

Fundamentals of Management

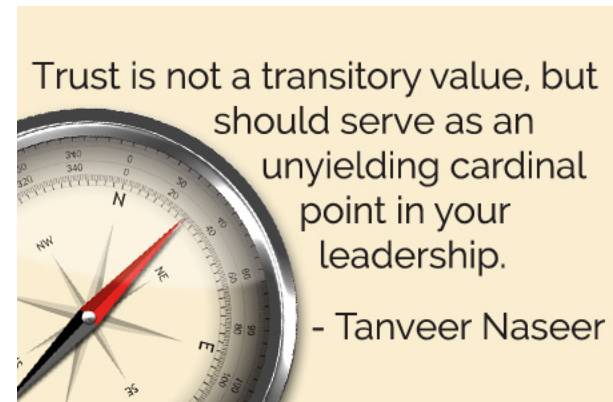
1



Part Four: Leading

2

- Chapter Twelve: Leadership and Trust
 - Define leader and leadership.
 - Compare and contrast early leadership theories.
 - Describe the four major contingency leadership theories.
 - Describe modern views of leadership and issues facing leaders today.
 - Discuss trust as the essence of leadership.



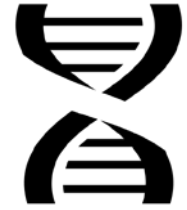
Trait Theories of Leadership

4

- Theories that search for characteristics or traits that differentiate leaders from non-leaders.
 - Most people can cite a list of qualities they admire in leaders – intelligence, charisma, decisiveness, enthusiasm, strength, bravery, integrity, self-confidence, etc., but there is no definitive list of traits consistently associated with leadership.
 - ✦ Traits alone are not sufficient for identifying effective leaders.



Common Leadership Traits



5

- **Drive**
 - Leaders exhibit a high effort level. They have a relatively high desire for achievement, they are ambitious, they have a lot of energy, they are tirelessly persistent in their activities, and they show initiative.
- **Desire to Lead**
 - Leaders have a strong desire to influence and lead others. They demonstrate the willingness to take responsibility.
- **Honesty and Integrity**
 - Leaders build trusting relationships with followers by being truthful, or non-deceitful, and by showing high consistency between word and deed.
- **Self-Confidence**
 - Followers look to leaders who don't self doubt. Leaders, therefore, need to show self-confidence in order to convince followers of the rightness of their goals and decisions.

Common Leadership Traits



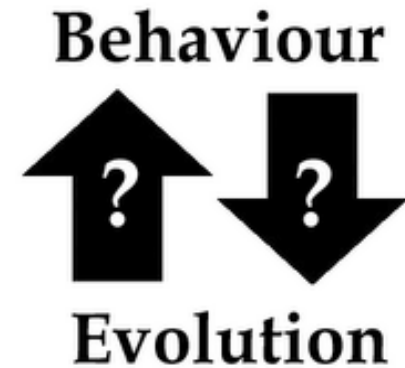
6

- **Intelligence**
 - Leaders need to be intelligent enough to gather, synthesize, and interpret large amounts of information, and they need to be able to create visions, solve problems, and make correct decisions.
- **Job-Relevant Knowledge**
 - Effective leaders have a high degree of knowledge about the company, industry, and technical matters. In depth knowledge allows leaders to make well-informed decisions and to understand the implications of those decisions.
- **Extraversion**
 - Leaders are energetic, lively people. They are sociable, assertive, and rarely silent or withdrawn.
- **Proneness to Guilt**
 - Guilt proneness is positively related to leadership effectiveness, because it produces a strong sense of responsibility for others.

Behavioral Theories of Leadership

7

- Theories that search for behaviors that differentiate effective leaders from ineffective leaders.
 - If behavioral theories could identify critical behavioral determinants of leadership, people could be trained to be leaders – the premise behind management development programs.



University of Iowa

Behavioral Dimension

8

- **Democratic Style**
 - Involving subordinates, delegating authority, and encouraging participation.
- **Autocratic Style**
 - Dictating work methods, centralizing decision making, and limiting participation.
- **Laissez-Faire Style**
 - Giving group freedom to make decisions and complete work.
- **Conclusion**
 - Democratic style of leadership was most effective, although later studies showed mixed results.

The logo for the University of Iowa, featuring the word "IOWA" in a bold, yellow, sans-serif font on a black rectangular background.

Ohio State

Behavioral Dimension

9

- **Consideration**
 - Being considerate of followers' ideas and feelings.
- **Initiating Structure**
 - Structuring work and work relationships to meet job goals.
- **Conclusion**
 - Leaders that valued both consideration and initiating structure achieved high subordinate performance and satisfaction, but not in all situations.



University of Michigan

Behavioral Dimension

10

- **Employee Oriented**
 - Emphasized interpersonal relationships and taking care of employee's needs.
- **Production Oriented**
 - Emphasized technical or task aspects of job.
- **Conclusion**
 - Employee-oriented leaders were associated with high group productivity and higher job satisfaction.



Managerial Grid

Behavioral Dimension

11

- **Concern for People**

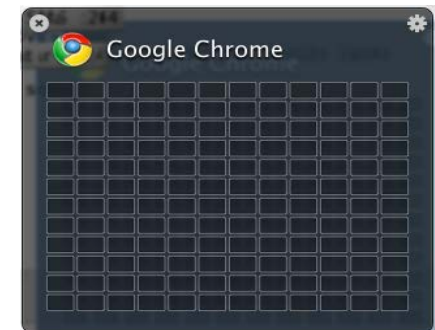
- Measured leader's concern for subordinates on a scale of 1 to 9 (low to high).

- **Concern for Production**

- Measured leader's concern for getting job done on a scale of 1 to 9 (low to high).

- **Conclusion**

- Leaders performed best with a 9.9 style – high concern for production and high concern for people.



Behavioral Theories of Leadership

12

- Conclusion:
 - There is a dual nature of leader behaviors
 - ✦ Focusing on the work to be done and focusing on the employees – is an important characteristic of successful leadership.



Fiedler Contingency Theory

13

- Leadership theory proposing that effective group performance depends on the proper match between a leader's style and the degree to which the situation allowed the leader to control and influence.
 - Fiedler's research uncovered three contingency dimensions that defined the key situational factors in leader effectiveness.
 1. Leader-Member Relations: the degree of confidence, trust, and respect EE's had for their leader; rated as either good or poor.
 2. Task Structure: the degree to which job assignments were formalized and structured; rated as either high or low.
 3. Position Power: the degree of influence a leader had over activities such as hiring, firing, discipline, promotions, and salary increases; rated as either strong or weak.

Fiedler Contingency Theory

14

- Conclusions:
 - Task-oriented leaders performed better in very favorable conditions and in very unfavorable conditions.
 - Relationship-oriented leaders performed better in moderately favorable situations.
 - ✦ Thus, effective leaders need to change their leadership styles to reflect situational factors.



CONCLUSION
SUMMARY OVERVIEW

Situational Leadership Theory (SLT)

15

- A leadership contingency theory proposed by Paul Hersey and Ken Blanchard that focuses on followers' readiness.
 - The emphasis on the followers in leadership effectiveness reflects the reality that it is the followers who accept or reject the leader.
 - ✦ Regardless of what the leader does, the group's effectiveness depends on the actions of the followers.
 - Readiness refers to the extent to which people have the ability and willingness to accomplish a specific task



Situational Leadership Theory

16

- SLT views the leader-follower relationship as like that of a parent and child.
 - Just as a parent needs to relinquish control when a child becomes more mature and responsible, so too, should leaders.
 - ✦ As followers reach higher levels of readiness, the leader responds not only to reducing control over their activities but also decreasing relationship behaviors.



Situational Leadership Theory

17

- The SLT Says:



- If followers are *unable and unwilling* to do a task, the leader needs to use the Telling Style and give clear and specific directions.
- If followers are *unable and willing* to do a task, the leader needs to use the Selling Style and display high task orientation to compensate for the followers' lack of ability and high relationship orientation to get followers to “buy into” the leader's desires.
- If followers are *able and unwilling* to do a task, the leader needs to use the Participating Style to gain their support.
- If followers are both *able and willing*, the leader doesn't need to do much and should use the Delegating Style.

Situational Leadership Theory

18

- SLT has intuitive Appeal.
 - It acknowledges the importance of followers and builds on the logic that leaders can compensate for ability and motivational limitations in their followers.

INTUITIVE

Leader-Participation Model

19

- The Leader-Participation Model developed by Victor Vroom and Phillip Yetton is a leadership contingency theory that's based on a sequential set of rules for determining how much participation a leader uses in decision-making according to different types of situations.
 - The model confirms that leadership research should be directed at the situation rather than at the person.
 - ✦ That is, it probably makes more sense to talk about autocratic and participative situations than autocratic and participative leaders.

NEXT
top model

Leader-Participation Model (LPM)

20

- Contingency Variables in the LPM:

1. Importance of the decision.
2. Importance of obtaining follower commitment to the decision.
3. Whether the leader has sufficient information to make a good decision.
4. How well structured the problem is.
5. Whether an autocratic decision would receive follower commitment.
6. Whether followers “buy into” the organization’s goals.
7. Whether there is likely to be a conflict among followers over solution alternatives.
8. Whether followers have the necessary information to make a good decision.
9. Time constraints on the leader that may limit follower involvement.
10. Whether costs to bring geographically dispersed members together are justified.
11. Importance to the leader of minimizing the time it takes to make the decision.
12. Importance of using participation as a tool for developing follower decision skills.



Path-Goal Theory

21

- A leadership theory developed by Robert House that says the leader's job is to assist followers in attaining their goals and to provide direction or support needed to ensure that their goals are compatible with the organization's or group's goals.
 - The term path-goal is derived from the belief that effective leaders clarify the path to help their followers get from where they are to the achievement of their work goals and make the journey along the path easier by reducing roadblocks and pitfalls.



Path-Goal Theory (PGT)

22

- **Four leadership behaviors identified with PGT:**
 - **Directive Leader**
 - ✦ Lets subordinates know what's expected of them, schedules work to be done, and gives specific guidance on how to accomplish tasks.
 - **Supportive Leader**
 - ✦ Shows concern for the needs of followers and is friendly.
 - **Participative Leader**
 - ✦ Consults with group members and uses their suggestions before making a decision.
 - **Achievement-Oriented Leader**
 - ✦ Sets challenging goals and expects followers to perform at their highest level.

4

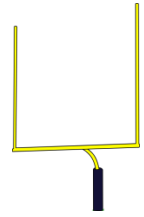
Path-Goal Theory

23

- In contrast to Fiedler's view that a leader couldn't change his or her behavior, House assumed that leaders are flexible and can display any or all of these leadership styles depending on the situation.

CONTRAST
CONTRAST
CONTRAST
CONTRAST
CONTRAST

Path-Goal Theory



24

- **Path-Goal Theory proposes two situational or contingency variables that moderate the leadership behavior-outcome relationship:**
 1. Factors in the environment that are outside the control of the follower – including task structure, formal authority system, and the work group, and
 2. Factors that are part of the personal characteristics of the follower – including locus of control, experience, and perceived ability.
- ✦ **Environmental factors determine the type of leader behavior required if subordinate outcomes are to be maximized; personal characteristics of the follower determine how the environment and leader behavior are interpreted.**
 - The theory proposes that a leader's behavior won't be effective if it's redundant with what the environmental structure is providing or is incongruent with followers characteristics.

Path-Goal Theory

25

- An EE's performance and satisfaction are likely to be positively influenced when the leader chooses a leadership style that compensates for short comings in either the EE or the work setting.
 - However, if the leader spends time explaining tasks that are already clear or when the EE has the ability and experience to handle them without interference, the EE is likely to see such directive behavior as redundant or even insulting.



Leader-Member Exchange (LMX) Theory

26

- A leadership theory that says leaders create in-groups and out-groups and the in-group will have higher performance ratings, less turnover, and greater job satisfaction.
 - Early on in the relationship a leader will implicitly categorize a follower as an “in” or as an “out.”
 - ✦ Leaders also encourage LMX by rewarding those EE’s with whom they want a closer linkage and punishing those with whom they do not.
 - Evidence indicates that in-group members have demographic, attitude, personality, and even gender similarities with the leader or they have a higher level of competence than out-group members.

Leader-Member Exchange (LMX) Theory

27

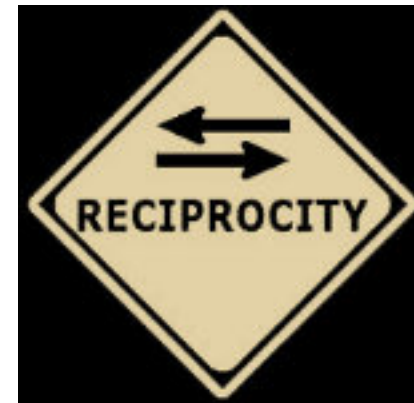
- Followers with in-group status will have higher performance ratings, engage in more helping or “citizenship” behaviors at work, and report greater satisfaction with their boss.
 - These findings are not surprising, as leaders are more likely to invest their time and other resources in those whom they expect to perform the best.



Transactional Leaders

28

- Transactional Leaders are those who lead primarily by using social exchange or transactions.
 - Transactional leaders guide or motivate followers to work toward established goals by exchanging rewards for their productivity.



Transformational Leaders

29

- Transformational Leaders stimulate and inspire (transform) followers to achieve extraordinary outcomes.
 - Transformational leaders pay attention to the concerns and developmental needs of individual followers; changing followers' awareness of issues by helping those followers look at old problems in new ways; and being able to excite, arouse, and inspire followers to exert extra effort to achieve group goals.



Transactional vs. Transformational Leaders

30

- The evidence supporting the superiority of transformational leadership over transactional leadership is overwhelmingly impressive.
 - Transformational leaders were evaluated as more effective, higher performers, more promotable than their transactional counterparts, and more interpersonally sensitive.
 - Transformational leadership is strongly correlated with lower turnover rates and higher levels of productivity, work engagement, EE satisfaction, creativity, goal attainment, and follower well-being.



Charismatic Leaders

31

- Charismatic Leaders are enthusiastic, self-confident leaders whose personalities and actions influence people to behave in certain ways.
 - Charismatic Leaders have vision, willingness to take risks to achieve that vision, sensitivity to both environmental constraints and follower needs, and other behaviors that are out of the ordinary.
 - ✦ There is an impressive correlation between charismatic leadership and high performance and satisfaction among followers.



Visionary Leadership

32

- **Visionary Leadership is the ability to create and articulate a realistic, credible, and attractive vision of the future that improves on the present situation.**
 - The vision, if properly selected and implemented, is so energizing that it “in effect jump-starts the future by calling forth the skills, talents, and resources to make it happen.”
 - ✦ An organization’s vision should offer clear and compelling imagery that taps into people’s emotions and inspires enthusiasm to pursue the organization’s goals.

Vision 

Leaders and Teams

33

- Because leadership is increasingly taking place within a team context and more organizations are using work teams, the role of the leader in guiding team members has become increasingly important.
 - Effective team leaders have mastered the difficult balancing act of knowing when to leave their teams alone and when to get involved.
 - ✦ Important responsibilities of team leaders include coaching, facilitating, handling disciplinary action problems, reviewing team and individual performance, training, and communication.



Leaders and Teams

34

- Effective Team Leadership Roles:
 - Coaches
 - Conflict Managers
 - Liaisons with External Constituents
 - Troubleshooters



Empowerment

35

- Managers are increasingly leading by not leading; that is, by empowering their employees.
 - Empowerment involves increasing the decision-making discretion of workers.
 - ✦ Today, many EE's are making the key operating decisions that directly affect their work.



Empowerment

36

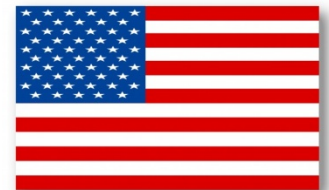
- More companies are empowering EE's because of a need for quick decisions by those people who are most knowledgeable about the issues.
 - If organizations want to successfully compete in a dynamic global economy, EE's have to be able to make decisions and implement changes quickly.
- Additionally, organizational downsizings left many managers with larger spans of control.
 - In order to cope with the increased work demands, managers had to empower their people.



National Culture

37

- National Culture is an important situational variable in determining which leadership style will be most effective.
 - However, most leadership theories were developed in the U.S., and have an American bias. They:
 - ✦ Emphasize follower responsibilities rather than rights.
 - ✦ Assume self-gratification rather than commitment to duty or altruistic motivation.
 - ✦ Assume centrality of work and democratic value orientation.
 - ✦ Stress rationality rather than spirituality, religion, or superstition.



National Culture

38

- The GLOBE research program found that there are some universal aspects of leadership.
 - A number of elements of transformational leadership appear to be associated with effective leadership regardless of what country the leader is in.
 - ✦ These elements include vision, foresight, providing encouragement, trustworthiness, dynamism, positiveness, and proactiveness.



National Culture

39

- GLOBE team members concluded:
 - Effective business leaders in any country are expected by their subordinates to provide a powerful and proactive vision to guide the company into the future, strong motivational skills to stimulate all EE's to fulfill the vision, and excellent planning skills to assist in implementing the vision.



National Culture

40

- **Cross-Cultural Leadership:**

- Korean leaders are expected to be paternalistic toward EE's.
- Arab leaders who show kindness or generosity without being asked to do so are seen by other Arabs as weak.
- Japanese leaders are expected to be humble and speak frequently.
- Scandinavian and Dutch leaders who single out individuals with public praise are likely to embarrass, not energize those individuals.
- Effective leaders in Malaysia are expected to show compassion while using more of an autocratic than a participative style.
- Effective German leaders are characterized by high performance orientation, low compassion, low self-protection, low team orientation, high autonomy, and high participation.

Virtual Leadership

41

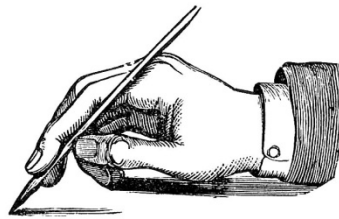
- Today's managers and their EE's are increasingly being linked by technology rather than by geographic proximity.
 - To be an effective virtual leader, managers must recognize that they have choices in the words and structure of their digital communications. They also need to develop the skill of “reading between the lines” in the messages they receive.
 - ✦ It's important to try and decipher the emotional content of a message as well as the written content.
 - Also, virtual leaders need to think carefully about what actions they want their digital messages to initiate.



Virtual Leadership

42

- For an increasing number of managers, good interpersonal skills may include the abilities to communicate support and leadership through digital communication and to read emotions in others' messages.
 - In this “new world” of communication, writing skills are likely to become an extension of interpersonal skills.



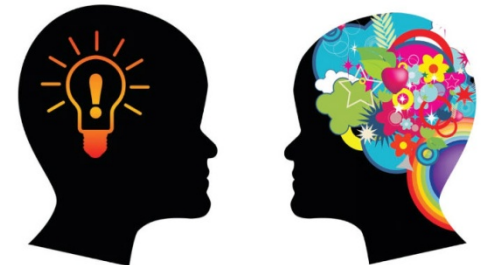
THE POWER OF

Writing

Emotional Intelligence

43

- Emotional Intelligence – more so than IQ – is the best predictor of who will emerge as leader.
 - Leaders need basic intelligence and job-relevant knowledge, but IQ and technical skills are “threshold capabilities.” They are necessary, but not sufficient requirements for leadership.
 - ✦ The possession of five components of Emotional Intelligence – (1) self-awareness, (2) self-management, (3) self-motivation, (4) empathy and (5) social skills – is what allows an individual to become a star performer.



Emotional Intelligence

44

- EI has been shown to be positively related to job performance at all levels.
 - But it appears to be especially relevant in jobs that demand a high degree of social interaction.
 - ✦ And, of course, that's what leadership is all about.



Emotional Intelligence

Self-Awareness
Self-Management
Social Awareness
Relationship Management

There are strategies to develop each of the four areas of emotional intelligence.

EQ measures your emotional intelligence, you can improve it.

IQ measures your rational intelligence, you cannot change it.

Skills Related to EQ

- Decision Making
- Time Management
- Change Tolerance
- Assertiveness
- Empathy
- Stress Tolerance
- Anger Management
- Trust
- Presentational Skills
- Social Skills
- Communications
- Customer Service
- Accountability
- Flexibility

Original Image (c) DepositPhotos/artecle
Content Bradberry, Tratis; Greaves, Jean. "Emotional Intelligence 2.0." TalentSmart, 2009
Copyright 2013 TheProfessionalWebsite

Trust

45

- Trust is the essence of leadership.
 - In today's uncertain environment, leaders need to build, or even rebuild, trust and credibility.
 - ✦ The main component of credibility is honesty.
 - Surveys show that honesty is consistently singled out as the number one characteristic of admired leaders.
 - Honesty is absolutely essential to leadership.



**I can BEE
HONEST**

*by showing I am truthful
and trustworthy, and not
lying, cheating, or stealing.*

Trust

46

- **In addition to being honest, credible leaders are competent and inspiring.**
 - Followers judge a leader's credibility in terms of his or her honesty, competence, and ability to inspire.
 - ✦ Trust is closely entwined with the concept of credibility, and in fact, the terms are often used interchangeably.
 - Trust is defined as the belief in integrity, character, and ability of a leader.



Trust

47

- Five dimensions that make up Trust:



1. Integrity

- ✦ Honesty and truthfulness

2. Competence

- ✦ Technical and interpersonal knowledge and skills

3. Consistency

- ✦ Reliability, predictability, and good judgment in handling situations

4. Loyalty

- ✦ Willingness to protect a person, physically and emotionally

5. Openness

- ✦ Willingness to share ideas and information freely

Trust

48

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

thatonerule:#3205

Trust is earned, respect is given, and loyalty is demonstrated. Betrayal of any one of those is to lose all three.

Trust

49

got trust?

- Suggestions for Building Trust:

- Practice Openness

- ✦ Keep people informed; make clear the criteria on how decisions are made; explain the rationale for your decisions; be candid about problems; and fully disclose relevant information.

- Be Fair

- ✦ Consider others feelings; give credit when its due; be objective and impartial in performance appraisals; pay attention to equity.

- Speak Your Feelings

- ✦ Share facts with feeling and emotion.

- Tell the Truth

- ✦ Consistent with honesty and credibility.

Trust

50

- Suggestions for Building Trust:

got trust?

- Be Consistent

- ✦ People want predictability.

- Fulfill Your Promises

- ✦ Trust requires dependability.

- Maintain Confidences

- ✦ Do not betray another or expose their vulnerability.

- Demonstrate Confidence

- ✦ Be strong in communication, negotiation, and interpersonal skills.

The
E N D