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## Effective Leadership: Theory, Cases, and Applications

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# Situational and Path-Goal Models of Leadership

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## Case: *Battle for the Caribbean*

No, this isn't about battling pirates, but it does have sinking ships, mutineers, plagues and deaths

with corpses piling up in freezers, military coups, smugglers, shipboard romance, plenty of treasure hunters, and cutthroat, back-stabbing competition (Wall Street style). Garin (2006) describes all of this in *Devils on the Deep Blue Sea: The Dreams, Schemes and Showdowns That Built America's Cruise-Ship Empires*. Sailing along the way, we can also learn the leadership principles that helped the three main rivals start a whole new industry and vanquish their 28 other contenders to the bottom of the Caribbean (figuratively speaking).

***The Carnival Cruise ship Named Destiny at Port in St. Lucia, April 2007.***



Source: Wikipedia/WikiEK

Ted Arison, an international entrepreneur temporarily working in the United States of America, made a small fortune when he sold his airfreight shipping company to his partner. Instead of retiring young and wealthy, Arison plunked his whole fortune down on a lease for a cruise ship. He sold out bookings for cruises from Miami while waiting for the leased ship to arrive. Unfortunately, Arison lost his entire fortune before the cruises even began when Israel seized the ship from its owner during bankruptcy proceedings. Ever the optimist, the destitute Arison had to borrow a friend's phone to make a long distance call to a Norwegian shipping magnate with a spare ship. Fortunately, Knut Kloster was a visionary leader as well, and he flew from Oslo 2 days later to meet Arison. Together, they became known as the fathers of the modern cruise industry. Kloster and his Norwegian backers owned the ships and supervised the maritime personnel, while Arison acted as their agent responsible for running the onboard hotels and obtaining bookings for the Norwegian Caribbean Lines (NCL). Their partner-

ship worked well for years until an acrimonious lawsuit over who had rights to the *float* split the partnership. Arison was investing the money that customers paid in advance (the float) for cruise tickets (sometimes as much as a year in advance) in his private businesses before turning over the cash to NCL. Arison started his own cruise line, Carnival, in part with money he had *borrowed* from the float.

Arison, the visionary master salesman with the *good guy* demeanor, was assisted during his career by his loyal associate, Zonis. Zonis was the detail-minded task leader who kept track of every penny and played the *bad guy* enforcer who implemented Ted's ideas. Micky Arison grew up watching his father and Zonis work, and he learned both his father's visionary skills and Zonis's hard-headed management style. The third major industry competitor was also formed by a similar pair of a visionary and a detailed, task-oriented leader: the Americans Edwin Stephan and Pete Whelpton. Edwin was the visionary leader with ideas for a whole new type of cruise ship designed for entertaining passengers as opposed to simply transporting them. His big plans were literally big: His blueprints covered the floors and walls of his home. Whelpton was the tough *brawler* who supervised and trained the staff.

Stephan showed his plans to another group of Norwegian shipping tycoons headed by Sigurd Skau-gen and Anders Wilhelmsen. The Norwegians hired Stephan to be president (without equity ownership) of the new company, Royal Caribbean Cruise Lines, and built his dream ships. Both the Norwegians and Whelpton used highly directive, telling styles of leadership to prepare the new company employees well in advance of the first cruise. The Norwegian sailors and officers were used to working on cargo ships and not with customers. They were sent to charm boot camps to learn the courtly skills that Americans would expect from luxury liner officers, such as table manners, knowledge of wine and food, and various other social niceties, including dancing. Whelpton built a mock cruise ship replica of the hotel and dining room areas in a warehouse. He drilled his staff for weeks practicing basic maneuvers. He timed them to the second as they carried trays around corners at full speed and loaded and unloaded luggage. Not everyone could handle the pressure, and when Whelpton “got mad, guys got fired” (Garin, 2006, p. 63).

High efficiency is crucial to the success of cruise ships. Modern cruise ships are like small cities—cities that must be emptied and then replenished during the 8 hour window between trips. For example, Voyager of the Seas holds 3,800 passengers plus the employees. It serves 160,000 meals a week. Meals must be prepared, dishes washed, rooms cleaned, supplies loaded, and baggage transported accord-

ing to very tight schedules. Passengers have to be serviced quickly. To make this happen, employees need detailed instructions. The high efficiency means cruises are great bargains for passengers.

Zonis's tough, highly directed leadership style was met with some resistance shortly after the 30-year-old Micky was made president of Carnival in 1979. Roughly 300 workers spontaneously seized two of the Carnival ships. Frightened passengers on the Carnival Fun Ships were hustled off the ships. Micky worried the workers would destroy the ships; he sent in private security SWAT teams. Micky, a self-proclaimed hippy who wore love beads and long hair, fired the protestors. He resolved to treat the new hires better. Zonis, who felt betrayed by the workers he had known for years, also wept years later describing the firings. He pointed out that the workers made substantially more at Carnival than at their prior jobs and eagerly recruited their family members and friends to work at Carnival—would they do that for a bad job?

And the winner of the Battle for the Caribbean? Industry observers proclaimed Micky Arison the Emperor of the Waves after another successful takeover in 2003. Half of all the cruise ship travelers in the world now ride on Carnival ships. Micky and his sister are two of the 100 richest billionaires in the world. Micky also owns the Miami Heat basketball team.

**Applications:** Do visionary leaders usually need task-oriented leaders to assist them, or are most visionary leaders usually good at task leadership as well? Do some employees need highly directive leaders and need to be told exactly what to do? Does making more money make up for putting up with directive bosses and poor working conditions? Would the strike have been avoided if Zonis had used both consideration and task leadership?

As the cruise ship case demonstrates, many jobs require leaders to give very specific, detailed-oriented instructions to employees and to *run a tight ship*. The 2012 wreck of the Costa Concordia, in which 32 people are assumed to have died, shows that following orders and standard protocols are still important in the cruise ship industry. The tragedy demonstrates that rules about safe distances from reefs, crew training for emergencies, and evacuation procedures need to be followed precisely. Captains also need to set the proper example by following established rules as well with regard to who gets evacuated first (the captain, or the passengers).

As the sections below demonstrate, there are some leadership theorists who argue that the type of leadership style you should use depends on the type of work that people are doing and on their skill level. With highly structured jobs done by unskilled labor, some theories call for directive, task-oriented *telling* styles of leadership similar to what Zonis and Whelpton practiced. With other types of workers and jobs, however, they recommend more relationship-oriented styles or delegation and achievement-oriented leadership. One approach, the path-goal model, also calls for leaders to motivate employees by boosting their confidence that they can perform the tasks and by rewarding task completion. These approaches are quite different from the High-High model from [Chapter 5](#), which argued that leaders should use consideration and initiating structure for all employees. This chapter addresses the following questions:

- What are the key environmental situations that leaders need to take into account?
- What are the characteristics of followers that leaders need to consider?
- How can leaders create positive expectations for followers about their ability to achieve goals and receive rewards?
- When should leaders use high rates of giving orders to subordinates, and when should they use participation?

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## Fiedler's Contingency Theory

Fred Fiedler (1967) was one of the first scholars to develop a model of how the environment influences leadership effectiveness. According to Fiedler, leaders are either task motivated or relationship motivated. Fiedler's two leader types are similar to the two main leader types in the Ohio State model discussed in earlier chapters: Task leaders focus on initiating structure and getting the job done, whereas relationship-oriented leaders focus on establishing positive relationships with others and showing consideration. In order to be effective, leaders need to be in situations that match their preferred leadership style (Fiedler & Chemers, 1984). Fiedler didn't believe that leaders could successfully change their style, so he recommended changing the environment to match the leader's style or reassigning the leader to the appropriate situation for his or her style.

Fiedler classified the environment according to three situational factors (Fiedler, 1967). The first is leader-member relations, which he classifies as either good or poor. *If the members like the leader, trust the leader, have confidence in the leader, and generally have positive feelings about the leader, then **leader-member***

*relations* are good; otherwise, they are poor. The second situational factor is **task structure**: When tasks are clearly defined and the work procedures are clearly understood by the group members, then the task is structured; when the tasks are ambiguous and there are multiple ways the group members might seek to achieve the goals, then the task is unstructured. The third factor is **position power**: The leader's position power is strong if the leader has the authority to hire and fire group members, make pay raises, give bonuses or other financial rewards, and distribute various perks, status symbols, and desirable work assignments; otherwise, it is weak. [Table 6.1](#) outlines the eight combinations in which these three situational factors can be combined. The three situational factors combine to determine the degree of situational favorableness, ranging from highly favorable (good leader-member relations, structured tasks, and strong position power) to highly unfavorable (poor leader-member relations, unstructured tasks, weak position power).

### **Table 6.1 Fiedler's Contingency Model and Meta-Analytical Results**

Fiedler developed his model inductively by spotting the patterns that emerged when he classified his study results according to his two leadership styles and the eight combinations of situational factors. Based on his empirical results, he formulated his theory, which he and his followers then tested in later studies. This theory argued that under the three most favorable situations (rows 1-3), that task-motivated leaders achieve the best results. Task leaders can take advantage of the positive situation to encourage the group members to perform at their best. Because these leaders are the ones most motivated by the task, they would push the group members to higher levels of performance than would more relationship-oriented leaders. However, when the situation is only moderate in terms of favorableness (rows 4-7), then leaders need to win over the group members in order to obtain their cooperation, and relationship-motivated leaders are best at this. Under these circumstances, the group members are united in their poor relationship with the leader (rows 5-7), or they have the upper hand on two out of the three situational factors (row 4). A relationship-motivated leader thus would be the best at repairing the poor leader-member relations and getting the team motivated again. Fiedler's recommendation for the least favorable situation (row 8) is interesting because he recommends returning to the task-motivated leadership style. Under these conditions, it takes a strong leader to hold the group together and to keep the members focused on the task.

Peters, Hartke, and Pohlmann (1985) conducted a meta-analysis to see if the available evidence supported Fiedler's model. [Table 6.1](#) under the Fiedler column lists the results of their meta-analysis of the studies that Fiedler used to induce his model. For example, in row 1, the induced studies showed that task leadership was

found to be the most successful. Peters and his colleagues found that Fiedler's model did correctly summarize the results of the studies that Fiedler used to develop his model. After Fiedler developed his model, other studies were performed to test the validity of the model, and [Table 6.1](#) shows the meta-analysis of these studies broken down by whether they were lab studies or field studies. *The lab studies differed in two of the rows from Fiedler's model.* In row 2, the lab studies found that relationship-motivated leaders, not task leaders, were actually more effective. In row 5, Fiedler's model specified that relationship-motivated leaders would be more effective, but the zero correlation in the lab studies indicated that relationship leaders would be neither more, nor less, effective than task leaders. *The field studies only differed from Fiedler's model for row 6 with the zero correlation again indicating no difference between the two styles.*

Fiedler's method of measuring leadership style does not allow leaders to be rated as high on both task and relationship leadership. He developed a Least Preferred Coworker Measure to assess leaders' styles (Fiedler & Chemers, 1984). According to this measure, task leaders rate their least preferred coworkers relatively negatively, whereas relationship leaders are still relatively accepting of their least preferred coworkers. This is a rather indirect way of measuring leadership style, and it is also one that puts somewhat of a negative spin on task leaders. As discussed in the chapter on the behavioral approach to leadership, leaders can be high on both initiating structure and showing consideration. Thus, while Fiedler's model and supporting research indicate that under certain conditions, leaders should focus on either task leadership or relationship leadership, it says nothing about whether they should back up the dominant focus with a supporting role from the other style. For example, under the highly favorable conditions in row 1, the meta-analysis supports Fiedler's model in showing that task leadership produces better results than relationship leadership, but it is possible that task leaders, who in addition perform consideration-type behaviors, might do even better. There has been almost no research using Fiedler's contingency model since the 1980s. Although the meta-analysis provided fairly good support for this model, it is possible that cultural changes and the empowerment movement might change how employees would react to purely task-oriented leadership.

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## The Hersey-Blanchard Situational Leadership® Model

The Hersey-Blanchard Situational Leadership®<sup>1</sup> Model (Hersey & Blanchard, 1969) allows leaders to be high on both task and relationship leadership. However, like the Fiedler model, it also argues that under certain circumstances leaders should focus on either one or the other style. It argues that subordinates can vary on

maturity, ranging from immature subordinates who are both psychologically unmotivated and lacking in experience, to highly motivated and skilled employees. Later, Hersey and his colleagues (Hersey, Blanchard, & Johnson, 1996) used the term *follower readiness* instead of maturity—it's probably not good PR to describe some of your employees as immature. Also, the later version emphasizes how readiness refers to ability to do the specific task or job, as opposed to the employee's personality traits or character. This model has four environmental situations that call for four different leadership styles:

*S1 (high task, low relationship): The **telling style** consists of highly directive, low-supportive leadership in which leaders give detailed instructions and use close monitoring with relatively little emotional support.* This style should be used for employees who have (1) low task skills and (2) a negative, unwilling attitude or are insecure and lacking confidence in their ability to do the job without detailed instructions.

*S2 (high task, high relationship): The **selling style** consists of highly directive, highly supportive leadership in which the leader focuses on setting goals and giving instructions while also giving encouragement.* Although the leader solicits some input from the followers during coaching, the leader still makes the key decisions about goals and processes. Subordinates in this category have more competence than in S1, but they need encouragement to gain a deeper commitment to the goal and to the organization.

*S3 (high relationship, low task): The **participating style** has leaders encourage participation from subordinates in determining how the job is done, and the leaders focus on listening to subordinates, giving praise and recognition, facilitating problem solving, and obtaining resources.* Subordinates in this category have moderate to high expertise but still need some support and help from their leaders.

*S4 (low relationship, low task): When using the **delegating style**, leaders set the overall goals but turn day-to-day decision making over to the employees.* Leaders have to provide relatively little task instruction because of the employees' expertise and little relationship leadership because of their high level of commitment and interest in their jobs.

Although the theory has been widely published, the evidence in support of the Hersey and Blanchard model is mixed at best and very limited in quantity. Vecchio and his colleagues have been among the most active in testing the model. In their latest article, Vecchio, Bullis, and Brazil (2006) tested the model using 860 partici-

pants from 86 squads in the U.S. Military Academy. They did not find the predicted relationship among follower attributes and leadership style. They concluded that **“the theory may have little practical utility”** (p. 407) [boldface added]. In another study, Fernandez and Vecchio (1997) surveyed 332 university employees and their 32 supervisors. They reasoned that the Hersey and Blanchard model may be more accurate for comparisons across jobs than within a single occupation because follower readiness/maturity may not vary much within one job category. Thus, their study sampled a wide range of occupations including custodians, staff members, faculty, and administrators. They found that *only 16.9% of the cases would be correctly matched according to the four quadrants recommended by the theory*. Although they did find that supervisory monitoring increased job satisfaction for lower-level employees, while consideration-type behaviors helped most for mid- and upper-level managers, this does not fit the pattern in the model, although it is consistent with some of the underlying principles. They concluded that the theory is not descriptively accurate.

Other researchers reached the same conclusions about the Hersey and Blanchard model. Goodson, McGee, and Cashman (1986) surveyed 85 store managers, 56 assistant managers, and 318 sales clerks working for a national retail chain. They examined five outcome variables: role ambiguity, overall job satisfaction, satisfaction with supervision, satisfaction with communication, and organizational commitment. *They found virtually no support for the pattern recommended by Hersey and Blanchard. Instead, they found support for the simpler model advocated by the High-High model, which recommends that leaders perform both initiating structure and showing consideration*. In their study, both of these variables were positively related to satisfaction with supervision and satisfaction with communication, although only consideration was related to overall job satisfaction and organizational commitment.

**The Leader's Bookcase:** Make your own judgment about how strong the evidence is by downloading this article from the textbook website: Vecchio, R. P., Bullis, R. C., & Brazil, D. M. (2006). The utility of situational leadership theory: A replication in a military setting. *Small Group Research*, 37, 407–424.

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## Path-Goal Models of Leadership

What do people want from a leader? Often, people want a leader who can show them the money. In other

words, people want a leader who can show them how to get bonuses, pay raises, promotions, and any other perks that they want. Of course, organizations don't pass out pay raises like candy; usually they give them only for getting the job done right. Thus, people want leaders who can show them how to achieve the challenging goals that will justify their big bonuses and promotions. In other words, people want a leader who can show them the path to success. In addition, people may want a leader who can make the job more fun and satisfying.

Path-goal theory is based on the expectancy theory of motivation. Expectancy theory (Georgopoulos, Mahoney, & Jones, 1957; Vroom, 1964) basically states that people ask themselves three questions when deciding how much effort they are going to put into a task. First, they ask, "How likely is it that I can achieve this task—get it done—if I try?" Second, they ask, "If I get the job done, what is the likelihood that I'll get a reward or benefit?" Third, "How much do I value the reward or benefit that I'll get?" Expectancy theory argues that people answer these questions with probability estimates. For example, one person may think there's a 90% chance that he or she could increase productivity to meet the new company goals, whereas another employee may estimate there is only a 50% chance. Lower probability estimates act as nagging doubts that lower one's will to persevere or continue working. If you can't ever achieve it, you might as well give up now. People may also be skeptical about the odds of being rewarded. Some may think there's an 80% chance that the company will follow through on its promise to give bonuses, but others may think the odds are much less. For example, they may believe politics, being friends with the boss, or overall company profitability play a role in determining bonuses—not goal achievement. Again, these nagging doubts sap one's will to perform. People may also vary in how much they value the rewards being offered. Some may place a high value on the bonus, while others may want more vacation time. Expectancy theory also argues that people take into account the costs associated with achievement, like the extra effort involved, less time with family, and so forth. The anticipated rewards have to outweigh the anticipated costs.

According to path-goal theory, it's the job of the leader to banish these nagging doubts from the minds of their followers and make them confident they can get the job done and receive the rewards they deserve (Evans, 1970; House, 1971; House & Mitchell, 1974). *Leaders engage in **path clarification** to let followers know what behaviors will be rewarded, to teach them how to achieve the task, and to remove other obstacles in the way of achievement.* One of the more interesting concepts from path-goal theory concerns advice about when to give orders and be directive. New employees often find their jobs confusing and ambiguous, and even experienced employees may find certain aspects of their job confusing or unclear. Path-goal theory argues that employees appreciate directive behavior when it removes ambiguity and clarifies confusing situations. Under

these circumstances, order giving and directive behavior reduces stress and increases satisfaction with the leader. On the other hand, telling people what to do when they already know what to do breeds resentment. The orders serve no useful purpose other than reminding employees who's the boss.

Leaders can also engage in path clarification by providing emotional support. Leaders who provide emotional support can boost the confidence of employees that they can achieve the challenging goals or learn the new job. Emotional support also helps employees believe that the leader is looking out for them and will reward them fairly. In other words, supportive leader behaviors boost employees' probability estimates that they can accomplish the task and will be rewarded. Supportive leaders may also help by making an otherwise boring job more fun by having office parties and other morale boosting activities. The following case illustrates a leader recognized for her outstanding supportive and participative leadership.

**Case: *The Mary Kay Way: Make People Feel Important***

As the title of her book suggests, *The Mary Kay Way: Timeless Principles From America's Greatest Woman Entrepreneur* (2008), Mary Kay Ash was a great entrepreneur. Indeed, an academic study by Baylor University declared her the "Greatest Female Entrepreneur in American History" (p. xv). How did she become so successful? She made her employees feel important, she boosted their confidence, and she made their jobs fun. Mary Kay believed that "You Build with People" and that "A Company is Only as Good as its People" (p. 15). Mary Kay also believed that

***Mary Kay Rewards its Top Agents with the Lease of Pink Cadillacs Like this One. The Pink Cadillacs are also Good Advertising.***



Source: Flickr/Bruce Turner (CC-BY)

Every person is special! I sincerely believe this. Each of us wants to feel good about himself or herself, but to me it is just as important to make others feel the same way. Whenever I meet someone, I try to imagine him or her wearing an invisible sign that says: MAKE ME FEEL IMPORTANT! I respond to this sign immediately, and it works wonders. (p. 21)

People would tell Mary Kay that she didn't need to make her employees feel important—after all, she was paying them. But she thought they were wrong and said, “Making people feel important is precisely what a leader is paid for—because making people feel important motivates them to do better work” (Ash, 2008, p. 23).

You've probably walked by cosmetic counters at department stores and seen bored looking clerks behind the counters. Maybe you've even seen anxious and uncertain customers trying on the products—would their friends and family members like the way the makeup made them look? Mary Kay found a way to make selling cosmetics an ego-lifting, fun experience for both employees and customers. Her Beauty Consultants would host classes on skin care and other cosmetic issues, and after

each class, the Beauty Consultants would encourage the guests to comment on each others' improvement—naturally everyone would praise each other. The fun atmosphere and fulsome praise would even motivate many of the customers to join the Mary Kay sales force. Mary Kay realized that people especially need praise when learning new skills. She believed that leaders need to praise people to success and that “little successes pave the way to bigger successes” (Ash, 2008, p. 31). Mary Kay also believed that tangible rewards—like bonuses and gifts—are most effective when given with praise, recognition, and public applause. She would hold parties and large-scale celebrations to recognize her top sales people. At these events, she would give away jewelry, trips, and her famous Pink Cadillacs to recognize and reward top performers.

**Applications:** When was the last time (a) your manager, (b) a coworker, or (c) a friend or family member praised you and made you feel important? How much does praise and recognition improve motivation (if any)? How often do managers need to give praise?

*Source:* Ash, M. K. (2008). *The Mary Kay way: Timeless principles from America's greatest woman entrepreneur*. Hoboken, NJ: Wiley.

House (1971) and House and Mitchell (1974) took a behavioral approach to leadership and argued that leaders should vary their leadership behaviors according to the situation and the characteristics of the employees. They claimed that leaders should use one of four styles according to the situation: directive, supportive, participative, and achievement leadership. According to path-goal theory, leaders should be able to use all four leadership styles to meet the unique needs of each employee. There were 120 studies on the path-goal model as summarized in a meta-analysis by Wofford and Liska in 1993 (the last year a meta-analysis was performed; relatively few studies have directly tested the path-goal model since then). These studies had 83,105 participants. The meta-analysis examined directive and supportive leadership, but there were not enough studies at the time to examine participative and achievement leadership. The meta-analysis only found partial support for the view that leaders should vary how much directive or supportive leadership they provide according to the situation; thus in most situations, leaders should continue to initiate structure and show consideration. The four styles are described below along with the key meta-analysis findings:

**Directive Leadership:** *An initiating structure style of leadership in which leaders give clear instructions about how to do the job, make rules, and set performance standards.* Leaders should use this to reduce ambiguity, role confusion, and anxiety about how to do the job. Thus, leaders should use this style more frequently when employees are inexperienced or otherwise are low in ability (this is supported by the meta-analysis results). According to the theory, leaders should also use this more often when the tasks are unstructured and complex and the employees do not have the skills necessary to engage in participative decision making. Leaders should be clear about goals and the associated rewards.

**Supportive Leadership:** *Similar to consideration leadership, leaders use this type of leadership to boost the confidence of their employees and to reduce boredom and increase job satisfaction.* Leaders are friendly, approachable and helpful, and they may use office parties or other activities to make the workplace environment more exciting. According to the results of the path-goal theory meta-analysis, this style is especially useful for simple and highly structured jobs to boost satisfaction with the leader and for complex unstructured tasks to reduce anxiety and boost performance.

**Participative Leadership:** *Leaders draw upon the expertise of their followers by inviting them to share their knowledge and opinions with the leader and to participate in decision making.* By sharing information with followers, leaders reduce task uncertainty and boost followers' confidence. Thus, this style is useful when the task is complex and unstructured, provided the team members have the skills necessary to contribute to the decision-making process. According to path-goal theory, this style is *not* useful when tasks are highly structured.

**Achievement Leadership:** *Here the leaders set challenging goals for their followers while expressing confidence in their abilities.* Leaders should use this with highly skilled followers performing complex, unstructured tasks. Leaders use this style to encourage their followers to take responsibility and to do their very best.

House later developed some further theoretical propositions about path-goal theory (House, 1996; also see Evans, 1996 for a review). However, Schriesheim, Castro, Zhou, and DeChurch (2006) tested one of the new path-goal propositions which stated that emphasizing contingent rewards has a *negative* effect on efforts to

emphasize values (e.g., doing the work because you believe in the values and mission of the organization). In contrast, the researchers found that contingent rewards and values augment each other (have *positive* and additive effects) as theorized by transformational leadership models. In other words, people appreciate being well paid to provide a socially valuable service or product, and the promise of extra money doesn't reduce people's belief in the value of their work.

The research on path-goal theory found that when employees perform highly structured jobs or jobs with low job scope, such as simple, highly repetitive jobs, considerate, supportive leadership is especially helpful. Supportive leadership may help in these situations because it reduces boredom and increases morale.

***Mia Hamm of the United States Playing against Germany in 1997 at St. Louis, MO, USA.***

***Team Sports like Soccer Require High Levels of Task Interdependence.***



Source: Wikipedia/Johnmaxmena (CC-BY)

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## Team Players Need Structure

There are likely to be a large number of situational factors that leaders need to take into account when deciding how much to focus on initiating structure versus showing consideration. One factor is **task interdependence**: *the degree to which people must interact in a coordinated way to achieve goals*. With high task interdependence, each group member must coordinate his or her activities with the activities of other group members; with low task interdependence, the employee or group member operates independently of the others. Fry, Kerr, and Lee (1986) reasoned that in team sports, coaches would need to be high on initiating structure to ensure that all of the players coordinate their moves with each other. This would be especially true if they are supervising relatively inexperienced high school players. In contrast, in individual sports such as golf, team members work largely independently and might benefit instead from consideration leadership. They surveyed players from eight different sports on 22 teams, with a total of 419 athletes. The high interdependence sports consisted of football, basketball, ice hockey, and volleyball; the low interdependence sports were tennis, swimming, track, golf, and wrestling. Consistent with their hypothesis, among sports that required high interdependence, the winning coaches were higher on initiating structure compared to the losing coaches. As expected, the winning coaches in high interdependence sports were higher on initiating structure than were the winning coaches in low interdependence sports. This demonstrates that initiating structure is not as important to winning in low interdependence sports. Also, the winning coaches in low interdependence sports were considerably more likely to use consideration leadership than were the winning coaches in high interdependence sports. This study supports the general premise that leaders need to vary the relative proportions of initiating structure and showing consideration according to situational factors like task interdependence.

**Applications:** How hard is it to get players in team sports like basketball to coordinate their efforts? Do you need coaches high in initiating structure to tell players who will get the ball, what tactic they will use, and so forth? Is this more important for relatively inexperienced players like high school athletes?

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## Why should You be the Boss? The Importance of Relative

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## Task Complexity

Have you ever had your manager or committee chair, coworker, etc., ask you to do something, and think to yourself, “Why should he (or she) be giving the orders around here?” You are especially likely to think this if the person giving the orders is lower than you on important status characteristics like education, experience, seniority, or age (Ridgeway & Berger, 1986). According to Humphrey and Berthiaume (1993a, 1993b), relative task complexity is also an important factor that people use when deciding who should be giving the orders. People are less likely to resent taking orders from someone if they believe that person has the experience, knowledge, and capacity to know what should be done. Moreover, if the leader is performing the more challenging and difficult work, then followers may believe the leader is earning the right to be in charge, and that the orders contribute to group performance. Thus, Humphrey and Berthiaume reasoned that when leaders perform more complex work than followers do, subordinates may view orders from managers as further evidence of leadership ability. However, when managers and their followers are performing equally complex work (or equally simple work), then managers do not have any advantage over their subordinates in terms of knowledge. In these cases, subordinates may feel that leaders should use participative or consultative styles instead of directive styles, and higher rates of order giving by the leaders should not increase perceptions of leadership. When leaders perform work that is less complex than that of their followers, however, then followers may believe that the leader's main role is to direct the group member's activities, and order giving will increase perceptions of the leader's ability.

Humphrey and Berthiaume (1993a) tested these hypotheses by randomly assigning 216 upper-level undergraduate students to 72 three-person groups in which one person was randomly assigned to be the manager. Relative complexity influenced subordinates' ratings of the leaders: *The managers were rated highest on leadership when they performed more complex work than subordinates, followed by the two equal complexity conditions (both complex or both simple), and managers had the worst ratings when they supervised people performing more complex work than they themselves performed.* The job characteristics and work procedures also influenced how often the leaders gave orders or made requests to the subordinates. As hypothesized, *higher rates of order giving increased perceptions of leadership ability when the managers performed either relatively more complex work or relatively less complex work.* Order giving had no effect when managers and subordinates performed equally complex work. These results were replicated in a study using MBA students who were asked to list the traits that characterized leaders in different work settings (Humphrey & Berthiaume, 1993b). Subjects listed more directive traits when leaders performed relatively more complex work than their

subordinates but listed few directive traits in the equal complexity conditions. When managers performed less complex work, subjects listed participatory as well as directive traits.

**Self-Assessment:** Visit the textbook website to see how you would rate leaders under various conditions. How comfortable are you giving orders to others?

**Personal Reflections: *The Need to Give Orders***

Many people seem to get a real thrill out of being in charge—they love giving orders and telling others what to do. Personally, I've never received any pleasure from giving orders to other people. In fact, it always makes me feel a little uncomfortable. I don't like receiving orders and I'm pretty high on the need for autonomy. So I always imagine that other people would resent any orders I gave them too. However, I don't mind cooperating with others on work tasks, and I also don't mind it when someone more knowledgeable than me instructs me in how to do something. I usually appreciate their advice. When I am in charge, I prefer to use a more collegial approach that emphasizes participation and achievement rather than power.

Leaders of major organizations have to be comfortable directing other people's activities. Also, many people admire leaders such as General Patton and CEO Jack Welch who are known for their tough, directive leadership style. Personally, I prefer leaders such as Eisenhower—he managed to win the largest war in history while still acting like a gentlemen. He gave many orders but never in an abusive way. Nonetheless, many of the leadership theorists in this chapter recommend directive leadership under certain circumstances. Thus, I was curious about whether I could create conditions in which subordinates—the ones receiving the orders—rated their leaders more favorably when the leaders gave them more orders. As the above study with my former PhD student, Ruth Berthiaume, demonstrates, subordinates did rate their leaders higher when they gave more orders under certain circumstances. Perhaps the participants understand that effective leaders have to make requests of others to get the job done. It's also true that *good leaders make good followers*. In other words, effective leaders don't

resent taking orders from their superiors. In large organizations, almost everyone has at least one superior.

**Your Turn to Reflect:** Does a willingness to give orders show someone has leadership ability? How should leaders make requests, issue orders, direct others, etc.? Do you have to act tough to give orders, or can you give orders in a more polite way? Are the people who rise to the top in organizations those who respect authority figures and accept their requests as just and fair?

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## Clarifying Rewards for Extra Effort in Law Enforcement

Densten (2006) argues that leaders have to negotiate extra effort from their employees, and in order to negotiate successfully, leaders have to clarify for subordinates the rewards they can expect to receive. Densten links several concepts in House's (1996) reformulated path-goal theory to the literature on negotiations. Densten tested his theories in a survey of 480 Australian law enforcement senior managers. He developed a sequential model in which the leaders first define the boundaries of the transaction in terms of what tasks should be done. Then, leaders need to acknowledge involvement and *specify rewards*. And thirdly, leaders need to *clarify* the agreement and make clear the mutual outcomes expected. Densten found that while defining the boundaries and specifying rewards influenced clarification, only clarification had a direct effect on the subordinate's production of extra effort. Densten speculates that clarification comes after rewarding behaviors because subordinates use the leaders' history of rewarding extra work to form their perceptions of the current deal—if past promises of rewards have not been kept, then the clarification level in the current negotiation is likely to be low.

The following case about Jack Welch is a good example of how leaders can apply the basic principles of path-goal theory and other situational leadership models to achieve outstanding results. Notice in the case how Welch clarifies the path to success, specifies rewards, and uses a variety of leadership styles.

**Case: Jack Welch, former CEO, General Electric**

*Fortune* magazine named Jack Welch Manager of the Century (the 20th century). Not bad for someone whose father was a train conductor. Jack earned a PhD in chemical engineering from the University of Illinois and worked his way up GE's ranks. GE was America's 10th largest corporation by market value when Jack became CEO and Chair in 1981, with a market value of \$14 billion. By the time he retired in 2001, GE's market value had increased to over \$410 billion, making it the most valuable business in the world. How did he achieve this impressive feat? Jack made the rewards of working at GE extremely clear. He pushed the level at which bonuses and stock options were offered considerably further down the ranks of managers and employees. Eventually, almost one third of GE employees became eligible for stock options. Before he took over, these perks were offered mostly to VPs and other top executives. Under his leadership, even people like Bill Lane, his speech writer and head of communications, were pulling down total annual compensation packages in the seven figures (Lane, 2008). For many managers, the majority of their compensation came in the form of bonuses or stock options. These bonuses and options were highly contingent on the performance of the department they supervised and the overall performance of GE. Bill Lane commented that his base salary was such an insignificant portion of his compensation that he couldn't even remember what it was to the nearest \$25,000.

***Jack Welch, Former CEO of General Electric***

Source: Wikipedia/Hamilton83 (CC-BY)

What happened at the other end of the performance scale was also extremely clear: Low performers, or even many slightly below average performers, were fired. For several years, Welch had a forced distribution performance appraisal system that resulted in the bottom 10% of managers being fired (Welch, 2003). Welch personally fired many managers that he felt were not passionate enough about their jobs. However, Welch's policy of firing the bottom 10% eventually became unworkable and he was forced to abandon it. By 1986, *Neutron Jack* had reduced the number of GE employees by 112,000 (over one quarter of the workforce). Of these, 36,000 were in businesses that were sold; the rest were eliminated from the remaining business divisions. He was criticized for firing so many employees when GE was doing well financially, but he argued that many laid off GE workers received generous severance packages and job retraining. He maintained that rival companies, which waited until times were bad to lay off people, were not able to afford such benefits to workers who were let go.

Welch (2003) placed a strong emphasis on showing people how to succeed. He greatly expanded the role of GE's management education and training programs at Crotonville, and to show the importance

of these programs, he would personally greet incoming classes. He also attended sessions when they were on new topics. Lane (2008) gives an example of how he and Welch attended a session on a new concept called *best practices*. The best practices strategy called for businesses to examine other corporations that were leaders in particular areas and to adopt their techniques. Welch became an early adopter of the best practices strategy and aggressively implemented it soon after hearing about it. Much of the success of GE was due to the best practices programs. GE also developed its own Work Out program that enabled thousands of GE employees to make suggestions for improvements. Welch campaigned to eliminate bureaucracy at GE, and he believed in quickly implementing new ideas and programs.

Welch transformed the communication patterns at GE to make GE a learning organization (Lane, 2008). Before Welch, many corporate talks were boring, routine presentations that conveyed little that was new or useful. Jack transformed the communication culture so that speakers celebrated their work unit's recent successes while also conveying useful ideas about how to improve GE's performance. Jack also wanted to see leaders express a passion and enthusiasm for their job. Welch developed his own 4Es leadership model that clearly demonstrated his belief that leaders should energize their followers (Krames, 2005). The four E's mean that leaders have energy, they energize others, they have a competitive edge and make tough decisions, and they execute and achieve measureable results.

Welch was also a great business strategist. He demanded that every business unit of GE be either number 1 or 2 in its industry or be sold off. He reduced GE's holdings in manufacturing and greatly expanded its holdings in financial services. Welch made a good call as the manufacturing segment of the American economy lost value while financial services blossomed. Eventually, GE's financial services division accounted for 40% of its value.

Jack could both terrify and inspire others (Lane, 2008). His voice could clearly be heard through the halls of the GE headquarters as he gave what was known as *spankings*. Even his top executives received these spankings—apparently these chewing outs were frequent events. On the other hand, Jack was very social, and employees had genuine good times at the frequent GE parties and social events. Jack introduced a lively and informal culture into what had been a rather staid company.

**Applications:** Which do you think best characterizes your opinion of Welch: Neutron Jack or Manager of the Century? Why? Many other business leaders assumed that GE's success was due to Jack's tough leadership style, and they tried to imitate him without much success. However, Jack's downsizing of GE occurred mostly during the first quarter of his reign as CEO, and he had to abandon his policy of firing the bottom 10%. In contrast, his policies of generous bonuses and stock options continued throughout his career, as did his emphasis on best practices and on making GE a learning organization. What do you think contributed most to his success?

*Sources:* Krames, J. A. (2005). *Jack Welch and the 4 E's of leadership: How to put GE's leadership formula to work in your organization*. New York, NY: McGraw-Hill.

Lane, B. (2008). *Jacked up: The inside story of how Jack Welch talked GE into becoming the world's greatest company*. New York, NY: McGraw-Hill.

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## Put it in Practice

1. Cruise to success by travelling with partners: If you are a friendly, visionary leader, bring along a task-oriented partner to keep you under budget and on schedule.
2. Who's behind the wheel? Your ability to take charge and be directive depends on your relative influence. Use task leadership if you get along with your junior officers and crew (have good leader-member relations), know where you are going (have high task structure), and own the ship (have high position power). If relatively low on these, use your relationship leadership skills to persuade the others to go where you want to go. In the worst case scenario (low on all three), be directive. Pick the travel locale or environment that matches your leadership style.
3. Treat even the lowest skilled squad members with consideration: Although there are some situational models that recommend a telling style low on support, these models may have little practical utility.
4. Map out the route: Clarify the path to success by teaching followers how to achieve the goal and by

rewarding them along the way with things they value (i.e., use path clarification). Give people instructions only when they are anxious and don't know where to go—no one likes backseat drivers who give unnecessary directions.

5. Consider your crew when choosing your leadership style: Pick directive, supportive, participative, or achievement leadership styles based on the experience and skill levels of your sailors. Let them take the wheel if they have the right experience and know the reefs.
6. Make every crew member feel important: Praise people to success and give public recognition when passing out treasure.
7. Take command when tasks are interdependent: When playing shipboard sports, use relatively more initiating structure leadership when the sport requires high task interdependence; use relatively more consideration leadership when the athletes are playing individual sports.
8. Avoid mutiny: Demonstrate your right to command by issuing orders when you perform more complex tasks and have more knowledge and experience than your crew; when the crew does the more complex work, demonstrate you have at least some value by directing the group activities. A high rate of issuing orders does not help you gain respect when you and the crew do equally complex (or simple) work.
9. When you're the junior officer on board, don't resent the captain just because he (or she) is giving the orders. Remember that good leaders also make good followers. When you are in charge, give orders to get the job done, not just to show others who's boss.
10. Lay down the law: Define the boundaries of the work to be done, specify the rewards, and clarify the agreement by making clear the mutual outcomes expected. Don't use vague *pirates' codes*.
11. Like Captain Neutron Jack, sell off the clunker ships, train the officers on best practices, and share the treasure (i.e., sell business units not in the top 2 in their industry, and give bonuses and stock options).

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## Exercises

### 1. Apply Fiedler's Model

Apply Fiedler's Contingency Model of Leadership to the cruise ship industry case at the beginning of the chapter. How would you classify the situational factors at Carnival before the workers seized the two ships? What leadership style would Fiedler's model recommend for that situation? Zonis thought he had good leader-mem-

ber relations with the workers—what leadership style would Fiedler recommend if that were true? With bad leader-member relations, what style would he recommend?

## 2. Apply Path-Goal Theory

Apply path-goal theory to Welch's leadership of GE. What did he do in terms of path clarification? Which of the four leadership styles did he use?

**Multimedia:** See Jack in action: Visit the textbook website to find links for the following talks:

October 16, 2001—Jack Welch at University of Chicago Graduate School of Business

Jack Welch Talks About Leadership and the State of Corporate America at UCLA Anderson School of Management

Jack Welch on Leadership

Visit the Student Study Site at [www.sagepub.com/humphreyel](http://www.sagepub.com/humphreyel) for these additional tools:

- Learning Goals
- Leader's Book Case Articles
- Web Resources
- Student Self Assessments

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*ment*, 19, 857–876.

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## Notes

1. Situational Leadership® is a registered trademark of Leadership Studies, Inc.

- path-goal leadership
- path-goal theory
- leadership styles
- Jack Welch
- task leadership
- staff
- ships

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