

## **CHAPTER 7 LEADERSHIP**

### **LEARNING OBJECTIVES**

After reading this chapter you should be able to:

- Define leadership and distinguish between leadership and management.
  - Describe the trait approach to leadership.
  - Identify the types of behavior that have been most strongly associated with effective leadership.
  - Describe the leader-member exchange model of leadership.
  - Differentiate between charismatic leaders and transformational leaders.
  - Explain how leading teams differs from leading individuals.
  - Describe the basic tenets of LPC contingency theory and how it may be applied.
  - Explain the path-goal theory of leadership.
  - Describe situational leadership theory.
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If you asked a group of top executives to identify the single most important determinant of organizational success, chances are good that the vast majority would reply "effective leadership." Indeed, it is widely believed in the world of business that leadership is the key ingredient in the recipe for corporate achievement. And this view is by no means restricted to organizations. As you know, leadership also is important when it comes to politics, sports, and many other activities.

Is this view justified? Do leaders really play crucial roles in shaping the fortunes of organizations? A century of research on this topic suggests that they do. Effective leadership, it appears, is indeed a key determinant of organizational success. Hence, we will devote this chapter to describing various approaches to the study of leadership and their implications for managerial practice. Before launching into this discussion, however, we will begin by defining what we mean by leadership and distinguishing it from some other terms with which it is frequently associated.

### **WHAT IS LEADERSHIP?**

When you think of a leader, what image comes to mind? For many, a leader is an individual—often with a title reflecting a high rank in an organization (e.g., president, director, etc.)—who is influential in getting others to behave as required by the organization. Indeed, social scientists think of leaders as people who have a great deal of influence over others. Formally, we define leadership as the process by which an individual influences others in ways that help attain group or organizational goals.

The sources of leader power are:

- Legitimate power
- Reward power
- Coercive power
- Expert power
- Information power
- Referent power

The skills leaders need include:

- Flexibility
- Communication
- Human resource management
- Conceptualization

Typically, when we speak of leaders we are referring to people who influence others without threat, using non-coercive means. In fact, this characteristic distinguishes a leader from a dictator. Whereas dictators get others to do what they want by using threats of physical force, leaders do not. Our point is that leadership rests, at least in part, on positive feelings between leaders and their subordinates. In other words, subordinates accept influence from leaders because they respect, like, or admire them as well as because they hold positions of formal authority (that is, leaders may have both position power and personal power, as discussed in Chapter 5).

Our definition implies that leadership is a two-way process. That is, leaders both influences subordinates in various ways and are influenced by them. In fact, it may be said that leadership exists only in relation to followers. After all, one cannot lead without followers. Not surprisingly, several of the approaches to leadership described in this chapter focus on the relationships between leaders and followers.

Before concluding this section, we need to caution against the everyday practice of using the terms leader and manager interchangeably. The primary function of a leader is to create the essential purpose or mission of the organization and the strategy for attaining it. In contrast, the job of the manager is to implement that vision. He or she is responsible for achieving that end, taking the steps necessary to turn the leader's vision into reality.

The confusion between these two terms is understandable insofar as the distinction between establishing a mission and implementing it is often blurred in practice. This is because many leaders, such as top corporate executives, are frequently called upon not only to create a vision, but also to help implement it. Similarly, managers often are required to lead those who are subordinate to them while also carrying out their leader's mission. With this in mind, it has been observed that too many so-called "leaders" get bogged down in the managerial aspects of their job, creating organizations that are "over managed and under lead."

### **THE TRAIT APPROACH: ARE SOME PEOPLE REALLY "BORN LEADERS"?**

Common sense leads us to think that some people have more of "the right stuff" than others, and are just naturally better leaders. And, if you look at some of the great leaders throughout history, such as Martin Luther King, Jr., Alexander the Great, and Abraham Lincoln, to name just a few, it is clear that such individuals certainly have characteristics in common that differ from ordinary folks. The question is "what is it that makes great leaders so great?"

For many years scientists have devoted a great deal of attention to this question, advancing the great person theory. According to this approach, great leaders possess key traits that set them apart from most others. Further, the theory contends that these traits remain stable over time and across different groups. Thus, it suggests that all great leaders share these characteristics regardless of their role in history. Although these suggestions make a great deal of intuitive sense, they have not always been supported by research, leading some scientists to conclude that leaders do not differ from followers in clear and consistent ways.

Today, however, it is popularly believed that traits do matter – namely, that certain traits, together

with other factors, contribute to leaders' success in business settings? What are these traits? In Exhibit 1 we list and describe some of the key ones. Although you will readily recognize and understand most of these characteristics (e.g., drive, honesty and integrity, self-confidence), some require further clarification.

**EXHIBIT 1**  
**CHARACTERISTICS OF SUCCESSFUL LEADERS**

Research indicates that successful leaders demonstrate the traits listed here.

<i>Trait or Characteristic</i>	<i>Description</i>
Drive	Desire for achievement; ambition; high energy; tenacity; initiative
Honesty and integrity	Trustworthy; reliable; open
Leadership motivation	Desire to exercise influence over others to reach shared goals
Self-Confidence	Trust in own abilities
Cognitive ability	Intelligence; ability to integrate and interpret large amounts of information
Knowledge of the business	Knowledge of industry, relevant technical matters
Creativity	Originality
Flexibility	Ability to adapt to needs of followers and requirements of situation

First, consider leadership motivation. This refers to leaders' desire to influence others – essentially, their interest in assuming leadership roles. Leadership motivation can take two distinct forms. On the one hand, it may cause leaders to seek power as an end in itself. Leaders who demonstrate such personalized power motivation wish to dominate others, and their desire to do so is often reflected in an excessive concern with status. In contrast, leadership motivation also can cause leaders to seek power as a means to achieve desired, shared goals. Leaders who evidence such socialized power motivation cooperate with others, develop networks, and generally work with subordinates instead of attempting to dominate or control them. Needless to say, socialized power motivation is usually far more adaptive for organizations than personalized leadership motivation.

With respect to cognitive ability, it appears that effective leaders must be intelligent and capable of integrating and interpreting large amounts of information. However, mental genius does not seem to be necessary and may, in some cases, prove detrimental. Still, leaders must be intelligent enough to perform their jobs at high levels.

A final characteristic, flexibility, refers to the ability of leaders to recognize what actions are required in a given situation, and then, to act accordingly. Evidence suggests that the most effective leaders are not prone to behave in the same ways all the time, but rather, to be adaptive, matching their styles to the needs of followers and to the demands of their situations they face.

In short, current research supports the great person theory. It has been summarized as follows:

Regardless of whether leaders are born or made... it is clear that leaders are not like other people. Leaders do not have to be great men or women by being intellectual geniuses or omniscient prophets to succeed, but they do need to have the "right stuff" and this stuff is not equally present in all people. Leadership is a demanding, unrelenting job with enormous pressures and grave responsibilities. It would be a profound disservice to leaders to suggest that they are ordinary people who happened to be

in the right place at the right time. In the realm of leadership, the individual does matter.

Given this conclusion, it may be useful to examine the extent to which certain individuals possess the traits and characteristics associated with great leaders.

### **THE BEHAVIOR APPROACH: WHAT DO LEADERS DO?**

The great person theory paints a somewhat fatalistic picture, suggesting that some people are, by nature, more prone to being effective leaders than others. After all, some of us have more of "the right stuff" than others. However, other approaches to leadership—particularly, those focusing on what leaders do, rather than who leaders are—paint a more encouraging picture for those of us who aspire to leadership positions. This orientation is known as the behavior approach. By emulating the behavior of successful leaders the possibility exists that just about anyone may become an effective leader.

#### **Two Critical Leadership Behaviors**

Precisely what behaviors are key to leadership success? Although the answer to this question is quite complex, we can safely point to two very important leadership behaviors. The first is showing a concern for people, also known as consideration. In describing your boss, would you say that he or she cares about you as a person, is friendly, and listens to you when you want to talk? If so, he or she may be said to demonstrate a high degree of consideration.

The second main type of leadership behavior is showing a concern for getting the job done, also known as initiating structure. In describing your boss, would you say that he or she gives you advice, answers your questions, and lets you know exactly what is expected of you? If so, he or she may be said to have a bent for initiating structure.

A large body of research suggests that leaders do differ greatly along these two dimensions. In these classic investigations, subordinates completed questionnaires in which they described their leaders' behavior. Those leaders scoring high on initiating structure were mainly concerned with production and focused primarily on getting the job done. They engaged in actions such as organizing work, inducing subordinates to follow rules, setting goals, and making expectations explicit. In contrast, leaders scoring lower on this dimension did not tend to engage in these actions.

Leaders at the high end of the consideration dimension were primarily concerned with establishing good relations with their subordinates and being liked by them. They engaged in actions such as doing favors for subordinates, explaining things to them, and assuring their welfare. People who scored low on this dimension didn't appear to care much about how well they got along with subordinates.

At first glance, you might assume that people scoring high on initiating structure tend to score low on consideration, and vice versa. However, they are not negatively correlated. Rather, these two dimensions are independent. Thus, a leader may score high on both concern for production and concern for people, high on one of these dimensions and low on the other, low on both, moderate on one and high on the other, or any combination.

Is any one of these possible patterns best? Careful study indicates that this is a complex issue; production-oriented and people-oriented leadership behaviors both offer a mixed pattern of pluses and minuses. With respect to showing consideration (high concern with people and human relations), the major benefits are improved group morale. Turnover and absenteeism tend to be low among leaders who show a high level of consideration. At the same time, because such individuals may be reluctant to act in a directive manner toward subordinates and often shy away from presenting them with negative feedback, productivity sometimes suffers.

With respect to initiating structure (high concern for production), efficiency and performance are indeed sometimes enhanced by this leadership style. However, if leaders focus entirely on production, employees may conclude that no one cares about them or their well-being. Their job satisfaction and organizational commitment may suffer as a result (see Chapter 4).

Having identified these complexities, we should note that there is one specific pattern of behavior in which leaders seem to be highly successful, which is when leaders demonstrate high concern for both people and production. Indeed, high amounts of concern for people (showing consideration) and concern for productivity (initiating structure) are not incompatible. Rather skillful leaders can combine both of these orientations into their overall styles to produce favorable results. Thus, while no specific leadership style is best, leaders who combine these two behaviors may have an important edge over leaders who show only one or the other.

## **LEADERS AND FOLLOWERS**

Thus far we have focused on leaders, ignoring followers. However, to understand leadership, we must understand leaders' relations with followers. After all, "Without followers leaders cannot lead." Without followers, even John Wayne becomes a solitary hero. The importance of followers, and the complex, reciprocal relationship between leaders and followers, is widely recognized by organizational researchers. Several major approaches to leadership take this approach.

### **The Leader-Member Exchange (LMX) Model: The Importance of Being in the "In-Group"**

As you know from experience, leaders do not treat all their subordinates in the same manner. This fact is central to an approach known as the leader-member exchange (LMX) model.

This theory suggests that for various reasons leaders form different kinds of relationships with various groups of subordinates. One group, referred to as the "in-group," is favored by the leader. Members of in-groups receive considerably more attention from their leader and larger shares of the resources they have to offer (such as time and recognition). In contrast, other subordinates fall into the out-group. These individuals are disfavored by leaders. As such, they receive fewer valued resources from their leaders. Leaders distinguish between in-group and out-group members very early in their relationships with them. More often than not, this occurs on the basis of surprisingly little information. For example, perceived similarity with respect to personal characteristics, such as age, gender, or personality, is sufficient to categorize followers into a leader's in-group. Similarly, a particular follower may be granted in-group status if the leader believes that person is especially competent at performing his or her job.

According to LMX theory, members of in-groups perform their jobs better and hold more positive attitudes toward their jobs than do members of out-groups. Not surprisingly, good relationships with followers can be very valuable, enhancing followers' job satisfaction and organizational commitment (see Chapter 4).

How can this be accomplished? The trick is to make all employees feel that they are part of the in-group. Experts note that a key way of keeping subordinates from feeling that they have become a part of the out-group is by sharing information equally. Rather than hoarding power by keeping some people "in the know" while keeping others "in the dark," helping everyone be aware of what's going on in the organization will keep people from feeling left out. It also has been noted that effective leaders can help followers respond to their visions by supporting teamwork. To the extent that leaders are willing to share power, and to serve as coaches rather than highly authoritarian bosses, team members are likely to feel that they have equal importance. When this occurs, they will not perceive themselves as being relegated to the marginal status of out-group membership.

### **Charismatic Leaders: That "Something Special"**

World history and the history of organizations are replete with leaders that have had extraordinary success in generating profound changes in their followers. Indeed, it is not extreme to suggest that some such people (e.g., Napoleon, Bill Gates, and John Lennon, to name a few) have changed entire societies through their words and actions. Individuals who accomplish such feats have been referred to as charismatic leaders. These are individuals who exert especially powerful effects on followers by virtue of their commanding confidence and clearly articulated visions.

Researchers have found that charismatic leaders tend to be special in a number of important ways. Several specific factors differentiate charismatic leaders from noncharismatic leaders. These are as follows:

*Self-confidence:* Charismatic leaders are highly confident in their ability and judgment. Others readily become aware of this.

*A vision:* A leader is said to have vision to the extent that he or she proposes a state of affairs that improves upon the status quo. He or she also must be able to clearly articulate that vision, and to show willingness to make sacrifices to make it come true.

*Extraordinary behavior:* Charismatic leaders are frequently unconventional. Their quirky ways, when successful, elicit admiration.

*Recognized as change agents:* The status quo is the enemy of charismatic leaders. They make things happen.

*Environmental sensitivity:* Charismatic leaders are highly realistic about the constraints imposed upon them and the resources needed to change things. Consequently, they know what they can and cannot do.

At first glance, it is tempting to assume that charismatic leaders are special merely because of the traits they possess. However, it also makes sense to look at charismatic leadership as involving a special relationship between leaders and their followers. It is a special kind of leader-follower relationship, in which a leader can, in the words of one author, "make ordinary people do extraordinary things in the face of adversity."

### **Transformational Leadership: Beyond Charisma**

A transformational leader is an agent of change who attempts to inspire the members of the organization to aspire to, and to achieve, more than they thought was possible. Transformational leadership emphasizes vision, development of the individual, empowerment of the worker, and the challenging of traditional assumptions. The transformational leader normally has charisma, is motivational, provides intellectual stimulation to workers, and gives individualized consideration.

Transformational leaders may be described in terms of several characteristics. First, they have charisma. That is, they provide a strong vision and a sense of mission for the company. As leadership theorist Jay Conger put it, "If you as a leader can make an appealing dream seem like tomorrow's reality, your subordinates will freely choose to follow you." Consider, for example, the great visions expressed by the highly charismatic leader Dr. Martin Luther King, Jr., when he shared his vision of world peace in his "I have a dream" speech, and President John F. Kennedy when he shared his vision of landing a man on the moon and returning him safely to earth before 1970.

But charisma alone is insufficient for changing the way an organization operates. For this to occur, transformational leaders also must provide intellectual stimulation. That is, they help their followers recognize problems and ways of solving them. Furthermore, they provide individualized

consideration by giving followers the support, encouragement, and attention they need to perform their jobs well. Finally, transformational leaders are said to provide inspirational motivation. That is, they clearly communicate the importance of the company's mission and often rely on symbols (e.g., pins and slogans) to help focus their efforts.

Transformational leaders arouse strong emotions. They also help transform their followers by teaching them, often serving as mentors. In so doing, transformational leaders seek to encourage followers to do their own thing. In contrast, charismatic leaders may keep their followers weak and highly dependent on them. A charismatic leader may be the whole show, whereas a transformational leader does a good job of inspiring change in the whole organization. Many celebrities, be they musicians, actors, or athletes, tend to be highly charismatic, but they do not necessarily have any transformational effects on their followers. As such, although some people may idolize certain rock stars, and dress like them, these celebrities' charisma will unlikely stimulate their fans into making sacrifices that revitalize the world. When you think of it this way, its easy to see how charisma is just a part of transformational leadership.

Jack Welch, the former Chairman and CEO of General Electric (GE) is another good example of a transformational leader. Under Welch's leadership, GE had undergone a series of changes with respect to the way it does business. At the individual level, GE has abandoned its highly bureaucratic ways, and now does a better job of listening to its employees. Not surprisingly, GE has consistently ranked among the most admired companies in its industry in Fortune magazine's annual survey of corporate reputations.

### **OB IN ACTION — Avon is Calling Everywhere**

Early in the 21st Century, Avon was a company in dire need of transformation. The old door-to-door selling method needed to give way to the Internet and the working woman's schedule and lifestyle. Andrea Jung became Avon's first female CEO. She immediately began creating a new vision for Avon. Once the new vision was complete, the company began to reach new markets with new products through new channels. In her four short years as CEO, Jung has produced record profits for this once sleeping giant.

First, Jung let the employees know that Avon's future success depended on them and they were the heart of Avon. Second, she preached the importance of the Internet and sought to help representatives do more business online. Third, she began to target 16 to 24-year old girls as opposed to the traditional 30 to 55-year old market segments. Lastly, Avon began to design new, hip products for its targeted younger audience. The end result of this new vision was record global profits in 2005.

### **Leading Teams: Special Considerations**

When most people think of leaders, they tend to think of individuals who make strategic decisions on behalf of followers, who are, in turn, responsible for carrying them out. In many of today's organizations, however, where the movement toward self-managed teams predominates, it is less likely than ever that leaders are responsible for getting others to implement their orders to help fulfill their visions. Instead, team leaders may be called upon to provide special resources to groups empowered to implement their own missions in their own ways. They don't call all the shots, but they help subordinates take responsibility for their own work.

This suggests that the role of team leader is clearly very different than the traditional, "command and control" leadership role we have been describing all along. With this in mind, here are a few guidelines that may be followed to achieve success as a team leader.

1. Instead of directing people, team leaders work at building trust and inspiring teamwork. One way this can be done is by encouraging interaction between all members of the team as well as between the team and its customers and suppliers. Another key step involves taking initiatives to make things better. Instead of taking a reactive, "if it ain't broke, don't fix it" approach, teams may be lead to success by individuals who set a good example for improving the quality of their team's efforts.
2. Rather than focusing simply on training individuals, effective team leaders concentrate on expanding team capabilities. In this connection, team leaders function primarily as coaches, helping team members by providing all members with the skills needed to perform the task, removing barriers that might interfere with task success, and finding the necessary resources required to get the job done. Likewise, team leaders work at building the confidence of team members, cultivating their untapped potential.
3. Instead of managing one-on-one, team leaders attempt to create a team identity. In other words, leaders must help teams understand their missions and recognize what they're doing to help fulfill it. In this connection, team leaders may help the group set goals - pointing out ways they may adjust their performance when they do not meet them, and planning celebrations when team goals are attained.
4. Although traditional leaders have worked at preventing conflict between individuals by downplaying differences, team leaders are encouraged to make the most of team differences. Without a doubt, it is a considerable challenge to merge a diverse group of individuals into a highly committed and productive team, but doing so is important. This can be done by building respect for diverse points of view, making sure that all team members are encouraged to present their views, and respecting these ideas once they are expressed.
5. Unlike traditional leaders who simply react to change, team leaders should foresee and influence change. To the extent that leaders recognize that change is inevitable, they may be better prepared to make the various adaptations required. Effective team leaders continuously scan the business environment for that changes may be forthcoming and help teams decide how to be responsive to them.

In conclusion, leading teams is a much different task than leading individuals in the traditional directive (or even participative) manner. The special nature of teams makes the leader's job very different. Although appreciating these differences is easy, making the appropriate adjustments may be extremely challenging—especially for individuals who are well-practiced in the ways of traditional leadership. However, given the prevalence of teams in today's work environment, the importance of making the adjustments cannot be overemphasized. Attempting to lead new teams using old methods is a surefire formula for failure.

### **CONTINGENCY THEORIES OF LEADER EFFECTIVENESS**

It should be clear by now that leadership is a complex process. It involves intricate social relationships and is affected by a wide range of variables. In general, it may be said that leadership is influenced by two main factors—the characteristics of the individuals involved, and the nature of the situations they face. This basic point lies at the heart of several approaches to leadership known as contingency theories of leader effectiveness. According to this approach, there is no one best style of leadership. Instead, they suggest that certain leadership styles may prove most effective under certain conditions. Contingency theories seek to identify the conditions and factors that determine whether, and to what degree, leaders will enhance the performance and satisfaction of their subordinates. We will describe three such approaches.

### **Fiedler's Contingency Theory: Matching Leaders and Tasks**

Earlier, we explained that the behaviors associated with effective leadership fall into two major categories—concern for people and concern for production. Both types of behavior contribute to a leader's success. However, a more refined look at this issue leads us to ask exactly when each type of behavior works best. That is, under what conditions are leaders more successful when they demonstrate a concern for people compared to a concern for production?

This question is addressed by a widely-studied approach to leadership known as LPC contingency theory developed by Fred Fiedler. The contingency aspect of the theory is reflected by the assumption that a leader's contribution to successful performance by his or her group is determined by the leader's own traits together with various aspects of the situation. Different levels of leader effectiveness occur under different conditions. To fully understand leader effectiveness, both factors must be considered.

Fiedler identifies esteem (liking) for least preferred co-worker (LPC for short) as the most important personal characteristic. This refers to a leader's tendency to evaluate in a favorable or unfavorable manner the person with whom she or he has found most difficult working with. Leaders who perceive this person in negative terms (low LPC leaders) are primarily concerned with attaining successful task performance. In contrast, those who perceive their least preferred co-worker in a positive light (high LPC leaders) are mainly concerned with establishing good relations with subordinates. A questionnaire is used to assess a leader's LPC score. It is important to note that Fiedler considers LPC to be fixed—an aspect of an individual's leadership style that cannot be changed. As we will explain below, this has important implications for applying the theory to improve leader effectiveness.

Which type of leader—one low in LPC or one high in LPC—is more effective? As suggested by the word "contingency" in the name, the answer is: "It depends." And, what it depends on is the degree to which the situation is favorable to the leader—that is, how much it allows the leaders to have control over their subordinates. This, in turn, is determined largely by three factors:

1. the nature of the leader's relations with group members (the extent to which he or she enjoys their support and loyalty),
2. the degree of structure in the task being performed (the extent to which task goals and subordinates' roles are clearly defined), and
3. the leader's position power (as described in Chapter 5, his or her formal capacity to enforce compliance by subordinates).

Combining these three factors, the leader's situational control can range from very high (positive relations with group members, a highly structured task, and high position power) to very low (negative relations, an unstructured task, and low position power).

What types of leaders are most effective under these various conditions? According to the theory, low LPC leaders (ones who are task-oriented) are superior to high LPC leaders (ones who are people-oriented) when situational control is either very low or very high. In contrast, high LPC leaders have an edge when situational control falls within the moderate range (refer to Exhibit 2).

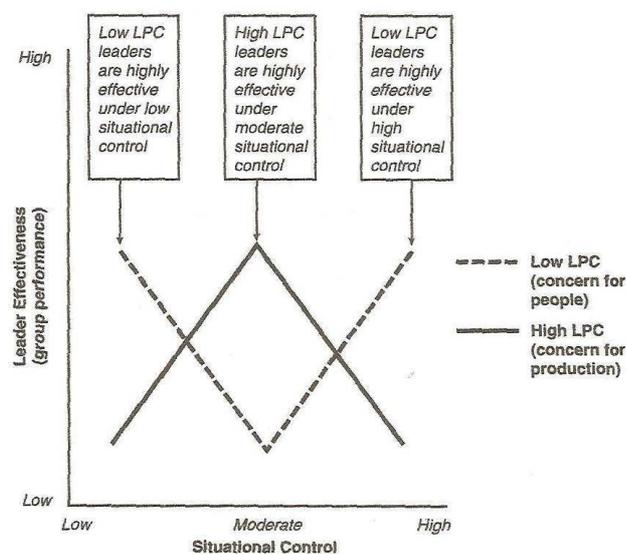
The rationale for these predictions is quite reasonable. Under conditions of low situational control, groups need considerable guidance to accomplish their tasks. Without such direction,

nothing would get done. For example, imagine a military combat group led by an unpopular platoon leader. Any chance of effectiveness this person has would result from paying careful attention to the task at hand rather than hoping to establish better relations with the group. (In fact, in the Army, it is often said that a leader in an emergency is better off giving wrong orders than no orders whatsoever.) Since low LPC leaders are more likely to provide structure than high LPC leaders, they tend to be superior in such cases.

Similarly, low LPC leaders also are superior under conditions that offer them a high degree of situational control. Indeed, when leaders are liked, their power is not challenged, and the demands of the task make it clear what a leader should be doing, it is perfectly acceptable for them to focus on the task at hand. Subordinates expect their leaders to exercise control under such conditions, and accept it when they do so. And this leads to task success. For example, an airline pilot leading a cockpit crew is expected to take charge, and to not seek the consensus of others as he or she guides the plane onto the runway for a landing. Surely, the pilot would be less effective by not taking charge, and asking the co-pilot what to do.

## EXHIBIT 2 LPC CONTINGENCY THEORY

LPC contingency theory predicts that low LPC leaders (ones who are primarily task-oriented) will be more effective than high LPC leaders (ones who are primarily people-oriented) when situational control is either very low or very high. When situational control is moderate, high LPC leaders tend to be more effective than low LPC leaders.



Things are different, however, when situations offer leaders moderate situational control. Consider, for example, a situation in which a leader's relations with subordinates are good, but the task is unstructured, and the leader's power is somewhat restricted. This may be the case within a research and development team attempting to find creative new uses for a company's products. Here, it would be clearly inappropriate for a low LPC leader to impose directives. Rather, a highly nurturant leader who is considerate of the feelings of others would likely be most effective—that is, a high LPC leader.

**Applying LPC Contingency Theory.** Practitioners have found LPC contingency theory to be quite useful when it comes to suggesting ways of enhancing leaders' effectiveness. Because the

theory assumes that certain kinds of leaders are most effective under certain kinds of situations, and that leadership style is fixed. The best way to enhance effectiveness is to fit the right kind of leaders to the situations they face.

This involves completing questionnaires that can be used to assess both the LPC score of the leader and the amount of situational control he or she will face in a situation. Then, using these measures, a match can be made such that leaders are put into the situations that best suit their leadership styles—a technique known as leader match. This approach also focuses on ways to change the situational control variables—leader-member relations, task structure, and leader position power—when it is impractical to reassign leaders. For example, a high LPC leader should either be moved to a job in which situational control is either extremely high or extremely low, or alternatively, the situation should be changed (such as by altering relations between leaders and group members, or raising or lowering his or her position power) so as to increase or decrease the amount of situational control encountered.

### **Path-Goal Theory: Leaders as Guides to Valued Goals**

In defining leadership, we indicated that leaders help their groups or organizations reach their goals. This basic idea plays a central role in path-goal theory of leadership. In general terms, the theory contends that subordinates will react favorably to leaders who are perceived as helping them make progress toward various goals by clarifying the paths to such rewards. Specifically, the things a leader does to help clarify the nature of tasks and reduce or eliminate obstacles will increase subordinates' perceptions that working hard will lead to good performance and that good performance, in turn, will be recognized and rewarded. And, under such conditions, motivation will be enhanced, which may help enhance performance.

Precisely how can leaders best accomplish these tasks? Again, as in the case of LPC contingency theory, the answer is: "It depends." (In fact, this answer is your best clue to identifying any contingency theory.) In this case, what it depends on is a complex interaction between key aspects of leader behavior and certain contingency factors. Specifically, with respect to leader behavior, path-goal theory suggests that leaders can adopt four basic styles:

- **Instrumental**—an approach focused on providing specific guidance, establishing work schedules and rules.
- **Supportive**—a style focused on establishing good relations with subordinates and satisfying their needs. This approach is effective when used with employees who are motivated to work, improve themselves and their abilities, and accomplish goals.
- **Participative**—a pattern in which the leader consults with subordinates, permitting them to participate in decision making.
- **Achievement-oriented**—an approach in which the leader sets challenging goals and seeks improvements in performance. The benefits to the company of the achievement-oriented leader approach include greater employee confidence and commitment, more employee decision making, increased employee creativity, more challenging objectives, and reduced supervision for employees who work best independently.

According to the theory, these styles are not mutually exclusive. In fact, the same leader can adopt different styles at different times and in different situations. (Indeed, as noted earlier in this chapter, showing such flexibility is one important aspect of an effective leader.)

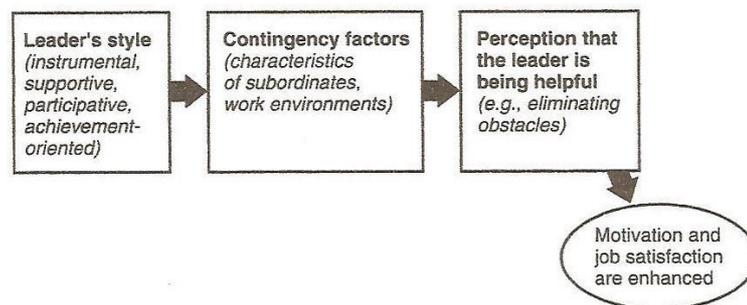
Which of these styles is best for maximizing subordinates' satisfaction and motivation? The answer depends on several characteristics of the subordinates themselves. For example, if followers are high in ability, an instrumental style of leadership may be unnecessary; instead, a

less structured, supportive approach may be preferable. On the other hand, if subordinates are low in ability, they may need considerable guidance to help them attain their goals. Similarly, people high in need for affiliation (that is, those desiring close, friendly ties with others) may strongly prefer a supportive or participative style of leadership. Those high in the need for achievement may strongly prefer an achievement-oriented leader, one who can guide them to unprecedented levels of success.

The theory suggests that the most effective leadership style also depends on several aspects of the work environment. Specifically, path-goal theory predicts that when tasks are unstructured and nonroutine, an instrumental approach by the leader may be best since much clarification and guidance might be needed. However, when tasks are structured and highly routine, such leadership may get in the way of good performance, and may be resented by subordinates who think the leader is engaging in unnecessary meddling. (See Exhibit 3 for an overview of all these aspects of path-goal theory.)

### EXHIBIT 3 PATH-GOAL THEORY

According to path-goal theory, perceptions among employees that leaders are helping them attain valued goals enhances their motivation and job satisfaction. Such perceptions are encouraged when a leader's style is consistent with the needs and characteristics of subordinates and various aspects of the work environment.



#### **Situational Leadership Theory: Adjusting Leadership Style to the Situation**

Another theory of leadership, situational leadership theory, is considered a contingency theory because it focuses on the best leadership style for a given situation. The theory, developed by Hersey and Blanchard argues that leaders are effective when they select the right leadership style for the situation they face. Essentially, this depends on the maturity of followers, or, their readiness to take responsibility for their own behavior. This, in turn, is based on two variables with which we are already familiar: (1) task behavior—the degree to which followers have the appropriate job knowledge and skills (i.e., their need for guidance and direction), and (2) relationship behavior—the degree to which followers are willing to work without taking direction from others (i.e., their need for emotional support).

#### **The Vroom and Yetton Model: Determining the Level of Subordinate Participation in Decision Making**

As many leaders have learned, allowing subordinates to participate in decision making and problem solving can greatly enhance leadership ability. The Vroom and Yetton model specifies the extent to which leaders should have their subordinates participate in the decision-making. How much subordinates should participate depends on aspects of the decision that needs to be made, the subordinates involved, and the information needed to make a good decision. In this

model, the leader would examine the need for subordinate involvement, how much involvement, and who to involve.