

Leadership in Organizations

CHAPTER

14

Chapter Outline

The Nature of Leadership

Leadership Traits and
Characteristics

Leadership Behaviors and Styles

Contingency Theories
of Leadership

Transformational and Charismatic
Leadership

Developing Your Leadership
Potential



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Learning Objectives

After reading and studying this chapter and doing the exercises, you should be able to:

1. Describe key leadership traits, styles, and behaviors.
2. Explain the basics of three different contingency theories of leadership.
3. Present an overview of transformational and charismatic leadership.
4. Specify several ways of developing your leadership potential.

In February 2021, Anthony (“Tony”) Capuano was named CEO at Marriott International, Inc., the world’s largest hotel chain with 30 brands and more than 8,000 properties worldwide. The former CEO, Arne Sorenson, died of pancreatic cancer the previous week. Capuano joined Marriott in 1995, and previous to being named CEO, he served as group president of global development, design, and operation services. While he was head of global development, the company grew from just over 3,200 properties in early 2009 to over 7,600 in 2020.

At the time of Capuano’s promotion to CEO, J. W. (“Bill”) Marriott Jr., the company’s executive chairman, remarked that Capuano had played a major role in Marriott’s growth during the last decade. Marriott said that Capuano works thoughtfully and pragmatically with the company’s owner and franchise community. He added, “Tony has a deep appreciation for Marriott’s thousands of associates who ultimately deliver our customer and brand promise, and I know he will be a superb steward for our culture.”

A major challenge Capuano faced in 2021 was that the hotel sector was still reeling from the coronavirus pandemic, which greatly curtailed global travel and led to a large number of hotel closings. Another challenge was replacing a CEO who was devoted to connecting with everyone from the company’s group leaders to housekeepers. Capuano said he would continue with the same type of management style as Sorenson, who prior to his illness was on the road 200 days a year visiting Marriott hotels, resorts, and employees.

Capuano said, “I will very much embrace that style.” He believes that to develop the strong teams characteristic of the Marriott, “there is simply no substitute for face-to-face interaction.” As part of his leadership, Capuano takes an active interest in social responsibility. In 2021, he acknowledged World Day Against Trafficking in Persons by launching an enhanced human trafficking awareness training. Marriott’s goal was to train all on-property associates by 2025 in being able to recognize and respond to human trafficking that sometimes takes place in the hospitality industry.

Capuano received a bachelor’s degree in hotel administration from The Cornell School of Hotel Administration at the Cornell SC Johnson College of Business. He is a member of the dean’s advisory board at the school.¹

The comments made by a major hotel executive illustrate the interpersonal aspects of organizational leadership. Leadership has always been a topic of major importance to industrial and organizational psychologists, with much of the research and theory development on the topic having been conducted by psychologists, going back over 100 years. Executives themselves think that knowledge of leadership is important for organizational success, as reflected in the wide variety of leadership development programs sponsored by companies.

Leadership is not just the domain of a few members of top management. Today, leadership is often thought of as being distributed among all group members, so one person is not responsible for all the leadership activities. The emphasis on teams in today’s organizations means that more people have an opportunity to assume leadership roles.² Take-charge ability is important at all levels of management. Employees who are in direct contact with customers and clients often require stronger leadership than do higher-level workers. Entry-level workers often lack experience, direction, and a strong work ethic. Furthermore, the emphasis on teams means that effective team leaders are needed throughout the organization.

The focus in this chapter is leadership traits, styles, and behaviors; contingency theories of leadership; transformational and charismatic leadership; and the development of leadership skills. The following chapter deals with other topics closely associated with leaders, such as power and influence. First, however, we look at the nature of leadership.

The Nature of Leadership

Leadership involves influencing others to achieve objectives important to them and the organization. With effective leadership, people want to contribute to the organization's success. A representative definition is that **leadership** is the ability to inspire confidence and support among the people on whose competence and commitment performance depends.³

Although leadership is a major function of management, it is not the same thing *as* management. Management copes with complexity, which requires preserving order and consistency. Leadership, in comparison, copes with change in a competitive, rapidly evolving world. Effective leaders deal with change by formulating a vision of the future and setting a direction for that vision. Leaders focus on inspiration, vision, and human passion. Leaders are also heavily involved in persuading and motivating others and spearheading useful changes.

Effective leadership and management are both required in the modern workplace. Managers must be leaders, but leaders must also be good managers. Workers need to be inspired and persuaded, but they also need assistance in developing and maintaining a smoothly functioning workplace. A poorly managed organization, such as one that continues to spend more than it earns, is destined for failure.

Considerable evidence supports the commonsense belief that leadership contributes to organizational effectiveness. For example, a survey of 205 executives from public and private companies concluded that leadership actions can affect performance, but only if the leader is seen as responsible and inspirational. Leader behaviors that were positively related to company performance included only those related to inspiring others and to leader responsibility.⁴

Leadership Traits and Characteristics

A logical approach to understanding leadership is to study the traits and characteristics of effective leaders. For many years, scholars downplayed the study of leadership characteristics, but an interest in the inner qualities of leaders has reawakened, particularly with respect to ethical qualities and charisma, including vision. The traits of leaders relate closely to the degree to which others perceive these people to be leaders. For example, a person who exudes self-confidence would generally be perceived as having leadership qualities.

A carefully constructed model of leadership confirms the idea that traits of leaders influence their behaviors, which in turn influence how subordinates will respond.⁵ A basic example is that a leader with natural warmth will be considerate of team members, which will facilitate their job satisfaction and productivity.

Hundreds of traits and personal characteristics of leaders have been researched over the years, dating back to the early 1900s. The emphasis on traits and characteristics is sometimes referred to as the trait theory of leadership. Here we discuss illustrative leadership qualities under the categories of cognitive skills and personality traits that research and careful observation support.

Cognitive Skills

An effective leader must have appropriate **cognitive skills**, or mental ability and knowledge. Organizational leaders possess effective problem-solving ability. They anticipate problems before they occur and persevere until the problems are solved. In the process, they demonstrate imagination, creativity, and a willingness to experiment with unproven methods. Leadership positions place a continuously increasing demand on problem-solving ability. For example, managers are pressured to perform tasks in a shorter time with a smaller staff and contribute to developing a business strategy that will point the firm in the right direction. A meta-analysis of the relationship between leadership and intelligence concluded that intelligence contributes more to leadership performance when the leader is more directive (makes decisions alone).⁶ In such situations, the leader can

leadership The ability to inspire confidence and support among the people on whose competence and commitment performance depends.

cognitive skills Mental ability and knowledge.

use personal problem-solving ability to good advantage instead of relying so heavily on the input of others.

It has been long believed that effective leaders are somewhat more intelligent than the average group member, but not to a major extent. A study conducted with 379 leaders supports this idea. Leader cognitive ability was measured with the Wonderlic Personnel Test of general intelligence, and leadership effectiveness was rated by questionnaire data from subordinates. The leaders perceived to be the most effective had higher but not outstanding Wonderlic scores, ranking slightly above the mental ability of the average group member (an IQ equivalent of 120).⁷ One explanation for these findings is that group members expect the leader to be intelligent but not to the extent that the leader “loses” them.

Technical and professional competence, or knowledge of a particular business, is another cognitive requirement for effective leadership. When outsiders are brought into a company to fill senior management positions, they usually need a specialty to complement their leadership and administrative skills, such as being skilled in finance, marketing, operations, or industry knowledge. For example, Nestlé, the world’s largest packaged food company, wanted to diversify away from slower-growing food and beverage products and move more into health care. Part of Nestlé’s solution was to bring in Mark Schneider, who previously headed the German health-care giant Fresenius, as CEO.⁸ In lesser leadership positions, technical competence is important because it is difficult to establish rapport with group members when the leader does not understand the technical details of the work. The accompanying *Industrial and Organizational Psychology Concepts in Action* describes a human resources leader with exceptional cognitive skills.

Personality Traits

Personality traits and characteristics have an important influence on leadership effectiveness. Which traits and characteristics are the most relevant varies with the situation. For example, enthusiasm may be more important for a sales manager for basement water proofing than for an inventory control manager. The sales manager’s enthusiasm may be needed to help sales representatives cope with rejection by customers, particularly when telemarketing basement waterproofing services. A description of some of the most important personality traits related to leadership effectiveness is presented next.

1. *Self-awareness*. A foundational trait for leadership effectiveness is **self-awareness**, understanding oneself and insightfully processing feedback about oneself to improve personal effectiveness. Self-awareness therefore has two components: seeing yourself clearly and also knowing how other people see you and how they are influenced by you.⁹ The leader must be able to benefit from feedback that is sometimes obvious and at other times subtle. For example, a leader might notice a blank stare (a form of nonverbal feedback) while explaining a new initiative to group members. The leader could profitably use this feedback to use another approach to describe the initiative.

2. *Self-confidence*. A realistic degree of *self-confidence* is frequently associated with leadership effectiveness. A leader who is self-confident without being overbearing instills confidence among group members. Being self-confident also contributes to a leader being decisive, which is particularly important when the group is facing a major problem, such as a product recall. Self-confident leaders are also typically optimistic, which is helpful in motivating others.

The concept of self-confidence is useful in studying leadership because it illustrates the relationship between traits and behavior. A manager who is inwardly self-confident will behave confidently and will be perceived as acting cool under pressure. George P. Hollenbeck and Douglas T. Hall propose that leaders with high self-confidence are likely to stay motivated. They will work harder in approaching a task and exert more effort. The motivation propelled by

self-awareness Understanding oneself and insightfully processing feedback about oneself to improve personal effectiveness.



Source: maruco/Shutterstock.com

Self-confidence contributes to leadership effectiveness.

Beth Galetti, Senior Vice President of People Experience and Technology at Amazon

As the senior vice president of people, experience, and technology (chief of human resources) for Amazon.com and its over one million employees, Beth Galetti has directed a hiring spree of historic proportions. Her work history includes a variety of senior leadership positions across four continents. She has experience in electrical engineering, operations management, information technology, and human resources.

Galetti said, “If we’re going to hire tens of thousands—or now hundreds of thousands—of people a year, we can’t afford to live by manual process and manual transactions.” Digital data are used to both guide hiring decisions and adjust the company’s workforce to market demands, such as the surge in hiring that took place during the pandemic of 2020 and 2021. As millions of consumers conducted more of their shopping online, Amazon had to rapidly expand its workforce. It has been acknowledged that Amazon’s job-creating activities had a positive impact on hundreds of thousands of families as well as the economy.

“I’m looking for ways to remove the barriers, fix the defects, and enable self-service,” said Galetti. The ambitious HR activity has resulted in 600 people working on software for purposes such as conducting employee orientation and performance evaluations.

Galetti explains that the People, Experience, and Technology group designs everything they do from hiring, recruiting great candidates, and onboarding to helping employees understand the Amazon culture. Employees are helped through their careers by being given the opportunity to grow and try different responsibilities. Under Galetti’s leadership, the HR group has developed its own mission and tenets: “We build a workplace for Amazonians to invent on behalf of the customer.”

A key factor for all new hires is whether they appear ready to follow the 15 Amazon Leadership Principles even if they are not hired for a leadership position. The first four are

- Customer Obsession. (Leaders start with the customer and work backward.)
- Ownership. (Leaders are owners.)
- Invent and Simplify. (Leaders expect and require innovation and invention from their teams and look for ways to simplify.)
- Learn and Be Curious. (Leaders are never done learning and always seek to improve themselves.)

Galetti is the highest-ranking woman at Amazon, and the only woman on the senior executive team. Amazonians who work closely with Galetti note the ambition, diligence, and inquisitive nature she brings to her work.

Galetti’s role sometimes involves communicating about adverse situations to employees. In 2022, she wrote an email to Amazon employees explaining that the CEO and other top-level managers decided to pause on incremental hires in the corporate workforce. A key part of her message was “We’re facing an unusual macro-economic environment, and want to balance our hiring investments with being thoughtful about this economy.” Galetti also noted that in 2023, the company intended to hire a meaningful number of people.

When Galetti first spoke with Amazon, the company was impressed with the logistics experience at her former employer, FedEx. The Amazon recruiter was also impressed with Galetti’s enthusiasm for leading teams and for talent development. On this basis, Galetti was offered a job in HR but was told if human resources was not a good fit for her, Amazon would find her another position in the organization.

Galetti received a bachelor of science degree in electrical engineering from Lehigh University and an MBA from Colorado Technical University. Galetti was a math prodigy who entered Lehigh University at age 16. In addition to her Amazon senior leadership role, Galetti is vice chair of the board of directors of Path, a global team of innovators working to accelerate health-care equity.

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QUESTIONS

1. What evidence is presented in this story that Beth Galetti has superior cognitive skills?
2. What leadership-related personality traits does Galetti appear to possess?
3. To what extent does it appear that Galetti’s work focuses on activities typically performed by industrial and organizational psychologists?

Source: Original story based on facts and observations in the following sources: Rachel Ranosa, “Beth Galetti Knows the Challenge of Hiring in a Pandemic,” *HRD Human Resources Director* (www.hcamag.com), March 16, 2021, pp. 1–3; Harry McCracken, “Amazon’s People Person,” *Fast Company*, May 2019, pp. 50–53; “Beth Galetti, “PATH Board Vice Chair; Senior Vice President of Worldwide Human Resources, Amazon, *Path* (www.path.org), 2021, pp. 1–3; “Beth Galetti ’93, ‘The Woman Behind Amazon’s Explosive Growth,’” *Lehigh University* (<https://engineering.lehigh.edu>), April 15, 2019, p. 1; “Leadership Principles,” www.amazonjobs.com, 2021, p. 1; “A Note about Hiring from Beth Galetti,” (www.aboutamazon.com), November 2, 2022, pp. 1–3.

self-confidence will also facilitate the leader staying with the task longer without positive feedback, and not becoming discouraged when faced with problems and difficulties.¹⁰

Self-confidence is also important because it contributes to being courageous. The leader must sometimes have the courage to make a decision even though others may think the leader is wrong, foolish, or both. It is easy to find advisors who recommend that you not take action, so courage is required to make a bold decision. For example, a benevolent business owner might decide to hire a convicted felon to help the individual become a productive member of society. A key advisor says, “Don’t take such a crazy risk.” The business owner has the courage to take the risk, and the person with the prison record becomes an above-average performer.

The trait of self-confidence contributes more to leadership effectiveness when it is combined with humility to prevent the leader from being overbearing. This is particularly true if the self-confident leader is also narcissistic. A study conducted in the health insurance industry found that leader narcissism (which has a strong component of self-confidence) can have a positive effect on follower perception and motivation when it is tempered by humility.¹¹ (More about humility is presented later in this section.)

3. *Proactivity.* Leadership is almost synonymous with taking the initiative, and being proactive includes taking the initiative to work on problems. A person with a **proactive personality** has a relatively stable tendency to effect environmental change. The person makes things happen as part of the work role.¹² As a result, the leader with a proactive personality is more likely to be able to influence people and bring about constructive change. A study conducted in a large consumer packaged-goods company found that proactive senior managers establish more challenging goals for their business units. The higher goals were in turn associated with higher sales.¹³ Self-Assessment 14-1 gives you an opportunity to think through your own tendencies toward being a proactive personality.

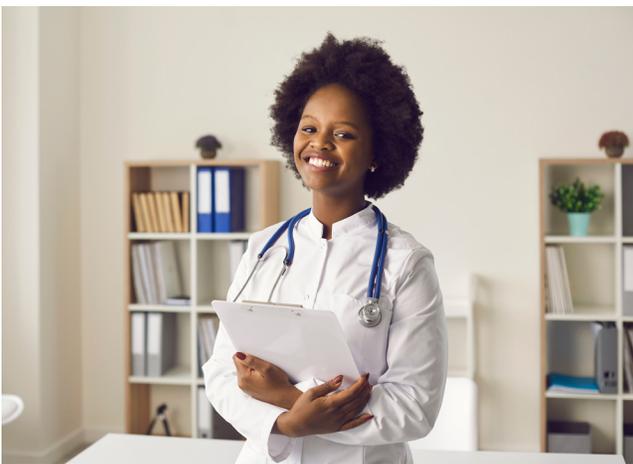
4. *Trustworthiness and authenticity.* Trustworthiness contributes to leadership effectiveness in most situations. Being perceived as trustworthy involves many different behaviors. At the top of the list, however, are behavioral consistency and integrity. Consistency refers to reliability and predictability, such as when a manager conducts performance evaluations and reimburses for expenses as agreed. Integrity centers on telling the truth and keeping promises.

Authenticity is a cluster of traits, related to trustworthiness. Authentic leadership is defined as being self-aware, confident, open, optimistic, resilient, and honest, and being more concerned about the welfare of others than personal welfare. For leaders to display authentic moral behavior, they must perceive their roles as including an ethical responsibility to all of their stakeholders, such as employees, subcontractors, and customers.¹⁴ An example of such behavior would be establishing a scholarship fund for the teenage workers in an overseas clothing factory operated by a subcontractor. Being authentic, however, does not mean that a leader should be honest to the point of being tactless and lacking in diplomacy.¹⁵

To become more authentic, the leader has to consistently match words and deeds, as with being trustworthy. At the same time, the leader must establish good relationships with others, which could mean emphasizing different aspects of the self with different groups.¹⁶ An example would be a financial manager acting reserved among bosses and colleagues, yet quite jovial and outgoing when collecting data in the factory. So long as being reserved and jovial were true parts of the manager’s self, the leader would be authentic.

A study showed that in companies where the leadership team was highly trusted, employees had 74 percent less stress and 29 percent more life satisfaction. Two other findings were that workers had 50 percent higher productivity, 13 percent fewer sick days, and 40 percent less burnout.¹⁷ So trust pays!

proactive personality A relatively stable tendency to effect environmental change.



Source: Studio Romantic/Shutterstock.com

Appearing trustworthy contributes to a person’s leadership effectiveness.

Authentic leadership pays dividends for the leader as well as group members. An in-depth study of 44 executives found that authentic leadership reduced stress for leaders and increased their work engagement. Also of note, authentic leaders tended to experience less mental depletion when they interacted more with subordinates.¹⁸

5. *Emotional intelligence.* Emotional intelligence is a major contributor to leadership effectiveness.¹⁹ The concept refers to managing ourselves and our relationships effectively. A newer conception of emotional intelligence is so broad that it encompasses many traits and behaviors related to leadership effectiveness, including self-confidence, empathy, and visionary leadership. Executives with a high level of emotional intelligence promote teamwork and exercise effective leadership because they are aware of how their reactions affect others.²⁰ For example, an emotionally intelligent leader would sense whether expressing anger would be helpful or harmful in a given situation.

Passion for the work and the people is a particularly important aspect of emotional intelligence for leadership effectiveness. It is difficult to inspire others if you are not passionate about your major work activities. Entrepreneurial leaders are frequently passionate about their work because they developed the concept behind their business, such as a new social media site for sharing images. Making connections with people is another aspect of emotional intelligence vital for effective leadership.

The empathy aspect of emotional intelligence has been emphasized recently as a contributor to effective leadership. Employees are more likely to be enthused and engaged if they feel that their leaders appreciate their concerns, understand their points of view, and welcome their feedback.²¹ Empathy is also important when the leader coaches employees because the leader can better understand why the person being coached needs improvement. For example, an empathic leader might understand that a worker's personal problems are affecting performance. Many leaders have failed because of glaring deficits in the self-control aspect of emotional intelligence. Such behaviors include sexually harassing a subordinate, insulting an ethnic group, storing child pornography on their desktop or tablet computers, or being drunk and disorderly in public.

Another trait aligned with emotional intelligence is agreeableness. To achieve favorable outcomes with people, it helps to manage emotions in such a way to be agreeable (likeable and nice). A literature review combined with a meta-analysis of 82 studies and 254 correlations found that agreeableness was associated with emerging as a leader, as well as leadership effectiveness. Agreeableness was found to be equally important for men and women leaders.²²

6. *Humility.* From a broad perspective, **humility** is defined as (a) self-awareness, (b) appreciating the strength and contributions of others, and (c) openness to ideas and feedback regarding one's performance.²³ Ivana Villanova, a professor of finance at the University of Lyon, describes humility in these terms: "It reflects a strong person who knows when there is something he cannot do, he will ask others for advice and appreciate their knowledge."²⁴ Humble leaders have a better comprehension of organizational needs and make more informed decisions about the performance of tasks. Humility also works to the advantage of entrepreneurial leaders. A study found that early-stage entrepreneurs who display humility with investors are almost twice as likely to reach the next step of the funding process in contrast to less humble entrepreneurs.²⁵

A drawback noted to leader humility is that when subordinates perceive humility to be fake to make a good impression, the leader might be perceived as hypocritical. A series of experiments found that when leader humility was perceived as being fake, negative outcomes included less organizational citizenship behavior and a strong intention to quit among group members.²⁶

An important perspective about personality traits is that, even if one understands the dispositions of the leader, the situation in which the leader functions is also enormously important. Consultant Lorraine Segil explains: "My research revealed that you can be a wonderful manager or leader, but if you have an organization that doesn't support or enable you, you're either going to leave the company or put on the cloaks and clothes of a nondynamic leader to protect your position."²⁷

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SELF-ASSESSMENT 14-1**My Tendencies toward Being a Proactive Personality**

Indicate on a 1-to-5 scale the extent of your agreement with the statements below: Agree Strongly (AS), Agree (A), Neutral (N), Disagree (D), Disagree Strongly (DS).

	AS	A	N	D	DS
1. I plan carefully for things that might go wrong.	5	4	3	2	1
2. I don't worry about problems until after they have taken place.	1	2	3	4	5
3. If I see something that is broken, I fix it.	5	4	3	2	1
4. I have been told several times that I am good at taking the initiative.	5	4	3	2	1
5. I often let things like a computer password expire without making the necessary changes.	1	2	3	4	5
6. When something important needs doing, I wait for somebody else to take the initiative.	1	2	3	4	5
7. I think that having a home security system is a good investment of money.	5	4	3	2	1
8. I look around for good opportunities that would help me in my career or personal life.	5	4	3	2	1
9. I don't give much thought to the future because there is not much I can do about it.	1	2	3	4	5
10. It is a good idea to start saving or investing for retirement at the beginning of your career.	5	4	3	2	1
11. I begin projects and tasks by myself, without requiring prompting from somebody else.	5	4	3	2	1
12. The old saying "The early bird gets the worm" doesn't make much sense in real life.	1	2	3	4	5
13. I let the future take care of itself without giving it much thought.	1	2	3	4	5
14. I set my own goals rather than have others set them for me.	5	4	3	2	1
15. I create a lot of change both in work and personal life.	5	4	3	2	1
16. I have often asked for feedback on my job performance.	5	4	3	2	1
17. If your job is going well, it is a bad idea to explore new job possibilities from time to time.	1	2	3	4	5
18. Once you have chosen a satisfactory career, it is a bad idea to explore the possibilities of another career from time to time.	1	2	3	4	5
19. I readily express my opinion about the effectiveness of a work process.	5	4	3	2	1
20. It is best to stick carefully to your job description rather than create responsibilities for yourself.	1	2	3	4	5
21. I regularly take positive steps to increase the chances that I will stay healthy and physically fit.	5	4	3	2	1
22. I am quite innovative both in work and personal life.	5	4	3	2	1

SELF-ASSESSMENT 14-1

My Tendencies toward Being a Proactive Personality (*Continued*)

Scoring and Interpretation: Total the numbers corresponding to your answers.

85–110: Scores in this range suggest that you have strong tendencies toward being a proactive personality. Such proactivity should be (or already is) an asset to you in your career and personal life. Yet scoring 100 points or more could suggest that you sometimes annoy people with your constant need for taking on new responsibility and creating change.

55–84: You have about average tendencies toward being proactive.

22–54: You might have a problem with being proactive. Your work and personal life would probably be enhanced if you became more proactive.

Source: The idea for this scale and several of its statements stem from Thomas S. Bateman and J. Michael Grant, "The Proactive Component of Organizational Behavior: A Measure and Correlates," *Journal of Organizational Behavior*, March 1993, p. 112.

Also of note, becoming a leader can result in positive personality changes. A quasi-experimental design collected personality data over a 30-year period to see if emerging into a leadership role had an effect on personality. The results indicated that the demands of a leadership position were associated with an increase in conscientiousness.²⁸

Leadership Behaviors and Styles

A focus on the activities carried out by leaders to enhance productivity and morale followed the trait approach. The **behavioral theory of leadership** attempts to specify how the behavior of effective leaders differs from their less effective counterparts. A key concept here is **leadership style**, which is the relatively consistent pattern of behavior that characterizes a leader. Much of this consistency occurs because a leadership style is based somewhat on an individual's personality. Despite this consistency, some managers can modify their style as the situation requires.

Our presentation of leadership styles and behaviors consists of four parts: the pioneering Ohio State University and University of Michigan studies, high expectation setting, servant leadership, and moral leadership.

behavioral theory of leadership

An attempt to specify how the behavior of effective leaders differs from their less effective counterparts.

leadership style The relatively consistent pattern of behavior that characterizes a leader.

Pioneering Studies on Leadership Dimensions

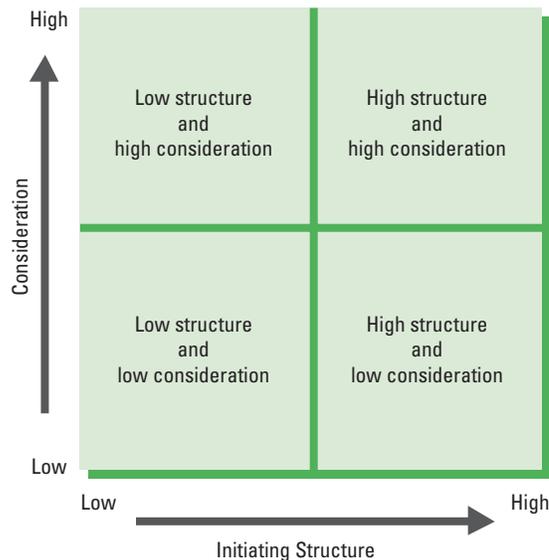
Much of the theory underlying leadership styles can be traced back to studies conducted at Ohio State University and the University of Michigan beginning in the late 1940s. A



Source: ASDF_MEDIA/Shutterstock.com

Leaders often rely on the group's judgment when making decisions.

FIGURE 14-1
Leadership Styles Based
on a Combination of
Initiating Structure and
Consideration



major output of the Ohio State studies was the emphasis placed on two leadership dimensions: initiating structure and consideration. Today these concepts are often referred to as focus on results and focus on people.

initiating structure The degree to which the leader establishes structure for group members.

Initiating structure describes the degree to which the leader establishes structure for group members. Structure is initiated by activities such as assigning specific tasks, specifying procedures to be followed, scheduling work, and clarifying expectations. A heavy emphasis on initiating structure often translates into an emphasis on attaining good results.

consideration The degree to which the leader creates an environment of emotional support, warmth, friendliness, and trust.

Consideration describes the degree to which the leader creates an environment of emotional support, warmth, friendliness, and trust. This leader does so by engaging in such behaviors as being friendly and approachable, looking out for the personal welfare of the group, keeping the group informed of new developments, and doing small favors for group members.²⁹ Figure 14-1 shows how leadership style can be based on a combination of these two key dimensions.

Many of the Ohio State studies were conducted with first-level supervisors and therefore may not apply well to executive leadership. It was discovered that employee turnover was lowest and job satisfaction highest under leaders who were rated highest in consideration. Research also indicated that leaders high on initiating structure were generally rated highly by superiors and had higher-producing work groups.

Researchers at the University of Michigan also investigated the differences in results obtained by production-centered and employee-centered managers (about the same idea as initiating structure versus consideration). Production-centered managers set tight work standards, organized tasks carefully, prescribed the work methods to be followed, and supervised closely. Employee-centered managers encouraged group members to participate in goal setting and other work decisions, and helped to ensure high performance by engendering trust and mutual respect.

A dominant finding of the Michigan studies was that the most productive work groups tended to have leaders who were employee centered rather than production centered. Also, the most effective leaders were those who had supportive relationships with group members. They also tended to use group rather than individual decision making and encouraged subordinates to set and achieve high-performance goals. Despite this dominant finding,



Source: Firma V/Shutterstock.com

Giving clear instructions is part of initiating structure.

exceptions were found. A study conducted with 20,000 employees at a heavy-equipment manufacturer indicated that supervisors with the best production records were both production and employee centered.³⁰

A meta-analysis indicates that the pioneering studies under discussion are still relevant to understanding leadership. The results revealed that both consideration and initiating structure are related to leadership outcomes. Consideration is more strongly related to satisfaction with the leader and job satisfaction in general. Initiating structure is slightly more strongly related to the job performance of leaders, as well as group and organization performance.³¹ An implication for leaders and managers is that to attain job satisfaction and production, attention must be paid to consideration and initiating structure (or people and results).

A study conducted online found that when workers perceived that they were getting the amount of consideration and initiating structure they needed, they tended to engage in more organizational citizenship behavior.³² Apparently, there are individual differences in how much consideration and initiating structure workers feel they need.

Setting High-Performance Standards

Effective leaders consistently hold group members to high standards of performance. The topics already covered of initiating structure and setting stretch goals include the idea of high-performance standards. An example of a high-performance standard would be a leader informing managers that they must reduce employee turnover to 10 percent or less when the industry average is 25 percent. High-performance standards can also take the form of challenging the thinking of others. A member of the management team might say, “There is no way we can find a manufacturer to produce space heaters for less than \$25.” The CEO might respond, “Why not? Has anybody tried it?”

When performance is measured against high standards, productivity is likely to increase because people tend to live up to the expectations of their superiors. This is called the **Pygmalion effect**, and it works in a subtle, almost unconscious way. When a managerial leader believes that a group member will succeed, the manager communicates this belief without realizing it. Conversely, when a leader expects a group member to fail, that person will not disappoint the manager. The manager’s expectation of success or failure becomes a self-fulfilling prophecy because the perceptions contribute to success or failure. A caution, however, stems from goal theory. If expectations are unrealistically high, team members might become frustrated and lose some self-confidence.

In practice, effective leaders exhibit a wide range of behaviors in addition to the key behaviors mentioned here. An example of another key leadership behavior is to understand the strengths and weaknesses of group members, and capitalize on each person’s strengths. Rather than encourage employees to follow tight job descriptions that may include tasks they dislike or at which they are not good, the leader develops positions for group members based on their unique abilities. For example, if a store clerk is good at stocking and organizing shelves, yet poor in dealing with customers, the clerk is assigned full time to maintaining and replenishing shelves.³³

Servant Leadership

Some effective leaders believe that their primary mission is to serve the needs of their constituents. They measure their effectiveness in terms of their ability to help others. Instead of seeking individual recognition, servant leaders see themselves as working for the group members. A **servant leader** is one who serves constituents by working on their behalf to help them achieve their goals, not the leader’s own goals. Servant leadership is therefore an other-oriented approach to being a leader.³⁴ Such a leader is self-sacrificing



Source: fizkes/Shutterstock.com

Effective leaders consistently hold group members to high standards of performance.

Pygmalion effect When performance is measured against high standards, productivity is likely to increase because people tend to live up to the expectations of their superiors.

servant leader A leader who serves constituents by working on their behalf to help them achieve their goals, not the leader’s own goals.

and humble. A servant leader, for example, might take over the responsibilities of a team member on a given day so the team member can be home with an ailing spouse or domestic partner.

Servant leaders also focus on developing people, such as giving them an opportunity to acquire new skills and become leaders. A key behavior of the servant leader is to gain compliance through persuasion rather than demand compliance through edict.³⁵

Servant leadership is more accurately categorized as a related set of behaviors than a pure style. The servant leader uses personal talents to help group members. For example, if the leader happens to be a good planner, the leader engages in planning because it will help the group attain its goals. Servant leadership has gained in popularity as companies attempt to establish harmony between executives and workforce members who dislike all-knowing and powerful leaders.³⁶

The idea of servant leadership may seem straightforward, yet servant leadership encompasses many different components, including behaviors and attitudes on the part of the leader. Furthermore, servant leadership might be regarded as complex as humble leadership. Following are nine attitudes and behaviors associated with servant leadership:³⁷

1. *Place service before self-interest.* A servant leader is more concerned with helping others than with acquiring power, prestige, financial reward, and status. The servant leader seeks to do what is morally right, even if it is not financially rewarding. Such a leader is conscious of the needs of others and is driven by a desire to satisfy them. By placing service before self-interest, servant leaders might also be characterized as givers rather than takers. Givers are people who frequently give their time, effort, and resources to help others without expecting a return. Takers do the opposite by taking other people's time, effort, and resources with no intention of reciprocity.

2. *Listen first to express confidence in others.* The servant leader makes a deep commitment to listening in order to get to know the concerns, requirements, and problems of group members. Instead of attempting to impose the leader's will on others, the servant leader listens carefully to understand what course of action will help others accomplish their goals. After understanding others, the best course of action can be chosen. Through listening, for example, a servant leader might learn that the group is more concerned about team spirit and harmony than striving for companywide recognition. The leader would then concentrate more on building teamwork than searching for ways to increase the visibility of the team. Research sug-



Source: CCL STUDIO/Shutterstock.com

A servant leader is a careful listener.

gests that the majority of servant leaders are introverted, facilitating their preference for listening.

3. *Recognize own limitations.* As with all humble leaders, servant leaders acknowledge their limitations and therefore actively seek the contributions of others to compensate for these limitations. Servant leader and marketing manager Lance might say to marketing assistant Brooklyn, "I'm not good at using Big Data to make a sales forecast for the next fiscal year. How about you taking over the task?"
4. *Show boldness with respect to values, morality, and doing the right thing.* Servant leaders can be very bold with respect to their sense of values, morality, and doing what is right. These behaviors are part of the strong ethical code of most servant leaders. For example, a servant leader might insist that two people who are equally qualified for a position, have comparable experience and skills, and perform comparably be paid equally.
5. *Inspire trust by being trustworthy.* Being trustworthy is a foundation behavior of the servant leader. The leader is scrupulously honest with others, gives up control, and

focuses on the well-being of others. Such leaders usually do not have to work hard at being trustworthy because they are already moral.

6. *Focus on the development of people.* Servant leaders focus on the development of people, such as giving them an opportunity to acquire new skills and become leaders. The developmental focus requires humility in contrast to the politically motivated leader who prefers to avoid developing a person who might replace him or her.
7. *Lend a hand.* A servant leader looks for opportunities to play the Good Samaritan. A supermarket manager might help out by bagging groceries during a busy period. Or a servant leader might help clean out mud in the company lobby after a hurricane.
8. *Act as a role model for other organizational members to emphasize service.* As a result of the behaviors just described, servant leaders often ignite a cycle of service by acting as a role model of servant behavior. At their best, servant leaders help establish a culture of serving others.
9. *Acquire power to serve others.* The motivation to acquire power is strong for leaders, particularly for those who aspire to an executive position. Servant leaders also like power but not for the purpose of self-aggrandizement. Instead, servant leaders seek power so the power can be used to serve the needs of constituents. For example, a servant leader might want to acquire resources (a form of power) to create a pleasant and safe physical working environment for the workforce.

Many academic administrators see themselves as servant leaders; they take care of administrative work so instructors can devote more time to teaching and scholarship. A study about servant leadership was conducted in 224 stores of a US retail organization, including 425 subordinates, 110 store managers, and 40 regional managers. Among the findings was that personality traits are related to being a servant leader. Leader agreeableness was positively related to servant leadership, but extraversion was negatively related. (Perhaps extraverted leaders do not listen enough to subordinates and tend to be self-centered.) Another finding of note was that servant leadership was associated with a higher degree of employee engagement and a lower degree of intention to quit.³⁸

Self-Assessment 14-2 provides you an opportunity to personalize the concept of servant leadership.

Moral Leadership

A leadership behavior closely linked to the traits of trustworthiness and authenticity is **moral leadership**, a type of leadership that occurs when a leader takes a moral stand on an issue, and convinces others to do the same.³⁹ A leader at a vitamin and foods supplement company will not sell an “anti-aging supplement” until that company has experimental evidence that people who use the supplement for a reasonable period of time really do improve their health and live beyond their life expectancy. A moral leader, through role modeling, will often be successful in helping group members to act more morally and ethically.

moral leadership A type of leadership that occurs when a leader takes a moral stand on an issue and convinces others to do the same.

Contingency Theories of Leadership

The behavioral theories of leadership provide general guidelines for leadership effectiveness, emphasizing both production and people. After the development of behavioral theories came an attempt to specify the conditions under which various leadership styles would lead to the best results. The intent was to make explanations of leadership precise and scientific. According to the **contingency theory of leadership**, the best style of leadership depends on factors relating to group members and the work setting. Contingent, or flexible, leadership can be thought of in terms of doing the right thing at the right time.⁴⁰

A major contingency factor involves the needs of the group. For example, a leader might want to push ahead immediately with the implementation of a new technology, but if the group needs more training before implementation, the leader must first help the

contingency theory of leadership The position that the best style of leadership depends on factors relating to group members and the work setting.

SELF-ASSESSMENT 14-2**The Servant Leadership Quiz**

Indicate your strength of agreement with each of the following statements in relation to any leadership experience you have had. If you do not have leadership experience, imagine how you would respond to the actions and attitudes mentioned. SD – strongly disagree; D – disagree; N – neutral, A – agree; SA – strongly agree. Because the results of this quiz are not being used to evaluate you in any way, be as candid as possible.

Statement related to servant leadership	SD	D	N	A	SA
1. I am interested in each group member as a person.	1	2	3	4	5
2. I enjoy being a leader because of the power the position brings me.	5	4	3	2	1
3. My intent is to create high ethical standards within the group.	1	2	3	4	5
4. What my group accomplishes is more important than the welfare of our members.	5	4	3	2	1
5. I give group members the authority to do their job.	1	2	3	4	5
6. I encourage group members to tell me how they contribute to the organization's vision.	1	2	3	4	5
7. A major part of my role is to help each member of the group succeed.	1	2	3	4	5
8. A key part of my job as the leader is to help each member of the team perform their job well.	1	2	3	4	5
9. A major responsibility of my group is to make me look good as a leader.	5	4	3	2	1
10. I see myself as a leader providing a useful service to group members.	1	2	3	4	5
11. I give group members the information they need to perform their jobs well.	1	2	3	4	5
12. I encourage group members to use their talents.	1	2	3	4	5
13. An important part of my role as a leader is to collect useful ideas from the group.	1	2	3	4	5
14. I stay in the background and give credit to individual group members.	1	2	3	4	5
15. My personal success is more important to me than the success of group members.	5	4	3	2	1
16. It would make me proud to be labeled a "servant leader."	1	2	3	4	5
17. I see myself more as a mentor and coach than an authoritarian leader.	1	2	3	4	5
18. I learn from the criticism I receive from group members	1	2	3	4	5
19. I tend to ignore whiners and complainers in the group.	5	4	3	2	1
20. I enjoy helping group members resolve difficult work-related problems.	1	2	3	4	5

SELF-ASSESSMENT 14-2

The Servant Leadership Quiz (*Continued*)

Scoring and interpretation: Find your total score by summing the point values for each question.

85–100: You probably practice servant leadership to a high degree. You may occasionally need to assert yourself more as a leader, and recognize that it is important to exercise your authority.

70–84: You probably have or would have a constructive approach to be a servant leader.

20–69: You probably have difficulty or would have difficulty engaging in the role of a servant leader. Perhaps you could incorporate more aspects of servant leadership into your leadership style.

Note: The ideas behind a few of the statements in this quiz stem from the following sources: Dirk van Dierendonck and Inge Nuijten, “The Servant Leadership Survey: Development and Validation of a Multidimensional Measure,” *Journal of Business and Psychology*, September 2011, pp. 249–267; Robert S. Dennis and Mihal Bocarnea, “Development of the Servant Leadership Assessment Instrument,” *Leadership & Organization Development*, December 2005, p. 600–615.

group develop the necessary skills. Here we present three contingency theories, or explanations, of leadership: Fiedler’s contingency theory, the leader-member exchange model, and crisis leadership.

Fiedler’s Contingency Theory of Leadership

Fred E. Fiedler developed an elaborate contingency model that holds that the best style of leadership is determined by the leader’s work situation. Although widely researched in the past, studies and observations related to Fiedler’s contingency theory have vanished. Fiedler’s model specifies the conditions under which leaders should use task- and relationship-motivated styles.⁴¹ (Observe again the two key leadership dimensions of initiating structure and consideration.) To implement Fiedler’s theory, leadership style and the situation are measured through questionnaires.

Fiedler measures the leader’s style by means of the least-preferred coworker (LPC) scale. Whether the leader is primarily task or relationship motivated is measured by how favorably the leader describes his or her least-preferred coworker. The LPC is defined as the coworker with whom he or she would least like to work. Ratings of coworkers are made on a scale of polar-opposite adjectives such as “pleasant” versus “unpleasant.” The logic is that people who describe their least-preferred coworker in relatively positive terms are relationship oriented. In contrast, people who describe their least-preferred coworker in very negative terms are task oriented.

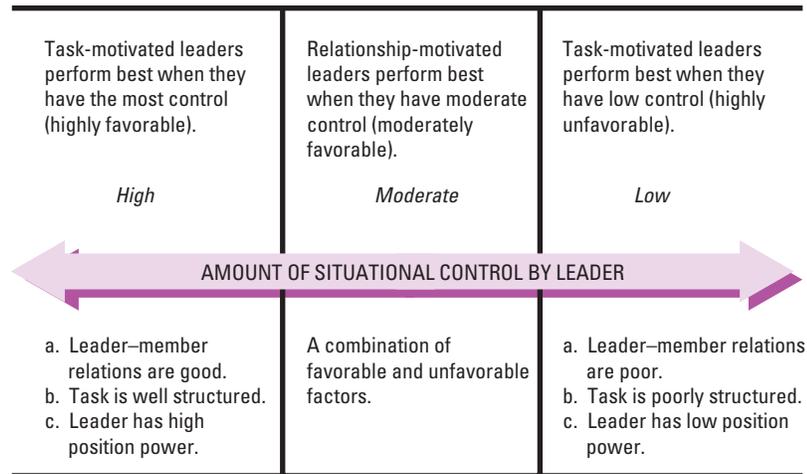
Situational control is the degree to which the leader can control and influence the outcomes of group effort. Measurements of situational control (or favorableness to the leader) are based on three factors, listed in order of importance:

1. *Leader-member relations.* The extent to which group members accept and support their leader.
2. *Task structure.* The extent to which the leader knows exactly what to do, and how well and in what detail the tasks to be completed are defined.
3. *Position power.* The extent to which the organization provides the leader with (a) the means of rewarding and punishing group members, and (b) appropriate formal authority to get the job done.

Numerous studies have investigated the relationship between leadership-style situational control by the leader and leadership effectiveness. Figure 14-2 summarizes the major findings of these studies of over 800 groups in various settings. The task-motivated style generally produces the best results when the leader has very high or very low control of the situation. The relationship-motivated style is best when the situation is under moderate or intermediate control.

situational control The degree to which the leader can control and influence the outcomes of group effort.

FIGURE 14-2 Summary of Findings from Fiedler's Contingency Theory



A practical implication of Fiedler's theory would be for the leader to understand how to make the situation more favorable by (a) improving relationships with group members, (b) enhancing task structure by providing more guidelines and instructions, and (c) requesting more position power from the organization.

The Leader-Member Exchange Model

leader-member exchange (LMX) model The model that recognizes that leaders develop unique working relationships with each group member.

The behavioral models presented so far assume that the leader relates in approximately the same manner toward all group members. George Graen and his associates developed a leadership model that challenges the reality of such consistency in behavior. The **leader-member exchange (LMX) model** recognizes that leaders develop unique working relationships with each group member.⁴² The LMX approach to understanding leadership is extensively researched and written about by scholars. Practicing managers might use LMX intuitively without recognizing that their actions follow the model.

A leader might be considerate and compassionate toward one team member yet rigid and unfeeling toward another. The different approaches to subordinates that depend on subordinates' characteristics classify the leader-member exchange model as a contingency theory.

Each relationship between the leader/manager and group member differs in quality. One subset of employees, the in-group, is given additional rewards, responsibility, and trust in exchange for their loyalty and performance. In contrast, another subset of employees (the out-group) is treated in accordance with a more formal understanding of supervisor-subordinate relations. The leader's first impression of a group member's competency heavily influences whether the group member becomes a member of the in-group or out-group.

In-group members have attitudes and values similar to the leader and interact frequently with the leader. Out-group members have less in common with the leader and operate somewhat detached from the leader. The one-to-one relationships have a major influence on the subordinate's behavior in the group. Members of the in-group become part of a smoothly functioning team headed by the formal leader. Out-group members are less likely to experience good teamwork.

A contributing factor to the current heavy stream of research about LMX is that it is sensible: The quality of your relationship with your manager has a big impact on your job behavior and performance. Here we highlight research findings with the most direct implications for workplace behavior:

1. Being a member of the in-group facilitates achieving high productivity and satisfaction. Out-group members receive less challenging assignments and are more likely to quit because of job dissatisfaction.⁴³
2. Despite the many consequences of positive leader-member exchanges, most supervisors are not overly influenced by them in making performance evaluations. Super-

visors may have their “pets,” but research has shown that supervisors can overcome these biases to make objective performance evaluations.⁴⁴

3. The importance of LMX depends on how frequently supervisors and subordinates interact. LMX has the biggest impact when interactions are frequent.⁴⁵ Frequent interaction with the supervisor is probably important even to develop and maintain a positive leader-member exchange.
4. A study of 143 teams in three organizations suggested that moderate degrees of LMX differentiation yield the highest level of team performance. Moderate differentiation improves coordination within the team, which enhances performance.⁴⁶
5. The positive effects of LMX can extend beyond the present organization in which the relationship with the leader takes place and may persist after the worker leaves the current employer. A study conducted at a global technology organization in India found that employees with high-quality relationships with managers benefit from stronger professional development, which can pay off in finding jobs with more responsibility and higher pay in other companies. Furthermore, employees who enjoyed a favorable LMX at a previous job are likely to have goodwill toward their former employer.⁴⁷ (This finding is similar to the observation that students who enjoy high-quality relationships with their professors tend to form stronger bonds with their college or university.)

An important implication of the leader-member exchange is that the quality of the relationship between the leader/manager and each group member has important job consequences. A meta-analysis of 282 studies about the impact of LMX on task performance and behavior included these findings: LMX has a positive relationship with task performance, yet it has a negative relationship with counterproductive performance. (If you have a good-quality relationship with your leader, you are less likely to be counterproductive.) When the leader was trusted, a good-quality relationship was the most likely to result in high task performance and increased citizenship behavior.⁴⁸ A caution for leaders is that they should differentiate their relationships with group members based on performance rather than personal preferences.⁴⁹

Crisis Leadership

Organizational leaders have to deal with crises frequently, including pending bankruptcies, scandalous or criminal behavior by executives, natural disasters such as floods and hurricanes, and an airplane crash experienced by an airline. Leading during a crisis can be classified as contingency leadership because the situation demands that the leader emphasize certain behaviors, attitudes, and traits. **Crisis leadership** is the process of leading group members through a sudden, largely unanticipated, extremely negative, and emotionally upsetting circumstance. Seven key components of crisis leadership are described next.⁵⁰ The importance of effective communication during a crisis was described in Chapter 11.

1. *Provide directive leadership.* The best-accepted principle of crisis leadership is that the leader should take decisive action to remedy the situation. The graver the crisis, the less time the leader has to consult a wide array of people. After the plan is formulated, it should be widely communicated to help reassure group members and other stakeholders that something concrete is being done about the predicament. For example, assume that the personal data of hundreds of thousands of consumers are stolen from a company’s database. Company leadership has to quickly assure the public that steps are being taken to prevent such a breach from happening again and explain how the company will aid the victims of the pirating of personal data.
2. *Project self-confidence and trustworthiness.* Projecting self-confidence is especially important when leading an organization or a group out of a crisis because most people need to rely on a strong person when faced with turmoil. Displaying self-confidence also contributes directly to directive leadership. Displaying trustworthiness is helpful because many group members may be skeptical that the organization or organizational unit will survive.

crisis leadership The process of leading group members through a sudden, largely unanticipated, extremely negative, and emotionally upsetting circumstance.

3. *Exert emotional intelligence.* When a company faces a sudden crisis, how leaders handle their emotions can determine whether the company survives. The emotionally intelligent leader is able to articulate a group's shared yet unexpressed feelings and develop a mission that inspires others. An example of a sudden crisis facing a company would be if it did not win a major government contract that could ensure its short-term survival. A leader would talk about the grief the group was feeling and then point toward other areas of profitable activity for the group.
4. *Engage in sensemaking.* During a crisis, leaders play a major role when searching for answers to make sense of what is happening.⁵¹ Imagine the situation of a supermarket chain declaring bankruptcy and closing 50 unprofitable stores. Employees, suppliers, and customers are confused, and many are frightened. Company leadership has to explain what the bankruptcy means, and does not mean, in terms of the present and the future of the company. For example, the CEO might explain, if true, that the remaining stores will continue to operate as in the past and that the company plans to emerge from bankruptcy as soon as feasible.
5. *Lead with compassion.* Displaying compassion for the concerns, anxieties, and frustrations of group members is a key interpersonal skill for crisis leadership. Compassion has been defined as the "desire to alleviate another's suffering."⁵² The type of compassionate leadership that brings about organizational healing involves taking some form of public action that eases pain and inspires others to act as well. Compassionate leadership encompasses two related sets of actions. The first is to create an environment in which the workers who experience or witness pain can freely discuss how they feel, such as a group meeting to talk about the crisis. The second is to create an environment in which the workers who experience or witness pain can find a method to alleviate their own suffering and that of others. The leader might establish a special fund to help the families of workers who were victims of the disaster or give workers the opportunity to receive grief counseling.
6. *Give recognition for accomplishments.* When an organization faces turbulence, employees are in particular need of recognition for whatever they accomplish to help stabilize the organization. A survey taken during the COVID-19 crisis found that 44 percent of respondents pointed to one leadership behavior as the best for helping them get through the turbulence: "Recognizing, praising, and otherwise showing appreciation for a person's work, dedication, and effort, and contributions."⁵³ Recognition is useful in calming anxiety and stress. Success of every type should be made visible, such as posting on the intranet that a specific sales representative brought back a major customer who had left the company. When employees have a clear understanding of the strategic goals, they know what they are striving to accomplish.
7. *Project bounded optimism.* During the crisis, workers throughout the organization want to feel that better times are ahead, but they are hesitant to accept fanciful ideas that a turnaround will arrive quickly. The situation calls for **bounded optimism**, or confidence combined with realism. If leaders display excessive confidence in spite of obviously adverse circumstances, they will lose credibility. It is more effective for leaders to project confidence that better times are ahead yet at the same time patience and hard work will be necessary to restore pre-crisis conditions. When the crisis has passed, less bounded optimism from leaders will be welcomed.⁵⁴

bounded optimism Confidence combined with realism.

transformational leader One who helps organizations and people make positive changes in the way they conduct their activities.

charisma The ability to lead others based on personal charm, magnetism, inspiration, and emotion.

Transformational and Charismatic Leadership

Considerable attention is paid to the type of leader who goes beyond merely conducting transactions with people, such as rewarding and disciplining them. The **transformational leader** is one who helps organizations and people make positive changes in the way they conduct their activities. The changes made are often sweeping, such as a company entering a new business or laying off a big chunk of the workforce. A major contributing factor to transformational leadership is **charisma**, the ability to lead others based on personal charm, magnetism, inspiration, and emotion. However, not all transformational leaders are charismatic, and not all charismatic leaders are transformational.

Transformational Leaders

In its pure form, transformational leadership is moral and uplifting and is concerned with engaging the hearts and minds of many people. The responsibility for leadership is thereby shared with many people. The transformational leader exerts a higher level of influence than does a transactional (routine) leader and thereby motivates people to do more than expected. Transformational leadership is key to revitalizing large organizations of many types. A transformational leader can develop new visions for a firm and mobilize employees to accept and work toward attaining these visions. At their best, transformational leaders make a difference in the lives of others, such as creating jobs, saving jobs, giving people an opportunity for personal development, or engaging in philanthropy.

Transformations take place in one or more of the following ways, with not every transformational leader accomplishing all of them:

1. By using culture change to bring about the changes in attitudes and behaviors necessary to move the organization forward. A major shift of this kind is to move an organization away from being risk-averse to a culture of risk taking and exploration.⁵⁵
2. By getting people to transcend their self-interests for the sake of the work group and the firm.
3. By helping workers to adopt a long-range, broad perspective and focus less on day-by-day concerns.
4. By helping people understand the need for both emotional, intellectual, and often urgent change. A transformational leader recognizes the emotional component to resisting change and deals with it openly.
5. By committing to greatness. Greatness encompasses striving for business effectiveness such as profits and high stock value, as well as impeccable ethics.⁵⁶
6. By encouraging high performance through engaging in worthwhile exchanges with group members. A high-quality LMX relationship leads to an unstated emotional bonding that facilitates subordinates wanting to perform better.⁵⁷
7. By finding the work environment pleasant and expressing happiness, leaders are more likely to be perceived as transformational—and therefore able to bring about transformations.⁵⁸

Few leaders can qualify as meeting all the behavioral and moral criteria of transformational leadership, yet if we focus on achieving a business turnaround while still treating workers humanely, many executives qualify. A representative example is Marc Lore, the former US e-commerce chief at Walmart. Early in his tenure, he acquired five companies, including brands that “resonate with millennial shoppers.” He also spearheaded dramatic growth in Walmart.com, but left in 2021 to “build a city of the future.” (Details about this city not yet provided.) Lore is a well-liked executive who shows an interest in the well-being of company employees.⁵⁹ Some turnaround leaders, however, use brutal tactics to restore profitability to a firm, including slashing the payroll by as much as 50 percent, selling off assets, and delaying payments to suppliers. The positive turnaround artist works closely with people to restore a healthy psychological climate.

Charismatic Leadership

Charisma in a leader generally inspires group members and facilitates transformations. A leader who is charismatic is said to have *leadership presence*, or a commanding personal style. Charisma, to a large extent, lies in the eye of the beholder and involves a relationship between the leader and the follower. A good example is Jack Ma, the founder of Alibaba, the giant e-commerce company and related businesses, considered by many to be one of the greatest Chinese entrepreneurs of all time, as well as a warm and friendly person. Yet some people consider him to be power-hungry and indifferent to the plight of the poor. When a charismatic leader has good ethics, the transformations will be beneficial to society.

A key characteristic of charismatic leaders is their *vision*. They offer a vision (or lofty goal) of where the organization is headed and how it can get there (a plan). A vision is

multifaceted, extending beyond organizational goals. It also involves a way of identifying with the organization, aligning with the organization's actions and strategies, and even building a collective identity for the firm.⁶⁰ A sense of vision inspires employees to perform well. Furthermore, recent experiment research indicates that much of the positive effects of charisma is channeled through communicating a vision that is relevant to followers.⁶¹ Charismatic leaders often use input from workers to craft their visions so that the vision will appear more realistic. As an example of a vision statement, here is the one from Caterpillar:

Our vision is a world in which all people's basic needs—such as shelter, clean water sanitation, food, and reliable power—are fulfilled in an environmentally sustainable way and a company that improves the quality of the environment and the communities in which we live.

Charismatic leaders are *masterful communicators*. They formulate believable dreams and portray their vision of the future as the only path to follow. Charismatics also use metaphors to inspire people. An example is a favorite aphorism of Richard Marcus, the president of Neiman-Marcus stores: "If you follow in someone else's footsteps, you never get ahead." Another aspect of the communication style of charismatic leaders is that they inspire stakeholders with stories that tell an important message. Telling a compelling story helps build credibility for you and your ideas. A FedEx leader, for example, might tell a compelling story about how a driver delivered life-saving drugs to a hospital during a blinding snowstorm. Almost by definition, leaders perceived as charismatic by group members score high on *extraversion*.⁶² Quite often leaders, as well as others, are labeled as charismatic because they are friendly and outgoing.

Charismatic leaders at their best *inspire trust*. Quite often their followers are willing to gamble with their careers to follow their chief's vision, such as accepting a low starting salary with stock options based on the startup's vision of great success. Charismatic leaders are *energetic* and use an action-oriented leadership style. They exude energy, serving as a model for getting things done well and on time.

Charismatic leaders are adept at *managing their impression well*, which helps them to be perceived as charismatic.⁶³ Impression management can take place at the physical level, such as an appealing appearance, yet can also take place at an intellectual level. An intellectual example would be a person indicating he or she has powerful contacts, such as by saying, "Elon Musk and I were discussing the future of private space travel just last week."

Being at the center of an advice network (refers to leaders who are socially active in terms of giving and receiving advice) helps a person to be perceived as charismatic, and this perception has been shown to enhance team performance.⁶⁴ The studies that reached this conclusion measured in-person interactions, yet social media networks might attain the same result.

Charismatic leaders pay special attention to projecting e-charisma. Being perceived as charismatic during a video conference often requires additional effort. Positioning the face to occupy most of the screen is important. Sufficient lighting on the face is important, as are frequent nodding and smiling. Slowing down speech and articulating clearly help project charisma. The e-charismatic leader also improves eye contact by looking directly into the camera.⁶⁵

A meta-analysis on the subject found that charismatic leadership has many positive outcomes, including improved performance of individuals (including organizational citizenship; behavior), groups, and the organization.⁶⁶ Charisma is not necessarily a mystical, inborn set of characteristics and behaviors. Two studies conducted at the University of Lausanne demonstrated that business students can be taught to behave more charismatically. Charismatic behavior of the participants was measured by trained observers.⁶⁷



Source: El Nariz/Shutterstock.com

Charisma helps influence subordinates.

Even the most charismatic leaders experience variation in the amount of charisma they project. Circadian rhythms appear to influence the display of charisma, based on laboratory experiments with college students. The circadian process is the 24-hour biological cycle that influences many physiological processes, particularly the timing of sleep and wakefulness. “Morning people” tend to be more charismatic in the morning, whereas “night people” tend to be more charismatic later in the day. When leaders are at their peak of mental alertness, they are at their charismatic best. The circadian rhythm of followers also influences when they are most receptive to the leader’s charisma. People tend to respond more positively to charisma when they are mentally alert.⁶⁸

A potential problem with charisma is that when the charismatic leader is also highly narcissistic, the leader tends to abuse power and take advantage of followers.⁶⁹ As a backlash to relying so heavily on charismatic executives, major corporations in recent years have sought hard-working, ethical individuals as CEOs, even if they are less flamboyant. The ideal executive leader would be an ethical, hard-working, and charismatic person.

Developing Your Leadership Potential

How to develop one’s leadership potential is a subject almost without limits because so many personal attributes, types of information, behaviors, and experiences contribute to leadership effectiveness. Almost every topic in industrial and organizational psychology might contribute to a leader’s effectiveness, such as understanding organizational citizenship behavior, teamwork, and organizational culture. As a person thinks about developing as a leader, it has been suggested by a group of researchers at the University of Tasmania, Australia, that the type of leader should be considered. The researchers emphasize that we don’t need more leaders. We need more leaders who are good (virtuous).⁷⁰

A valuable piece of advice about developing your leadership potential is to recognize that self-development plays a major role, such as continuous learning. Here we mention in passing four major contributors to developing one’s potential as a leader.

A starting point in developing leadership potential is to *acquire a good education, both formal and informal*. Education includes schooling at all levels and regular acquisition of information. Both help develop critical-thinking skills and provide the knowledge needed to make decisions as a leader. Most leaders have knowledge and, when asked a question, do not consistently respond, “Wait. I’ll google it.” Furthermore, to be creative, one needs to combine bits of knowledge. Leadership development programs sponsored by employers should be considered part of education. Thousands of possibilities exist, including both cognitive and experiential content. Two examples are “becoming a strategic thinker” and “helping counterproductive workers.”

Broad experience is also a major contributor to the development of leadership potential because work experience in a variety of settings helps one develop a broad perspective. Supervising entry-level workers is an excellent starting point in a leadership career because it provides the opportunity to motivate and inspire workers who are not well paid and often lack many job skills. Another valuable aspect of experience is to model effective bosses, and not model ineffective bosses. Broad experience increases in value for leadership development if new assignments are more complex, such as being assigned the supervision of a department that is threatened with being eliminated. Off-the-job experiences also play a key role in developing leadership traits, attitudes, and behaviors. Opportunities for obtaining broad leadership experience include leadership roles in sports, community activities, and family activities.

Another experience-based way to develop one’s leadership capability is to be *guided by a mentor*. A mentor often provides tutoring, coaching, guidance, and emotional support. Common practice today is to have several mentors, and also to be mentored online. For example, a text message, email, or tweet from a mentor can provide quick guidance, such as “I loved the way you closed that sale, but you need to make fewer errors in reporting the details of the sale to the home office.”

The actions of a mentor point to another major way of developing leadership potential—*obtaining feedback on your performance*. Feedback can come from a boss, a mentor, a

coworker, a customer, or a subordinate. Not all feedback can be taken seriously, but when there is consistency in feedback from several people, it might serve as a call to action. For example, if three different people told you that you are too laid back in meetings, it might be time to become a more active participant during meetings. Many organizations offer the opportunity for managers, as well as other workers, to obtain 360-degree feedback. Such feedback is an assessment based on data collected from colleagues, subordinates, and clients. The feedback helps illuminate how well workers are performing and which behaviors individuals might change to be more effective leaders and have a more productive workplace.

Summary of Key Points

1. *Describe key leadership traits, styles, and behaviors.*

Certain traits and characteristics contribute to leadership effectiveness in many situations. These personal attributes fall into the general categories of cognitive skills and personality characteristics. Problem-solving ability, self-awareness, self-confidence, proactivity, trustworthiness and authenticity, emotional intelligence, and humility are examples of key traits.

A foundational concept of the behavioral approach to leadership includes the two dimensions of initiating structure and consideration. Similarly, production-centered and employee-centered leadership include the same. Setting high-performance standards is another key leadership behavior. Servant leadership is a major leadership style. The servant is other-oriented, self-sacrificing, and humble.

2. *Explain the basics of three different contingency theories of leadership.*

Fiedler's contingency theory specifies the conditions under which leaders need to use task-motivated and relationship-motivated styles. In situations of high control and low control, the task-motivated style is better. Relationship-motivated leaders have the highest-producing groups under situations of moderate control.

The leader-member exchange model emphasizes that leaders have unique relationships with group

members. In-group members have good relationships with the leader, whereas out-group members have poor relationships. Being part of the in-group enhances productivity and satisfaction.

Suggestions for effective crisis leadership include (a) provide directive leadership, (b) project self-confidence and trustworthiness, (c) exert emotional intelligence, (d) engage in sensemaking, (e) lead with compassion, (f) give recognition for accomplishments, and (g) project bounded optimism.

3. *Present an overview of transformational and charismatic leadership.*

The transformational leader is a charismatic person who helps bring about profound changes in people and the organization, often transforming the culture. Charismatic leaders are known to have vision, be masterful communicators, and inspire trust. They are also adept at managing their impression well. Charisma can be developed to some extent.

4. *Specify several ways of developing your leadership potential.*

Leadership potential can be developed in many ways, including studying organizational behavior. Four approaches to leadership development are (a) acquiring formal and informal education, (b) obtaining broad experience, (c) being mentored, and (d) obtaining feedback on your performance.

Key Terms and Phrases

Leadership, p. 335

Cognitive skills, p. 335

Self-awareness, p. 336

Proactive personality, p. 338

Humility, p. 339

Behavioral theory of leadership, p. 341

Leadership style, p. 341

Initiating structure, p. 342

Consideration, p. 342

Pygmalion effect, p. 343

Servant leader, p. 343

Moral leadership, p. 345

Contingency theory of leadership, p. 345

Situational control, p. 347

Leader-member exchange (LMX) model, p. 348

Crisis leadership, p. 349

Bounded optimism, p. 350

Transformational leader, p. 350

Charisma, p. 350

Discussion Questions and Activities

1. Describe how a person might be a good leader but a poor manager.
2. With shared leadership, teamwork, and group decision making being so popular, why bother attempting to become a charismatic and highly intelligent leader?
3. Provide an example of how being proactive helps a leader be successful, based on your personal observations or an incident from the news, a movie, or a television show.
4. From a research or scientific standpoint, why might contingency theories of leadership be important?
5. Assuming you believe that the leader-member exchange theory is valid, how would you go about becoming part of a leader's in-group?
6. What would be an example of a crisis a leader might have to deal with at the first level in an organization, such as a department or team?
7. Identify a well-known business leader whom you perceive to be charismatic, and explain the basis for your opinion.
8. Describe a scenario in which a team leader or first-level supervisor can be a transformational leader.
9. Assume that you have a six-year-old in the family. Based on what you have studied in this chapter about leadership, how do you think you could help that child become a leader in later life?
10. Identify several ways in which being a college graduate enhances a person's chances of becoming a leader in business, in the nonprofit sector, or in public life.

Applying Industrial and Organizational Psychology Concepts: Creating an Organizational Story with an Underlying Meaning

This exercise about organizational stories to communicate an underlying meaning proceeds in two stages and involves a group in role-playing.

Stage 1: Visualize one of your favorite companies, with you being a highly placed manager in that company. Your job is to create a story that tells an important message about the company and its values. An example would be the story about how Michael Dell started Dell Computers in his dormitory room while still a college student. This story has helped communicate the idea that youthful curiosity is valued at Dell Technology. Your story may be just 1 or 2 minutes in length, but it should communicate a strong message.

Stage 2: Each manager/storyteller meets with four other classmates, who play the roles of new employees during a company orientation. All five members of the group will have their turn at being (a) a storyteller and (b) an employee going through the orientation. When you are the storyteller, communicate your story with passion and commitment. The four other employees can be as cooperative (gullible) or as skeptical as they would like.

After the role-playing is completed, think through whether, if the stories were true, they might have had an impact on how the people who heard the stories might have behaved in the organization.

Case Problem: Roxy Wants to Make an Impact

Roxy was recently promoted to the position of production manager in the manufacturing plant of a company that makes desktop printers for commercial and home use. Her department is responsible for producing the printer drums that house the cartridges. Roxy has an undergraduate degree in industrial engineering and an MBA. She aspires toward eventually holding a high-level leadership position in manufacturing or operations. Roxy therefore considers her promotion to production manager to be a building block in her career. She says, "Our country became great by building things. That's why I love manufacturing. Here's my chance at age 26 to make an impact as a manufacturing leader."

Having worked as an industrial engineer for two years at the plant, Roxy understands the technology behind printer drums, as well as the manufacturing process. During her first week in her new assignment, Roxy spent a lot of time talking with her two supervisors and many production technicians. She was particularly looking for ways in which she could provide leadership to the group.

Roxy asked Jeff, an experienced supervisor, what changes needed to be made in the functioning of the department. Jeff replied, "Right now things are going well. Despite the worldwide decline in the number of desktop computers purchased, we have a nice steady

demand for new drums. The work-at-home movement has given desktop printers a little boost. The office-supply stores still sell a lot of replacement drums for existing printers. I notice too that morale is okay in my department. Just keep the year-end raises and bonuses flowing [said with a laugh].”

Roxy asked Ashley, a supervisor with five years of experience, the same question. Ashley said, “I think the biggest problem we face is not having enough new, qualified production technicians. Maybe making drums is hum-drum, but you need skill to do the job right. These days, most young people don’t want to make things. They just want to stay glued to their mobile devices. Also, a lot of the people we recruit for entry-level jobs can’t do much math, and they don’t want to talk. We need to find a pipeline of new blood for our basic production jobs.”

Roxy spoke with Barney, a production technician with 25 years of experience, about what changes he thought a department leader should bring about. Barney replied, “Not much, Roxy. I know that you are well educated and very smart, but don’t worry much about changes right

now. The other guys and gals in the department and I are all happy that our jobs have not been shipped to another country. We also like the idea that we have not been replaced by robots so far.”

Roxy was particularly interested in the comments of Sarah, another production technician, who said, “I am a little worried about the future of our department. We are making printer drums, but how long can this last? Maybe you as the leader can find another product for us to make that will keep us going at least until I retire.”

Roxy reflected, “I have been collecting a lot of information. But what do I do with the information? As the department leader, how can I make a difference now and in the near future?”

Case Questions

1. Advise Roxy on where she should get started in making a difference as a leader in the drum-manufacturing department.
2. To what extent do you think it is advisable for Roxy to interview workers in the department to get some input as to what she should do as their leader?

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