The Principles of Management

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Chapter 10  Leading People and Organizations

- Define what leadership is and identify traits of effective leaders
- Describe behaviors that effective leaders demonstrate
- Specify the contexts in which various leadership styles are effective
- Explain the concepts of transformational and transactional leadership; and charismatic, servant, and authentic leadership
- Develop your own leadership skills
# Leadership and the P-O-L-C Framework

<table>
<thead>
<tr>
<th>Planning</th>
<th>Organizing</th>
<th>Leading</th>
<th>Controlling</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td>4. Motivation</td>
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</table>
Leadership is the act of ________ others to work toward a goal

Formal leaders hold a _______________ and may utilize the _______ that comes from their position, as well as their personal power to ___________ others

Informal leaders are ____________________________
______________ of authority within the organization but demonstrate ___________ by influencing others through __________ forms of power
Who Is a Leader?
Trait Approaches to Leadership

- Integrity
- Intelligence
- Extraversion
- Conscientious
- Open to Experience
- Self-esteem
<table>
<thead>
<tr>
<th>Trait</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td><strong>Openness</strong></td>
<td>Being curious, original, intellectual, creative, and open to new ideas.</td>
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<tr>
<td><strong>Conscientiousness</strong></td>
<td>Being organized, systematic, punctual, achievement oriented, and dependable.</td>
</tr>
<tr>
<td><strong>Extraversion</strong></td>
<td>Being outgoing, talkative, sociable, and enjoying social situations.</td>
</tr>
<tr>
<td><strong>Agreeableness</strong></td>
<td>Being affable, tolerant, sensitive, trusting, kind, and warm.</td>
</tr>
<tr>
<td><strong>Neuroticism</strong></td>
<td>Being anxious, irritable, temperamental, and moody.</td>
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</table>
• Think of a leader you admire. What traits does this person have? Are they consistent with the traits discussed in this chapter? If not, why is this person effective despite the presence of different traits?
• Can the findings of trait approaches be used to train potential leaders? Which traits seem easier to teach? Which are more stable?
• How can organizations identify future leaders with a given set of traits? Which methods would be useful for this purpose?
• What other traits can you think of that would be relevant to leadership?
What Do Leaders Do?

Behavioral Approaches to Leadership

**Task oriented leader behaviors** involve structuring the roles of subordinates, providing them with instructions and behaving in ways that will increase the performance of the group.

**People oriented leader behaviors** include showing concern for employee feelings and treating employees with respect.

*Task oriented behaviors are directives given to employees to get things done and to ensure that organizational goals are met.*

*People oriented leaders genuinely care about the well being of their employees and they demonstrate their concern in their actions and decisions.*
Behavioral approaches to leadership showed that task oriented and people oriented behaviors are two key aspects of leadership.
<table>
<thead>
<tr>
<th>Decision Making</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Leaders make the decision ______ without necessarily involving employees in the ______ making process</td>
</tr>
<tr>
<td>2</td>
<td>Employees _______ in the making of the decision</td>
</tr>
<tr>
<td>3</td>
<td>Leaders leave _______ ______ to make the decision; the leader provides ______ guidance and involvement in the decision</td>
</tr>
</tbody>
</table>
Democratic Decision Making Style

Sergey Brin, Google co-founder, is known for his democratic decision making style.
Discussion

• Give an example of a leader you admire whose behavior is primarily task oriented, and one whose behavior is primarily people oriented.

• What are the limitations of authoritarian decision making? Under which conditions do you think authoritarian style would be more effective?

• What are the limitations of democratic decision making? Under which conditions do you think democratic style would be more effective?

• What are the limitations of laissez-faire decision making? Under which conditions do you think laissez-faire style would be more effective?

• Examine your own leadership style. Which behaviors are you more likely to demonstrate? Which decision making style are you more likely to use?
Contingency Approaches to Leadership

The Role of Context

- Fiedler’s Contingency Theory
- Situational Leadership
- Path-Goal Theory of Leadership
- Vroom and Yetton-Leadership Decisions
## Fiedler’s Contingency Theory

<table>
<thead>
<tr>
<th>Situational favorableness</th>
<th>Leader-subordinate relations</th>
<th>Position Power</th>
<th>Task structure</th>
<th>Best Style</th>
</tr>
</thead>
<tbody>
<tr>
<td>Favorable</td>
<td>Good</td>
<td>High</td>
<td>High</td>
<td>Low LPC Leader</td>
</tr>
<tr>
<td></td>
<td>Good</td>
<td>High</td>
<td>Low</td>
<td>Leader</td>
</tr>
<tr>
<td></td>
<td>Good</td>
<td>Low</td>
<td>High</td>
<td>Leader</td>
</tr>
<tr>
<td>Medium</td>
<td>Good</td>
<td>Low</td>
<td>Low</td>
<td>High LPC Leader</td>
</tr>
<tr>
<td></td>
<td>Poor</td>
<td>High</td>
<td>High</td>
<td>Leader</td>
</tr>
<tr>
<td></td>
<td>Poor</td>
<td>High</td>
<td>Low</td>
<td>Leader</td>
</tr>
<tr>
<td></td>
<td>Poor</td>
<td>Low</td>
<td>High</td>
<td>Leader</td>
</tr>
<tr>
<td>Unfavorable</td>
<td>Poor</td>
<td>Low</td>
<td>Low</td>
<td>Low LPC leader</td>
</tr>
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</table>
Leaders choose from four basic situational leadership styles as defined by Blanchard and Hersey. The style that a leader chooses is determined by situational factors such as employee readiness.
Development of the Individual

<table>
<thead>
<tr>
<th>Follower Readiness Level</th>
<th>Competence (Low)</th>
<th>Competence (Low)</th>
<th>Competence (Moderate to High)</th>
<th>Competence (High)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment (High)</td>
<td>Commitment (Low)</td>
<td>Commitment (Variable)</td>
<td>Commitment (High)</td>
<td></td>
</tr>
<tr>
<td>Recommended Leader Style</td>
<td>Directing Behavior</td>
<td>Coaching Behavior</td>
<td>Supporting Behavior</td>
<td>Delegating Behavior</td>
</tr>
</tbody>
</table>

Situational Leadership Theory helps leaders match their style to follower readiness levels.
Telling/directing  *Employees are __________ but need __________ direction

Selling/coaching  *Leaders __________ and __________ to gain results

Participating/supporting  *Leaders provide __________ and __________ make decisions

Delegating  *Leaders __________ and make employees __________
Path-Goal Theory of Leadership
Influenced by Expectancy Theory of Motivation

Employees are motivated if confident...

- Their effort will lead to high performance
- Their high performance will be rewarded
- The rewards they will receive are valuable to them
Four Leadership Styles

- Directive
- Supportive
- Participative
- Achievement Oriented
# Predictions of Path-Goal Theory

<table>
<thead>
<tr>
<th>Situation</th>
<th>Appropriate Leadership Style</th>
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</thead>
<tbody>
<tr>
<td>- When employees have high role ambiguity</td>
<td>Directive</td>
</tr>
<tr>
<td>- When employees have low abilities</td>
<td></td>
</tr>
<tr>
<td>- When employees have external locus of control</td>
<td></td>
</tr>
<tr>
<td>- When tasks are boring and repetitive</td>
<td>Supportive</td>
</tr>
<tr>
<td>- When tasks are stressful</td>
<td></td>
</tr>
<tr>
<td>- When employees have high abilities</td>
<td>Participative</td>
</tr>
<tr>
<td>- When the decision is relevant to employees</td>
<td></td>
</tr>
<tr>
<td>- When employees have high internal locus of control</td>
<td></td>
</tr>
<tr>
<td>- When employees have high achievement motivation</td>
<td>Achievement oriented</td>
</tr>
<tr>
<td>- When employees have high abilities</td>
<td></td>
</tr>
<tr>
<td>- When employees have high achievement motivation</td>
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The decision tree approach is a guide leaders can use to decide how participative they should be given decision environment characteristics.
The Decision Tree
Discussion

• Do you believe that the least preferred coworker technique is a valid method of measuring someone’s leadership style? Why or why not?
• Do you believe that leaders can vary their style to demonstrate directive, supportive, achievement oriented and participative styles with respect to different employees? Or does each leader tend to have a personal style that he or she regularly uses toward all employees?
• What do you see as the limitations of the Vroom-Yetton leadership decision making approach?
• Which of the leadership theories covered in this section do you think are most useful, and least useful, to practicing managers? Why?
Contemporary Approaches to Leadership

Transactional Leadership
* Employees demonstrate the right behaviors because the leader provides resources in exchange

Transformational Leadership
* Employees focus on company’s well being rather than individual pursuits
Transformational leaders lead employees by aligning employee goals with the leader’s goals.
Transformational leaders rely on their charisma, persuasiveness, and personal appeal.

Mustafa Kemal Ataturk, the founder and first president of the Turkish Republic.
Methods Used By Transactional Leaders

Contingent rewards

Passive management by exception

Active management by exception
Leader-Member Exchange (LMX) Theory

High quality LMX relationships have mutual respect between the leader and the followers.

Low quality LMX relationships portray lower levels of trust and respect between leaders and followers.
According to the Leader-Member Exchange (LMX) approach, the unique, trust based relationships leaders develop with employees is the key to leadership effectiveness.

**Antecedents**
- Leader fairness
- Leader delegation
- Effort in building good relationship
- Employee feedback seeking
- Employee flattery of the leader
- Personality similarity
- Liking

**Consequences**
- Job satisfaction
- Organizational commitment
- Job Performance
- Citizenship behaviors
- Lower turnover
- Buffer against stressors
- High performance ratings
- Favorable interpretations of behavior
Servant Leadership

Defines the leader’s role as serving the needs of others

The primary mission of the leader is to develop employees and help them reach their goals

Servant leaders put their employees first, understand their personal needs and desires, empower them, and help them develop in their careers
Servant Leadership resembles Transformational Leadership, yet has differences . . .

- Ethics
- Self Sacrifice
- Community Development
# Authentic Leadership

**Leaders are self aware**

| Not afraid to act the way they are | Possess high levels of personal integrity |

**Leaders are introspective**

| Understand where they are coming from | Retain a thorough understanding of their own values and priorities |
Howard Schultz, the founder of Starbucks coffee houses

Witnessing his father’s losing jobs due to medical problems, he became passionate about a company’s need to care for its employees.
Discussion

• What are the characteristics of transformational leaders? Are transformational leaders more effective than transactional leaders?

• What is charisma? What are the advantages and disadvantages of charismatic leadership? Should organizations look for charismatic leaders when selecting managers?

• What are the differences (if any) between a leader having a high quality exchange with employees and being friends with employees?

• What does it mean to be a servant leader? Do you know any leaders whose style resembles servant leaders? What are the advantages of adopting such a leadership style?

• What does it mean to be an authentic leader? How would such a style be developed?
Developing Your Leadership Skills

Steps to Develop Charismatic Leadership Skills

Have a _____

Tie the vision to ________

Watch your _____ language

Make sure that employees have ________ in
The CEO of PepsiCo, Indra Nooyi, is a leader who demonstrates passion for her vision and energizes those around her toward her vision for the company.
Develop Your Servant Leadership Skills

- Ask what you can do for your employees
- Help employees reach their goals
- Be humble
- Be open with your employees
- Find ways of helping the external community
Develop Your Authentic Leadership Skills

Understand Your History

Take Stock of Who You Are Now

Reflect on Your Successes and Challenges

Make Integrity a Priority

Understand the Power of Words
Discussion

• What is the connection between leadership and ethics?

• Do you believe that ethical leaders are more successful in organizations?

• Have you ever had an authentic leader? What did this person do that made you consider him or her to be authentic? How effective was his or her leadership?