Leadership and Decision Making

chapter nine
After reading this chapter, you should be able to:

1. Define *leadership* and distinguish it from management.
2. Summarize early approaches to the study of leadership.
3. Discuss the concept of situational approaches to leadership.
4. Describe transformational and charismatic perspectives on leadership.
After reading this chapter, you should be able to:

5. Identify and discuss leadership substitutes and neutralizers.

6. Discuss leaders as coaches and examine gender and cross-cultural issues in leadership.

7. Describe strategic leadership, ethical leadership, and virtual leadership.

8. Relate leadership to decision making and discuss both rational and behavioral perspectives on decision making.
Leadership

the processes and behaviors used by someone, such as a manager, to motivate, inspire, and influence the behaviors of others
Distinctions Between Management and Leadership

Figure 9.1

Management
- Planning
- Organizing
- Leading
- Controlling

Leadership
- Agenda Setting
- Aligning
- Inspiring
- Monitoring
Trait Approach to Leadership

- focused on identifying the essential traits that distinguished leaders
- intelligence, dominance, self-confidence, energy, activity (versus passivity), and knowledge about the job
Early Approaches to Leadership

Behavioral Approach to Leadership

- focused on determining what behaviors are employed by leaders
Behavioral Approach to Leadership

Task-Focused Leader Behavior

- Leader behavior focusing on how tasks should be performed in order to meet certain goals and to achieve certain performance standards

Employee-Focused Leader Behavior

- Leader behavior focusing on satisfaction, motivation, and well-being of employees
The Situational Approach to Leadership

- **Situational Approach to Leadership**
  - assumes that appropriate leader behavior varies from one situation to another

- **Situational characteristics** that affect decision making include the type of organization, group effectiveness, the problem itself, and time pressures
The Situational Approach to Leadership

**Universal Approach**
- Prescribed Forms of Leader Behavior
- Universal Outcomes and Consequences

**Situational Approach**
- Various Forms of Leader Behavior
- Contingent Outcomes and Consequences
  - Elements of the Situation and Characteristics of both the Leader and Followers
Leadership Through the Eyes of Followers

- **Transformational Leadership**
  - the set of abilities that allows a leader to recognize the need for change, to create a vision to guide that change, and to execute the change effectively

- **Transactional Leadership**
  - comparable to management, it involves routine, regimented activities
Leadership Through the Eyes of Followers

**Charisma**
- a form of interpersonal attraction that inspires support and acceptance.

**Charismatic Leadership**
- type of influence based on the leader’s personal charisma.
Crucial Elements of Charismatic Leadership

1. Charismatic leaders *envision* likely future trends and patterns, set high expectations for themselves and for others, and behave in ways that meet or exceed those expectations.

2. Charismatic leaders *energize* others by demonstrating personal excitement, personal confidence, and consistent patterns of success.
3. Charismatic leaders *enable* others by supporting them, empathizing with them, and expressing confidence in them.
Leadership Substitutes

individual, task, and organizational characteristics that tend to outweigh the need for a leader to initiate or direct employee performance

Leadership Neutralizers

factors that may render leader behaviors ineffective
# Leadership Substitutes and Neutralizers

<table>
<thead>
<tr>
<th></th>
<th>Individual factors</th>
<th>Job factors</th>
<th>Organization factors</th>
<th>Group factors</th>
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</thead>
<tbody>
<tr>
<td>Individual</td>
<td>• Individual professionalism</td>
<td>• Structured/automated</td>
<td>• Explicit plans and goals</td>
<td>• Group performance norms</td>
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<tr>
<td>factors</td>
<td>• Individual ability, knowledge, and motivation</td>
<td>• Highly controlled</td>
<td>• Rigid rules and procedures</td>
<td>• High level of group cohesiveness</td>
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<tr>
<td></td>
<td>• Individual experience and training</td>
<td>• Intrinsically satisfying</td>
<td>• Rigid reward system not tied to performance</td>
<td>• Group interdependence</td>
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<td>• Indifference to rewards</td>
<td>• Embedded feedback</td>
<td>• Physical distance between supervisor and subordinate</td>
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The Changing Nature of Leadership

- Leaders as Coaches
  - from directive overseer to mentor

- Gender and Leadership
  - understanding the differences and dynamics in the approaches of women and men to leadership
Cross-Cultural Leadership

- effects of an individual’s native culture on his or her approach to leadership when functioning in another culture
Emerging Issues in Leadership

Strategic Leadership

- leader’s ability to understand the complexities of both the organization and its environment and to lead change in the organization so as to enhance its competitiveness
Emerging Issues in Leadership

- **Ethical Leadership**
  - leader behaviors that reflect high ethical standards
  - maintain high ethical standards
  - hold others in the organization to the same standards

- **Virtual leadership**
  - leadership in settings where leaders and followers interact electronically rather than in face-to-face settings
Leadership, Management, and Decision Making

Decision Making

- choosing one alternative from among several options
Steps in the Rational Decision-Making Process

Figure 9.3

Steps
- The manager recognizes and defines a decision situation.
- The manager identifies alternatives for addressing the situation.
- The manager evaluates each of the possible alternatives.
- The manager selects the best alternative.
- The manager implements the chosen alternative.
- The manager follows up and evaluates the effects of the chosen alternative.

Example
- A hotel manager sees that customer complaints have been increasing.
- The hotel manager can hire new staff, offer service quality training, or leave things as they are.
- The hotel manager decides that leaving things as they are is not acceptable, but that both of the other options may improve service quality.
- The manager concludes that hiring new staff is too expensive, but that the hotel has unused funds in its training budget.
- The manager hires a training firm to design and deliver new training in service quality.
- The manager notes that after six months, customer complaints have declined to their previous level.
Coalition

- an informal alliance of individuals or groups formed to achieve a common goal

Intuition

- an innate belief about something, often without conscious consideration
Behavioral Aspects of Decision Making

★ Escalation of Commitment
  - condition in which a decision maker becomes so committed to a course of action that she or he stays with it even when it appears to have been wrong

★ Risk Propensity
  - extent to which a decision maker is willing to gamble when making a decision
Applying What You’ve Learned

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