11

LEARNING FROM OTHERS

Developing leaders: A firm's most important job

When Chris Fowler took over as CEO of Edmonton-based Canadian Western Bank (CWB) in 2013, he had very big shoes to fill—following CWB's first and until recently only chief executive, Larry Pollock. Fowler inherited an impressive record of 99 consecutive profitable quarters and an incredible 4,147 percent return for shareholders—an average of 17.5 percent per year. Impressive indeed, when you consider that CWB, the largest western-headquartered, publicly traded bank, competes with the much larger six big Canadian banks.

However, Fowler had a very good mentor. Larry Pollock, CEO of the then-fledgling Canadian Western Bank, recruited Fowler in 1991. Under Pollock's tutelage, Fowler held progressively senior positions at CWB over the years, and before taking on the CEO role he was President and Chief Operating Officer responsible for banking operations and credit

risk management. "Larry has been a significant influence, no question, given the length of time that he's been my boss," says Fowler. "Larry has generated a tremendous culture here, and he created an environment for all of us to be successful. He really took what was pretty much a startup (in 1990) when he became CEO, and built it up into a large company. So the next step is to take that base—while certainly respecting the style he brought—and solidify the CWB franchise as a Western Canadian financial institution."

CWB now employs over 2,000 staff at 41 branches across western Canada and at various affiliated trust, insurance, leasing, and wealth management companies. Both Pollock and Fowler attribute the bank's past performance and its future potential to its investment and credit policy consistency, which exposes CWB to only those segments of the market it knows well. That approach spared it from the 2007 financial crisis that affected the larger banks.

Nevertheless, CWB currently faces a tough interest environment, slow commercial lending, and exposure to the ups and downs of the resource industry. Still, investors and financial analysts believe that under Fowler's strong leadership, Canadian Western Bank will continue to be one of North America's most successful banks.

Chris Fowler (Photo: Jason Franson)

BENCHMARK Leadership development at Canadian Western Bank is supported right from the top. Executives are expected to be willing to develop leadership skills in themselves and in others. Shouldn't this be the task of all leaders?

▶ MORE TO LOOK FOR INSIDE

CANADIAN MANAGERS: Ned Goodman, Dundee Corporation

CANADIAN COMPANY IN THE NEWS: Oxford Frozen Foods Ltd. —True to its Rural Roots

MINI CASE: Managing the Boss

RESEARCH IN BRIEF: Charismatic Leaders Display Positive Emotions that Followers Find Contagious

GOING GLOBAL: Developing Global Leaders

REAL ETHICS: Difficult Employees

Leadership and Communication

Integrity

Whether you call it ethical leadership or moral leadership, the personal implications are the same: respect flows toward leaders who behave with *integrity*. You should understand that integrity is defined as being honest, credible, and consistent in all that we do. On the flip side, here are some of the things that cause people to say someone lacks integrity.

- Giving special treatment to favoured people
- Being willing to lie
- Blaming others for personal mistakes
- Letting others take blame for personal mistakes

- Wanting others to fail
- Falsifying reports and records
- Instigating conflict and disharmony
- Taking credit for others' ideas
- Stealing

What are the elements of leadership integrity? According to the late management guru Peter Drucker, the notion of "service" is central. He says leaders with integrity "are servants of the organization—whether elected or appointed, whether the organization is a government, a government agency, a business, a hospital, a diocese. It's their duty to subordinate their likes, wishes, preferences to the welfare of the institution." Drucker went on to say that to be such a leader you must have "the ability to see the world as it is, not as you want it to be."[1]

Leadership and the Integrity Line
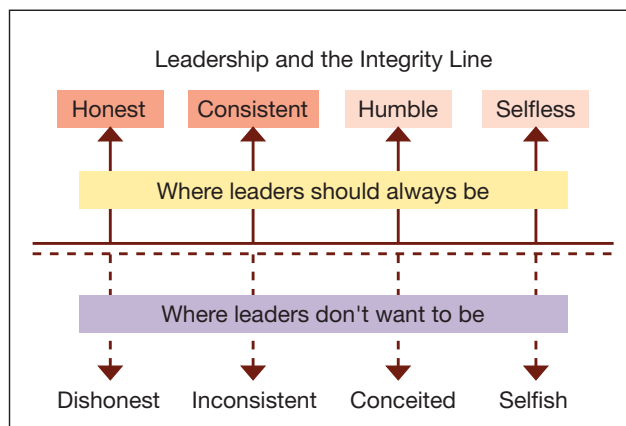
❖ Get to know yourself better

How often have you worked for someone who behaved below the "integrity line" depicted in the figure above? How did you feel about it, and what did you do? Write a set of notes on your behaviour in situations—work, study groups, sports, shopping, friendship gatherings, or whatever—in which your leadership integrity could be questioned. What are the lessons for the future?
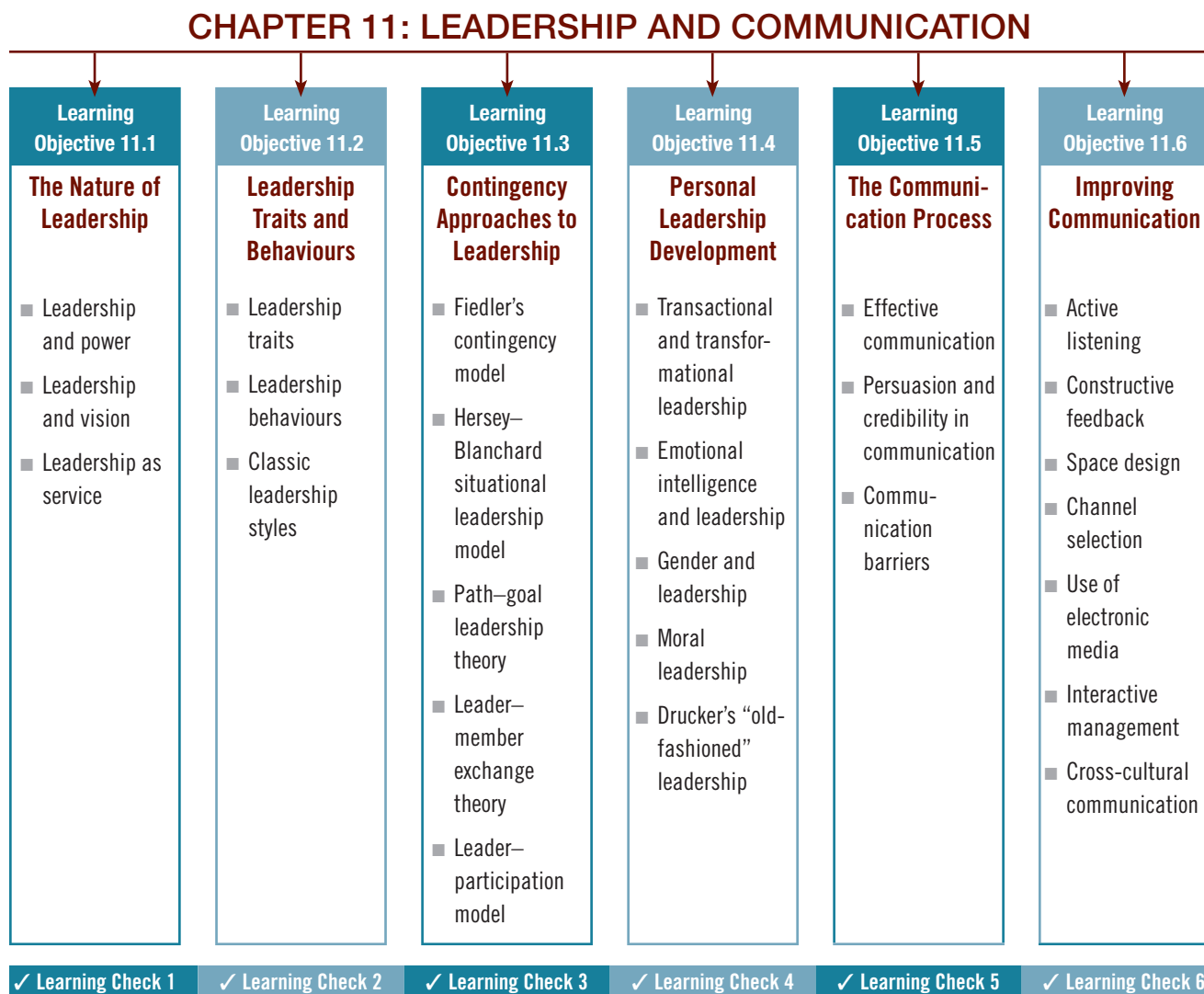
▶ BUILD SKILLS AND COMPETENCIES AT END OF CHAPTER

- **Do** the Self-Assessment: Least-Preferred Co-worker Scale
- **Complete** the Team Exercise: Leadership and Participation in Decision Making

- **Solve** the Career Situations for Leadership and Communication
- **Analyze** the Case Study: Belvedere Place Development Ltd. —Building a Construction Company from the Ground Up

CHAPTER 11 LEARNING OBJECTIVES

11.1 Describe the nature of leadership.

11.2 Describe important leadership traits and behaviours.

11.3 Explain the contingency theories of leadership.

11.4 Identify and explain the current issues in leadership.

11.5 Describe the communication process.

11.6 Explain how communication can be improved.

VISUAL CHAPTER OVERVIEW

CHAPTER 11: LEADERSHIP AND COMMUNICATION

Learning Objective 11.1	Learning Objective 11.2	Learning Objective 11.3	Learning Objective 11.4	Learning Objective 11.5	Learning Objective 11.6
The Nature of Leadership	**Leadership Traits and Behaviours**	**Contingency Approaches to Leadership**	**Personal Leadership Development**	**The Communication Process**	**Improving Communication**
■ Leadership and power ■ Leadership and vision ■ Leadership as service	■ Leadership traits ■ Leadership behaviours ■ Classic leadership styles	■ Fiedler's contingency model ■ Hersey–Blanchard situational leadership model ■ Path–goal leadership theory ■ Leader–member exchange theory ■ Leader–participation model	■ Transactional and transformational leadership ■ Emotional intelligence and leadership ■ Gender and leadership ■ Moral leadership ■ Drucker's "old-fashioned" leadership	■ Effective communication ■ Persuasion and credibility in communication ■ Communication barriers	■ Active listening ■ Constructive feedback ■ Space design ■ Channel selection ■ Use of electronic media ■ Interactive management ■ Cross-cultural communication
✓ Learning Check 1	✓ Learning Check 2	✓ Learning Check 3	✓ Learning Check 4	✓ Learning Check 5	✓ Learning Check 6

The late Grace Hopper, management expert and the first female admiral in the U.S. Navy, once said: "You manage things; you lead people."[2] Leadership scholar and consultant Barry Posner believes that managers need to spend less time dealing with the status quo and focus more on "figuring out what needs to be changed." He says: "The present moment is the domain of managers. The future is the domain of leaders."[3] Consultant and author Tom Peters points out that the leader is "rarely—possibly never?—the best performer."[4] His point is that leaders thrive through and by the successes of others.

These are all good points and they are among many leadership insights that will be discussed in this chapter. If we go right to the heart of the matter, however, the consensus is that leaders become great by bringing out the best in people. This is part of the Canadian Western Bank success story and it's a lesson well worth remembering.

But we also have to be realistic when studying leadership and working on personal leadership development. Managers today face often daunting responsibilities. The time frames for getting things accomplished are becoming shorter. Leaders are expected to get things right the first time, with second chances often few and far between. The problems to be resolved are complex, ambiguous, and multidimensional. Leaders are expected to stay focused on long-term goals even while dealing with problems and pressures in the short term.[5] It takes hard work to be a great leader; there are lots of challenges to be mastered. All the skills and competencies discussed in *Management* must be acquired and used to their full advantage.

THE NATURE OF LEADERSHIP

A glance at the shelves in your local bookstore will quickly confirm that **leadership**—the process of inspiring others to work hard to accomplish important tasks—is one of the most popular management topics.[6] As shown in Figure 11.1, it is also one of the four functions that constitute the management process. Planning sets the direction and objectives; organizing brings together resources to turn plans into action; leading builds the commitments and enthusiasm for people to apply their talents to help accomplish plans; controlling makes sure things turn out right.

Learning Objective 11.1

Describe the nature of leadership.

Leadership is the process of inspiring others to work hard to accomplish important tasks.

Leading— to inspire effort
• Communicate the vision
• Build enthusiasm
• Motivate commitment, hard work

Planning— to set the direction

Organizing— to create structures

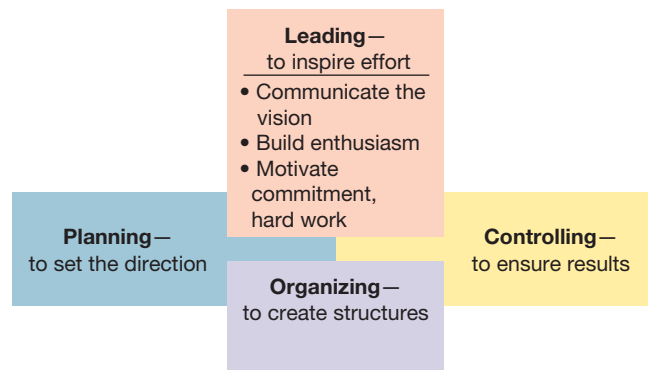**Controlling**— to ensure results

Figure 11.1 Leading viewed in relationship to the other management functions.

Leadership and Power

The foundation for leadership success rests with an ability to make things happen in ways that serve the goals of the team or organization. This is an issue of "power," and leadership essentially begins with the ways a manager uses power to influence the behaviour of other people. **Power** in this sense is the ability to get someone else to do something you want done, or to make things happen the way you want.[7] Although a need for power is essential to executive success, it is not a desire to control for the sake of personal satisfaction. It is a desire to influence and control others for the good of the group or organization as a whole.[8] This "positive" face of power is the foundation of effective leadership.

Power is the ability to get someone else to do something you want done or to make things happen the way you want.

Figure 11.2 shows that leaders gain power both from the positions they hold and from their personal qualities.[9] Anyone holding a managerial position theoretically has power, but how well it is used will vary from one person to the next. The three bases of position power are reward power, coercive power, and legitimate power. The two bases of personal power are expertise and reference.

Sources of power...

Power of the POSITION: *Based on things managers can offer to others.*	Power of the PERSON: *Based on how managers are viewed by others.*
Rewards: "If you do what I ask, I'll give you a reward."	**Expertise:** "I am a source of special knowledge and information."
Coercion: "If you don't do what I ask, I'll punish you."	**Referent:** "I am a person with whom others like to identify."
Legitimacy: "Because I am the boss, you *must* do as I ask."	

Figure 11.2 Sources of position power and personal power used by leaders.

Position Power

Reward power is the capacity to offer something of value as a means of influencing other people.

Reward power is the ability to influence through rewards. It is the capacity to offer something of value—a positive outcome—as a means of influencing another person's behaviour. This involves use of incentives such as pay raises, bonuses, promotions, special assignments, and verbal or written compliments. To mobilize reward power, a manager says, in effect: "If you do what I ask, I'll give you a reward."

Coercive power is the capacity to punish or withhold positive outcomes as a means of influencing other people.

Coercive power is the ability to influence through punishment. It is the capacity to punish or withhold positive outcomes as a way to influence the behaviour of other people. A manager may attempt to coerce someone by threatening him or her with verbal reprimands, pay penalties, and even termination. To mobilize coercive power, a manager says, in effect: "If you don't do what I want, I'll punish you."

Legitimate power is the capacity to influence other people by virtue of formal authority, or the rights of office.

Legitimate power is the ability to influence through authority—the right by virtue of one's organizational position or status to exercise control over persons in subordinate positions. It is the capacity to influence the behaviour of other people by virtue of the rights of office. To mobilize legitimate power, a manager says, in effect: "I am the boss; therefore, you are supposed to do as I ask."

Personal Power

Expert power is the capacity to influence other people because of specialized knowledge.

Expert power is the ability to influence through special expertise. It is the capacity to influence the behaviour of other people because of one's knowledge and skills. Expertise derives from the possession of technical understanding or special information. It is developed by acquiring relevant skills or competencies and by gaining a central position in relevant information networks. It is maintained by protecting one's credibility and not overstepping the boundaries of true expertise. Although some people are granted at least temporary expertise due to credentials, such as medical doctors and lawyers, they can quickly lose it through mistakes and bad behaviour. Most of us acquire expertise at work one step at a time. Gaining it, in fact, may be one of your biggest early career challenges.

Referent power is the capacity to influence other people because of their desire to identify personally with you.

Referent power is the ability to influence through identification. It is the capacity to influence the behaviour of other people because they admire you and want to identify positively with you. Reference is a power derived from charisma or interpersonal attractiveness. It is developed and maintained through good interpersonal relations that encourage the admiration and respect of others. Simply put, it's a lot easier to get people to do what you want when they like you than when they dislike you.

According to Jeffrey Pfeffer, there's no doubt about it. Power plays a major role in a person's career success, salary level, and job performance. He even claims it positively affects one's life span. With power being the engine that helps people get things done in social situations, both work and personal, it's something to be cultivated and not avoided. Pfeffer believes people in organizations need to be politically savvy, know the power centres, and be diligent and adept at getting the resources and making decisions. Focus, energy, and ambition are desirable personal qualities for power seekers. But raw intelligence, says Pfeffer, is no guarantee of power.[10]

Leadership and Vision

"Great leaders," it is said, "get extraordinary things done in organizations by inspiring and motivating others toward a common purpose."[11] In other words, they use their power exceptionally well. And frequently, successful leadership is associated with **vision**—a future that one hopes to create or achieve in order to improve upon the present state of affairs. But simply having the vision of a desirable future is not enough. Truly great leaders are really good at turning their visions into accomplishments.

> **Vision** is a clear sense of the future.

The term **visionary leadership** describes a leader who brings to the situation a clear and compelling sense of the future, as well as an understanding of the actions needed to get there successfully.[12] This means having a clear vision, communicating the vision, and getting people motivated and inspired to pursue the vision in their daily work. Think of it this way. Visionary leadership brings meaning to people's work; it makes what they do seem worthy and valuable.

> **Visionary leadership** brings to the situation a clear sense of the future and an understanding of how to get there.

Noted educational leader Lorraine Monroe says: "The job of a good leader is to articulate a vision that others are inspired to follow."[13] Her views match those of the late John Wooden, former stand-out men's basketball coach at UCLA. He once said: "Effective leadership means having a lot of people working toward a common goal."[14] If you can achieve that with no one caring who gets the credit, you're going to accomplish a lot.

CANADIAN MANAGERS
Ned Goodman, Dundee Corporation

Ned Goodman (Kevin Van Paassen/The Globe and Mail/The Canadian Press)

Ned Goodman, President and CEO of Dundee Corporation, was the 2012 recipient of the Fraser Institute's T. Patrick Boyle Founder's Award for his outstanding entrepreneurial achievements and philanthropic support. Goodman, whose experience spans more than 40 years, launched several successful mining companies and built one of Canada's most recognized investment firms. "Mr. Goodman's work in the mining and oil and gas sectors helped bring investment and jobs to many remote northern Canadian communities. By building successful, growing companies, he helped thousands of other Canadians prosper," said Fraser Institute president Niels Veldhuis. "His leadership and vision have greatly contributed to the economic success of both Ontario and Canada, and his philanthropic legacy will forever enrich Canadians," Veldhuis said. When asked what has been his best investment, Goodman replied, "My education—the fact that I was able to go to school and get university degrees. I graduated as a geologist and got fired by Noranda at the time of the downturn in the metals markets in the late 1950s. I then went to the University of Toronto and took an MBA."

Leadership as Service

When thinking about leadership, power, and vision, it is important to revisit the issue of integrity. In the words of Peter Drucker again, the concept of "service" is central to integrity and leaders who have integrity act as "servants of the organization."[15] **Servant leadership** is leadership based on a commitment to serving others—to helping people use their talents to full potential while working together for organizations that benefit society.[16] You might think of servant leadership with this question in mind: who is most important in leadership, the leader or the followers? For those who believe in servant leadership, there is no doubt about the correct answer: the followers. Servant leadership is "other-centred," and not "self-centred."

If one shifts the focus away from the self and toward others, what does that generate in terms of leadership directions and opportunities? The answer is **empowerment**. This is the process through which managers enable and help others gain power and achieve influence within the organization. Servant leaders empower others by providing them with the information, responsibility, authority, and trust to make decisions and act independently. They expect that, when people feel empowered to act, they will follow through with commitment and high-quality work. Realizing that power in organizations is not a "zero-sum" quantity, they reject the idea that in order for one person to gain power, someone else needs to give it up.[17] In this way, servant leadership becomes empowering for everyone, making the whole organization more powerful in serving its cause or mission.

Consider how servant leadership is described by those who excel at it. Robert Greenleaf, who is actually credited with coining the term, says: "Institutions function better when the idea, the dream, is to the fore, and the person, the leader, is seen as servant to the dream."[18] Max DePree of Herman Miller praises leaders who "permit others to share ownership of problems—to take possession of the situation."[19] Lorraine Monroe says: "The real leader is a servant of the people she leads. A really great boss is not afraid to hire smart people. You want people who are smart about things you are not smart about."[20]

Servant leadership is follower-centred and committed to helping others in their work.

Empowerment enables others to gain and use decision-making power.

✓ **Learning Check 1**

BE SURE YOU CAN ··
- define *power* • illustrate three types of position power and discuss how managers use each
- illustrate two types of personal power and discuss how managers use each • define *vision*
- explain the concept of visionary leadership • define *empowerment* • explain the notion and benefits of servant leadership

LEADERSHIP TRAITS AND BEHAVIOURS

Learning Objective 11.2

Describe important leadership traits and behaviours.

For centuries, people have recognized that some persons perform very well as leaders, whereas others do not. The question still debated is why. Historically, the issue of leadership success has been studied from the perspective of the trait, behavioural, and contingency approaches. Each offers a slightly different explanation of leadership effectiveness and the pathways to leadership development.

Leadership Traits

Question—*What personal traits and characteristics are associated with leadership success?*

An early direction in leadership research involved the search for universal traits or distinguishing personal characteristics that would separate effective from ineffective leaders.[21] Sometimes called the "great person theory," the results of many years of research in this direction can be summarized as follows.

Physical characteristics such as a person's height, weight, and physique make no difference in determining leadership success. On the other hand, certain personal traits do seem common among the best leaders. A study of more than 3,400 managers, for example, found that followers rather consistently admired leaders who were honest, competent, forward-looking, inspiring, and credible.[22] A comprehensive review by Shelley Kirkpatrick and Edwin Locke identifies these personal traits of many successful leaders:[23]

- *Drive:* Successful leaders have high energy, display initiative, and are tenacious.

- *Self-confidence:* Successful leaders trust themselves and have confidence in their abilities.

- *Creativity:* Successful leaders are creative and original in their thinking.

- *Cognitive ability:* Successful leaders have the intelligence to integrate and interpret information.

- *Job-relevant knowledge:* Successful leaders know their industry and its technical foundations.

- *Motivation:* Successful leaders enjoy influencing others to achieve shared goals.

- *Flexibility:* Successful leaders adapt to fit the needs of followers and the demands of situations.

- *Honesty and integrity:* Successful leaders are trustworthy; they are honest, predictable, and dependable.

Canadian Company in the News

OXFORD FROZEN FOODS LTD.—TRUE TO ITS RURAL ROOTS

Beginning as a student sideline picking berries, Oxford Frozen Foods has grown a lot since 1968, when John Bragg built his first blueberry-processing factory. Bragg's company is now the largest wild blueberry supplier in the world, with a supply chain running from Cape Breton, Nova Scotia to Portland, Maine, and markets stretching into Japan and China. The company provides farming services to both its own blueberry fields and those owned by 1,000 independent growers in the Maritimes and Maine. The company's long-term relationships with these independent growers was forged over many years, developing mutual trust and respect through solving problems together and always meeting commitments. Co-CEO David Hoffman says, "Our culture is driven by strong rural, family, and farming values and the mantra of always looking for a better way of doing things, of encouraging and driving innovation and of being efficient and productive while ensuring we continually improve our leadership in quality." In 2012, Oxford Frozen Foods Ltd. was named among the Top 50 Best Managed Companies in Canada.

Leadership Behaviours

Question—*How is leadership success affected by the ways leaders behave when engaging with followers?*

Moving on from the early trait studies, researchers next turned their attention toward how leaders behave when dealing with followers. Work in this tradition investigated **leadership styles**—the recurring patterns of behaviours exhibited by leaders.[24] If the best style could be identified, the implications were straightforward and practical: train leaders to become skilled at using it.

A stream of research that began in the 1940s, spearheaded by studies at Ohio State University and the University of Michigan, focused attention on two dimensions of leadership

Leadership style is the recurring pattern of behaviours exhibited by a leader.

style: (1) concern for the task to be accomplished, and (2) concern for the people doing the work. The Ohio State studies used the terms *initiating structure* and *consideration* for the respective dimensions; the University of Michigan studies called them *production-centred* and *employee-centred*.[25] Regardless of the terminology used, the behaviours characteristic of each leadership dimension were quite clear.

- *A leader high in concern for the task* plans and defines the work to be done, assigns task responsibilities, sets clear work standards, urges task completion, and monitors performance results.

- *A leader high in concern for people* acts warm and supportive toward followers, maintains good social relations with them, respects their feelings, is sensitive to their needs, and shows trust in them.

The results of leader behaviour research at first suggested that followers of people-oriented leaders would be the most productive and satisfied.[26] However, researchers eventually moved toward the position that truly effective leaders were high in both concerns for people and concerns for task. Figure 11.3 shows one of the popular versions of this conclusion—the Leadership Grid™ of Robert Blake and Jane Mouton.[27] It describes how leaders vary in tendencies toward people and production concerns. The preferred combination of "high-high" leadership is called the *team manager*. This leader shares decisions with team members, empowers them, encourages participation, and supports teamwork.
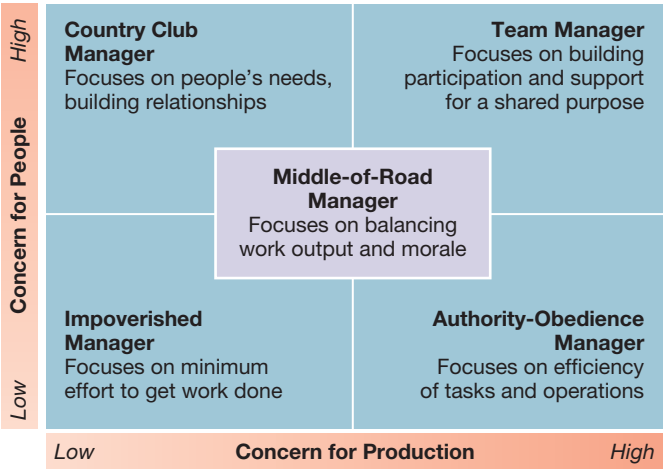

Figure 11.3 Managerial styles in Blake and Mouton's Leadership Grid.

A leader with an **autocratic style** acts in a unilateral, command-and-control fashion.

A leader with a **human relations style** emphasizes people over tasks.

A leader with a **laissez-faire style** displays a "do the best you can and don't bother me" attitude.

A leader with a **democratic style** emphasizes both tasks and people.

Classic Leadership Styles

Even today, when people talk about the leaders with whom they work, their vocabulary often describes classic styles of leadership relating back to the behavioural leadership theories.[28] A leader identified with an **autocratic style**, Blake and Mouton's authority-obedience manager, emphasizes task over people, retains authority and information, and acts in a unilateral, command-and-control fashion. A leader with a **human relations style**, the country club manager in the grid, does just the opposite, emphasizing people over tasks. A leader with a **laissez-faire style**, the impoverished manager, shows little concern for the task, letting the group make decisions and acting with a "do the best you can and don't bother me" attitude. A leader with a **democratic style**, Blake and Mouton's "high-high" team manager, is committed to both task and people, trying to get things done while sharing information, encouraging participation in decision-making, and otherwise helping others develop their skills and capabilities.

BE SURE YOU CAN ∙∙∙

• contrast the trait and leader behaviour approaches to leadership research • identify five personal traits of successful leaders • illustrate leader behaviours consistent with a high concern for task • illustrate leader behaviours consistent with a high concern for people • explain the leadership development implications of Blake and Mouton's Leadership Grid • describe four classic leadership styles

CONTINGENCY APPROACHES TO LEADERSHIP

As leadership research continued, scholars became increasingly uncomfortable with the notion that a "high-high" leader was always best. They recognized the need to examine yet another question: when and under what circumstances is any one leadership style preferable to others? They developed the following contingency approaches with the goal of understanding the conditions for leadership success in different situations.

Learning Objective 11.3

Explain the contingency theories of leadership.

Fiedler's Contingency Model

> **Question**—*Which leadership styles work best in the different types of situations that leaders face?*

An early contingency leadership model was developed by Fred Fiedler. He proposed that good leadership depends on a match between leadership style and situational demands.[29]

Understanding Leadership Style

Leadership style in Fiedler's model is measured on the **least-preferred co-worker scale**, known as the LPC scale and found as the end-of-chapter self-assessment. It describes tendencies to behave either as a task-motivated leader (low LPC score) or as a relationship-motivated leader (high LPC score). This "either/or" concept is important. Fiedler believes that leadership style is part of one's personality; therefore, it is relatively enduring and difficult to change. He doesn't place much hope on trying to train a task-motivated leader to behave in a relationship-motivated manner, or vice versa. Rather, Fiedler believes that the key to leadership success is putting our existing styles to work in situations for which they are the best "fit." We might think of it as avoiding the "square peg in a round hole" problem (Figure 11.4).

The **least-preferred co-worker scale**, LPC, is used in Fiedler's contingency model to measure a person's leadership style.
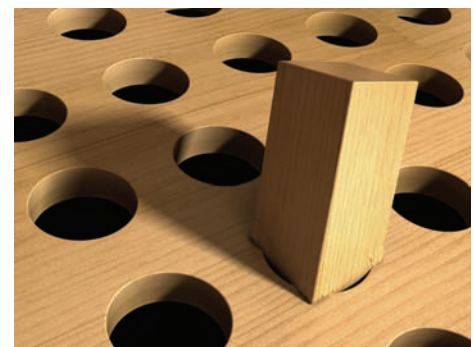
Figure 11.4 A leadership style not suited to a specific situation is like a square peg that won't fit in a round hole.

(© Mark Evans/iStockphoto)

Understanding Leadership Styles and Situations

In Fiedler's model, the amount of control a situation allows the leader is a critical issue in determining the correct style–situation fit. Three contingency variables are used to diagnose situational control. The *quality of leader–member relations* (good or poor) measures the degree to which the group supports the leader. The degree of *task structure* (high or low) measures the extent to which task goals, procedures, and guidelines are clearly spelled out. The amount of *position power* (strong or weak) measures the degree to which the position gives the leader power to reward and punish subordinates.

Figure 11.5 shows eight leadership situations that result from different combinations of these contingency variables. They range from the most favourable situation of high control

(good leader–member relations, high task structure, strong position power) to the least favourable situation of low control (poor leader–member relations, low task structure, weak position power).

Matching Leadership Style and Situation

In Fiedler's research, neither the task-oriented nor the relationship-oriented leadership style proved effective all the time. Instead, each style seemed to work best when used in the right situation. His findings are summarized in Figure 11.5 and can be stated as two propositions.

Proposition 1—a task-oriented leader will be most successful in either very favourable (high-control) or very unfavourable (low-control) situations.
Proposition 2—a relationship-oriented leader will be most successful in situations of moderate control.

Assume, for example, that you are the leader of a team of bank tellers. The tellers seem highly supportive of you, and their job is clearly defined regarding what needs to be done. You have the authority to evaluate their performance and to make pay and promotion recommendations. This is a high-control situation consisting of good leader–member relations, high task structure, and high position power. Figure 11.5 shows that a task-motivated leader would be most effective in this situation.

Now, suppose that you are chairperson of a committee asked to improve student–faculty relations in a university. Although the goal is clear, no one can say for sure how to accomplish it. Task structure is low, and because committee members are free to quit any time they want, the chairperson has little position power. Because not all members believe the committee is necessary, poor leader–member relations are apparent. According to the figure, this low-control situation also calls for a task-motivated leader.

Finally, assume that you are the new head of a fashion section in a large department store. Because you were selected over a popular sales clerk you now supervise, leader–member relations are poor. Task structure is high, because the clerk's job is well defined. Your position power is low, because the clerks work under a seniority system and fixed wage schedule. Figure 11.5 shows that a relationship-motivated leader is the best fit for this moderate-control situation.
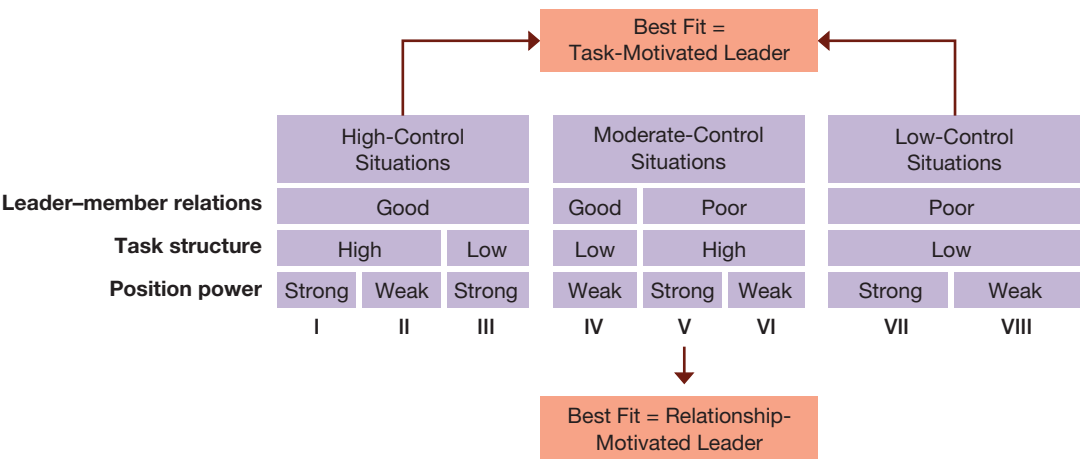

Figure 11.5 Predictions from Fiedler's contingency leadership model.

MINI CASE
Managing the Boss

To: Megan Leung

From: Glenn Pool

Subject: Performance Review

Hi Megan:

My To-Do List indicates that it's time for us to meet and discuss your six-month performance. I know we haven't spoken for quite a while, but we need to get this scheduled. Just access my on-line calendar and choose at least a one-hour block of time during the third week of the month when I am free. We'll meet in my office. Bring a list of your major accomplishments and also be prepared to discuss any problems that you have been having. We should also set some concrete goals for your next performance period, so be thinking of those as well.

See you in a couple of weeks.

Glenn

CRITICAL RESPONSE

Focus on Glenn: How is he doing as a manager? How should he deal with Megan?

■ Point out the troublesome aspects of his memo to Megan.

■ Recommend a set of goals for Glenn to accomplish in this meeting.

■ Prepare an agenda and script to help Glenn when he speaks with Megan.

Focus on Megan: Does she have a "managing the boss" problem? How should she handle this e-mail?

■ Recommend a set of goals for Megan to accomplish in the meeting with Glenn.

■ Prepare an agenda and script that she can use to achieve her goals in the meeting.

■ Advise Megan on how to get Glenn to understand her side of the employee–boss relationship.

Hersey–Blanchard Situational Leadership Model

Question—*How should leaders adjust their leadership styles according to the task readiness of followers?*

In contrast to Fiedler's notion that leadership style is hard to change, the Hersey–Blanchard situational leadership model suggests that successful leaders do adjust their styles. They do so contingently and based on the maturity of followers, as indicated by their readiness to perform in a given situation.[30] "Readiness," in this sense, is based on how able and willing or confident followers are to perform required tasks. As shown in Figure 11.6, the possible combinations of task-oriented and relationship-oriented behaviours result in four leadership styles.

- *Delegating*—allowing the group to take responsibility for task decisions; a low-task, low-relationship style.

- *Participating*—emphasizing shared ideas and participative decisions on task directions; a low-task, high-relationship style.
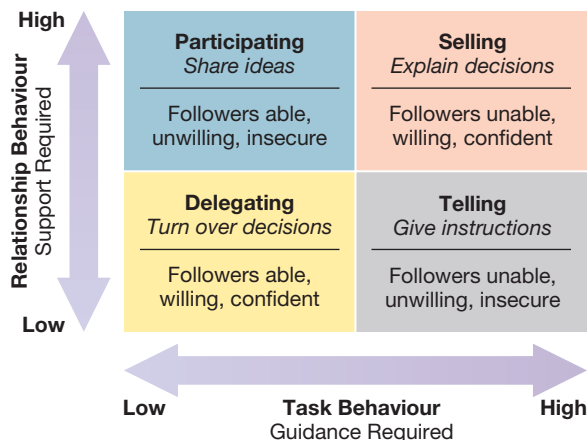
Figure 11.6 Leadership implications of the Hersey–Blanchard situational leadership model.

- *Selling*—explaining task directions in a supportive and persuasive way; a high-task, high-relationship style.

- *Telling*—giving specific task directions and closely supervising work; a high-task, low-relationship style.

The delegating style works best in high-readiness situations with able and willing, or confident followers. The telling style works best at the other extreme of low readiness, where followers are unable and unwilling, or insecure. The participating style is recommended for low-to-moderate-readiness followers—able but unwilling, or insecure; the selling style is for moderate-to-high-readiness followers—unable, but willing or confident.

Hersey and Blanchard also believe that leadership styles should be adjusted as followers change over time. The model implies that, if the correct styles are used in lower-readiness situations, followers will "mature" and grow in ability, willingness, and confidence. This allows the leader to become less directive as followers mature. Although the Hersey-Blanchard model is intuitively appealing, limited research has been accomplished on it to date.[31]

Path–Goal Leadership Theory

Question—*How can leaders use alternative leadership styles to add value in different types of situations?*

A third contingency leadership approach is the path–goal theory advanced by Robert House.[32] This theory suggests that an effective leader is one who clarifies paths by which followers can achieve both task-related and personal goals. The best leaders help followers move along these paths by clarifying goals, removing barriers, and providing valued rewards for goal accomplishment. Path–goal theorists believe leaders should shift back and forth among these four leadership styles to create positive path–goal linkages.

- *Directive leadership*—letting subordinates know what is expected; giving directions on what to do and how; scheduling work to be done; maintaining definite standards of performance; clarifying the leader's role in the group.

- *Supportive leadership*—doing things to make work more pleasant; treating group members as equals; being friendly and approachable; showing concern for the well-being of subordinates.

- *Achievement-oriented leadership*—setting challenging goals; expecting the highest levels of performance; emphasizing continuous improvement in performance; displaying confidence in meeting high standards.

- *Participative leadership*—involving subordinates in decision-making; consulting with subordinates; asking for suggestions from subordinates; using these suggestions when making a decision.

Path–Goal Contingencies

The path–goal theory, summarized in Figure 11.7, advises managers to use leadership styles that fit situational needs. This allows the leader to add value by contributing things that are missing from the situation or that need strengthening, and by avoiding redundant behaviours. For example, when team members are expert and competent at their tasks, it is unnecessary and even dysfunctional for the leader to tell them how to do things.

The important contingencies for making good path–goal leadership choices include follower characteristics—ability, experience, and locus of control—and work environment characteristics—task structure, authority system, and work group. For example, when job assignments are unclear, directive leadership is appropriate to clarify task objectives and expected rewards. When worker self-confidence is low, supportive leadership is appropriate to increase confidence by emphasizing individual abilities and offering needed assistance. When performance incentives are
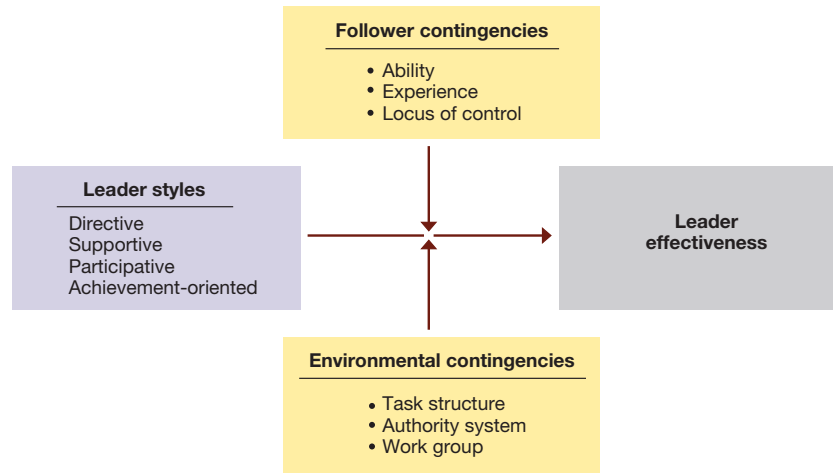
Figure 11.7 Contingency relationships in House's path–goal leadership theory.

poor, participative leadership is appropriate to clarify individual needs and identify appropriate rewards. When task challenge is insufficient in a job, achievement-oriented leadership is appropriate to set goals and raise performance aspirations.[33]

Substitutes for Leadership

Path–goal theory has contributed to the recognition of what are called **substitutes for leadership**.[34] These are aspects of the work setting and the people involved that can reduce the need for a leader's personal involvement. In effect, they make leadership from the "outside" unnecessary because leadership is already provided from within the situation.

Possible substitutes for leadership include subordinate characteristics such as ability, experience, and independence; task characteristics such as routineness and the availability of feedback; and organizational characteristics such as clarity of plans and formalization of rules and procedures. When these substitutes for leadership are present, managers are advised to avoid duplicating them. Instead, they should concentrate on making other and more important leadership contributions.

> **Substitutes for leadership** are factors in the work setting that direct work efforts without the involvement of a leader.

Leader–Member Exchange Theory

Question—*How do in-group and out-group dynamics influence leader–follower relationships?*

One of the things you may have noticed in your work and study groups is the tendency of leaders to develop "special" relationships with some team members. This notion is central to leader–member exchange theory, or LMX theory, as it is often called.[35] The theory, described in Figure 11.8, recognizes that in most, or at least many, leadership situations, not everyone is treated the same by the leader. People fall into "in-groups" and "out-groups," and the group you are in can have quite a significant influence on your experience with the leader. Those in the "in-group" are often considered the best performers. They enjoy special and trusted high-exchange relationships with the leaders that can translate into special assignments, privileges, and access to information. Those in the "out-group" are often excluded from these attributions and benefits; they have a low-exchange relationship with the leader.

The premise underlying leader–member exchange theory is that, as a leader and follower interact over time, their exchanges end up defining the follower's role.[36] Look around, and you're
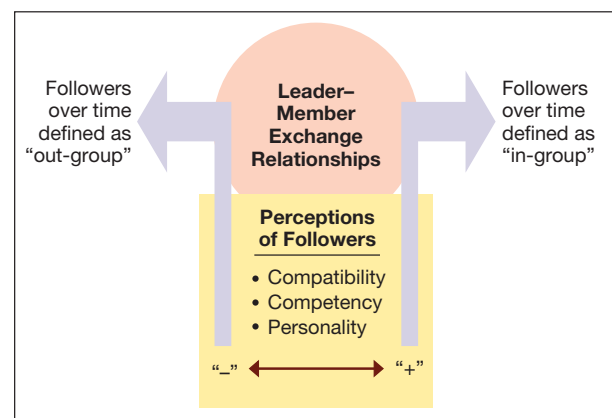

Figure 11.8 Elements of leader–member exchange (LMX) theory.

likely to see examples of this in classroom situations between instructors and certain students, and in work situations between bosses and certain subordinates. For the follower in a high-LMX relationship, being part of the leader's inner circle or in-group can have positive implications. It's often motivating and satisfying to be on the inside of things in terms of getting rewards, access to information, and other favourable treatments. Being in the out-group because of a low-LMX relationship, however, can mean fewer rewards, less information, and little or no special attention. And as to the leader, it is nice to be able to call on and depend upon the loyal support of those in the in-group. But the leader may also be missing out on opportunities that would come from working more closely with out-group members.

Research on leader–member exchange theory places most value on its usefulness in describing leader–member relationships. The notions of high-LMX and low-LMX relationships seem to make sense and correspond to working realities experienced by many people. Also, research finds that members of leaders' in-groups seem to get more positive performance evaluations, report higher levels of job satisfaction, and be less prone to turnover than are members of out-groups.[37]

Leader–Participation Model

Question—*How should leaders make decisions in different types of problem situations?*

The Vroom–Jago leader–participation model indicates that leadership success results when the decision-making method used by a leader best fits the problem being faced.[38] As shown in Figure 11.9, the leader's choices for making decisions fall into three categories: authority, consultative, or group decisions. An **authority decision** is made by the leader and then communicated to the group. A **consultative decision** is made by the leader after gathering information and advice from others. A **group decision** is made by the group with the leader's support as a contributing member.

The Vroom–Jago model specifies that the leader's choice among the decision-making methods is governed by three rules: (1) *decision quality*—based on who has the information needed for problem solving; (2) *decision acceptance*—based on the importance of follower acceptance of the decision for its eventual implementation; and (3) *decision time*—based on the time available to make and implement the decision.

Authority decisions work best when leaders personally have the expertise needed to solve the problem; they are confident and capable of acting alone; others are likely to accept and implement the decision they make; and little or no time is available for discussion. By contrast, consultative and group decisions work best when:

- The leader lacks sufficient expertise and information to solve the problem alone.
- The problem is unclear and help is needed to clarify the situation.
- Acceptance of the decision and commitment by others are necessary for implementation.
- Adequate time is available to allow for true participation.

> An **authority decision** is made by the leader and then communicated to the group.
>
> A **consultative decision** is made by a leader after receiving information, advice, or opinions from group members.
>
> A **group decision** is made by group members themselves.

Figure 11.9 Leadership implications of Vroom–Jago leader–participation model.

Consultative and group decisions offer important leadership benefits.[39] Participation helps improve decision quality by bringing more information to bear on the problem. It helps improve decision acceptance as participants gain understanding and become committed to the process. It also contributes to leadership development by allowing others to gain experience in the problem-solving process. However, a potential cost of participation is lost efficiency. Participation adds to the time required for decision-making, and leaders don't always have extra time available. When problems must be resolved immediately, the authority decision may be the only option.[40]

In its current version, the Vroom–Jago model views a manager as using the five options shown in Management Smarts 11.1. And in true contingency fashion, no one option is universally superior. Each of the decision methods is appropriate in certain situations, and each has advantages and disadvantages, as just discussed.[41] We should expect to find effective leaders continually shifting among individual, consultative, and group decisions as they deal with the problems and opportunities of daily events.

11.1 MANAGEMENT SMARTS
Five ways for leaders to make decisions

1. *Decide alone*—This is an authority decision; the manager decides how to solve the problem and communicates the decision to the group.

2. *Consult individually*—The manager makes the decision after sharing the problem and consulting individually with group members to get their suggestions.

3. *Consult with group*—The manager makes the decision after convening the group, sharing the problem, and consulting with everyone to get their suggestions.

4. *Facilitate group*—The manager convenes the group, shares the problem, and facilitates discussion to make a decision.

5. *Delegate to group*—The manager convenes the group and delegates authority to define the problem and make a decision.

BE SURE YOU CAN   ✓ Learning Check ❸

• contrast the leader behaviour and contingency approaches to leadership research • explain Fiedler's contingency model • identify the four leadership styles in the Hersey–Blanchard situational model • explain House's path–goal theory • define *substitutes for leadership* • explain LMX leadership theory • contrast the authority, consultative, and group decisions in the Vroom–Jago model

PERSONAL LEADERSHIP DEVELOPMENT

The opening questions posed for the trait, behavioural, and contingency theories should have prompted you to think seriously about your leadership qualities, tendencies, styles, and effectiveness in various situations. There's no one answer to the question of what makes a particular person—such as you—an effective leader. Personal leadership development is best viewed as an ongoing goal that benefits from knowing the concepts and models, but also requires continuous learning as you move from one experience to the next. And, there is always room to grow. If you

Learning Objective 11.4

Identify and explain the current issues in leadership.

consider the various theories just visited, listen to what people say about leaders in their workplaces, are open to feedback about your leadership successes and failures, and understand the contextual issues presented next, the pathways of leadership development should be clear and full of opportunities.

There is a great deal of interest today in "superleaders," persons whose visions and strong personalities have an extraordinary impact on others. They are often called **charismatic leaders** because of their special powers to inspire others in exceptional ways. Although charisma was traditionally thought of as being limited to a few lucky persons who were born with it, it is now considered part of a broader set of personal leadership qualities that can be developed with foresight and practice.[42]

A **charismatic leader** develops special leader–follower relationships and inspires followers in extraordinary ways.

Transactional and Transformational Leadership

Leadership scholars James MacGregor Burns and Bernard Bass suggest that the research and models we have discussed so far tend toward **transactional leadership**.[43] The impression is that, if you learn the frameworks, you can apply them systematically to keep others moving forward to achieve performance goals. Burns sees this as a very analytical approach in which transactional leaders change styles, adjust tasks, and allocate rewards to achieve positive influence.

Transactional leadership uses tasks, rewards, and structures to influence and direct the efforts of others.

Notably absent from this description of transactional leadership is any evidence of "enthusiasm" and "emotion," which are inspirational qualities more characteristic of superleaders with charismatic appeal. Importantly, these are the very qualities that Burns and Bass associate with **transformational leadership**. This describes someone who is truly inspiring as a leader, who is personally excited about what she or he is doing, and who arouses others to seek extraordinary performance accomplishments. A transformational leader raises aspirations and shifts people and organizational systems into new, high-performance patterns. The presence of transformational leadership is reflected in followers who are enthusiastic about the leader and his or her ideas, who work very hard to support them, who remain loyal and devoted, and who strive for superior performance accomplishments.

Transformational leadership is inspirational and arouses extraordinary effort and performance.

The goal of achieving excellence in transformational leadership is a stiff personal development challenge. It is not enough to possess leadership traits, know the leadership behaviours, and understand leadership contingencies. One must also be prepared to lead in an inspirational way and with a compelling personality, something shown by Martin Luther King and well evident in his famous "I have a dream" speech. Transformational leaders like King bring a strong sense of vision and a contagious enthusiasm to a situation. They substantially raise the confidence, aspirations, and performance commitments of followers through special qualities like the following.[44]

- *Vision*—having ideas and a clear sense of direction; communicating these to others; developing excitement about accomplishing shared "dreams."

- *Charisma*—using the power of personal reference and emotion to arouse others' enthusiasm, faith, loyalty, pride, and trust in themselves.

- *Symbolism*—identifying "heroes" and holding spontaneous and planned ceremonies to celebrate excellence and high achievement.

- *Empowerment*—helping others develop by removing performance obstacles, sharing responsibilities, and delegating truly challenging work.

- *Intellectual stimulation*—gaining the involvement of others by creating awareness of problems and stirring their imaginations.

- *Integrity*—being honest and credible, acting consistently out of personal conviction, and following through on commitments.

Emotional Intelligence and Leadership

A popular issue in leadership development is **emotional intelligence**. It was first introduced in Chapter 1 as part of the essential human skills of managers, and will be examined again in Chapter 12 in a discussion of emotions and moods. You should recall that "EI" is defined by Daniel Goleman as "the ability to manage ourselves and our relationships effectively."[45] His research links emotional intelligence with leadership effectiveness, especially in more senior management positions. In Goleman's words: "the higher the rank of the person considered to be a star performer, the more emotional intelligence capabilities showed up as the reason for his or her effectiveness."[46] This is a strong endorsement for considering whether or not EI is one of your leadership assets.

> **Emotional intelligence** is the ability to manage our emotions in social relationships.

Goleman believes that emotional intelligence skills can be learned. And for purposes of leadership development, he focuses on a core set of EI competencies (Figure 11.10).[47] A leader strong in emotional intelligence possesses *self-awareness.* This is the ability to understand our own moods and emotions, and to understand their impact on our work and on others. The emotionally intelligent leader is good at *self-management*, or self-regulation. This is the ability to think before we act and to control otherwise disruptive impulses. Emotional intelligence in leadership involves *motivation* in being able to work hard with persistence and for reasons other than money and status. Leaders with emotional intelligence display *social awareness*, or empathy. They have the ability to understand the emotions of others and to use this understanding to better relate to them. And a leader high in emotional intelligence has social awareness that makes her or him good at *relationship management.* This is the ability to establish rapport with others and to build good relationships and networks.
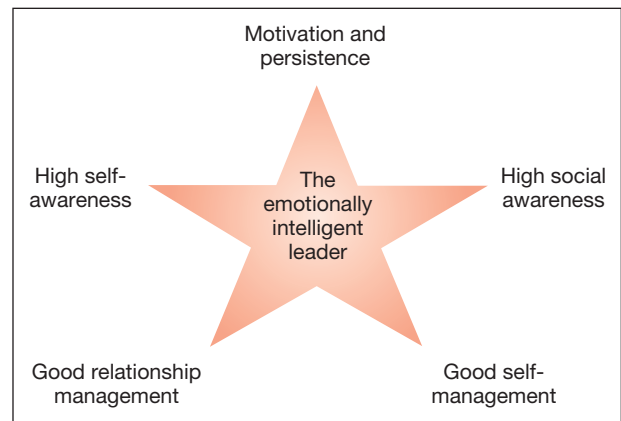

Figure 11.10 Goleman's core set of EI competencies for leadership.

Gender and Leadership

Sara Levinson, former President of NFL Properties Inc. of New York and current director of Macy's, once asked the all-male members of her NFL management team this question: "Is my leadership style different from a man's?" "Yes," they replied, suggesting that the very fact that she was asking the question was evidence of the difference. They also indicated that her leadership style emphasized communication, as well as gathering ideas and opinions from others. When Levinson probed further by asking, "Is this a distinctly 'female' trait?" they said that they thought it was.[48]

This example poses an interesting question: are there gender differences in leadership? As we ponder the question, two background points deserve highlighting. First, social science research largely supports the **gender similarities hypothesis**; that is, males and females are very similar to one another in terms of psychological properties.[49] Second, research leaves no doubt that both women and men can be equally effective as leaders.[50]

> The **gender similarities hypothesis** holds that males and females have similar psychological properties.

Having acknowledged these points, however, Sara Levinson's experience isn't an anomaly. It's real; such things happen. Perceptions of gender differences in leadership do exist. Research shows that men and women are sometimes perceived differently as leaders, and that these perceptions fit traditional stereotypes. That is, women may be expected to act as "take care" leaders who behave in supportive and nurturing ways; men may be expected to act as "take charge" leaders who are task-oriented and directive, getting things done in traditional command-and-control ways.[51]

When researchers push beyond the use of gender stereotypes, however, the most confident conclusion is that women and men may achieve leadership success from slightly different

angles.[52] The most significant difference seems to rest with the use of participation. For example, Victor Vroom and his colleagues have investigated gender differences in respect to the leader–participation model discussed earlier.[53] They find women managers to be more participative in decision-making than men. They are also strong on motivating others, fostering communication, listening, mentoring, and supporting high-quality work.[54] This participative pattern of behaviours has been called an **interactive leadership** style.[55]

Interactive leadership leaders are strong communicators and act in a democratic and participative manner with followers.

Leaders with an interactive style are good communicators and typically act in a democratic and participative manner—showing respect for others, caring for others, and sharing power and information with others. These leaders focus on using communication and involvement to build consensus and good interpersonal relations. And they display many qualities in common with transformational leadership.[56] An interactive leader tends to use personal power, and gains influence over others through support and good interpersonal relationships. This contrasts with transactional approaches that rely more on directive and assertive behaviours, and on using position power in traditional command-and-control ways. If interactive leadership is something women tend to excel at, these comments by Rosabeth Moss Kanter are worth thinking about: "Women get high ratings on exactly those skills required to succeed in the global information age, where teamwork and partnering are so important."[57]

But one of the risks in any discussion of gender and leadership is falling prey to stereotypes that place men and women into leadership boxes in which they don't necessarily belong.[58] Perhaps we should set gender issues aside for the moment, accept the gender similarities hypothesis, and focus instead on the notion of interactive leadership. The likelihood is that an interactive leadership style is a very good fit with the needs of today's organizations and workers. Furthermore, there is no reason why men and women can't do it equally well. All indications are that future leadership success for anyone will require the capacity to lead through openness, positive relationships, support, and empowerment.[59]

RESEARCH BRIEF

Charismatic Leaders Display Positive Emotions that Followers Find Contagious

When leaders show positive emotions, the effect on followers is positive, creating positive moods and also creating tendencies toward positive leader ratings and feelings of attraction to the leader. These are the major conclusions from four research studies conducted by Joyce E. Bono and Remus Ilies, and reported in *Leadership Quarterly*.

Noting the growing interest in the role of emotions in leadership and recognizing the emotional aspects of transformational leadership, Bono and Ilies set out to examine how charismatic leaders "use emotion to influence followers." They advanced hypotheses as indicated in Figure 11.11, expecting to find that charismatic leaders display positive emotions, that positive leader emotions
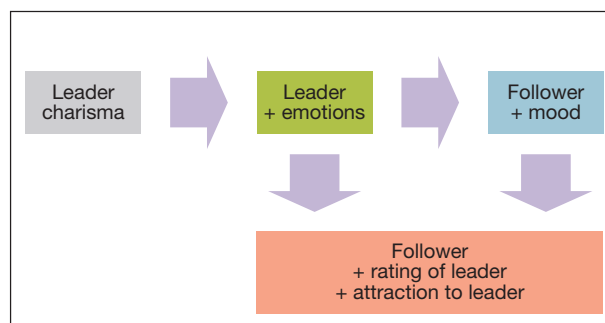

Figure 11.11 Leader charisma and emotional contagion.

create positive follower moods, and that positive follower moods generate both positive ratings of the leader and attraction toward the leader. These hypotheses were examined in a series of four empirical studies.

continued

Research Brief *continued*

The researchers concluded that positive emotions are an important aspect of charismatic leadership. They found that leaders rated high in charisma choose words with more positive emotional content for vision statements and speeches. They also found that the positive emotions of leaders were transferred into positive moods among followers; that is, the positive leader moods were contagious. They also found that followers with positive moods had more positive perceptions of leader effectiveness.

One of the limitations of these studies, as pointed out by Bono and Ilies, is that they only focused on positive leader emotions. This leaves open the questions of how leaders use negative emotions and how these emotions affect followers. Also, the researchers suggest the need to examine the impact of leader moods on follower performance and creativity.

You Be the Researcher

While perhaps agreeing with the logic of emotional contagion, should we conclude that a leader can never have a "bad" day and can never communicate, verbally or nonverbally, anything other than positive emotional messages? Is it realistic for managers to live up to these expectations to always be positive?

Moral Leadership

As discussed many times in this book, society expects organizations to be run with **moral leadership**. This is leadership by ethical standards that clearly meet the test of being "good" and "correct."[60] The expectation is that anyone in a leadership position will practise high ethical standards of behaviour, help to build and maintain an ethical organizational culture, and both help and require others to behave ethically in their work.

Moral leadership begins with personal integrity, a concept fundamental to the notion of transformational leadership. A leader with **integrity** is honest, credible, and consistent in putting values into action. When a leader has integrity, he or she earns the trust of followers. And when followers believe leaders are trustworthy, they try to behave in ways that live up to the leader's expectations. For managers in our high-pressure and competitive work environments, nothing can substitute for leadership strongly anchored in personal integrity. When viewed through the lens of what is truly the right thing to do, even the most difficult decisions become easier.

In his book *Transforming Leadership: A New Pursuit of Happiness*, James MacGregor Burns explains that transformational leadership creates significant, even revolutionary, change in social systems, while still based on integrity. Notably, he eliminates certain historical figures from this definition: Napoleon is out—too much order-and-obey in his style; Hitler is out—no moral foundations; Mao is out, too—no true empowerment of followers. Among Burns's positive role models from history are Gandhi (Figure 11.12), George Washington, and Eleanor Roosevelt. Burns firmly believes that such great leaders follow agendas true to the wishes of their followers. He quotes Franklin Delano Roosevelt: "If we do not have the courage to lead the American people where they want to go, someone else will." Burns also says that wherever in the world great leadership is found, it will always have a moral anchor point.[61]

The concept of servant leadership is consistent with this thinking. So, too, is the notion of **authentic leadership** advanced by Fred Luthans and Bruce Avolio.[62] An authentic leader has a high level of self-awareness and clearly understands his or her personal values. This leader also acts consistently with those values, being honest and avoiding self-deception. Because of this, the authentic leader is perceived as genuine, gaining the respect of followers and developing

Moral leadership is always "good" and "right" by ethical standards.

Integrity in leadership is honesty, credibility, and consistency in putting values into action.
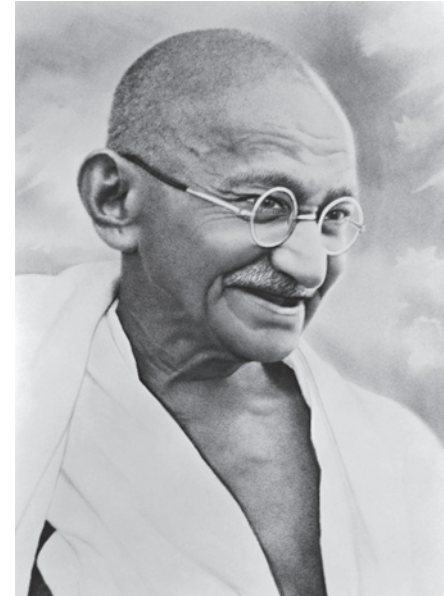
Bettmann/© Corbis

Figure 11.12 Mahatma Gandhi led a non-violent struggle for India's independence from Britain.

Authentic leadership activates positive psychological states to achieve self-awareness and positive self-regulation.

a capacity to positively influence their behaviours. Luthans and his colleagues believe that authentic leadership is activated by the positive psychological states of confidence, hope, optimism, and resilience. The result is positive self-regulation that helps authentic leaders clearly frame moral dilemmas, transparently respond to them, and consistently serve as ethical role models.[63]

Drucker's "Old-Fashioned" Leadership

The late management consultant Peter Drucker took a time-tested and very pragmatic view of leadership. It is based on what he refers to as a "good old-fashioned" look at the plain hard work it takes to be a successful leader. Consider, for example, his description of a telephone conversation with a potential consulting client: "We'd want you to run a seminar for us on how one acquires charisma," she said. Drucker's response was not what she expected. He advised her that there was more to leadership than the popular emphasis on personal "dash" or charisma. In fact, he said that "leadership is work."[64]

Drucker's many books and articles remind us that leadership effectiveness must have strong foundations. He believed that the basic building block of effective leadership is defining and establishing a sense of mission. A good leader sets the goals, priorities, and standards. A good leader keeps them all clear and visible, and maintains them. In Drucker's words: "The leader's first task is to be the trumpet that sounds a clear sound."

Drucker also believed in accepting leadership as a responsibility rather than a rank. Good leaders surround themselves with talented people. They are not afraid to develop strong and capable subordinates, and they do not blame others when things go wrong. The adage "The buck stops here" is still good to remember.

Finally, Drucker stressed the importance of earning and keeping the trust of others. The key here is the leader's personal integrity. The followers of good leaders trust them. They believe the leader means what he or she says, and that his or her actions will be consistent with what is said. In Drucker's words again: "effective leadership is not based on being clever; it is based primarily on being consistent."[65]

Drucker's Leadership Wisdom

- Define and communicate a clear vision.

- Accept leadership as a responsibility, not a rank.

- Surround yourself with talented people.

- Don't blame others when things go wrong.

- Keep your integrity; earn the trust of others.

- Don't be clever, be consistent.

✓ **Learning Check** ④

BE SURE YOU CAN

• differentiate transactional leadership and transformational leadership • explain how emotional intelligence contributes to leadership success • discuss research insights on the relationship between gender and leadership • define *interactive leadership* • discuss integrity as a foundation for moral leadership • list Drucker's essentials of good old-fashioned leadership

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Learning Objective 11.5

Describe the communication process.

Communication is the process of sending and receiving symbols with meanings attached.

THE COMMUNICATION PROCESS

As Peter Drucker highlighted, leaders need to be that trumpet that sounds a clear sound. Key then to being an effective leader is to be an effective communicator. **Communication** is an interpersonal process of sending and receiving symbols with messages attached to them. One way to view the communication process is as a series of questions. "Who?" (sender) "says

what?" (message) "in what way?" (channel) "to whom?" (receiver) "with what result?" (interpreted meaning).

The key elements in the communication process are shown in Figure 11.13. They include a sender who is responsible for encoding an intended message into meaningful symbols, both verbal and non-verbal. The message is sent through a communication channel to a receiver, who then decodes or interprets its meaning. This interpretation may or may not match the sender's original intentions. Feedback, when present, reverses the process and conveys the receiver's response back to the sender.
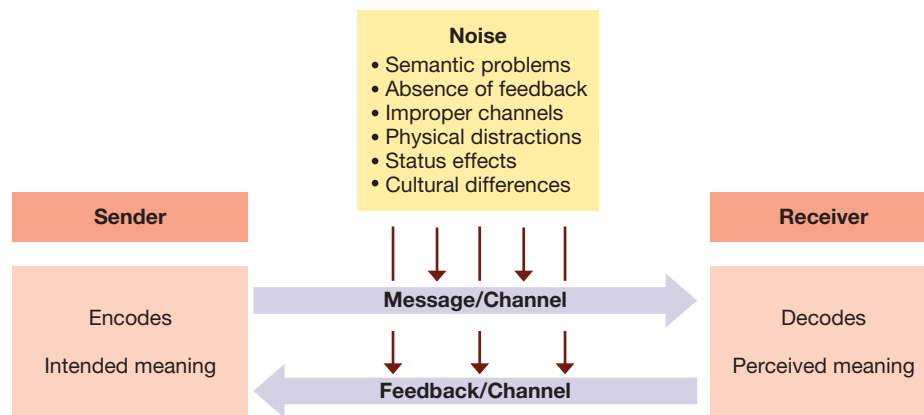

Figure 11.13 The interactive two-way process of interpersonal communication.

Effective Communication

The ability to communicate well both orally and in writing is a critical managerial skill and the foundation of effective leadership. Through communication, people exchange and share information with one another, and influence one another's attitudes, behaviours, and understandings. Communication allows managers to establish and maintain interpersonal relationships, listen to others, deal with conflicts, negotiate, and otherwise gain the information needed to create a high-performance workplace.

Effective communication occurs when the sender's message is fully understood by the receiver. **Efficient communication** occurs at minimum cost in terms of resources expended. It's nice to be effective and efficient. But, as we all know, this is not always achieved. Poor skills can limit communication effectiveness, and efficiency is sometimes traded for effectiveness.

Picture your instructor taking the time to communicate individually with each student about this chapter. It would be virtually impossible. Even if it were possible, it would be costly. This is why managers often leave voice-mail messages and interact by e-mail, rather than visit people personally. These alternatives are more efficient than one-on-one and face-to-face communications, but they may not always be effective. A low-cost approach such as an e-mail note to a distribution list may save time, but it may not result in everyone getting the same meaning from the message. Without opportunities to ask questions and clarify the message, erroneous interpretations are possible.

By the same token, an effective communication may not always be efficient. If a team leader visits each team member individually to explain a new change in procedures, this may guarantee that everyone truly understands the change. But it may also take a lot of the leader's time. A team meeting would be more efficient. In these and other ways, potential trade-offs between effectiveness and efficiency must be recognized in communication.

In **effective communication** the intended meaning is fully understood by the receiver.

Efficient communication occurs at minimum cost.

GOING GLOBAL

DEVELOPING GLOBAL LEADERS

Pankaj Ghemawat, strategic management professor at ESE Business School in Barcelona, says it's "globaloney" to think you can develop cross-cultural leaders who can manage effectively anywhere in the world. Writing in *McKinsey Quarterly*, a publication of global management consulting firm McKinsey & Company, Ghemawat says that being a successful global leader isn't as simple as adapting traditional leadership skills such as self-awareness, optimism, and empathy, but rather, building global leadership capacity requires a focus on often overlooked factors such as economic, administrative, political, and cultural differences. "For example, a Japanese executive going to work in the United States would probably benefit from preparing for the higher level of individualism there. One preparing for China would … benefit more from understanding that 'uncertainty avoidance' is less pronounced there, so executives must be ready for faster-paced change and greater levels of experimentation," he said. Trust, often called the currency of leadership, declines sharply with distance—people trust citizens of their own country twice as much as people from neighbouring countries and place even less trust in people farther away. To help build trust, Ghemawat suggests that rather than trying to hide their own cultures, leaders should embrace and nurture their roots, while working to connect with counterparts elsewhere who are also deeply rooted in their own cultures.

Persuasion and Credibility in Communication

Persuasive communication presents a message in a manner that causes the other person to support it.

Communication is not only about sharing information or being "heard"; it often includes the intent of one party to influence or motivate the other in a desired way. **Persuasive communication** results in a recipient agreeing with or supporting the message being presented.[66] Managers get things done by working with and persuading others who are their peers, teammates, and co-workers. They often get things done more by convincing than by giving orders. Furthermore, they must be able to persuade others over and over again; once is not enough.

Scholar and consultant Jay Conger says that many managers "confuse persuasion with taking bold stands and aggressive arguing."[67] He points out that this often leads to "counter-persuasion" responses and may even raise questions regarding the managers' credibility. **Credible communication** earns trust, respect, and integrity in the eyes of others. And without credibility, Conger sees little chance that persuasion can be successful. Conger's advice is to build credibility for persuasive communication through expertise and relationships.

Credible communication earns trust, respect, and integrity in the eyes of others.

To build credibility through expertise, you must be knowledgeable about the issue in question or have a successful track record in dealing with similar issues in the past. In a hiring situation where you are trying to persuade team members to select candidate A rather than B, for example, you must be able to defend your reasons. And it will always be better if your past recommendations turned out to be good ones. To build credibility through relationships, you must have a good working relationship with the person to be persuaded. And it is always easier to get someone to do what you want if that person likes you. For example, if you want to persuade your boss to provide a special bonus package to attract top job candidates, having a good relationship with your boss can add credibility to your request.

Communication Barriers

When Yoshihiro Wada was president of Mazda Corporation, he once met with representatives of the firm's American joint venture partner, Ford. But he had to use an interpreter. He estimated that 20 percent of his intended meaning was lost in the exchange between himself and the interpreter; another 20 percent was lost between the interpreter and the Americans.[68]

Noise, as previously shown in Figure 11.13, is anything that interferes with the effectiveness of the communication process. The potential for noise is quite evident in foreign language situations like Wada's. But do you recognize it in everyday text messaging, such as the boxed exchange between a high-tech millennial and a low-tech baby boomer manager? Common sources of noise that often create communication barriers include poor choice of channels, poor written or oral expression, failures to recognize non-verbal signals, physical distractions, and status effects.

> *Millennial text to baby boomer*
> Omg sorry abt mtg nbd 4 now b rdy nxt time g2g ttl
>
> *Baby boomer text to millennial*
> Missed you at meeting. It was important. Don't forget next one. Stop by office.

Poor Choice of Channels

A **communication channel** is the pathway or medium through which a message is conveyed from sender to receiver. Good managers choose the right communication channel, or combination of channels, to accomplish their intended purpose.[69] In general, written channels—paper or electronic—are acceptable for simple messages that are easy to convey and for those that require extensive dissemination quickly. They are also important as documentation when formal policies or directives are being conveyed. Spoken channels work best for messages that are complex and difficult to convey, and where immediate feedback to the sender is valuable. They are also more personal and can create a supportive, even inspirational, climate.

A **communication channel** is the pathway through which a message moves from sender to receiver.

Poor Written or Oral Expression

Communication will be effective only to the extent that the sender expresses a message in a way that can be clearly understood by the receiver. This means that words must be well chosen and properly used to express the sender's intentions. Consider the following "bafflegab" found in some executive communications.

> *A business report said: "Consumer elements are continuing to stress the fundamental necessity of a stabilization of the price structure at a lower level than exists at the present time."* (Translation: consumers keep saying that prices must go down and stay down.)

> *A manager said: "Substantial economies were affected in this division by increasing the time interval between distributions of data-eliciting forms to business entities."* (Translation: the division saved money by sending out fewer questionnaires.)

A survey of 120 companies by the National Commission on Writing found that over one-third of their employees were considered deficient in writing skills, and that employers were spending over $3 billion (U.S.) each year on remedial training.[70] Such training typically covers both written and oral communication. It isn't easy, for example, to write a concise, clear, and understandable e-mail. Like any written message, the e-mail can easily be misunderstood. It takes practice and hard work to express one's intentions well in the space of an e-mail message.

The same holds true for oral communication that takes place in telephone calls, face-to-face meetings, formal briefings, video conferences, and the like. See Management Smarts 11.2 for guidelines on an important communication situation: the executive briefing or formal presentation.[71]

11.2 MANAGEMENT SMARTS
How to make a successful presentation

- *Be prepared:* know what you want to say; know how you want to say it; rehearse saying it.

- *Set the right tone:* act audience-centred; make eye contact; be pleasant and confident.

- *Sequence points:* state your purpose; make important points; follow with details; then summarize.

- *Support your points:* give specific reasons for your points; state them in understandable terms.

- *Accent the presentation:* use good visual aids; provide supporting handouts when possible.

- *Add the right amount of polish:* attend to details; have room, materials, and arrangements ready to go.

- *Check your technology:* test out everything ahead of time; make sure it works and know how to use it.

- *Don't bet on the Internet:* beware of real-time Internet visits; save sites on a disk and use a browser to open the file.

- *Be professional:* be on time; wear appropriate attire; act organized, confident, and enthusiastic.

Failure to Recognize Non-verbal Signals

Non-verbal communication takes place through gestures and body language.

Non-verbal communication takes place through such things as hand movements, facial expressions, body posture, eye contact, and the use of interpersonal space. It can be a powerful means of transmitting messages, with research showing that up to 55 percent of a message's impact may come through non-verbal communication.[72] In fact, a potential problem in the growing use of voice mail, text messaging, computer networking, and other electronic communications is that gestures and other non-verbal signals are lost. Their absence may lower communication effectiveness.

Think of how non-verbal signals play out in your own communications. The astute observer notes the "body language" expressed by other persons; gestures, for example, can make a difference in whether someone's speech is positive or negative, excited or bored, or even engaged with or disengaged from you.[73] And we can't forget that sometimes our body may be "talking" for us, even as we otherwise maintain silence. When we do speak, our body may sometimes "say" different things than our words convey.

A **mixed message** results when words communicate one message while actions, body language, or appearance communicate something else.

A **mixed message** occurs when a person's words communicate one message while his or her actions, body language, appearance, or use of interpersonal space communicate something else. Watch how people behave in a meeting. A person who feels under attack may move back in a chair or lean away from the presumed antagonist, even while expressing verbal agreement. All of this is done quite unconsciously, but it sends a message that will be picked up by those who are on the alert.

Physical Distractions

Any number of physical distractions can interfere with communication effectiveness. Some of these distractions, such as telephone interruptions, drop-in visitors, and lack of privacy, are evident in the following conversation between an employee, George, and his manager.[74]

> *Okay, George, let's hear your problem [phone rings, boss picks it up, promises to deliver a report "just as soon as I can get it done"]. Uh, now, where were we? Oh, you're having a problem with your technician. She's . . . [manager's assistant brings in some papers that need his immediate signature; assistant leaves] you say she's overstressed lately, wants to leave. I tell you what, George, why don't you [phone rings again, lunch partner drops by] uh, take a stab at handling it yourself? I've got to go now.*

Besides what may have been poor intentions in the first place, the manager in this example did not do a good job of communicating with George. This problem could easily be corrected; many communication distractions can be avoided or at least minimized through proper planning. If George has something important to say, the manager should set aside adequate time for the meeting. Additional interruptions such as telephone calls and drop-in visitors could easily be eliminated by good planning.

Status Effects

"Criticize my boss? I don't have the right to." "I'd get fired." "It's her company, not mine." As these comments suggest, the hierarchy of authority in organizations creates another potential barrier to effective communications. Consider the "corporate cover-up" once discovered at an electronics company. Product shipments were being predated and papers falsified as salespersons struggled to meet unrealistic sales targets set by the president. At least 20 persons in the organization cooperated in the deception and it was months before the president found out. What happened in this case was **filtering**—the intentional distortion of information to make it appear favourable to the recipient.

Filtering is the intentional distortion of information to make it appear most favourable to the recipient.

Information filtering is often found in communications between lower and higher levels in organizations. Tom Peters, management author and consultant, has called information distortion "Management Enemy Number 1."[75] It most often involves someone "telling the boss what he or she wants to hear." Whether the reason behind this is a fear of retribution for bringing bad news, an unwillingness to identify personal mistakes, or just a general desire to please, the end result is the same. The higher-level person receiving filtered communications from below can end up making poor decisions because of a biased and inaccurate information base.

BE SURE YOU CAN   ✓ Learning Check **5**

• describe the communication process and identify its key components • differentiate between effective and efficient communication • explain the role of credibility in persuasive communication • list the common sources of noise that inhibit effective communication • explain how mixed messages and filtering interfere with communication

---

IMPROVING COMMUNICATION

A number of things can be done to reduce noise, overcome barriers, and improve the process of communication. They include active listening, constructive feedback, use of space, choosing channels, understanding electronic communication, interactive management, and cross-cultural sensitivity.

Learning Objective 11.6

Explain how communication can be improved.

Active Listening

Managers must be very good at listening. When people "talk," they are trying to communicate something. That "something" may or may not be what they are saying. **Active listening** is the process of taking action to help someone say exactly what he or she really means.[76] It involves being sincere and trying to find out the full meaning of what is being said. It also involves being disciplined in controlling emotions and withholding premature evaluations or interpretations.

Different responses to the following two questions contrast how a "passive" listener and an "active" listener might act in real workplace conversations. Question 1: "Don't you think employees should be promoted on the basis of seniority?" Passive listener's response: "No, I don't!" Active listener's response: "It seems to you that they should, I take it?" Question 2: "What does the supervisor expect us to do about these out-of-date computers?" Passive listener's response: "Do the best you can, I guess." Active listener's response: "You're pretty frustrated with those machines, aren't you?"

These examples help show how active listening can facilitate rather than discourage communication in difficult circumstances. As you think further about active listening, keep these rules in mind.[77]

1. *Listen for message content:* Try to hear exactly what content is being conveyed in the message.

2. *Listen for feelings:* Try to identify how the source feels about the content in the message.

3. *Respond to feelings:* Let the source know that her or his feelings are being recognized.

4. *Note all cues:* Be sensitive to non-verbal and verbal messages; be alert for mixed messages.

5. *Paraphrase and restate:* State back to the source what you think you are hearing.

Constructive Feedback

The process of telling other people how you feel about something they did or said, or about the situation in general, is called **feedback**. Consider these examples of the types of feedback we might receive and deliver in our interactions with others.[78] *Evaluative feedback:* "You are unreliable and always late for everything." *Interpretive feedback:* "You're coming late to meetings; you might be spreading yourself too thin and have trouble meeting your obligations." *Descriptive feedback:* "You were 30 minutes late for today's meeting and missed a lot of the context for our discussion."

The art of giving feedback is an indispensable skill, particularly for managers, who must regularly give feedback to other people. This often takes the form of performance feedback given as evaluations and appraisals. When poorly done, feedback can be threatening to the recipient and cause resentment. When properly done, feedback—even performance criticism—can be listened to, accepted, and used to good advantage by the receiver.[79]

There are ways to help ensure that feedback is useful and constructive, rather than harmful. To begin, one must learn to recognize when the feedback will really benefit the receiver, and when it will mainly satisfy some personal need of the sender. A supervisor who berates a computer programmer for errors, for example, may actually be angry about personally failing to give clear instructions in the first place. A manager should also make sure that feedback is always understandable, acceptable, and plausible. Some guidelines for giving "constructive" feedback are:[80]

Active listening helps the source of a message say what he or she really means.

Feedback is the process of telling someone else how you feel about something that person did or said.

- Give feedback directly and with real feeling, based on trust between you and the receiver.
- Make sure that feedback is specific rather than general; use good, clear, and preferably recent examples to make your points.
- Give feedback at a time when the receiver seems most willing or able to accept it.
- Make sure the feedback is valid; limit it to things the receiver can be expected to do something about.
- Give feedback in small doses; never give more than the receiver can handle at any particular time.

REAL ETHICS

Difficult Employees

Conversation starts:

"We just got a new transfer into our office. Whew, he's a handful! Some days he comes in happy and pleasant; most days he's a real bear. Technically, his work is fine, but his behaviour is getting very disruptive. The others are starting to complain that his 'bad days' are becoming 'bad days' for everyone. And I'm starting to notice that on his bad days, the whole team's performance drops."

Points to ponder:

- Sometimes managers transfer their "problem workers" to other departments. Although this isn't fair to the receiving unit, it is an easy, although self-centred, solution for the sending unit.
- Different management styles apply best in different situations. This is point-of-contingency leadership thinking. "Calm and supportive" may fit one employee type or situation; "directive and firm" might be better for others.
- People's work and non-work lives don't always fall into neat and separate compartments. Things that happen at home can spill over to affect work behaviour, and vice versa.

- Managers are supposed to engage in "performance management" discussions with their direct reports. This is easy when things are all positive, but it's a lot harder to hold the conversation with an employee who has a performance problem.

Conversation continues:

"I've tried to be supportive and understanding with the guy, but I'm starting to lose patience. I've got to do something or the situation will get out of hand. As a manager, am I supposed to be a 'boss' or a 'therapist'? Or should I be both?"

You Decide

What are the best ways to deal with a disruptive employee like this? Is it time for constructive feedback or active listening, or are things past the point where those techniques would be useful? And let's not forget the other members of the team. How can they be best dealt with, or even brought into the "solution"?

Space Design

Proxemics involves the use of space in communication.

An important but sometimes neglected part of communication involves **proxemics**, or the use of space.[81] The distance between people conveys varying intentions in terms of intimacy, openness, and status in interpersonal communications. And the physical layout of an office or room is a form of non-verbal communication. Check it out. Offices with chairs available for side-by-side seating convey different messages than those where the manager's chair sits behind the desk and those for visitors sit facing it in front (Figure 11.14).

Architects and consultants specializing in organizational ecology are helping executives build offices conducive to the intense communication needed in today's more horizontal organizational designs. When Sun Microsystems built its San Jose, California, facility, public spaces were designed to encourage communication among persons from different departments. Many meeting areas had no walls, and most walls were glass. As manager of planning and research, Ann Bamesberger, said: "We were creating a way to get these people to communicate with each other more."[82] At the Google headquarters, or "googleplex," telecommuters work in specially designed office "tents." These are made of acrylics to allow both the sense of private, personal space and transparency.[83]
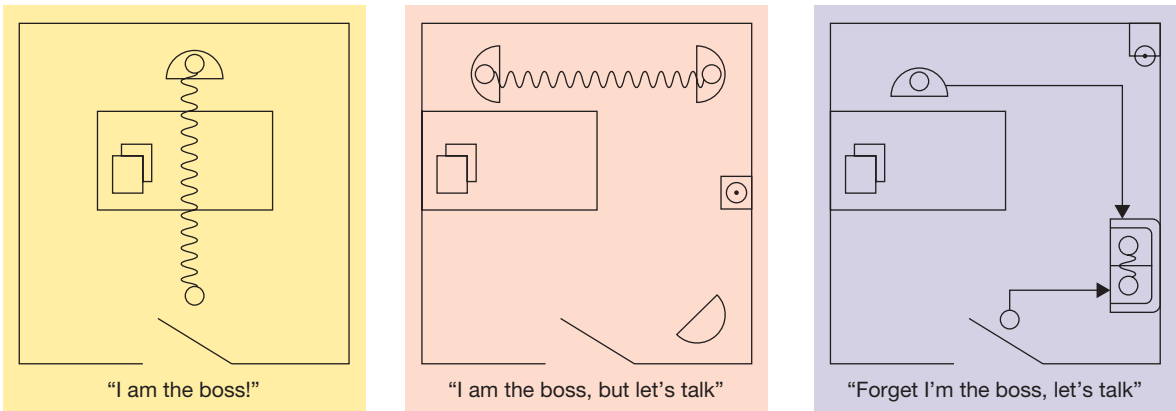

"I am the boss!"   "I am the boss, but let's talk"   "Forget I'm the boss, let's talk"

Figure 11.14 The placement of seats in an office can signal how the boss likes to communicate.

Channel Selection

Channel richness is the capacity of a communication channel to effectively carry information.

People communicate with one another using a variety of channels that vary in **channel richness**—the capacity to carry information in an effective manner.[84] Figure 11.15 shows that face-to-face communication is very high in richness, enabling two-way interaction and real-time feedback. Communications such as written reports, memos, and text messages are very low in richness because of impersonal, one-way interaction with limited opportunity for feedback. Managers need to understand the limits of the possible channels and choose wisely when using them for communication.
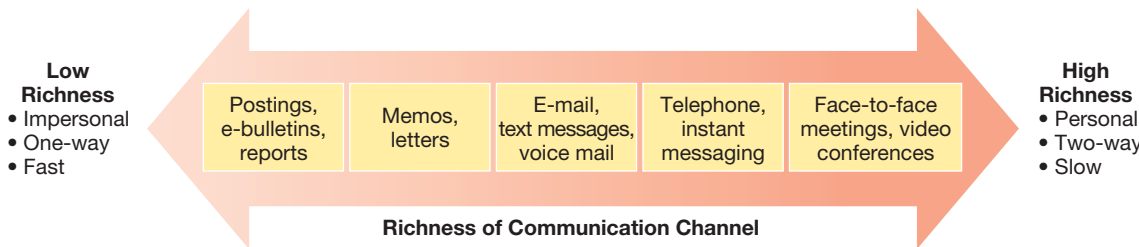

| Low Richness
• Impersonal
• One-way
• Fast | Postings, e-bulletins, reports | Memos, letters | E-mail, text messages, voice mail | Telephone, instant messaging | Face-to-face meetings, video conferences | High Richness
• Personal
• Two-way
• Slow |

Richness of Communication Channel

Figure 11.15 Channel richness and the use of communication media.

Use of Electronic Media

When IBM surveyed employees to find out how they learned what was going on at the company, executives were not surprised that co-workers were perceived as credible and useful sources. But they were surprised that the firm's intranet ranked equally high. IBM's internal websites were ranked higher than news briefs, company memos, and information from managers.[85] The age of communication is heavily electronic—one of e-mail, voice mail, text messages, instant messaging, teleconferencing, on-line discussions, video conferencing, virtual or computer-mediated meetings, intranets, Twitter, and web portals. But the many implications for technology utilization must be understood.

Knowing how and when to use e-mail and text messaging is a growing communication concern. "Thnx for the IView! I Wud Luv to Work 4 U!! ;)" may be quite understandable "textspeak," but it isn't the follow-up message that most employers like to receive from job candidates.[86] When Tory Johnson, president of Women for Hire Inc., received a thank-you note by e-mail from an intern candidate, it included "hiya," "thanx," three exclamation points, and two emoticons. She says: "That e-mail just ruined it for me." The risk of everyday shorthand in e-mails and texting is that we become too casual in its use, forgetting that how a message is received is in large part determined by the receiver. Even though textspeak and emoticons are the norm in social networks, they may not fit the work culture.

Purpose and privacy are also important issues in the electronic workplace. Employers are concerned that too much work time gets spent handling personal e-mail and in web browsing; employees are concerned that employers are eavesdropping on their electronic messages. The best privacy advice comes down to this—don't assume that you have computer privacy at work; find out the employer's policy and follow it. E-mail workload is also a concern. Intel, for example, once initiated a training program to improve e-mail efficiency after discovering that employees faced up to 300 e-mail messages a day and spent some 2.5 hours per day dealing with them.[87] Tips on managing your e-mail are presented in Management Smarts 11.3.[88]

11.3 MANAGEMENT SMARTS
Tips on managing your e-mail

- Read items only once.

- Take action immediately to answer, move to folders, or delete.

- Purge folders regularly of useless messages.

- Send group mail and use "reply to all" only when really necessary.

- Get off distribution lists that are without value to your work.

- Send short messages in the subject line, avoiding a full-text message.

- Put large files on websites instead of sending them as attachments.

- Use instant messaging as an e-mail alternative.

- Don't forget the basic rule of e-mail privacy: there isn't any.

Electronic grapevines use electronic media to pass messages and information among members of social networks.

Another thing to remember is that technology offers the power of the **electronic grapevine**, speeding messages and information from person to person. When a law professor told his class that Chief Justice John Roberts was resigning from the U.S. Supreme Court, it was supposed to be a lesson on checking facts of stories. By the time they realized what he was doing, class members had already spread the false story by instant messaging and e-mails to the point of it almost making the national news.[89] And then there's YouTube. Domino's Pizza executives felt its sting when a posted video showed two employees doing nasty things to sandwiches. It was soon viewed over a million times. By the time the video was pulled (by one of its authors who apologized for "faking"), Domino's faced a crisis in customer confidence. The CEO finally created a Twitter account and posted a YouTube video message to present the company's own view of the story.[90]

Interactive Management

In **management by wandering around (MBWA)**, managers spend time outside their offices to meet and talk with workers at all levels.

Interactive management approaches use a variety of means to keep communication channels open between organizational levels. A popular choice is **management by wandering around (MBWA)**—dealing directly with subordinates or team members by regularly spending time walking around and talking with them. It is basically communicating face to face to find out what is going on. Another practice designed to open channels and improve upward communications involves open office hours, whereby busy senior executives set aside time in their calendars to welcome walk-in visits during certain hours. A rotating schedule of "shirtsleeve" meetings can also bring top managers into face-to-face contact with mixed employee groups throughout an organization. And, some organizations form groups such as elected employee advisory councils whose members meet with management on a regular schedule to share information and discuss issues.

Cross-Cultural Communication

Ethnocentrism is the tendency to consider one's culture superior to any and all others.

Communicating when the sender and receiver are from different cultures is a significant challenge, one that is well recognized by international travellers and executives. It's hard to communicate when you don't speak each other's languages. And messages even get lost in translation, as classic advertising miscues such as these demonstrate: A Pepsi ad in Taiwan intended to say "The Pepsi Generation" came out as "Pepsi will bring your ancestors back from the dead;" a KFC ad in China intended to convey "finger lickin' good" came out as "eat your fingers off."[91] Cultural differences are also common in non-verbal communication, everything from the use of gestures to interpersonal space. As illustrated in the box, the interpretation of non-verbal aspects of communication can be subtle and complicated.[92]

One of the enemies of effective cross-cultural communication is **ethnocentrism**, the tendency to consider one's culture superior to any and all others. It can hurt communication in at least three major ways. First, it may cause someone to not listen well to what others have to say. Second, it may cause someone to address or speak with others in ways that alienate them. And third, it may lead to the use of inappropriate stereotypes when dealing with persons from other cultures.[93]

Sample Cultural Variations in Non-verbal Communications

- *Eye movements (oculesics)*—Chinese and Japanese may show anger only in their eyes, a point often missed by westerners.

- *Touching (haptics)*—Asian cultures typically dislike touching behaviours; Latin cultures tend to use them in communicating.

- *Body motions (kinesics)*—gestures, shrugs, and blushes can mean different things; "thumbs up" means "A-OK" in North America, but is vulgar in the Middle East.

BE SURE YOU CAN ....
• define *active listening* and list active listening rules • illustrate the guidelines for constructive feedback • explain how and why space design influences communication • discuss the influence of technology utilization on communication • explain how MBWA can improve upward communication • explain the impact of ethnocentrism on cross-cultural communication

MANAGEMENT LEARNING REVIEW

SUMMARY OF LEARNING OBJECTIVES

1. Describe the nature of leadership.
- Leadership is the process of inspiring others to work hard to accomplish important tasks.
- The ability to communicate a vision—a clear sense of the future—is essential for effective leadership.
- Power is the ability to get others to do what you want them to do through leadership.
- Sources of position power include rewards, coercion, and legitimacy or formal authority; sources of personal power include expertise and reference.
- Effective leaders empower others, allowing them to make job-related decisions on their own.
- Servant leadership is follower-centred, focusing on helping others fully utilize their talents.

FOR DISCUSSION When is a leader justified in using coercive power?

2. Describe important leadership traits and behaviours.
- Traits that seem to have a positive impact on leadership include drive, integrity, and self-confidence.
- Research on leader behaviours has focused on alternative leadership styles based on concerns for the task and concerns for people.
- One suggestion of leader behaviour researchers is that effective leaders are team-based and participative, showing both high task and people concerns.

FOR DISCUSSION Are any personal traits indispensable "must haves" for success in leadership?

3. Explain the contingency theories of leadership.
- Contingency leadership approaches point out that no one leadership style always works best; the best style is one that properly matches the demands of each unique situation.
- Fiedler's contingency model matches leadership styles with situational differences in task structure, position power, and leader–member relations.
- The Hersey–Blanchard situational model recommends using task-oriented and people-oriented behaviours, depending on the "maturity" levels of followers.
- House's path–goal theory points out that leaders add value to situations by using supportive, directive, achievement-oriented, or participative styles.

KEY TERMS

active listening, 352
authentic leadership, 345
authority decision, 340
autocratic style, 334
channel richness, 354
charismatic leader, 342
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leadership style, 333
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    co-worker scale, 336
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management by wandering
    around (MBWA), 356

- The Vroom–Jago leader–participation theory advises leaders to choose decision-making methods—individual, consultative, group—that best fit the problems to be solved.

FOR DISCUSSION What are the career development implications of Fiedler's contingency model of leadership?

4. Identify and explain the current issues in leadership.
- Transformational leaders use charisma and emotion to inspire others toward extraordinary efforts and performance excellence.

- Emotional intelligence—the ability to manage our relationships and ourselves effectively—is an important leadership capability.

- The interactive leadership style emphasizes communication, involvement, and interpersonal respect.

- Managers are expected to be moral leaders who communicate high ethical standards and show personal integrity in all dealings with other people.

FOR DISCUSSION Is transformational leadership always moral leadership?

5. Describe the communication process.
- Communication is the interpersonal process of sending and receiving symbols with messages attached to them.

- Effective communication occurs when the sender and the receiver of a message both interpret it in the same way.

- Efficient communication occurs when the message is sent at low cost for the sender.

- Persuasive communication results in the recipient acting as intended by the sender; credibility earned by expertise and good relationships is essential to persuasive communication.

- Noise is anything that interferes with the effectiveness of communication; common examples are poor utilization of channels, poor written or oral expression, physical distractions, and status effects.

FOR DISCUSSION When is it okay to accept less effectiveness to gain efficiency in communication?

6. Explain how communication can be improved.
- Active listening, through reflecting back and paraphrasing, can help overcome barriers and improve communication.

- Constructive feedback is specific, direct, well timed, and limited to things the receiver can change.

- Office architecture and space designs can be used to improve communication in organizations.

- Proper choice of channels and use of information technology can improve communication in organizations.

- Interactive management through MBWA, structured meetings, suggestion systems, and advisory councils can improve upward communication.

- The negative influences of ethnocentrism on communication can be offset by greater cross-cultural awareness and sensitivity.

FOR DISCUSSION What rules of active listening do most people break?

SELF-TEST

Multiple-Choice Questions

1. Someone with a clear sense of the future and the actions needed to get there is considered a _____ leader.

   (a) task-oriented   (b) people-oriented   (c) transactional   (d) visionary

2. Leader power = _____ power × _____ power.

   (a) reward, punishment   (b) reward, expert   (c) legitimate, position   (d) position, personal

3. A manager who says "because I am the boss, you must do what I ask" is relying on _____ power.

   (a) reward   (b) legitimate   (c) expert   (d) referent

4. The personal traits now considered important for managerial success include _____.

   (a) self-confidence   (b) gender   (c) age   (d) personality

5. According to the Blake and Mouton model of leader behaviours, the most successful leader is one who acts with _____.

   (a) high initiating structure   (b) high consideration   (c) high concern for task and high concern for people   (d) low job stress and high task goals

6. In Fiedler's contingency model, both highly favourable and highly unfavourable leadership situations are best dealt with by a _____ leader.

   (a) task-oriented   (b) laissez-faire   (c) participative   (d) relationship-oriented

7. Directive leadership and achievement-oriented leadership are among the options in House's _____ theory of leadership.

   (a) trait   (b) path–goal   (c) transformational   (d) life-cycle

8. Vision, charisma, integrity, and symbolism are all on the list of attributes typically associated with _____ leaders.

   (a) contingency   (b) informal   (c) transformational   (d) transactional

9. _____ leadership theory suggests that leadership success is achieved by correctly matching leadership style with situations.

   (a) Trait   (b) Fiedler's   (c) Transformational   (d) Blake and Mouton's

10. In the leader behaviour approaches to leadership, someone who does a very good job of planning work, setting standards, and monitoring results would be considered a(n) _____ leader.

    (a) task-oriented   (b) control-oriented   (c) achievement-oriented   (d) employee-centred

11. When a leader assumes that others will do as she asks because they want to positively identify with her, she is relying on _____ power to influence their behaviour.

    (a) expert   (b) reference   (c) legitimate   (d) reward

12. The interactive leadership style, sometimes associated with women, is characterized by _____.

   (a) inclusion and information sharing   (b) use of rewards and punishments   (c) command and control   (d) emphasis on position power

13. A leader whose actions indicate an attitude of "do as you want, and don't bother me" would be described as having a(n) _____ leadership style.

   (a) autocratic   (b) country club   (c) democratic   (d) laissez-faire

14. Constructive feedback is _____.

   (a) general rather than specific   (b) indirect rather than direct   (c) given in small doses   (d) given any time the sender is ready

15. Cross-cultural communication may run into difficulties because of _____, or the tendency to consider one's culture superior to others.

   (a) selective perception   (b) ethnocentrism   (c) mixed messages   (d) projection

Short-Response Questions

16. Why does a person need both position power and personal power to achieve long-term managerial effectiveness?

17. What is the major insight of the Vroom–Jago leader–participation model?

18. How does Peter Drucker's view of "good old-fashioned leadership" differ from the popular concept of transformational leadership?

19. Briefly describe how a manager would behave as an active listener when communicating with subordinates.

Application Question

20. When Marcel Girard took over as leader of a new product development team, he was both excited and apprehensive. "I wonder," he said to himself on the first day in his new assignment, "if I can meet the challenges of leadership." Later that day, Marcel shared this concern with you during a coffee break. Based on the insights of this chapter, how would you describe to him the implications for his personal leadership development of current thinking on transformational leadership and moral leadership?

MANAGEMENT SKILLS AND COMPETENCIES

SELF-ASSESSMENT

Back to Yourself: Integrity

Even though we can get overly enamoured with the notion of the "great" or "transformational" leader, it is just one among many leadership fundamentals that are enduring and important. This chapter covered a range of theories and models useful for leadership development. Each is best supported by a base of personal integrity that keeps the leader above the "integrity line." Servant leadership represents integrity, Drucker's notion of good old-fashioned leadership requires integrity, and Gardner's concept of moral leadership (mentioned in Chapter 2) is centred on integrity. Why is it, then, that in the news and in everyday experiences we so often end up wondering where leadership integrity has gone?

Further Reflection: Least-Preferred Co-worker Scale

Instructions

Think of all the different people with whom you have ever worked—in jobs, in social clubs, in student projects, or whatever. Next think of the one person with whom you could work least well—that is, the person with whom you had the most difficulty getting a job done. This is the one person—a peer, boss, or subordinate—with whom you would least want to work. Describe this person by circling numbers at the appropriate points on each of the following pairs of bipolar adjectives. Work rapidly. There are no right or wrong answers.

Pleasant	8 7 6 5 4 3 2 1	Unpleasant	Gloomy	1 2 3 4 5 6 7 8	Cheerful
Friendly	8 7 6 5 4 3 2 1	Unfriendly	Open	8 7 6 5 4 3 2 1	Guarded
Rejecting	1 2 3 4 5 6 7 8	Accepting	Backbiting	1 2 3 4 5 6 7 8	Loyal
Tense	1 2 3 4 5 6 7 8	Relaxed	Untrustworthy	1 2 3 4 5 6 7 8	Trustworthy
Distant	1 2 3 4 5 6 7 8	Close	Considerate	8 7 6 5 4 3 2 1	Inconsiderate
Cold	1 2 3 4 5 6 7 8	Warm	Nasty	1 2 3 4 5 6 7 8	Nice
Supportive	8 7 6 5 4 3 2 1	Hostile	Agreeable	8 7 6 5 4 3 2 1	Disagreeable
Boring	1 2 3 4 5 6 7 8	Interesting	Insincere	1 2 3 4 5 6 7 8	Sincere
Quarrelsome	1 2 3 4 5 6 7 8	Harmonious	Kind	8 7 6 5 4 3 2 1	Unkind

Scoring

Calculate your "least-preferred co-worker," or LPC, score by totalling all the numbers you circled; enter that score here [LPC = ___].

Interpretation

The LPC scale is used by Fred Fiedler to identify a person's dominant leadership style. He believes that this style is a relatively fixed part of our personality and is therefore difficult to change. Thus, he suggests the key to leadership success is finding (or creating) good "matches" between style and situation. If your score is 73 or above, Fiedler considers you a "relationship-motivated" leader; if your score is 64 or below, he considers you a "task-motivated" leader. If your score is between 65 and 72, Fiedler leaves it up to you to determine which leadership style is most like yours.

Source: Fred E. Fiedler and Martin M. Chemers, *Improving Leadership Effectiveness: The Leader Match Concept*, 2nd ed. (New York: Wiley, 1984). Used by permission.

TEAM EXERCISE

Leadership and Participation in Decision Making

Procedure

1. For the 10 situations described here, decide which of the three styles you would use for that unique situation. Place the letter A, P, or L on the line before each situation's number.

   - A—authority; make the decision alone without additional inputs.   • P—consultative; make the decision based on group inputs.   • L—group; allow the group to which you belong to make the decision.

Decision Situations

____ 1. You have developed a new work procedure that will increase productivity. Your boss likes the idea and wants you to try it within a fewweeks. You view your employees as fairly capable and believe that they will be receptiveto the change.

____ 2. The industry of your product has new competition. Your organization's revenues have been dropping. You have been told to lay off three of your ten employees in two weeks. You have been the supervisor for over one year. Normally, your employees are very capable.

____ 3. Your department has been facing a problem for several months. Many solution shave been tried and have failed. You finally thought of a solution, but you are not sure of the possible consequences of the change required or its acceptance by thehighly capable employees.

____ 4.   Flextime has become popular in your organization. Some departments let each employee start and end work whenever they choose. However, because of the cooperative effort of your employees, they must all work the same eight hours. You are not sure of the level of interest in changing the hours. Your employees are a very capable group and like to make decisions.

____ 5.   The technology in your industry is changing faster than the members of your organizationcan keep up. Top management hireda consultant who has given the recommended decision. You have two weeks to make your decision. Your employees are capable, and they enjoy participating in thedecision-making process.

____ 6.   Your boss called you on the telephone to tell you that someone has requested an order for your department's product with a very short delivery date. She asked that you call her back with the decision about taking the order in 15 minutes. Looking over the work schedule, you realize that it will be very difficult to deliver the order on time. Your employees will have to push hard to make it. They are cooperative, capable, and enjoy being involved in decision making.

____ 7.   A change has been handed down from top management. How you implement it is your decision. The change takes effect in one month. It will personally affect everyone in your department. The acceptance of the department members is critical to the success of the change. Your employees are usually not too interested in being involved in making decisions.

____ 8.   You believe that productivity in your department could be increased. You have thought of some ways that may work, but you're not sure of them. Your employees are very experienced; almost all of them have been in the department longer than you have.

____ 9.   Top management has decided to make a change that will affect all of your employees. You know that they will be upset because it will cause them hardship. One or two may even quit. The change goes into effect in 30 days. Your employees are very capable.

____ 10.   A customer has offered you a contract for your product with a quick delivery date. The offer is open for two days. Meeting the contract deadline would require employees to work nights and weekends for six weeks. You cannot require them to work overtime. Filling this profitable contract could help get you the raise you want and feel you deserve. However, if you take the contract and don't deliver on time, it will hurt your chances of getting a big raise. Your employees are very capable.

2.   Form groups as assigned by your instructor. Share and compare your choices for each decision situation. Reconcile any differences and be prepared to defend your decision preferences in general class discussion.

Source: From "Leadership and Participation in Decision Making," Schermerhorn, Osborn, Uhl-Bien, Hunt, *Organizational Behavior*, 12th ed. Hoboken, NJ: John Wiley & Sons, Inc., 2011, Skills Workbook, p. W-83. Used with permission of John Wiley & Sons Inc.

CAREER SITUATIONS FOR LEADERSHIP AND COMMUNICATION: WHAT WOULD YOU DO?

1.   Autocratic Boss
Some might say it was bad luck. Others will tell you it's life and you'd better get used to it. You just got a new boss, and within the first week it was clear to everyone that she is as "autocratic" as can be. The previous boss was very "democratic," and so is the next-higher-level manager, with whom you've always had a good working relationship. Is there anything you and your co-workers can do to remedy this situation without causing anyone, including the new boss, to lose their jobs?

2.   New to the Team
You've just been hired as a visual effects artist by a top movie studio. The team you are joining has already been together for about two months. There's obviously an in-group when it comes to team leader and team member relationships. This job is important to you; the movie is going to be great resumé material. But you're worried about the leadership dynamics and your role as a newcomer to the team. What can you do to get on board as soon as possible, work well with the team leader, and be valued by other team members?

3.   Out of the Comfort Zone
It's important to be "interactive" in leadership. By personality, though, you tend to be a bit withdrawn. If you could do things by yourself, that's the way you would behave. That's your comfort zone. Yet you are talented and ambitious. Career growth in your field requires taking on management responsibilities. So, here you are agreeing to take over as a team leader in your first upward career move. Can you succeed by leading within your comfort zone? If not, what can you do to "stretch" your capabilities into new leadership territories?

CHAPTER 11 CASE STUDY

Belvedere Place Development Ltd.—Building a Construction Company from the Ground Up

Kelsey Ramsden went from working for her father's road-building company as a flag girl on the Alaska Highway at age 15, to president of her own civil construction firm at age 28. Eight years later, Ramsden was ranked No. 1 on the 2012 PROFIT/Chatelaine W100 list of Canada's Top Female Entrepreneurs. How did she do it? Through having a vision, working, having great mentors, being nimble, and taking risks. As Ramsden says, "Be prepared to pivot."

Kelsey Ramsden (Chatelaine Magazine/Robert Caruso)

After completing her MBA at the Ivey School of Business in 2004, Kelsey Ramsden went into management consulting—which she didn't enjoy at all. "You make a recommendation and nothing happens," she says. "I like making things happen. I like seeing dirt move." So, that year, she started Belvedere Place Development Ltd. Ramsden said, "Being 28 and a girl owning a company in this industry is not normal. But I know how to build roads."

To break into the business and start building a crew, Ramsden took small construction jobs in Kelowna, B.C. Today, Belvedere Place Development Ltd., along with its associated companies, Belvedere Place Contracting Ltd. and Belvedere Aggregates Ltd., performs general contracting to build roads and other infrastructure projects in Western Canada and the Caribbean. In 2012, Ramsden's company achieved a three-year revenue growth of 804 percent, with annual revenues of $25 million to $50 million. Achieving this tremendous success required a lot of hard work, strong leadership, and savvy business decision-making.

Overcoming Roadblocks

For the first five years, the company made healthy profits working from government contracts, building roads and bridges. However, when the global recession hit in 2009, many private developers went bankrupt, and the earth-moving companies that had worked for them started pursuing government work. Not only did this double Belvedere Place Development's competition, but these other companies submitted low bids, which drastically dropped the profit margins on public-sector contracts. Ramsden had to make a difficult decision: either wait until these low-balling companies went bankrupt or reinvent her business to pursue a new client base. She chose to reinvent her business, and over the next two years successfully navigated an expansion into private-sector projects. By making dramatic changes to how she did business, Ramsden not only avoided bankruptcy, she grew her company in size, sales, and profitability, and propelled it toward its incredible three-year revenue growth.

Although her company had no prior experience with the private sector, Ramsden did, having worked for her father's road-building company. Her first move was to hire a business development manager to join her four-person head office in Kelowna, B.C. Ramsden loved the technical side of "moving dirt" but knew that her strength wasn't in building the relationships required to secure private-sector clients. "With government jobs, there is no relationship," says Ramsden. "It's all about who bids the lowest." In the private sector, however, discussions with potential contractors regarding upcoming jobs begin months before a request for proposal is issued, so networking and building relationships matter.

Ramsden's strategy paid off and Belvedere Place Development began winning contracts to build roads for private subdivision developers. But Ramsden didn't want to become reliant on this unstable market, so she had her business development manager target mining firms, and, once Belvedere Place Development had secured the necessary safety certification, also target the oil and gas sector. The plan met with great success. "People think of these big companies as scary," says Ramsden. "I learned that you just show up and ask to speak to someone."

It certainly was helpful that the business development manager could provide potential clients with impressive references from Belvedere Place Development's government clients for having completed projects to specification, on time and under budget. Belvedere Place Development also provided serious prospects with letters from its bank and bonding company attesting to the company's impeccable reputation.

To safeguard her firm, Ramsden requests letters from the private-sector client's bank confirming the client is creditworthy. Belvedere Place also hires lawyers, spending as much as $10,000 per contract to ensure these deals are done right, a dramatic increase over the usual $100 for standard government contracts. To avoid cash-flow problems and avoid losses if a client runs into difficulty, Ramsden has clients pay for their own materials for each job. "I'm willing to risk my guys' time and my equipment time, but I can't afford to be stuck holding three kilometres' worth of 200-millimetre pipe," she says. "What would I do with it if someone hung me out to dry?"

Another change that the company had to make was in dealing with multiple people from the client company, from various locations. "I was used to signing contracts in a trailer somewhere, with just me and one guy from the ministry," says Ramsden. With her new private-sector clients, there often are four times as many people involved from contract signing to job completion, each requiring more detailed updates of the status of their projects at each stage and extensive reports on the next steps. "We had to communicate more, and that started with me," says Ramsden.

Getting the Green Light

Today, about 60 to 100 percent of the company's sales come from private-sector clients, with revenue between $25 million to $50 million, compared with less than $5 million three years earlier. The new client base has not only dramatically increased revenue but has also made the company more stable. The company used to live from project to project, but now has contracts booked for the year ahead. This means that Belvedere Place can offer more secure employment to its almost 70 heavy-equipment operators and invest more in training and equipment. This positions Belvedere Place for further growth by bidding on private-sector projects on a scale that used to be out of the company's reach.

Ramsden believes in being nimble and taking risks. She also has great mentors in the industry. But she says, "A business really is only as good as the people who are in it. I've learned that being the person at the top doesn't actually make you 'on top,' it just means you have to make the decisions no one else wants to make. Everyone is equally as responsible for making the business successful." The entrepreneur adds, "I get to be in Profit Magazine and Chatelaine Magazine, but ultimately, it's not just me that did it. Without the people who work with me I wouldn't have had any of those opportunities. I'm very cognizant of the fact that the people that are with me are very important and it is important to surround yourself with the right kind of people."

Back in 2009, Ramsden moved from Kelowna, B.C., to London, Ontario, so her husband could run his family's foundry business. While expecting their third child, Ramsden established a management team at the British Columbia head office, allowing her to run the business from London and visit less frequently. Fortunately the team was solidly in place when, two months after her son was born, Ramsden was diagnosed with a rare form of aggressive cervical cancer. "Nobody wavered or looked for other work. They stuck right with me," she said. Today, Ramsden is healthy and feeling stronger than ever. "I just do my best and pivot with the circumstances."

Discussion Questions

1. Leadership is the power or ability to make things happen to achieve the goals of the organization. Drawing from the chapter and using examples from the case, describe the "sources of power" you think Kelsey Ramsden demonstrates most in her role as leader. What impact do you think her gender (in this traditionally male-dominated industry) might have on the effectiveness of these sources of power?

2. Ramsden demonstrates "visionary leadership"—she had a clear and compelling sense of the direction she needed to take Belvedere Place Development, as well as an understanding of the actions needed to get there successfully. Using the Vroom–Jago leader–participation model of leadership, identify which decision-making method you believe best fits Kelsey Ramsden's situation when faced with changing her company's business model. Provide examples to support your answer.

3. Would you describe Kelsey Ramsden as a "transformational leader"? Why or why not? What leadership traits do you think best describe Ramsden as a leader of Belvedere Place Development?

4. PROBLEM SOLVING—While effectively leading her organization, it is clear that Kelsey Ramsden has overcome many difficulties including health challenges, changing family commitments, and downturns in the economy. It is obvious that she has developed strong resiliency skills that have helped her overcome stressful events. How might you develop resiliency skills?

5. FURTHER RESEARCH—A 2012 Society for Human Resource Management survey, Challenges Facing HR Over the Next 10 Years, identifies "developing leaders" as the second most pressing priority. (Retaining and rewarding the best employees was number one.) Through your own research, identify at least five things that organizations are currently doing to develop strong leaders.

For more case study questions visit the textbook's website at www.wiley.com/go/schermerhorncanada

CHAPTER 11 VIDEO CASE

The Drive to Be Number One

Video Summary and Discussion

Frank Stronach can lay claim to quite a "rags to riches" story. The video recounts how his family came to Canada in 1954 from Austria with no cash and no connections whatsoever. From these humble beginnings, Stronach created Magna International, an Ontario-based world-renowned auto parts maker, which has grown exponentially over the years. It is heavily relied upon by automobile manufacturers around the world.

Frank Stronach's personality is such that he is never satisfied. He also has insatiable ambition and many have described him as a "big dreamer" because of his vision and foresight, focusing not on what is but on what could be. It is not surprising, therefore, that in Wayne Lilly's book about Stronach entitled *Magna Cum Laude*, the author documents that Stronach was a leading bidder to purchase Chrysler when it became apparent that the once-mighty automobile manufacturer was potentially for sale.

Tony Faria, a professor of marketing at the University of Windsor, considered Stronach's reasoning for being interested in buying Chrysler. He theorized that Stronach was concerned that, as Chrysler was in a downward spiral, a new owner other than him might spell trouble for Magna, so doing nothing was a risk from Stronach's point of view.

However, Stronach's true motivation for pursuing one of the Big Three automakers likely goes back to his strong belief in himself, that he can face any challenge and solve any problem. In Stronach's view, becoming the best automobile manufacturer in the world in addition to being the best auto parts maker in the world would be his ultimate achievement.

On May 9, 2007, Frank Stronach confirmed that his company and Onex, a Canadian investment company, made a bid for Chrysler, the struggling American unit of DaimlerChrysler. But Magna International lost. On May 14, DaimlerChrysler announced the sale of 80.1 percent of Chrysler Group to American private equity firm Cerberus Capital Management, L.P.; the company would now be called Chrysler LLC. The deal was finalized on August 3, 2007.

But the new ownership did not end Chrysler's troubles. On April 30, 2009, Chrysler LLC filed for bankruptcy reorganization and announced a plan for a partnership with Italian automaker Fiat. In June 2009, Chrysler LLC sold some assets and operations to the newly formed company Chrysler Group LLC. The U.S. government financed the deal with $6.6 billion (U.S.) in financing, paid to the "Old Chrysler."

Being squeezed out of a Chrysler deal didn't stop Stronach. In January 2009, Magna International signed an alliance with the Ford Motor Company to build electric vehicles for the Detroit automaker. Magna Steyr, a Magna International subsidiary, now assembles cars and trucks for several different manufacturers in Europe.

In 2012, Stronach entered politics, founding the Team Stronach for Austria political party in his native country, where he lives for part of the year.

Questions for Students

1. What type(s) of power does Frank Stronach appear to possess?

2. Can Stronach be described as a visionary leader? If so, why?

3. Which of the classic leadership styles does Stronach appear to reflect?

4. Comment on whether Stronach is more likely a transformational or transactional leader.