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Lussier • Achua

LEADERSHIP  
SEVENTH EDITION



SEVENTH EDITION

# LEADERSHIP

THEORY, APPLICATION, & SKILL DEVELOPMENT

**Robert N. Lussier**  
**Christopher F. Achua**



# Leadership

7th Edition

*To my wife Marie and our six children:*

*Jesse, Justin, Danielle, Nicole, Brian, and Renee*

*—Robert N. Lussier*

*To our son Gregory Achua who has taught us the virtues of patience, kindness, empathy, and above all love. Notwithstanding his "special needs" status, he is the heart and soul of our family. I am sure his siblings and other members of our lovely family will agree.*

*—Christopher F. Achua*

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# Leadership

## Theory, Application, and Skill Development

7th Edition

Robert N. Lussier

*Springfield College*

Christopher F. Achua

*University of Virginia's College at Wise*



Los Angeles | London | New Delhi  
Singapore | Washington DC | Melbourne



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# PREFACE

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## Approach

We don't simply teach leadership theory with effective leader examples as applications. We engage students following Benjamin Franklin's progression: "Tell me, and I forget. Teach me, and I remember. Involve me, and I learn." Since the first edition, before AACSB called for competencies (knowledge, abilities, and skills), we engaged students in their learning by teaching them the leadership concepts (knowledge) and how to apply the concepts (abilities) to develop their leadership (skills).

## Organization of the Book

This book is organized by level of leadership analysis and leadership theory paradigm. Part I presents the individual as a leader and Part II addresses the individual skills of leaders. Part III covers team leadership, and Part IV deals with organizational leadership. The leadership paradigm progresses from trait to behavior to contingency to the integrative paradigm.

## Features

### Summary of Key Innovations

Our goal is to make both students and instructors successful by providing learning features that not only teach about leadership but also help students become leaders in their personal and professional life. Here are the special ways in which we close the "knowing" versus "doing" gap:

- Three-pronged approach (theory, application, skill development) in the textbook and corresponding assessment of the three areas in the Test Bank
- Comprehensive coverage of leadership theories and concepts (knowledge)
- Unique skill development materials that build leadership skills for use in students' personal and professional life (skills)
- Unique application material to develop critical-thinking skills in applying the leadership concepts and theories (abilities)
- Featured leaders from different industry and demographic backgrounds in the content narrative for greater theory application value
- Flexibility to use any or all of the features that work for you

## New to This Edition

### Global Changes Made Throughout the Book

- The table of contents has been revised, especially the Organizational Leadership portion, and there is a new Part II on Leadership Skills. For changes to chapter structure, please refer to the New Edition Kit provided on the instructor website.
- The 7th edition has been completely updated. There are 1,400+ references of which more than 1,275 are new. When excluding classic references (70), the percentage of new references is 95%.
- Several new concepts and topics have been expanded or added to this new edition, including the COVID-19 pandemic and leadership. On the following pages, chapter-specific changes are outlined with new topics **highlighted in bold** to draw your attention to them and make them easy to find.
- Learning Outcomes are now called Learning Competencies (LC) to better reflect AACSB 2020 standards. The LCs also now align with the primary level headings in each chapter.
- The Developing Your Leadership Skills exercise heading “Doing This Exercise in Class” has been changed to “Doing This Exercise,” and many of the exercises provide online directions. The Instructor Manual gives ideas for completing the exercise in-class and online. Five new exercises have been added to the 7th edition, for a total of 32, averaging three per chapter. Chapters 1–4 now include an ongoing exercise, Developing Your Leadership Point of View, in which students answer a series of questions to determine the type of leader they are/want to be.
- There are seven new Self-Assessment (SA) exercises, for a total of 57, averaging three per chapter.
- Concept Application has been renamed to Applying the Concept (AC). There are 17 new AC boxes and 152 new questions, for a total of 49 AC boxes with 361 questions, an average of four boxes with 30 AC questions per chapter. The new questions change the answers to all of the AC questions.
- Many Work Application exercise questions have been updated and/or moved to the Instructor Manual.
- AACSB standards have been updated using the 2020 AACSB Business Accreditation Standards. The General Skills developed in each of the Skill Building Exercises throughout the book continues.
- All end-of-chapter case studies are new to this edition.

## Chapter 1

- The chapter has been updated and there are 150 new references, for a total of 153 references, meaning 98% of the references are new to this edition.
- Three new LCs were revised/added: 1.1, 1.3, and 1.7.

- The opening case study is still about Amazon, but the case and answers to case questions have been rewritten and completely updated with a new question number 5.
- The tertiary level subsections “Why Is Leadership Is Important?” and “Why Study Leadership?” have been rewritten with all new references.
- There has been a reorganization and addition of headings at all three levels. Refer to your New Edition Kit for specific changes (see the instructor website).
- Within the “Defining Leadership With Five Key Elements” section, the “people” subsection has been changed to “Trusting Relationships,” and the explanation for each element has been expanded.
- There is a new Developing Your Leadership Skills exercise, **Your Leadership Point of View**, to get students thinking about the type of leader they want to be.
- AC 1.1 is now Leadership Skills and has a new first question, changing the answers by number to prior questions 1–5. AC 1.2 has two new questions, and AC 1.3 also has new questions. Combined, there are four new questions and 28 total questions in all three AC boxes.
- You Make the Ethical Call 1.1 has new questions and 1.2: Executive Compensation has been updated with 2019 compensation figures and new references.
- Self-Assessment 1.1: Leadership Potential and Self-Assessment 1.2: Leadership Skills have been moved online.
- A new case study was added to the end of the chapter: **Kim Ng Hits a Home Run With Her Leadership Skills**.

## Chapter 2

- The chapter has been updated and there are 120 new references, with six retained references and five classics, for a total of 131 references. Excluding classic references, 96% of the references are new to this edition.
- LCs 2.3, 2.5, 2.7, and 2.8 have been deleted, with two new LCs added.
- The “Ethical Leadership” section has been divided into two primary level headings with two new LCs by moving the “Guides to Ethical Behavior” to a new primary level head. The “What Is Ethical Leadership?” subsection includes two new tertiary level headings: “Ethics in Decision Making” and “Views of Ethics” (utilitarian view, rights view, and justice view). The Foreign Corrupt Practices Act (FCPA) has been added. There is a new secondary level head titled “Caution Against Escalation of Unethical Behavior.”
- The new primary level head “Guides to Ethical Behavior” has three secondary level heads: “Individual Guides to Ethics,” “Organization Guides to Ethics,” and “Application of Ethical Guides.”
- A new opening case study was added: **Deepa Narayan, International Advisor**.
- The intelligence trait discussion now includes **cultural intelligence (CI)**.

- The “Developing a More Positive Attitude and Self-Concept” subsection has been reorganized to better prioritize the suggestions and one new suggestion has been added.
- AC 2.1 has two new questions, changing all the answers throughout the chapter. ACs 2.2 and 2.3 have one new question each. The question sequence in AC 2.4 has changed, and AC 2.5: Ethical Guides is new with eight questions. There are 12 new questions in five boxes for a total of 40 questions.
- Self-Assessment 2.1: Big Five Personality Profile and Self-Assessment 2.2: Theory X and Theory Y have been moved online.
- There are four new SA exercises for a total of 10; two of these are only available online. SA 2.2 is an alternative longer version personality assessment within SA 2.1, the IPIP-NEO Personality Assessment. A link is provided to the Jung and Briggs Myer Typology Test, the Emotional Intelligence Test. SA 2.5 is Self-Concept.
- You Make the Ethical Call 2.1 has been expanded to include contract workers with a new question regarding the social impact of not hiring full-time employees with benefits. You Make the Ethical Call 2.2 is now titled “Sex, Violence, and Sexism.” It has been rewritten putting the media types together in the content and questions. The questions have been changed and a new question for discussion has been added.
- There is a new Developing Your Leadership Skills 2.4—Your Leadership Point of View—that continues to build on 1.3, and is extended to include personality, traits, and ethics to get students thinking about the type of leader they want to be.
- A new end-of-chapter case study was added: **The Happiness Minimum Wage: The Story of Dan Price and Gravity Payments.**

### Chapter 3

- The chapter has been updated and there are 114 new references, for a total of 126 references, so 99% of the references are new to this edition when excluding 11 classic references.
- LC updates include changes to LC 3.1 and the addition of LC 3.4.
- There is a new opening case on **Elon Musk, Tesla.**
- The opening chapter section has been reorganized with a new LC 3.1 to integrate the topics of the section. A new secondary level head has been added—“From Leadership Traits to Motivation”—with two tertiary level heads “Leadership Behavior is Based on Traits” and “Leadership Behavior.” Discussion of cultural intelligence (CQ) has been added and includes cognitive CQ, behavioral CQ, motivational CQ, and metacognitive CQ to provide a global view.
- In “The Leadership Grid” section, the secondary level heading “Behavioral Theory Contributions” has been deleted to avoid repeating what is discussed in the University of Michigan and Ohio State University section.
- The “Leadership and Major Motivation Theories” section is now “Leadership and Motivation.” It includes the new LC 3.4. The “Motivation and Leadership” secondary level head now includes “Engagement” with a definition of organizational citizenship

behavior (OCB). It includes a new secondary level head, “Motivation and the Performance Formula.” The “Balancing Work–Life Needs” section has been expanded and now includes the effect of COVID-19.

- The “Two-Factor Theory” subsection now includes job satisfaction, self-determination theory, servant leadership, and introduces Richard Hackman and Greg Oldham’s job characteristics model. There is also a new tertiary level head, “Job Searching,” giving the advice not to discuss pay and benefits until the interview does.
- The “Goal-Setting Theory” section now has new tertiary heads with new or expanded coverage: “Goals, Objectives, and Plans” and “SMART Goals.”
- AC 3.1 has a new first question, changing the answers by number of all AC questions. AC 3.2 has one new question. Prior AC 3.4 has been deleted and replaced with three new boxes—AC 3.3: Content Theories, 3.5: Process Theories, and 3.6: Types of Reinforcement. Prior AC 3.3: Objectives is now AC 3.4, with one new question. There are 20 new questions and 35 total questions in six boxes.
- Self-Assessment 3.1: Your Behavioral Leadership Style and Self-Assessment 3.2: Job Motivators and Maintenance Factors are online.
- You Make the Ethical Call 3.2: Tax Inversion and Tax Avoidance is new with six new questions for discussion.
- There is a new Developing Your Leadership Skills exercise 3.3, continuing to develop students’ Leadership Point of View.
- A new end-of-chapter case study has been added: **Vishen Lakhiani: Developing Motivation Through Mindfulness.**

## Chapter 4

- This chapter has fewer references than the other chapters because the contingency theories have been developed and are no longer being researched for validity. The chapter has been updated and there are 34 new references, for a total of 48 references, so 100% of the references are new to this edition when excluding 14 classic references.
- LCs 4.2, 4.7, and 4.8 have been deleted, and the remaining LCs renumbered to match the primary level heads.
- The opening case is new: **Nora Khaldi, Nuritas.**
- The first section now includes a new secondary level head—“Correlation of Behavioral Leadership to Contingency Leadership”—and one new tertiary level head—“Different Leadership Skills Are Needed in Different Situations.”
- The “**Global Contingency Leadership**” section now includes three new tertiary level heads with new and expanded coverage: “Effective Leadership Styles Vary Globally,” “Effective Leadership Styles Are Influenced by Culture,” and “Global Crises and Leadership.”
- AC 4.1, 4.2, and 4.3 have one new question each. There are 18 total questions in these three boxes.

- You Make the Ethical Call 4.1 has a new question, and 4.2 now includes COVID-19 with a couple of new questions.
- There is a new Developing Your Leadership Skills exercise 4.3, continuing to develop students' Leadership Point of View.
- A new end-of-chapter case study was added: **Jose Andres and His Rapid-Response Leadership.**

## Chapter 5

- Note that this Chapter 5 was the last edition's Chapter 6; they have been reversed. Also, note that Chapters 5 and 6 are now part of the new book section titled "Leadership Skills."
- The chapter has been updated and there are 114 new references. There are no classic references in this chapter.
- LC changes include new LCs 5.1 and 5.7. Learning Outcomes 3 and 4 from the previous edition have been combined into LC 5.4, and LC 5.6 has been deleted.
- The opening case is still about the Clarks at The Ranch Golf Club but has updated case information.
- The prior edition's first section, "Communication," has been split into three primary level headings: "Communication and Leadership," "Sending Messages and Giving Instructions," and "Receiving Messages." The prior "Coaching" section has been split into two sections.
- The "Communication and Leadership" section includes new secondary heads—"Communication Flow" and "**The Interpersonal Communication Process**"—which have been added to provide a basic foundation of communications. "**The Importance of Communication in Leadership**" has been completely rewritten with all new references.
- The primary heading "Sending Messages and Giving Instructions" now includes a secondary level head "**Nonverbal Communication.**"
- The primary heading "Receiving Messages" now includes a new secondary level head "**Multitasking Impairs Listening.**"
- In the "Coaching" section, the subsection on criticism now comes before "How to Give Coaching Feedback."
- The "How to Give Coaching Feedback" subsection now includes a new guideline, "**Get the Person to Ask for Coaching Feedback.**"
- The "**Responding to Conflict Resolution**" section now has three tertiary level heads: "Accommodating," "Apologizing," and "Responding to a Conflict."
- There are two new AC boxes. AC 5.1: Communication Flow is new with five questions. AC 5.2 was 5.1 and has been reordered, changing all the number answers. AC 5.3: Listening is new with 11 questions. AC 5.4 was 5.2 and the sequence of questions has

changed. AC 5.5 was 5.3 and has one new question. There are 17 new questions and 38 total questions in five AC boxes.

- There is a new Self-Assessment 5.1 to understand your communication style based on your personality. Self-Assessment 5.1: Listening Skills is online.
- You Make the Ethical Call 5.1 and 5.2 now include a new question on sociality impact.
- The end-of-chapter case study is new: **Adar Cohen and the Art of Gaining Understanding.**

## Chapter 6

- Note that this Chapter 6 was the last edition's Chapter 5; they have been reversed. Also, note that Chapters 5 and 6 are now part of the new book section titled "Leadership Skills."
- The chapter has been updated and there are 163 new references, for a total of 165 references, so 99% of the references are new to this edition.
- There has been some reorganization of this chapter. The primary level heading "Power" has been split into "Influencing and Power" and "**Types of Power and Influencing Tactics.**" Within the latter section there are more tertiary level heads to identify the tactics more clearly. The last primary heading, "Ethics and Influencing," has been moved into the first section as a secondary level heading topic.
- LC changes include the addition of ethics to LC 6.1, LC 6.2 is new, and Learning Outcomes 3 and 7 have been moved to become Review Questions. Learning Outcome 4 is now LC 6.3 and includes defining the three political behaviors. LC 6.5 is new based on the "Influencing Varies Globally" section.
- The "Organizational Politics" subsection "The Nature of Organizational Politics" has three new tertiary level heads: "Politics and Career Success," "Servant Leadership Is Political in Nature," and "Asking for Help—I Need/Please Do Me a Favor."
- The "Guidelines for Developing Political Skills" section now includes a discussion of friendship with your manager.
- There is a new primary level heading "**Influencing Varies Globally**" as the last section of the chapter discussing differences in power, politics, networking, and negotiating globally.
- AC 6.1, 6.2, and 6.3 all have one new first question. There is a new box 6.4: Negotiating Behavior with seven question. There are 10 new questions and 30 total questions in four boxes.
- Self-Assessment 6.1: Use of Political Behavior, Self-Assessment 6.2: Networking, and Self-Assessment 6.3: Negotiating are online.
- The end-of-chapter case study is new: **LeBron "King" James: Athlete, Philanthropist, Leader.**

## Chapter 7

- The chapter has been updated and there are 105 new references, with eight retained references and 15 classics, for a total of 130 references. Excluding classic references, 88% of the references are new to this edition.
- LC 7.4 and 7.8 have been dropped and LC 7.7 has been restated in a multipart competency question.
- The opening case study and its associated questions, both of which are new, focus on Carnival Corporation.
- The following sections and subsections have seen major or minor changes such as upgrades, updates, title changes, deletions, and new sections added.
  - “**Vertical Dyadic Linkage Theory**” has been significantly updated.
  - A new secondary level heading titled “**Developmental Stages and Follower Role Clarification**” has been added. It has three tertiary level headings under it—“**Role-Taking**,” “**Role-Making**,” and “**Routinization**.” This reorganization focuses on how new follower roles and relationship with the leader are developed and negotiated over time.
  - “**Leader–Member Exchange (LMX) Theory**” has been updated and upgraded to a primary level heading. It now has two secondary level headings: “**High-Quality LMX Relationships**” and “**Low-Quality LMX Relationships**.” This reorganization puts the focus on the quality of LMX relationships.
  - “**Factors That Influence the Quality of LMX Relationships**” has been upgraded to a primary level heading. Under this heading are two secondary level headings: “**The Leader’s Influencing Ability**” and “**The Follower’s Influencing Ability**.”
  - “**A Follower’s Influencing Potential**” has been upgraded to a primary level heading with three secondary level headings—“**Follower’s Personal Power**,” “**Follower’s Locus of Control**,” and “**Follower’s Education and Experience**.”
  - Information contained in the previously titled section on “The Benefits of High-Quality LMX Relationships” has been updated.
  - “Defining Followership” has been updated and retitled to “The Act of Followership.”
  - “Types of Followers” has been retitled to “Follower Classifications.”
  - “Becoming an Effective Follower” has been retitled to “Profile of an Effective Follower.”
  - The secondary level heading titled “Dual Role of Being a Leader and a Follower” has been deleted. It is now part of the discussion under the section titled “A Follower’s Influencing Potential.”
- New questions added to the AC exercises changed the order of the questions and answers. This will prevent students from simply copying the answers from former students who used the last edition. Both AC 7.1 and 7.2 have been updated with three new questions added to each. AC 7.3 and 7.4 have been updated with one new question added to each. This brings the total of AC exercise questions from 23 to 31.
- A new end-of-chapter case study was added: **Thasunda Brown Duckett: Focus on People and Build a Winning Team**.

## Chapter 8

- The chapter has been updated and there are 102 new references, with two retained references and three classics, for a total of 107 references. Excluding classic references, 95% of the references are new to this edition.
- LC 8.1, 8.2, 8.3, 8.4, 8.7, and 8.8 have been deleted and replaced by three new LCs (LC 8.1, 8.2, and 8.3). LC 8.6 has been restated and expanded into a multipart competency. The total number of LCs increased from five to six.
- A new opening case was added: **Stacey Abrams, Team Builder and Visionary**
- The following sections and subsections have seen major or minor changes such as new content, expanded coverage, title changes, deletions, and new sections added.
  - The introduction to the chapter is new.
  - The primary level heading “**The Use of Teams in Organizations**” is now a secondary level heading under a new primary level heading titled “**The Shift From Functional Hierarchies to Team-Structure Models.**”
  - “**The Use of Teams in Organizations**” (secondary level heading) has been updated with new and expanded coverage.
  - The secondary level heading “**Is It a Group or a Team?**” has been deleted and its contents incorporated under the secondary level heading “**What Is an Effective Team?**”
  - The primary level heading “**Conducting Effective Team Meetings**” has been retitled as “**Leadership Skills for Conducting Effective Team Meetings.**”
  - The subheading titled “**Benefits and Limitations of Teams and Teamwork**” has been moved to the section titled “**The Shift From Functional Hierarchies to Team-Structure Models.**”
  - The secondary level heading “**Organizational Culture and Team Creativity**” has been retitled “**Fostering Team Creativity.**”
  - Under the primary level heading “**Self-Managed Teams,**” two secondary level subheadings have been retitled and the coverage expanded: “**The Nature of Self-Managed Team**” was changed to “**How Self-Managed Teams Differ From Conventional Teams**” and “**Top Management and Self-Managed Team Success**” was amended to “**Improving Effectiveness of SMTs.**”
- In some ACs, new questions have been added or old questions deleted, old questions restated for clarity, or the order of questions changed. These changes will prevent students from simply copying the answers from former students who used the last edition because the answers are no longer the same.
  - AC 8.1: Three questions were restated for clarity and the order of the question changed.
  - AC 8.2, 8.3, and 8.4: The intro statement was restated for clarity and the order of the questions changed.
  - AC 8.5: Because they have similar concepts, this AC merged with AC 8.3.
  - AC 8.6: This was deleted because the focus of this exercise, senior management’s role has been scaled back.
  - This brings the total of AC exercise questions to 27 from 32.
- A new end-of-chapter case was added: **Jess Kutch: A New Way of Organizing Labor at Coworker.org.**

## Chapter 9

- The chapter has been updated and there are 107 new references, with three retained references and four classics, for a total of 114 references. Excluding classic references, 97% of the references are new to this edition.
- Chapter 9 is a new chapter. The chapter now features Managing Change (prior Chapter 11) and Crisis Leadership (prior Chapter 12).
- A new opening case is included: **Satya Nadella, CEO of Microsoft.**
- The following sections and subsections have seen major or minor changes such as new content, updated coverage, title changes, deletions, and new sections added.
  - The secondary level subheading titled “**The Need for Organizational Change**” has been materially updated with two new tertiary level subheads—“**External Triggers**” and “**Internal Triggers.**”
  - The secondary level subheading titled “**The Change Management Process**” has been retitled “**Change Planning and Implementation Process**” with new material added.
  - The secondary level subheading titled “**The Role of Senior Leaders in Managing Change**” has been updated to include two new tertiary level subheads—“**Supporting Actions**” and “**Senior Leaders as Role Models.**”
  - “**Minimizing Resistance to Change**” is now a new secondary level heading with three new tertiary level subheads added—“**Cognitive Dimension,**” “**Emotional Dimension,**” and “**Behavioral Dimension.**”
  - “**Crisis Leadership**” (formerly a primary level heading) has been broken up into three primary level headings—“**Crisis Leadership,**” “**Crisis Planning and Implementation,**” and “**Crisis Communication.**”
  - Under the “**Crisis Leadership**” heading, we now have two secondary level subheads—“**What Is Crisis Leadership and Why Is It Important?**” and “**The Role of Senior Leaders.**”
  - The secondary level heading—“**The Role of Senior Leaders**”—now has five tertiary level subheads—“**Lead From the Front,**” “**Attention to Bedrock Principles,**” “**Total Enterprise Focus,**” “**Empowerment,**” and “**Training and Development.**”
  - A new primary level heading—“**Crisis Planning and Implementation**”—has five secondary level subheads—“**Pre-Crisis Planning,**” “**Pre-Crisis Risk Assessment and Reduction Model,**” “**Benefits of Pre-Crisis Planning,**” “**Responding During an Actual Crisis,**” and “**Post-Crisis Analysis and Learning.**”
  - The new primary level heading—“**Crisis Communication**”—has two secondary level subheads: “**Timely and Effective Crisis Communication,**” and the “**‘Dos’ and ‘Don’ts’ of Crisis Communication.**”
  - “**Pre-Crisis Planning**” (a secondary level heading) is now organized into five tertiary level subheads—“**Crisis Response Team,**” “**Plan of Action,**” “**Crisis Resource Allocation,**” “**Advance Communications Plan,**” and “**External/Media Interface.**”
  - Some heading title changes to keep in mind: replacing “**The Three-Stage Crisis Management Plan**” with “**Crisis Planning and Implementation**”; from “**Adapting After a Crisis**” to “**Post-Crisis Analysis and Learning**”; and from

**“The Five-Step Crisis Risk Assessment Model” to “Pre-Crisis Risk Assessment and Reduction Model.”**

- Exhibit 9.5 had a title change from **“Five-Step Risk Crisis Assessment Model”** to **“A Five-Step Pre-Crisis Risk Assessment and Risk Reduction Model.”**
- Exhibit 9.6’s title changed from **“Effective Communication—Rules to Follow”** to **“Effective Crisis Communication—‘Dos’ and ‘Don’ts.’”**
- We have added three new AC exercises (9.1 through 9.3). The fourth AC (9.4) is an existing exercise that has been updated. The chapter has a total of 33 AC questions.
- A new end-of-chapter case was added: **Joey Wat: Responding to Change at Yum China.**

## Chapter 10

- Chapter 10 was Chapter 9, but now includes Servant Leadership in the title.
- The chapter has been updated and there are 81 new references, with 11 retained references and eight classics, for a total of 100 references. Excluding classic references, 88% of the references are new to this edition.
- The secondary level heading titled **“Locus of Charismatic Leadership”** is now titled **“Locus of Charisma”** with three new tertiary level subheadings—**“Charisma as a Natural Trait,” “Charisma as an Acquired Trait,”** and **“Charisma as Both a Natural and Acquired Trait.”**
- The secondary level heading titled **“Influence of Charismatic Leaders on Followers”** has been restructured to focus on each influence as a tertiary level heading with a brief discussion. This focus spotlights the effect of each influence on followers.
- The secondary level heading titled **“How Does One Acquire Charismatic Qualities?”** has been updated and reorganized to focus on training and practice, formal education, personal behavior modification, and one-on-one training. These are highlighted as the different avenues for one to learn or acquire charismatic qualities.
- The section titled **“How Is Charisma a Double-Edged Sword”** is upgraded to a primary level heading and has been reorganized to focus on two new secondary level subheadings—**“Charismatic Leader Motives”** and **“Socialized and Personalized Charismatic Leaders.”**
- Under the primary level heading titled **“Transformational Leadership,”** a new secondary level subheading has been added titled **“Transformational and Transactional Models of Leadership.”**
- The old secondary level subheading titled **“The Effects of Transformational Leadership”** is now **“Transformational Leader Effects on Organizational and Individual Outcomes”** with two tertiary level subheadings—**“Organizational-Level Effects”** and **“Individual-Level Effects.”**
- The old secondary level subheading titled **“Transformational Versus Transactional Leadership”** is now titled **“Salient Features of Transformational and Transactional Leadership.”**

Leaders, with a new exhibit added to highlight the main areas of difference—see Exhibit 10.2: **Salient Features of Transformational and Transactional Leaders**.

- The old secondary level subheading titled “Qualities of Effective Charismatic and Transformational Leadership” is now titled “**Attributes of Effective Charismatic and Transformational Leaders**” with each attribute listed as a tertiary level subheading.
- The old secondary level heading titled “Charismatic and Transformational Leadership: What Is the Difference?” has now been retitled to “**Compare and Contrast Between Charismatic and Transformational Leadership**” with six new tertiary level subheadings added. The six subheadings highlight key areas of commonality and difference between the two leadership types. A new exhibit (Exhibit 10.6: **Compare and Contrast Between Charismatic and Transformational Leadership**) has been added for further clarity.
- The old primary level heading titled “**Stewardship and Servant Leadership**” has been scaled back to focus on just **servant leadership** and the **stewardship presentation has been dropped**. A new secondary level subheading has been added titled “**Greenleaf’s Conceptualization of Servant Leadership**.”
- The old secondary level subheading titled “Servant Leadership and Attributes of the Effective Servant Leader” has been simplified to “**Traits of Effective Servant Leaders**” with each trait highlighted as a tertiary level subheading.
- A new secondary level subheading has been added titled “**Servant Leader Effects on Follower Outcomes**.”
- The opening case featuring **Oprah Winfrey** has been updated with new and/or modified questions.
- In some ACs, new questions have been added, old questions deleted, old questions restated for clarity, or the order of questions changed. These changes will prevent students from simply copying the answers from former students who used the last edition as the answers are no longer the same. The new total of AC exercise questions is 30.
- Two new exhibits (10.2: Salient Features of Transformational and Transactional Leaders and 10.6: Compare and Contrast Between Charismatic and Transformational Leadership) have been added.
- A new end-of-chapter case was added: **Beto Perez: Leading Through One’s Passion**.

## Chapter 11

- The chapter has been updated and there are 72 new references, 19 old references, and five classic references, for a total of 96 references. Excluding classic references, 79% of the references are new to this edition.
- Chapter 11 was Chapter 10, but now includes **Global Leadership**, and because ethics is included in Chapter 3’s title, it was dropped from the title.
- A new opening case was added about **Kenneth Frazier, Merck’s Chair of the Board of Directors and Former CEO**.

- The following sections and subsections have seen major or minor changes such as updates of old content, new sections/content, expanded coverage, both new content and expanded coverage, title changes, and deletions.
  - On the first major topic, culture, the presentation has been completely restructured from one primary level heading and six secondary level headings to six primary level headings. This is a better presentation of the concepts because it allows the students to focus on individual concepts one at a time and thus makes them more likely to comprehend the content. Students can see and appreciate the cohesiveness in the narrative but also the interconnectedness between concepts. There is a better “flow” in the narrative.
  - The first primary level heading—“**Leadership and Organizational Culture**”—now has two secondary level subheadings. This section saw substantive changes, especially in the presentation on “**The Power of Culture.**”
  - The second primary level heading “**Culture Creation**” has two secondary level subheadings. These are new subheadings that have been substantively changed with both new and expanded coverage. Two new exhibits have been created to highlight key concepts or points in the presentation.
  - A new primary level heading—“**Managing and Sustaining a Strong Culture**”—has been added along with six secondary level subheadings. This is new content on recommended actions to manage and sustain a strong high-performance culture.
  - The primary level heading—“**Strong High-Performance and Weak Low-Performance Cultures**”—with two secondary level subheadings is not substantively changed and contains mostly updates and expanded coverage.
  - The primary level heading—“**Types of Organizational Cultures**”—with four secondary level subheadings is not substantively changed and contains mostly updates and expanded coverage.
  - A new primary level heading—“**Ethical Organizational Culture and Authentic Leadership**”—with three subheadings is a combination of a new title, updates, and expanded coverage. Authentic leadership, which was a stand-alone section, is now part of this new section. This section is the scaled-back version of the discussion on **ethics** that is now fully covered in Chapter 2.
  - The second half of the chapter focuses on **diversity, equity, and inclusion (DE&I)**. This section is also a combination of new content, new title, updates, and expanded coverage.
  - A new primary level heading titled “**The Case for Diversity, Equity, and Inclusion**” is a replacement for the previous content on the benefits of embracing diversity. This section has three new secondary level subheadings added about the moral, legal, and business case for diversity. This is a section with substantive changes. It is a combination of a new title, new sections, new content, and expanded coverage.
  - “**Factors That Contribute to a Strong DE&I Culture**” is a modified title of the old “**Creating a Pro-Diversity Organizational Culture.**” There are three secondary level subheadings and five tertiary level subheadings in this section. This is a section with substantive changes. It is a combination of a title change, updates of old content, new content/section, and expanded coverage.

- Finally, a new section titled “**Global Leadership**” has three tertiary level subheadings. This is a section with substantive changes—new titles, new content, updates to old content, and expanded coverage.
- In some ACs, new questions have been added or old questions deleted, old questions restated for clarity, or the order of questions changed. These changes will prevent students from simply copying the answers from former students who used the last edition because the answers are no longer the same. There is a total of 19 AC exercises in the chapter.
- A new end-of-chapter case was added: **Alicia Garza: Diversity to Lead Change**.

## Chapter 12

- Chapter 12 now includes Strategic Leadership (prior Chapter 11), and the material on the Learning Organization has been reduced. The chapter includes all new material on creating high performing organizations.
- The chapter has been updated and there are 119 new references, 16 old references, and four classic references, for a total of 135 references. Excluding classic references, 91% of the references are new to this edition.
- The opening case and its associated questions are new: **Rosalind Brewer, New CEO of Walgreens Boots Alliance Inc.**
- The following sections and subsections have seen major or minor changes such as updates of old content, new section/content, expanded coverage, both new content and expanded coverage, title changes, and deletions.
  - The chapter opens with a new primary level heading—“The Impact of Globalization and Environmental Sustainability”—with two secondary level subheadings: “Leadership in the Age of Globalization” and “Leadership and the Call for Environmental Sustainability.” These subheadings are the same as in the 6th edition except for changes in title and content updates.
  - A new primary level heading titled “Strategic Leadership” was added with two secondary level subheadings—“Integrating Leadership and Strategy” and “Thinking Strategically.” The former is a change in title from “Strategic Leadership and the Strategic Management Process” in the 6th edition; the content has also been updated. The latter is a new title with new content.
  - The old primary level heading—“Strategic Management Process”—is now titled “The Strategy-Making, Strategy-Execution Process.” In the accompanying Exhibit 12.1, we have changed “steps” to “phases.” The five phases remain the same as in the 6th edition except with minor changes in content.
  - As it was in the 6th edition, each phase in the in the Strategy-Making, Strategy-Execution Process (Exhibit 12.1) is a secondary level subheading. Some phases had significant updates and others minor updates.
  - “Phase 1—Crafting a Mission, Vision, and Core Values Statement” has been updated. Also, the title changed from the 6th edition. We added Core Values to the title and reversed the order in the title where Mission came before Vision.

- “Phase 3—Select Appropriate Strategy Options” was titled “Strategy Formulation” in the 6th edition. The tertiary level subheading—“Selecting From Alternative Strategies”—has been updated with some content deleted.
  - A new primary level heading was created titled “High-Performing Organizations (HPOs).” There are two secondary level subheadings under this title—“What Is a High-Performing Organization” and “High-Performing Organization Culture.”
  - A second primary level heading was created titled “Key Success Factors of High-Performing Organizations.” There are five secondary level subheadings under this title focusing on each “Key Success Factor.” They are “The Right Type of Leaders,” “The Right Type of Frontline Managers,” “Energized and Motivated Frontline Employees,” “High-Performing Teams,” and “Strive for Operational Excellence.”
  - Like in the previous edition (6th), the chapter ends with a discussion on “The Learning Organization and Knowledge Management” (primary level heading). The content has been scaled back with some deletions, new titles created, and some content updates.
  - A new secondary level subheading has been added—“The Link Between Learning and High-Performing Organizations.”
  - The old title “Learning Organization Characteristics” has been changed to “Policies and Practices of Learning Organizations” with five tertiary level subheadings—“Experiential Learning,” “Supportive Environment for Learning,” “High Value in Sharing Knowledge,” “Multiple Sources of Learning,” and “Learning Is Systemic.”
  - The “Traditional Versus the Learning Organization” section along with its two subheadings (on the characteristics of traditional and learning organizations) has been dropped.
  - “The Learning Organization Culture and Firm Performance” section has also been dropped.
  - “The Role of Leaders in Creating a Learning Organization Culture” has been retitled to “Fostering a Learning Organization Environment,” with each recommendation (see Exhibit 12.4) bulleted.
- In some ACs, new questions have been added or old questions deleted, old questions restated for clarity, or the order of questions changed. These changes will prevent students from simply copying the answers from former students who used the last edition because the answers are no longer the same. There is a total of 32 AC exercises in the chapter.
  - There are six Work Application exercises in the chapter.
  - The end-of-chapter case is new: **Jane Fraser: Strategic Leadership at Citigroup.**

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## ABOUT THE AUTHORS

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**Robert N. Lussier** has taught management courses at Springfield College for more than 35 years. He is a prolific writer, with more than 475 publications to his credit. His articles have been published in the *Academy of Entrepreneurship Journal*, *Business Horizons*, *Entrepreneurship Theory and Practice*, *Family Business Review*, *Journal of Business Strategies*, *Journal of Management Education*, *Journal of Small Business Management*, *Journal of Small Business Strategy*, *SAM Advanced Management Journal*, and several others. He also has other textbooks, including a human resources management textbook (with John Hendon) published by SAGE.



More than 2 million people globally have used his textbooks, earning him an unsurpassed national and international reputation as an author and keynote speaker. Dr. Lussier is the founder of Publish Don't Perish ([www.publishdonotperish.com](http://www.publishdonotperish.com)), and his *Publish Don't Perish: The Top Secrets to Get Published* book and workshops have helped hundreds of institutions and individuals in more than 80 countries get published. His presentations inspire comments such as "Bob explains complex business topics in an easy-to-understand language while keeping his audience engaged and spellbound" (Dr. Raj V. Mahto, professor, University of New Mexico).

Dr. Lussier also consults to a wide array of commercial and nonprofit organizations. In fact, some of the material in this book was developed for such clients as Baystate Medical Center, Coca-Cola, Friendly's Ice Cream, National Institute of Financial Education, Mead, Monsanto, Smith & Wesson, the Social Security Administration, the Visiting Nurse Association, and YMCAs.

Dr. Lussier holds a bachelor of science in business administration from Salem State College, master's degrees in business and education from Suffolk University (AACSB accredited), and a doctorate in management from the University of New Haven (AACSB accredited).

On the personal side, Dr. Lussier enjoys spending time with Marie, his wife of 47 years, as well as six adult children and four granddaughters. He is a bodybuilder lifting weights five days a week. To relax after a day of writing and working out, he watches comedy and action movies and series.

**Christopher F. Achua** is a full professor in the Department of Business and Economics at the University of Virginia's College at Wise. In his more than 30 year teaching career, Dr. Achua has and continues to impact the lives of his students through his course offerings in strategic management, marketing, and organizational leadership. Dr. Achua has consistently adapted his teaching methodologies to student needs and adopted the latest classroom and virtual teaching technologies to enhance student learning.

Dr. Achua's interest in engaging his students in real-life learning opportunities led him to create and direct programs



such as the Center for Entrepreneurship, Leadership, and Service (CELS) and the Small Business Institute at his university. These programs focused on developing students' leadership and entrepreneurial skills by applying theory to real-world situations.

Dr. Achua's scholarship has mostly centered on academic conference participation where he has presented his research on small and family business management issues, third-world economies, microenterprise developmental challenges, and more. His research has been published in many refereed proceedings, the *Small Business Institute Journal*, and the *Journal of Small Business Strategy*. When not involved in academic pursuits, he lends his expertise to community development programs and initiatives. He has served on the boards of organizations in his local community and also served as chair of the Mountain Empire Regional Business Incubator Board of Directors.

Dr. Achua received his undergraduate degree in business administration and accounting from the University of Sioux Falls, South Dakota, his MBA from the University of South Dakota, and his DBA from Alliant International University in San Diego, California.

# INDIVIDUALS AS LEADERS

PART  
I

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## WHO IS A LEADER AND WHAT SKILLS DO LEADERS NEED?

### LEARNING COMPETENCIES

After studying this chapter, you should be able to:

- 1.1 Describe the importance of leadership development both personally and professionally. p. 4
- 1.2 Briefly describe the five key elements of leadership. p. 10
- 1.3 Identify and define three leadership skills. p. 13
- 1.4 List the ten managerial roles based on their three categories. p. 16
- 1.5 Explain the interrelationships among the levels of leadership analysis. p. 20
- 1.6 Compare and contrast the following leadership theories: trait, behavioral, and contingency theories. p. 22
- 1.7 Describe the three objectives of the book and how it is organized. p. 24

### Jeff Bezos, Amazon

**Jeff Bezos** built **Amazon.com Inc.** from his garage with an underdog's ambition to take on the established retail giants. Today, as a giant he continues to run Amazon like a hungry startup. *Fortune* ranked Bezos number 1 on its World's 50 Greatest Leaders, and *Forbes* ranked him first as America's Most Innovative Leaders. Why? Amazon has changed the way we live and work. First, Bezos changed the way we buy books and then the way we read them with Kindle and e-book readers and popularized tablets (Fire), and how we shop online. Today, it is the e-commerce leader, as you can buy just about anything on Amazon.com. Amazon is also a leader in virtual assistants (Echo, Alexa), digital streaming with original shows (**Amazon Prime Video**, **IMDb**), music streaming (**Amazon Music**), groceries (**Whole Foods** and **Amazon Go Grocery** stores) cloud computing (**Amazon Web Services**), space travel (**Blue Origin**), and is delivering packages with its own trucks. Amazon is also working on driverless cars, trucks, ships, bikes, and drones to deliver packages.

Amazon is also in the finance business (**Bezos Expeditions**) investing in startups such as **Twitter**, **Airbnb**, and **Uber** and continues to get in on the ground floor of new up-and-coming ventures. Bezos has grown Amazon into the top ten *World's Largest Companies* and second on the *Fortune* 500 (with more than 1.1 million employees and a market valuation of around \$1.6 trillion), making him one of the *World's Richest* people with a net worth of \$179 billion, and still hiring as it expands its distribution network globally (October 2020).

### Opening Case Questions

1. Why is Amazon so successful?
2. Does Amazon use our definition of leadership?
3. What managerial leadership skills does CEO Jeff Bezos use at Amazon?
4. What managerial leadership roles does CEO Jeff Bezos perform at Amazon?
5. Which level of analysis is the primary focus of CEO Jeff Bezos at Amazon?

Can you answer any of these questions? You'll find answers to these questions about Amazon and its leadership throughout the chapter.

To learn more about Amazon, visit the company's website at <http://www.amazon.com>.

*Sources of case and answers to case questions:* B. Dumaine, "How Amazon Reshaped the World," *INC.* (May/June, 2020), 12; B. Dumaine, "Amazon Was Built for the Pandemic," *Fortune* (June/July, 2020), 87–92; "The Fortune 500," *Fortune* (June/July, 2020), 147–148; "World's Largest Companies," *Fortune* (August/September 2020), 137; "The Top 20," *Forbes* (October 2020), 23; "America's Most Innovative Leaders," *Forbes* (September 30, 2019): 87; D. Mattioli, "Amazon's Problem: It's a Giant Acting Like a Startup," *The Wall Street Journal* (December 23, 2020): A1; Amazon.com, accessed January 4, 2021; D. Mattioli, "Amazon Founder Bezos to Leave CEO Post," *The Wall Street Journal* (February 3, 2021): A1, A2; *NEPM* radio news broadcast (February 3, 2021).

## INTRODUCTION

Throughout this book, leadership is referred to in the context of formal organizational settings in business corporations (**GE**, **IBM**), government agencies (**Springfield Police Department**), and nonprofit organizations (**Red Cross**). Organizations have two major classifications of employees: managers, who have subordinates and formal authority to tell them what to do; and employees, who do not. The focus of this chapter is on helping you understand what leadership is and what this book is all about.

## LEADERSHIP AND LEADERSHIP DEVELOPMENT

### LEARNING COMPETENCIES

- 1.1** Describe the importance of leadership development both personally and professionally.

Leadership is everyone's business, so let's begin by answering a few key questions:

- "Are leaders born or made?"
- "Why is leadership important?"
- "Why study leadership?"

### Are Leaders Born or Made?

Are leaders born or made, or what determines leadership? You may think this is a trick question because most researchers say the answer is both. Effective leaders are not simply born or made. They are born with some leadership ability and develop it. Researchers estimate that 30 percent of leadership is heritable, whereas 70 percent is developed.<sup>1</sup> Some say leaders are made, not born, and that everyone has equal potential to develop leadership skills. **NFL** Green Bay Packers legendary football coach **Vince Lombardi** said, "Leaders are made, they are not born. They are made by hard effort." Whatever your leadership ability is now, you can invest in developing your leadership skills. We'll talk more about how later in this chapter.

### WORK APPLICATION 1.1

Do you believe that you are a born leader? Do you believe that you can develop your leadership skills to improve job performance?

### Why Is Leadership Important?

Here are just a few reasons why leadership is so important. Top-level managers develop the tone and direction (vision, mission, and strategic plans) for the entire organization, and these decisions have a high potential for success or failure.<sup>2</sup> Would **Apple** be the company it is today with its founder **Steve Jobs**, or **Tesla** without **Elon Musk**? Lower-level managers and employees implement the strategic plans. Thus, leadership at every level impacts organizational success.<sup>3</sup> The vast majority of people are happy with the work they do, but they're disengaged because of how they're managed.<sup>4</sup>

Clearly, leadership development is considered to be an important objective.<sup>5</sup> Organizations spend a great deal of effort and resources to teach employees how to lead. Leadership development is often cited as an important priority because it is viewed as a competitive advantage as there can be significant positive returns to the investment in leadership development. Thus, managers need to develop the leadership skills of all employees.<sup>6</sup>

### Why Study Leadership?

It's natural at this point to be thinking, "What can I get from this book?" or "What's in it for me?" These common questions are seldom asked or answered directly. The short answer is the better you can work with people—and this is what most of this book is about—the more successful you will be in both your personal and your professional lives. If you are a manager, or want to be a manager someday, you need good leadership skills to be successful. Even if you are not interested in being a manager, you still need leadership skills to succeed in today's workplace.<sup>7</sup>

The old workplace, in which managers simply told employees what to do, is gone. Today, organizations expect employees to be self-leading and work in teams and share in decision making and other management tasks.<sup>8</sup> Employers are recruiting people with leadership skills.<sup>9</sup> So career readiness includes demonstrating soft skills, including leadership,<sup>10</sup> because leadership is a core competency for career readiness.<sup>11</sup> Unfortunately, business leaders say college graduates are not well prepared to succeed on the job;<sup>12</sup> students are ill-prepared to lead.<sup>13</sup>

The study of leadership also applies directly to your personal life. You communicate with, and interact with, people every day; you make personal plans and decisions, set goals, prioritize what you will do, and get others to do things for you. Are you ever in conflict with family and friends? This book can help you develop leadership skills you can apply in all of those areas on and off the job.

### The Need for Self-Awareness in Leadership Development

Self-awareness is part of leadership development.<sup>14</sup> Career management is a core competency—the ability to identify and articulate your knowledge, skills, and areas necessary for professional growth.<sup>15</sup> Know Thyself—what do you have to offer employers, coworkers, and friends?<sup>16</sup> An honest self-assessment helps you nail the job interview.<sup>17</sup> So, self-awareness is the first step to leadership development. What are leadership competencies? That is what this course is all about.

## OPENING CASE APPLICATION

### 1. Why is Amazon so successful?

Founder and CEO Jeff Bezos is the key to Amazon's success. Bezos motivated employees to be obsessed with customer service and innovation of new products and processes and to grow fast. Bezos is also cloning himself by developing employees' leadership skills. Much of Amazon's success is based on Bezos being the first to deeply integrate data, machine learning, the internet of things, and artificial intelligence into his company's decision-making process and products, ensuring that Amazon is driven by facts, not intuition and opinions. Amazon has been a global company since it started back in 1995, as it sold books internationally during its first month in business. Alexa, a voice assistant developed by Amazon, responded to consumers in more than 80 countries, from Albania to Zambia, fielding an average of 500 million questions each day in 2019 **(Global View)**.

But for years Bezos rarely gets involved in daily activities, his work focuses on innovation for two to three years from now. To move further from day-to-day operations, he stepped down as CEO, becoming executive chair. His senior executive team, with new CEO Andy Jassy, is responsible for the day-to-day operations of Amazon. However, Bezos will still be in charge and make or be involved in all major decisions.

VP of global customer fulfillment Alicia Boler Davis (one of the few Black women to advance to the executive suite in a *Fortune* 500 company) manages the day-to-day operations side of the business. Boler Davis is an engineer that runs Amazon's hundreds of warehouses worldwide and she is responsible for customer service. Davis is given much of the credit for helping Amazon maintain a record pace of business growth globally, moving millions of packages a day, caused by the COVID-19 pandemic as online shopping increased significantly<sup>18</sup> **(Global View)**

## From the Management to the Leadership Paradigm

Let's discuss how management and leadership are not the same, and the shift from autocratic to participative leadership with a stakeholder view using servant leadership. But first, a **leadership paradigm** is a shared mindset that represents a way of thinking about, studying, researching, and understanding leadership.

People tend to use the terms *manager* and *leader* interchangeably. However, that usage is not correct. Management and leadership are related but different concepts.<sup>19</sup> Organizations form a hierarchy of management positions giving them authority to make decisions.<sup>20</sup> Managers perform five major functions: planning, organizing, staffing, leading, and controlling. Organizational success depends on effective managers, and **Amazon** was ranked first as the most effectively managed U.S. company by the **Drucker Institute**.<sup>21</sup> Note that leadership is just one of the managers' responsibilities. Keeping it simple for now, **leading** is the ability to influence others.

In this book, we do not use the terms *manager* and *leader* interchangeably. When we use the word *manager*, we mean a person who has a formal title and authority. When we use the term *leader*, we mean a person who may be either a manager or a nonmanager. Leaders have the ability to influence others; a manager may not. Thus, a leader is not necessarily a person who holds some formal position such as manager.

There are managers (coaches)—you may know of some—who are not leaders because they do not have the ability to influence others. Some good leaders are not managers. The emergent informal leader, a group member who takes charge, voices issues, and initiates change,<sup>22</sup> is a case in point. You may have worked in a situation where one of your peers had more influence in the

### Leadership paradigm

a shared mindset that represents a way of thinking about, studying, researching, and understanding leadership

**Leading** the ability to influence others

department than the manager (coach). Anyone can be a leader within any group or department, and everyone in a team is expected to be a leader. Thus, regardless of your position, you are expected to share leadership.<sup>23</sup> So leadership is not a position, it's a personal quality and skill set, and we all have opportunities to lead.<sup>24</sup>

Although we have made a comparison between managers and leaders, you should realize that successful organizations need both managers and leaders. **Apple's** founding CEO **Steve Jobs** was viewed as a leader in his ability to influence others to make great products, but he was not viewed as a good manager. Chief Operating Officer **Tim Cook** did most of the management at Apple, and as CEO today, he is viewed as both a good manager and a good leader.<sup>25</sup> In fact, Cook was given the title The World's Greatest Leader by *Fortune* in 2015.<sup>26</sup> The focus is on how to integrate management and leadership, or on developing leadership skills of managers and employees, which we do in this book. To simplistically stereotype people as either managers or leaders does little to advance our understanding of leadership. Also, because the term *manager* is an occupational title, to foster an inaccurate, negative stereotype of managers is certainly not our intent.

### From Autocratic to Participative Management

We may have been conditioned to think of leadership as autocratic power and control.<sup>27</sup> However, there has been a shift from the traditional autocratic hierarchy management structure to participative leadership.<sup>28</sup> Why? In the bureaucratic autocratic model, the institution comes first. Individuals are literally human resources used to produce products, services, and income. When people are treated as instruments, they are unlikely to give their best and develop creative improvements. Today's successful organizational models focus less on maximizing compliance and more on maximizing contributions.<sup>29</sup>

Formal hierarchical differentiation occurs when certain members of a team are appointed to formal management or leadership positions, which has important implications for performance.<sup>30</sup> Clear lines of management authority with formal team managers reduce teams' adaptability and innovation; teams with participative informal leadership outperform teams that are low on emergent leadership.<sup>31</sup>

With the shift to flattening of organizations by eliminating layers of management, with more employees reporting to one manager, it becomes too difficult to manage autocratically.<sup>32</sup> Managers cannot control everyone, so they need to empower people using a participative shared leadership style.<sup>33</sup> Collaborative decision-making increases performance.<sup>34</sup> Today managers have employees that know more about their jobs than the manager, they may have employees they rarely or never see in person, and they may work with people from several countries (**Global View**).<sup>35</sup> People at every level must feel they have the freedom to experiment with creative ways to improve processes and products to be more innovative.<sup>36</sup>

Today, leadership is a serial emergence of both official and unofficial leaders as part of a simultaneous, ongoing, mutual influence process. Leadership is being shared today through empowering all,<sup>37</sup> so everyone is expected to lead when the need arises.<sup>38</sup> Successful managers know when to lead and when to get out of employees' way.<sup>39</sup> In Chapter 4, you will learn what level of participation to use in a given situation.

### From the Shareholder to the Stakeholder View

The old approach to managing major corporations was to only focus on making a profit to increase the value of the stock for the owners of the corporation shareholders. Conversely, today's corporate managers are focusing on making a profit while addressing societal needs,<sup>40</sup>

by taking a stakeholder view. With the stakeholder view, when making decisions, managers try to create a win-win situation for all relevant stakeholders so everyone benefits from the decision. Stakeholders include anyone affected by the decision; such as employees, customers, suppliers, the local community, governments, and greater society. The **Business Roundtable**, made up of CEOs of major corporations, made the statement that corporate leaders should take into account “all stakeholders.”<sup>41</sup> CEOs of 181 corporations signed a Business Roundtable letter declaring they are “truly committed to meeting the needs of all stakeholders.”<sup>42</sup> **Airbnb** has a vision for it to “benefit all our stakeholders over the long term.”<sup>43</sup> Unfortunately, it is difficult to balance the competing demands of different stakeholders,<sup>44</sup> and there may be unintended consequences.<sup>45</sup> You cannot always create a win-win situation, such as when a company has a layoff. Clearly, employees don’t win when they lose their jobs and the local community also suffers when several employees have less income to spend at local businesses and they pay fewer taxes to the government.

### From the Self-Serving to the Servant Leadership View

According to best-selling leadership author and consultant **Ken Blanchard**, there are two types of leaders—self-serving and serving.

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**Self-serving leader** an individual who approaches leadership focusing only on their own self-interests; others should serve them

**Self-serving leaders** think leading is all about them and having others serve them to get what they want. They focus on their own self-interest, rather than what is best for the organization and its employees.<sup>46</sup> Self-serving, they often do not treat all people right—with respect, care, and fairness to all stakeholders creating an I win you lose environment. When organizations let managers go, it’s often the self-servers.<sup>47</sup> Sustained superior firm performance is based on strategic team leadership, without self-serving leadership misaligned with owner and other stakeholders’ interests.<sup>48</sup>

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**Servant leader** an individual who approaches leadership focusing on serving others, not being served by others

**Servant leaders** help others rather than being served by others. Essentially, they turn the organization chart upside down placing others above themselves. They help all stakeholders accomplish goals and complete tasks. They treat all people right; creating a win-win environment. Servant leadership is the engine that drives high-performance organizations.<sup>49</sup>

If you focus on serving others and relationships, you will be surprised at how successful you can be. Examples of great servant leaders include **Mahatma Gandhi**, **Tenzin Gyatso (Dalai Lama)**, and **Malala Yousafzai**. **Mother Teresa** (1910–1997) was a true servant leader and had no interest in wealth, power, or status. Mother Teresa did not ask for money, yet her ministry received financial backing to help all the “poorest among the poor.” She founded the **Missionaries of Charity** in India and grew globally operating more than 750 missions, schools, and shelters in 139 countries with more than 5,000 Sisters of Charity nuns and thousands of nonreligious people globally serving the poor. Mother Teresa was given the highest status wherever she went globally, and she received many awards including the Nobel Peace Prize and was canonized a saint. For more information on Mother Teresa visit <https://www.motherteresa.org> (**Global View**).

Of course, there are very few great servant leaders, but many managers focus on serving others and call themselves servant leaders, such as **Nike** CEO **John Donahoe**.<sup>50</sup> Also, there are very few people that are always one or the other, so a good way to think about it is on a continuum going from Self to Servant leadership, say on a scale of 1–10. Do you prefer to be led by and work with self-serving or servant leaders? Think about the managers you have had, where on the scale of 1–10 are they? How about your coworkers and friends? Are you a self or servant leader? What score would you give yourself?



In October 2012, Malala Yousafzai was shot on her way home from school in retaliation for publicly advocating for education for girls in Pakistan. The assassination attempt inspired protests and garnered support for her cause. Malala was motivated to continue to promote her cause and founded the Malala Fund which raises money to assist girls with achieving their educational objectives. For more information visit [Malala.org](http://Malala.org).

Arif Ali/AFP via Getty Image

Every day we can choose to be self-serving or serving. All of us can be servant leaders at home, at work, and in our communities. High-performing organizations have servant leadership at every level of the organization. Leadership emerges everywhere, as leadership is shared. Individuals with expertise lead when their competencies are needed to achieve a goal or task. People know when to lead and when to follow.<sup>51</sup>

## YOU MAKE THE ETHICAL CALL: IS LEADERSHIP REALLY IMPORTANT?

### 1.1 ETHICAL AND SOCIAL IMPACT

Scott Adams is the creator of the cartoon character Dilbert. Adams makes fun of managers, in part because he distrusts top-level managers, saying that leadership is a crock. He says leadership is about manipulating people to get them to do something they don't want to do, and when there may not be anything in it for them. According to Adams, CEOs basically run the same scam as fortune-tellers, who make up a bunch of guesses and when by chance one is correct, they hope you forget the other errors. First, CEOs blame their predecessors for anything bad, then they shuffle everything around, start a new strategic program, and wait. When things go well, despite the CEO, the CEO takes the credit and moves on to the next job. Adams says we may be hung up on leadership as part of our DNA. It seems we have always sought to put somebody above everybody else.<sup>52</sup>

1. Do you agree with Scott Adams that leadership is a crock?
2. Do we need to have CEOs?

3. Is autocratic management effective and ethical today?
4. What impact do CEOs have on society?

## DEFINING LEADERSHIP WITH FIVE KEY ELEMENTS

### LEARNING COMPETENCIES

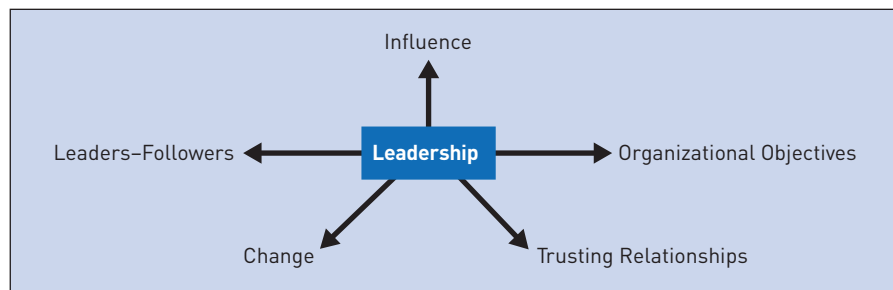
- 1.2 Briefly describe the five key elements of leadership.

There is no universal definition of leadership because leadership is complex, and because leadership is studied in different ways that require different definitions. Here, we define leadership based on the leadership paradigm and discuss its five elements.

**Leadership** is the influencing process between leaders and followers to achieve organizational objectives through change. Let's discuss the five key elements of our definition; see Exhibit 1.1 for a list.

**Leadership** the influencing process between leaders and followers to achieve organizational objectives through change

#### EXHIBIT 1.1 ■ Five Key Elements of Leadership



### Leaders-Followers

Leadership is typically understood to take place where leaders and followers share a formal group membership with formal and informal leaders.<sup>53</sup> If you are not interested and not willing to be in charge, you are better suited to be a follower. However, leadership is plural, not singular, as leadership is shared and you should have many leaders.<sup>54</sup> Good followers also perform leadership roles when needed.<sup>55</sup> And followers voice ideas, suggestions, concerns, or opinions that influence leaders.<sup>56</sup> Thus, in our definition of leadership, the influencing process is *between* leaders and followers, not just a leader influencing followers; it's a two-way street. Leadership shifts between them based on the tasks that need to be done and who has the competency and commitment to get the job done.<sup>57</sup> Knowing how to lead and developing leadership skills will make you a better leader and follower because you need to be a good follower to be a good leader.<sup>58</sup> Good followers give input and influence leaders. If you want to be an effective follower, you need to share your ideas. Also, as a leader you need to listen to others and implement their ideas to be effective.<sup>59</sup> So whether you want to be a leader or a follower, you will benefit from this book.

## Influence

**Influencing** is the process of a leader communicating ideas, gaining acceptance of them, and motivating followers to support and implement the ideas through change. The essence of leadership is influencing. Anytime you influence the thoughts, what people say and actions (behavior) of others toward goal accomplishment in your personal or professional life, you are engaging in leadership.<sup>60</sup> Let's face it; we all want to get our way, which is being influential.

**McDonald's** founding CEO **Ray Kroc** said the quality of a leader is reflected in the standards they set for themselves,<sup>61</sup> and **Peter Drucker** said leadership is influencing others to raise their level of performance to a higher standard.<sup>62</sup> When you have a management position, you have more power to influence others. But, effective followers also influence others. Your ability to influence others can be developed. Influencing includes power, politics, and negotiating; you will learn more about how to influence others in Chapter 6.

Influencing is also about the relationship between leaders and followers. Managers may coerce subordinates to influence their behavior, but leaders do not. Leaders gain the commitment and enthusiasm of followers who are willing to be influenced as they share leadership. Good leaders seek input from all team members.<sup>63</sup>

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**Influencing** the process of a leader communicating ideas, gaining acceptance of them, and motivating followers to support and implement the ideas through change

## Organizational Objectives

Employees need to know what their organization stands for and in which direction it is going, and what their job objectives are.<sup>64</sup> Top-level managers set the tone and direction (vision, mission, and strategic plans) for the organization that guide members' decisions.<sup>65</sup> A vision for everyone is about knowing where you are going and setting goals and plans to get there.<sup>66</sup> Your objectives are your end results, and your plans are the means to accomplish them.<sup>67</sup> Dr. **Marsha Firestone** of **Women Presidents' Organization** states, "Leadership is the crossroad where many qualities intersect. A leader has a vision, can effectively and passionately communicate it, and can motivate others to be part of the dream. True leaders are creative and informed risk-takers. Most of all they are team builders. Every successful entrepreneur has a supportive team behind her."<sup>68</sup>

Effective leaders influence followers, but to do what—to accomplish shared objectives throughout the organization. All good performance starts with a clear goal.<sup>69</sup> If your objectives measure what really matters for success you can multiply your leadership impact on performance.<sup>70</sup> Effective leaders set clear goals with their team. You will learn how to set objectives in Chapter 3.

## Change

Influencing and setting objectives is about change, as leaders set objectives for innovative change.<sup>71</sup> Technology is a major business challenge,<sup>72</sup> as technology improvements continue to change how we work and live.<sup>73</sup> It creates new business opportunities and requires existing business to change.<sup>74</sup> To stay competitive, firms need to continuously improve work processes, such as at **Toyota**, and to develop new innovative products and services, such as at **3M**. Innovations come from shared leadership implementing creative ideas from employees for improvement.<sup>75</sup> Thus, employees need to continually make changes.<sup>76</sup> So as a leader, you need to overcome resistance to change and provide a reasoned argument to support what you are asking your team to do helps.<sup>77</sup> Globalization has changed the world, as it impacts even local small business, requiring changes to stay competitive with global corporations (**Global View**).<sup>78</sup>

To be an effective leader and follower you must be open to change.<sup>79</sup> When was the last time you did something new and different? You will learn more about leading change in Chapter 11.

### WORK APPLICATION 1.2

Are the managers where you work(ed) effective at influencing their employees to bring about change? Explain.

## Trusting Relationships

Although the term *people* is not specifically mentioned in our definition of leadership, after reading about the other elements, you should realize that leadership is about leading people through relationships because people are a firm's most valuable asset.<sup>80</sup> It's the people that set and accomplish the objectives. So, your most important job as a leader is developing relationships,<sup>81</sup> and relationships are built on trust<sup>82</sup> because trust is the foundation of all good relationships.<sup>83</sup> Organizations are social places where people develop relationships that are important to individual performance<sup>84</sup> and to team performance.<sup>85</sup> It is easier to work effectively as a team when you have strong relationships of trust<sup>86</sup> and members collaborate to achieve team goals.<sup>87</sup>

Employees want a sense of belonging and to trust managers to look out for their best interests.<sup>88</sup> Unfortunately, the level of trust in management to do so has decreased. "Do you trust your managers?" "Does your manager trust you?" These are important questions.<sup>89</sup> If not, your chances of getting raises and promotions are limited.

You need to trust others, and that trust empowers them to increase performance.<sup>90</sup> People want to associate with others that care about them. **Wegmans** has built its culture based on caring about its employees.<sup>91</sup> Think about your best boss, coach, teacher—did that person care about you? For people to trust you, you need to convince them that you care about them and are willing to help them (servant leadership).<sup>92</sup> The good news is building trust is a teachable skill that begins with effective open and honest communications.<sup>93</sup> Trust can take years to develop, but only one violation of trust, such as a lie, can break it.

To be effective at almost every job today, you must be able to work well with people.<sup>94</sup> You will learn how to develop your people skills throughout this book.

### OPENING CASE APPLICATION

#### 2. Does Amazon use our definition of leadership?

Jeff Bezos is clearly the leader at Amazon, but he also gets ideas from his followers. Bezos is also very influential. He didn't personally invent all of Amazon products/services and processes. He also convinces investors to give him money to grow Amazon, gets other businesses to offer products and services through his Web site, and gets customers to buy those products. Bezos has a clear shared vision and objectives for the company. Amazon is fundamentally changing the way people live and work. Amazon leadership is based on trusting relationships with employees, suppliers, and customers.

LEADERSHIP SKILLS

LEARNING COMPETENCIES

1.3 Identify three leadership skills.

In this section, let’s start by discussing the three skills you need to succeed, with additional focus on interpersonal skills, and ending with your leadership profile.

The Skills Approach

Leadership success is based on personal characteristics and skills.<sup>95</sup> Personal characteristics are who leaders are (covered in Chapter 2) and skills are what a leader can accomplish. Skills are needed to be an effective leader, and your skills can be learned and developed making leadership available to everyone.<sup>96</sup> The *skills approach* takes a leader-center perspective on developing individual leadership skills, which serves as the foundation for the first two parts of the book: Individuals as Leaders (Chapters 1–4) and Leadership Skills (Chapters 5–6). Thus, this book provides leadership skill development.

Three Leadership Skills

Back in 1995, **Robert Katz** published “Skills of an Effective Administrator,” which is the foundation for the skills approach to leadership.<sup>97</sup> Katz identified three administrative skills: technical, human, and conceptual.<sup>98</sup> We have updated the vocabulary to leadership skills: technical, interpersonal, and decision making. They are listed in Exhibit 1.2 and discussed here. We also point out the differences in the skills needed based on the level of management.

EXHIBIT 1.2 ■ Leadership Skills	
Three Skills	Primary focus on
Technical Skills	Things
Interpersonal Skills	People
Decision-Making Skills	Conceptual ideas

Technical Skills

**Technical skills** involve the ability to use methods and techniques to perform a task. This includes knowledge about methods, processes, procedures, and techniques, and the ability to use tools and equipment to perform a task. When managers are working on budgets, for example, they may need computer skills to use spreadsheet software such as **Microsoft® Excel®**. Most employees are promoted to their first management position primarily because of their technical skills. Technical skills vary widely from job to job, and they are the easiest of the three management skills to develop. Therefore, we do not focus on developing technical skills.

**Technical skills** the ability to use methods and techniques to perform a task

**Interpersonal skills** the ability to understand, communicate, and work well with individuals and groups through developing effective relationships

**Decision-making skills** the ability to conceptualize situations and select alternatives to solve problems and take advantage of opportunities

## Interpersonal Skills

**Interpersonal skills** involve the ability to understand, communicate, and work well with individuals and groups through developing effective relationships. Interpersonal skills are also called human relations, people skills, and soft skills. As we interact with others, we are using our interpersonal skills. **Diane Von Furstenberg**, credits her success to interpersonal skills, “I am not a good C.E.O., but I have the passion and the force of a founder, and therefore I can make things happen. I can inspire people and motivate people.”<sup>99</sup> Interpersonal skills are your ability to work with people based on trusting relationships.<sup>100</sup> Effective interpersonal skills involve an understanding of why people react the way they do, and the ability to influence them to achieve objectives.<sup>101</sup> We will expand our discussion shortly.

## Decision-Making Skills

**Decision-making skills** involve the ability to conceptualize situations and select alternatives to solve problems and take advantage of opportunities. Decisions are commonly made to solve problems, which is the keystone in the skills approach, so leaders need to have problem-solving skills.<sup>102</sup> *Conceptual ability* is also important in decision making in order to see the big picture and how the alternatives will solve the problem. The decisions you have made over the years affect who you are today, and your present and future decisions to take advantage of opportunities will affect your career success.<sup>103</sup>

An important part of making good decisions is *critical thinking*. Critical-thinking skills are in high demand in the workplace as more employers stated that critical-thinking skills are more important than technical skills.<sup>104</sup> Critical-thinking skills will increase in importance over the next five years.<sup>105</sup> So, employers want college graduates with critical-thinking skills.<sup>106</sup> Thus, critical thinking is a core competency for career readiness.<sup>107</sup> Unfortunately, employers say they have difficulty finding candidates with good critical-thinking skills.<sup>108</sup>

Decision-making skills are based on several other skills, including diagnostic, analytical, quantitative reasoning, and time management skills, as well as the ability to be creative, perceive trends, anticipate changes, and recognize problems and opportunities. Making decisions collaboratively through shared leadership increases performance.<sup>109</sup> We will discuss decision-making skills throughout the book, and you will have the opportunity to develop your decision-making skills through this course.

### WORK APPLICATION 1.3

Select a manager, preferably one who is or was your boss, and state the specific management skills he or she uses(used) on the job.

### Applying the Concept 1.1

#### Leadership Skills

Identify each activity as being one of the following types of management skills:

- a. technical
- b. interpersonal
- c. decision making

- \_\_\_\_\_ 1. A manager is filling out a loan application form.
- \_\_\_\_\_ 2. A manager is trying to figure out why a delivery hasn't been shipped out yet.
- \_\_\_\_\_ 3. A manager is sending a text message from her smartphone.
- \_\_\_\_\_ 4. A manager is making copies of a report he just finished at the copy machine.
- \_\_\_\_\_ 5. A manager is praising an employee for a job well done.
- \_\_\_\_\_ 6. A manager is determining the priority of orders to be filled next week.

### Skills Needed Based on Management Level

Although managers need all three skills, the need for each skill does vary based on the level of management. Top-level managers have a greater need for interpersonal and decision-making skills than technical skills. Middle-level managers have a balanced need for all three skills. First-level managers have a greater need for technical and interpersonal skills than decision-making skills.

#### OPENING CASE APPLICATION

##### 3. What leadership skills does CEO Jeff Bezos use at Amazon?

Jeff Bezos has technical skills as he developed the first online bookstore as a high-tech pioneer. He continues to challenge his employees' technical operations that expand the company's performance and customer service. Bezos is a demanding boss who challenges employees, and he has been known to make harsh comments. But his criticism is almost always on target that leads to improvements. Bezos does have interpersonal skills as he motivates employees to continually grow the business. He clearly has decision-making skills as he is the one who has the conceptual ability to develop a successful business model and to continually change it to grow the company with new products and processes.

### Interpersonal Skills

We stated that leaders need three skills. In this book, we focus primarily on interpersonal or soft skills. Why? Leadership is based on interpersonal skills.<sup>110</sup> "Relationships are the threads in the fabric of organizational life."<sup>111</sup> They affect performance<sup>112</sup> and turnover.<sup>113</sup> With the trend toward more teamwork, interpersonal skills increase in importance.<sup>114</sup> Employers want graduates with soft skills,<sup>115</sup> and interpersonal skills will become more important over the next five years.<sup>116</sup> US jobs requiring high levels of social interaction are growing at a faster rate than science, technology, engineering, and math (STEM) occupations.<sup>117</sup> Technical skills turn over fast, so employers are looking for fast learners with exceptional soft skills.<sup>118</sup> So interpersonal skills are a core competency for career readiness.<sup>119</sup>

Although interpersonal skills are all about working well with people, many skills can be classified as interpersonal rather than technical or decision-making. Thus, Part II of the book titled Leadership Skills. In Chapters 5 and 6 you can develop your leadership skills to *Communicate* effectively, *Coach* others to high levels of performance, and *Network* to get a job and to get others to help you meet your objectives. You will learn about *Power* and how to increase it ethically, and how to work within the *Organizational Politics* environment. You will also develop your skills at *Negotiating* such things as salary and raises, and how to resolve *Conflicts* without hurting relationships. These seven leadership skills will help you succeed in your personal and professional lives.



The ability to build relationships and trust and communicate effectively are highly valued in today's business world.

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## Your Leadership Point of View

Everyone has different views on leadership and who they regard as a leader.<sup>120</sup> Leadership starts within you as a self-leader—your thoughts, attitudes, beliefs, and perception about leadership. Effective leaders have a clear leadership point of view—a vision of the type of leader they strive to be.<sup>121</sup> Career decisions are among the most important choices you have to make.<sup>122</sup> Important types of questions related to leadership include: What is leadership to you? How would you describe a leader? Do you consider yourself a leader?<sup>123</sup> What is your view of servant leadership?<sup>124</sup>

Developing a leadership point of view takes self-assessment, time, and reflection,<sup>125</sup> and it should be based on knowledge of leadership. Based on the type of leader you strive to be, you should develop your leadership skills. Developing Your Leadership Skills exercises 1.1–1.3 will help get you started developing your leadership point of view. As you progress through the book, especially Chapter 2 because your leadership style is reflected in your personality, you should refine your leadership point of view. So, developing your leadership point of view can be considered “a course on you!”<sup>126</sup>

## LEADERSHIP MANAGERIAL ROLES

### LEARNING COMPETENCIES

**1.4** List the ten managerial roles based on their three categories.