency Theory proposes that leader effectiveness depends on both the style of leadership as well as the situational characteristics, and that leaders are either relationship-oriented or task-oriented. The situational characteristics include the relationship between the leader and the follower; the structure of the task to be accomplished; and the power or organizational position of the individual. Relationship- oriented leaders favored closer relationships with followers whereas task-oriented leaders favored situations where the task

was complex and relationships with followers did not matter as much. Fiedler also suggested that leaders cannot change their styles or their personal characteristics, so situations should be changed to fit the leader or leaders should be assigned to situations in which they could be most effective.[5]

Some of the main criticisms of Fiedler's Contingency Theory are discussed below:[6]

First, two criticisms are commonly leveled at the Least Preferred Co-Worker ("LPC") measure of leadership style. First, the measure has low reliability. In particular, research has shown that an individual's score on the LPC can change, especially when the individual has experienced meaningful experiences in the period between the first and second administrations of the scale. Thus, why engineer the situation to fit the leader's style when the measure which identifies the style is not stable over time? Second, the meaning or validity of the LPC measure is unclear. Fiedler has previously defined LPC as a measure of personality; however, his attempts to correlate LPC with personality measures have not succeeded. Thus, the validity of this measure is questionable.

Second, measures of the leader-employee relations, task structure, and position power variables are typically based upon the responses of the leader or the leader's superior. Thus, subordinate perceptions are ignored. Their perceptions can be critical if they differ from leader perceptions.

Third, Fiedler's theory neglects those who score as "middle-LPCs." In other words, the theory does not specify situations in which middle-LPCs are effective or ineffective leaders. Limited research on this issue indicates that middle-LPCs respond differently in leadership situations compared to high-LPCs and low-LPCs.

Fourth, many theorists such as Path-Goal theorists disagree with Fiedler's contention that leadership style is one-dimensional and unalterable. It can be argued that leader style can change over time as a result of environment. For instance, good leader-employee relations (that is, close, trusting, and friendly relationships with subordinates) that develop over time can facilitate a low-LPC, task-oriented leader to become more concerned about the feelings and needs of subordinates and, thus, adopt characteristics of a high-LPC leader.

PATH-GOAL THEORY

The Path-Goal Theory proposes that effective leaders motivate their followers by rewarding performance and the accomplishment of goals within time frames set by the task. According to this theory, leaders must communicate effectively to followers what the task is, how it is to be performed, and what

rewards can be achieved. Followers must believe they can achieve the task goals and be granted meaningful rewards. The leaders must assure followers they will remove obstacles in their path and express confidence in the follower's ability to complete the task on time and within the schedule. In this theory, leaders must have the skill to adjust their behavior in relation to followers and the complexity of the task to be accomplished.[7]

Some of the main criticisms of Path-Goal Theory include the following points:[8]

First, measurement of leadership behaviors remains a problem. Typically, the theory's instrumental and supportive leader behaviors have been measured using the Ohio State Leadership questionnaires. The leadership styles tapped by the questionnaire (initiating structure and consideration) are not the same as those proposed by the theory. Measurement of participative and achievement-oriented leader behaviors is also problematic and there disagree on the measurements.

Second, because of the theory's complexity, few studies have tested the complete theory. In fact, some researchers believe that doing so effectively is virtually impossible.

Third, much of the theory's development is theoretical rather than research-based.

VERTICAL DYAD-LINKAGE THEORY

The Vertical Dyad-Linkage theory (or Leader Member Exchange Theory) proposes that leader behavior across subordinates is not consistent and that leaders do not treat their followers the same; rather leaders develop different kinds of relationships with different kinds of followers. Some followers are in what is called the "in-group" and other followers are in what is called the "out-group." Followers in the "in-group" have a more intensive relationship with the leaders than followers in the "out-group." Some research studies suggest that followers in the "in-group" receive more rewards from the leader whereas followers in the "out group" receive less. Likewise, some research concludes that "in-group" members perform better and are more satisfied compared to "out-group" members.

Some of the main criticisms of the Vertical Dyad or Leader Member Theory include the following points:[9]

First, research to date has been too limited to provide substantive support (or lack of support) for the theory.

Second, the theory does not address issues such as the conditions under which an employee reject the leader's offer to become an in-group member.

Nor does it address how a leader can effectively manage and lead both in-group and out-group members.

Third, a valid, systematic, and reliable method for categorizing in-group and out-group members and defining the leader-member exchange relationship has yet to be developed.

TRANSACTIONAL LEADERSHIP THEORY

Transactional Leadership is based on several assumptions from changing-minds.org:[10] first, people are motivated by reward and punishment; second, social systems work best with a clear chain of command; third, when people have agreed to do a job, a part of the deal is that they cede all authority to their manager; and fourth, the prime purpose of a subordinate is to do what their manager tells them to do.

The transactional leader creates clear organizational and reporting channels and communicates to subordinates what is required to complete the task (achieve the goal) and the rewards that they get for following orders. Punishments are not always mentioned, but they are also well-understood and formal systems of discipline are usually in place. To begin, Transactional Leadership starts with a contract either written or oral, whereby the subordinate is given a salary and other benefits, and the company (and by implication the subordinate's manager) gets authority over the subordinate. When the Transactional Leader allocates work to a subordinate, they are considered to be fully responsible for it, whether or not they have the resources or capability to carry it out. When things go wrong, the subordinate is considered to be personally at fault, and is punished for their failure (just as they are rewarded for succeeding). The Transactional Leader often uses management by exception principles, in that if everything is going well, there is no need for attention and the manager's attention is focused on those cases where things are not going according to plan. Whereas according to changingminds.org[11], Transformational Leadership has more of a 'selling' style, Transactional Leadership, once the contract is in place, takes a 'telling' style. Transactional leadership is based on the contingency theory in that reward or punishment is contingent upon performance.

Changingminds.org indicates the main criticism of Transactional Leadership Theory is that the underlying principles are based on Behaviorism Theories of Pavlov and Skinner whose experiments were conducted in laboratory conditions and didn't have any emotional issues to detract from the experiment.[12] The theory assumes the subordinate is motivated by money and simple rewards that dictate their behavior. In practice, there is sufficient truth in

Behaviorism to sustain Transactional approaches. This is reinforced by the supply-and-demand situation of employment practices in industry today. However, when the demand for a specific technical skill outstrips the supply, then Transactional Leadership often is insufficient, and other approaches are more effective. Despite much research that highlights its limitations, Transactional Leadership is still a popular approach with many managers.

TRANSFORMATIONAL LEADERSHIP THEORY

Transformational Leadership Theory expands on ideas from the Path-Goal and Vertical Dyad-Linkage theories. Transformational leaders are viewed as charismatic and able to motivate followers to achieve goals that exceed expectations through vision and motivation. In contrast, transactional leaders also reward followers for performance but do not intervene unless goals are not being met.

Thus, the main challenges presented by transformational and transactional leadership are similar to the problems of measuring leadership behaviors of Path-Goal and Vertical Dyad-Linkage theories. In addition, the dynamics of the charismatic element of transformational leadership are difficult to conceptualize and measure. Charismatic leadership has been described by examples of charismatic leaders and in terms of the stages or process of charismatic leadership; but the dynamics between charismatic leaders and followers require further clarification.[13]

Transformational leadership is based on the assumption that people will "follow"—or work for or do great things for—a person who inspires them. A person with vision and passion can achieve great things, and the way to get things done is by instilling people with enthusiasm and energy.[14]

Transformational leadership starts with the development of a vision, a view of the future that will excite potential followers. The next step, which in fact never stops, is to constantly sell the vision. This takes energy and commitment, as few people will immediately buy into a radical vision, and some will join more slowly than others. The Transformational Leader thus takes every opportunity and will use whatever works to convince others to join with him/her in the quest to get the job done.

The main criticism of Transformational Leadership is that the passion and confidence of the leader can easily be mistaken for truth and reality. It is true that great things have been achieved through enthusiastic leadership, but it is also true that many passionate people have led the charge right over the cliff and into a bottomless chasm. Just because someone *believes* they are right, it does not mean they *are* right.

Paradoxically, the energy that gets people going can also cause *them* to give up. Transformational Leaders often have large amounts of enthusiasm which, if relentlessly applied, can wear out their followers. Another criticism of Transformational Leadership is that Transformational Leaders tend to see the big picture, but not the details, where the devil often lurks. If they do not have people to take care of this level of information, then they are usually doomed to fail.

Finally, Transformational Leaders, by definition, seek to transform. When the organization does not need transforming and people are happy as they are, then such a leader will be frustrated. Like wartime leaders, however, given the right situation they come into their own and can be personally responsible for saving entire companies.

SUMMARY

The data collected presents some of the weaknesses in the research underlying trait, behavioral, and contingency theories. In noting the weaknesses of these theories as well as some of the limitations of path-goal theory, the vertical dyad-linkage theory and transactional and transformational leadership theories, we recognize that no single theory holds a definitive view of leadership and that some of these weaknesses contributed to refining subsequent research on leadership and broadening our theories of leadership. The theories appear to be beneficial in analyzing a leader's effectiveness but appear to have minimal or no benefit in predicting leadership.

NOTES

1. Gibson, *Organizations,* 10th ed., 275–76.

2. Kim A. Steward, Lecture Resource Manual to Accompany *Organizations: Behavior, Structure, Processes, 8th edition*, Boston: Richard D. Irwin, Inc, 1994, 77.

3. Mary C. Kernan, Instructor's Manual to accompany Organizations: Behavior, Structure, Processes, 8th edition, Boston, Richard D. Irwin Inc, 1994, 98

4. Kim A. Steward, Lecture Resource Manual to Accompany *Organizations: Behavior, Structure, Processes, 8th edition*, Boston: Richard D. Irwin, Inc, 1994, 77

5. Mary C. Kernan, Instructor's Manual to accompany Gibson, Ivancevich and Donnelly, Organizations: Behavior, Structure, Processes, 8th edition, Boston, Richard D. Irwin Inc, 1994, 98, 99.

6. Kim A. Steward, Lecture Resource Manual to Accompany Gibson, Ivancevich and Donnelly, *Organizations: Behavior, Structure, Processes, 8th edition*, Boston: Richard D. Irwin, Inc, 1994, 77

7. Mary C. Kernan, Instructor's Manual to accompany Gibson, Ivancevich and Donnelly, Organizations: Behavior, Structure, Processes, 8th edition, Boston, Richard D. Irwin Inc, 1994, 99.

8. Kim A. Steward, Lecture Resource Manual to Accompany Gibson, Ivancevich and Donnelly, *Organizations: Behavior, Structure, Processes, 8th edition*, Boston: Richard D. Irwin, Inc, 1994, 78 and Mary C. Kernan, Instructor's Manual to accompany Gibson, Ivancevich and Donnelly, Organizations: Behavior, Structure, Processes, 8th edition, Boston, Richard D. Irwin Inc, 1994, 100.

9. Mary C. Kernan, Instructor's Manual to accompany Gibson, Ivancevich and Donnelly, Organizations: Behavior, Structure, Processes, 8th edition, Boston, Richard D. Irwin Inc, 1994, 100.

10. http://changingminds.org/disciplines/leadership/styles/transactional_leader ship.htm, verified 18 June 2008.

11. http://changingminds.org/disciplines/leadership/styles/transactional_leader ship.htm, verified 18 June 2008.

12. http://changingminds.org/disciplines/leadership/styles/transformational_leader ship.htm, verified 18 June 2008.

13. http://changingminds.org/disciplines/leadership/styles/transformational_leader ship.htm, verified 18 June 2008.

14. Kim A. Steward, Lecture Resource Manual to Accompany Gibson, Ivancevich and Donnelly, *Organizations: Behavior, Structure, Processes, 8th edition*, Boston: Richard D. Irwin, Inc, 1994, 77 and Mary C. Kernan, Instructor's Manual to accompany Gibson, Ivancevich and Donnelly, Organizations: Behavior, Structure, Processes, 8th edition, Boston, Richard D. Irwin Inc, 1994, 98.

Part Three

LEADERSHIP: POWER, CONFLICT, AND CHANGE
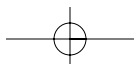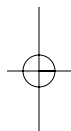
Chapter Ten

Leadership and Power

This chapter presents an introduction to leadership and power in organizations. Having examined theories and principles of leadership, we return to our earlier discussion of the differences between leaders and managers by examining how leaders and managers relate to power in organizations. We will examine power in organizations in terms of the need for power; formal and informal leadership; the various types of power in organizations; and how leaders identify with the types of power in organizations compared with how managers use the various types of power in an organization.

THE NEED FOR POWER

Throughout history, individuals have had a need for power. Historical records discuss this need and even biblical references discuss individuals with "power" over others. In studying the power that some individuals have over others, David McClelland proposed that power can be reasonably sought and used.[1] He found that the need for power is the desire to have an impact on others. This can be shown in three ways: by strong actions that yield help or advice; by action that produces emotion in others; and by a concern for reputation.

Thus, people with a high need for power prefer action situations. They also rate highly in competitiveness and aggressiveness and are often interested in prestige possessions. In organizational settings, managers with a high need for power often are more successful than those with a lower need for power.

FORMAL AND INFORMAL LEADERS

Leadership, according to a number of the definitions we have noted, entails a process by which an individual influences others to accomplish desired goals. Within business organizations, the leadership process works through a leader or manager who influences subordinates to accomplish the goals defined by top management. As noted in chapter 2, there may be two classes of leaders in an organization: formal leaders who by virtue of their title or position are identified in terms of the organizational structure as leaders; and informal leaders who demonstrate certain characteristics that enable them to influence others but who are not formally designated as leaders by virtue of their title or position within the organization. We distinguish them for analytical purposes and because, in practice, both types of leaders may exercise leadership behaviors and influence others.[2]

A formal leader is someone officially invested with organizational authority and power and generally given the title of manager, executive, or supervisor.[3] The amount of power is theoretically determined by the position he or she occupies within the organization. Much like the traditions that supported the genetic theory of leadership, it is presumed, but not always the case, that people with the necessary technical and leadership skills occupy the positions of power as formal leaders.

An informal leader may not have the official leadership designation but can, nonetheless, exercise influence on others. Such individuals frequently lack formal authority, assignment of a power position, or even responsibilities; but by virtue of a personal attribute or superior performance, or perhaps charisma, they play a leadership role by influencing others. Yet the influence of informal leaders may differ from, and even conflict with, that of formal leaders.[4]

Thus, the distinction between formal and informal leaders leads us to questions about the relationship between power and influence in an organization: How do the differences in power between formal and informal leaders affect the ways in which each exercises influence in an organization? Do formal and informal leaders exercise different types of influence? What sorts of power can each possess? What is the relationship among leadership, influence, and power in an organization? This distinction between formal and informal leaders is a key to understanding power, conflict, and change in organizations. It leads us to examine the different types of power that leaders and managers may possess.

POWER IN ORGANIZATIONS

The study of power in organizations requires that we first define the terms that are relevant to our discussion. George and Jones define *power* as the abil-

ity of one person to cause another person to do something they otherwise might not do.[5] They define *formal individual power* as the power that originates from a person's position in an organization.

Gibson, Ivancevich and Donnelly propose a third term: *authority* is the formal power a person holds because of their position in the organizational hierarchy.[6] According to this definition, upper level supervisors would have authority over lower level supervisors in their organizational structure.

Like the concept of formal leadership, these definitions convey the idea that power in an organizational setting derives from one's position in the organization. However, power that is derived from one's position in an organization is also accompanied by an obligation; namely, to use that power in an ethical manner for the accomplishment of organizational goals. Leadership in organizations requires that leaders accept the responsibilities of a position and the power that goes with the position; thus, they should be held accountable for the manner in which they use the power inherent in their position for accomplishing organizational goals.

This leads us to consider various types of power within an organization and how they are used by leaders and managers. John French and Bertram Raven identify five interpersonal bases of power: legitimate; reward; coercive; expert; and referent.[7] In addition to these five types of power, Montana describes two additional types of power used by managers: charisma; and information power.[8] A discussion of each follows.

Legitimate Power

Legitimate power is the power assigned to a given position within an organizational structure.[9] The power comes with the position and is assigned to the person who occupies a specific position within the organization. Should the individual leave the position, the power remains with the position and does not follow the individual. This power is legitimate because it is defined by the organizational structure, and the individual occupying the position is vested with the power. The assumption of power is generally signified by an official title; and the relative degree of power is reflected on the organizational chart by its situation relative to other positions within the organization.

Organizations sanction various levels of power. These levels of power correspond to the hierarchical executive levels within the organization itself. A position that is higher in the organization will have more power vested in it than a lower position; and a manager occupying the higher level position will be able to exercise more power than someone occupying a lower position.

Thus, it would appear that legitimate power is more suited to a manager than a leader, simply because leaders attract followers and get them to do

what is needed without position or hierarchical level. Managers on the other hand may need position over others to accomplish tasks and achieve goals.

Reward Power

Reward power is also inherent within the organizational structure in that managers are given administrative control over a range of rewards and resources.[10] Employees can be influenced by the possibility of receiving rewards in exchange for performing work. Organizational rewards are typically of monetary value; but they may also be more subtle and intangible, such as managerial praise, status, attention, scheduling, and promotion. Managers may offer a wide range of rewards to motivate work performance. A manager possesses reward power over an employee to the extent that there is managerial control over the reward potential and to the extent that the employee values and seeks the available rewards. If a manager cannot deliver a desired reward, or if the available reward is not desired by or meaningful to the employee, the reward power of the manager will be greatly diminished.

To be meaningful, rewards need to be appropriate for the work performed. If management wishes to motivate an employee to sell $100,000 more of a product, giving the employee a new wristwatch or a $100 saving bond will probably not be sufficient because it will not be perceived as proportionate to the extra performance required. Thus, reward power is a tool by which managers use organizational resources to influence and motivate genuine performance.

Thus, reward power seems to be more beneficial to managers than to leaders. Leaders, as we have discovered earlier, often rely on more intrinsic rewards to energize followers, whereas managers seem to be more in line with extrinsic rewards to motivate followers.

Coercive Power

Coercive power is based upon a leader's ability potentially to punish or dismiss an employee and is, in part, implied by a leader's legitimate power.[11] Punishment is defined by a range of options, from a mild warning to a suspension to termination of employment, all of which are assumed to have negative consequences for the person being punished. Thus, in order for coercive power to be effective, a particular punishment must be perceived as having negative consequences by the person being punished, just as rewards must be perceived as meaningful by recipients. For example, for most people, losing one's job is often perceived as having negative eco-

nomic consequences for the individual; but the use of employment contracts with termination clauses has had the effects of weakening the both perception of punishment and the consequences for the individual when a decision is made to terminate the contract regardless of the reason. Termination of employment may also be perceived as having minimal economic consequences for an individual when it is accompanied by a generous severance package. Thus, the punishment must be tied to the perception of negative consequences for coercive power to be operative. Often the potential to apply coercive power is sufficient in itself to influence the desired a change in an employee's conduct or performance.

Coercive power may also have negative repercussions when it is associated with conflict. A manager's range of options in administering punishment to workers may be constrained not only by employment contracts but also by labor union contracts and employment discrimination laws. Threats of work stoppages, lawsuits, and the negative publicity associated with them have led to a trend away from the use of coercive power and toward more neutral forms of punishment or conflict resolution.

Similar to the allocation of meaningful rewards, a range of punishments is needed because the punishment applied should be appropriate or proportionate to the offending behavior. Management, in having a range of punishments from a mild warning to the more severe punishments, maintains a measure of flexibility to assess what punishment is suitable to the behavior in question.

Coercive power is more useful to managers than leaders who achieve goals and objectives without coercing followers with some threat of punishment. Followers willingly do what they do out of respect for a leader, not in fear of the leader.

Several guidelines relative to the application of punishment are noteworthy:[12]

- The punishment should be suitable to the offense.
- The punishment should follow as closely in time as possible to the offense committed.
- The punishment should have educational value wherein the person punished should understand why they are being punished in order for the employee to change his or her behavior.
- The manager doing the punishing should not enjoy doing it.

Finally, a point to remember in connection with coercive power is that punishment, or the threat of punishment, does not promote desired employee performance; it only discourages undesirable actions on the part of subordinates. Even though punishment does not promote desired behavior, by serving to discourage undesirable behavior, it is a powerful tool for influencing behavior.

Expert Power

Expert power is complex and is associated with the particular qualifications possessed by an individual, including specialized skills, knowledge, abilities, or previous experience.[13] Any of these qualifications may individual enable the individual to exercise influence based on these qualifications, especially when the organization needs and values the specialized skills, knowledge, abilities, or experience; the skills are scarce; or the skills are highly specialized. Because expert power is often derived from specialized knowledge or advanced education, it can be relatively unrelated to age, seniority, or time on the job. This form of power allows someone who is relatively young or new to the workforce to influence others within the organization. Expert power is often associated with innovation and the power to influence change within an organization.

This form of power may also change over a period of time. First, the value placed upon a specific type of expertise within an organization may change according to business decisions affecting what is needed and valued by an organization in order to achieve its goals. Second, specialized knowledge and skills may become obsolete if the person who possesses them does not keep up-to-date with newer advances. Third, specialized knowledge and skills may be replaced by new forms of technical expertise.

Often, a leader (or managers with leadership skills) is viewed as having the skills most admired by followers. Thus, expert power is most often associated with leaders and managers who possess highly relevant and specialized qualifications.

Referent Power and Charismatic Power

Referent power is the power of one individual to influence another by force of character or personal charisma.[14] An individual may be admired because of a specific personal trait, and this admiration creates the opportunity for interpersonal influence within a group or organization. Advertisers have long recognized referent power in making use of sports figures and other charismatic persons for making product endorsements. An employee who is particularly handsome or beautiful, talented, or just plain likable may be described by fellow employees as inspiring and motivating; thus, endowing the individual with a potential to influence others as a result of these personal qualities.

An interesting feature of referent power is that it can be gained by association. An individual's power may derive, not from their personality, but from their association, relative position or reporting relationship with another person who is identified as possessing power within the organization. The titles of assistant or deputy are often used to denote those persons associated with

individuals who actually possess the organizational power. Even though these assistants do not themselves have great power, they are often perceived as acting in place of those who do. For example, an assistant who is temporarily empowered to sign correspondence in place of a superior is perceived as having greater power, when, in fact, it is their superior who holds the power. This variant of referent power is also called "reflected power," because the individual who exercises the referent power is reflecting the power associated with a position held by another person in the organization.

Referent power is most often associated with leaders who possess the charismatic characteristics that followers admire. It is important to note that some managers also have referent power and can use this to exhort followers to accomplish tasks and achieve goals.

Charismatic power is defined as an intense form of referent power and originates from an individual's personality, physical characteristics or other ability or characteristic that causes others to believe in and follow that person.[15] As we discussed in chapters 7 and 8, charismatic power is associated with charismatic and transformational leaders.

Information Power

Information power is power that comes from access to and control over information within the organization.[16] Information may be privileged information; it may be classified information; or it may simply be information to which subordinates do not have access. The more information a person has within the organization, the more power that person has. Thus, information is viewed as a valuable resource.

This is where a key difference between leaders and managers comes into play: Leaders, in most cases, want their subordinates to know more information, because it is easier to solicit the assistance of informed followers in achieving goals and objectives. Managers, on the other hand, may be reluctant to share information if they perceive it as power-sharing and believe that their power to control subordinates and direct their behavior may be lost if their subordinates know as much as they do. Thus, information sharing means losing a measure of control over subordinates.

SUMMARY

Leadership in organizations involves the use of various types of power to influence performance and achieve goals. These may include legitimate power, reward power, coercive power, expert power, referent power, charismatic

power, and information power. Both formal and informal leaders exercise influence with an organization by some combination of these forms of power.

Formal leaders typically possess legitimate power by virtue of their position within the organization. Their degree of control over organizational resources enables them to use reward power to influence performance. They may also possess coercive power to the extent they can discipline employees and affect decisions to hire or terminate employees. Formal leaders in complex organizations typically possess varying degrees of expert power, which enables them to influence decisions across functional areas of an organization. Depending on their position within an organization, formal leaders may also use varying degrees of referent power to influence decisions or performance.

Informal leaders, by virtue of their position within an organization, are less likely to possess legitimate power or coercive power. Instead, they are more likely to rely upon a combination of expert power, reward power and referent power to influence others. Informal leaders often use expert power to influence change or innovation because their expertise enables them to solve problems in new or creative ways and to develop new products or services. Informal leaders may not control organizational resources typically associated with tangible or monetary rewards, but they may use intangible forms of reward power such as attention to motivate and influence others. Informal leaders may also use referent power to influence others by means of charismatic qualities or reflected authority that is based upon their association with more powerful individuals.

Thus, leadership, influence, and power within in organization can be viewed in terms of formal and informal leaders who use legitimate power, reward power, coercive power, expert power and referent power in different combinations. Conflict and change can also be viewed in relation to certain types of power: expert power is often associated with change and innovation, while coercive power is more complex. The potential for using coercive power within an organizational setting may be sufficient in itself to influence performance; but the actual use of coercive power may, within a wider legal context, have negative repercussions and become associated with organizational conflict. Thus, in the following chapters, we examine leadership and conflict, and leadership and change.

NOTES

1. David C. McClelland, *Power: The Inner Experience* (New York: Irvington, 1975), 7; David C. McClelland and D. Burnham, "Power is the Great Motivator,"

Harvard Business Review (January–February 1995): 126–39, cited by Gibson, *Organizations,* 9th ed., 252.

2. George, *Understanding,* 357, 398.

3. Montana, *Management*, 254.

4. Montana, *Management*, 254.

5. George, *Understanding,* 407.

6. Gibson, *Organizations,* 9th ed., 250.

7. John R. P. French and Bertram Raven, "The Basis of Social Power," in *Studies in Social Power*, ed. D. Cartwright (Ann Arbor, MI: Institute for Social Research, University of Michigan, 1959), 150–67, cited by Gibson, *Organizations,* 9th ed., 250.

8. Montana, *Management*, 259.

9. Montana, *Management*, 256; Gibson, *Organizations,* 10th ed., 250–51; George, *Understanding,* 408–10.

10. Montana, *Management*, 256.

11. Montana, *Management*, 254–59; Gibson, *Organizations,* 10th ed., 248–52; George, *Understanding,* 407–11.

12. Montana, *Management*, 257.

13. Montana, *Management*, 254–59; Gibson, *Organizations,* 10th ed., 248–52; George, *Understanding,* 407–11.

14. Montana, *Management*, 254–59; Gibson, *Organizations,* 10th ed., 248–52; George, *Understanding,* 407–11.

15. George, *Understanding,* 411.

16. George, *Understanding,* 411.

Chapter Eleven

Leadership and Conflict

This chapter considers conflict in the organization and discusses the differences between managers and leaders in dealing with and resolving conflict. Managers view conflict in the organization differently than leaders and this chapter explores some of those differences. However, some basic information regarding conflict is needed in order to create a foundation for comparing the differences between leaders and managers relative to conflict in the organization. There are many excellent books written on conflict with individuals, conflict in groups, and conflict in organizations, and it is not the intent of this chapter to recreate that library of data or to present a tutorial on conflict. But some basic knowledge is needed in order to create a level playing field for students in the study of leadership and how leaders and managers react to conflict.

WHAT IS CONFLICT?

Conflict among individuals and among groups seems to be as old as humanity itself. Students of ancient history can recollect accounts of conflicts among the early biblical groups; the conflicts in early and later Egyptian history; the conflicts that involved the early Greeks (especially noteworthy was the conflict between the Spartans and the Athenians—the Peloponnesian wars); and the many conflicts involving the Romans and their quest for a Roman Empire. Conflicts have existed throughout history right up to today's headlines.

Certainly, it is not within the scope of this book to cover conflicts of this nature. This chapter limits our study of conflicts to conflict within an organi-

zational situation and the approaches used by managers and leaders to resolve conflict that impact on the organization.

Montana describes conflict in organizational settings as a disagreement between two or more parties or between two or more positions as to how to best achieve the organization's goals.[1] George and Jones define conflict in the organization as a struggle that arises when the goal-directed behavior of one person or group blocks the goal directed behavior of another person or group.[2]

Gibson, Ivancevich and Donnelly provide the most useful definition of conflict in the organization by separating conflict based on the effect that it has on the organization. They hypothesize that some conflict is detrimental to the organization and, therefore, is called dysfunctional conflict because the confrontation between individuals, groups, or positions within the organization hinders organizational performance.[3] Dysfunctional conflict impedes getting the job done. In these situations, conflicts between individuals may prevent them from working together. In some cases, conflict can envelop entire organizations, pitting one group against another. As long as the groups have to work together, the larger business organization suffers. On the other hand, there are actually conflicts that benefit the organization. Gibson, Ivancevich and Donnelly refer to these as functional conflicts.[4] These are the types of conflicts that arise from discussion, disagreement, and even arguments by members of the organization. Such conflict is considered to be functional in that is often beneficial for identifying all options in response to business problems or business opportunities; selecting and refining the best option or course of action for many operational issues; resolving differences in technological advances; and resolving many other opportunities or issues where a consensus is necessary and multiple options are available. These definitions seem to conclude that conflict in an organizational situation appears inevitable when there are two or more individuals with different ideas, different goals, and different objectives, and some conflict can be beneficial but other types of conflict can be detrimental to the organization.

A totally different perspective on conflict is presented by David Whetten and Kim Cameron in *Developing Management Skills*.[5] Whetten and Cameron suggest that one of the major causes for business failure is too much agreement. They write that the natural evolution of top management in most corporations comes from within the organization. This leads to managers following managers with the same mentality, the same agreement on issues, the same basic training and experience, which means they tend to view conditions the same way and pursue similar goals and objectives. They seem to be cut from the same mold and for many reasons do not enter into conflict that may be detrimental to the organization in this new global marketplace.

Whetten and Cameron also suggest that top managers may become so homogeneous that they are ill-equipped to adapt to changing global conditions or so complacent that they see no need to improve the *status quo*.

DEALING WITH CONFLICT

Of the many challenges faced by leaders and managers, one of the most difficult is managing conflict. Conflict appears to represent exactly the opposite of what most managers want—namely, a smooth-running, efficient organization, performing at all levels in the most cost efficient manner. Conflict in the organization seems to suggest that things are not quite right and, by implication, the group or organization is not as well-managed or led as it should be. Managers don't like conflict: it upsets the business process of the day to day operations; it wastes time and precious resources; it can stifle innovation due to distraction of others; and it interrupts the flow and effectiveness of organizational performance. Leaders on the other hand may foster, even promote, some conflict in the organization. Leaders may view some kinds of conflict as useful and a sign of a healthy organization. (Recall the notion of functional conflict discussed earlier.)

As the members of a growing, developing organization create new ideas to make things better, their ideas will differ; and they will have to compete for resources. It is prudent that all alternatives be surfaced and examined carefully before large sums of money are spent in pursuing false alternatives; and disagreement may result. Leaders believe some conflict is good for the organization and brings out the best ideas, the best courses of action, and puts everything on the table where it can be dissected before implementation. Our thoughts here go back to the early days of Microsoft when Bill Gates and his associates met in his garage and discussed, even argued, about how to start the business; what was the best technology; how to develop the best product; and how to find customers who at the time did not even know they wanted or needed his product.

WHERE DOES CONFLICT COME FROM?

Conflict in an organization can arise from various sources: differences in goals and objectives; jurisdictional ambiguities; communication barriers; personal characteristics of key group members; competition for resources in the organization; misinterpretation of communications; disagreements over performance standards; and the need for consensus. Our findings and conclusions from the research are that "conflict is the clash of opposing attitudes,

ideas, behaviors, goals, and needs."[6] Distinguishing between the sources of conflict is helpful to understand how to manage conflict. Distinguishing and separating personal and substantive elements of a conflict and then focusing on the substantive issues is an important key to successful conflict resolution by either a manager or a leader. As you will see, managers and leaders approach resolution of conflict differently simply because of their approach to organizational operations. Managers will always be more pragmatic and leaders will always be more visionary.

PONDY'S MODEL OF ORGANIZATIONAL CONFLICT

Louis Pondy developed one of the most widely accepted models of organizational conflict, consisting of five stages:[7] the latent stage; the perceived conflict stage; the felt conflict stage; the manifest conflict stage; and the conflict aftermath stage. The latent stage describes the organization while there is no apparent conflict but the potential is present. The perceived conflict stage begins when one party (an individual or group) discovers their goals may be hindered by another party. As both parties try to discover the origins of the conflict, even more conflict arises; the conflict begins to escalate and each party perceives the conflict differently. This leads to the felt conflict stage where each party in the conflict develops negative feelings about the other.—You know this stage.—Other individuals or groups in the organization begin to take sides and the conflict escalates. Sides are chosen and the conflict rages on.

In the manifest conflict stage, one party decides to take retribution against the other party. This may take the form of aggression or violence between individuals or groups but often includes open arguments, loud shouting (as each group tries to take control over the other), or various forms of non-cooperation. Some real-world examples of this include union-management labor talks; prisoner-guard disputes; and even some congressional disputes. The conflict aftermath stage occurs when the conflict is resolved one way or another but, in its path, leaves irreconcilable feelings, lack of trust, and, in some cases, pent-up revenge that can lead to future conflicts.

MANAGING PERSONAL CONFLICT OR CONFLICT AMONG INDIVIDUALS

As we have seen, personal conflict can exist between individuals or between groups. A distinguishing characteristic of personal conflict is that it is based largely on negative feelings about individuals or groups and less on substantive

issues. The parties involved just do not like each other or are jealous of something the other has or something the other has done or has failed to do. Some conflicts within a group may also exist because of personality differences or for any number of other reasons. Conflict between individuals is as old as people on this planet are. Some sources of personal conflict can be deep-rooted feelings, differences in standards of conduct, values, business philosophies, or other intangible factors.[8] When personal conflict becomes unproductive for the organization or is in conflict with the mission or goals of the organization, it becomes necessary to intervene and manage it.[9]

There are many courses of action available to both managers as well as leaders for managing conflict among individuals. Significantly, the courses of action taken by managers are not always the same courses that would be used by leaders. One method for dealing with personal conflict calls for meeting with the individuals involved: a simple meeting between the conflicting parties to communicate to them that the ability to get along with others is a key factor in determining continuing employment and future advancement. Simply by calling together two individuals involved in a personal conflict to discuss their conflict may encourage them to resolve their differences. If the two agree to work together, allow them to work it out between one another, but continue to monitor the situation. If they are unwilling to resolve their differences between themselves, there are several options. If it is important that the two individuals continue to work on the same project, a manager may be able to modify the workflow by using third person as a go-between or buffer. Sometimes simply changing the office arrangement to separate the two will help. If keeping them on the same project is not important, reassign one to a different project.[10] Leaders on the other hand may consider the same course of action but approach it in an entirely different way.

Most of the time, personal conflicts arise between individuals; but sometimes personal conflicts occur between groups and can frequently be traced to individuals who are, or were, in the group. Further strategies for managing conflict are related to the differences between leaders and managers that we discussed in chapter 3. Leaders may be more adept or effective in managing differences between people than managers based on a leader's ability to empower people through a vision that enables them to see how they are part of the solution to a larger problem and to recognize their importance to accomplishing a mission. Managers, on the other hand, often want to formalize issues, strategize a plan to deal with the issues, reorganize work to better control the issues, or prepare memoranda that define and describe the issues. Leaders know that some differences between people are natural, and some people want to feel they have been heard. While some personal conflicts are inevitable, leaders by virtue of their vision have a way to get followers to put

away their differences to achieve something greater than themselves. At times, however, a simple solution may be all that is needed, and some managers also can quickly and competently solve the problem.

MANAGING SUBSTANTIVE CONFLICT

Substantive conflict is conflict beyond the individual level and can include conflict between groups and between positions in the organization. These organizational conflicts are based primarily on disagreements over specific issues such as the allocation of resources, different organizational goals or objectives, control of personnel, changes in the organizational structure, or different priorities. Like other types of conflict within an organization, substantive conflicts may have some personal overtones. Yet because substantive conflicts are rooted in actual differences rather than personal issues, substantive conflicts may be easier to resolve than personal conflicts because individuals are less likely to perceive such conflicts as personal challenges.[11]

In cases of substantive conflict, managers may be better equipped to resolve the conflict than leaders, because managers are more likely to be familiar with issues involving resources, operations, and time management. Leaders, on the other hand, are typically not involved with the issues at the same level of detail. Once the issues are identified by each individual, along with their recommendations for resolution, managers may have an easier time meeting with the individuals to resolve the conflict. The individuals may also resolve the issues by themselves, with the manager acting more as a facilitator than an arbitrator. This often occurs when it is the first time each party hears the other party's views. Another approach is for the manager to ask the conflicting parties to try to reach a compromise on their own, with the understanding that the manger will become involved only if they cannot agree. When successful, this technique has another advantage: it develops the ability to resolve conflicts without requiring a mediator.

In conflicts that involve a mixture of personal and substantive conflicts, the manager must first separate the personal issues from the substantive ones, and then deal with each separately. This may be difficult to do. People tend to mask personal conflicts with substantive issues, and substantive issues frequently lead to personal conflicts. In other words, if individuals or groups have a personal conflict, they may easily find substantive issues about which they can disagree. Thus, persistence in continuing the effort to get at the root causes of conflict is necessary in a strategic sense. Again, managers often have some advantages over leaders in doing so; but, when conflict becomes unproductive, leaders can provide strong motivation to

bring people to a resolution through a sense of empowerment by helping them see "the big picture" or vision.

THE DYNAMICS OF CONFLICT ESCALATION

A dominant belief in American culture is that individualism and competition or striving to outperform another group or individual is healthy and productive. Competition boosts a competitor's involvement in a task and motivates competitors to perform at peak efficiency. Thus, some believe that the American way of competing and winning against all odds should not be compromised.

Competition may also bring about conflict and change within an organization. To meet competitive opportunities, companies reorganize to meet those opportunities or, through mergers and acquisitions, absorb smaller companies. Either process brings about change within the organization. As organizational changes occur, conflict generated by the new structures and relationships are inevitable. Consequently, inter-group conflict may be a by-product of change. Before discussing strategies to manage inter-group conflict, it is important to note factors that may increase conflict. Kenneth Thomas has identified several factors which are described below that tend to escalate inter-group conflict.[12]

Self-fulfilling Prophesies

Several studies have found that one group's actions tend to be reciprocated by an opposing group: for example, if one group acts coercively toward the other, the other group will respond in kind with coercive acts. Thus, according to Thomas, a group's "orientation toward the other and [its] trust or distrust toward the other have some tendency to be reinforced by generating the predicted behavior in the other—regardless of the other's original orientation."[13] In other words, if you distrust the other group, act accordingly and your opinions will be confirmed regardless of whether they are valid or not. Distrustful actions breed distrustful actions, which escalate conflict by stimulating each group's distrustful feelings about each other. This dynamic has many similarities in the world situation today. One can also draw parallels with the world situation on a global scale with conflict in organizations.

Perceptual Biases

In characterizing personal conflict, we noted that it often involves negative feelings either toward another individual or towards a group. Perceptual bi-

ases can escalate conflict by inciting negative feelings toward others. Perceptual biases are often based on group identification, rather than interaction and communication between groups.

One factor that can lead to negative perceptions of a group is *ignorance of another group's motives*. One group often does not know another group's true motives or reasons for its actions. Thus, the group will tend to identify its own actions as reasonable and merited, and the actions of an opposing group as arbitrary and unwarranted.

A second factor that can generate negative perceptions is *selective perception*. In conflict, each group selectively perceives aspects of the opposing group. If the group is suspicious of the other group, it will be sensitive to signs of threat and hostility (and given this perceptual vigilance, will likely find signs and inflate their existence). Two groups in conflict will often be oversensitive to signs of negative qualities in the other, which tends to escalate conflict regardless of whether the signs are valid.

A third factor that tends to escalate conflict is *cognitive simplification*. In a situation of conflict involving high stress and ego involvement, group perceptions tend to become over-simplified. As with the two previous factors, each group comes to identify and view itself as totally virtuous and the other group as totally bad. Because these perceptions are incomplete and usually inaccurate, they tend to escalate conflict and hinder efforts at conflict resolution. Perceptual biases also distort communications; each group eventually stops believing or even listening to the other. After a time, the groups communicate only through their actions. Communication breakdowns further escalate conflict by reinforcing each group's negative, simplified perceptions of the other group. Increasing distrust and hostility will spur coercive acts by each group against the other. An escalation of conflict occurs based on each group's tendency to reciprocate in kind in response to the act of an opposing group. Blame for conflict is thus placed on the acts of the other group.

Communication Breakdown

Perceptual biases distort communications; each group eventually stops believing or even listening to the other. After a time, groups communicate only through their actions. Communication breakdowns further escalate conflict by reinforcing each group's negative, simplified perceptions of the other group.

Coercive Actions

Increasing distrust and hostility will spur coercive acts by each group against the other. An escalation of conflict occurs based on each group's tendency to

reciprocate in kind in response to the act of an opposing group. Blame for conflict is thus placed on the acts of the other group.

Winning for Winning's Sake

Goal displacement within a group occurs when its initial objectives are taken over by the objective of winning and beating another group, even if doing so requires sacrificing some of the group's objectives. In this situation, conflict can also spread to other issues when a group perceives the issues as opportunities for gaining an advantage.

STRATEGIES FOR MANAGING INTER-GROUP CONFLICT

When conflict occurs between two groups, the managers or leaders of those groups should take steps to resolve the conflict by examining the conflict from the perspective of each group. This will help to identify the problems being experienced by each group and may lead to an intelligent compromise. Strategies for managing inter-group conflict are discussed below.[14]

Control the Issues

Controlling the issues provides several ways for leaders and managers to depersonalize conflict while analyzing issues and identifying particular aspects of a conflict that are amenable to change. Typically, this strategy involves problem-solving and compromise approaches to resolving conflict.

The first step in controlling the issues is to *define the parties* to a dispute. As we noted, inter-group conflicts may be based on a personal conflict between group leaders or individuals. Also, when individuals or groups have a personal conflict, they may easily find substantive issues about which they can disagree. Defining the parties to a dispute separates personal conflicts from substantive conflicts and individual conflicts from group conflicts. This strategy refocuses the substantive conflict away from personal conflict and often reduces inter-group conflict that may have become infused with issues of personal conflict.

The second step in controlling the issues is to separate the issues (fractioning) into their smallest component by breaking them down, much like finding the lowest common denominator of a fraction. Professor Robert Miles describes this step as follows:[15]

Fractionating conflict issues involves separating issues into their smallest components and dealing with them separately in an attempt to make it easier to resolve major disputes. This approach helps to avoid stalemates by making it possible for one party to concede on one issue without feeling that it has lost the entire contest. Piecemeal settlements also recognize that everything cannot be done at once and permits progress in certain areas while other integral issues in the conflict are still being worked on.

The third step in controlling the issues is to *limit the strength and scope of precedents*. This step is important in creating an atmosphere that supports compromise. When the groups or individuals involved in a conflict believe that resolution of the conflict will set a precedent affecting future decisions, the groups become much more rigid and uncompromising in their positions. Reducing the strength and scope of any precedent in reaching a resolution tends to increase each group's flexibility in negotiations.

Physically Separate the Groups

Separating the groups involved in inter-group conflict may be possible when the groups are not closely interdependent and when the conflict must not be resolved immediately. However, physical separation does not resolve the conflict and can intensify it if separation simply allows opportunities for group members to reaffirm or intensify their attitudes. Thus, it is important that mangers and leaders actively maintain communication with each group and reaffirm support for each group independently. When carefully handled, this strategy may temporarily defuse conflict by limiting interaction between the parties and give them time to identify and address core issues that may be amenable to compromise.

Require Intense Interaction

The strategy of bringing two groups together to interact openly and intensely with each other may provide opportunities for members to confront their disagreements, bring them to an understanding of one another's perspectives, find common ground, and exhaust their differences. This strategy may involve frequent meetings between the groups or structured group activities that are led by skilled group process facilitators. This approach is most effective when both parties to the conflict have an incentive to resolve the conflict and are committed to reaching a resolution without further escalation of conflict. This strategy also requires and managers and leaders to support the group process.

Structure the Meeting Context

The strategy of structuring the meeting context lends itself to group problem-solving and compromise approaches to conflict resolution by creating a neutral place and time for conflicting groups to meet. Developing a meeting context in which the groups meet on neutral ground away from the site of confrontation is designed to re-balance the power between the groups and eliminate distractions from the problem-solving process. The meeting context is further defined by a specific time limit for discussions that is communicated in advance to both groups. The awareness of time restrictions or deadlines may make the groups more inclined to agree on specific issues before they can reach a resolution.

Facilitate Inter-group Dialogue

Facilitating inter-group dialogue is a strategy for moving groups away from personal issues toward problem-solving approaches and compromise. This strategy requires managers to mediate between groups by restating the issues from each group's point of view; encouraging reactions from group members; and providing observations. A neutral facilitator is a positive force for conflict resolution. The manager must also be able to sense when the groups are ready to meet and confront their differences. Premature confrontation can intensify the conflict and a tardy confrontation is also problematic.

SUMMARY

There are times when the values placed on individualism and competing rather than cooperating may become unproductive and undermine an organization's competitive position. In resolving conflict, there may be opportunities for individuals and groups to perform better when they are cooperating rather than competing. Leaders and managers alike must address conflict in their organizations and resolve conflicts in order to ensure effective performance within their organizations. When managed effectively, conflict in an organization can be very positive in bringing about change; whereas the absence of conflict may indicate a stagnant or decaying organization. In some cases managers who are familiar with operations are better suited to take formal steps to resolving substantive conflict. In instances of personal conflict that threatens to become dysfunctional in an organization, leaders with vision and skills in empowerment and communication can be very effective in resolving personal conflict.

When managed effectively, conflict frequently brings to the surface the real issues, which can lead to innovation, improved working relationships, and a

more efficient organization. The key to successful conflict management is recognizing the differences between personal conflicts and substantive conflicts and persistently working to peel the personal issues away from the substantive ones. When purely personal conflicts cannot be resolved, the use of performance counseling, buffers, reassignment, or physical separation can often diminish interferences with work group output.

NOTES

1. Montana, *Management*, 366.

2. George, *Understanding,* 418.

3. Gibson, *Organizations,* 10th ed., 226.

4. Gibson, *Organizations,* 10th ed., 227.

5. David A. Whetten and Kim S. Cameron, *Developing Management Skills*, 5th ed. (Upper Saddle River, NJ: Pearson Education, Inc., 2002) 351.

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Chapter Twelve

Leadership and Change

Of the many challenges faced by leaders and managers, managing change is one of the most difficult. As we noted in chapter 1, one of the reasons leadership has become so important in recent years is that the business world has become more competitive and more volatile; and changes in organizational design, structure and leadership are needed for survival in this new environment. Companies reorganize to eliminate unneeded and unwanted operations and absorb smaller companies through mergers and acquisitions, leading to change within the organizations. As organizational changes are implemented, tensions generated by the new relationships are inevitable. Thus, before we can assess how change in organizations can be led, we must first consider several questions: What factors affect change in organizations? What are the types of change within an organization? What are some strategies to manage change in an organization? How do leaders and managers differ in dealing with change?

This chapter discusses the differences between managers and leaders in dealing with and resolving change. Managers view change in the organization differently than leaders and this chapter explores some of those differences. There are many excellent books written on organizational change that present the basic theory and underlying principles of change, and it is not the intent of this chapter to recreate that library of data or to present a tutorial on change in the organization. However, in order to discuss the differences between managers and leaders relative to managing change in the organization, some basic information is needed in order to create a foundation for comparing the differences between leaders and managers in how they deal with change and to create a level playing field of basic knowledge relative to change in the organization for students in their study of leadership and how leaders and managers react to changes in the organization.

THE CHANGING ENVIRONMENT

Business has changed, is changing, and will change. Global competition, worldwide markets, new technologies, and the significantly different global workforce have forced companies to become more aware of who they are, where they are in respect to their competition, where they want to go in the marketplace, and how they are going to get there. Mergers, acquisitions, global competition, foreign workforces, and demands for new worker benefits are all very visible in today's news.

In view of the evolving global economy and the new, aggressive way companies are doing business, competition is simply too severe for organizations to continue to operate without changing, and organizations must change to stay competitive with other organizations that have already adapted to these global conditions. This leads to changing an organization to one that can compete globally, reduce costs, invigorate the workforce, and survive in today's merger and acquisition arena. Companies that were once thought to be impregnable are no longer in existence, having been bought out by other companies only to be merged or acquired by yet other companies. Organizations come into existence only to disappear a few years later when a "new" organization is created by a merger or acquisition. This continual change is always done in the name of increased efficiency, to 'streamline' or 'improve' the organization, or simply to eliminate unneeded and unwanted operations. Personnel billets to staff these organizations are passed from changed organization to the new organization, and organizational codes disappear and reappear, resulting in a new organization that is not much more efficient than the old organization. Montana suggests that the more things change, the more they stay the same, meaning no change is final and a static course of action is almost impossible to achieve.[1]

Montana describes change in the organization as a process of transforming the way in which an organization acts from one set of behaviors to another, which may either be planned or may be implemented in a random manner.[2] George and Jones describe organizational change as the movement of an organization away from its present state toward some desired future state to increase its effectiveness.[3]

The workplace, whether it is in industry, government, or non-profit organizations is continually changing. Gibson, Ivancevich and Donnelly theorize that the workplace will change dramatically in the next few years.[4] According to their research, the average company grew in size up to the 1990s, and some companies continue to grow even today; however, many companies have become smaller, especially in manufacturing or production industries

through mergers, acquisitions, downsizing, reengineering and other stream-lining processes.

Certainly, the global marketplace and the changes in the way companies do business are factors. The constantly changing requirements of customers looking for better, cheaper, faster goods or services are a factor, but the rise in technological advancements is also a factor as technology has eliminated many routine jobs. Businesses are also increasingly outsourcing to suppliers and subcontractors many tasks once performed in-house. There are many reasons companies change their organizational structure and the list provided above hardly covers the entire spectrum. The point is that organizations are changing all the time and these structural changes impact employees, managers and corporate executives. Thus, leaders and managers need to have both training and experience in implementing changes in an organization as well as dealing and minimizing the impact of changes in the organizational structure for employees within the company.

REASONS FOR CHANGE

There are many reasons for change in organizations, some of them external to the organization and some internal to the organization.[5] External reasons for change are the factors external to the organization that bring about the need to change. They include the need for different goods and services; changes in the laws or regulations pertaining to the business; different customer requirements; changes in pricing structures; new competition as a result of a merger or acquisition; new business opportunities; or simply changes in the marketplace. External factors also include economic forces that are at play worldwide, such as the North American Free Trade Agreement (NAFTA), the emergence of the European Union, and political forces that are constantly evolving both within this country as well as globally.

Internal forces that cause change within an organization include the need for a different organizational structure to accommodate changes in the business; realignment of lines of control; and different human resource requirements. Internal factors also include forces such as an increase in foreign and women employees, creating a demand for benefits and perks not seen before, and changes in ethical standards as a consequence of business scandals, such as that which occurred in the case of Enron Corporation.

No longer can organizations look within the boundaries of the United States for competition or for their product sales; the marketplace has changed to a global marketplace. The increased diversity of the workforce with more foreign-born workers and an increase in women workers has forced compa-

nies to consider childcare facilities, elder care facilities, union demands, flexible work schedules, and benefits not seen before.

Researcher Kurt Lewin developed the Force Field Theory about organizational change, which hypothesizes that organizational change occurs when forces for change strengthen; resistance to change lessens; or both occur simultaneously.[6] According to the Force Field Theory, there are always two sets of forces in an organization: the force to change; and the force to remain as is. If both forces are balanced, the organization is in a state of inertia and managers must find a way to overcome this inertia if an organization is to change.

When we talk about change in an organization, we are talking about changes that affect people, and how managers and leaders manage that change. Some organizations resist the need to change and can never seem to get out of the state of inertia; yet some organizations change almost constantly, never achieving this state of inertia. In many cases, to compensate for these dramatic changes in the marketplace, and in some cases as a knee-jerk reaction, organizations modify their organizational structures; some downsize their workforces; and many outsource their routine functions all in an effort to be more competitive. Some of the more significant changes in the workplace include: revising or eliminating traditional organizational structures; reducing or eliminating middle layers of management; consolidating workforces; increasing interest in alliances, mergers, and acquisitions; globalizing operations; and increasing emphasis on reducing operating costs by reducing benefits and employee perks.

In the face of this rapidly changing internal and external environment, leaders and managers of successful organizations understand several factors: first, change in the organization is necessary to keep pace with the competition, to streamline operations and to reduce operating costs; second, the marketplace is becoming more global and the organization must adapt to these changing conditions; third, the workforce has certain needs and wants that must be considered in any changes to the organization structure; and fourth, any change in the organization requires careful and resolute planning, communication, and implementation. More than ever, leaders and managers of successful companies have a keen awareness of the importance of managing change in the workplace.

TYPES OF ORGANIZATIONAL CHANGE

The types of organizational change fall into two categories: evolutionary change; and revolutionary change.[7] Evolutionary change is gradual, incremental and narrowly focused with a specific purpose in mind. Evolutionary

changes are focused to carefully adapt, adjust or strategically accommodate changes taking place in an organizational environment.

In contrast, revolutionary change is rapid, dramatic and broadly focused change that results in new organizational structures, new goals, and new ways to do things. It has repercussions throughout the organization. Revolutionary change shakes things up and sees where things fall. It is a drastic move.

Two examples of evolutionary change are socio-technical systems theory and total quality management.[8] Examples of revolutionary change include re-engineering, restructuring, and innovative technology advancements.[9]

Socio-technical Systems Theory

Socio-technical systems theory includes: changes in the technical way of doing business, such as the systematic processes within a company; technical improvements that create or eliminate tasks within a company, such as the replacement of a data processing center with new computer systems; and the relationship of technical personnel, such as a group of computer technicians organized as group for reasons of economy. In most cases, these changes are needed to improve organizational effectiveness. The theory looks to change tasks and roles within the organization to accommodate new technology that strives to improve the organizational performance. Thus, managers must be aware that, while changing the technical systems within an organization, consideration must also be given to the social systems, so that group norms, group support systems, informal working arrangements, and group cohesiveness are not disrupted.

Total Quality Management

Total quality management ("TQM") is an ongoing effort to find new ways to improve the quality of an organization's goods and services. Total quality management includes both internal and external processes within an organization and is a slow, but steady, process of changing the organization to the TQM state-of-mind. It becomes an evolutionary process of slowly changing the organization to a different business model.

Re-engineering

Re-engineering involves the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance such as cost, quality, service and speed. Re-engineering an organization requires planners to go back to the beginning of

the company and at the lowest levels of the company and dissect each step in the work process with a desired end result of throwing out the bad and keeping the good.

At times, reengineering may be the best solution and the only way a business enterprise can jump start its organization to become effective once again. On the other hand, reengineering can be detrimental to some organizations and has been found to actually force companies into survivorship. Read, research and report carefully on the impact of reengineering before deciding. Reengineering is not a new concept and has been around for many years, and there are six distinct steps in reengineering an organization:[10]

1. *Organize around outcomes rather than tasks.* This implies a broader look at the systematic process within the organization, instead of a task-by-task or function-by- function review, which seems to favor leaders who have a grand vision of what the organization should look like and how to get there.
2. *People who are closest to a process should be part of the process.* Again, this seems to favor leaders who may be more inclined to accept a more participative style of decision making.
3. *Have those who produce the information also process it*, rather than have it handled by a separate information processing function. This tracks with the element above and is part of the participative management process wherein followers or the workforce are part of the planning process and the change process.
4. *Make sure your competitive strategy is the right one*. In this case, both managers and leaders appear to be equally beneficial to the change process. Leaders seem to have the big picture, but managers know what needs to be done and the mechanics of actually doing it.
5. *Top management should lead the effort*. This is where both leaders and managers excel. Leaders are best suited to develop the overall vision of where the organization is, where the organization needs to go, and how the organization is going to get there in broad terms. A manager is best suited to actually implement the changes. Managers do best in developing budgets; planning the actions; and assigning resources.
6. *Generate a sense of urgency*. While managers communicate with the workforce, leaders can excite the workforce and generate the support for change needed in drastic reengineering efforts. Generally, leaders seem to be able to communicate the urgency better than managers; but not always.

It is important to note that reengineering is a formal step-by-step process more favored by managers than leaders. Leaders would be best suited to communicate

the need, present the vision and solicit support from the followers, but managers are best suited for the step-by-step process needed for reengineering.

Restructuring

Where re-engineering is a process begun at the base and worked up the corporate organization ladder, restructuring begins at the top and is forced down the organization. Restructuring is changing the organization to "adjust" to a particular situation without the drastic reengineering process. In this case, organizations try to streamline the organization by eliminating certain groups, departments or divisions, taking the work done by those groups and dividing it among the surviving groups. In some cases, routine or administrative work would be "outsourced" to other companies. Instead of doing the routine functions "in house," they are outsourced to other companies. In many cases, restructuring is called downsizing or rightsizing. This change can be drastic and have a great impact on the workforce as well managers and leaders. Trying to minimize the impact of downsizing can be difficult and even impossible.

Technology Innovation

Advances in technology have created other revolutionary changes in the organization. With the advent of technological improvements, some companies are permitting employees to work at home and connect to the workplace through the Internet, bringing an entirely new set of problems to the manager or leader. What control measures can be enforced to insure productivity? What benefits and perks are awarded to stay-at-home workers? What measure can be enforced to ensure continued team play among workers? Advances in technology have also permitted companies to restructure (or downsize) corporate headquarters with the ability to communicate with and network with remote satellite offices, both in the United States and abroad, almost as though the satellite office is in the same building. Most research indicates the business world has not seen the end of technological innovations, and more advances in technology will create even more organizational changes, which will require managers and leaders to be even more innovative.

CHANGE IN THE ORGANIZATION—TODAY

As companies change, the organizational structures have become flatter, reflecting a more horizontal division of labor based on employee knowledge and expertise specialties, and replacing the more vertical division of labor.

This follows the removal or elimination of layers of middle management seen throughout industry today, no matter what the business specialty. Technology has also enabled organizations to assume a network structure where an organization is linked to suppliers and customers via computers and telecommunications. In some newer organizational structures, the organization staff becomes the network's hub or center, outsourcing many activities to those who are a part of the periphery of the network and the organization itself conducts only those activities which constitute its core competencies. These changes may well render the traditional organization chart as a thing of the past.

Today, specialists with narrow expertise—such as engineers with specialties in certain fields, finance and accounting specialists, merger and acquisition specialists, and many staff functions—may well be the largest segment of the workforce. Advances in technology and the exponential growth of scientific knowledge are two of the reasons for the increase in the number of highly specialized jobs. New technologies have also created brand new, highly technical and very specialized jobs revolving around the rapid rise of the computer technology. The growing numbers of specialists in organizations requires a new type of manager or leader: a coordinator of sorts who is able to bring together specialists—who tend to be focused people who may not be able to see the big picture perspective of a problem—and manage them to work well together and solve problems. These changes in the organization structure require managers with leadership skills in adapting organizational structures to meet emerging requirements and business opportunities.[11]

CHANGES IN THE WORKPLACE—THE NEXT DECADE

As organizations continue to downsize, streamline, or restructure to meet changing business opportunities, companies will probably shrink in size, employ fewer people with specialized skills and continue to outsource many routine and administrative functions. The marketplace has changed in the United States with more service connected companies replacing hard manufacturing companies. The primary steel industry is now based in Japan. That is not to say there isn't some steel production in the United States, but the predominance is now in Japan, leaving the United States to buy steel from Japan, instead of producing the needed steel here. Further, technology is a major factor as computers have eliminated many routine jobs. For example, the use of electronic databases has eliminated the need for data clerks, as managers can now directly access the information and directly communicate with each other via electronic mail. Businesses (or primes as they are called) are also increasingly outsourcing many routine tasks to suppliers and contract firms.

There is also the sense that innovation and knowledge-type activities and employees seem to thrive in smaller firms, thus creating an incentive for new organizations to begin small and stay small. Companies have also discovered that the high cost of layers of management cannot be justified in today's economy. So layers of management are being eliminated, and the remaining managers are being asked to do more with less. Work will become more team-based. Companies are moving to team-based management. This means jobs will be designed, and people will be managed, appraised and rewarded on the basis of teams and teamwork—what the team has done or failed to do. This will lead to another change in the type of manager required: one who is much more adapt at understanding and managing work team dynamics.[12]

As the workplace changes, companies also change. Successful managers must constantly be aware of the environment in which they operate and make appropriate change. To remain competitive in this complex environment, managers must be able to adapt rapidly, recognize the need for change, communicate that need to change to the workforce, and then implement the appropriate change. As we have seen, many organizational redesign efforts in business today involve making changes, refinements and adjustments to a structure that already exists: eliminate a management layer and combine two departments here, conduct a reduction in force there, transfer one department to another division, and so on. However, when that fails, organizations turn to more radical approaches to organizational redesign—approaches such as re-engineering that throw out the current structure and evaluate or assesses how work is done and what organization structure is needed to accomplish that specific work. Whatever the process, change in the organization is inevitable and is going to take place whether we like it or not. The trick here is how to manage change, to lessen its impact on the resources of the organization and its employees.

RESISTANCE TO CHANGE

Change in organizations is difficult simply because employees become comfortable with the existing lines of responsibility and the process systems within the organization and because change implies something different and unknown. Change in the organization tends to create fear and resistance in the workforce. The unknown is what scares employees and causes stressful situations sometimes impacting on performance and efficiency. Change implies the future and the unknown resulting in a reaction within the workforce. A law of nature is appropriate here: each action produces a reaction. In this case, the action to change causes a reaction within the workforce. Whether that reaction is good or bad depends on the leaders of the change.—How is change an-

nounced? How is the change managed? How is the change communicated to the workforce?—Most people favor the business as usual approach and change becomes a threat to the *status quo* within the organization. It requires dynamic leaders and managers to become agents of change in the organization.

People resist change for two basic reasons: change is perceived to be a threat; and detailed knowledge about the change is frequently not made available. Both of these reasons fuel uncertainties about the future. Change can be threatening for many reasons. One of the most common is insecurity. Change, particularly if it is directed from above, often carries a subtle message.—'Things have not been right in this area, and that's why we are changing the environment in which you must operate.'—That message can be quite threatening.

Change also threatens a person's ability to control one's environment, particularly when the change is directed from above. In most organizations, an informal organization exists along with the formal organization. Subordinates, not managers, control the informal organizations, and they will work vigorously to maintain it. When a proposed change in the formal organization also threatens the informal organization, subordinates naturally feel threatened. When one realizes that most work gets done through the informal organization, the reasons to minimize perturbations to it are obvious.

A feeling of insecurity often exacerbates the threatening aspects of change and any proposed change threatens this equilibrium. Individuals in the organization who were doing good work prior to the change may also feel threatened. If they had advanced as a result of a good relationship with an old manager, the change to a new manager may make them wonder if they will be `able to establish a similar relationship with the new manager. If the proposed change is a change in operations, such as a change in the direction or focus of marketing efforts, or a change in focus from engineering to services, or vice versa, the individuals responsible in each of the affected departments will feel threatened. Job security seems to be the bottom line.

One of the main reasons for resistance to organizational change is a lack of knowledge concerning the need for change. In most cases, employees just have not been told about the need to change and the organizational implications of not changing.

While the need for change may be considered essential to the survival of a business, resistance to change is prevalent and is one of the toughest problems faced by managers. People just seem to naturally resist change—and for good reason. When change is poorly managed, it can cause irreversible damage, including loss of productivity, morale, and motivation. Fortunately, effectively managed change can also provide enormous benefits. One obvious benefit is responsiveness to a shifting business environment. An important part of the planning process is risk assessment. Many of the risks inherent to the change

will have been identified by you and other affected parties, but there will probably be other risks. There have been many proven methods for changing the business operation. Well-managed change can also produce remarkable productivity and morale improvements. While resistance to change can never be completely eliminated, it can be effectively managed.

UNDERSTANDING CHANGE MANAGEMENT

How do managers and leaders approach change management? And what is change management? Kurt Lewin warns that the resistance to change by the workforce can sometimes force an organization quickly to revert back to the old organization and old ways of doing business. Thus, Lewin describes managing change as a three-step process: unfreezing the organization from its present state; making the change; and refreezing the organization in its new state.[13]

George and Jones approach change management through a process they call action research, which is a strategy to generate and acquire knowledge that managers can use to define an organization's desired future state and to plan a change program that allows the organization to reach that state.[14] Action research is a five-step process: 1) diagnosing the organization; 2) determining the desired future state; 3) implementing the action; 4) evaluating the action; and 5) institutionalizing action research. Our focus on the roles of leaders and managers addresses the first three steps.

Diagnosing the Organization

Managing change in an organization is very similar to problem solving. Diagnosing the organization is in effect determining the scope of the problem. In problem solving, the first step is to define the problem, understand all aspects of the problem, and examine the parameters of the problem. For before we can begin solving the problem, one must understand the problem, define the problem, thoroughly understand what the problem is and what it is not. Look at the problem from all angles, and examine everything there is to know about the problem. Change in the organization has similar steps. One must first determine the scope of the problem: what is involved; who is involved; what is the impact of this change; when is the best time to implement this change; why are we changing? This first step separates the symptoms from the problem and begins to assess desired outcomes. What are the symptoms of the problem? What do we want to happen? What are the outcomes desired? The more detailed this becomes the better the leader can thoroughly and completely understand the problem or the need for change and how to go about

solving the problem. It is essential that managers know their organization well enough to assess their organization's capabilities compared with the global marketplace and economic conditions. This implies a thorough and in-depth understanding of the internal and external forces that impact the organization and its resources. Managers must also be aware of changing customer requirements, increases in foreign competition, and mergers and acquisitions of companies within the industry in order to know when to institute strategic changes.

Determining the Desired Future State

The second step is to determine the future state of the organization. Some researchers describe this as developing a list of alternatives. In today's complex business environment, simple solutions are usually not the answer. Organizational leaders often see the larger picture and can communicate the need for change, the path to change and the end result of the change: here is where we are, this is where we want to be, and this is how we are going to get there. By getting followers to buy into the leaders' conceptual ideas, the adverse reaction to change can be minimized. Workers want to know: what am I supposed to do? how does this affect me? what role do I play in the new organization?

Like problem solving, developing a list of meaningful alternatives and analyzing each alternative by workforce participants ensures the workforce has a "say" in the decision making process and makes the workers feel they have contributed to the decision. Leaders instinctively understand the need to have followers accept the decision to change and cannot only visualize the end result but can also communicate that state to followers.

Implementing the Action

Implementing the actions in order to achieve the desired future state requires change agents: external change agents; and internal change agents. External change agents are outside consultants who are experts in managing change and assisting the organization with making the change: developing new organizational structures; diagnosing system process within the organization; and realigning personnel billets are all functions of an external change agent. Internal change agents are managers within the organization who are knowledgeable about the situation to be changed. Managers with the background and skills are "detailed" to work on the changes from within the organization. Both types of change agents have various pros and cons. External change agents can be viewed as not having enough knowledge about what the company does to make effective and efficient decisions, especially if your group

is eliminated or merged with another group. Internal change agents can sometimes be viewed as politically motivated and they somehow end up with very good jobs when the organization is changed and completed. You can imagine many other pros and cons for each type of change agent.

In most cases, managers are far better suited than leaders to actually implement changes. Managers routinely accomplish the numerous action items necessary for change to occur: creating budgets; planning for resources to be committed; and conducting planning meetings. Leaders tend to not become mired in the details, whereas managers live in details.

MAKING CHANGE LESS THREATENING

According to Kotter and Schlesinger, most organizational change efforts tend not to be completely successful.[15] In the cases they studied, change efforts often took longer than expected and desired; they sometimes killed morale of the workers; often cost more than originally intended; and resulted in emotional upheaval of the workforce. Some organizations that badly needed change refused to enter into organizational changes because of the fear of employee discontent and upheaval. However, when leaders consider and correctly diagnose resistance to change and deal with that resistance up front, change in the organization tends to be more successful. Again, because leaders can visualize the impact, assess the need, communicate the path, and include followers in the decision making process seems to minimize resistance to change.

While there are different forms of change management, one approach to implementing change that has been noted with consistency is to make the need for change understood and, thus, making change less threatening. This involves a six-step process:[16]

1. Identify the need for change;
2. Identify the parties affected;
3. Communicate the need for change;
4. Solicit comments;
5. Develop the plan for change; and
6. Monitor the change and adjust as required.

Identify the Need for Change

Change in the organization should only be initiated in response to inabilities or inefficiencies in meeting organizational requirements. If the organization is not meeting operational requirements, the people who are responsible for

meeting them need to be made aware of that fact. Unnecessary change is probably one of the more frustrating things managers and subordinates have to deal with in the business environment. If the individuals affected by change are unaware of the reasons why change is needed, it is easy to assume the change is frivolous. The need for change has to be real, and it has to be known to those it will affect. One of the best ways to identify the need for change and simultaneously get a head start in communicating information about the change is to enlist the assistance of the people who will be affected by the change. In order to enlist this assistance, though, one needs to first determine who will be affected.

Identify Affected Parties

Identifying the people who will be affected by change is perhaps the easiest part of the change management process. Start with the reasons why change is necessary. Often this is not as apparent as it seems. The real reason for non-performance in an organization may be caused by inefficiency in a totally different organization that the first organization is dependent on. The primary concern for the manager is to ensure the root of the problem has been discovered, and not react to what is apparent on the surface. Once the manager is confident that all the persons/organizations are identified, and then a plan for change can be initiated.

Communicate the Need for Change

Once all parties potentially affected by the change are identified, a meeting to discuss the need for change is in order. Some judgment will be required here, particularly when dealing with larger groups. As a manager, though, you would probably do well by convening all of the people in your group to discuss the need for change. This need should be identified in clear and non-threatening language. Explain the reasons why you believe change is required, but keep it non-personal. Do not identify what the change will be; only that change is required to better allow your group to meet its commitments.

At the same time you meet with people, it would be a good idea to ask them who else might be affected. Initially, you may not want to meet with everyone. For example, if it appears a termination might be a necessary part of the change, you probably would not want to include the person likely to be terminated. In most cases, though, you should meet with everyone, or representatives of everyone who will be affected. This is important because it greatly enhances the probability that all objections to any proposed change will become known; and if you know about the objections, you can take steps to

alleviate them. This is an area in which leaders excel: communicating the need for change; and getting the workforce to support the changes.

Solicit Comments

After the need for change has been decided, it is always wise to ask for comments from representatives of the workforce. After all, who knows best about the intricacies of the tasks than the people who actually perform the tasks? By asking for assistance in identifying what the change could be, and how it might be effectively implemented, the workforce is brought into the change process and some resistance to the change can be reduced. Making the affected people part of the solution, instead of part of every problem, can establish a sense of ownership in the development of the change. The workforce and affected people may more readily accept the change and find it to be less threatening.

Develop a Plan for the Change

After identifying a need for change and soliciting comments from the right people, plan how best to implement the change. There are many things to consider and an in-depth complex plan is needed. In this case, managers may be best suited for this detailed work because there are many requirements to consider, such as budgets needed to implement the change, resources that need to be allocated to the change, and the aftermath of the change that involves members of the workforce that may be let go as a result of the changes. The management team needs to review the requirements for change and determine if they can be satisfied while simultaneously incorporating the organization's goals and objectives.

Monitor Change and Adjust As Required

Once implementation of the change is underway, the management team needs to closely monitor the progress against the plan. If unforeseen problems develop, modify the plan accordingly.

SUMMARY

Change is difficult but organizations are going to change for many reasons: to meet operational deficiencies, such as bloated middle management layers; to compete in the global marketplace and adjust to changing social characteristics of the workforce; and sometimes just to streamline the organization and

improve efficiency and effectiveness. How these changes are introduced, communicated and managed becomes a challenge for any leader or manager. Most people and organizations become comfortable with the ways things are—the *status quo*. Business as usual implies comfort, ease, and habitual routines. Change is difficult and brings uneasiness to the organization. The concept of change encompasses the unknown, the future, and something different. Thus, resistance to change occurs like a physical reaction, where one force causes another force. The move to change can bring about a move to resistance and eventual conflict in the organization.

The approach to change is the organization is handled differently by leaders and managers. While managers may be more in tuned with the actual mechanisms of change simply because of characteristics such as attention to detail, comfort with numbers and figures, and organizational systematic processes, leaders often have a more visionary sense of the organization and are better at communicating the need for change, again, simply because of their characteristics. Leaders can and do affect change in the organization. By recognizing and diagnosing resistance to change, leaders can minimize the fear that workers have when change in the organization is announced. By managing fear of the unknown, communicating the need for change, enabling workers to participate in the decision process, creating a smooth transition path to the new organization structure, and reducing the fear of the unknown, leaders can successfully manage change in the organization by communicating the vision, the path, and the end result to the people most affected by change in the organization—the workforce.

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10. George, *Understanding,* 577–81.
11. Gibson, *Organizations*, 9th ed., 472–73.
12. Montana, *Management*, 348–57; Gibson, *Organizations,* 9th ed., 452–72; George, *Understanding,* 565–85.

13. Kurt Lewin, *Field Theory in Social Science*, (New York: Harper & Row, 1951), 172–74, cited by George, *Understanding,* 581.

14. George, *Understanding,* 581–83.

15. John P. Kotter and Leonard A. Schlesinger, "Choosing Strategies for Change," in *Managing People and Organizations*, ed. John J. Gabarro (Boston: Harvard Business School Publications, 1992), 397.

16. Gibson, *Organizations*, 10th ed., Instructor's Manual, Lecture Resource Guide, eds. Courtney Hunt, Monty Lynn, and Terry Gaston, IM161, LRG 359.

Findings and Conclusions

As you complete research in any line of work or study, it is appropriate to document your findings and conclusions based on the data you have gathered. Our study of leadership finds that concepts of leadership are continually changing as new leaders emerge. Based on the research and material gathered from various sources, the evolving nature of leadership is well documented. Trying to define leaders and leadership and arrive at a neat package that describes all leaders is difficult for many reasons; but, most importantly, we find that as the circumstances that define leadership change, so do the leaders who emerge to meet new challenges. Thus, theories describing leaders and leadership are evolving and no single theory occupies a definitive place or holds a definitive view. Moreover, no single set of traits fully describes the people who emerge as leaders, as leaders possess unique personality characteristics, backgrounds, and education. Yet certain characteristics are prevalent among leaders: energy; vision determination; ambition; and tenacity.

Thus, our study of leadership in organizations can be summarized in terms of continuity and change in the concepts, definitions and theories of leadership that are presented in this book. In this first of three books written primarily for distance-learning students in online undergraduate and graduate programs, we note that the body of research supports two general findings: first, leaders are different from followers; and second, leaders are also different from managers.

As definitions of leadership have evolved, a consensus has emerged with respect to criteria and concepts of leadership. The research on leadership supports three propositions: leadership involves some form of influence; some leadership skills can be acquired through education, training and experience;

and leadership is complex and involves relationships among leaders and followers in a given situation.

Early theories of leadership attempted to identify the various traits that distinguish leaders in organizations, and to delineate the characteristics that attract followers to some leaders while they choose not to follow others. Although experts still disagree as to the characteristics and traits that distinguish successful and popular leaders, one thing is clear: for leadership to exist, followers must have the freedom to choose to follow the leader, freely and willingly. Without this factor, there can be no leadership.

Subsequently, behavioral theories and situational theories attempted to define styles of leadership based on alternative approaches to managing tasks and people. Yet trying to determine a leader's response to various situations based on a one-or-the-other leadership style or approach to leadership simply did not adequately account for all of the complex factors that comprise leadership and leadership approaches in the cases and organizations that were studied. These earlier theories and the studies upon which they are based were, nonetheless, formative in leading the way toward more complex theories of situational, transactional and transformational leadership.

In addition to these theories, charismatic leadership remains particularly difficult to describe or study empirically. How or why some leaders have charisma and others do not is still a mystery. Moreover, it remains unanswered what it is that enables followers to perform over and above the expected when asked to perform by a charismatic leader. Charisma remains that magnetic appeal that some leaders have that attracts followers to accomplish what they would not otherwise be able to accomplish. Thus, the definitions of charisma and theories of charismatic leadership are more nebulous than definitions and theories of behavioral, situational, transactional and transformational leadership.

Finally, most of the differences between leaders and managers stem from their respective approaches to their primary functions within an organization. Both leaders and managers have important roles in businesses, industry, and government today. Some of the most successful companies need management more than they need leadership. These organizations are successful because of the functions performed by skilled managers who know how to plan, schedule, budget, control, staff and operate the largest and most complex companies in the world. On the other hand, in the current environment of globalization and rapidly developing technologies, organizations increasingly need leaders with vision and strategic insights in order to remain competitive and achieve their goals. Based on the demands of this rapidly changing and highly competitive global environment, leaders, by virtue of their characteristic vision, are increasingly becoming agents of change within their organi-

zations. Leaders also have particular strengths in redirecting conflict in situations where personal differences get in the way of seeing the big picture.

While the study of leadership is ongoing, the continually changing and evolving nature of leaders and leadership makes it an exciting area of study. Hence, our particular exploration of leadership in organizations will continue as we examine the concepts and theories of strategic planning and organizational design in the two subsequent books in this series.

Additional Reading Sources

In the course of my doctoral studies, I discovered a practical guide to every-day leadership in organizations in Frank Pacetta and Roger Gittines, *Don't Fire Them, Fire Them Up: A Maverick's Guide to Motivating Yourself and Your Team* (New York: Simon & Schuster, 1994). Pacetta was the District Manager of the Cleveland Sales Office of Xerox Corporation in 1988, when his district was at the bottom of Xerox's national organization in terms of sales and performance. Within a year, Pacetta turned it around, making Cleveland first in the region and fourth nationally out of sixty-five sales districts. *Don't Fire Them, Fire Them Up* is an excellent source of leadership principles and techniques and describes how to build a successful and winning business team. It focuses on how to develop trust, create loyalty, generate enthusiasm and excitement, and build an organization — skills that leaders need to cultivate. It is exciting to read and, more importantly, sets forth leadership principles based on examples taken from the practice of leadership in organizations. The author's practical approach has earned him a following among my students in classes on leadership. I highly recommend the book for its practical applications of leadership in organizations.

A book that speaks to my own management style is *Jack: Straight from the Gut*, by Jack Welch, former CEO of General Electric Corporation, and John A. Byrne, published by Warner Business Books in 2001. *Jack: Straight from the Gut* is written in a casual and straightforward 'tell-it-like-it-is' style that is part autobiographical and part leadership advice. Welch's story relates his family origins and his early career at General Electric Corporation, where he began his career as an engineer in the 1960s, to the implementation of leadership philosophies such as "Six Sigma." Along the way, the author discusses business situations from his tenure at the top of GE, mentioning both

his successes (such as his e-business strategy) and his failures (such as his purchase of the Kidder Peabody Company). *Jack: Straight from the Gut* is a book that will fascinate business leaders as well as readers interested in the General Electric story. Welch keeps the reader entertained with interesting business stories, while also sharing many of his business practices that worked for him over the years, including weeding out non-performers—a practice too many non-leaders fail to do.

   "Chainsaw" Al Dunlap (his nickname, not mine) was battle tested in the military before transferring his skills to underperforming companies, turning them around into world-class competitors. In Albert J. Dunlap and Bob Andelman, *Mean Business: How I Save Bad Companies & Make Good Companies Great* (New York: Random House, 1996), "Chainsaw" Al presents his colorful personal history and describes the leadership techniques that led to his success in turning around companies that were on the downhill slide. While you may or may not like "Chainsaw" Al's methods, you have to give him credit for major turnarounds in companies.

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About the Author

David I. Bertocci is an Associate Professor at Kaplan University and has been teaching online distance-learning courses for nearly fifteen years. After receiving his M.S. degree in Education and Counseling from Long Island University, Dr. Bertocci obtained his Ph.D. in Business and Management from Capella University. In the course of his doctoral studies, he discovered the need for textbooks written for students in online programs—texts that are sufficiently explanatory and engaging and geared for working adults who do not have the advantage of direct classroom participation. This book is the first in a series of three books published by University Press of America specifically designed for online education courses in management, strategic planning and leadership.

Dr. Bertocci is a former military officer who served in leadership positions throughout his military career. Following his retirement from the military, he worked for several companies in the defense industry before starting his own, one which provides engineering management and technical support services to the Department of Defense. Since 1995, he has served as a program manager for advanced technology programs and has briefed Congress on technology issues for the Department of Homeland Security's program on Protection of Commercial Airlines and other defense programs. Dr. Bertocci is presently CEO and Chairman of the Board of Tekla Research Incorporated.

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