STUDY UNIT 7
LEADERSHIP AND TRUST

LEARNING OUTCOMES

- On successful completion of this study unit, students will be able to:
  - Compare leadership and management
  - Give a personal definition of leadership
  - Describe leadership from a variety of theoretical perspectives
  - Explain contemporary issues of leadership
  - Relate leadership with trust in the workplace

WHAT IS LEADERSHIP?

- Leadership is the ability to influence a group towards the achievement of goals.
  - Sources of influence may be formal (appointed leaders) or informal (leaders which emerge).
- The difference between leaders and managers is as follows:
  - Managers bring about order and consistency through the design, implementation and monitoring of structures and plans.
  - Leaders cope with change by developing vision, aligning people with the vision, and inspiring them.

LEADERSHIP THEORIES

Trait theories

- Trait theories of leadership use terms such as charismatic, enthusiastic and courageous describe leaders.
  - Traits which are more prevalent in leaders than followers are:
    - Ambition and energy
    - The desire to lead
    - Honesty and integrity
    - Self-confidence
    - Intelligence
    - Job-relevant knowledge
- Limitations to the trait approach are:
  - It ignores the impact of the situation
  - Traits express success better in 'weak' situations
  - Research doesn't separate cause from effect
  - Traits are better at expressing the appearance of leadership rather than suggesting its effectiveness

Behavioural theories

- This approach suggests that leadership is not found in traits but in behaviours, which has the implication that leadership behaviour can be taught.
- Four studies deserve attention:
  - Ohio State Studies identified the following independent dimensions of leader behaviour:

- Initiating structure, which sees the leader define his / her own role as well as the roles of followers in the search of goal attainment.
- Consideration, which sees the development of workplace relationships based on mutual trust, respect for employee ideas, and concern for employee feelings.
  - University of Michigan Studies
    - Two dimensions of leadership are identified:
      - Employee oriented, which sees the emphasis of interpersonal relations, with a specific focus on employee needs and the requirement to accommodate employee differences.
      - Production oriented, which sees the emphasis on the technical or tasks aspects of the job.
  - The Managerial Grid
    - Management styles included:
      - Concern for people
      - Concern for production (296 / 13.1)
  - Scandinavian Studies
    - The basic premise of this theory is that in a changing world, effective leaders would exhibit development-oriented behaviour.
    - These leaders value experimentation, seek new ideas, and generate and implement change.

Contingency theories

- The following deserve attention:
  - The Fiedler Contingency Model proposes that effective group performance depends on a proper match between the leader's style and the degree to which the situation gives control to the leader.
    - In identifying an individual's basic leadership style the Least Preferred Co-worker (LPC) questionnaire was used.
    - Fiedler suggested that and individual's leadership style is fixed.
    - In defining the situation three contingency dimensions (situational factors) are identified:
      - Leader-member relations: The degree of confidence, trust and respect members have for their leader.
      - Task structure: The degree to which task assignments are procedurised.
      - Position power: The degree of influence a leader has over power variables such as hiring, firing, discipline, promotions, and salary increases.
    - In matching leaders and situations the following guidelines were provided by Fiedler (298 / 13.2).
    - The Cognitive Resource Theory is a variation on the original Fiedler model.
      - It proposes that stress has a role to play in the following ways:
        - Directive behaviour results in good performance only if linked with high intelligence in supportive, low-stress situations.

- In high stress situations, there is a positive relationship between work experience and performance.
- The intellectual abilities or leaders correlate with group performance in situations that the leader perceives a low stress.
- Hersey and Blanchard's Situational Theory focuses on the followers in terms of their readiness.
  - Readiness refers to the extent to which people have the ability and willingness to accomplish a specific task.
  - A leader's behaviour is determined by the extent to which people are willing and able, with the following leader behaviours that can be identified:
    - If a follower is unwilling and unable, the leader needs to give clear and specific instructions.
    - If a follower is unable but willing, the leader adopts a style that is high in relationship and high in task.
    - If a follower is able and unwilling, the leader needs to adopt a supportive and participative style.
    - If the follower is both able and willing, the leader can take a back seat.
- The Leader-member Exchange Theory argues that because of time pressures, leaders establish a special relationship with a small group of followers who are likely to receive special attention and special privileges, and other followers become part of an out-group where a formal relationship is maintained (301 / 13.4).
- The Path-goal Model argues that it is the leader's job to assist followers in attaining their goals and to provide the necessary direction and / or support to ensure that their goals are compatible (300 / 13.3)
  - Predictions based on the path-goal theory include:
    - Directive leadership leads to satisfaction when tasks are ambiguous and stressful than when they are highly structured and laid out.
    - Supportive leadership results in high employee performance and satisfaction when employees are performing structured tasks.
    - Directive leadership is likely to be perceived as redundant among employees with high perceived ability or with considerable experience.
    - Employees with an internal locus of control will be more satisfied with a participative style.
    - Achievement-oriented leadership will increase employees' expectations that effort will lead to high performance when tasks are ambiguously structured.
- The Leader-participation model suggests that leader behaviour must adjust to reflect the task structure.
  - Twelve contingency variables are considered that determine leadership behaviour are discussed in (302 / 13.5).

Inspirational approaches to leadership

- These theories have three common themes:
  - Symbolic and emotionally appealing leader behaviours

- o The attempt to explain why certain leaders are able to achieve extraordinary levels of follower commitment.
  - o They view leadership from the perspective of ordinary people.
- The following theories deserve discussion:
  - o The Charismatic Leadership Theory states that followers attribute heroic or extraordinary leadership abilities to a leader when they observe certain behaviours.
    - A charismatic leader is one that:
      - Has a vision
      - Is willing to take risks to achieve this vision
      - Is sensitive to environmental constraints and follower needs
      - Exhibits behaviour which is out of the ordinary (323 / 14.1)
    - The theory suggests the following steps as a way to influence followers:
      - The leader must articulate a vision
      - The leader then expresses high performance expectations and confidence that followers will achieve these
      - The behaviour then communicates the new values either verbally or through action
      - The leader makes self-sacrifices and engages in unconventional behaviour to demonstrate courage and conviction about the vision
  - o The Transformational Leadership Model suggests leaders inspire followers to transcend their own self-interests for the good of the organisation.
    - Attention is paid to:
      - Concerns and developmental needs of followers
      - Changing followers' awareness of issues
      - Exciting, arousing and inspiring followers
    - Transformational leadership is built on top of transactional leadership (327 / 14.3)
  - o Visionary Leadership is the ability to create and articulate a realistic, credible, attractive vision of the future for an organisation that grows out of and improves upon the present.

CONTEMPORARY ISSUES IN LEADERSHIP

Emotional intelligence and leadership

- Great leaders exhibit all five of EI's key components:
  - o Self-awareness, exhibited through self-confident, realistic self-assessment and a self-deprecating sense of humour.
  - o Self-management, exhibited through trustworthiness and integrity, comfort with ambiguity and openness to change.
  - o Self-motivation, exhibited through a strong drive to achieve, optimism and organisational commitment.
  - o Empathy, exhibited by expertise in building and retaining talent, cross-cultural sensitivity and service to clients and customers.
  - o Social skills, exhibited by the ability to lead change, persuasion and expertise in building and leading teams.

Team Leadership

- Team leaders are:
  - Liaisons with external constituencies, including upper management, other teams, customers and suppliers.
  - Trouble shooters, in that they assist teams to resolve problems by asking penetrating questions, helping teams talk through problems, and getting external resources.
  - Conflict managers, in that they process conflict when disagreements surface.

Moral Leadership

- Leaders are required to:
  - Foster moral virtue
  - Use charisma in a socially constructive way
  - Not abuse power
  - Act with honesty and integrity

Cross-cultural leadership

- National culture is seen as a strong contingency variable to consider in adjusting leadership style.

TRUST AND LEADERSHIP

What is Trust?

- Trust is a positive expectation that another party will not through words, actions or decisions act opportunistically.
  - Familiarity and risk are the most important implied elements of the definition:
    - Positive expectation assumes knowledge and familiarity about the other party based on history.
    - Opportunistically refers to the inherent risk and vulnerability in any trusting relationship.
      - Trust suggests a willingness to take a risk.
  - The key dimensions that underlie the concept of trust are:
    - Integrity, which refers to honesty and truthfulness.
    - Competence, which implies an individual's technical and interpersonal knowledge and skills.
    - Consistency, which relates to an individual's reliability, predictability and good judgement in handling situations.
    - Loyalty, which is the willingness to protect and save face for the other person.
    - Openness, which refers to the fact that a person can rely on another to give the full truth.

Trust as the Foundation of Leadership

- Three types of trust can be identified in organisational relationships:
  - Deterrence-based trust refers to the most fragile relationships (new relationships) and is based on fear of reprisal if the trust is violated.
    - It works best if:

- Punishment is possible
- Consequences are clear
- Punishment is actually imposed if the trust is violated.
  - o Knowledge-based trust is based on the behavioural predictability that comes from a history of interaction.
    - Knowledge-based trust relies on information rather than deterrence.
    - Knowledge develops over time, largely as a function of experience that builds confidence of trustworthiness and predictability.
  - o Identification-based trust is achieved when there is an emotional connection between the parties.
    - It allows one party to act as an agent for the other and as a substitute in interpersonal interactions.
    - Trust exists because the parties understand each other's intentions and appreciate the other's wants and desires.