

Chapter 7

Contingency Theories of Effective Leadership

Learning Objectives

After studying this chapter you should be able to:

- Understand how aspects of the situation can enhance or diminish effects of leader behavior.
- Understand key features of the early contingency theories of effective leadership.
- Understand the benefits and limitations of contingency theories.
- Understand the findings from empirical research on contingency theories.
- Understand how to adapt leader behavior to the situation.
- Understand how to manage disruptions and other crises.

Much of the early research on effective leadership reflects an implicit assumption that some leader traits (e.g., intelligence, self-confidence) or broadly-defined behaviors (e.g., task-oriented, relations-oriented, participative) are positively related to subordinate performance or satisfaction in all situations (Stogdill, 1974). However, the research failed to provide strong support for universal conceptions of effective leadership. The lack of consistent results stimulated interest in developing “*contingency theories*” that can explain why the traits or behaviors required for effective leadership vary for different situations. In the 1970s and 1980s, several contingency theories were proposed, including *path-goal theory*, *situational leadership theory*, the LPC contingency model, leader substitutes theory, *cognitive resources theory*, the multiple-linkage model, and the *normative decision model*.

The purpose of this chapter is to describe and evaluate early contingency theories and the evidence from research on them. The first section of the chapter provides a general description of contingency theories and how they differ from universal theories of effective leadership. The next section describes three different types of situational influences. Then several early contingency theories are briefly described, conceptual limitations common to most of the theories are

identified, the research findings are summarized, and limitations of the research are identified. A general evaluation of the contingency approach is made next, and ways are suggested for developing stronger theories and improving the research. The chapter ends with guidelines for adaptive leadership and guidelines for handling immediate crises.

General Description of Contingency Theories

Contingency theories describe how aspects of the leadership situation can alter a leader's influence and effectiveness. Most of the early contingency theories were focused on dyadic influence on one subordinate, but a few of the theories included leader influence on group processes.

Types of Variables

The contingency theories of effective leadership have at least one predictor variable, at least one dependent variable, and one or more situational variables. The leadership attributes used as independent variables were usually described in terms of broad meta-categories (e.g., task and relations behavior). The dependent variable in most of the theories was subordinate satisfaction or performance, and in a few cases it was group performance. Most of the situational variables were conditions the leader is not able to change in the short term, including characteristics of the work (e.g., task structure, role interdependence), characteristics of subordinates (e.g., needs, values), characteristics of the leader (expertise, interpersonal stress), and characteristics of the leadership position (leader authority, formal policies).

Some contingency theories also include *mediating variables* (sometimes called “intervening variables”) to explain the influence of leader behavior and situational variables on performance outcomes. The mediators are usually subordinate characteristics that determine individual performance (e.g., role clarity, task skills, self-efficacy, task goals), but mediators can also include group-level characteristics that determine team performance (e.g., collective efficacy, cooperation, coordination of activities, resources). A theory is more complex and difficult to test if it includes many specific behaviors, mediating variables, and situational variables.

Causal Effects of Situational Variables

The situational variables used in contingency theories can have different types of causal effects, and more than one type of effect can occur for the same situational variable (Howell, Dorfman, & Kerr, 1986; James & Brett, 1984; Yukl, 2009).

Situation Directly Effects Outcomes or Mediators. A situational variable can directly influence an outcome such as subordinate satisfaction or performance, or a mediating variable that is a determinant of the outcomes. When a situational variable can make a mediating variable or an outcome more favorable, it is sometimes called a “*substitute*” for leadership. An example is when subordinates have extensive prior training and experience. The need for clarifying and coaching by the leader is reduced, because subordinates already know what to do and how to do it. A substitute can indirectly influence leader behavior if it becomes obvious to the leader that some types of behavior are redundant and unnecessary. A situational variable can also affect the relative importance of a mediating variable as a determinant of performance outcomes. For example, employee skill is a more important determinant of performance when the task is very complex and variable than when the task is simple and repetitive. Here again, the situational variable can indirectly influence leader behavior if it is obvious to the leader that some types of behavior are more relevant than others to improve performance for the leader's team or work unit.

Situation Directly Influences Leader Behavior. A situational variable may directly influence a leader's behavior but only indirectly influence the dependent variables. Aspects of the situation such as formal rules, policies, role expectations, and organizational values can encourage or constrain a leader's behavior, and they are sometimes called *demands* and *constraints* (see Chapter 2). In addition to the direct effect of the situation on leader behavior, there may be an indirect effect on dependent variables. For example, a company establishes a new policy requiring sales managers to provide bonuses to any sales representative with sales exceeding a minimum standard; sales managers begin awarding bonuses, and the performance and satisfaction of the sales representatives increases.

Situation Moderates Effects of Leader Behavior. A situational variable is called an *enhancer* if it increases the effects of leader behavior on the dependent variable but does not directly influence the dependent variable. For example providing coaching will have a stronger impact on subordinate performance when the leader has relevant expertise. This expertise enables the leader to provide better coaching, and subordinates are more likely to follow advice from a leader who is perceived to be an expert. An enhancer can indirectly influence leader behavior if a leader is more likely to use a behavior because it is perceived to be relevant and effective. A situational *moderator variable* is called a *neutralizer* when it decreases the effect of leader behavior on the dependent variable or prevents any effect from occurring. For example, offering a pay increase to an employee for working extra days may fail if the employee is rich and does not need the money. Employee indifference to pay rewards is a neutralizer for this type of influence tactic.

Early Contingency Theories

Six contingency theories are described in this chapter, including *path-goal theory*, *leadership substitutes theory*, *situational leadership theory*, the *LPC contingency model*, *cognitive resources theory*, and the *multiple-linkage model*. The normative decision model was described in Chapter 5.

Path-Goal Theory

The initial versions of path-goal theory described how a leader's task-oriented behavior ("instrumental leadership") and relations-oriented behavior ("supportive leadership") influence subordinate satisfaction and performance in different situations (Evans, 1970; House, 1971). The theory was later extended to include participative leadership and achievement-oriented leadership (e.g., Evans, 1974; House, 1996; House & Mitchell, 1974).

Consistent with the expectancy theory of motivation, leaders can motivate subordinates by influencing their perceptions about the likely consequences of different levels of effort. Subordinates will perform better when they have clear and accurate role expectations, they perceive that a high level of effort is necessary to attain task objectives, they are optimistic that it is possible to achieve the task objectives, and they perceive that high performance will result in beneficial outcomes. The effect of a leader's behavior is primarily to modify these perceptions and beliefs. According to House (1971, p. 324), "The motivational function of the leader consists of increasing personal payoffs to subordinates for work-goal attainment and making the path to these payoffs easier to travel by clarifying it, reducing roadblocks and pitfalls, and increasing the opportunities for personal satisfaction en route."

Leader behavior can also affect subordinate satisfaction. According to House and Dessler (1974, p. 13), "... leader behavior will be viewed as acceptable to subordinates to the extent that

the subordinates see such behavior as either an immediate source of satisfaction or as instrumental to future satisfaction.” Depending on the situation, leader behavior may affect satisfaction and performance in the same way or in different ways.

According to path-goal theory, the effect of leader behavior on subordinate satisfaction and effort depends on aspects of the situation, including task characteristics and subordinate characteristics. These situational moderator variables determine both the potential for increased subordinate motivation and the manner in which the leader must act to improve motivation. Situational variables also influence subordinate preferences for a particular pattern of leadership behavior, thereby influencing the impact of the leader on subordinate satisfaction.

One key proposition of the theory involves the moderating influence of situational variables on instrumental leadership. Task-oriented behavior has a stronger effect on role clarity, self-efficacy, effort, and performance when subordinates are unsure about how to do their work, which occurs when they have a complex and difficult task and little prior experience with it. Another key proposition is that supportive leadership has a stronger effect when the task is very tedious, dangerous, and stressful. In this situation supportive leadership increases subordinate confidence, effort, and satisfaction.

Leadership Substitutes Theory

Kerr and Jermier (1978) identified aspects of the situation that make task-oriented behavior (“instrumental leadership”) or relations-oriented behavior (“supportive leadership”) by the designated leader redundant or ineffective. Later versions included additional behaviors such as contingent reward behavior (Howell, Bowen, Dorfman, Kerr, & Podsakoff, 1990; Podsakoff, Niehoff, MacKenzie, & Williams, 1993).

The situational variables include characteristics of the subordinates, task, and the organization that serve as *substitutes* by directly affecting the dependent variable and making the leader behavior redundant. The substitutes for instrumental leadership include a highly structured and repetitive task, extensive rules and standard procedures, and extensive prior training and experience for subordinates. The substitutes for supportive leadership include a cohesive work group in which the members support each other, and an intrinsically satisfying task that is not stressful. In a situation with many substitutes, the potential impact of leader behavior on subordinate motivation and satisfaction may be greatly reduced. For example, little direction is necessary when subordinates have extensive prior experience or training, and they already possess the skills and knowledge to know what to do and how to do it. Likewise, professionals who are internally motivated by their values, needs, and ethics do not need to be encouraged by the leader to do high-quality work.

Some situational variables (called *neutralizers*) prevent a leader from using forms of behavior that would improve subordinate satisfaction or unit performance. For example, a leader with no authority to change ineffective work procedures cannot make changes that would improve efficiency. Howell et al. (1990) contend that some situations have so many neutralizers that it is difficult or impossible for a leader to succeed. In this event, the remedy is to change the situation and make it more favorable for the leader by removing neutralizers, and in some cases by increasing substitutes.

Situational Leadership Theory

Hersey and Blanchard (1977) proposed a contingency theory called Situational Leadership Theory. It specifies the appropriate type of leadership behavior for a subordinate in various situations. Behavior was defined in terms of directive and supportive leadership,

and a revised version of the theory also included decision procedures (Graef, 1997). The situational variable is subordinate maturity, which includes the person's ability and confidence to do a task.

According to the theory, for a low-maturity subordinate the leader should use substantial task-oriented behavior such as defining roles, clarifying standards and procedures, directing the work, and monitoring progress. As subordinate maturity increases up to a moderate level, the leader can decrease the amount of task-oriented behavior and increase the amount of relations-oriented behavior (e.g., consult with the subordinate, provide more praise and attention). For high-maturity subordinates, the leader should use extensive delegation and only a limited amount of directive and supportive behavior. A high-maturity subordinate has the ability to do the work without much direction or monitoring by the leader, and the confidence to work without much supportive behavior by the leader.

The primary focus of the theory is on short-term behavior, but over time the leader may be able to increase subordinate maturity with a developmental intervention that builds the person's skills and confidence. How long it takes to increase subordinate maturity depends on the complexity of the task and the subordinate's initial skill and confidence. It may take as little as a few days or as long as a few years to advance a subordinate from low to high maturity on a given task. Hersey and Blanchard recognized that subordinate maturity may also regress, requiring a flexible adjustment of the leader's behavior. For example, after a personal tragedy such as a death of loved ones, a subordinate who was highly motivated may become apathetic. In this situation the leader should increase supervision and use a developmental intervention designed to restore maturity to the former high level.

The LPC Contingency Model

Fiedler's (1967; 1978) LPC Contingency Model describes how the situation moderates the effects on group performance of a leader trait called the least preferred coworker (LPC) score. The interpretation of LPC scores has changed several times over the years, and what the measure actually means is still questionable.

Fiedler's (1978) interpretation is that LPC scores reveal a leader's motive hierarchy. A high LPC leader is strongly motivated to have close, interpersonal relationships and will act in a considerate, supportive manner if relationships need to be improved. Achievement of task objectives is a secondary motive that will become important only if the primary affiliation motive is already satisfied by close, personal relationships with subordinates. A low LPC leader is primarily motivated by achievement of task objectives and will emphasize task-oriented behavior whenever task problems arise. The secondary motive of establishing good relations with subordinates will become important only if the group is performing well and has no serious task-related problems.

An alternative interpretation suggested by Rice (1978) emphasizes leader values rather than motives. According to this interpretation, leaders with a low LPC score value task achievement more than interpersonal relations, whereas leaders with high LPC scores value interpersonal relations more than task achievement (Rice, 1978). These value priorities are assumed to be reflected in the amount of task-oriented and relations-oriented behaviors used by leaders.

The relationship between a leader's LPC score and group performance depends on a complex situational variable called situational favorability, which is jointly determined by task structure, leader position power, and the quality of leader-member relations. The situation is most favorable when the leader has substantial position power, the task is highly structured, and relations with subordinates are good. According to the theory, low LPC leaders are more

effective when the situation is either very favorable or very unfavorable, whereas high LPC leaders are more effective when there is a moderate level of situational favorability. The theory does not clearly identify mediating variables to explain how leader LPC and situational favorability jointly determine group performance. Two different approaches can be used by a leader to maximize effectiveness. One approach is to select the appropriate type of behavior for the situation, and the other approach is to try to change the situation to fit the leader's preferred pattern of behavior.

Cognitive Resources Theory

Cognitive resources theory (Fiedler, 1986; Fiedler & Garcia, 1987) describes the conditions under which cognitive resources such as intelligence and experience are related to group performance. According to the theory, the performance of a leader's group is determined by a complex interaction among two leader traits (intelligence and experience), one type of leader behavior (*directive leadership*), and two aspects of the leadership situation (interpersonal stress and the distribution of knowledge about the task).

Interpersonal stress for the leader moderates the relation between leader intelligence and subordinate performance. Stress may be due to a boss who creates role conflict or demands miracles without providing necessary resources and support. Other sources of stress include frequent work crises and serious conflicts with subordinates. Under low stress, leader intelligence facilitates information processing and problem solving, and it is likely to improve the quality of autocratic leader decisions. However, when there is high interpersonal stress, strong emotions are likely to disrupt cognitive information processing and make intelligence difficult to apply. The leader may become distracted and unable to focus on the task. In this stressful situation a leader who has already learned a high quality solution in previous experience with similar problems is usually more effective than an intelligent but inexperienced leader who tries to find new solutions.

A participative decision is more effective when the members of the group have relevant knowledge and information not possessed by the leader, whereas an autocratic decision is more effective when the leader has more expertise about the task than subordinates. This aspect of the theory is similar to a key feature of the Normative Decision Model. However, Cognitive Resources Theory does not include explicit mediating variables to explain how interpersonal stress, leader intelligence, and leader experience affect the use of participative decision procedures, or how decision procedures influence the performance of the leader's group.

Multiple-linkage Model

The *multiple-linkage model* (Yukl, 1981, 1989) was developed after the other early contingency theories, and it includes ideas from some of those theories. However, the broadly defined leadership behaviors in most earlier theories were replaced by more specific types of behaviors. Other unique features include a larger number of mediating and situational variables, and more explicit description of group-level processes. The explanation of how these variables are relevant includes ideas from the literature on motivation, organization theory, and team leadership. The multiple-linkage model describes how managerial behavior and situational variables jointly influence the performance of individual subordinates and the leader's work unit. The four types of variables in the model include managerial behaviors, mediating variables, criterion variables, and situational variables.

Mediating Variables

The mediating variables in the model are based on earlier research and theory on determinants of individual and group performance (e.g., Hackman, Brousseau, & Weiss, 1976; Likert, 1967; McGrath, 1984; Porter & Lawler, 1968). The mediating variables are defined primarily at the group level, like theories of team leadership (see Chapter 10).

Task commitment: members strive to attain a high level of performance and show a high degree of personal commitment to unit task objectives.

Ability and role clarity: members understand their individual job responsibilities, know what to do, and have the skills to do it.

Organization of the work: effective performance strategies are used and the work is organized to ensure efficient utilization of personnel, equipment, and facilities.

Cooperation and mutual trust: members trust each other, share information and ideas, help each other, and identify with the work unit.

Resources and support: the group has budgetary funds, tools, equipment, supplies, personnel, facilities, information, and assistance needed to do the work.

External coordination: the activities of the group are synchronized with the interdependent activities in other subunits and organizations (e.g., suppliers, clients).

The mediating variables interact with each other to determine the effectiveness of a group or organizational subunit. A serious deficiency in one mediating variable may lower group effectiveness, even though the other mediating variables are not deficient. The greater the relative importance of a particular mediating variable, the more group performance will be reduced by a deficiency in this variable. The relative importance of the mediating variables depends on the type of work unit and other aspects of the situation. Table 7-1 lists aspects of the situation that affect the level of a mediating variable or make it more important.

Situational Variables

Situational variables directly influence mediating variables and can make them either more or less favorable. Situational variables also determine the relative importance of the mediating variables as a determinant of group performance. Mediating variables that are both important and deficient should get top priority for corrective action by a leader. Conditions that make a mediating variable more favorable are similar to “substitutes” for leadership. In a very favorable situation, some of the mediating variables may already be at their maximum short-term level, making the job of the leader much easier. Situational variables affecting each mediating variable are briefly described in this section.

Situational variables that can influence *task commitment* include the formal reward system and the intrinsically motivating properties of the work itself. Subordinate task commitment is more important for complex tasks that require high effort and initiative and have a high cost for any errors. Member commitment to perform the task effectively will be greater if the organization has a reward system that provides attractive rewards contingent on performance, as in the case of many sales jobs. Intrinsic motivation is likely to be higher for subordinates if the work requires varied skills, is interesting and challenging, and provides automatic feedback about performance.

Situational variables that affect subordinate *ability and role clarity* include the nature of the work, the prior training and experience of the leader's subordinates, and the effectiveness of the organization's recruitment and selection processes. Subordinate skills are more important when task are complex and difficult to perform, they require strong technical skills, the cost of errors

TABLE 7-1 Conditions Affecting Mediating Variables in the Multiple-linkage Model

Mediating Variable	Conditions Where Already High	Situations Where Most Important
Subordinate effort and commitment	• Interesting, challenging, intrinsically motivating task. • Subordinates have strong work ethic values. • Organization reward system has large rewards for performance.	• Complex, labor-intensive work requiring high subordinate initiative and persistence. • Work unit has high exposure tasks and mistakes are very costly.
Subordinate ability and role clarity	• Work is simple and repetitive. • Subordinates have extensive prior training and experience. • Organization provides detailed formal rules and procedures.	• Complex, difficult tasks require a high level of technical skill. • High exposure task for which mistakes are very costly. • Serious disruptions or immediate crises are likely.
Organization of work and task assignments	• Organization specifies optimal way to structure the work. • Subordinates are all highly skilled in doing all the tasks.	• Work unit has complex, unique tasks that require good strategies. • Work unit has several different tasks and a high variation in member skills.
Cooperation and teamwork	• Group has stable, homogeneous, compatible membership. • Members have shared goals consistent with task objectives. • Rewards are based primarily on group performance.	• Task roles in the work unit are highly inter-dependent. • Subordinates must share scarce equipment or limited facilities. • Subordinates work together in close proximity for long time.
Resources needed to do the work	• Organization provides adequate resources as needed. • Organization has good inventory control system for materials.	• The work requires large amounts of scarce resources. • Work unit is highly dependent on unreliable sources of supply.
External coordination	• Organization has structural mechanisms for achieving lateral coordination. • External coordination is done by higher management or designated specialists.	• Work unit has high lateral interdependence with other units in the same organization. • Frequent changes in priorities or schedules due to client demands or unreliable suppliers or vendors.

is high, and disruptions in the work are likely. An organization with effective recruiting and high salaries is more likely to attract qualified people with relevant job skills and prior experience. Role requirements are easier to understand and the work is easier to perform when the task is simple and repetitive, subordinates have extensive prior experience, and the organization has

clear rules and standard procedures for the work. Role ambiguity is more likely to be a problem when the task has multiple performance criteria and priorities are unclear, when the nature of the work or technology is changing, or when the work is affected by frequent changes in plans or priorities determined by clients or higher management.

Situational variables that affect the *organization of the work* and assignment of tasks to individuals include the type of technology, the variety of tasks performed by the leader's work unit, the variation in subordinate skills, and the amount of work rules and standard procedures that are determined by staff experts or union contracts. When the work unit performs one basic type of task and subordinates are all highly skilled, it is easy to organize unit activities and make task assignments that will achieve a high level of efficiency. An effective performance strategy for organizing activities and assigning tasks is more important when the work unit has complex, unique, and important projects and members who differ with regard to their skills. For some types of projects, an efficient organization of activities can be achieved by qualified staff experts who use operations management and project management software.

Situational variables that affect *cooperation and teamwork* include the nature of the work, the size of the group, the stability of membership, the similarity among members in values and background, and the reward system. Cooperation and teamwork are more important when the group has specialized, interdependent tasks or when members work alone but must share equipment and scarce resources. More cohesiveness and cooperation are likely in small groups with a stable, homogeneous membership. Cooperation is increased by rewards that are based primarily on contributions to group performance rather than on individual performance.

The adequacy of *resources* that are necessary to do the work is influenced by the nature of the work, the organization's formal budgetary systems, procurement systems, and inventory control systems, as well as by economic conditions at the time. Ensuring an adequate level of resources is more important when work unit performance is highly dependent on getting scarce resources from the organization or outside sources, and when the providers of resources are unreliable. An adequate level of resources is more likely to be provided to a work unit when the organization is prosperous and growing than when the organization is in decline and faces severe resource shortages.

The need for *external coordination* is affected by the formal structure of the organization. High lateral interdependence increases the amount of necessary coordination with other subunits, but this coordination may be facilitated by special integrating mechanisms such as integrator positions and cross-functional committees (Galbraith, 1973; Lawrence & Lorsch, 1967). A high level of dependency on outsiders such as clients or subcontractors for resources or approvals increases the need for external coordination with them, but it may be achieved by designated project managers or liaison specialists rather than by work unit managers.

Short-Term Actions to Correct Deficiencies

A basic proposition of the theory is that leader actions to correct any deficiencies in the mediating variables will improve group performance. A leader who fails to recognize opportunities to correct deficiencies in key mediating variables, who recognizes the opportunities but fails to act, or who acts but is not skilled will be less than optimally effective. An ineffective leader may make things worse by acting in ways that increase rather than decrease the deficiency in one or more mediating variables. For example, a leader who is very manipulative and coercive may reduce subordinate effort rather than increasing it.

Table 7-2 summarizes possible short-term actions to deal with deficiencies in the mediating variables. Leaders may influence group members to work faster or do better quality

TABLE 7-2 Leader Actions to Deal with Deficiencies in Mediating Variables**Subordinates are apathetic or discouraged about the work.**

- Set challenging goals and express confidence subordinates can attain them.
- Articulate an appealing vision of what the group could accomplish or become.
- Use rational persuasion and inspirational appeals to influence commitment.
- Lead by example.
- Use consultation and delegation.
- Provide recognition.
- Reward effective behavior.

Subordinates are confused about what to do or how to do their work.

- Make clear assignments.
- Set specific goals and provide feedback about performance.
- Provide more direction of on-going activities.
- Provide instruction or coaching as needed.
- Identify skill deficiencies and arrange for necessary skill training.
- Recruit and hire skilled people to work in unit.

The group is disorganized and/or it uses weak performance strategies.

- Develop plans to accomplish objectives.
- Identify and correct coordination problems.
- Reorganize activities to make better use of people, resources, and equipment.
- Identify and eliminate inefficient and unnecessary activities.
- Provide more decisive direction of on-going activities in a crisis.

There is little cooperation and teamwork among members of the group.

- Emphasize common interests and encourage cooperation.
- Encourage constructive resolution of conflict and help mediate conflicts.
- Increase group incentives and reduce competition.
- Use symbols and rituals to build identification with the work unit.
- Use teambuilding activities.

The group has inadequate resources to do the work.

- Requisition or borrow specific resources needed immediately for the work.
- Find more reliable or alternative sources of supplies.
- Ration available resources if necessary.
- Initiate improvement projects to upgrade equipment and facilities.
- Lobby with higher authorities for a larger budget.

External coordination with other subunits or outsiders is weak.

- Network with peers and outsiders to develop more cooperative relationships.
- Consult more with peers and outsiders when making plans.
- Keep peers and outsiders informed about changes.
- Monitor closely to detect coordination problems quickly.
- Meet with peers and outsiders to resolve coordination problems.
- Negotiate favorable agreements with peers and outsiders for group outputs.

work (e.g., by offering special incentives, by giving an inspiring talk about the importance of the work, by setting challenging goals). Leaders may increase member ability to do the work (e.g., by showing them better methods for doing the work, by clearing up confusion about who is responsible for what). Leaders may organize and coordinate activities in a more efficient way (e.g., by finding ways to reduce delays, duplication of effort, and wasted effort; by matching people to tasks better; by finding better ways to use people and resources). Leaders may obtain resources needed immediately to do the work (e.g., information, personnel, equipment, materials, supplies). Leaders may act to improve external coordination by meeting with outsiders to plan activities and resolve conflicting demands on the work unit.

Some aspects of the situation limit a leader's discretion in making changes and reacting to problems. These influences are similar to Stewart's (1976) "constraints" and Kerr and Jermier's (1978) "neutralizers." The extent to which a leader is capable of doing something in the short run to improve any of the mediating variables is limited by the position power, organizational policies, technology used to do the work, and legal-contractual restrictions (e.g., labor-management agreements, contracts with suppliers, requirements mandated by government agencies). Constraints may prevent a leader from rewarding or punishing members, changing work assignments or procedures, and procuring supplies and equipment.

The model does not imply that there is only one optimal pattern of managerial behavior in any given situation. Leaders usually have some choice among mediating variables in need of improvement, and different patterns of behavior are usually possible to correct a particular deficiency. The overall pattern of leadership behavior by the designated leader and other group members is more important than any single action. In this respect, the model is similar to Stewart's (1976) "choices" (see Chapter 2). However, a leader whose attention is focused on mediating variables that are not deficient or not important will fail to improve unit performance.

Long-Term Effects on Group Performance

Over a longer period of time, leaders can make larger improvements in group performance by modifying the situation to make it more favorable. Effective leaders act to reduce constraints, increase substitutes, and reduce the importance of mediating variables that are not amenable to improvement. These effects usually involve sequences of related behaviors carried out over a long time period. More research has been conducted on short-term behaviors by leaders than on the long-term behaviors to improve the situation. Useful insights are provided by literature on leading change, making strategic decisions, and representing the team or work unit (see Chapters 4, 10, and 11). Some examples of possible actions a leader may take to improve the situation are as follows:

1. *Gain more access to resources needed for the work by cultivating better relationships with suppliers, finding alternative sources, and reducing dependence on unreliable sources.*
2. *Gain more control over the demand for the unit's products and services by finding new customers, opening new markets, advertising more, and modifying the products or services to be more acceptable to clients and customers.*
3. *Initiate new, more profitable activities for the work unit that will make better use of personnel, equipment, and facilities.*
4. *Initiate long-term improvement programs to upgrade equipment, and facilities in the work unit (e.g., replace old equipment, implement new technology).*
5. *Improve selection procedures to increase the level of employee skills and commitment.*
6. *Modify the formal structure of the work unit to solve chronic problems and reduce demands on the leader for short-term problem solving.*

Conceptual Weaknesses in Contingency Theories

The early contingency theories have many conceptual weaknesses that make them difficult to test and limit their practical utility. Weaknesses typical of the early theories are described in this section, but not every theory has every weakness.

Over-emphasis on Behavior Meta-categories

Broadly defined categories of leader behavior can make a theory more parsimonious and less complex, but they have limited utility for understanding effective leadership in different situations. The diverse component behaviors in a meta-category such as instrumental or supportive leadership are not equally relevant for influencing an outcome variable, and a situational moderator variable may affect the component behaviors in different ways. For example, a stressful task may increase the value of some relations behaviors (e.g., supportive leadership) but not others (delegation). In any given situation some task-oriented behaviors will be more relevant than others, and some may have negative consequences. It is easier to understand how to improve leadership effectiveness when a theory includes specific types of behavior and describes the situations in which each type of behavior is relevant.

Ambiguous Description of Relationships

Most of the contingency theories do not clearly indicate whether the form of the relationship between the independent variable and the dependent variable changes as the situational variable increases (Podsakoff, MacKenzie, Ahearne, & Bommer, 1995). A leader behavior that has a positive effect on the dependent variable in some situations may have no effect or a negative effect in other situations. Thus, a high level of a leader behavior may be optimal in one situation, but a moderate or low level of the behavior may be optimal in a different situation. A contingency theory should identify situations where the form of the relationship changes and too much of the behavior (or any amount of it) has a negative effect rather than a positive effect.

Inadequate Explanation of Causal Effects

Most contingency theories do not provide an adequate explanation of the underlying reasons for the proposed relationships. A clear explanation requires mediating variables that are determinants of the primary dependent variable (e.g., performance or satisfaction) and can be influenced by leader behavior and aspects of the situation. Some of the contingency theories have no mediating variables, and others are too limited in the types of mediating processes used to explain effective leadership. The mediating variables in most of the theories involve dyadic leader influence on an individual subordinate rather than influence on collective processes in teams and work units. The early contingency theories were developed before it became obvious that multi-level issues are important, and even in theories that include group-level processes it is seldom clear whether the leader is influencing only an individual subordinate or the entire group.

Lack of Attention to Behavior Patterns

Most contingency theories explain only the separate, independent effects of each type of leadership behavior included in the theory. Complex interactions among different behaviors (or traits) receive little if any attention. For example, the effects of task-oriented and relations-oriented behaviors are not independent. A high level of relations behavior may not improve

performance unless the leader also uses appropriate task-oriented behaviors (Blake & Mouton, 1982; Fleishman & Harris, 1962; Yukl, 1981). The importance of examining joint effects is even greater for specific behaviors than for the meta-categories, because the optimal pattern of specific behaviors will vary more as the situation changes. For example, the need for some task and relations behaviors may remain high for a leader, but the optimal mix of specific behaviors will vary somewhat for different tasks and for different subordinates.

Lack of Attention to Joint Effects of Situational Variables

Most contingency theories do not explicitly consider how multiple situational variables interact in their moderating effects. The enhancing effects of one situational variable may be dependent on another situational variable. An example is provided by Vroom and Yetton (1973). The benefits of allowing participation by subordinates who have relevant information lacked by the leader (one situational variable) are dependent on a high level of goal congruence (another situational variable), because subordinates may be unwilling to share information that would be detrimental to their future welfare (e.g., ways to improve productivity that would also endanger their job security). A contingency theory can provide a more complete explanation of leader effectiveness if the interacting effects of situational variables are described.

Failure to Distinguish Between Mediators and Situational Moderators

As noted earlier, mediators are conceptually distinct from situational variables that directly influence leader behavior (demands and constraints) or situational variables (substitutes) that directly influence the mediators (or the outcomes). Confusion about causal relationships is created and potential for leader influence is underestimated when a mediator is treated as an exogenous situational variable beyond the leader's control. For example, the level of subordinate skills is usually influenced both by the aspects of the situation (e.g., type of tasks performed, selection and training systems for the organization) and by the leader's behavior (e.g., clarifying and coaching). Most contingency theories also fail to explain how leaders may improve work unit performance over a longer time period by reducing constraints and increasing substitutes.

Research on Contingency Theories

A contingency theory is supported by a pattern of results consistent with the propositions of the theory. Most of the research on the early contingency theories of leadership used survey methods, and many studies had the same respondents provide ratings on all variables. Review articles or meta-analyses of relevant research have been published for path-goal theory (Podsakoff, MacKenzie, Ahearne, & Bommer, 1995; Wofford & Liska, 1993), situational leadership theory (Fernandez & Vecchio, 1997; Graef, 1983, 1997; Thompson & Vecchio, 2009), leadership substitutes theory (Dionne, Yammarino, Atwater, & James, 2002; Podsakoff, Niehoff, MacKenzie, & Williams, 1993; Podsakoff et al., 1995), cognitive resources theory (Vecchio, 1990), the LPC contingency model (Peters, Hartke, & Pohlmann, 1985), and the normative decision model (Vroom & Jago, 1988). No research has directly tested all aspects of the multiple-linkage model, but several of the propositions are supported by findings in studies using descriptive research methods such as critical incidents, diaries and observation, case studies, and comparative field studies (e.g., Peterson & Van Fleet, 2008; Yukl & Van Fleet, 1982). Some of the propositions are similar to those in other contingency theories, and studies conducted to test those theories provide evidence relevant for assessing the multiple-linkage propositions.

In general, the evidence supporting contingency theories of effective leadership is inconsistent and difficult to interpret. As noted earlier, the ambiguity and conceptual problems in contingency theories makes them more difficult to test, and most studies used weak research methods (Schriesheim & Kerr, 1977; Yukl, 1989). As yet, none of the contingency theories have been adequately tested, and stronger research methods are needed to provide more conclusive results. Instead of relying so much on survey field studies with convenience samples, it is desirable to make more use of other relevant research methods.

Examples of methods that are likely to be more useful include comparative field studies of effective and ineffective leaders in different situations, longitudinal studies of how well leaders adapt to changes in the situation over time, field experiments with leaders trained to diagnose the situation accurately and select appropriate behaviors, and laboratory experiments with observation of leaders in team simulations conducted over a period of several weeks. Alternative methods for measuring leadership behavior (e.g., observation, diaries, interviews, and critical incidents) should be used more often, and ineffective forms of leadership behavior should be examined in addition to effective forms of behavior (e.g., Amabile, Schatzel, Moneta, & Kramer, 2004; Yukl & Van Fleet, 1982).

Measures of how often a particular type of behavior is used by a leader are not enough; it is also essential to consider whether the behavior is used when and where it is appropriate and in a skillful way. Most studies on the contingency theories only examine one or two aspects of the leadership situation, and behavior is usually defined in terms of a broad meta-category such as task-oriented, relations-oriented, or participative leadership. To understand adaptive leadership, it is also necessary to see how specific aspects of leader behavior change as the situation changes.

Finally, as noted in Chapter 3, researchers need to pay more attention to the overall pattern of leadership behavior rather than examining each type of behavior separately. Effective leaders combine behaviors that are complementary, and different behaviors are woven together into a complex tapestry such that the whole is greater than the sum of the parts (Kaplan, 1988). More than one pattern of specific behaviors may be equally effective in the same situation, but it is essential to find a good balance between behaviors with competing objectives. Examples of competing values emphasized in this “duality approach” are controlling vs. empowering, strategic vs. operational objectives, and concern for people vs. concern for task objectives (Hooijberg, 1996; Kaiser & Overfield, 2010; Kaplan & Kaiser, 2006; Quinn, Spreitzer & Hart, 1992; Yukl & Mahsud, 2010). The importance of competing objectives and flexibility for strategic leadership is discussed in Chapter 11.

Comparative Evaluation of Contingency Theories

Table 7-3 lists the major features of the contingency theories described in this chapter and the Vroom and Yetton's (1973) normative decision model described in Chapter 5. The table makes it easier to compare the theories with respect to their content and empirical support. All seven theories contain situational moderator variables, but the variety of situational variables is greater in some theories than in others. It seems desirable for a contingency theory to include many relevant aspects of the situation, but to do so makes a theory difficult to test. Mediating variables are helpful to explain how leaders influence subordinate performance, but only three of the theories have explicit mediating (or intervening) variables. Simple theories seem to have more appeal than complex theories, but simple theories are less useful for explaining effective leadership.

TABLE 7-3 Comparison of Seven Contingency Theories of Effective Leadership

Contingency Theory	Leader Traits	Leader Behaviors	Situational Variables	Mediating Variables	Validation Results
Path-goal Theory	None	Instrumental, supportive, participative, achievement	Many aspects	A few	Many studies, some support
Situational Leadership Theory	None	Directive, supportive, delegation	Subordinate maturity	None	Few studies, some support
Leadership Substitutes Theory	None	Instrumental, supportive	Many aspects	None	Few studies, inconclusive
LPC Contingency Model	LPC	None	Task structure, L-M relations	None	Many studies, some support
Cognitive Resource Theory	Intelligence, experience	Participative	Stress, group ability	None	Few studies, some support
Normative Decision Theory	None	Specific decision procedures	Many aspects	Decision quality and acceptance	Many studies, strong support
Multiple-linkage Model	None	Many specific behaviors	Many aspects	Many	Few studies, some support

One basis for evaluating a leadership theory is in terms of practical applications for improving leadership effectiveness. Some behavioral scientists have questioned whether the early contingency theories have any utility for showing managers how to become more effective. For example, McCall (1977) contends that the hectic pace of managerial work makes it impossible to stop and analyze the situation with a complicated model, and he also questions the implicit assumption of most contingency theories that there is a single best way for the manager to act within a given situation. Leaders face an immense variety of rapidly changing situations, and several different patterns of behavior may be equally effective in the same situation.

Most contingency theories do not provide sufficient guidance in the form of general principles to help managers recognize the underlying leadership requirements and choices in the myriad of fragmented activities and problems confronting them. What may be needed is a theory with both universal elements (e.g., general principles) and situational elements (e.g., guidelines to help identify desirable behaviors for a particular type of situation). However, despite the limitations of the situational theories and research, they serve to remind leaders that it is essential to monitor changes in the situation and adjust their behavior in appropriate ways.

Guidelines for Adaptive Leadership

In order to be effective, leaders need to adapt their behavior to changing situations. The following guidelines can help leaders be more flexible and adaptive to their situation (see summary in Table 7-4). The guidelines are based on findings in research on contingency theories and other research using descriptive methods such as critical incidents, observation, case studies, and biographies.

- **Understand your leadership situation and try to make it more favorable.**

Contingency theories can be used to help understand your leadership situation. The relevant theories include not only the ones described in this chapter, but also theories in other chapters that consider the leadership context. Identify demands, constraints, and choices in your position. Look for ways to increase substitutes and reduce constraints. Find new sources of resources, advice, and assistance.

- **Increase flexibility by learning how to use a wide range of relevant behaviors.**

One way to increase flexibility and adaptation is to learn how to use a wide range of task, relations, and change behaviors that may be relevant for any situation or challenge you are likely to face in the job. The first step is to identify the types of behaviors and skills that are likely to be useful and assess your current strengths and weaknesses for them. Ways to assess and develop leadership skills are described in Chapter 15.

- **Use more planning for a long, complex task.**

For a long, complex task with many interrelated activities performed by a large group of people over a considerable period of time (e.g., weeks or months), careful planning is necessary to complete the task on time and within budget. Planning is easier when the steps necessary to carry out the task are known in advance, and the environment is relatively predictable. Some examples of such activities include a construction project, installation of new equipment, introduction of new information systems, and the design and execution of a training program. Guidelines for project planning include the following steps: (1) identify the list of necessary activities, (2) determine the optimal sequence for them, (3) estimate when each activity should begin and end, (4) determine who should be responsible for performing each activity, and (5) identify the resources needed for it.

TABLE 7-4 Guidelines for Adaptive Leadership

- Understand your leadership situation and try to make it more favorable.
- Increase flexibility by learning how to use a wide range of relevant behaviors.
- Use more planning for a long, complex task.
- Consult more with people who have relevant knowledge.
- Provide more direction to people with interdependent roles.
- Monitor a critical task or unreliable person more closely.
- Provide more coaching to an inexperienced subordinate.
- Be more supportive to someone with a highly stressful task.

- **Consult more with people who have relevant knowledge.**

A major prescription of the Vroom-Yetton (1973) model (see Chapter 5) was the need for more participative leadership when the task is complex and unstructured, and subordinates (or team members) have relevant knowledge and creative ideas about how to perform the task. An additional condition for effective use of consultation is goal congruence. The quality of decisions is likely to be improved when the leader consults with people who have both relevant expertise and strong commitment to achieve task objectives. Sometimes it is appropriate to hold meetings to jointly solve problems, and other times it is more appropriate to consult with one or two individuals before making a decision.

- **Provide more direction to people with interdependent roles.**

Role interdependence among group members increases role ambiguity, because it requires frequent mutual adjustments in behavior. A team will not achieve high performance unless the actions of its members are closely coordinated. Even when the individual tasks seem relatively structured, members may be confused about how to make mutual adjustments to coordinate their actions. Confusion is greater when team members lack prior experience in performing a particular task together, which is likely in a newly formed team, a team with new members, or a team with a new type of task. Intensive direction by the leader is sometimes needed to coordinate the interdependent actions of different team members, but the amount of required direction may be reduced if the team practices complex activities and members become accustomed to working together closely. Examples include sports teams (e.g., basketball, ice hockey), rescue teams, combat teams, and teams that operate complex equipment (e.g., airplanes, submarines). Team leadership behaviors are described in more detail in Chapter 10.

- **Monitor a critical task or unreliable person more closely.**

Monitoring provides information needed to detect and correct performance problems. More frequent and intensive monitoring is appropriate for a critical task that involves high exposure, so that problems can be detected before they get so bad that they will be costly and difficult to correct. However, the appropriate amount of monitoring depends also on the reliability of the subordinates who are doing the task. The less dependable and competent a subordinate is, the more monitoring is needed.

- **Provide more coaching to an inexperienced subordinate.**

When the work is complex and a subordinate is inexperienced at doing it, more instruction and coaching by the leader is needed. Lack of experience is likely for subordinates who are new to the job, but it also occurs when there is a major change in how the work is done (e.g., new technology, reconfigured jobs). A leader with strong expertise can help a person discover the reasons for weak performance and provide any necessary coaching or instruction.

- **Be more supportive to someone with a highly stressful task.**

A person who becomes emotionally upset will have more difficulty performing a task successfully, especially if it requires reasoning and problem solving. Stress is increased by unreasonable demands, uncontrollable problems, difficult interpersonal relations (e.g., critical, abusive customers), dangerous conditions (e.g., firefighting, combat, police work), and the risk of costly errors (surgery, financial advisor, aircraft maintenance). People in such situations have more need for emotional support from leaders and coworkers.

Guidelines for Managing Immediate Crises

One type of leadership situation that is especially challenging is an immediate crisis or disruption that endangers the safety of people or the success of an activity. Examples of this type of crisis include serious accidents, explosions, natural disasters, equipment breakdowns, product defects, sabotage of products or facilities, supply shortages, health emergencies, employee strikes, sabotage, a terrorist attack, or a financial crisis. Researchers and some practitioners have identified types of leader actions and decision processes that are effective in immediate crises (e.g., DeChurch et al., 2011; Heifetz, Grashow, & Linsky, 2009; Mitroff, 2004; Muffet-Willett & Kruse, 2008). The amount of research is limited, but the findings suggest some practical guidelines for leaders (see summary in Table 7-5).

- **Anticipate problems and prepare for them.**

Many types of problems that occur only infrequently can be very disruptive and costly. Examples include accidents, medical emergencies, terrorist attacks, supply shortages, strikes, sabotage, and natural disasters. If possible, it is worthwhile to plan in advance how to avoid them. For problems that are unavoidable, contingency plans should be made to cope with them effectively when they eventually occur. Look for best practices found in analysis of past experience with similar problems. Implement training on how to respond to different types of disruptions and emergencies. If appropriate, have the team or work unit practice procedures for handling an emergency, and conduct after-activity reviews to assess preparedness and facilitate learning.

- **Learn to recognize early warning signs for an impending problem.**

Some types of problems have early warning signs, and a leader should learn to recognize them. A common response to signs that unpleasant events will soon occur is to deny the signs and do nothing in the hope that the problem will go away. However, for some types of disruptions an early response can reduce the impact and costs. The responsibility for detecting emerging problems should be shared with all employees who have opportunities to observe these signs.

- **Quickly identify the nature and scope of the problem.**

It is essential for the leader to make a quick but systematic analysis of the situation. However, despite the pressure to act quickly, the analysis should not be hasty and superficial. Unless the cause of the problem is identified correctly, time and resources will be wasted in trying to solve the wrong problem. Even when the cause of the problem is obvious, the scope of the problem may not be known initially, and it can be a factor in selecting an appropriate response. Either underestimating or overestimating the scope of a problem can result in an inappropriate response.

TABLE 7-5 Guidelines for Dealing with Disruptions and Immediate Crises

- Anticipate problems and prepare for them.
- Learn to recognize early warning signs for an impending problem.
- Quickly identify the nature and scope of the problem.
- Direct the response by the unit or team in a confident and decisive way.
- Keep people informed about a major problem and what is being done to resolve it.
- Use a crisis as an opportunity to make necessary changes.

- **Direct the response by the unit or team in a confident and decisive way.**

The need for more direction is especially great for a team that must react quickly in a coordinated way to cope with a serious crisis or emergency for which it is unprepared. Knowing how to remain calm and deal with a crisis in a systematic but decisive manner requires a leader with considerable skill and confidence. The leader should provide clear, confident direction to guide the response of the team or unit. However, the leader should also remain receptive to relevant information and suggestions from followers. Followers often have important information and useful suggestions on how to deal with a crisis, especially when it is a novel one.

- **Keep people informed about a major problem and what is being done to resolve it.**

In the absence of timely and accurate information about a crisis, harmful rumors are likely to occur, and people may become discouraged and afraid. A manager can help prevent unnecessary stress for subordinates by interpreting threatening events and emphasizing positive elements rather than leaving people to focus on negatives. When feasible, it is helpful to provide short, periodic briefings about progress in efforts to deal with the crisis.

- **Use a crisis as an opportunity to make necessary changes.**

When a crisis is more than a temporary disruption and is likely to happen again, it should be viewed as a good opportunity to make changes. When the immediate response to a crisis is successful, it can result in a false sense of relief that things can return to normal. However, if the crisis is a warning that traditional strategies or practices are no longer adequate to meet future challenges, then major changes are desirable. The crisis can be an opportunity to gain support for major changes that may otherwise be resisted. Even if major changes are unnecessary, a leader should encourage followers to look for ways to avoid similar crises in the future, or to improve contingency plans for responding to crises that cannot be avoided.

Summary

The managerial job is too complex and unpredictable to rely on the same set of standardized responses for all situations. Effective leaders are continuously reading the situation and determining how to adapt their behavior to it. They seek to understand the task requirements, situational constraints, and interpersonal processes that determine which course of action is most likely to be successful. This chapter examined several contingency theories that prescribe different patterns of leader behavior (or traits) for different situations.

The path-goal theory of leadership examines how aspects of the situation determine the optimal level of each type of leadership behavior for improving subordinate satisfaction and effort. In the situational leadership theory, the appropriate mix of task and relations behavior for the leader depends on the confidence and skill of a subordinate in relation to the task. Leadership substitutes theory identifies aspects of the situation that make leadership behavior redundant or irrelevant. The LPC Contingency theory described how situational favorability moderates the relationship between a leader trait (LPC) and group performance. Cognitive resources theory examines the conditions under which cognitive resources such as intelligence and experience are related to group performance. The *multiple-linkage model* describes how leader behavior and aspects of the situation jointly influence individual or group performance. A leader can improve group performance by taking direct action to correct any deficiencies in the mediating variables,

and over time the leader can improve group performance by taking action to make the situation more favorable.

The early contingency theories reviewed in this chapter are complex and difficult to test. Most of the theories have conceptual weaknesses such as over-emphasis on broadly-defined behaviors, exclusion of relevant situational variables, and unclear explanation of causal relationships and mediating processes. Most studies conducted to test the contingency theories used weak research methods, and the results are difficult to interpret. None of the theories has been adequately tested, but the research provides support for some propositions in some of the theories. Additional knowledge about situational variables has been gained in research on more recent theories of effective leadership, and the findings are described in other chapters of the book.

The lack of strong, consistent results in research on contingency theories does not justify the conclusion that situational variables are irrelevant for understanding effective leadership. In an increasingly turbulent and uncertain world, flexible adaptive leadership seems even more relevant today than it was decades ago when the contingency theories were first proposed. Better contingency theories are needed to help managers understand and overcome the challenges confronting them. In future theories it is desirable to include both universal elements (e.g., general principles) and situational elements (e.g., guidelines to help identify desirable behaviors for a particular type of situation).

Review and Discussion Questions

1. What is a situational moderator variable?
2. Briefly explain the path-goal theory.
3. Briefly explain the leadership substitutes theory.
4. Briefly explain the multiple-linkage model.
5. Identify similarities and differences among the contingency theories in this chapter.
6. In what situations are planning, clarifying, and monitoring most likely to be effective?
7. In what situations are supporting, coaching, and mentoring most likely to be effective?
8. What are some guidelines for dealing with a serious disruption or crisis?

Key Terms

cognitive resources theory
contingency theories
directive leadership
mediating variable

moderator variable
multiple-linkage model
normative decision model
neutralizer

path-goal theory
situational leadership
theory
substitute for leadership