CHAPTER 1

The Nature and Importance of Leadership

The introductory chapter has several important purposes. Readers are given a detailed descrip­tion of the meaning of leadership. Although most readers have studied something about leadership, most can benefit from a refresher and an update. Another important purpose of the chapter is to explain the various leadership (not management) roles and the various rewards and frustrations contained in those roles. This chapter also presents a framework and model for understanding leadership and explains how leadership skills are developed. A section about the development followership is also included.

CHAPTER OUTLINE AND LECTURE NOTES

I. THE MEANING OF LEADERSHIP

To be a leader, one has to make a difference and facilitate positive changes. Leaders in­spire and stimulate others to achieve worthwhile goals. A useful defi­nition of **leadership** is the ability to inspire confidence and support among the people who are needed to achieve organizational goals. Leadership is needed at all levels in the organization.

A. Leadership as Shared Responsibility and Collaboration

The leadership role within a team is seldom the responsibility of one person. Rather, several individuals within the team may serve as leaders, both by formal assignment and informally. Leadership may shift depending on whose expertise is the most relevant at the moment. Participants in a study who experienced shared leadership showed god performance on the simulated decision-making tasks, and also high job satisfaction. A key force driving collaborative leadership is the hyper-connected organizational world fostered by e-mail and social media, along with globalization.

B. Leadership as a Relationship

Leadership is a relationship between the leader and the people being lead. According to one theoretical analysis, leadership is not a trait or behavior of an individual, but a phenomenon generated in the interactions among people in a given setting. The *given setting* refers to the context of a on the relationship, such as one characterized by high power and authority.

The Internet, with its emphasis on interacting with people electronically, has changed slightly how leaders build relationships. As pointed out by Steve Jobs, among others, technology should not block them from face-to-face interactions.

C. Leadership Versus Management

Leadership is but one of the four major functions of management (planning, organizing, controlling, and leading). Leadership deals with change, inspiration, motivation, and influence. In contrast, management deals more with maintaining equilibrium and the status quo. An interview-based study found that leaders and managers have a different focus on the same set of activities. For example, managers delegate to increase efficiency, whereas leaders delegate for empowerment.

Despite these distinctions, organizational leaders must still be good man­agers, and effective managers must also carry out leadership activities. Mintzberg emphasizes also that the difference between leadership and management should not be overdrawn.

II. THE IMPACT OF LEADERSHIP ON ORGANIZATIONAL PERFORMANCE

An important justification for studying leadership is that leaders affect organizational performance. Many faltering business firms bring in a new top leader to spearhead a turnaround.

A. Research and Opinion: Leadership Does Make a Difference

Anecdotal evidence about the importance of leadership exists. Substantial evidence supports the contention that leadership affects organiza­tional performance. A study at the Center on Leadership & Ethics at Duke University concluded that executive leadership actions can affect performance, but only if the leader is perceived to be responsible and inspirational. Such behaviors included engaging employees in the company’s vision, and inspiring employees to elevate their goals. Another study found that the choice of a CEO leader is as important as the choice of whether to remain in the same industry or enter a different one

An overview of research on managerial succession over a 20-year-period found a consistent relationship between who is in charge and how well an organization performed by a variety of indicators. A leader might be responsible for somewhere between 15 and 45 percent of a firm’s performance.

A synthesis of 200 studies about the impact of leadership found that the leader’s activities had a 66-percent probability of achieving a positive outcome. A study of sales representatives found that the combined influence of interacting with a company leader and meeting with an internal beneficiary attained more sales and higher revenue than three other groups.

B. Research and Opinion: Formal Leadership Does Not Make a Difference

According to the anti-leadership argument, leadership has a smaller impact on organizational outcomes than do situational forces.

One viewpoint is that many organizations contain **substitutes for leadership**, factors in the work environment that provide guidance and incentives to perform, making the leader’s role almost superfluous. These substitutes for the leader and the leadership function include closely knit teams of highly trained individuals, and intrinsic satisfaction. Another argument for leadership irrelevance is that in the modern organization effective leadership means widespread collaboration in obtaining ideas, rather than the heroic leader doing all the innovating. Leaders may be constrained in in terms of what they can do, but still have plenty of room to influence others.

Hackman and Wageman suggest that instead of asking if leaders make a difference, we should be asking under what conditions they make a difference. For example, in a crisis mode a leader usually makes a difference.

III. LEADERSHIP ROLES

Understanding leadership roles helps explain leadership. A *role*is an expected set of activities or behaviors stemming from the job. The nine leadership roles covered here are:

1. *Figurehead* (ceremonial activities).

2. *Spokesperson* (keeping key groups informed about the activities of the organization or organizational unit).

3. *Negotiator* (making deals with others for needed resources).

4. *Coach and motivator* (recognizing achievement, giving feedback, and giving suggestions for perfor­mance improvement).

5. *Team builder* (building an effective team).

6. *Team player* (being a good team member oneself).

7. *Technical problem solver* (advising others on solving problems and being an individual contributor).

8. *Entrepreneur* (suggesting innovative ideas and furthering the business).

9. *Strategic developer* (setting a direction for the organization, helping the firm deal with the external environment, and policy setting).

10. *Executor* (making things happen, often translating plans into action).

A common thread in the leadership roles of a manager is that the managerial leader in some ways inspires or influences others. One analysis concluded that the most basic role for corporate leaders is to release the human spirit that makes initiative, creativity, and entrepreneurship possible. An important implication of these roles is that managers at all levels can and should exert leadership.

IV. THE SATISFACTIONS AND FRUSTRATIONS OF BEING A LEADER

Being a leader offers many joys but also some frustrations. Because most readers of this book aspire toward leadership positions or currently occupy such a position, this information allows for meaningful class discussion.

A. Satisfactions of Leaders

The specific satisfactions of leaders are somewhat a function of the leader­ship posi­tion. Nevertheless, here is a list of satisfactions that may be present in varying degrees in many leadership situations:

1. A feeling of power and prestige.

2. A chance to help others grow and develop.

3. High income.

4. Respect and status.

5. Good opportunities for advancement.

6. A feeling of “being in on” things.

7. An opportunity to control money and other resources.

B. Dissatisfactions and Frustrations of Leaders

Despite the glory of being a leader, occupying a leadership or management role has many built-in potential frustrations:

1. Too much uncompensated overtime.

2. Too many “headaches.”

3. Facing a perform-or-perish mentality.

4. Not enough authority to carry out responsibility.

5. Loneliness (being a leader limits the number of people one can confide in).

6. Too many problems involving people.

7. Too much organizational politics.

8. The pursuit of conflicting goals (the central theme of these dilemmas is attempting to grant others the authority to act independently, yet still get them aligned).

9. Being perceived as unethical, especially if you are a corporate executive.

10. Job fatigue and burnout as a result of the preceding nine problems.

V. A FRAMEWORK FOR UNDERSTANDING LEADERSHIP

The framework presented here focuses on the major sets of variables that can influence leadership effectiveness. It indicates that the leadership process is a function of the leader, the group members, and other situational variables. The model presented in Figure 1–2 extends the situational perspective. The model states that leadership effectiveness can best be under­stood by examining its key variables: leader characteristics and traits, leader behavior and style, group member characteristics, and the internal and external environment.

At the left side of the framework, **leadership effectiveness** refers to attaining desirable outcomes such as productivity, quality, and satisfaction in a given situation. Whether or not the leader is effective depends on the three sets of variables (leader characteristics behavior and style; group member characteristics and behavior; and, context (internal and external environment). The text chapters relate to these three sets of variables.

Two implications of the model are that (a) context influences leadership at any given moment, and (b) leadership; is a process with intrapersonal and interpersonal mechanisms (or modes of transmissions).

VI. SKILL DEVELOPMENT IN LEADERSHIP

Leadership skills are in high demand, including in the screening of job candidates. Developing leadership skills is more complex than developing a structured skill, yet these skills can be developed by following a general learning model:

1. *Conceptual knowledge and behavioral guidelines.*

2. *Conceptual information demonstrated by examples and brief descriptions of leaders in action*.

3. *Experiential exercises.* Cases, role plays, and self-assessment quizzes are included here.

4. *Feedback on skill utilization, or performance, from others.* Implementing some of the skills outside the classroom will provide opportunities for feedback.

5. *Practice in natural settings.* A given skill has to be practiced many times in natural settings before it becomes integrated comfortably into a leader’s mode of operation.

VII. FOLLOWERSHIP: BEING AN EFFECTIVE GROUP MEMBERS

To be an effective leader, one needs good followers (or group members). Leaders are also followers and followers also exhibit leadership.

A. Types of Followers

Followers differ substantially in talent and motivation.

1. *Isolates* are completely detached, and support the status quo.

2. *Bystanders* are free-riders who are frequently detached.

3. *Participants* show enough engagement to invest some of their own time and money to make a difference.

4. *Activists* are considerably engaged, and eager to demonstrate their support or opposition.

5. *Diehards* are super-engaged, and willing to go down for their cause, or oust a leader they believe is headed in the wrong direction.

B. Essential Qualities of Effective Followers

Certain effective group member characteristics facilitate followership: (1) self-management or thinking for oneself, and working well without close supervision; (2) commitment to something beyond oneself; (3) building competence and focusing direct effort for maximum impact; and (4) the courage to think independently, and to fight for what one believes is right.

Another way of framing the qualities of effective followers is that they display the personal characteristics and qualities of effective leaders.

C. Collaboration between Leaders and Followers

A key role for followers is to collaborate with leaders in achieving organization goals. Bennis says that the post-bureaucratic organization requires a new kind of alliance between leaders and the led. The new leader and the led are close allies. “In reality, one cannot claim that he or she is a leader or a follower at all times and in all circumstances.”

VIII. GUIDELINES FOR ACTION AND SKILL DEVELOPMENT

Although the thousands of leadership studies published often conflict, the discipline of leadership offers much useful information. The approach recommended here for applying leadership information is to choose the formulation that seems to best fit the leadership situation at hand. For example, a leader might need to combine creative prob­lem solving and emotional support to members to help the team rebound from a crisis.

# COMMENTS ON EXPERIENTIAL EXERCISES

leadership self-assessment quiz 1-1: readiness for the leadership role

The first self-examination exercise in the text has considerable face validity. The student reflects on a series of attitudes and behaviors that are part of the leadership role. As will most of the questionnaires in this text, the specific statements and questions are helpful in understanding what leaders do. An intended byproduct of this exercise is that people may have to develop a more positive attitude toward key aspects of a leader’s job if they are to become effective leaders.

Like most of the instruments in the text, the Readiness for the Leadership Role quiz is intended for self-reflection and possibly for research. Such quizzes should not be interpreted as validated psychological instrument

Leadership skill-building exercise 1-1: My leadership role analysis

This exercise relates closely to Self-Assessment Quiz 1-1. Although the present exercise might be considered self-assessment it involves skill development because the student is urges to acquire knowledge and skills that will allow for development in at least several of the roles.

**LEADERSHIP SKILL-BUILDING EXERCISE 1-2: APPRECIATING THE SATISFACTIONS OF BEING A LEADER**

Given that most people taking a course in leadership are or aspire to be leaders, it will most likely be insightful to learn from a couple of leaders what they like about their roles. The insightful student will most likely compare the responses he or she hears to the satisfactions of leaders described in the textbook.

Leadership skill-building Exercise 1-3: My Leadership Portfolio

Here and in each chapter the student is asked to make a journal entry of a leadership experience that relates to a major theme of the chapter. We suspect that students who take a course in leadership with the intent of develop their leadership skills will find this activity valuable. Journal writing has a long history as a method of capitalizing on personal experiences. A key feature of this journal is that it documents leadership accomplishments and attempts.

leadership self-assessment quiz 1-2: The leadership experience audit

The audit of leadership experiences is designed to help students realize that they most likely already have some leadership experience tucked under their belt. A subtle feature of the audit is that it might sensitize students to look for opportunities to exert leadership.

# COMMENTS ON DISCUSSION QUESTIONS AND ACTIVITIES

1. Why bother studying leadership when fields such as petroleum engineering and physician assistant pay such high starting salaries?

One reason for studying leadership is that it is a supplement to the high-paying fields just listed: every field has leaders. Another reason for studying leadership is that in the long run, people earn much more as organizational leaders than as professionals or technical specialists. Furthermore, every professional position such as petroleum engineer or physician assistant involves some leadership responsibility.

2. Give an example of how you have exerted leadership on or off the job in a situation in which you did not have a formal leadership position. Explain why you describe your activity as leadership.

Relevant examples here center on taking the initiative to accomplish something important, and involving others in the activity. Examples include starting an employee network group, a recycling campaign, an employee or student study group, or organizing a field trip. Both the initiative aspect and influencing others indicate the exercise of leadership.

3. What would a boss of yours have to do to demonstrate that he or she is an effective leader and an effective manager?

To demonstrate effectiveness as a leader and manager, the boss should engage in such activities as inspiring group members, creating a useful vision, bringing about constructive change, and maintaining a well-organized department. In addition, many people believe that their leader is effective when he or she helps them with a personal problem such as getting time off to deal with a major personal problem.

4. Identify a business or sports leader who you think is highly effective.

Leaders are usually classified as effective on the basis of the results they achieve. Students will therefore probably choose leaders with highly visible accomplishments. Effective sports leaders would include Bill Belichick of the New England Patriots and Pat Summit, the late Tennessee Lady Vols basketball coach. Because of her visibility beyond her company, many students will nominate Sheryl Sandberg of Facebook. Jeff Bezos of [Amazon.com](http://www.amazon.com/) might also receive several nominations because of his key position in launching ecommerce.

5. Many people who were voted “the most likely to succeed” in their high school yearbooks became leaders later on in their career. How can you explain this finding?

Many basic leadership traits and behaviors are formed early in life and persist throughout adulthood. Among these characteristics are self-confidence, extroversion, enthusiasm, drive, and a willingness to assume responsibility.

6. Why might experience in managing entry-level workers, such as in a fast-food restaurant, be valuable leadership experience?

Most fast-food restaurants are staffed primarily by entry-level workers, and managing these people provides valuable leadership experience. Quite often the manager has to inspire and persuade these workers to devote their best efforts to the job even though the job is not directly related to their future career, and they are working at close to minimum wage. Most fast-food restaurants have culturally diverse employees proving another opportunity for the prospective leader to develop good interpersonal skills. Of note, several of the fast-food chains require that their leaders work as restaurant supervisors at the start of their career.

7. If so much useful information is available about leadership, why do we still find so many managers who cannot gain the respect of their subordinates?

One reason why many managers do not get the respect of subordinates despite the abundance of information about leadership is those managers do not study the information and apply it to themselves. An analogy is that many people read about the dangers of an unhealthy diet, but persist in eating unhealthy food. Another problem is that many instances of poor management can be attributed to personality factors, and reading about good management is only a start in changing a negative personality factor. For example, a manager who is hostile and sarcastic will need to work hard on overcoming this trait after reading about its negative impact on interaction with subordinates.

8. Considering that so many people of all ages do much of their communicating with text messages, what would be wrong with leaders communicating with group members mostly through texting?

Texting may be acceptable for many communication episodes between leaders and subordinates, but true organizational leadership requires some face-to-face interaction. People are much more likely to be inspired or feel emotionally supported by human presence that by a cryptic text message. Another concern is that even though texting has become a dominant form of interpersonal communication, people, caring for the welfare of others (a key leadership responsibility) is better done in person. Giving complex instructions is also done better in person because it allows for immediate questioning and answering.

9. Which one or two of the ten leadership roles described in this chapter do you think requires the highest level of skill?

The strategy developer and executor roles are particularly demanding. It requires superior cognitive skills, including intuition and imagination, to think of an effective strategy and vision. The executor role requires considerable influence and motivating skills because people have to be aligned and influence to put a strategy into practice.

10. In what way might being an effective follower help prepare a person for becoming an effective leader?

Having the qualities of an effective follower help a person become a competent, contributing individual. Such qualities are essential for being an effective leader. For example, a leader must practice self-management and commitment, be competent and focused, and display courage.

# PLAUSIBLE RESPONSES TO CASE QUESTIONS

leadership case problem a: hailey wants to make a difference

This case is chosen for Chapter 1 because it illustrates the reality of the type of leadership challenges a middle manager might face. (Yet we recognize that some students will complain that the case is “hum-drum.”)

1. Advise Haily on where she should get started in making a difference as a leader in the drum manufacturing department.

There is some evidence from the comments of the staff members that the department could use a revitalization in morale, and reassurance about its future. If this is true, Hailey might craft a vision of where she is headed. She might also present some industry data about the stable need for desktop printers into the future.

2. To what extent do you think it is advisable for Hailey to interview workers in the deparment to get some input as to what she should do as a leader?

Asking “What should I do as your leader?” might project a weak image of Hailey. Yet, asking the staff what they think are major problems that need fixing might project the image of a results-oriented leader. Haily has done an admirable job in this regard.

*Associated Role Play*

Here is an opportunity for students to engage in a realistic leadership challenge. The answer to case question 1 should provide some ideas for the script of what Hailey will say to the group. Based on some possible skepticism she might encounter, Hailey might as a couple of questions to lower resistance to her pitch. She might ask, for example, “How do you feel about our future as a department right now?”

Leadership Case Problem A: elon musk, business leader and serial entrepreneur

This case was purposely chosen for Chapter 1because it illustrates how far reaching a leader can be in his or her influence, and how big an impact a business leader can have on the lives of so many people.

1. Which roles does Musk appear to occupy as a leader of his companies?

Musk clearly occupies the enntrepreneur and technical problem-solver roles because he was instrumental in founding his several businesses and is involed involved in the technical details of the products his company develops. Musk also appears to fill the executor role as evidenced by the comment, “If you want to change something or fix something, just talk to Elon.” An implication from the case is that Musk also occupies a spokesperson role because he is so well known outside the company.

2. What would you perceive to be a key advantage, and a key disadvantage of reporting directly to Musk?

A major advantage of reporting directly to Musk is that the person would have the opportunity to work directly for one of the most innovative leaders in business history. As a result, the direct report might receive some inspirational ideas. A key disadvantage of reporting directly to Musk is that the person might have to put up with verbal abuse and intimidation, particularly if he or she made a serious error. Another disadvantage is that the person might be overshadowed by Musk, and therefore not feel confident in his or her role.

3. What is your overall evaluation of Elon Musk as both a business leader and a leader in society?

Many students will have high regard for Musk because of the impact he has on society now, and an impact that may grow with space travel. PayPal alone might be considered a major contribution to society. However, some students will feel that no matter what a great entrepreneur a leader might be, he should still treat all employees with dignity and respect.

4. What factors might Musk have, similar to the late Steve Jobs, going for him as a leader that people will put up with his blunt approach to people?

Musk offers followers, as well as other work associates, the opportunity to work with a creative genius. As a result they might be willing to put up with his idiosyncrasies, following the adage, “You have to be very talented if you are obnoxious.”

5. Incidentally, do you think that Musk’s reliance on problem-solving ability as a criterion for hiring would be helpful, or harmful, to new graduates?

An emphasis on problem-solving ability as a criterion in choosing job candidates would be an asset for recent college graduates. A major output of a college education is an ability to solve problems. Also, how many recent graduates are likely to have industry experience in space travel or giant batteries?

*Associated Role Play*

An important purpose of this role play is that it illustrates how even a well-respected leader will have to deal with dissent and conflict. Conflict resolution will be studied in Chapter 12, but the role players will already have some ideas about resolving conflict. A key observation point is whether the Musk role player can keep his composure while dealing with the dissenter.