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An illegitimate method of using power is through *information distortion*, which occurs when a manager withholds or distorts information to influence employees' behaviour. If, for example, a manager has agreed to allow everyone to participate in choosing a new group member but subsequently finds one individual whom he or she really prefers, the manager might withhold some of the credentials of other qualified applicants so the desired member is selected. This use of power is dangerous and unethical, and if employees find out that the manager has deliberately misled them, they will lose their confidence and trust in that manager's leadership.¹³

CRITICAL THINKING

11.1 Does the use of power depend on variables such as national culture? What are the implications of this for a manager?

11.2 Does power tend to corrupt? If so, what limits can organisations appropriately place on the use of power by their employees?

The search for leadership traits

The first organised approach to studying leadership analysed the personal, psychological and physical traits of strong leaders. The trait approach assumed that some basic trait or set of traits existed that differentiated leaders from non-leaders. If those traits could be defined, potential leaders could be identified. Researchers thought that leadership traits might include intelligence, assertiveness, above-average height, good vocabulary, attractiveness, self-confidence and similar attributes.¹⁴ Although not highly correlated, intelligence was the primary trait found to be associated with leadership.

During the first few decades of the twentieth century, researchers conducted hundreds of studies in an attempt to identify important leadership traits. For the most part, the results of the studies were disappointing. For every set of leaders who possessed a common trait, researchers also found a long list of exceptions, and the list of suggested traits soon grew so long that it had little practical value. Alternative explanations usually existed even for relationships between traits and leadership that initially appeared valid. Researchers observed, for example, that many leaders have good communication skills and are assertive. Rather than those traits being the cause of leadership, however, successful leaders may begin to display those traits only after they have achieved leadership positions.

One of the difficulties of not being able to use traits as valid predictors of leadership ability occurs in managing succession in organisations. The development of a succession plan ensures the organisation is not exposed to damage by either the planned or the unplanned departure of a senior manager or a group of senior managers. Such catastrophes have occurred when an organisation inappropriately depends on the knowledge, skill or decision-making authority of one person — sometimes the founder or the chief executive officer — who suffers a fatal heart attack.

How, then, are leaders of the future to be selected in the present? Part of the answer lies in considering the nature of the organisation. In a volatile industry, the succession plan is likely to be an exit strategy (for example, selling the business), but in an institution that has existed for many years (such as a church or the military), succession plans allow for the gradual and responsible development of leaders. Such institutions have usually devised lengthy processes of socialisation and preparation over the centuries. In some family companies, each generation seems to add a new dimension of strength while, in others, the old adage is true: the first generation founds the company, the second builds it and the third destroys it.

Are there, however, discernible traits in people that mark them as potential leaders early in their careers, that make their development as leaders worth the expenditure, and that do not disadvantage the organisation by blocking off the later selection of leaders of greater merit? In a comprehensive study of research and theories of 'greatness' in history, psychologist Dean Simonton examined why certain key people have dramatically shaped the world.¹⁵ He considered the range of evidence of genetic endowment; developmental experiences such as birth order, education, intelligence and personality (including psychopathology); and power, achievement and affiliation motives. Some share the view of historian and essayist Thomas Carlyle, who noted in his 1841 book *On Heroes, Hero-Worship and the Heroic in History* that 'the history of the World is but the biography of great men'. It appears reasonable to conclude, however, as Simonton does, that greatness is more likely to be an interactive concept involving the person *and* the situation. Consequently, he inclines to the view of Leo Tolstoy, who opposed Carlyle's argument by stating in his monumental novel *War and Peace* that Napoleon had little, if any, control over events, military or otherwise.

The trait theory of leadership — that leadership is an inbuilt personality trait that will be evident across all situations — is simply not supported by the evidence; it requires earthing in the reality of the situation. Searching for enduring traits of personality that make leadership more likely to be manifest is thus possibly misguided and probably unproductive. The problem is that the general population likes its leaders to have heroic traits, fitting some romantic vision of possessing a special quality.

Although most researchers have given up trying to identify traits as predictors of leadership ability, many people still explicitly or implicitly adopt a trait orientation.¹⁶ Politicians, for example, are often elected on the basis of personal appearance, speaking ability or an aura of self-confidence.¹⁷ And, all too often, the promise of trait-based leadership is as substantial as a politician's election promises.

Leadership behaviours

Spurred by their lack of success in identifying useful leadership traits, researchers soon began to investigate other variables, especially the behaviours or actions of leaders. The new hypothesis was that effective leaders behaved differently somehow from less effective leaders. The goal was to develop a fuller understanding of leadership behaviours.

Michigan studies

In the late 1940s, researchers at the University of Michigan, led by Rensis Likert, identified two basic forms of leadership behaviour: job centred and employee centred.¹⁸ Managers using **job-centred leadership behaviour** pay close attention to employees' work, explain work procedures and are keenly interested in performance. Managers using **employee-centred leadership behaviour** are interested in developing a cohesive work group and ensuring employees are satisfied with their jobs. Their primary concern is the welfare of employees.

The two styles of leadership behaviour were presumed to be at the ends of a single continuum. Although this approach suggests that leaders may be extremely job centred, extremely employee centred or somewhere in between, Likert studied only the two extremes for contrast. He argued that employee-centred leadership behaviour tends to be more effective. We should also note the similarities between Likert's leadership research and his systems 1–4 of organisational design. Job-centred leadership behaviour is consistent with the system 1 design (rigid and bureaucratic), whereas employee-centred leadership behaviour is consistent with the system 4 design (organic and flexible). When Likert advocated moving organisations from system 1 to system 4, he was also advocating a transition from job-centred to employee-centred leadership behaviour.

job-centred leadership behaviour

The behaviour of leaders who pay close attention to the job and work procedures involved with that job

employee-centred leadership behaviour

The behaviour of leaders who develop cohesive work groups and ensure employee satisfaction

Ohio State studies

At about the same time that Likert was beginning his leadership studies at the University of Michigan, a group of researchers at Ohio State also began studying leadership.¹⁹ The extensive questionnaire surveys conducted during the Ohio State studies also suggested that there are two basic leadership behaviours or styles: initiating-structure behaviour and consideration behaviour. When using **initiating-structure behaviour**, the leader clearly defines the leader-employee role (so everyone knows what is expected), establishes formal lines of communication and determines how tasks will be performed. Leaders using **consideration behaviour** show concern for employees and attempt to establish a friendly and supportive climate.

Although behaviours identified in the Ohio State studies are similar to those described in the University of Michigan research, they differ in important ways. One major difference is that the Ohio State researchers did not interpret leadership behaviour as being one dimensional: each behaviour was assumed to be independent of the other. Presumably, then, a leader could exhibit varying levels of initiating structure and, at the same time, varying levels of consideration.

At first, the Ohio State researchers thought that leaders who exhibit high levels of both behaviours would tend to be more effective than other leaders. A study at International Harvester Co., however, suggested a more complicated pattern.²⁰ The researchers found that employees of supervisors who ranked high on initiating structure were high performers but expressed low levels of satisfaction and had a higher absentee rate. Conversely, employees of supervisors who ranked high on consideration had low performance ratings but high levels of satisfaction and few absences from work. Later research isolated other variables that make consistent prediction difficult and determined that situational influences also occurred.

initiating-structure behaviour

The behaviour of leaders who define the leader-employee role (so everyone knows what is expected), establish formal lines of communication and determine how tasks will be performed

consideration behaviour

The behaviour of leaders who are concerned for employees and attempt to establish a friendly and supportive climate

Leadership grid

Yet another behavioural approach to leadership is the leadership grid.²¹ The leadership grid (figure 11.1) provides a means for evaluating leadership styles and then training managers to move towards an ideal style of behaviour.²² Its horizontal axis represents **concern for production** (similar to job-centred and initiating-structure behaviours) and the vertical axis represents **concern for people** (similar to employee-centred and consideration behaviour). Note the five types of managerial behaviour:

1. the 1,1 manager (impoverished management) who exhibits minimal concern for both production and people
2. the 9,1 manager (authority-compliance) who is highly concerned about production but exhibits little concern for people
3. the 1,9 manager ('country club' management) who has the exact opposite concerns from the 9,1 manager
4. the 5,5 manager (middle of the road management) who maintains adequate concern for both people and production
5. the 9,9 manager (team management) who exhibits maximum concern for both people and production.

concern for production

That part of the leadership grid that deals with the job and task aspects of leadership behaviour

concern for people

That part of the leadership grid that deals with the human aspects of leadership behaviour

According to this approach, the ideal style of managerial behaviour is 9,9, and there is a six-phase program to assist managers in achieving this style of behaviour. Many companies throughout Australia and North America have used the leadership grid with reasonable success, although there is little published scientific evidence regarding its true effectiveness. Leadership behaviour theories have played an important role in the development of contemporary thinking about leadership. In particular, they urge us not to be preoccupied with what leaders are (the trait approach) but to concentrate on what leaders do (their behaviours). Unfortunately, these theories also make universal prescriptions about what constitutes effective leadership. When we are dealing with complex social systems composed of complex individuals, few, if any, relationships are consistently predictable and no formulas for success are

infallible. Yet the behavioural theorists tried to identify consistent relationships between leadership behaviours and employee responses in the hope of finding a dependable prescription for effective leadership. As we might expect, they often failed. Other approaches to understanding leadership were needed. The catalyst for these new approaches was the realisation that interpersonal and task-oriented dimensions, while they might be useful to describe the behaviour of leaders, were not useful for predicting or prescribing it. The next step in the evolution of leadership theory was the creation of situational models.

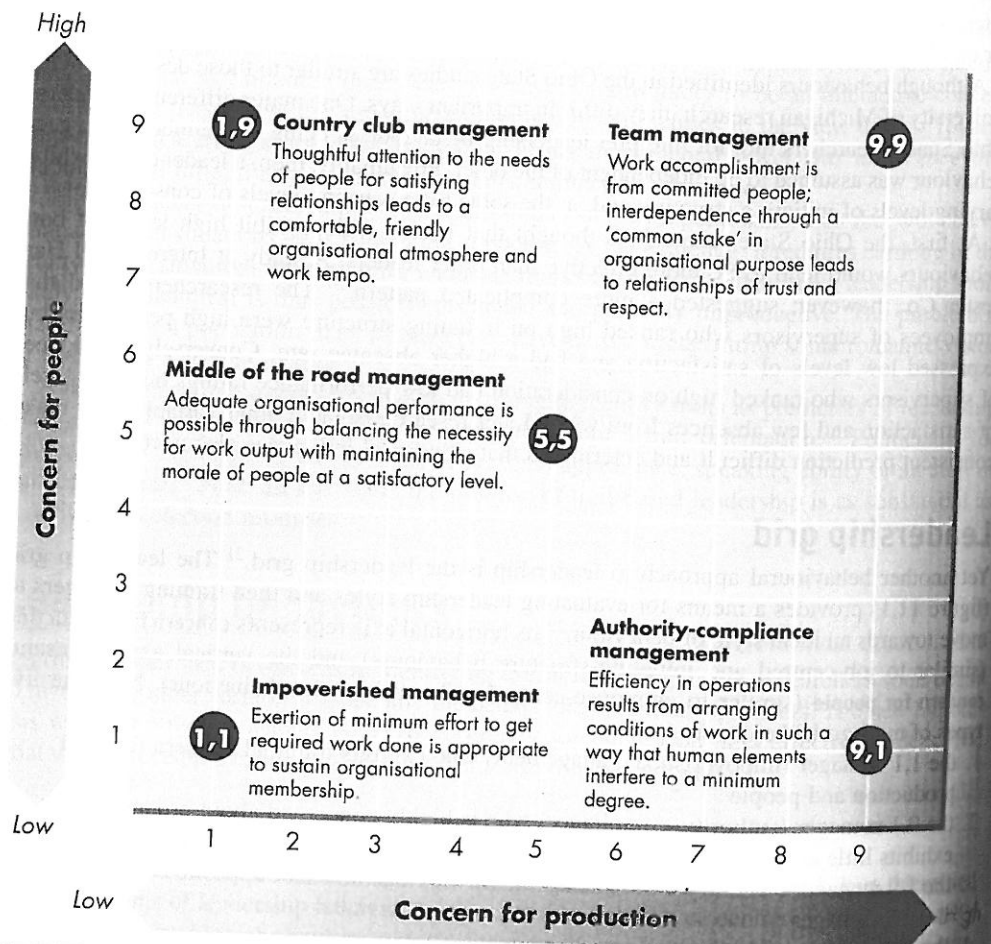


Figure 11.1 The leadership grid

The view that leaders can be identified by their behaviours continues to appear, sometimes lightly disguised, in contemporary management publications. There is a view, for example, that leadership is about influencing skills — that is, being able to persuade people towards a common goal and creating a climate that encourages commitment — rather than about dominance and positional power.²³ While some leaders may be able to do this in certain situations, leadership, as a concept spanning the myriad complexities of all organisations and situations, cannot be so simply and simplistically explained. We should be cautious about any theory with such pretensions. As attractive as a non-situational theory of leadership may be, it omits the essential factor of the situation.

Shakespeare said that 'Some are born great, some achieve greatness, and some have greatness thrust upon 'em'. In that wisdom, we see that the trait theory of being born a leader, alone

Situational factors

Like other situational theories of leadership, path-goal theory suggests that appropriate leadership style depends on situational factors. It focuses on the situational factors of the personal characteristics of employees and the environmental characteristics of the workplace.

Important personal characteristics include the employees' perception of their own ability and their locus of control. If people perceive that they lack ability, they may prefer directive leadership to help them understand path-goal relationships better. If they perceive themselves to have a lot of ability, however, employees may resent directive leadership. Locus of control is a personality trait. People who have an internal locus of control believe that what happens to them is a function of their own efforts and behaviour. Those who have an external locus of control assume that fate, luck or 'the system' determines what happens to them. A person with an internal locus of control may prefer participative leadership, whereas a person with an external locus of control may prefer directive leadership. Managers can do little or nothing to influence the personal characteristics of employees, but they can shape the environment to take advantage of these personal characteristics by providing rewards and structuring tasks, for example.

Environmental characteristics include factors outside the employee's control. Task structure is one such factor. When task structure is high, directive leadership is less effective than when task structure is low. Employees do not usually need their manager to tell them continually how to do an extremely routine job. The formal authority system is another important environmental characteristic. Again, the higher the degree of formality, the less directive is the leadership behaviour that will be accepted by employees.

The nature of the work group also affects appropriate leadership behaviour. When the work group provides the employee with social support and satisfaction, supportive leadership behaviour is less critical. When social support and satisfaction cannot be derived from the group, the worker may look to the leader for this support.

The basic path-goal framework (figure 11.4) shows that different leadership behaviours affect employees' motivation to perform. Personal and environmental characteristics are perceived as defining which behaviours lead to which outcomes. The path-goal theory of leadership is a dynamic and incomplete model. The original intent was to state the theory in general terms so future research could explore a variety of interrelationships and modify the theory. Research suggests that the path-goal theory is a reasonably good description of the leadership process and that future investigations along these lines should enable us to discover more about the link between leadership and motivation.³¹

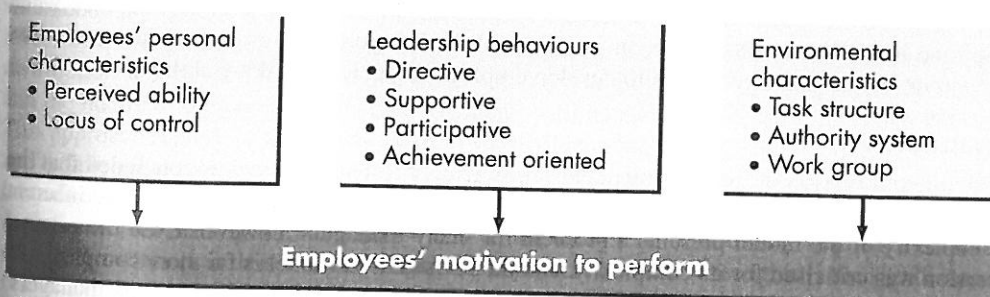


Figure 11.4 The path-goal framework

Vroom-Yetton-Jago model

The Vroom-Yetton-Jago (VYJ) model predicts what types of situation call for what degrees of group participation. The VYJ model, then, sets norms or standards for including employees in decision-making. The model was first proposed by Victor Vroom and Philip Yetton in 1973, and was revised and expanded in 1988 by Vroom and Arthur G. Jago.³² The VYJ model is somewhat

Vroom-Yetton-Jago (VYJ) model
A model to predict what types of situation call for what degrees of group participation

narrower than the other situational theories in that it focuses on only one part of the leadership process: how much decision-making participation to allow employees.

Basic premises

The VYJ model argues that decision effectiveness is best gauged by the quality of the decision and by employee acceptance of the decision. Decision quality is the objective effect of the decision on performance. Decision acceptance is the extent to which employees accept and are committed to the decision. To maximise decision effectiveness, the VYJ model suggests that managers, depending on the situation, adopt one of five decision-making styles. As summarised in table 11.2, there are two autocratic styles (AI and AII), two consultative styles (CI and CII) and one group style (GII).³³ The difference between these is the degree of participation that each provides for employees. The extreme forms are purely autocratic (AI) and total participation (GII). The other three styles fall between these extremes.

Table 11.2 Decision styles in the Vroom–Yetton–Jago model

Decision style	Definition
AI	Manager makes the decision alone.
AII	Manager asks for information from employees but makes the decision alone. Employees may or may not be informed about what the situation is.
CI	Manager shares the situation with individual employees and asks for information and evaluation. Employees do not meet as a group, and the manager alone makes the decision.
CII	Manager and employees meet as a group to discuss the situation, but the manager makes the decision.
GII	Manager and employees meet as a group to discuss the situation, and the group makes the decision.

A = autocratic; C = consultative; G = group

The situation presumed to dictate an appropriate decision-making style is defined by questions about the attributes of the problem being faced. To address the questions, the manager uses one of four decision trees. Two are used when the problem affects the entire group, and the other two are used when the problem relates to an individual. One of each is used when the time needed to reach a decision is important, and the others are used when time is less important but the manager wants to develop employees' decision-making abilities.

Evaluation

The original version of the VYJ model has been widely tested. One review concluded that the model had received more scientific support than any other leadership theory.³⁴ The inherent complexity of the model presents a problem for many managers, however. Even the original version was criticised for its complexity, and the revised VYJ model is far more complex than the original. To aid managers, computer software has been developed to facilitate managers' ability to define their particular situation, answer the questions about problem attributes, and develop a strategy for decision-making participation.³⁵

Other situational approaches

In addition to the major theories, researchers have developed other situational approaches in recent years. We next discuss the leader–member exchange theory, the life cycle theory and the distributed leadership approach.

The leader-member exchange theory

The leader-member exchange (LMX) theory stresses that leaders have different types of relationship with different employees.³⁶ Each manager-employee relationship represents one vertical dyad. The theory suggests that leaders establish special working relationships with a handful of employees called the in-group. Other employees remain in the out-group. Those in the in-group receive more of the manager's time and attention and also tend to be better performers. Early research on this theory has been promising.³⁷

leader-member exchange (LMX) theory

A theory that stresses that leaders have different types of relationship with different employees

Life cycle theory

Another well-known situational theory is the life cycle theory, which suggests that appropriate leadership behaviour depends on the maturity of the followers.³⁸ Subordinate maturity is comprised of job maturity and psychological maturity. It is the capacity to set high but attainable goals, the willingness to take on responsibility, and the possession of relevant education and/or experience, all in relation to a given task. The central thesis is that leaders, as follower maturity increases, should rely more on relationship-oriented behaviour and less on task-oriented behaviour. With subordinates who are immature, the leader is encouraged to emphasise task-oriented behaviour and be very directive (that is, *telling*). Great subordinate maturity allows the leader to use more relationship skills (that is, *selling*). More mature subordinates will need support and *participating* by the leader, and highly mature employees may expect to be given a large degree of autonomy, with the preferred style of leadership being *delegating*.

life cycle theory

A model suggesting that appropriate leadership behaviour depends on the maturity of the follower

This theory reaffirms that no one type of leader is best for all situations, and when the situation changes, often the leader must change. Studies indicate that managers can learn to diagnose their leadership styles and adapt to changing circumstances accordingly. Successful leadership training programs emphasise sensitising the person to the managerial role in a way that accounts for the personalities of the people undergoing the training, to achieve an increase in their motivation to change. Reviews indicate that leadership skills can be learned with consequent productivity improvements.³⁹

Distributed leadership approach

Distributed leadership looks at leadership as a function that is shared by various members of the organisation, depending on organisational and task characteristics. In former times, with simpler tasks and slower rates of change, leaders could be assumed to be more expert than subordinates. 'Leadership' occurred at the top of the organisation. The central point of this situational approach is that leadership is regarded as a function that is 'distributed' throughout levels of the organisation according to what is required in a particular place and time. This distribution will depend on the organisation's mission and objectives, strategy and resources, and the nature of the organisational environment, with its particular opportunities and threats. This approach represents a move away from strictly hierarchical leadership models.⁴⁰ The task and maintenance roles are examples of leading behaviours, along with general managerial roles (coordination, planning, liaison, negotiation and so on). Distributed leadership comes about by evolution rather than by formal edict — that is, the delegation of authority requires a climate of trust. This theory is thus another situational approach, because it recognises the significance of the contingent variables in the particular case. Perhaps the following lines from Lao-Tzu, a sixth century Chinese philosopher, refer to distributed leadership:

distributed leadership

An approach that views leadership as a function shared by various members of an organisation, depending on organisational and task characteristics

A leader is best when people barely know he exists,
Not so good when people obey and acclaim him,
Worse when they despise him.
But of a good leader, who talks little,
When his work is done, his aim fulfilled,
They will say: We did it ourselves.

CRITICAL THINKING

- 11.5 How often can leaders change the situation? When do they have to change their own behaviour?
- 11.6 Apply the VYJ model to a situation with which you are familiar. How easy is it to work out the appropriate decision-making style? Provide reasons for your answer.

Related perspectives on leadership

Given its importance to organisational effectiveness, leadership continues to be the focus of a great deal of research and theory building. More recent approaches that have attracted much attention are the concepts of substitutes for leadership, charismatic leadership and transformational leadership.

Substitutes for leadership

substitutes for leadership
A concept that identifies situations in which leadership behaviours are neutralised or replaced by characteristics of employees, the task and the organisation

The concept of **substitutes for leadership** was developed because existing leadership models and theories do not account for situations in which leadership is not needed,⁴¹ but simply try to specify what kind of leadership behaviour is appropriate. The substitute concepts, however, identify situations in which leadership behaviours are neutralised or replaced by characteristics of the employee, the task and the organisation. When a patient is delivered to a hospital emergency room, for example, the professional clinical staff on duty do not wait to be told what to do by a leader: nurses, doctors and others go into action without waiting for directive or supportive leadership behaviour from the emergency-room supervisor.

Characteristics of the employee that may serve to neutralise leadership behaviour include ability, experience, need for independence, professional orientation and indifference towards organisational rewards. Employees with a high level of ability and experience, for example, may not need to be told what to do. Similarly, an employee's strong need for independence may render leadership behaviour ineffective. Task characteristics that may substitute for leadership include routineness, the availability of feedback and intrinsic satisfaction. When the job is routine and simple, the employee may not need direction. When the task is challenging and intrinsically satisfying, the employee may not need or want social support from a leader.

Organisational characteristics that may substitute for leadership include formalisation, group cohesion, inflexibility and a rigid reward structure. Leadership may not be necessary when policies and practices are formal and inflexible, for example. Similarly, a rigid reward system may rob the leader of reward power and thereby decrease the importance of the role. Preliminary research has provided support for the concept of substitutes for leadership.⁴²

Charismatic leadership

charismatic leadership
A concept that assumes charisma is an individual characteristic of the leader

charisma
A form of interpersonal attraction that inspires support and acceptance

The concept of **charismatic leadership**, like trait theories, assumes charisma is an individual characteristic of the leader. Charisma is a form of interpersonal attraction that inspires support and acceptance. All other factors being equal, someone with charisma is more likely to be able to influence others than is someone without charisma. A highly charismatic supervisor, for example, will be more successful in influencing employee behaviour than a supervisor who lacks charisma. Influence is again a fundamental element of this perspective.

Robert House first proposed a theory of charismatic leadership in 1977 based on research findings from a variety of social science disciplines.⁴³ His theory suggests that charismatic leaders are likely to have a lot of self-confidence, a firm conviction in their beliefs and ideas.

and a strong need to influence people. They also tend to communicate high expectations about follower performance and express confidence in followers. Today, most experts acknowledge three elements of charismatic leadership in organisations.⁴⁴ First, the leader needs to be able to envision the future, set high expectations and model behaviours consistent with meeting those expectations. Next, he or she must be able to energise others through a demonstration of personal excitement, personal confidence and patterns of success. Finally, the charismatic leader enables others by supporting them, empathising with them and expressing confidence in them.⁴⁵

If leaders show vision and strong articulation of that vision, environmental sensitivity and unconventional behaviour, followers tend to attribute charismatic leadership to them. While administrators act as caretakers who are responsible for maintaining the status quo, and non-charismatic leaders act as change agents who may direct or nudge their followers towards established and more traditional goals, charismatic leaders are said to seek radical reforms to achieve their idealised goals and to transform their followers, as outlined in table 11.3.

Table 11.3 Charismatic and non-charismatic leaders

	Non-charismatic leader	Charismatic leader
Relation to status quo	Essentially agrees with status quo and strives to maintain it	Essentially opposes status quo and strives to change it
Future goals	Goals not too discrepant from status quo	Idealised vision highly discrepant from status quo
Likeableness	Shared perspective makes him or her likeable	Shared perspective and idealised vision make him or her likeable and an honourable hero worthy of identification and imitation
Trustworthiness	Disinterested advocacy in persuasion attempts	Passionate advocacy by incurring personal risk/cost
Expertise	Expert in using available means to achieve goals within the framework of the existing order	Expert in using unconventional means to transcend the existing order
Behaviour	Conventional, conforming to existing norms	Unconventional or counter-normative
Environmental sensitivity	Low need for environmental sensitivity to maintain status quo	High need for environmental sensitivity for changing status quo
Articulation	Weak articulation of goals and motivation to lead	Strong and/or inspirational articulation of future vision and motivation to lead
Power base	Position power, personal power (based on reward) and/or expert power, and a liking for a friend who is a similar other	Personal power (based on expert power; respect and admiration for a unique hero)
Leader–follower relationship	Egalitarian, consensus seeking, or directive; nudges or orders people to share his or her views	Elitist, entrepreneurial, exemplary; transforms people to share the radical changes advocated

Charismatic leaders are role models, and are admired, respected and trusted, usually demonstrating high levels of ethical and moral conduct. They also tend to be self-confident, display an articulate vision and evidence strong conviction of that vision. These leaders are perceived as having a high need for power and high feelings of self-efficacy and conviction of the moral rightness of their beliefs. Alerting us to the dangers of charismatic leadership, negative or 'dark side'

Transformational leadership

Another recent perspective on leadership is **transformational leadership**. The concept of transformational leadership is persuasive because it has been tested and validated around the world.⁵¹ It is a reliable reflection of the full range of leadership behaviour, and it is a valid predictor of effective leadership outcomes.

transformational leadership
A reliable reflection of the full range of leadership behaviour and a valid predictor of effective leadership outcomes

Transformational leaders do more with followers than set up expectations about rewards and work effort. Research has shown that not only do they reduce work alienation⁵² but they actually lift the motivations of followers to higher levels of effort and self-sacrificing behaviour.⁵³ The components of transformational leadership are:

- *charismatic leadership*. Leaders are role models, and they are admired, respected and trusted. They demonstrate high levels of ethical and moral conduct.
- *inspirational motivation*. Leaders display enthusiasm and optimism. They envision appealing future states and they communicate expectations clearly.
- *intellectual stimulation*. Leaders stimulate followers to question assumptions, reframe problems and approach old situations in new ways. They encourage creativity and do not publicly criticise people for mistakes.
- *individualised consideration*. Followers and colleagues are developed to higher levels of potential. Interactions are personalised and individualised, and the leader listens, delegates and monitors progress effectively.
- *contingent reward*. This is a constructive transaction whereby leaders and followers exchange expectations about what needs to be done and about the rewards that will come from achieving goals. This has much in common with motivation theory and management by objectives.
- *management by exception*. This is a corrective transaction whereby leaders intervene and manage situations after exceptions to desired performance have been identified. Managers can either wait until exceptions occur or they can actively monitor errors and deviations from standards.

The most effective leaders have capability in the full range of transformational and transactional leadership behaviours. (**Transactional behaviours** are those behaviours that are essential for competently keeping the organisation functioning by meeting people's needs for leadership but not necessarily invoking the notion of inspirational performance by the leader.) The transformational behaviours should be emphasised over the transactional behaviours.

Because it is rare to find people who are competent in the full range of leadership behaviours, it is important for organisations to have a senior management group whose members can collectively cover the full range of competencies demanded. Some people are better at transactional competencies, while others are better at the transformational competencies; some people might be the intellectual stimulators and others might be the effective inspirational motivators. Transformational leadership capability can be trained and developed, and it can be used to assist in selection and succession decisions.

transactional behaviours
Behaviours essential for competent organisational function that meet people's leadership needs without necessarily being inspired leadership

A more recent distinction is made between strategic leadership, which typically leads to above-average returns, and managerial leadership, which leads to average or below-average returns.⁵⁴ Strategic leadership offers a synergistic combination of visionary and managerial leadership. There is an emphasis on values-based decisions and ethical behaviour. Visionary leaders are proactive in shaping ideas rather than merely reacting to them, and have goal attitudes that are the reverse of those of managerial leaders, who are oriented towards maintaining order. Visionary leaders thus work from high-risk positions and, at times, create a kind of organisational chaos. Organisations led by visionaries who are not supported by strong managerial leaders may destroy wealth more quickly than if only managerial leadership is offered. Strategic leadership brings both visionary and managerial leadership, but visionary leadership without managerial leadership may produce only chaos and disorder. The Australian share market welcomed a reputedly charismatic leader, Peter Smedley, to the struggling Mayne Nickless in 2000 with a

33 cent price rise. His vision was not matched by demonstrated management ability, however, and his authoritarian style led to organisational chaos and a sharp drop in share price. The next time the share price rose 32 cents (in May 2002) was when Smedley announced his resignation.

On balance, individualised consideration and role modelling (part of charisma) have been found to be particularly effective in the Australian and New Zealand settings.⁵⁵ Evidence suggests, however, that the 'tall poppy' syndrome in Australia and New Zealand means that workers do not give their managers as much credit for their transformational leadership capabilities as workers in North America do.

Leadership researcher Gary Yukl proposed nine guidelines for transformational success:

1. Articulate a clear and appealing vision.
2. Explain how the vision can be attained.
3. Act confidently and optimistically.
4. Express confidence in your followers.
5. Provide opportunities for early successes.
6. Celebrate successes.
7. Use dramatic, symbolic actions to emphasise key values.
8. Lead by example.
9. Empower people to achieve the vision.⁵⁶

Similar recommendations have come from Posner and Kouzes, who found that people consistently seek four qualities in their leaders: honesty, competence, inspirational capacity and the capacity to be forward looking.⁵⁷ Honesty in the workplace brings respect from workers, competence brings confidence, and vision and the capacity to be forward looking bring reassurance that the leader knows where the organisation should be heading. These leadership qualities, translated into behaviour, influence employees positively in terms of motivation and performance, and the findings appear valid across societies in Australia, the USA, Japan, the Republic of Korea, Canada and Singapore.

MANAGING INTERNATIONALLY

John Eales: Corporate lessons from the international sporting arena

There are two compelling memories of former Australian rugby great John Eales. The first is the two-metre tall, giant of a man holding aloft the Rugby World Cup when Australia's Wallabies defeated France to win the title. The second is of Eales kicking the last-second penalty goal that saw Australia secure a gripping 24–23 victory over the All Blacks in Wellington, New Zealand to retain the Bledisloe Cup.

Eales captained the Wallabies through an immensely successful international rugby era, which included four successive Bledisloe Cups, a Tri-Nations tournament victory and Australia's first ever series win over the British Lions. Eales's remarkable leadership skills earned him the respect of not only his team mates and Australian rugby fans, but even the staunchest of opponents in rugby mad South Africa and New Zealand. When Eales retired from rugby, Australian prime minister at the time, John Howard, said: 'I wish to record my admiration for the magnificent contribution that John Eales has made to the game of rugby, and to Australian and

