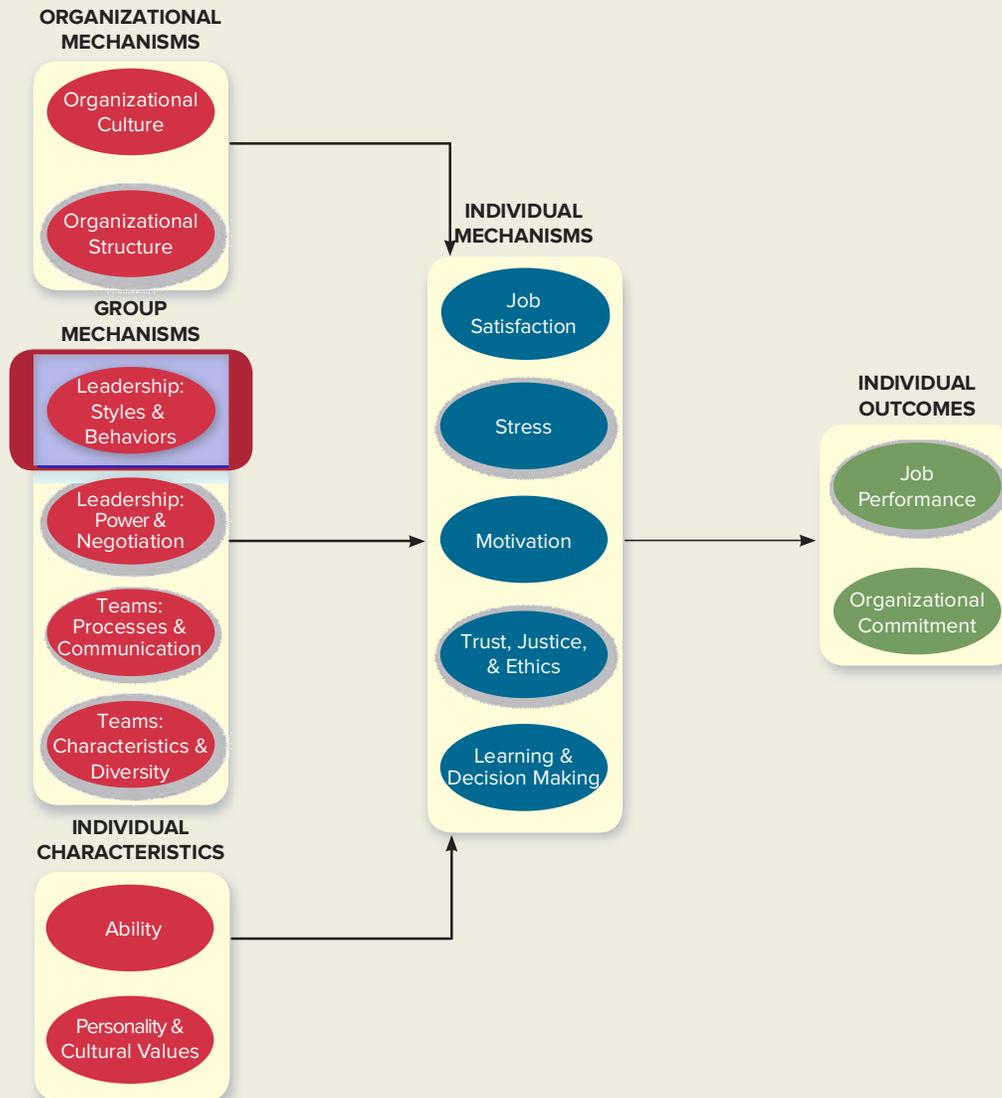


Leadership: Styles and Behaviors

14



LEARNING GOALS

After reading this chapter, you should be able to answer the following questions:

- 14.1** What is leadership and what does it mean for a leader to be “effective”?
- 14.2** What traits and characteristics are related to leader emergence and leader effectiveness?
- 14.3** What four styles can leaders use to make decisions, and what factors combine to make these styles more effective in a given situation?
- 14.4** What two dimensions capture most of the day-to-day leadership behaviors in which leaders engage?
- 14.5** How does transformational leadership differ from transactional leadership, and which behaviors set it apart?
- 14.6** How does leadership affect job performance and organizational commitment?
- 14.7** Can leaders be trained to be more effective?



©Rachel Woolf/Getty Images News/Getty Images

GENERAL MOTORS

Mary Barra, 55, has topped *Fortune's* list of most powerful women for two years in a row. As CEO and Board Chairman of General Motors, she is ultimately responsible for the leadership of an organization with over 200,000 employees and \$160 billion in revenue in 2016. It's quite a daunting task, but Barra seems to be perfectly made for it so far. Barra took over the company shortly after GM declared bankruptcy and had to take a government bailout in order to survive. She stepped in right as GM had to fight through the recall of 2.6 million cars due to a faulty ignition switch that was responsible for 21 deaths and more than 500 injuries. Barra was placed front and center testifying before Congress while being questioned about the dysfunctional culture at GM. Most believe she handled herself incredibly well, primarily by being open and honest about the safety scandal both inside and outside the company—even going so far as to commission an independent investigation (which resulted in a number of firings and early retirements).

Known for having a collaborative leadership style, Barra is not one to shirk from issues and encourages those around

her to tackle things head on. She says, “*I want bad news—the sooner the better. I want it when the person closest to it realizes there’s a problem. Almost every problem at the start is solvable. The longer it takes to solve, the higher it gets in the organization and the bigger the problem gets.*” Barra, who has spent 36 years at GM (she started when she was 18), partly developed her leadership skills during her early career in factory management. Some believe the reason she’s been successful is a controlled ego—the exact opposite of many of her predecessors. Barra is willing to share credit when it is deserved, which has allowed her to hang on to the upper level executives that were competing with her for the CEO job. Some say she’s assembled the best management team in GM’s history.

One of Barra’s major gifts has been the ability to inspire accountability inside a culture that has been known for the exact opposite. Barra, speaking to a room full of newly promoted executives, said, “Remember your whole career, how you’ve been talking about *them*? If only *they* would get it? If only *they* would work this out? Well, you are now *they*. If you don’t like something, you have to talk to yourself.”

LEADERSHIP: STYLES AND BEHAVIORS

This is the second of two chapters on **leadership**, defined as the use of power and influence to direct the activities of followers toward goal achievement.¹ That direction can affect followers' interpretation of events, the organization of their work activities, their commitment to key goals, their relationships with other followers, or their access to cooperation and support from other work units.² The last chapter described how leaders *get* the power and influence needed to direct others. In the case of Mary Barra, her power derives from her formal role as GM's CEO, her expertise, and her charisma. This chapter describes how leaders actually *use* their power and influence in an effective way. Although she's worked for GM her entire 35-year career, Barra has a clear vision of what GM can be in the future.

14.1

What is leadership and what does it mean for a leader to be "effective"?

Of course, most leaders can't judge their performance by pointing to how many cars they've sold (over 10 million per year) or how long they've worked for a company. Fortunately, leader effectiveness can be gauged in a number of ways. Leaders might be judged by objective evaluations of unit performance, such as profit margins, market share, sales, returns on investment, productivity, quality, costs in relation to budgeted expenditures, and so forth.³ If those sorts of indices are unavailable, the leader's superiors may judge the performance of the unit on a more subjective basis. Other approaches to judging leader effectiveness center more on followers, including indices such as absenteeism, retention of talented employees, grievances filed, requests for transfer, and so forth.⁴ Those sorts of indices can be complemented by employee surveys that assess the perceived performance of the leader, the perceived respect and legitimacy of the leader, and employee commitment, satisfaction, and psychological well-being. The top panel of Table 14-1 provides one example of these sorts of measures.

One source of complexity when judging leader effectiveness, particularly with more subjective, employee-centered approaches, is "Whom do you ask?" The members of a given unit often disagree about how effective their leader is. **Leader-member exchange theory**, which describes how leader-member relationships develop over time on a dyadic basis, can explain why those differences exist.⁵ The theory argues that new leader-member relationships are typically marked by a **role taking** phase, during which a manager describes role expectations to an employee and the employee attempts to fulfill those expectations with his or her job behaviors.⁶ In this period of sampling and experimentation, the leader tries to get a feel for the talent and motivation levels of the employee. For some employees, that initial role taking phase may eventually be supplemented by **role making**, during which the employee's own expectations for the dyad get mixed in with those of the leader.⁷ The role making process is marked by a free-flowing exchange in which the leader offers more opportunities and resources and the employee contributes more activities and effort.

Over time, the role taking and role making processes result in two general types of leader-member dyads, as shown in Figure 14-1. One type is the "high-quality exchange" dyad, marked by the frequent exchange of information, influence, latitude, support, and attention. Those dyads form the leader's "ingroup" and are characterized by higher levels of mutual trust, respect, and obligation.⁸ The other type is the "low-quality exchange" dyad, marked by a more limited exchange of information, influence, latitude, support, and attention. Those dyads form the leader's "outgroup" and are characterized by lower levels of trust, respect, and obligation.⁹ Tests of the theory suggest that employees who are competent, likable, and similar to the leader in personality will be more likely to end up in the leader's ingroup; those factors have even greater impact than age, gender, or racial similarity.¹⁰ These ingroup relationships can be very powerful attachments for some workers. Research suggests that employees are less likely to leave an organization when they have a high LMX relationship with a specific leader, but they are more likely to leave following a leadership succession.¹¹ Leader-member exchange theory also suggests that judgments of leader effectiveness should gauge how effective the most critical leader-member dyads appear to be. The bottom panel of Table 14-1 provides one example

TABLE 14-1

Employee-Centered Measures of Leader Effectiveness

Unit-Focused Approach

Ask all members of the unit to fill out the following survey items, then average the responses across the group to get a measure of leader effectiveness.

1. My supervisor is effective in meeting our job-related needs.
2. My supervisor uses methods of leadership that are satisfying.
3. My supervisor gets us to do more than we expected to do.
4. My supervisor is effective in representing us to higher authority.
5. My supervisor works with us in a satisfactory way.
6. My supervisor heightens our desire to succeed.
7. My supervisor is effective in meeting organizational requirements.
8. My supervisor increases our willingness to try harder.
9. My supervisor leads a group that is effective.

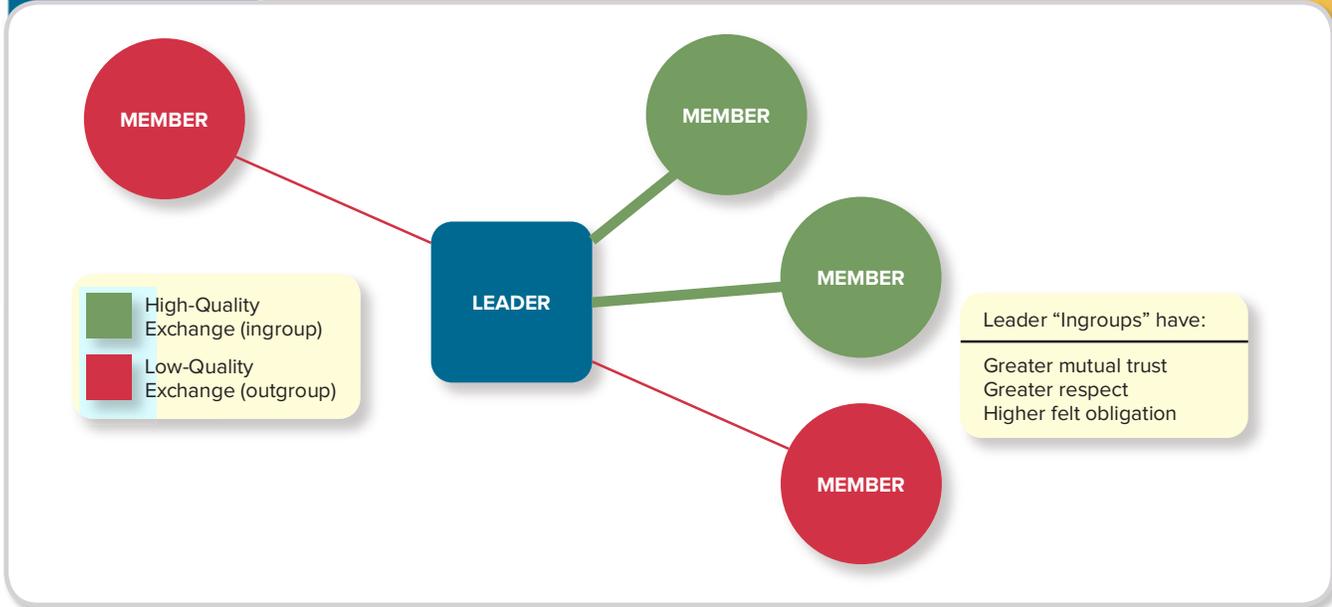
Dyad-Focused Approach

Ask members of the unit to fill out the following survey items in reference to their particular relationship with the leader. The responses are not averaged across the group; rather, differences across people indicate differentiation into “ingroups” and “outgroups” within the unit.

1. I always know how satisfied my supervisor is with what I do.
2. My supervisor understands my problems and needs well enough.
3. My supervisor recognizes my potential.
4. My supervisor would use his/her power to help me solve work problems.
5. I can count on my supervisor to “bail me out” at his/her expense if I need it.
6. My working relationship with my supervisor is extremely effective.
7. I have enough confidence in my supervisor to defend and justify his/her decisions when he/she is not present to do so.

Sources: Adapted from B. Bass and B. Avolio, *MLQ Manual* (Menlo Park, CA: Mind Garden, Inc., 2004); and G.B. Graen and M. Uhl-Bien, “Relationship-Based Approach to Leadership: Development of Leader-Member Exchange (LMX) Theory of Leadership over 25 Years: Applying a Multi-Level Multi-Domain Perspective,” *Leadership Quarterly* 6 (1995), pp. 219-47.

of this sort of measure, with more agreement indicating a higher-quality exchange relationship and thus higher levels of leader effectiveness on a dyadic basis.¹² Recent meta-analyses have found that employees with higher-quality exchange relationships have higher levels of job performance and exhibit more organizational citizenship behaviors and fewer counterproductive behaviors on average.¹³ It should be noted, though, that the development of high LMX relationships has proven to be more effective in individualistic (Western) cultures than in collectivistic (Asian) cultures.¹⁴

FIGURE 14-1 Leader–Member Exchange Theory


WHY ARE SOME LEADERS MORE EFFECTIVE THAN OTHERS?

For our purposes, **leader effectiveness** will be defined as the degree to which the leader's actions result in the achievement of the unit's goals, the continued commitment of the unit's employees, and the development of mutual trust, respect, and obligation in leader–member dyads. Now that we've described what it means for a leader to be effective, we turn to the critical question in this chapter: "Why are some leaders more effective than others?" That is, why exactly are some leaders viewed as more effective on a unitwide basis, and why exactly are some leaders better at fostering high-quality exchange relationships? Beginning as far back as 1904, research on leadership has attempted to answer such questions by looking for particular traits or characteristics of effective leaders.¹⁵ The search for traits and characteristics is consistent with "great person" theories of leadership that suggest that "leaders are born, not made."¹⁶ Early research in this area frequently focused on physical features (e.g., gender, height, physical attractiveness, energy level), whereas subsequent research focused more squarely on personality and ability (see Chapter 9 on personality and cultural values and Chapter 10 on ability for more discussion of such issues).

After a century of research, leadership scholars now acknowledge that there is no generalizable profile of effective leaders from a trait perspective.¹⁷ In fact, most studies have concluded that traits are more predictive of **leader emergence** (i.e., who becomes a leader in the first place) than they are of leader effectiveness (i.e., how well people actually do in a leadership role). Table 14-2 reviews some of the traits and characteristics that have been found to be correlated with leader emergence and leader effectiveness. Although a number of traits and characteristics are relevant to leadership, two limitations of this work have caused leadership research to move in a different direction. First, many of the trait–leadership correlations are weak in magnitude, particularly when leader effectiveness serves as the outcome. Second, the focus on leader traits holds less practical relevance than a focus on leader actions. Although research shows that traits can seemingly have an effect on leader effectiveness, these effects are generally explained much more strongly by leader behavior.¹⁸ What exactly can leaders *do* that can make them more effective? This chapter

14.2

What traits and characteristics are related to leader emergence and leader effectiveness?

TABLE 14-2

Traits/Characteristics Related to Leader Emergence and Effectiveness

DESCRIPTION OF TRAIT/ CHARACTERISTIC	LINKED TO EMERGENCE?	LINKED TO EFFECTIVENESS?
High conscientiousness	✓	
Low agreeableness	✓	
Low neuroticism		
High openness to experience	✓	✓
High extraversion	✓	✓
High general cognitive ability	✓	✓
High energy level	✓	✓
High stress tolerance	✓	✓
High self-confidence	✓	✓

Sources: Adapted from T.A. Judge, J.E. Bono, R. Ilies, and M.W. Gerhardt, "Personality and Leadership: A Qualitative and Quantitative Review," *Journal of Applied Psychology* 87 (2002), pp. 765–80; T.A. Judge, A.E. Colbert, and R. Ilies, "Intelligence and Leadership: A Quantitative Review and Test of Theoretical Propositions," *Journal of Applied Psychology* 89 (2004), pp. 542–52; and G. Yukl, *Leadership in Organizations*, 4th ed. (Englewood Cliffs, NJ: Prentice Hall, 1998)

reviews three types of leader actions: decision-making styles, day-to-day behaviors, and behaviors that fall outside of a leader's typical duties.

LEADER DECISION-MAKING STYLES

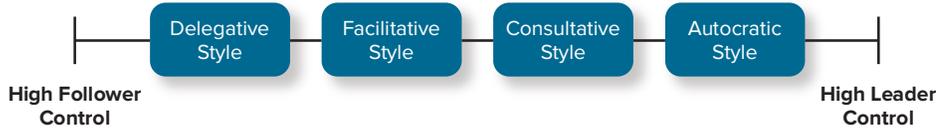
Of course, one of the most important things leaders do is make decisions. Think about the job you currently hold or the last job you had. Now picture your boss. How many decisions did he or she have to make in a given week? How did he or she go about making those decisions? A leader's decision-making style reflects the process the leader uses to generate and choose from a set of alternatives to solve a problem (see Chapter 8 on learning and decision making for more discussion of such issues). Decision-making styles capture *how* a leader decides as opposed to *what* a leader decides.

The most important element of a leader's decision-making style is this: Does the leader decide most things for him- or herself, or does the leader involve others in the process? We've probably all had bosses (or professors, or even parents) who made virtually all decisions by themselves, stopping by to announce what had happened once the call had been made. We've probably also had other bosses (or professors, or parents) who tended to do the opposite—involving us, asking our opinions, or seeking our vote even when we didn't care about what was being discussed. It turns out that this issue of leader versus follower control can be used to define some specific decision-making styles. Figure 14-2 shows those styles, arranged on a continuum from high follower control to high leader control.

DEFINING THE STYLES With an **autocratic style**, the leader makes the decision alone without asking for the opinions or suggestions of the employees in the work unit.¹⁹ The employees may provide information that the leader needs but are not asked to generate or evaluate potential solutions. In fact, they may not even be told about the decision that needs to be made, knowing only that the leader wants information for some reason. Unlike Mary Barra at GM, this decision-making style seems to be a favorite of Fiat-Chrysler CEO Sergio Marchionne, who is doing his best to make sure decisions are made extraordinarily quickly at Chrysler—and he's doing that by

14.3

What four styles can leaders use to make decisions, and what factors combine to make these styles more effective in a given situation?

FIGURE 14-2 Leader Decision-Making Styles


making them himself. Marchionne has flattened Chrysler's organizational chart with him at the top and has 25 direct reports (not counting 21 at Fiat). One might think this would cause a major bottleneck with regard to decisions, but Marchionne swears that speed is the only thing that will save Chrysler at this point and he is always within reach through the use of one of his six BlackBerrys. Marchionne says, "BlackBerrys are divine instruments. They [his direct reports] have access to me 24/7." The CEO is known for making decisions within minutes, or seconds.²⁰

The next two styles in Figure 14-2 offer more employee involvement. With a **consultative style**, the leader presents the problem to individual employees or a group of employees, asking for their opinions and suggestions before ultimately making the decision him- or herself.²¹ With this style, employees do "have a say" in the process, but the ultimate authority still rests with the leader. Bob Brennan, ex-CEO of Iron Mountain, a \$3 billion information management services company headquartered in Boston, says, "I ask this question a lot in different situations: 'What do you recommend we do?' You can get a real sense for who's invested in moving the company forward, and who's watching the company go by, with that very simple question. People lay out problems all the time. If they've thought through what should be done from here, then you've got somebody who's in the game, who wants to move, and you can unlock that potential."²²

That ultimate authority changes with a **facilitative style**, in which the leader presents the problem to a group of employees and seeks consensus on a solution, making sure that his or her own opinion receives no more weight than anyone else's.²³ With this style, the leader is more facilitator than decision maker. Robert W. Selander, executive vice chair of MasterCard, said he had learned over time to encourage discussion in a group. "From sort of a style standpoint, I prefer to do what I call more of a consensus style of decision-making," he said. "So when I'm around the table with our executive committee, the senior leadership of the company, I could easily make a bilateral decision. You're knowledgeable about your area. I may have the best knowledge about your area or second best around the table. You and I agree. Let's get on with it. What we haven't done is we haven't benefited from the wisdom, the insight, and the experience of the others around the table. And while they may not have as much insight or knowledge about your area as you do, there's a chance that we missed something. So I try to get more engagement and discussion around topics and avoid what I would call bilateralism. I think what happens is sometimes you get an insight that's startling and important and affects

the decision, but you also get participative involvement so that there is buy-in and a recognition of how we got to that decision. It's not as if the boss went off in a corner and waved a magic wand and, bang, out came the decision."²⁴

With a **delegative style**, the leader gives an individual employee or a group of employees the responsibility for making the decision within some set of specified boundary conditions.²⁵ The leader plays no role in the deliberations

Sergio Marchionne, CEO of Fiat-Chrysler, is known for his autocratic and speedy decision-making style.



©Bloomberg/Getty Images

unless asked, though he or she may offer encouragement and provide necessary resources behind the scenes. Former American Apparel CEO Paula Schneider, known as a “macromanager,” took over for a CEO who had a hardcore autocratic style. “If someone comes to me and says, ‘Everything is screwed up,’ then I make them list everything. And then after once or twice, no one does it again, because no one wants to list everything. Here, it is about finding solutions.”²⁶ Daniel Amos, CEO and chair of Aflac, also believes strongly in a delegative style. He says, “My theory is that when you start telling people what to do, they no longer are responsible; you are. I’ll give them my opinion and say; ‘Look, this is my opinion, but if you choose that and you fail, you’re not blaming it on me. It is your fault.’ I think it makes them stronger.”²⁷

WHEN ARE THE STYLES MOST EFFECTIVE? Which decision-making style is best? As you may have guessed, there is no one decision-making style that’s effective across all situations, and all styles have their pluses and minuses. There are many factors to consider when leaders choose a decision-making style.²⁸ The most obvious consideration is the quality of the resulting decision, because making the correct decision is the ultimate means of judging the leader. However, leaders also have to consider whether employees will accept and commit to their decision. Research studies have repeatedly shown that allowing employees to participate in decision making increases their job satisfaction.²⁹ Such participation also helps develop employees’ own decision-making skills.³⁰

Of course, such participation has a downside for employees because it takes up time. Many employees view meetings as an interruption of their work. One recent study found that employees spend, on average, six hours a week in scheduled meetings and that time spent in meetings relates negatively to job satisfaction when employees don’t depend on others in their jobs, focus on their own task accomplishment, and believe meetings are run ineffectively.³¹ Diane Bryant, EVP at Intel, argues that “You need people who are critical to making the decisions on the agenda, not people who are there only because they’ll be impacted. At Intel, if we see someone who doesn’t need to be there, people will say, ‘Bob, I don’t think we need you here. Thanks for coming.’”³² Similarly, Mary Barra is trying to speed things up at GM, which is known for having one of the most bureaucratic cultures around—the company is known for decisions having to be made by committee. Once, they even appointed a committee to take a look at how many committee meetings should be held!³³

How can leaders effectively manage their choice of decision-making styles? The **time-driven model of leadership** offers one potential guide.³⁴ It suggests that the focus should shift away from autocratic, consultative, facilitative, and delegative *leaders* to autocratic, consultative, facilitative, and delegative *situations*. More specifically, the model suggests that seven factors combine to make some decision-making styles more effective in a given situation and other styles less effective. Those seven factors include:

- *Decision significance*: Is the decision significant to the success of the project or the organization?
- *Importance of commitment*: Is it important that employees “buy in” to the decision?
- *Leader expertise*: Does the leader have significant knowledge or expertise regarding the problem?
- *Likelihood of commitment*: How likely is it that employees will trust the leader’s decision and commit to it?
- *Shared objectives*: Do employees share and support the same objectives, or do they have an agenda of their own?
- *Employee expertise*: Do the employees have significant knowledge or expertise regarding the problem?
- *Teamwork skills*: Do the employees have the ability to work together to solve the problem, or will they struggle with conflicts or inefficiencies?

Figure 14-3 illustrates how these seven factors can be used to determine the most effective decision-making style in a given situation. The figure asks whether the levels of each of the seven factors are high (H) or low (L). The figure functions like a funnel, moving from left to right, with each answer taking you closer to the recommended style (dashes mean that a given factor can be skipped for that combination). Although the model seems complex at first glance, the principles within it are straightforward. Autocratic styles are reserved for decisions that are insignificant or for which employee commitment is unimportant. The only exception is when the leader’s expertise is high and the leader is trusted. An autocratic style in these situations should result in an accurate decision

FIGURE 14-3 The Time-Driven Model of Leadership

	Decision Significance	Importance of Commitment	Leader Expertise	Likelihood of Commitment	Shared Objectives	Employee Expertise	Teamwork Skills			
START HERE	H	H	H	H	-	-	-	Autocratic		
				L	H	H	H	Delegative		
				L	L	L	L	Consultative		
			L	H	H	H	H	Facilitative		
				L	L	L	L	Consultative		
				L	H	H	H	Facilitative		
		L	H	-	H	-	-	-	Autocratic	
					L	-	-	-	Delegative	
					L	-	-	-	Autocratic	
			L	L	-	H	H	H	H	Facilitative
						L	L	L	L	Consultative
						L	-	-	-	Autocratic
	END HERE	H	H	H	H	-	-	-	Autocratic	
					L	H	H	H	Delegative	
					L	L	L	L	Consultative	
				L	H	H	H	H	Facilitative	
L					L	L	L	Consultative		
L					H	H	H	Facilitative		
L			H	-	H	-	-	-	Autocratic	
					L	-	-	-	Delegative	
					L	-	-	-	Autocratic	
			L	L	-	H	H	H	H	Facilitative
						L	L	L	L	Consultative
						L	-	-	-	Autocratic

Source: Adapted from V.H. Vroom, "Leadership and the Decision-Making Process," *Organizational Dynamics* 28 (2000), pp. 82-94.

that makes the most efficient use of employees' time. Delegative styles should be reserved for circumstances in which employees have strong teamwork skills and are not likely to commit blindly to whatever decision the leader provides. Deciding between the remaining two styles—consultative and facilitative—is more nuanced and requires a more complete consideration of all seven factors.

For our earlier example of Sergio Marchionne, decision significance is high, importance of commitment is low, and leader expertise is high, so he adopts an autocratic decision style. However, for Jack Griffin, ex-CEO of Time Inc., autocratic decision making didn't seem to go over too well. Griffin became known within the company for his "imperious" decision-making behavior. For example, he insisted that every magazine include a masthead with his name at the top (an extra page that cost the company about \$5 million a year) almost right after hundreds of employees were laid off—a decision that used to be left up to individual editors. A source within the company was quoted as saying, "Time Inc. has long operated on the collegial consensus approach and I don't think that was Jack's strength."³⁵ With magazine publishing operating during such a precarious time, we would label decision significance as high, importance of commitment as high, and the leader not appearing to have expertise in the subject matter of the decisions. As a result, his autocratic style led to a rebellion by those working for him and his termination only six months after his appointment. A key point about Figure 14-3 is that unless a leader is an expert with regard to the focus of the decision, autocratic decisions are not the right style to choose.

Research tends to support many of the time-driven model's propositions, particularly when it uses practicing managers as participants.³⁶ For example, one study asked managers to recall past decisions, the context surrounding those decisions, and the eventual successes (or failures) of their decisions.³⁷ When managers used the decision-making styles recommended by the model, those decisions were rated as successful 68 percent of the time. When managers went against the model's prescriptions, their decisions were only rated as successful 22 percent of the time. It's also interesting

to note that studies suggest that managers tend to choose the style recommended by the model only around 40 percent of the time and exhibit less variation in styles than the model suggests they should.³⁸ In particular, managers seem to overuse the consultative style and underutilize autocratic and facilitative styles. Sheila Lirio Marcelo, the CEO of Care.com, uses a unique approach by actually letting her staff know what type of decisions will be made prior to each meeting. “We do Type 1, Type 2, Type 3 decisions,” she said. “Type 1 decisions are the decision-maker’s sole decision—dictatorial [autocratic]. Type 2: people can provide input, and then the person can still make the decision [consultative]. Type 3, it’s consensus [facilitative]. It’s a great way to efficiently solve a problem.”³⁹ To try to use the time-driven model’s suggestions yourself, see this chapter’s **OB on Screen**.

OB ON SCREEN

THE MARTIAN

This is something NASA expressly rejected. We’re talking about mutiny here, which is not a word that I take lightly, so we do this together—or not at all.

With those words, Commander Melissa Lewis (Jessica Chastain) signals the decision-making style she is going to use during a conversation with the crew of the *Hermes* in *The Martian* (Dir: Ridley Scott, 20th Century Fox, 2015). The year is 2035 and the crew of the Ares III mission to Mars has just been sent a clandestine communication from an unknown source within NASA. The message provides details as to how they can re-route their spacecraft to potentially return to Mars to save stranded crew member Mark Watney (Matt Damon) whom they left behind believing that he was dead. The decision is not an easy one and is rife with potential complications. What decision-making style should Commander Lewis use to decide what to do?



©Photo 12/Alamy

If we work our way through Figure 14-3, it seems clear that the decision is significant. To re-route their craft is to go against the decision of NASA and potentially jeopardizes the entire operation. Commander Lewis also stresses to the crew that any mistake along the way could kill them all. Getting the crew’s commitment to the decision is highly important not only due to the danger, but also because it adds 533 days to their voyage. Commander Lewis, while highly qualified, does not have the expertise to do it alone. It’s likely the crew will commit; one does so before even thinking through the options. The crew shares a great desire (objective) to rectify leaving one of their own behind and they are each experts in their chosen fields (geologist, pilot, doctor, computer programmer, and chemist). In addition, the crew has demonstrated their ability to work effectively with each other as a team. If you’ve been keeping up with Figure 14-3 we have a H-H-L-H-H-H-H, suggesting that Commander Lewis’s most effective decision-making style would be facilitative. Even though it is within her purview to order the crew to do what she wants, Commander Lewis presents the problem to the group and seeks consensus on the solution, ensuring that her vote only counts as one of five.

DAY-TO-DAY LEADERSHIP BEHAVIORS

Leaving aside how they go about making decisions, what do leaders *do* on a day-to-day basis? When you think about bosses that you've had, what behaviors did they tend to perform as part of their daily leadership responsibilities? A series of studies at Ohio State in the 1950s attempted to answer that question. Working under grants from the Office of Naval Research and the International Harvester Company, the studies began by generating a list of all the behaviors leaders engage in—around 1,800 in all.⁴⁰ Those behaviors were trimmed down to 150 specific examples, then grouped into several categories, as shown in Table 14-3.⁴¹ The table reveals that many leaders spend their time engaging in a mix of initiating, organizing, producing, socializing, integrating, communicating, recognizing, and representing behaviors. Although eight categories are easier to remember than 1,800 behaviors, further analyses suggested that the categories in Table 14-3 really boil down to just two dimensions: initiating structure and consideration.⁴²

Initiating structure reflects the extent to which the leader defines and structures the roles of employees in pursuit of goal attainment.⁴³ Leaders who are high on initiating structure play a more active role in directing group activities and prioritize planning, scheduling, and trying out new ideas. They might emphasize the importance of meeting deadlines, describe explicit standards of performance, ask employees to follow formalized procedures, and criticize poor work when necessary.⁴⁴ Millard Drexler, CEO of J. Crew (the New York-based clothing retailer), has a unique initiating structure approach as he belts out instructions, assigns tasks, discusses clothing trends, and talks about sales statistics and goals about a dozen times a day over loudspeakers in the main Manhattan office. If he isn't in the office (and he often isn't), he has his assistant patch him in through his cell phone.⁴⁵

Consideration reflects the extent to which leaders create job relationships characterized by mutual trust, respect for employee ideas, and consideration of employee feelings.⁴⁶ Leaders who

14.4

What two dimensions capture most of the day-to-day leadership behaviors in which leaders engage?

TABLE 14-3 Day-to-Day Behaviors Performed by Leaders

BEHAVIOR	DESCRIPTION
Initiating Structure	
Initiation	Originating, facilitating, and sometimes resisting new ideas and practices
Organization	Defining and structuring work, clarifying leader versus member roles, coordinating employee tasks
Production	Setting goals and providing incentives for the effort and productivity of employees
Consideration	
Membership	Mixing with employees, stressing informal interactions, and exchanging personal services
Integration	Encouraging a pleasant atmosphere, reducing conflict, promoting individual adjustment to the group
Communication	Providing information to employees, seeking information from them, showing an awareness of matters that affect them
Recognition	Expressing approval or disapproval of the behaviors of employees
Representation	Acting on behalf of the group, defending the group, and advancing the interests of the group

Source: R.M. Stogdill, *Manual for the Leader Behavior Description Questionnaire-Form XII*, Bureau of Business Research, The Ohio State University, 1963.

are high on consideration create a climate of good rapport and strong, two-way communication and exhibit a deep concern for the welfare of employees. They might do personal favors for employees, take time to listen to their problems, “go to bat” for them when needed, and treat them as equals.⁴⁷ Jeff Immelt, CEO of General Electric, attempts to do this with many of the officers in his company by hosting a sleepover a couple of times a month. Immelt says, “We spend Saturday morning just talking about their careers. Who they are, how they fit, how I see their strengths and weaknesses—stuff like that. The personal connection is something I may have taken for granted before that [and] I don’t want to ever take for granted again.”⁴⁸ Google’s project OXYGEN was a process that tried to identify the most effective behaviors of managers inside the organization. The three most important habits that determined leader success were all oriented toward consideration: meeting regularly with employees, taking an interest in them personally, and asking questions rather than always providing answers.⁴⁹

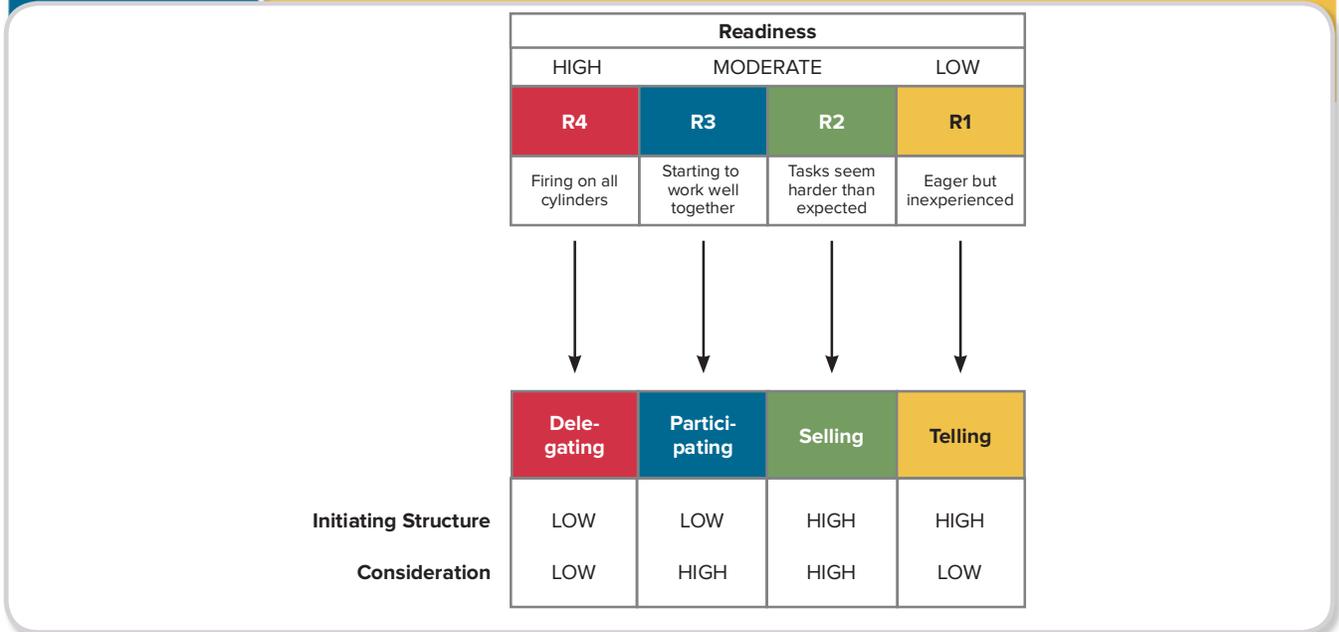
The Ohio State studies argued that initiating structure and consideration were (more or less) independent concepts, meaning that leaders could be high on both, low on both, or high on one and low on the other. That view differed from a series of studies conducted at the University of Michigan during the same time period. Those studies identified concepts similar to initiating structure and consideration, calling them production-centered (or task-oriented) and employee-centered (or relations-oriented) behaviors.⁵⁰ However, the Michigan studies framed their task-oriented and relations-oriented concepts as two ends of one continuum, implying that leaders couldn’t be high on both dimensions.⁵¹ In fact, a meta-analysis of 78 studies showed that initiating structure and consideration are only weakly related—knowing whether a leader engages in one brand of behavior says little about whether he or she engages in the other brand.⁵² To see how much initiating structure and consideration you engage in during leadership roles, see our **OB Assessments** feature.

After an initial wave of research on initiating structure and consideration, leadership experts began to doubt the usefulness of the two dimensions for predicting leadership effectiveness.⁵³ More recent research has painted a more encouraging picture, however. A meta-analysis of 103 studies showed that initiating structure and consideration both had beneficial relationships with a number of outcomes.⁵⁴ For example, consideration had a strong positive relationship with perceived leader effectiveness, employee motivation, and employee job satisfaction. It also had a moderate positive relationship with overall unit performance. For its part, initiating structure had a strong positive relationship with employee motivation and moderate positive relationships with perceived leader effectiveness, employee job satisfaction, and overall unit performance. One of the most amusing and unique CEOs in the country, Chobani’s Hamdi Ulukaya, is known for exhibiting both sets of behaviors. Employees say that there are, in essence, two Hamdi’s. Ulukaya says, “I’m a shepherd and I’m a warrior—I come and go between those two.” CMO Peter McGuinness says the two versions of Ulukaya mesh together well: “The leaders of tomorrow more and more realize that having a strong head and big heart is where you need to be.”⁵⁵

Although initiating structure and consideration tend to be beneficial across situations, there may be circumstances in which they become more or less important. The **life cycle theory of leadership** (sometimes also called the *situational model of leadership*) argues that the optimal combination of initiating structure and consideration depends on the readiness of the employees in the work unit.⁵⁶ **Readiness** is broadly defined as the degree to which employees have the ability and the willingness to accomplish their specific tasks.⁵⁷ As shown in Figure 14-4, the theory suggests that readiness varies across employees and can be expressed in terms of four important snapshots: R1–R4. To find the optimal combination of leader behaviors for a particular readiness snapshot, put your finger on the relevant R, then move it straight down to the recommended combination of behaviors.

The description of the first two R’s has varied over time and across different formulations of the theory. One formulation described the R’s as similar to stages of group development.⁵⁸ R1 refers to a group of employees who are working together for the first time and are eager to begin, but they lack the experience and confidence needed to perform their roles. Here the optimal combination of leader behaviors is **telling**—high initiating structure and low consideration—in which case the leader provides specific instructions and closely supervises performance. The lion’s share of the leader’s attention must be devoted to directing followers in this situation,

FIGURE 14-4 The Life Cycle Theory of Leadership



Source: Adapted from P. Hersey and K. Blanchard, "Revisiting the Life-Cycle Theory of Leadership," *Training and Development*, January 1996, pp. 42-47.

because their goals and roles need to be clearly defined. In the R2 stage, the members have begun working together and, as typically happens, are finding that their work is more difficult than they had anticipated. As eagerness turns to dissatisfaction, the optimal combination of leader behaviors is **selling**—high initiating structure and high consideration—in which the leader supplements his or her directing with support and encouragement to protect the confidence levels of the employees.

As employees gain more ability, guidance and direction by the leader become less necessary. At the R3 stage, employees have learned to work together well, though they still need support and collaboration from the leader to help them adjust to their more self-managed state of affairs. Here **participating**—low initiating structure and high consideration—becomes the optimal combination of leader behaviors. Finally, the optimal combination for the R4 readiness level is **delegating**—low initiating structure and low consideration—such that the leader turns responsibility for key behaviors over to the employees. Here the leader gives them the proverbial ball and lets them run with it. All that's needed from the leader is some degree of observation and monitoring to make sure that the group's efforts stay on track. Nick Woodman, CEO of GoPro, had to learn the hard way (after numerous project



Jeff Immelt, CEO of General Electric, exhibits consideration by holding "sleepovers" with his officers to get to know them better.

©Brett Flashnick/AP Images

failures) to recognize the readiness in his followers and that as the company's projects moved outside of his area of expertise, he had to delegate more to his staff.⁵⁹

Estimates suggest that the life cycle theory has been incorporated into leadership training programs at around 400 of the firms in the *Fortune* 500, with more than one million managers exposed to it annually.⁶⁰ Unfortunately, the application of the theory has outpaced scientific testing of its propositions, and the shifting nature of its terminology and predictions has made scientific testing somewhat difficult.⁶¹ The research that has been conducted supports the theory's predictions only for low readiness situations, suggesting that telling and selling sorts of behaviors may be more effective when ability, motivation, or confidence is lacking.⁶² When readiness is higher, these tests suggest that leader behaviors simply matter less, regardless of their particular combinations. Tests also suggest that leaders only use the recommended combinations of behaviors between 14 and 37 percent of the time,⁶³ likely because many leaders adhere to the same leadership philosophy regardless of the situation. It should also be noted that tests of the theory have been somewhat more supportive when conducted on an across-job, rather than within-job, basis. For example, research suggests that the performance of lower ranking university employees (e.g., maintenance workers, custodians, landscapers) depends more on initiating structure and less on consideration than the performance of higher ranking university employees (e.g., professors, instructors).⁶⁴

TRANSFORMATIONAL LEADERSHIP BEHAVIORS

By describing decision-making styles and day-to-day leader behaviors, we've covered a broad spectrum of what it is that leaders do. Still, something is missing. Take a small piece of scrap paper and jot down five people who are famous for their effective leadership. They can come from inside or outside the business world and can be either living people or historical figures. All that's important is that their name be practically synonymous with great leadership. Once you've compiled your list, take a look at the names. Do they appear on your list because they tend to use the right decision-making styles in the right situations and engage in effective levels of consideration and initiating structure? What about the case of Mary Barra? Do decision-making styles and day-to-day leadership behaviors explain her importance to the fortunes of GM?

The missing piece of this leadership puzzle is what leaders do to motivate their employees to perform beyond expectations. **Transformational leadership** involves inspiring followers to commit to a shared vision that provides meaning to their work while also serving as a role model who helps followers develop their own potential and view problems from new perspectives.⁶⁵ Transformational leaders heighten followers' awareness of the importance of certain outcomes while

Mother Teresa's inspiring humanitarian work with India's sick and poor, and her founding of the influential Missionaries of Charity, became known around the world and suggest that she was a transformational leader. She was awarded the Nobel Peace Prize in 1979.



©Tim Graham/Hulton Archive/Getty Images

increasing their confidence that those outcomes can be achieved.⁶⁶ What gets “transformed” is the way followers view their work, causing them to focus on the collective good more than just their own short-term self-interests and to perform beyond expectations as a result.⁶⁷ Former president Dwight D. Eisenhower once noted, “Leadership is the ability to decide what is to be done, and then to get others to want to do it.”⁶⁸ Former president Harry S. Truman similarly observed, “A leader is a man who has the ability to get other people to do what they don’t want to do, and like it.”⁶⁹ Both quotes capture a transformation in the way followers view their work and what motivates them on the job.

Transformational leadership is viewed as a more motivational approach to leadership than other managerial approaches. Figure 14-5 contrasts various approaches to leadership according to how active or passive they are and, ultimately, how effective they prove to be. The colored cubes in the figure represent five distinct approaches to motivating employees, and the depth of the cubes represents how much a leader prioritizes each of the approaches. The figure therefore represents an optimal leadership approach that prioritizes more effective and more active behaviors. That optimal approach includes low levels of **laissez-faire (i.e., hands-off) leadership**, represented by the red cube, which is the avoidance of leadership altogether.⁷⁰ Important actions are delayed, responsibility is ignored, and power and influence go unutilized. One common measure of leadership reflects laissez-faire styles with this statement: “The leader avoids getting involved when important issues arise.”⁷¹

The three yellow cubes represent **transactional leadership**, which occurs when the leader rewards or disciplines the follower depending on the adequacy of the follower’s performance.⁷² With **passive management-by-exception**, the leader waits around for mistakes and errors, then takes corrective action as necessary.⁷³ After all, “if it ain’t broke, don’t fix it!”⁷⁴ This approach is represented by statements like: “The leader takes no action until complaints are received.”⁷⁵ With **active management-by-exception**, the leader arranges to monitor mistakes and errors actively and again takes corrective action when required.⁷⁶ This approach is represented by statements like: “The leader directs attention toward failures to meet standards.”⁷⁷ **Contingent reward** represents a more active and effective brand of transactional leadership, in which the leader attains follower agreement on what needs to be done using promised or actual rewards in exchange for adequate performance.⁷⁸ Statements like “The leader makes clear what one can expect to receive when performance goals are achieved” exemplify contingent reward leadership.⁷⁹

Transactional leadership represents the “carrot-and-stick” approach to leadership, with management-by-exception providing the “sticks” and contingent reward supplying the “carrots.” Of course, transactional leadership represents the dominant approach to motivating employees in most organizations, and research suggests that it can be effective. A meta-analysis of 87 studies showed that contingent reward was strongly related to follower motivation and perceived leader effectiveness⁸⁰ (see Chapter 6 on motivation for more discussion of such issues). Active management-by-exception was only weakly related to follower motivation and perceived leader effectiveness, however, and passive management-by-exception seems actually to harm those outcomes.⁸¹ Such results support the progression shown in Figure 14-5, with contingent reward standing as the most effective approach under the transactional leadership umbrella.

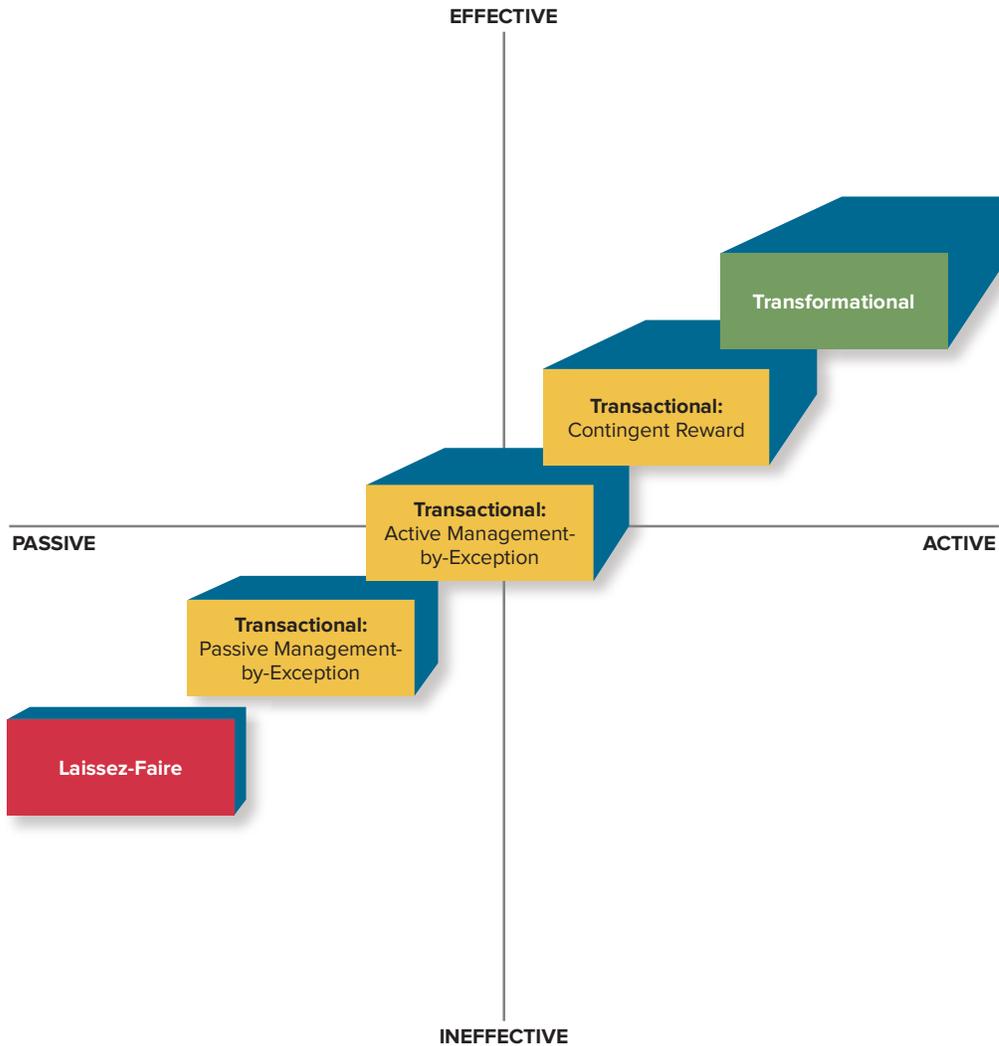
Finally, the green cube represents transformational leadership—the most active and effective approach in Figure 14-5. How effective is transformational leadership? Well, we’ll save that discussion for the “How Important Is Leadership?” section that concludes this chapter, but suffice it to say that transformational leadership has the strongest and most beneficial effects of any of the leadership variables described in this chapter. It’s also the leadership approach that’s most universally endorsed across cultures, as described in our **OB Internationally** feature. In addition, it probably captures the key qualities of the famous leaders we asked you to list a few paragraphs back. To understand why it’s so powerful, we need to dig deeper into the specific kinds of actions and behaviors that leaders can utilize to become more transformational. It turns out that the full spectrum of transformational leadership can be summarized using four dimensions: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Collectively, these four dimensions of transformational leadership are often called “the Four I’s.”⁸² For our discussion of transformational leadership, we’ll use Steve Jobs, former CEO of Apple, who was widely recognized as one of the most transformational leaders in the corporate

14.5

How does transformational leadership differ from transactional leadership, and which behaviors set it apart?

FIGURE 14-5

Laissez-Faire, Transactional, and Transformational Leadership



Source: Adapted from B.M. Bass and R.E. Riggio, *Transformational Leadership*, 2nd ed. (Mahwah, NJ: Erlbaum, 2006).

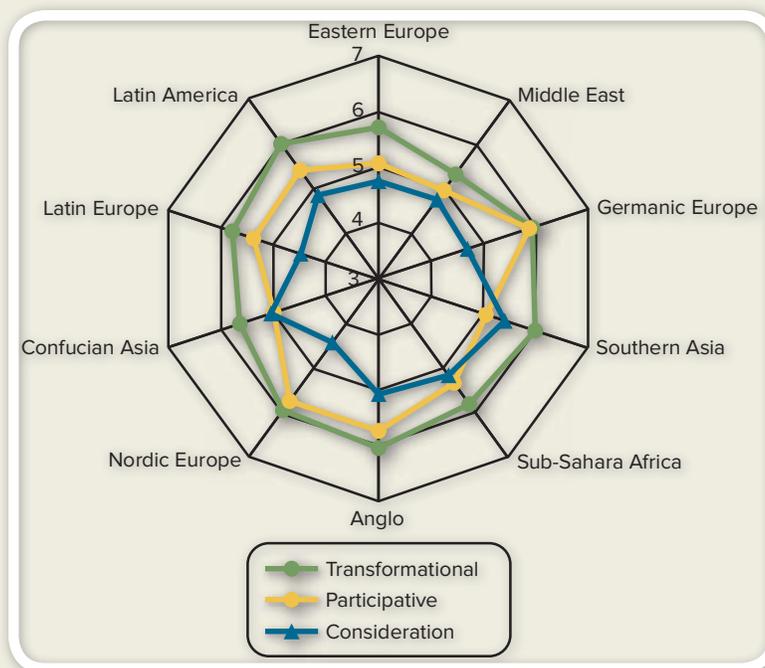
world, as a running example. *Fortune* named Jobs “CEO of the Decade” for the 2000s.⁸³ Although Jobs died in 2011, his legacy as a transformational leader continues to this day. The fact that we constantly hear good leaders being called “Steve Jobs-like” illustrates this fact. Jobs’s leadership continues to affect employees at Apple in profound ways.⁸⁴

Idealized influence involves behaving in ways that earn the admiration, trust, and respect of followers, causing followers to want to identify with and emulate the leader.⁸⁵ Idealized influence is represented by statements like: “The leader instills pride in me for being associated with him/her.”⁸⁶ Idealized influence is synonymous with *charisma*—a Greek word that means “divinely inspired gift”—which reflects a sense among followers that the leader possesses extraordinary qualities.⁸⁷ “Charisma” is a word that was often associated with Steve Jobs. One observer noted that even though Jobs could be very difficult to work with, his remarkable charisma created a mysterious attraction that drew people to him, keeping them loyal to his collective sense of mission.⁸⁸

To some extent, discussions of charisma serve as echoes of the “great person” view of leadership that spawned the trait research described in Table 14-2. In fact, research suggests that there

OB INTERNATIONALLY

Does the effectiveness of leader styles and behaviors vary across cultures? Answering that question is one of the objectives of *Project GLOBE's* test of *culturally endorsed implicit leadership theory*, which argues that effective leadership is “in the eye of the beholder” (see Chapter 9 on personality and cultural values for more discussion of such issues). To test the theory, researchers asked participants across cultures to rate a number of leader styles and behaviors using a 1 (very ineffective) to 7 (very effective) scale. The accompanying figure shows how three of the styles and behaviors described in this chapter were rated across 10 different regions (note that the term “Anglo” represents people of English ethnicity, including the United States, Great Britain, and Australia).



It turns out that transformational leadership is the most universally accepted approach to leadership of any of the concepts studied by Project GLOBE, receiving an average rating near 6 in every region except the Middle East. That appeal is likely explained by the fact that transformational leaders emphasize values like idealism and virtue that are endorsed in almost all countries. The figure also shows that a participative style is favorably viewed in most countries, though more variation is evident. Even more variation is seen with consideration behaviors, which are endorsed a bit less across the board but especially in Europe. Understanding these kinds of results can help organizations select and train managers who will fit the profile of an effective leader in a given region.

Sources: P.W. Dorfman, P.J. Hanges, and F.C. Brodbeck, “Leadership and Cultural Variation: The Identification of Culturally Endorsed Leadership Profiles,” in *Culture, Leadership, and Organizations*, ed. R.J. House, P.J. Hanges, M. Javidan, P.W. Dorfman, and V. Gupta (Thousand Oaks, CA: Sage, 2004), pp. 669–720; R.J. House, P.J. Hanges, M. Javidan, P.W. Dorfman, and V. Gupta, *Culture, Leadership, and Organizations* (Thousand Oaks, CA: Sage, 2004); and M. Javidan, R.J. House, and P.W. Dorfman, “A Nontechnical Summary of GLOBE Findings,” in *Culture, Leadership, and Organizations*, ed. R.J. House, P.J. Hanges, M. Javidan, P.W. Dorfman, and V. Gupta (Thousand Oaks, CA: Sage, 2004), pp. 29–48.

is a genetic component to charisma specifically and to transformational leadership more broadly. Studies on identical twins reared apart show that such twins have very similar charismatic profiles, despite their differing environments.⁸⁹ Indeed, such research suggests that almost 60 percent of the variation in charismatic behavior can be explained by genes. One explanation for such findings is that genes influence the personality traits that give rise to charisma. For example, research suggests that extraversion, openness to experience, and agreeableness have significant effects on perceptions of leader charisma,⁹⁰ and all three of those personality dimensions have a significant genetic component (see Chapter 9 on personality and cultural values for more discussion of such issues).

Inspirational motivation involves behaving in ways that foster an enthusiasm for and commitment to a shared vision of the future.⁹¹ That vision is transmitted through a sort of “meaning-making” process in which the negative features of the status quo are emphasized while highlighting the positive features of the potential future.⁹² Inspirational motivation is represented by statements like: “The leader articulates a compelling vision of the future.”⁹³ At Apple, Steve Jobs was renowned for spinning a “reality distortion field” that reshaped employees’ views of the current work environment.⁹⁴ One Apple employee explained, “Steve has this power of vision that is almost frightening. When Steve believes in something, the power of that vision can literally sweep aside any objections, problems, or whatever. They just cease to exist.”⁹⁵

Intellectual stimulation involves behaving in ways that challenge followers to be innovative and creative by questioning assumptions and reframing old situations in new ways.⁹⁶ Intellectual stimulation is represented by statements like: “The leader gets others to look at problems from many different angles.”⁹⁷ Intellectual stimulation was a staple of Jobs’s tenure at Apple. He pushed for a different power supply on the Apple II so that the fan could be removed, preventing it from humming and churning like other computers of the time. Years later, he insisted on removing the floppy drive from the iMac because it seemed silly to transfer data one megabyte at a time, a decision that drew merciless criticism when the iMac debuted. One employee talking about Jobs stated, “There would be times when we’d rack our brains on a user interface problem, and think we’d considered every option, and he would go ‘Did you think of this?’ He’d redefine the problem or approach, and our little problem would go away.”⁹⁸

Individualized consideration involves behaving in ways that help followers achieve their potential through coaching, development, and mentoring.⁹⁹ Not to be confused with the consideration behavior derived from the Ohio State studies, individualized consideration represents treating employees as unique individuals with specific needs, abilities, and aspirations that need to be tied into the unit’s mission. Individualized consideration is represented by statements like: “The leader spends time teaching and coaching.”¹⁰⁰ Of the four facets of transformational leadership, Steve Jobs seemed lowest on individualized consideration. Employees who were not regarded as his equals were given a relatively short leash and sometimes faced an uncertain future in the company. In fact, some Apple employees resisted riding the elevator for fear of ending up trapped with Jobs for the ride between floors. As one observer describes it, by the time the doors open, you might have had your confidence undermined for weeks.¹⁰¹ For a different (yet similar) take on what sets our best leaders apart from others, see our **OB at the Bookstore** feature.

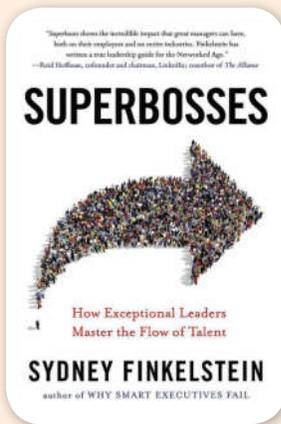
One interesting domain for examining transformational leadership issues is politics. Many of the most famous speeches given by U.S. presidents include a great deal of transformational content. Table 14-4 includes excerpts from speeches given by presidents that rank highly on transformational content based on scientific and historical study.¹⁰² One theme that’s notable in the table is the presence of a crisis, as many of the presidents were attempting to steer the country through a difficult time in history (e.g., World War II, the Cold War, the Civil War). That’s not a coincidence, in that times of crisis are particularly conducive to the emergence of transformational leadership.¹⁰³ Times of stress and turbulence cause people to long for charismatic leaders, and encouraging, confident, and idealistic visions resonate more deeply during such times. In addition, support for this suggestion comes from President George W. Bush’s speeches before and after the tragedies on 9/11. Coding of his major speeches, public addresses, and radio addresses shows a significant increase in the transformational content of his rhetoric after the 9/11 attacks, including more focus on a collective mission and more articulation of a values-based vision.¹⁰⁴ As future research is conducted, we’re fairly confident that President

OB AT THE BOOKSTORE

SUPERBOSSSES

by Sydney Finkelstein (New York: Portfolio / Penguin, 2016)

Superbosses are the great coaches, the igniters of talent, and the teachers of leadership in most industries. In effect, superbosses have mastered something most bosses miss—a path to extraordinary success founded on making other people successful.



©Roberts Publishing Services

With those words, Sydney Finkelstein describes what sets his idea of a “Superboss” apart from most other managers or leaders. Finkelstein, a professor at Dartmouth University, spent 10 years interviewing over 200 renowned leaders across numerous industries to try to unlock the secrets to what creates superlative leadership. The fundamental conclusion he reached is that what makes a superboss is primarily a leader’s desire and ability to make the people underneath them successful. They are willing to do whatever it takes to hire the right people (sometimes in spite of a lack of qualifications) and have the ability to push them to be successful by using their authentic leadership styles. You can spot a superboss by looking at the trail of successful leaders behind them. For instance, at one point NFL Coach Bill Walsh (one of the inspirations for Finkelstein’s research) had trained 26 of the current head coaches in the NFL (out of 32). He identifies the following characteristics present to some degree in all superbosses: extreme confidence, competitiveness, imagination,

integrity, and authenticity.

Finkelstein argues that superbosses essentially fall into one of three categories. The first are “Iconoclasts” who have a creative and passionate vision that inspires the employees around them. Examples of iconoclasts are George Lucas, Lorne Michaels, and Jon Stewart. The second category is “Glorious Bastards” in which the leader is focused on only one thing: winning. However, these leaders recognize that winning comes through hiring and developing the best people. Examples of glorious bastards are Larry Ellison, Michael Milken, and Bonnie Fuller. The third group of superbosses are “Nurturers” who take pride in mentoring those around them and care about their success. Examples include Mary Kay Ash, Bill Walsh, and Norman Brinker. Not surprisingly, these categories actually map pretty well onto three of the four dimensions of transformational leadership—namely, inspirational motivation (iconoclasts), intellectual stimulation (glorious bastards), and individualized consideration (nurturers).

Barack Obama’s speeches will be described similarly, as many of his campaign and postelection speeches were high in transformational content. In fact, President Obama was known for being a very charismatic leader in terms of both the messages he delivered and the mannerisms that went along with them.¹⁰⁵ It remains to be seen how President Trump’s speeches will be seen and received by others.

SUMMARY: WHY ARE SOME LEADERS MORE EFFECTIVE THAN OTHERS?

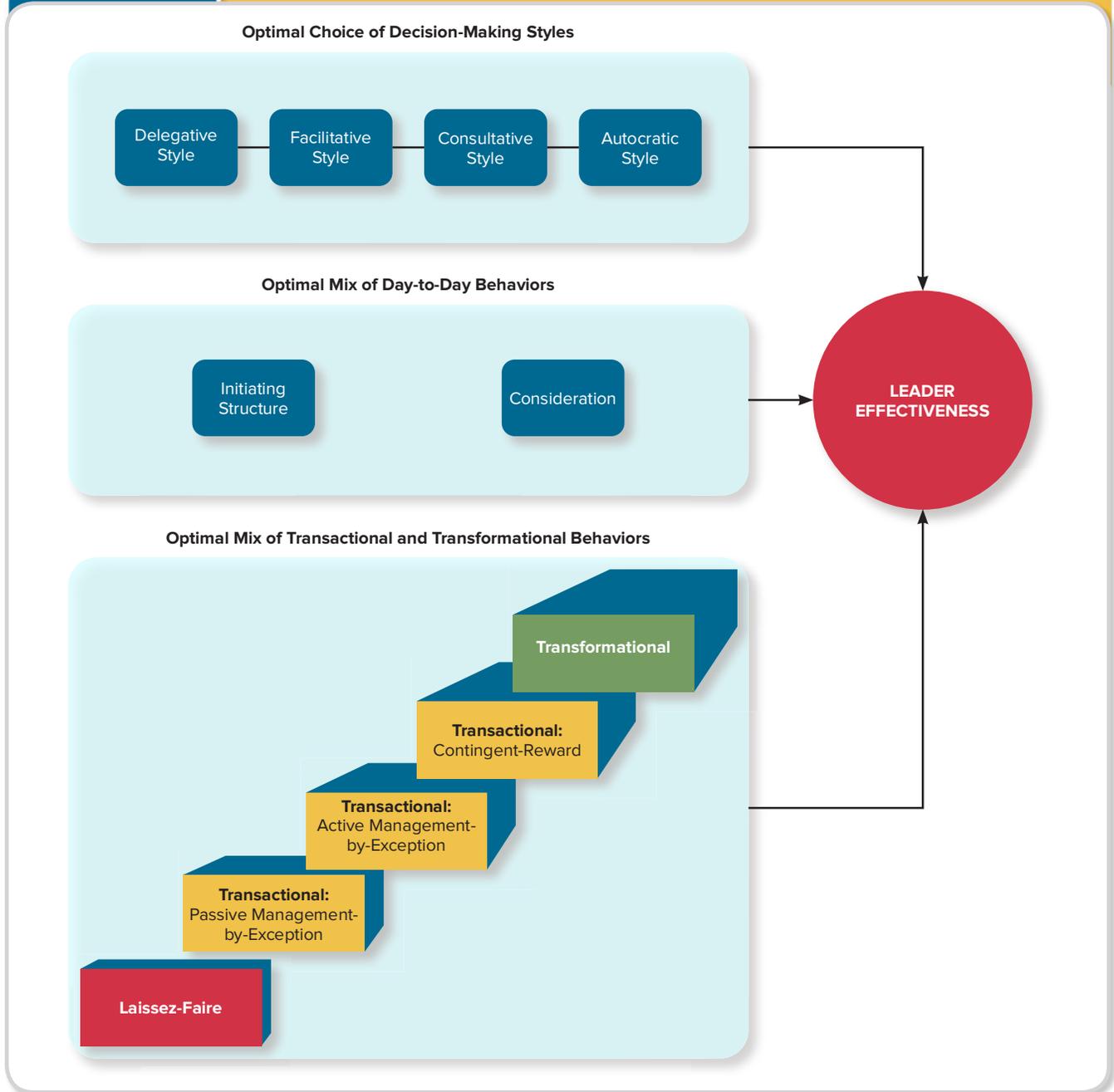
So what explains why some leaders are more effective than others? As shown in Figure 14-6, answering that question requires an understanding of the particular styles that leaders use to make decisions and the behaviors they perform in their leadership role. In terms of decision-making

TABLE 14-4

Transformational Rhetoric among U.S. Presidents

PRESIDENT	TERM	REMARK	WHICH "I"?
Abraham Lincoln	1861–1865	"Fourscore and seven years ago our forefathers brought forth on this continent, a new nation, conceived in Liberty, and dedicated to the proposition that all men are created equal."	Idealized influence
Franklin Roosevelt	1933–1945	"First of all, let me assert my firm belief that the only thing we have to fear is fear itself—nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance."	Inspirational motivation
John F. Kennedy	1961–1963	"And so, my fellow Americans . . . ask not what your country can do for you—ask what you can do for your country. My fellow citizens of the world: Ask not what America will do for you, but what together we can do for the freedom of man."	Intellectual stimulation
Lyndon Johnson	1963–1969	"If future generations are to remember us more with gratitude than sorrow, we must achieve more than just the miracles of technology. We must also leave them a glimpse of the world as it was created, not just as it looked when we got through with it."	Idealized influence
Ronald Reagan	1981–1989	"General Secretary Gorbachev, if you seek peace, if you seek prosperity for the Soviet Union and Eastern Europe, if you seek liberalization: Come here to this gate! Mr. Gorbachev, open this gate! Mr. Gorbachev, tear down this wall!"	Idealized influence
Bill Clinton	1993–2001	"To realize the full possibilities of this economy, we must reach beyond our own borders, to shape the revolution that is tearing down barriers and building new networks among nations and individuals, and economies and cultures: globalization. It's the central reality of our time."	Intellectual stimulation

Sources: J.S. Mio, R.E. Riggio, S. Levin, and R. Reese, "Presidential Leadership and Charisma: The Effects of Metaphor," *Leadership Quarterly* 16 (2005), pp. 287–94; http://www.usa-patriotism.com/quotes/_list.htm.

FIGURE 14-6 Why Are Some Leaders More Effective Than Others?

styles, do they choose the most effective combination of leader and follower control in terms of the autocratic, consultative, facilitative, and delegative styles, particularly considering the importance of the decision and the expertise in the unit? In terms of day-to-day behaviors, do they engage in adequate levels of initiating structure and consideration? Finally, do they utilize an effective combination of transactional leadership behaviors, such as contingent reward, and transformational leadership behaviors, such as idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration?

HOW IMPORTANT IS LEADERSHIP?

14.6

How does leadership affect job performance and organizational commitment?

How important is leadership? As with some other topics in organizational behavior, that's a complicated question because "leadership" isn't just one thing. Instead, all of the styles and behaviors summarized in Figure 14-6 have their own unique importance. However, transformational leadership stands apart from the rest to some extent, with particularly strong effects in organizations. For example, transformational leadership is more strongly related to unit-focused measures of leadership effectiveness, like the kind shown in the top panel of Table 14-1.¹⁰⁶ Units led by a transformational leader tend to be more financially successful and bring higher-quality products and services to market at a faster rate.¹⁰⁷ Transformational leadership is also more strongly related to dyad-focused measures of leader effectiveness, like the kind shown in the bottom panel of Table 14-1. Transformational leaders tend to foster leader-member exchange relationships that are of higher quality, marked by especially strong levels of mutual respect and obligation.¹⁰⁸

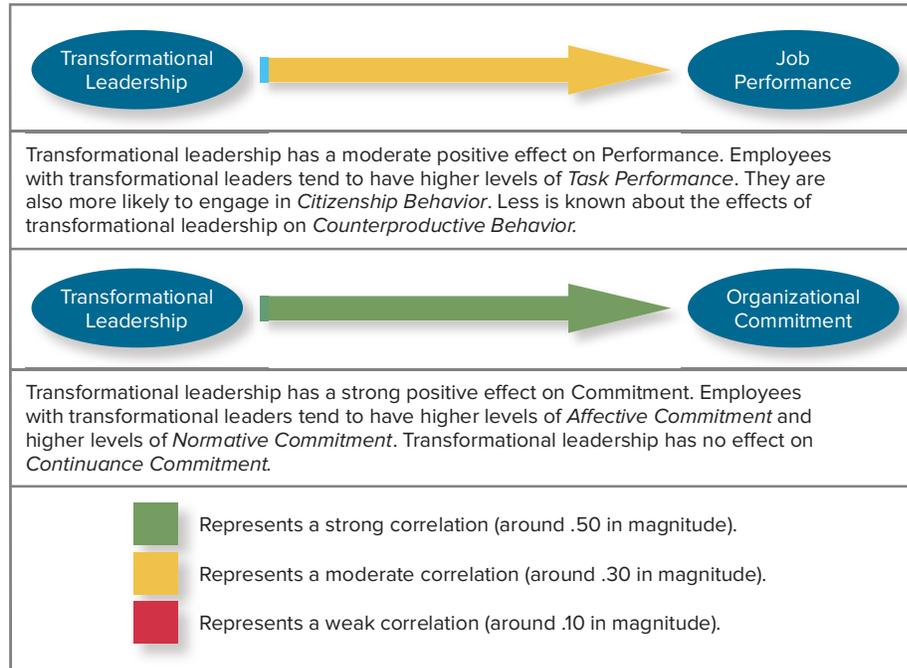
What if we focus specifically on the two outcomes in our integrative model of OB: performance and commitment? Figure 14-7 summarizes the research evidence linking transformational leadership to those two outcomes. The figure reveals that transformational leadership indeed affects the job performance of the employees who report to the leader. Employees with transformational leaders tend to have higher levels of task performance and engage in higher levels of citizenship behaviors.¹⁰⁹ Why? One reason is that employees with transformational leaders have higher levels of *motivation* than other employees.¹¹⁰ They feel a stronger sense of psychological empowerment, feel more self-confident, and set more demanding work goals for themselves.¹¹¹ Transformational leaders also help their followers frame stressful situations in such a way that they are better able to cope with hindrance stressors and to be engaged by challenge stressors.¹¹² (See Chapter 5 for a detailed discussion of these stressors.) They also *trust* the leader more, making them willing to exert extra effort even when that effort might not be immediately rewarded.¹¹³

Figure 14-7 also reveals that employees with transformational leaders tend to be more committed to their organization.¹¹⁴ They feel a stronger emotional bond with their organization and a stronger sense of obligation to remain present and engaged in their work.¹¹⁵ Why? One reason is that employees with transformational leaders have higher levels of *job satisfaction* than other employees.¹¹⁶ One study showed that transformational leaders can make employees feel that their jobs have more variety and significance, enhancing intrinsic satisfaction with the work itself.¹¹⁷ Other studies have shown that charismatic leaders express positive emotions more frequently and that those emotions are "caught" by employees through a sort of "emotional contagion" process.¹¹⁸ For example, followers of transformational leaders tend to feel more optimism and less frustration during their workday, which makes it a bit easier to stay committed to work.¹¹⁹

Although leadership is very important to unit effectiveness and the performance and commitment of employees, there are contexts in which the importance of the leader can be reduced. The **substitutes for leadership model** suggests that certain characteristics of the situation can constrain the influence of the leader, making it more difficult for the leader to influence employee performance.¹²⁰ Those situational characteristics come in two varieties, as shown in Table 14-5. **Substitutes** reduce the importance of the leader while simultaneously providing a direct benefit to employee performance. For example, a cohesive work group can provide its own sort of governing behaviors, making the leader less relevant, while providing its own source of motivation and job satisfaction. **Neutralizers**, in contrast, only reduce the importance of the leader; they themselves have no beneficial impact on performance.¹²¹ For example, spatial distance lessens the impact of a leader's behaviors and styles, but distance itself has no direct benefit for employee job performance.

The substitutes for leadership model offers a number of prescriptions for a better understanding of leadership in organizations. First, it can be used to explain why a leader who seemingly "does the right things" doesn't seem to be making any difference.¹²² It may be that the leader's

FIGURE 14-7 Effects of Transformational Leadership on Performance and Commitment



Sources: T.A. Judge and R.F. Piccolo, "Transformational and Transactional Leadership: A Meta-Analytic Test of Their Relative Validity," *Journal of Applied Psychology* 89 (2004), pp. 755-68; J.P. Meyer, D.J. Stanley, L. Herscovitch, and L. Topolnytsky, "Affective, Continuance, and Normative Commitment to the Organization: A Meta-Analysis of Antecedents, Correlates, and Consequences," *Journal of Vocational Behavior* 61 (2002), pp. 20-52; and P.M. Podsakoff, S.B. MacKenzie, J.B. Paine, and D.G. Bachrach, "Organizational Citizenship Behaviors: A Critical Review of the Theoretical and Empirical Literature and Suggestions for Future Research," *Journal of Management* 26 (2000), pp. 513-63.

TABLE 14-5 Leader Substitutes and Neutralizers

SUBSTITUTES	DESCRIPTION
Task feedback	Receiving feedback on performance from the task itself
Training & experience	Gaining the knowledge to act independently of the leader
Professionalism	Having a professional specialty that offers guidance
Staff support	Receiving information and assistance from outside staff
Group cohesion	Working in a close-knit and interdependent work group
Intrinsic satisfaction	Deriving personal satisfaction from one's work
NEUTRALIZERS	DESCRIPTION
Task stability	Having tasks with a clear, unchanging sequence of steps
Formalization	Having written policies and procedures that govern one's job
Inflexibility	Working in an organization that prioritizes rule adherence
Spatial distance	Being separated from one's leader by physical space

Source: Adapted from S. Kerr and J.M. Jermier, "Substitutes for Leadership: Their Meaning and Measurement," *Organizational Behavior and Human Performance* 22 (1978), pp. 375-403.

work context possesses high levels of neutralizers and substitutes. Second, it can be used to explain what to do if an ineffective person is in a leadership role with no immediate replacement waiting in the wings.¹²³ If the leader can't be removed, perhaps the organization can do things to make that leader more irrelevant. Studies of the substitutes for leadership model have been inconsistent in showing that substitutes and neutralizers actually make leaders less influential in the predicted manner.¹²⁴ What is clearer is that the substitutes in Table 14-5 have beneficial effects on the job performance and organizational commitment of employees. In fact, the beneficial effects of the substitutes is sometimes even greater than the beneficial effects of the leader's own behaviors and styles. Some leadership experts even recommend that leaders set out to create high levels of the substitutes in their work units wherever possible, even if the units might ultimately wind up "running themselves."¹²⁵

APPLICATION: LEADERSHIP TRAINING

Given the importance of leadership, what can organizations do to maximize the effectiveness of their leaders? One method is to spend more time training them. As mentioned in Chapter 8, organizations spend more than \$150 billion on employee learning and development, and much of that is devoted to management and supervisory training.¹²⁶ One training analyst explains the increasing emphasis on leadership training this way: "The biggest problem that companies face today is an acute shortage of midlevel managers. They look around and just don't have enough qualified people."¹²⁷ This is exactly the determination that Walmart's president and CEO Bill Simon made when he instituted a 16-week military-style leadership training program. Walmart's senior vice president of talent development, Celia Swanson, says, "Our analysis showed we were capable of building new stores faster than we could prepare new store managers."¹²⁸

Leadership training programs often focus on very specific issues, like conducting more accurate performance evaluations, being a more effective mentor, structuring creative problem solving, or gaining more cultural awareness and sensitivity.¹²⁹ However, training programs can also focus on much of the content covered in this chapter. For example, content could focus on contextual considerations that alter the effectiveness of decision-making styles or particular leader behaviors, such as initiating structure and consideration. This is exactly what Campbell Soup Company is doing through its "CEO Institute"—a two-year program focused on personal leadership development.¹³⁰ Farmer's Insurance puts all of its upper-level executives through a program that gives them direct feedback from their peers on their leadership behaviors. The executives use this information to create individual leadership development plans.¹³¹

It turns out that many training programs focus on transformational leadership content, and research suggests that those programs can be effective.¹³² One study of transformational leadership training occurred in one of the largest bank chains in Canada.¹³³ Managers at all of the branches in one region were randomly assigned to either a transformational training group or a control group. The managers in the training group took part in a one-day training session that began by asking them to describe the best and worst leaders they had ever encountered. Where applicable, the behaviors mentioned as belonging to the best leaders were framed around transformational leadership. The transformational dimensions were then described in a lecture-style format. Participants set goals for how they could behave more transformationally and engaged in role-playing exercises to practice those behaviors. The managers then created specific action plans, with progress on those plans monitored during four "booster sessions" over the next month. The results of the study showed that managers who participated in the training were rated as more transformational afterward. More importantly, their employees reported higher levels of organizational commitment, and their branches enjoyed better performance in terms of personal loan sales and credit card sales.

14.7

Can leaders be trained to be more effective?

TAKEAWAYS

- 14.1** Leadership is defined as the use of power and influence to direct the activities of followers toward goal achievement. An “effective leader” improves the performance and well-being of his or her overall unit, as judged by profit margins, productivity, costs, absenteeism, retention, employee surveys, and so forth. An “effective leader” also cultivates high-quality leader-member exchange relationships on a dyadic basis through role taking and role making processes.
- 14.2** Leader emergence has been linked to a number of traits, including conscientiousness, disagreeableness, openness, extraversion, general cognitive ability, energy level, stress tolerance, and self-confidence. Of that set, the last six traits also predict leader effectiveness.
- 14.3** Leaders can use a number of styles to make decisions. Beginning with high leader control and moving to high follower control, they include autocratic, consultative, facilitative, and delegative styles. According to the time-driven model of leadership, the appropriateness of these styles depends on decision significance, the importance of commitment, leader expertise, the likelihood of commitment, shared objectives, employee expertise, and teamwork skills.
- 14.4** Most of the day-to-day leadership behaviors that leaders engage in are examples of either initiating structure or consideration. Initiating structure behaviors include initiation, organization, and production sorts of duties. Consideration behaviors include membership, integration, communication, recognition, and representation sorts of duties.
- 14.5** Transactional leadership emphasizes “carrot-and-stick” approaches to motivating employees, whereas transformational leadership fundamentally changes the way employees view their work. More specifically, transformational leadership inspires employees to commit to a shared vision or goal that provides meaning and challenge to their work. The specific behaviors that underlie transformational leadership include the “Four I’s”: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration.
- 14.6** Transformational leadership has a moderate positive relationship with job performance and a strong positive relationship with organizational commitment. It has stronger effects on these outcomes than other leadership behaviors.
- 14.7** Leaders can be trained to be effective. In fact, such training can be used to increase transformational leadership behaviors, despite the fact that charisma is somewhat dependent on personality and genetic factors.

KEY TERMS

- | | | | |
|---------------------------------|---------------|-----------------------------------|---------------|
| • Leadership | <i>p. 444</i> | • Time-driven model of leadership | <i>p. 449</i> |
| • Leader-member exchange theory | <i>p. 444</i> | • Initiating structure | <i>p. 452</i> |
| • Role taking | <i>p. 444</i> | • Consideration | <i>p. 452</i> |
| • Role making | <i>p. 444</i> | • Life cycle theory of leadership | <i>p. 453</i> |
| • Leader effectiveness | <i>p. 446</i> | • Readiness | <i>p. 453</i> |
| • Leader emergence | <i>p. 446</i> | • Telling | <i>p. 453</i> |
| • Autocratic style | <i>p. 447</i> | • Selling | <i>p. 455</i> |
| • Consultative style | <i>p. 448</i> | • Participating | <i>p. 455</i> |
| • Facilitative style | <i>p. 448</i> | • Delegating | <i>p. 455</i> |
| • Delegative style | <i>p. 448</i> | • Transformational leadership | <i>p. 456</i> |
| | | • Laissez-faire leadership | <i>p. 457</i> |

- Transactional leadership *p. 457*
- Passive management-by-exception *p. 457*
- Active management-by-exception *p. 457*
- Contingent reward *p. 457*
- Idealized influence *p. 458*
- Inspirational motivation *p. 460*
- Intellectual stimulation *p. 460*
- Individualized consideration *p. 460*
- Substitutes for leadership model *p. 464*
- Substitutes *p. 464*
- Neutralizers *p. 464*

DISCUSSION QUESTIONS

- 14.1** Before reading this chapter, which statement did you feel was more accurate: “Leaders are born” or “Leaders are made”? How do you feel now, and why do you feel that way?
- 14.2** The time-sensitive model of leadership argues that leaders aren’t just concerned about the accuracy of their decisions when deciding among autocratic, consultative, facilitative, and delegative styles; they’re also concerned about the efficient use of time. What other considerations could influence a leader’s use of the four decision-making styles?
- 14.3** The time-sensitive and life cycle models of leadership both potentially suggest that leaders should use different styles and behaviors for different followers. Can you think of any negative consequences of that advice? How could those negative consequences be managed?
- 14.4** Consider the four dimensions of transformational leadership: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Which of those dimensions would you respond to most favorably? Why?
- 14.5** Can you think of any potential “dark sides” to transformational leadership? What would they be?

CASE: GENERAL MOTORS

When she gets out of bed, what does Mary Barra (CEO of GM) think about? “I spend a lot of early mornings thinking about executing our plan quickly. The big thing I worry about is speed,” says Barra. CFO Chuck Stevens agrees, highlighting a statement from the faulty ignition switch internal investigation about the culture at GM, “No sense of urgency. No accountability or responsibility. A siloed mentality.” Barra has reacted quickly and with force to make culture change a reality by implementing a number of initiatives including “GM 2020,” which is a program designed to create cross-functional labs throughout the company. Barra has also pushed hard to create a new culture of speed by creating a year-long transformational leadership course for upper-level executives that Barra personally leads. It’s not focused on company strategy, but rather the interpersonal skills she believes are necessary to create change. HR chief John Quatrone says, “Mary believes that if we change the behaviors [of top managers], people who work for us will see that and emulate it.”

Barra’s major vision for GM is to lead in safe autonomous driving. This puts them directly up against the fast-moving cultures of Google, Uber, and Tesla. Barra believes GM’s recent acquisition of Cruise Automation (\$581 million) puts them square in the driver’s seat. After a successful, high-profile test of an autonomous Chevy Bolt (with Barra riding in the back seat), Barra told a large group of Cruise employees, “If somebody [at GM] says you can’t have something, or you can’t do something, or it’s going to take this much time, and it doesn’t make sense to you, challenge them. I want you to take the energy and speed and how you look at doing things and drive it into the core of GM.”

GM believes that they have the advantage. GM product chief Mark Reuss says, “The piece that is not well understood outside of the automotive industry is how hard it is to take technology and integrate it into a car. It seems like you should be able to layer it in and have it work and that would be great. *Right*. The effort to integrate that into the car is equal to or more than the technology itself. A car has to work right every time, all the time.” So far, the technology companies have spent billions of dollars in development and have little to show for it. Still, Barra is not willing to bask in success for long. Onstage at GM’s headquarters she told her group, “Don’t confuse progress with winning. Are you doing what you can? Or are you doing what it takes to *win*?”

- 14.1** Do you think GM can outduel the technology companies for safe autonomous driving vehicles?
- 14.2** Would you consider Mary Barra to be the prototypical transformational leader? In what ways does she fit or not fit that model?
- 14.3** Given GM’s history, why does Barra put a premium on her executives’ leadership behaviors?

Source: M. DeBord. “Mary Barra Is About to Become the Most Influential CEO in GM History,” *BusinessInsider.com*, February 17, 2017: <http://www.businessinsider.com/mary-barra-most-influential-ceo-in-gm-history-2017-2>; C. Fussman. “What I’ve Learned: Mary Barra,” *Esquire.com*, April 26, 2016: <http://www.esquire.com/lifestyle/cars/interviews/a44325/what-ive-learned-mary-barra/>; P. Ingrassia. “Hail Mary,” *Fortune*, September 15, 2016, pp. 84–89; B. Luscombe. “13 Questions with Mary Barra,” *Time*, June 2, 2016: <http://time.com/4354740/mary-barra/>; and R. Tetzeli. “The Accelerators,” *Fast Company*, November 2016, pp. 68–74, 100.

EXERCISE: TAKE ME TO YOUR LEADER

The purpose of this exercise is to explore the commonalities in effective leadership across different types of leaders. This exercise uses groups, so your instructor will either assign you to a group or ask you to create your own group. The exercise has the following steps:

- 14.1** Imagine that a space alien descended down to Earth and actually uttered the famous line, “Take me to your leader!” Having read a bit about leadership, your group knows that leaders come in a number of shapes and sizes. Instead of showing the alien just one leader, your group decides it might be beneficial to show the alien a whole variety of leaders. Each member should choose one type of leader from the table to focus on (each member must choose a different type). Try to choose examples that are personally interesting but that also maximize the diversity within the group.

Orchestra Conductor	Fashion Designer	Drummer in Rock Band
Coach	Personal Tax Accountant	Point Guard in Basketball
Film Director	Nightclub DJ	Bartender
College Professor	Fitness Trainer	Sheriff
Talk-Show Host	Prison Guard	Millionaire Philanthropist
Stockbroker	Real Estate Broker	Agent
Psychotherapist	MBA Program Director	Auditor
Campaign Manager	Construction Project Supervisor	CEO
Diplomat	Sports Color Commentator	Vice President of Marketing

- 14.2** Individually, jot down some thoughts that highlight for the alien what is truly distinctive about “leadership” for this type of leader. For example, if you were showing the alien a coach, you might call attention to how coaches cannot control the game itself very much but instead must make their influence felt on the practice field by instilling skills while being anticipatory in their thinking. You might also call attention to how coaches need to be creative and adapt quickly during the game itself.
- 14.3** Share the thoughts you’ve jotted down in your groups, going from member to member, with each person describing what “leadership” means for the given types of leaders.
- 14.4** Once all these thoughts about the various types of leaders have been shared, think about whether there are certain traits, styles, or behaviors that are universal across all the types. For example, maybe all of the types have some kind of organizing quality to them (e.g., leaders need to be organized, leaders need to do things to help others be organized). Create a list of four “leadership universals.”
- 14.5** Now consider the situational challenges faced by the types of leaders you discussed, including challenges rooted in the task, their followers, or the surrounding work context. For example, the fact that the coach has little direct impact on the game is a situational challenge. Do other leader types also grapple with lack of direct control? Create a list of four “situational challenges” faced by multiple types of leaders.
- 14.6** Elect a group member to write the group’s four universals and four challenges on the board.
- 14.7** Class discussion (whether in groups or as a class) should center on whether the theories described in the chapter discuss some of the leadership universals identified by the groups. Are there theories that also include some of the situational challenges uncovered? Which leadership theory seems best equipped for explaining effective leadership across a wide variety of leader types?¹³⁴

ENDNOTES

- 14.1** Yukl, G. *Leadership in Organizations*, 4th ed. Englewood Cliffs, NJ: Prentice Hall, 1998.
- 14.2** Ibid.
- 14.3** Ibid.
- 14.4** Ibid.
- 14.5** Dansereau, F. Jr.; G. Graen; and W.J. Haga. “A Vertical Dyad Linkage Approach to Leadership within Formal Organizations: A Longitudinal Investigation of the Role Making Process.” *Organizational Behavior and Human Performance* 13 (1975), pp. 46–78; Graen, G.; M. Novak; and P. Sommerkamp. “The Effects of Leader-Member Exchange and Job Design on Productivity and Satisfaction: Testing a Dual Attachment Model.” *Organizational Behavior and Human Performance* 30 (1982), pp. 109–31; Graen, G.B., and M. Uhl-Bien. “Relationship-Based Approach to Leadership: Development of Leader-Member Exchange (LMX) Theory of Leadership over 25 Years: Applying a Multi-Level Multi-Domain Perspective.” *Leadership Quarterly* 6 (1995), pp. 219–47; and Liden, R.C.; R.T. Sparrowe; and S.J. Wayne. “Leader-Member Exchange Theory: The Past and Potential for the Future.” In *Research in Personnel and Human Resources Management*, Vol. 15, ed. G.R. Ferris. Greenwich, CT: JAI Press, 1997, pp. 47–119.

- 14.6** Graen, G.B., and T. Scandura. "Toward a Psychology of Dyadic Organizing." In *Research in Organizational Behavior*, Vol. 9, ed. L.L. Cummings and B.M. Staw. Greenwich, CT: JAI Press, 1987, pp. 175–208.
- 14.7** Ibid.
- 14.8** Graen and Uhl-Bien, "Relationship-Based Approach to Leadership."
- 14.9** Ibid.
- 14.10** Bauer, T.N., and S.G. Green. "Development of Leader-Member Exchange: A Longitudinal Test." *Academy of Management Journal* 39 (1996), pp. 1538–67; Gerstner, C.R., and D.V. Day. "Meta-Analytic Review of Leader-Member Exchange Theory: Correlates and Construct Issues." *Journal of Applied Psychology* 82 (1997), pp. 827–44; and Liden, R.C.; S.J. Wayne; and D. Stillwell. "A Longitudinal Study on the Early Development of Leader-Member Exchanges." *Journal of Applied Psychology* 78 (1993), pp. 662–74.
- 14.11** Ballinger, G.A., D.W. Lehman, and F.D. Schoorman. "Leader-Member Exchange and Turnover before and after Succession Events." *Organizational Behavior and Human Decision Processes* 113 (2010), pp. 25–36.
- 14.12** Graen and Uhl-Bien, "Relationship-Based Approach to Leadership."
- 14.13** Martin, R., Guillaume, Y., Thomas, G., Lee, A., and O. Epitropaki. "Leader-Member Exchange (LMX) and Performance: A Meta-Analytic Review." *Personnel Psychology* 69 (2016), pp. 67–121; Ilies, R.; J.D. Nahrgang; and F.P. Morgeson. "Leader-Member Exchange and Citizenship Behaviors: A Meta-Analysis." *Journal of Applied Psychology* 92 (2007), pp. 269–77; and Dulebohn, J.H.; W.H. Bommer; R.C. Liden; R.L. Brouer; and G.R. Ferris. "A Meta-Analysis of Antecedents and Consequences of Leader-Member Exchange: Integrating the Past with an Eye Toward the Future." *Journal of Management* 38 (2012), pp. 1715–59.
- 14.14** Rockstuhl, T.; J.H. Dulebohn; S. Ang; and L.M. Shore. "Leader-Member Exchange (LMX) and Culture: A Meta-Analysis of Correlates of LMX across 23 Countries." *Journal of Applied Psychology* 97 (2012), pp. 1097–1130.
- 14.15** Stogdill, R.M. "Personal Factors Associated with Leadership: A Survey of the Literature." *Journal of Applied Psychology* 54 (1948), pp. 259–69.
- 14.16** Den Hartog, D.N., and P.L. Koopman. "Leadership in Organizations." In *Handbook of Industrial, Work, and Organizational Psychology*, Vol. 2, ed. N. Anderson; D.S. Ones; H.K. Sinangil; and C. Viswesvaran. Thousand Oaks, CA: Sage, 2002, pp. 166–87.
- 14.17** Yukl, *Leadership in Organizations*; and Zaccaro, S.J. "Trait-Based Perspectives of Leadership." *American Psychologist* 62 (1998), pp. 6–16.
- 14.18** DeRue, D.S., J.D. Nahrgang; N. Wellman; and S.E. Humphrey. "Trait and Behavioral Theories of Leadership: An Integration and Meta-Analytic Test of Their Validity." *Personnel Psychology* 64 (2011), pp. 7–52.
- 14.19** Vroom, V.H. "Leadership and the Decision-Making Process." *Organizational Dynamics* 28 (2000), pp. 82–94; and Yukl, *Leadership in Organizations*.
- 14.20** Lueneburger, C. "Lessons from Chrysler: How to Rev Up a Purpose-Driven Culture." *The Guardian*, July 31, 2014: <https://www.theguardian.com/sustainable-business/2014/jul/31/leaders-chrysler-bankruptcy-automobile-marchionne-ceo-detroit>; and Taylor, A.

- “Chrysler’s Speed Merchant.” *Fortune*, September 6, 2010, p. 82.
- 14.21** Vroom, “Leadership and the Decision-Making Process”; and Yukl, *Leadership in Organizations*.
- 14.22** Source: Bryant, A. *Quick and Nimble: Lessons from Leading CEOs on How to Create a Culture of Innovation*. New York: Times Books, 2014.
- 14.23** Vroom, “Leadership and the Decision-Making Process”; and Yukl, *Leadership in Organizations*.
- 14.24** Source: Bryant, A. *The Corner Office: Indispensable and Unexpected Lessons from CEOs on How to Lead and Succeed*. New York: Times Books, 2011.
- 14.25** Vroom, “Leadership and the Decision-Making Process”; and Yukl, *Leadership in Organizations*.
- 14.26** Source: Mullany, A. “Can American Apparel Mend the Seam?” *Fast Company*, September 2016, pp. 88-96.
- 14.27** Source: Bryant, A. *The Corner Office: Indispensable and Unexpected Lessons from CEOs on How to Lead and Succeed*. New York: Times Books, 2011.
- 14.28** Vroom, “Leadership and the Decision-Making Process.”
- 14.29** Miller, K.I., and P.R. Monge. “Participation, Satisfaction, and Productivity: A Meta-Analytic Review.” *Academy of Management Journal* 29 (1986), pp. 727-53; and Wagner, J.A. III. “Participation’s Effects on Performance and Satisfaction: A Reconsideration of Research Evidence.” *Academy of Management Review* 19 (1994), pp. 312-30.
- 14.30** Vroom, “Leadership and the Decision-Making Process.”
- 14.31** Rogelberg, S.G.; D.J. Leach; P.B. Warr; and J.L. Burnfield. “‘Not Another Meeting!’ Are Meeting Time Demands Related to Employee Well-Being?” *Journal of Applied Psychology* 91 (2006), pp. 86-96.
- 14.32** Source: Yang, J.L. “What’s the Secret to Running Great Meetings?” *Fortune*, October 27, 2008, p. 26.
- 14.33** Terlep, S. “GM’s Plodding Culture Vexes Its Impatient CEO.” *The Wall Street Journal Online*, April 7, 2010.
- 14.34** Vroom, “Leadership and the Decision-Making Process”; Vroom, V.H., and A.G. Jago. *The New Leadership: Managing Participation in Organizations*. Englewood Cliffs, NJ: Prentice Hall, 1988; Vroom, V.H., and A.G. Jago. “Decision Making as a Social Process: Normative and Descriptive Models of Leader Behavior.” *Decision Sciences* 5 (1974), pp. 743-69; and Vroom, V.H., and P.W. Yetton. *Leadership and Decision Making*. Pittsburgh, PA: University of Pittsburgh Press, 1973.
- 14.35** Source: Adams, R., and L.A. Schuker. “Time Inc. CEO Ousted after Six Months.” *The Wall Street Journal Online*, February 18, 2011.
- 14.36** Aditya, R.N.; R.J. House; and S. Kerr. “Theory and Practice of Leadership: Into the New Millennium.” In *Industrial and Organizational Psychology: Linking Theory with Practice*, ed. C.L. Cooper and E.A. Locke. Malden, MA: Blackwell, 2000, pp. 130-65; House, R.J., and R.N. Aditya. “The Social Scientific Study of Leadership: Quo Vadis?” *Journal of Management* 23 (1997), pp. 409-73; and Yukl, *Leadership in Organizations*.
- 14.37** Vroom, V.H., and A.G. Jago. “On the Validity of the Vroom-Yetton Model.” *Journal of Applied Psychology* 63 (1978), pp. 151-62. See also Vroom and Yetton, *Leadership and Decision Making*; Vroom and Jago, *The New Leadership*; and Field, R.H.G. “A Test of the Vroom-Yetton Normative Model of Leadership.” *Journal of Applied Psychology* 67 (1982), pp. 523-32.

- 14.38 Vroom and Yetton, *Leadership and Decision Making*.
- 14.39 Source: Bryant, A. *The Corner Office: Indispensable and Unexpected Lessons from CEOs on How to Lead and Succeed*. New York: Times Books, 2011.
- 14.40 Hemphill, J.K. *Leader Behavior Description*. Columbus: Ohio State University, 1950. Cited in Fleishman, E.A.; E.F. Harris; and H.E. Burt. *Leadership and Supervision in Industry: An Evaluation of a Supervisory Training Program*. Columbus: Bureau of Educational Research, Ohio State University, 1955.
- 14.41 Hemphill, J.K., and A.E. Coons. "Development of the Leader Behavior Description Questionnaire." In *Leader Behavior: Its Description and Measurement*, ed. R.M. Stogdill and A.E. Coons. Columbus: Bureau of Business Research, Ohio State University, 1957, pp. 6-38.
- 14.42 Fleishman, E.A. "The Description of Supervisory Behavior." *Journal of Applied Psychology* 37 (1953), pp. 1-6; Fleishman et al., *Leadership and Supervision in Industry*; Hemphill and Coons, "Development of the Leader Behavior Description Questionnaire"; and Halpin, A.W., and B.J. Winer. *Studies in Aircrew Composition: The Leadership Behavior of the Airplane Commander* (Technical Report No. 3). Columbus: Personnel Research Board, Ohio State University, 1952. Cited in Fleishman et al., *Leadership and Supervision in Industry*.
- 14.43 Fleishman, "The Description of Supervisory Behavior"; Fleishman et al., *Leadership and Supervision in Industry*; and Fleishman, E.A., and D.R. Peters. "Interpersonal Values, Leadership Attitudes, and Managerial 'Success.'" *Personnel Psychology* 15 (1962), pp. 127-43.
- 14.44 Yukl, *Leadership in Organizations*.
- 14.45 Adams, E. "A Day in the Life of J.Crew's Mickey Drexler." *Racked.com*, June 2, 2015: <http://www.racked.com/2015/6/2/8706979/mickey-drexler-j-crew-office>; and Paumgarten, N. "The Merchant." *The New Yorker*, September 20, 2010, pp. 74-87.
- 14.46 Fleishman, "The Description of Supervisory Behavior"; Fleishman et al., *Leadership and Supervision in Industry*; and Fleishman and Peters, "Interpersonal Values."
- 14.47 Yukl, *Leadership in Organizations*.
- 14.48 Source: Brady, D. "Can GE Still Manage?" *Bloomberg Businessweek*, April 25, 2010, pp. 27-32.
- 14.49 Garvin, D.A. "How Google Sold Its Engineers on Management." *Harvard Business Review* 91 (2013), pp. 74-82; and Bryant, A. *Quick and Nimble*.
- 14.50 Katz, D.; N. MacCoby; and N. Morse. *Productivity, Supervision, and Morale in an Office Situation*. Ann Arbor: Institute for Social Research, University of Michigan, 1950; Katz, D.; N. MacCoby; G. Gurin; and L. Floor. *Productivity, Supervision, and Morale among Railroad Workers*. Ann Arbor: Survey Research Center, University of Michigan, 1951; Katz, D., and R.L. Kahn. "Some Recent Findings in Human-Relations Research in Industry." In *Readings in Social Psychology*, ed. E. Swanson; T. Newcomb; and E. Hartley. New York: Holt, 1952, pp. 650-65; Likert, R. *New Patterns of Management*. New York: McGraw-Hill, 1961; and Likert, R. *The Human Organization*. New York: McGraw-Hill, 1967.
- 14.51 Fleishman, E.A. "Twenty Years of Consideration and Structure." In *Current Developments in the Study of Leadership*, ed. E.A. Fleishman and J.G. Hunt. Carbondale: Southern Illinois Press, 1973, pp. 1-37.
- 14.52 Judge, T.A.; R.F. Piccolo; and R. Ilies.

- “The Forgotten Ones? The Validity of Consideration and Initiating Structure in Leadership Research.” *Journal of Applied Psychology* 89 (2004), pp. 36–51.
- 14.53** Aditya et al., “Theory and Practice of Leadership”; DenHartog and Koopman, “Leadership in Organizations”; House and Aditya, “The Social Scientific Study of Leadership”; Korman, A.K. “ ‘Consideration,’ ‘Initiating Structure,’ and Organizational Criteria—A Review.” *Personnel Psychology* 19 (1966), pp. 349–61; Yukl, *Leadership in Organizations*; and Yukl, G., and D.D. Van Fleet. “Theory and Research on Leadership in Organizations.” In *Handbook of Industrial and Organizational Psychology*, Vol. 3, ed. M.D. Dunnette and L.M. Hough. Palo Alto, CA: Consulting Psychologists Press, 1992, pp. 147–97.
- 14.54** Judge et al., “The Forgotten Ones?”
- 14.55** Source: Brunner, R. “I’m a Shepherd and I’m a warrior.” *Fast Company*, April 2017, pp. 58–68, 90–92.
- 14.56** Hersey, P., and K.H. Blanchard. “Life Cycle Theory of Leadership.” *Training and Development Journal*, May 1969, pp. 26–34; Hersey, P., and K.H. Blanchard. “So You Want to Know Your Leadership Style?” *Training and Development Journal*, February 1974, pp. 22–37; Hersey, P., and K.H. Blanchard. “Revisiting the Life-Cycle Theory of Leadership.” *Training and Development*, January 1996, pp. 42–47; and Hersey, P., and K.H. Blanchard. *Management of Organizational Behavior: Leading Human Resources*, 9th ed. Upper Saddle River, NJ: Pearson, 2008.
- 14.57** Hersey and Blanchard, *Management of Organizational Behavior*.
- 14.58** Hersey and Blanchard, “Revisiting the Life-Cycle Theory of Leadership.”
- 14.59** Greenfeld, K.T. “Can GoPro Rise Again?” *Fast Company*, November 2016, pp. 76–81, 100.
- 14.60** Fernandez, C.F., and R.P. Vecchio. “Situational Leadership Revisited: A Test of an Across-Jobs Perspective.” *Leadership Quarterly* 8 (1997), pp. 67–84.
- 14.61** Graeff, C.L. “Evolution of Situational Leadership Theory: A Critical Review.” *Leadership Quarterly* 8 (1997), pp. 153–70.
- 14.62** Vecchio, R.P. “Situational Leadership Theory: An Examination of a Prescriptive Theory.” *Journal of Applied Psychology* 72 (1987), pp. 444–51; and Norris, W.R., and R.P. Vecchio. “Situational Leadership Theory: A Replication.” *Group and Organization Management* 17 (1992), pp. 331–42.
- 14.63** Vecchio, “Situational Leadership Theory”; Norris and Vecchio, “Situational Leadership Theory: A Replication”; and Blank, W.; J.R. Weitzel; and S.G. Green. “A Test of Situational Leadership Theory.” *Personnel Psychology* 43 (1990), pp. 579–97.
- 14.64** Fernandez and Vecchio, “Situational Leadership Theory Revisited.”
- 14.65** Bass, B.M., and R.E. Riggio. *Transformational Leadership*, 2nd ed. Mahwah, NJ: Erlbaum, 2006; Bass, B.M. *Leadership and Performance beyond Expectations*. New York: Free Press, 1985; and Burns, L.M. *Leadership*. New York: Harper & Row, 1978.
- 14.66** Bass, *Leadership and Performance beyond Expectations*.
- 14.67** Ibid.
- 14.68** Source: Larson, A. *The President Nobody Knew*. New York: Popular Library, 1968, p. 68.
- 14.69** Source: Truman, H.S., *Memoirs*. New York: Doubleday, 1956.

- 14.70 Bass and Riggio, *Transformational Leadership*.
- 14.71 Source: Ibid.; and Bass, B.M., and B.J. Avolio. *MLQ: Multifactor Leadership Questionnaire*. Redwood City, CA: Mind Garden, 2000.
- 14.72 Bass and Riggio, *Transformational Leadership*; Bass, *Leadership and Performance Beyond Expectations*; and Burns, *Leadership*.
- 14.73 Bass and Riggio, *Transformational Leadership*.
- 14.74 Source: Bass, *Leadership and Performance beyond Expectations*.
- 14.75 Source: Bass and Riggio, *Transformational Leadership*; and Bass and Avolio, *MLQ*.
- 14.76 Bass and Riggio, *Transformational Leadership*.
- 14.77 Source: Ibid.; and Bass and Avolio, *MLQ*.
- 14.78 Bass and Riggio, *Transformational Leadership*.
- 14.79 Source: Ibid.; and Bass and Avolio, *MLQ*.
- 14.80 Judge, T.A., and R.F. Piccolo. "Transformational and Transactional Leadership: A Meta-Analytic Test of Their Relative Validity." *Journal of Applied Psychology* 89 (2004), pp. 755-68.
- 14.81 Ibid.
- 14.82 Bass and Riggio, *Transformational Leadership*.
- 14.83 Koehn, N. F. "His Legacy." *Fortune*, November 11, 2009, pp. 110-14.
- 14.84 Blumenthal, K. *Steve Jobs: The Man Who Thought Different*. New York: Feiwel, 2012; and Isaacson, W. *Steve Jobs*. New York: Simon & Schuster, 2011.
- 14.85 Kane, Y. I. "Jobs Quits as CEO." *The Wall Street Journal Online*, August 25, 2011; and Friedman, L. "Steve Jobs Takes Medical Leave of Absence." *MacWorld*, April 2011, p. 12.
- 14.86 Source: Bass and Riggio, *Transformational Leadership*; and Bass and Avolio, *MLQ*.
- 14.87 Conger, J.A. "Charismatic and Transformational Leadership in Organizations: An Insider's Perspective on these Developing Research Streams." *Leadership Quarterly* 10 (1999), pp. 145-79.
- 14.88 Young, J.S., and W.L. Simon. *iCon: Steve Jobs—The Greatest Second Act in the History of Business*. Hoboken, NJ: Wiley, 2005.
- 14.89 Johnson, A.M.; P.A. Vernon; J.M. McCarthy; M. Molso; J.A. Harris; and K.J. Jang. "Nature vs. Nurture: Are Leaders Born or Made? A Behavior Genetic Investigation of Leadership Style." *Twin Research* 1 (1998), pp. 216-23.
- 14.90 Judge, T.A., and J.E. Bono. "Five-Factor Model of Personality and Transformational Leadership." *Journal of Applied Psychology* 85 (2000), pp. 751-65.
- 14.91 Bass and Riggio, *Transformational Leadership*.
- 14.92 Conger, "Charismatic and Transformational Leadership in Organizations."
- 14.93 Source: Bass and Riggio, *Transformational Leadership*; and Bass and Avolio, *MLQ*.
- 14.94 Young and Simon, *iCon*.
- 14.95 Source: Young and Simon, *iCon*.
- 14.96 Bass and Riggio, *Transformational Leadership*.
- 14.97 Source: Bass and Riggio, *Transformational Leadership*; and Bass and Avolio, *MLQ*. Ibid.; and Bass and Avolio, *MLQ*.
- 14.98 Source: Isaacson, *Steve Jobs*.
- 14.99 Bass and Riggio, *Transformational Leadership*.
- 14.100 Source: Ibid.; and Bass and Avolio, *MLQ*.
- 14.101 Young and Simon, *iCon*.
- 14.102 Mio, J.S.; R.E. Riggio; S. Levin; and R. Reese. "Presidential Leadership and Charisma: The Effects of Metaphor." *Leadership Quarterly* 16 (2005), pp. 287-94.
- 14.103 Conger, "Charismatic and Transformational Leadership in Organizations."

- 14.104** Bligh, M.C.; J.C. Kohles; and J.R. Meindl. "Charisma under Crisis: Presidential Leadership, Rhetoric, and Media Responses before and after the September 11th Terrorist Attacks." *Leadership Quarterly* 15 (2004), pp. 211-39.
- 14.105** Bligh, M.C., and J.C. Kohles. "The Enduring Allure of Charisma: How Barack Obama Won the Historic 2008 Presidential Election." *Leadership Quarterly* 20 (2009), pp. 483-92.
- 14.106** Lowe, K.B.; K.G. Kroeck; and N. Sivasubramaniam. "Effectiveness Correlates of Transformational and Transactional Leadership: A Meta-Analytic Review of the MLQ Literature." *Leadership Quarterly* 7 (1996), pp. 385-425.
- 14.107** Howell, J.M., and B.J. Avolio. "Transformational Leadership, Transactional Leadership, Locus of Control, and Support for Innovation: Key Predictors of Consolidated-Business-Unit Performance." *Journal of Applied Psychology* 78 (1993), pp. 891-902; Howell, J.M.; D.J. Neufeld; and B.J. Avolio. "Examining the Relationship of Leadership and Physical Distance with Business Unit Performance." *Leadership Quarterly* 16 (2005), pp. 273-85; Keller, R.T. "Transformational Leadership, Initiating Structure, and Substitutes for Leadership: A Longitudinal Study of Research and Development Project Team Performance." *Journal of Applied Psychology* 91 (2006), pp. 202-10; and Waldman, D.A.; G.G. Ramirez; R.J. House; and P. Puranam. "Does Leadership Matter? CEO Leadership Attributes and Profitability under Conditions of Perceived Environmental Uncertainty." *Academy of Management Journal* 44 (2001), pp. 134-43.
- 14.108** Howell, J.M., and K.E. Hall-Merenda. "The Ties That Bind: The Impact of Leader-Member Exchange, Transformational and Transactional Leadership, and Distance on Predicting Follower Performance." *Journal of Applied Psychology* 84 (1999), pp. 680-94; Piccolo, R.F., and J.A. Colquitt. "Transformational Leadership and Job Behaviors: The Mediating Role of Core Job Characteristics." *Academy of Management Journal* 49 (2006), pp. 327-40; and Wang, H.; K.S. Law; R.D. Hackett; D. Wang; and Z.X. Chen. "Leader-Member Exchange as a Mediator of the Relationship between Transformational Leadership and Followers' Performance and Organizational Citizenship Behavior." *Academy of Management Journal* 48 (2005), pp. 420-32.
- 14.109** Judge and Piccolo, "Transformational and Transactional Leadership"; Podsakoff, P.M.; S.B. MacKenzie; J.B. Paine; and D.G. Bachrach. "Organizational Citizenship Behaviors: A Critical Review of the Theoretical and Empirical Literature and Suggestions for Future Research." *Journal of Management* 26 (2000), pp. 513-63.
- 14.110** Judge and Piccolo, "Transformational and Transactional Leadership."
- 14.111** Avolio, B.J.; W. Zhu; W. Koh; and P. Bhatia. "Transformational Leadership and Organizational Commitment: Mediating Role of Psychological Empowerment and Moderating Role of Structural Distance." *Journal of Organizational Behavior* 25 (2004), pp. 951-68; Kirkpatrick, S.A., and E.A.

- Locke. "Direct and Indirect Effects of Three Core Charismatic Leadership Components on Performance and Attitudes." *Journal of Applied Psychology* 81 (1996), pp. 36-51; and Shamir, B.; E. Zakay; E. Breinin; and M. Popper. "Correlates of Charismatic Leader Behaviors in Military Units: Subordinates' Attitudes, Unit Characteristics, and Superiors' Appraisals of Leader Performance." *Academy of Management Journal* 41 (1998), pp. 387-409.
- 14.112** LePine, M.A.; Y. Zhang; E.R. Crawford; and B.L. Rich. "Turning Their Pain to Gain: Charismatic Leader Influence on Follower Stress Appraisal and Job Performance." *Academy of Management Journal* 59 (2016), pp. 1036-59.
- 14.113** Podsakoff, P.M.; S.B. MacKenzie; and W.H. Bommer. "Transformational Leader Behaviors and Substitutes for Leadership as Determinants of Employee Satisfaction, Commitment, Trust, and Organizational Citizenship Behaviors." *Journal of Management* 22 (1996), pp. 259-98; Podsakoff, P.M.; S.B. MacKenzie; R.H. Moorman; and R. Fetter. "Transformational Leader Behaviors and their Effects on Followers' Trust in Leader, Satisfaction, and Organizational Citizenship Behaviors." *Leadership Quarterly* 1 (1990), pp. 107-42; and Shamir et al., "Correlates of Charismatic Leader Behaviors."
- 14.114** Meyer, J.P.; D.J. Stanley; L. Herscovitch; and L. Topolnytsky. "Affective, Continuance, and Normative Commitment to the Organization: A Meta-Analysis of Antecedents, Correlates, and Consequences." *Journal of Vocational Behavior* 61 (2002), pp. 20-52.
- 14.115** Walumbwa, F.O.; B.J. Avolio; and W. Zhu. "How Transformational Leadership Weaves Its Influence on Individual Job Performance: The Role of Identification and Efficacy Beliefs." *Personnel Psychology* 61 (2008), pp. 793-825.
- 14.116** Judge and Piccolo, "Transformational and Transactional Leadership."
- 14.117** Piccolo and Colquitt, "Transformational Leadership and Job Behaviors." See also Bono, J.E., and T.A. Judge. "Self-Concordance at Work: Toward Understanding the Motivational Effects of Transformational Leaders." *Academy of Management Journal* 46 (2003), pp. 554-71; and Shin, S.J., and J. Zhou. "Transformational Leadership, Conservation, and Creativity: Evidence from Korea." *Academy of Management Journal* 46 (2003), pp. 703-14.
- 14.118** Bono, J.E., and R. Ilies. "Charisma, Positive Emotions, and Mood Contagion." *Leadership Quarterly* 17 (2006), pp. 317-34; and McColl-Kennedy, J.R., and R.D. Anderson. "Impact of Leadership Style and Emotions on Subordinate Performance." *Leadership Quarterly* 13 (2002), pp. 545-59.
- 14.119** Bono, J.; H.J. Folds; G. Vinson; and J.P. Muros. "Workplace Emotions: The Role of Supervision and Leadership." *Journal of Applied Psychology* 92 (2007), pp. 1357-67.
- 14.120** Kerr, S., and J.M. Jermier. "Substitutes for Leadership: Their Meaning and Measurement." *Organizational Behavior and Human Performance* 22 (1978), pp. 375-403.
- 14.121** Howell, J.P.; P.W. Dorfman; and S.

- Kerr. "Moderator Variables in Leadership Research." *Academy of Management Review* 11 (1986), pp. 88-102.
- 14.122** Kerr and Jermier, "Substitutes for Leadership"; and Jermier, J.M., and S. Kerr. "Substitutes for Leadership: Their Meaning and Measurement: Contextual Recollections and Current Observations." *Leadership Quarterly* 8 (1997), pp. 95-101.
- 14.123** Howell, J.P.; D.E. Bowen; P.W. Dorfman; S. Kerr; and P.M. Podsakoff. "Substitutes for Leadership: Effective Alternatives to Ineffective Leadership." *Organizational Dynamics*, Summer 1990, pp. 21-38.
- 14.124** Podsakoff, P.M., and S.B. MacKenzie. "Kerr and Jermier's Substitutes for Leadership Model: Background, Empirical Assessment, and Suggestions for Future Research." *Leadership Quarterly* 8 (1997), pp. 117-25; Podsakoff, P.M.; B.P. Niehoff; S.B. MacKenzie; and M.L. Williams. "Do Substitutes for Leadership Really Substitute for Leadership? An Empirical Examination of Kerr and Jermier's Situational Leadership Model." *Organizational Behavior and Human Decision Processes* 54 (1993), pp. 1-44; Podsakoff et al., "Transformational Leadership Behaviors and Substitutes for Leadership"; and Podsakoff, P.M.; S.B. MacKenzie; M. Ahearne; and W.H. Bommer. "Searching for a Needle in a Haystack: Trying to Identify the Illusive Moderators of Leadership Behavior." *Journal of Management* 21 (1995), pp. 422-70.
- 14.125** Howell et al., "Substitutes for Leadership: Effective Alternatives."
- 14.126** Ho, M. "2016 State of the Industry Report: Investment in Learning Increases for 4th Straight Year." *TD: Talent Development*, November 2016, pp. 30-35.
- 14.127** Source: Kranz, G. "A Higher Standards for Managers." *Workforce*, June 11, 2007, pp. 21-26.
- 14.128** Source: Kranz, G. "Wal-Mart Drafts Leaders for Military-style Training." *Workforce*, June 12, 2013, <http://www.workforce.com/article/20130612/NEWS02/130619994/0/topics>.
- 14.129** Gist, M.E., and D. McDonald-Mann. "Advances in Leadership Training and Development." In *Industrial and Organizational Psychology: Linking Theory with Practice*, ed. C.L. Cooper and E.A. Locke. Malden, MA: Blackwell, 2000, pp. 52-71.
- 14.130** Reardon, N. "Making Leadership Personal." *T + D*, March 2011, pp. 44-49.
- 14.131** Weinstein, M. "Farmer's Comprehensive Training Policy." *Training*, January/February 2013, pp. 42-44.
- 14.132** Ibid.; Dvir, T.; D. Eden; B.J. Avolio; and B. Shamir. "Impact of Transformational Leadership on Follower Development and Performance: A Field Experiment." *Academy of Management Journal* 45 (2000), pp. 735-44; and Barling, J.; T. Weber; and E.K. Kelloway. "Effects of Transformational Leadership Training on Attitudinal and Financial Outcomes: A Field Experiment." *Journal of Applied Psychology* 81 (1996), pp. 827-32.
- 14.133** Barling et al., "Effects of Transformational Leadership Training."
- 14.134** Marcic, D.; J. Seltzer; and P. Vail, *Organizational Behavior: Experiences and Cases*. Cincinnati, OH: South-Western, 2001.

PART

5

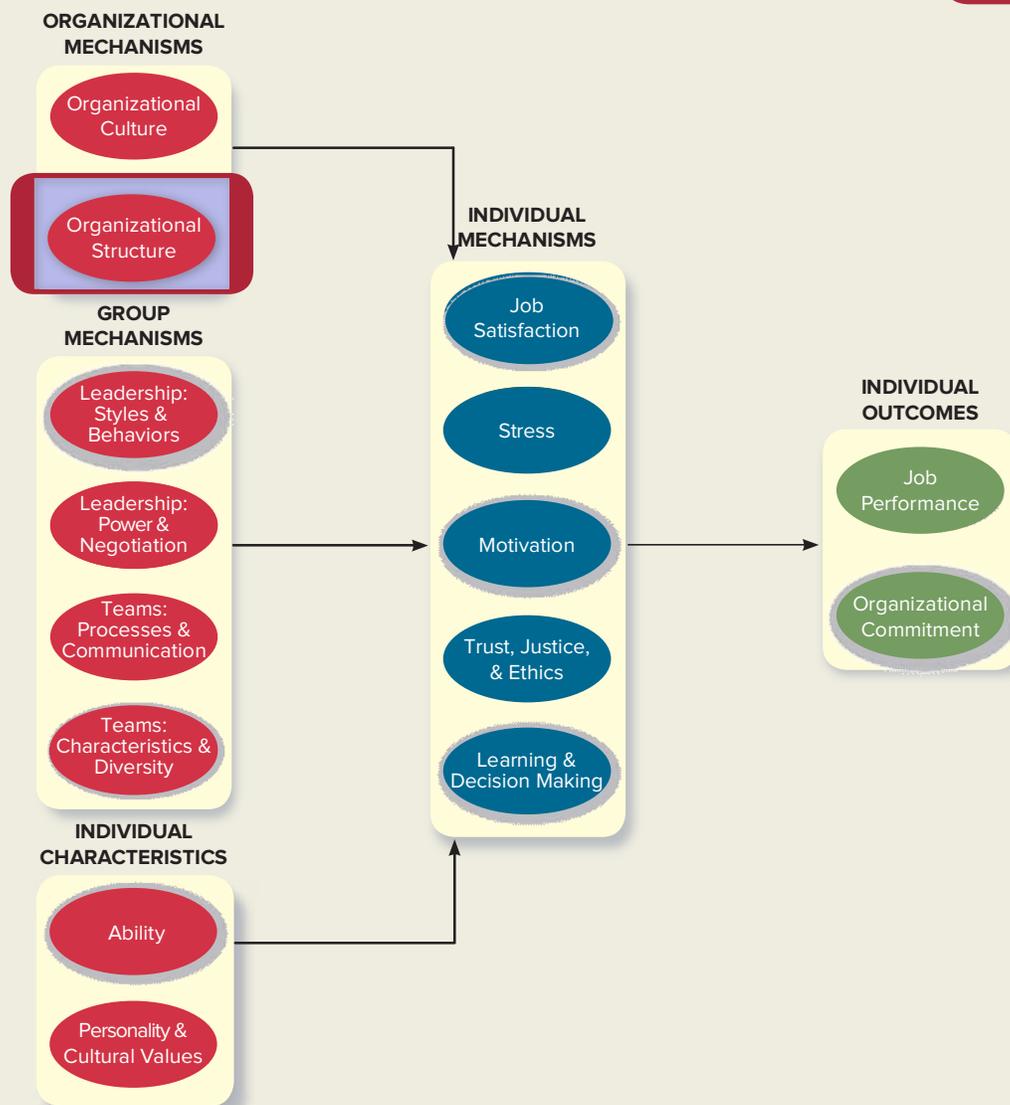
ORGANIZATIONAL MECHANISMS

CHAPTER 15

Organizational Structure

CHAPTER 16

Organizational Culture



LEARNING GOALS

After reading this chapter, you should be able to answer the following questions:

- 15.1** What is an organization's structure, and what does it consist of?
- 15.2** What are the major elements of an organizational structure?
- 15.3** What is organizational design, and what factors does the organizational design process depend on?
- 15.4** What are some of the more common organizational forms that an organization might adopt for its structure?
- 15.5** When an organization makes changes to its structure, how does that restructuring affect job performance and organizational commitment?
- 15.6** What steps can organizations take to reduce the negative effects of restructuring efforts?



©Bloomberg/Getty Images

APPLE

When you sit down with the next Apple product you are using—whether that be your iPhone, your iPad, your MacPro, or whatever else—it's worth taking the time to think about why Apple has been so successful at creating products that seem to flow and work so well. You might think, "They've had some great visionary leaders like Steve Jobs and Tim Cook." (They have.) You might think, "Well, they've got some brilliant people working there." (They do.) However, one of the big and somewhat hidden reasons for Apple's success over the years has been . . . wait for it . . . its organizational structure. Wait, what? That's right, how Apple organizes its work, reporting relationships, and information flow have had a lot to do with why they have been so successful.

So how does Apple do it? The company is organized using a functional organizational structure. If you look at the executives in Apple (SVP of Software Engineering, Chief Design Officer, SVP of Hardware Engineering, SVP of Hardware Technologies), employees are organized around their *expertise*—what they bring to the table in terms of knowledge or skill. What you don't see are executives in charge

of specific products (iPhone VP, Mac Pro VP) or regions (VP North America, VP Europe). When Steve Jobs came back and took over Apple for the second time, the first thing he did was reorganize the company back into a purely functional structure. Apple believes that this structure allows them to move more quickly, focus on collaboration above all things, and have "best in class" employees.

One advantage of not organizing around a product is that it makes it easier to get rid of products when they've outlived their usefulness (iPod, Airport routers, Apple monitors). There simply isn't anyone around worried about losing their job when a product needs to go away. So why don't more companies take this approach? Simply put, it's really hard to hold on to a functional structure as a company grows in size. That's why a lot of Apple stakeholders and critics have been trying to push Apple to change as they've gotten bigger because they believe Apple is leaving a lot of money on the table. Apple CEO Tim Cook has fought back though saying, "Apple is this unique company, unique culture that you can't replicate. And I'm not going to witness or permit the slow undoing of it, because I believe in it so deeply."

ORGANIZATIONAL STRUCTURE

As the Apple example illustrates, an organization's structure can have a significant impact on its financial performance and ability to manage its employees and products. The decisions that CEO Tim Cook makes regarding the company's organizational structure will have an impact on how employees communicate and cooperate with one another, how power is distributed, and how individuals view their work environment. In fact, an organization's structure dictates more than you might think. We've spent a great deal of time in this book talking about how employee attitudes and behaviors are shaped by individual characteristics, such as personality and ability, and group mechanisms, such as teams and leaders. In this and the following chapter, we discuss how the organization as a whole affects employee attitudes and behavior. Match.com (the online dating service) CEO Sam Yagan was asked to describe one of the biggest lessons he had recently learned, and he replied, "The impact of organizational structure on a company's ability to get, create, innovate, evolve, or just plain survive. Everyone knows that hiring, engaging, and retaining talent is a huge competitive issue, but I don't think enough executives of companies big and small realize the impact the way they organize their talent has on the company's overall productivity."¹

15.1

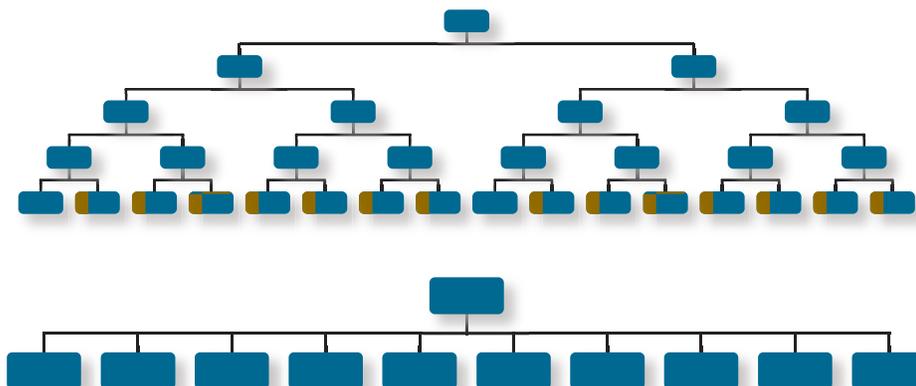
What is an organization's structure, and what does it consist of?

Think about some of the jobs you've held in the past (or perhaps the job you hope to have after graduation). What types of employees did you interact with on a daily basis? Were they employees who performed the same tasks that you performed? Or maybe they didn't do exactly what you did, but did they serve the same customer? How many employees did your manager supervise? Was every decision you made scrutinized by your supervisor, or were you given a "long leash"? The answers to all of these questions are influenced by organizational structure. An **organizational structure** formally dictates how jobs and tasks are divided and coordinated between individuals and groups within the company. Organizational structures can be relatively simple when a company has only 5 to 20 employees but grow incredibly complex when an organization has tens of thousands of employees.

WHY DO SOME ORGANIZATIONS HAVE DIFFERENT STRUCTURES THAN OTHERS?

One way of getting a feel for an organization's structure is by looking at an organizational chart. An **organizational chart** is a drawing that represents every job in the organization and the formal reporting relationships between those jobs. It helps organizational members and outsiders understand and comprehend how work is structured within the company. Figure 15-1 illustrates two

FIGURE 15-1 Two Sample Organizational Structures



sample organizational charts. In a real chart, the boxes would be filled with actual names and job titles. As you can imagine, as companies grow larger, their organizational charts get more complex. Can you imagine drawing an organizational chart that included every one of Walmart's 2.2 million employees? Not only would that require a lot of boxes and a lot of paper, it would probably take a couple of years to put together (plus, as soon as someone left the organization, it would be time to update the chart!).

ELEMENTS OF ORGANIZATIONAL STRUCTURE

The organizational charts described in this chapter are relatively simple and designed to illustrate specific points (if you want to see how complex some of these charts can get, do a search on the Internet for “organizational chart,” and you’ll begin to see how varied organizations can be in the way they design their company). Specifically, charts like those in Figure 15-1 can illustrate the five key elements of an organization’s structure. Those five key elements, summarized in Table 15-1, describe how work tasks, authority relationships, and decision-making responsibilities are organized within the company. These elements will be discussed in the next several sections.

WORK SPECIALIZATION **Work specialization** is the way in which tasks in an organization are divided into separate jobs. In some organizations, this categorization is referred to as a company’s division of labor. How many tasks does any one employee perform? To some degree, work specialization is a never-ending trade-off among productivity, flexibility, and worker motivation. Take an assembly-line worker at Ford as an example. Henry Ford was perhaps the earliest (and clearly most well-known) believer in high degrees of work specialization. He divided tasks among his manufacturing employees to such a degree that each employee might perform only a single task, over and over again, all day long. Having only one task to perform allowed those employees to be extremely productive at doing that one thing. It also meant that training new workers was much easier when replacements were needed.

However, there are trade-offs when organizations make jobs highly specialized. Highly specialized jobs can cause organizations to lose the ability associated with employees who can be flexible in what they do. By spending all their time performing specialized tasks well, employees fail to update or practice other skills. Accounting majors, for example, might specialize in taxes or auditing. Some larger companies might hire these graduates for their ability to do either auditing or tax—but not both. Other companies might be looking for an accountant who can perform either aspect well, depending on how they divide up accounting duties within their organization. Still other companies might want to hire “general managers” who understand accounting, finance, management, marketing, and operations as a part of their job. Thus, high levels of specialization

15.2

What are the major elements of an organizational structure?

TABLE 15-1 Elements of Organizational Structure

ORGANIZATIONAL STRUCTURE DIMENSION	DEFINITION
Work specialization	The degree to which tasks in an organization are divided into separate jobs.
Chain of command	Answers the question of “who reports to whom?” and signifies formal authority relationships.
Span of control	Represents how many employees each manager in the organization has responsibility for.
Centralization	Refers to where decisions are formally made in organizations.
Formalization	The degree to which rules and procedures are used to standardize behaviors and decisions in an organization.

may be acceptable in larger firms with more employees but can be problematic in smaller firms in which employees must be more flexible in their job duties. Aetna, the Hartford, Connecticut-based health insurer, publishes more than 1,300 different job titles, each of which has its own list of the competencies that employees in those jobs must perform.²

Organizations may also struggle with employee job satisfaction when they make jobs highly specialized. If you recall from Chapter 4 on job satisfaction, we discussed five core characteristics of jobs that significantly affect satisfaction. One of those characteristics was variety, or the degree to which the job requires a number of different activities involving a number of different skills and talents.³ Employees tend to be more satisfied with jobs that require them to perform a number of different kinds of activities. Even though you might be very efficient and productive performing a job with only one task, how happy would you be to perform that job on a daily basis? One of the most famous films in early motion picture history was *Modern Times*, a film in which Charlie Chaplin was relegated to performing the same task over and over, very quickly. The movie ridiculed work specialization and the trend of treating employees as machines.

CHAIN OF COMMAND The **chain of command** within an organization essentially answers the question “Who reports to whom?” Every employee in a traditional organizational structure has one person to whom they report. That person then reports to someone else, and on and on, until the buck stops with the CEO (though in a public company, even the CEO is responsible to the board of directors). The chain of command can be seen as the specific flow of authority down through the levels of an organization’s structure. There are some companies such as Washington-based video-game maker Valve Corporation whose 300 employees work with no managers or assigned projects. (Valve’s website lets you know the company has been “boss free” since its founding in 1996.⁴) However, these types of organizations are the exception and not the norm. Most organizations depend on a chain of command’s flow of authority to attain order, control, and predictable performance.⁵ Some newer organizational structures make this chain of command a bit more complex. It has become common to have positions that report to two or more different managers. A newer trend for a number of companies, such as Oracle, is to have co-CEOs. However, Whole Foods and Chipotle have recently dropped their co-CEO structures primarily to streamline decision making. Chipotle CEO Steve Eells stated that, “a single, focused message to our teams and a focus on just the things that have made us successful is what we need now.”⁶ For one example of how chain of command can greatly affect operations within an organization see this chapter’s **OB on Screen**.

SPAN OF CONTROL A manager’s **span of control** represents how many employees he or she is responsible for in the organization. The organizational charts in Figure 15-1 provide an illustration of the differences in span of control. In the top chart, each manager is responsible for leading two subordinates. In most instances, this level would be considered a narrow span of control. In the bottom chart, the manager is responsible for 10 employees. Typically, this number would be considered a wide span of control. Of course, the key question in many organizations is how many employees one manager can supervise effectively. Answering that question requires a better understanding of the benefits of narrow and wide spans of control.

Narrow spans of control allow managers to be much more hands-on with employees, giving them the opportunity to use directive leadership styles while developing close mentoring relationships with employees. A narrow span of control is especially important if the manager has substantially more skill or expertise than the subordinates. Early writings on management assumed that the narrower the span of control, the

more effective the management. However, as organizations have grown, the span of control has widened. Today, many managers supervise a large number of employees. This is especially true in large organizations where the manager’s role is often more administrative than hands-on. The trend toward wider spans of control is a result of the increasing complexity of organizations and the need for managers to focus on strategic issues rather than day-to-day operations.

Modern Times (1932), starring Charlie Chaplin, ridiculed work specialization and the treating of employees as machines. Have things changed since then?



©AF archive/Alamy

OB ON SCREEN

THE IMITATION GAME

Who is your commanding officer?

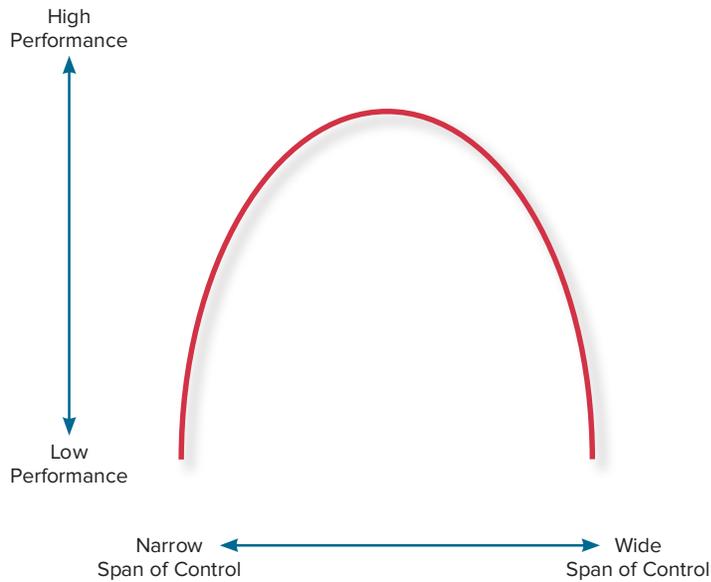
With those words Alan Turing (Benedict Cumberbatch) questions Commander Alastair Denniston (Charles Dance) to try to figure out how he can get around the chain of command in *The Imitation Game* (Dir: Morten Tyldum, Weinstein Company, 2014). Turing, a mathematical genius and an expert in cryptology (the study of codes and codebreaking), is hired by Denniston to join the British military during World War II. A group of cryptologists are brought in to try to break the code created by the “Enigma Machine,” which is allowing the Nazis to send secure wireless messages both to their submarines and military in the field. The most complicated part of solving the codes the machine writes and reads is that the code is reset every single day, which doesn’t leave enough time to solve the problem before having to start over. At the time of the movie, things are not going well for the Allied countries and the Nazis’ unfettered use of the Enigma machine is allowing them to win the war.



©The Weinstein Company/Photofest

Turing, who thinks most of those working around him are dimwits, wants to build a machine of his own creation that will break the code—“only a machine can defeat another machine.” The problem? Turing’s machine is going to cost 100,000 pounds, and he hasn’t convinced the others to believe in its potential worth. Hugh Alexander (Matthew Goode) is Turing’s direct supervisor for the code breaking group and has said no to his ideas. Turing attempts to go around him to Denniston, who resoundly orders that he needs to follow the centralized decision-making structure set up within the military structure. Denniston argues that wars are won with “order, discipline, chain of command.” When Turing asks who Denniston’s superior officer is, Denniston incredulously tells him, “Winston Churchill, #10 Downing Street, London, England SW1. If you have a problem with my decision, you may take it up with him.” Turing, unfazed by this and somewhat oblivious to how things are supposed to work in an organizational setting, simply writes Churchill a letter directly to try to get the resources and decision-making capability that he needs to get his machine built.

more productive employees would become.⁷ However, a narrow span of control requires organizations to hire many managers, which can significantly increase labor costs. Moreover, if the span of control becomes too narrow, employees can become resentful of their close supervision and long for more latitude in their day-to-day decision making. In fact, current research suggests that a moderate span of control is best for an organization’s productivity.⁸ This relationship is illustrated

FIGURE 15-2 Span of Control and Organizational Performance

Source: Adapted from N.A. Theobald and S. Nicholson-Crotty, "The Many Faces of Span of Control: Organizational Structure Across Multiple Goals," *Administration and Society* 36 (2005), pp. 648–60.

in Figure 15-2. Note that organizational performance increases as span of control increases, but only up to the point that managers no longer have the ability to coordinate and supervise the large numbers of employees underneath them. Most organizations work hard to try to find the right balance, and this balance differs for every organization, depending on its unique circumstances. However, there is no question that spans of control in organizations have increased significantly in recent years.⁹ Although extremely rare, organizations such as Coca-Cola have gone through structures in which vice presidents have had up to 90 employees reporting to them!¹⁰

An organization's span of control affects how "tall" or "flat" its organizational chart becomes. For example, the top panel of Figure 15-1 depicts a tall structure with many hierarchical levels and a narrow span of control, whereas the bottom panel depicts a flat organization with few levels and a wide span of control. Think about what happens when an organization becomes "taller." First, more layers of management mean having to pay more management salaries. Second, communication in the organization becomes more complex as each new layer becomes one more point through which information must pass when traveling upward or downward. Third, the organization's ability to make decisions becomes slower, because approval for decisions has to be authorized at every step of the hierarchy.

Over the past three decades, organizations worked to become flatter to reduce the costs associated with multiple layers of management and increase their ability to adapt to their environment. When Intel, for example, announced a reduction in its managerial ranks of 1,000 positions (or 1 percent of its 100,000 employees), a spokesperson announced that "This [layoff] is designed to improve costs and improve decision making and communications across the company."¹¹ McDonald's recently reorganized in a way that is supposed to make their decision making faster and more focused on their customers. CEO Steve Easterbrook added, "Our new structure will be supported by streamlined teams with fewer layers and less bureaucracy."¹²

CENTRALIZATION Centralization reflects where decisions are formally made in organizations. If only the top managers within a company have the authority to make final decisions, we would say that the organization has a highly "centralized" structure. In contrast, if decision-making authority is pushed down to lower-level employees and these employees feel empowered to make decisions

on their own, an organization has a “decentralized” structure. Decentralization becomes necessary as a company grows larger. Sooner or later, the top management of an organization will not be able to make every single decision within the company. Centralized organizational structures tend to concentrate power and authority within a relatively tight group of individuals in the firm, because they’re the ones who have formal authority over important decisions.

Many organizations are moving toward a more decentralized structure. A manager can’t have 20 employees reporting to him or her if those employees aren’t allowed to make some decisions on their own. Airbus, the French manufacturer of airplanes, is doing its best to decentralize decision making within the company. CEO Fabrice Brégier believes it’s taking the company way too long to make decisions. “We make some of the world’s most complex products, but that doesn’t mean we have to be overly complex about how we do things.” His goal is to give Airbus’s production managers more independence to set priorities and move more quickly. Brégier states, “We need to funnel this down to just the people required to make decisions.”¹³ Greg Page, Executive Chairman of Cargill, a \$100 billion conglomerate with 70 separate business units, says the company’s senior governing body has only six people on purpose. He states, “By keeping the [leadership team] too small to conduct the day-to-day affairs of the company, it forces that accountability and ownership down the line. The role of the [team] is to put our noses in and keep our fingers out.”¹⁴

However, it’s also important to realize that some organizations might choose to hold on to centralized control regardless of how big they get. Pennsylvania-headquartered Sheetz convenience stores are one of the fastest-growing store operators in the country, with 440 outlets and annual revenues of \$7 billion. Still run as a family business, the Sheetz family likes to maintain a high degree of control over what happens. While most companies decentralize as they get bigger for the sake of sanity, the Sheetz family has not ceded much control to those outside the family. Soon-to-be-CEO Joe Sheetz believes having the family retain decision-making rights is a big part of the company’s success, saying, “We don’t play well with others.”¹⁵ Have the organizations where you’ve worked been largely centralized or decentralized? See our **OB Assessments** feature to find out.

FORMALIZATION A company is high in **formalization** when there are many specific rules and procedures used to standardize behaviors and decisions. Although not something you can necessarily see on an organizational chart, the impact of formalization is felt throughout the organization. Rules and procedures are a necessary mechanism for control in every organization. Although the word *formalization* has a somewhat negative connotation, think about the reactions if McDonald’s made its most popular menu items in different ways at each location. Or think about this: Would it bother you if every time you called Dell for technical support, you got an operator who treated you differently and gave you conflicting answers? Formalization is a necessary coordination mechanism that organizations rely on to get a standardized product or deliver a standardized service.

Alcoa’s Michigan Casting Center, a leading automotive part supplier, was plagued by the fact that it could have two machine operators running the same machine on two different shifts and get up to a 50 percent performance difference in output and quality between the workers. The company conducted a study to identify the best practices for each machine in its plant. These best practices became standard operating procedures for each worker, and that formalization allowed the company to get a more predictable level of output.¹⁶ Companies such as W.L. Gore, the Newark, Delaware-based manufacturer of Gore-Tex, fall at the other extreme when it comes to formalization.¹⁷ Whereas most companies have titles for their jobs and job descriptions that specify the tasks each job is responsible for, Bill Gore (company founder) felt that such formalization would stifle communication and creativity. After one of his employees mentioned that she needed to put some kind of job title on a business card to hand out at an outside conference, Gore replied that she could put “supreme commander” on the card for all he cared. She liked the title so much that she followed through on his suggestion, and it became a running joke throughout the company.¹⁸ Recent research supports Gore’s view. A manager might try to make employees feel more empowered by decentralizing decision making, but evidence suggests this effect is negated when the employees’ job roles have a high level of formalization.¹⁹

ELEMENTS IN COMBINATION You might have noticed that some elements of an organization’s structure seem to go hand-in-hand with other elements. For example, wide spans of control tend to be associated with decentralization in decision making. A high level of work specialization

OB ASSESSMENTS

CENTRALIZATION

Have you experienced life inside an organization with a highly centralized structure? This assessment is designed to measure two facets of what would be considered a centralized organizational structure. Those two facets are *hierarchy of authority*, which reflects the degree to which managers are needed to approve decisions, and *participation in decision making*, which reflects how involved rank-and-file employees are in day-to-day deliberations. Think about the last job you held (even if it was a part-time or summer job). Alternatively, think about a student group of yours that seems to have a definite “leader.” Then answer each question using the response scale provided. (Instructors: Assessments on structure preferences and formalization can be found in the PowerPoints in the Connect Library’s Instructor Resources and in the Connect assignments for this chapter.)

1 STRONGLY DISAGREE	2 DISAGREE	3 UNCERTAIN	4 AGREE	5 STRONGLY AGREE

SCORING AND INTERPRETATION:

Hierarchy of Authority: Sum up items 1–5. _____

Participation in Decision Making: Sum up items 6–9. _____

A centralized structure would be one in which Hierarchy of Authority is high and Participation in Decision Making is low. If your score is above 20 for Hierarchy of Authority and below 8 for Participation in Decision Making, your organization (or student group) has a highly centralized structure.

Source: Adapted from M. Schminke, R. Cropanzano, and D.E. Rupp, “Organization Structure and Fairness Perceptions: The Moderating Effects of Organizational Level,” *Organizational Behavior and Human Decision Processes* 89 (2002), pp. 881–905.

tends to bring about a high level of formalization. Moreover, if you take a closer look at the elements, you might notice that many of the elements capture the struggle between efficiency and flexibility. **Mechanistic organizations** are efficient, rigid, predictable, and standardized organizations that thrive in stable environments. Mechanistic organizations are typified by a structure that relies on high levels of formalization, a rigid and hierarchical chain of command, high degrees of

work specialization, centralization of decision making, and narrow spans of control. In contrast, **organic organizations** are flexible, adaptive, outward-focused organizations that thrive in dynamic environments. Organic organizations are typified by a structure that relies on low levels of formalization, weak or multiple chains of command, low levels of work specialization, and wide spans of control. Table 15-2 sums up the differences between the two types of organizations.

If you think about the differences between the two types, it probably wouldn't be too difficult to come up with a few companies that fall more toward one end of the continuum or the other. Where would you place Apple? Evidence indicates that a mechanistic or organic culture can have a significant effect on the types of employee practices a company adopts, such as selection, training, recruitment, compensation, and performance systems.²⁰ In addition, organic structures are more likely to allow for transformational leadership to have a positive effect on employees.²¹ However, it's important to remember that few organizations are perfect examples of either extreme. Most fall somewhere near the middle, with certain areas within the organization having mechanistic qualities and others being more organic in nature. Microsoft is a good example as an organization that has many organic qualities, but even within its own walls it had teams that worked completely apart from each other while developing a major software platform and when they came together, what each group had done was incompatible with the other—a mistake they tried to rectify during the creation of later versions of Windows.²² Although it's tempting to label mechanistic as “bad” and organic as “good,” this perception is not necessarily true. Being mechanistic is the only way for many organizations to survive, and it can be a highly appropriate and fruitful way to structure work functions. To find out why that's the case, we need to explore why organizations develop the kinds of structures they do.

ORGANIZATIONAL DESIGN

Organizational design is the process of creating, selecting, or changing the structure of an organization. Ideally, organizations don't just “let” a structure develop on its own; they proactively design it to match their specific circumstances and needs. Research indeed shows this is how it works in most cases.²³ However, some organizations aren't that proactive and find themselves with a structure that has unintentionally developed on its own, without any careful planning. Those

15.3

What is organizational design, and what factors does the organizational design process depend on?

TABLE 15-2

Characteristics of Mechanistic vs. Organic Structures

MECHANISTIC ORGANIZATIONS	ORGANIC ORGANIZATIONS
High degree of work specialization; employees are given a very narrow view of the tasks they are to perform.	Low degree of work specialization; employees are encouraged to take a broad view of the tasks they are to perform.
Very clear lines of authority; employees know exactly whom they report to.	Although there might be a specified chain of command, employees think more broadly in terms of where their responsibilities lie.
High levels of hierarchical control; employees are not encouraged to make decisions without their manager's consent.	Knowledge and expertise are decentralized; employees are encouraged to make their own decisions when appropriate.
Information is passed through vertical communication between an employee and his or her supervisor.	Lateral communication is encouraged, focusing on information and advice as opposed to orders.
Employees are encouraged to develop firm-specific knowledge and expertise within their area of specialization.	Employees are encouraged to develop knowledge and expertise outside of their specialization.

Source: Adapted from T. Burns and G.M. Stalker, *The Management of Innovation* (London: Tavistock, 1961).

Partially due to its organizational structure, Sony was unable to adjust to its changing business environment, allowing Apple to dominate the portable music player market with its innovative line of iPods.



©Roman Tiraspolky/Shutterstock

organizations may then be forced to change their structure to become more effective. A number of factors should influence the process of organizational design. Those factors include the environment in which the organization does business, its corporate strategy and technology, and the size of the firm. However, for some firms in dire straits, changing the structure becomes a strategy in and of itself, often leading to very poor results.²⁴

BUSINESS ENVIRONMENT An organization's **business environment** consists of its customers, competitors, suppliers, distributors, and other factors external to the firm, all of which have an impact on organizational design. One of the biggest factors in an environment's effect on structure is whether the outside environment is stable or dynamic. Stable environments don't change frequently, and any changes that do occur happen very slowly. Stable environments allow organizations to focus on efficiency and require little change over time. In contrast, dynamic environments change on a frequent basis and require organizations to have structures that are more adaptive.²⁵ In a classic example, Sony made a well-publicized corporate mistake when it failed to meet the needs of its changing business environment to match Apple's iPod.²⁶ Because it took it so long to recognize and adapt to this environmental shift, Sony struggled to be profitable for a long time. More recently, Sony has come under fire again for its organizational structure when it failed to learn from a major computer hacking scandal in 2011 and fell victim to a similar, but more serious attack in 2014 because its units didn't communicate with one another.²⁷ Some would argue that the world is changing so fast that the majority of companies can no longer keep up.

COMPANY STRATEGY A **company strategy** describes an organization's objectives and goals and how it tries to capitalize on its assets to make money. Although the myriad of organizational strategies is too involved to discuss here, two common strategies revolve around being either a low-cost producer or a differentiator.²⁸ Companies that focus on a low-cost producer strategy rely on selling products at the lowest possible cost. To do this well, they have to focus on being as efficient as they can be. Such companies are more likely to take a mechanistic approach to organizational design. Other companies might follow a differentiation strategy. Rather than focusing on supplying a product or service at the lowest cost, these companies believe that people will pay more for a product that's unique in some way. It could be that their product has a higher level of quality or offers features that a low-cost product doesn't. A differentiation strategy often hinges on adjusting to changing environments quickly, which often makes an organic structure more appropriate.

TECHNOLOGY An organization's **technology** is the method by which it transforms inputs into outputs. Very early on in the study of organizations, it was assumed that technology was the major determinant of an organization's structure.²⁹ Since then, the picture has become less clear regarding the appropriate relationship between technology and structure.³⁰ Although not completely conclusive, research suggests that the more routine a technology is, the more mechanistic a structure should be. In many ways, this suggestion makes perfect sense: If a company makes the exact same thing over and over, it should focus on creating that one thing as efficiently as possible by having high levels of specialization, formalization, and centralization. However, if technologies need to be changed or altered to suit the needs of various consumers, it follows that decisions would be more decentralized and the rules and procedures the organization relies on would need to be more flexible.

COMPANY SIZE There is no question that there is a significant relationship between **company size**, or the total number of employees, and structure.³¹ As organizations become larger, they need