Does leadership matter?
Review of different classical approaches

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Abstract— **There have been numerous studies on the definitions, purposes, characteristics and even explanations on the reality or myth of the leadership phenomenon. Based on the existing literature and a number of surveys, this paper will attempt to support the view that leadership does indeed exist and matter on the majority of levels and types of organizations, and that is crucial for their success in the business /political environment**

Keywords- Leadership; Management; Classical Theories; Case Studies; Examples.

I. INTRODUCTION AND DEFINITIONS

"The concept and practice of leadership, the variant forms of direction and control, are so powerfully ingrained into popular thought, that the absence of leadership is often seen as an absence of organization" (Smircich, L. & Morgan, G., 1982).

Leadership existence depends on and fosters this dependency, for insofar as the leader is expected to define the situation, others are expected to surrender that right. As a phenomenon it depends upon the existence of people who are prepared to surrender to ability to define heir reality to others (Gemmill, G. & Oakley, J., 1995).

"Charismatic leaders are characterized by energy, self-confidence, determination, intellect, verbal skills, and strong ego ideals" (Bass, 1990). It is better to be finger pointed than to finger point according to an old Greek saying, and it is rather obvious that leaders enjoy this part of their job description, as figureheads of organizations.

A simple analysis in the existing business magazines and journals attributes corporate success mainly on leadership abilities, whilst an average corporate performance is related to other factors, such as market fluctuations, global economic changes etc (Meidl et al., 1985). To take this even further the numerous analysis and development of the various economic models is aiming in the predictions of the new market trends and to assist the management team on the strategic moves of a given company. No wonder there are so many economic theories applied and on paper with various views and not so justified results. Company leaders i.e. in finance often are quoted *"most of our models are usually wrong but our predictions – gut feelings are the ones that les us in our decision process"* (George Soros, investor, 2000). What really matters is a decision process, a right timing, a strong vision and

the ability to entrepreneur when the majority it stagnant or hesitant if an opportunity or threat arises.

One of the biggest myths in leadership is the *great man history*, according to which leaders are born, are male and hold the faith of society in their hands because of their strong personality, vision and influence on others. They can emerge in power in any situation, regardless of the social and historical context, and be the appropriate "spin doctors" who will show the way to the rest. This theory had been greatly challenged and they tried to prove it wrong in numerous surveys and case studies since the beginning of managerial and power studies. It is obvious that both sexes appear to act as politically correct as possible in order to be as professional and effective on their influence towards their coworkers and employees. Each sex is trying to fully compete its list of transformational traits to be more appealing to its followers. Of course when those intentions are true and valid you can manipulate and target the employee capabilities in the best available way, but when they are fake and pretentious the results will be erroneous and destructive as stated before. (Bass, 1990).

Culture factors are equally effective as well. Different countries and cultures would accept a certain type of leader according to its customs and cultural traits, i.e. manager in Czech republic and Hungary tend to report that they make great use of their own experience and those of others around them, Polish managers in the early nineties acted more in a collective manner, under the spirit of the Solidarity movement and US managers during the eighties acted in an authoritative expertise style following the yuppie trend of self promotion and economic benefit. (Arnold, Cooper & Robertson, 1998).

II. LEADERSHIP AND EFFICIENCY

An effective leader is one that it producing results. The last thing subordinates respect is managers who simply sit as judges, seeing themselves as outsiders who support those requests from their group that will most easily be accepted by outsiders (peers) and upper management. (Sayles, 1989, pp.45). The bosses who do get the respect and influence the way of things are those perceived by their subordinates as those who are able to accomplish things internally, in their group and area of expertise. To put it even more metaphorically, are the ones that within "a sea of troubles and chaos" will set goals, take initiative and chances, and guide their superiors towards the organization's goals. It is crucial to focus the efforts of the

subordinates on being mutually cooperative. Since most jobs contain an element of ambiguity and a number of ways that can be completed, the ability to focus, clarify and direct employee efforts would increase productivity and job satisfaction.

Active leaders are needed to exercise initiative and provide structure within the working environment. Authority and power influence must be exercised in order to have the desired effects. The myth of the strong, distant silent male type is not the leader of today's business community. Besides with very few exceptions most people depend on the existence of human relationships and a relatively structured work environment to work and survive psychologically. Most of us would probably not admit to it but we separate ourselves from unstructured paths and unfocused relationships. One of the largest challenges that leaders have to face is to fill that void by their actions and vision. (Smircich & Morgan, 1982).

Stogdill (1957) proposes that the group effectiveness is defined in terms of the group's output, its morale and the satisfaction of its members. Therefore it is a good indication to evaluate a leader in terms of group performance given an assigned task and situation. According to another definition, leader is a person who creates the most effective change in-group performance (Cattell, 1953)[1]. A highly skilled leader is required to reconcile and utilize productively the various abilities, viewpoints and attitudes in-group performance (Sayles, pp.4). His or her main tasks are to direct, channel, guide, referee, time and coordinate the group member's work (Sayles, pp.19). According to the leader's power, the relations between him and the followers and the task structure various models of appropriate behavior have been built, i.e. *Least preferred coworker* (LPC) and *Assumed similarity between Opposites* (ASo) scores. In very general terms high LPC or ASo scores indicate relationship orientation and motivation in order to achieve morale, satisfaction and group belonging. Low LPS or ASo aim towards task orientation and a high degree of structure in the mission, towards the completion of projects, with very small concern on employee relations and motivation factors.

An interesting result is the comparative influence of first and second level supervisors in regard to group work and sub organizational performance. The data suggest that second level managerial influence is considerable and at times greater than first level supervision. Additionally, it emerged that different functional specialties may require different styles. To simplify this, production management or daily supervision of relatively unstructured work groups would require structure tasks and a moderately powerful leader. On the other hand, higher management influence, i.e. policy creation and company direction, creation of new department and unit within a company, appears to require a more relationship oriented leadership style (Fiedler, 1967).

An important factor on leadership efficiency, that is often disregarded, is the understanding and ability to change the *group norms* within a group. Norms are the unwritten rules that groups use to regulate and regularize behavior patterns. They are not written down or are openly discussed but are very

powerful an influential on daily interactions in the business environment. Understanding and manipulating a set of norms a leader will act in a less antagonistic manner to its followers and will affect group performance positively. By their proper influence they can set task facilitating norms and check how functional the existing norms are. (Feldman, 1984).

Existing norms are enforced when they facilitate a groups survival and support, whenever they simplify and make more predictable routine interactions, when they avoid embarrassing interpersonal situations, and finally when they help to express better the central values and distinct identity of a given group (Feldman, 1984).

The more managers know about the norms' development the easier it is for them to manipulate them, change them and redirect them to enhance productivity and affect performance. The origins of norms are: explicit statements by supervisors and co-workers, critical events in the group's history, primacy (first behavior patterns that set expectations), and carry over behaviors from past situations / professional lifestyles, (Feldman, 1984).

Research on norm development and enforcement has been difficult and troublesome to quantify. Quick attempts to change them or interfere with them would be rather tricky, but a skilled leader that would recognize them and manipulate them to his or her advantage would have an additional benefit on motivation and right office politics.

Interesting enough one of the problems with leadership is the paranoia development, positive or negative by some leaders. All leaders have paranoia potential with positive and negative qualities. This potential could include either illusions of grandeur or delusions of persecution that could either lead to self-destructive behavior of the person or organization. Those examples are more common in the world of politics or religion, where a positive paranoia model could be the one of Gandhi and Churchill, and negative one could be Henry Ford or Stalin. Concerning business leaders "the dividing line between pathological developments and corporate success is a rather thin one". It is important to exist a number of safeguards that oppose those self-destructive forces. Internally within an organization exist rules, regulations, and impersonal arrangements that oppose possible concentration and abuse of power. Additionally union power and workers' councils are other strong safeguards. Board of directors and shareholders power is a third controlling means. Unfortunately, the atmosphere within an organization at top management levels can be opposite to realistic re-evaluation and constructive criticism. A possible outside interference, i.e. external consultants can help in recognizing possible blind spots or emerging ritualistic behavior that surround a manager. If those processes have reached an advanced level and the individual is unwilling to be helped or change, self-destruction is quite unavoidable (Kets de Vries, 1980, pp. 72-87).

III. LEADERSHIP THEORIES AND POWER TYPES

There have been numerous attempts to describe and define the leadership characteristics. The main theories that have been

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[1] Fiedler et al., 1957, Chapter 1, pp.8

developed emphasize on the trait characteristics, the path-goal characteristics and the business environment itself in which there seems to be the daily management.

According to traits' theory a leader is defined in its traits, skills and even physical appearance and posture. Skills wise he or she must have judgment, foresight, initiative, energy, decisiveness, integrity, drive, emotionally stability, fairness, objectivity ambition and co-operation at all levels. (Buchanan, & Huczynski, 1997, pp.601).

Trait wise he or she must be adaptable to situation an social conditions, dependable, extravert and self confident, willing and able to assume responsibility when others hesitate or do not have the ability or confidence to resolute a situation. Even on a physical level appearance matters, i.e. the American stereotype of square jaw, broad shoulders and never-ending stamina, or the feminine business suits, attention to detail and pain staking persistence have been procrastinating throughout the last dew decades. (Bresnen Michael, 2001).

On the other hand to be effective and on the spot, the leader must realize the dynamics of the environment that he or she operates in adapt and act accordingly. Using a simple matrix structure the management / leadership style can vary. If you plot concern for production vs., concern for people you can have impoverished management authority obedience management team management etc. (Bresnen Michael, 2001).

If one plots structure / performance vs. consideration levels there is different emphasis on task completion and considerations towards employee's consideration needs and wants.

Additionally there are different leadership styles, depending on the personality of the manager and the structure of the work environment. For example, if you define leadership as a social process in which the manager influences the behavior of others by exercising various types of power you can have the following situations:

- *Reward power*, which dispenses rewards in return with compliance with instruction, i.e. pay, promotion, membership to club, etc

- *Coercive power*, the right to punish and withdraw privileges from employees is the followers fail to follow the leaders direction and mission.

- *Referent power*, when the leader is believed to have characteristics that are desirable and should be copied, i.e. personality traits like JFK, Nelson Mandela etc,

- *Legitimate power*, or position power: a more authoritarian type, depending on the formal organizational position and the title of the manager, i.e. doctor, matron, chairman, that gives to the leader "the right to give orders and command any given situation".

- And *expert power*, based on the belief that their boss has a superior knowledge given the situation and task ahead that needs to be completed. (Buchanan & Huczynski, 1997)

What we should not forget is that although leaders have power, followers have counter power that can accept or resist to suggested directions. A manager's success depends greatly on the manner in which he or she exercises power. More effective leaders are likely to use power in a subtle, careful way that disallows status differentials or threats to a person's self esteem. On the contrary, the ones who exercise power in an arrogant, manipulative and dominating manner will cause resentment and resistance by their subordinates (Yukl, 1994, pp. 248).

IV. EFFECTIVENESS AND CASE STUDIES

Effective leadership might be described as the ability to support subordinates with needed guidance and good feelings that are not being supplied by other sources.

For example, working in the production department of a major telecom industry, the project management abilities were being graded on their ability to organize, analyze, synthesize and unite various types of departments for the production of a new product. The project manager needed to have the skills to recognize how to handle different personalities, different departments and convince them all to work towards a common goal. In his own word "we let people evolve here". There is no pressure and continuous day-to-day reports on the status of the running projects. All engineers were running independently on the analysis and synthesis of the technical packages with minimum supervision. The contact was done with the immediate supervisors who were acting more like consultants and facilitators on tricky point, or they would have to give a more technical solution when that was required. (Michalopoulos, 1999)

 The problem with the project manager was that although he was charismatic, down to earth and communicative, he kept changing his goals on a weekly basis, possibly because of outside pressures, or changes in the project itself. This causes disillusionment, anger and confusion to the younger mechanics that felt betrayed and annoyed by the changing attitudes and requirements of the upper management. It was like a "good cop - bad cop scenario", brought to life by very few very bad actors. (Michalopoulos, 1999)

A number of studies have been published by Meidl, Ehrlich and Dukerich (1985), on the romance of leadership and the correlation degree of leadership index and national economic reactions. On the first study the correlation between leadership index and company performance measures is rather negative for 8/11 years of operation, i.e. the poorer the performance the more emphasis was given to leadership. The survey was done in a sample of 34 major firms out of a sample of ten major industrial groupings.

On the second study the correlation between leadership index and changes in the general economy (delta GDP) is rather negative, with an average of 4 year lag, reaching the lowest level in the fifth year after the economic results. This result comes out of a sample of 35,000 dissertations in the US.

On the third study the correlation between leadership degree and changes in the general economy (delta GDP) is

predominantly positive, showing an increased interest on leadership efficiency the business community, when there are positive changes in the nations community. Since the data come from periodicals and articles the interest is more direct and the publications are core current to the academic counterparts. The results come from a database of 250 business oriented magazines and journals.

A second group of experimental studies was conducted under controlled experimental conditions, in with selected groups where asked if leadership attributions would effect company performance. Minimum information about the company and the leader where given in each case. On the forth study the company results were mainly positive. On the fifth study the conditions included both positive and negative variations. On the sixth study more detailed descriptions of the leader-manager's personality were given. On both the forth and fifth studies the results shoed a positive correlation, that the leadership did had a serious impact on company performance. The methods used included a good fitting quadratic model and a regression analysis. On the sixth study multiple regression was used and the results did show a proportional increase in the preference of use of leaders as a causal explanation, and a low correlation with expectation and performance. The main point here was that the faith in a leaders abilities seems likely to exceed their actual strengths. We tend to put more faith on leaders abilities to face difficult situations, while we need to emphasize more on the creation of systems that can react on a set of rather uncontrollable macroeconomic and personality variances. (Meidl, Enrich & Dukerich, 1985).

V. MODELS OF LEADERSHIP AND EXAMPLES

One of the most commonly mentioned themes in bibliography is the separation and comparison between *transactional & transformational leadership*. Transactional leader is the more classical approach that promises rewards for good performance, looks for deviations from the standards and procedures and takes corrective meters and abdicates responsibilities.

Transformation leadership had a bigger concern on the development of employee relations, taking the extra step to include them in the company philosophy and direction. The leader shares his mission and vision, while develops trusting relations and a sense of pride and commitment to his followers. He / She promotes rational and careful problem solving abilities while gives a personal touch of attention and commitment to each employee, by coaching and facilitating their development. This is done by threading different subordinates differently and by providing intellectual stimulations to the majority of them. (Bass, 1990).

For example during World War II, Ernst Romel won a series of victories in 1941 to 1942 against the British, because he was up front at the sense of the action, could take rapid assessment and decisions, compared to his counterparts that where stationed 20 miles behind in the headquarters. His military skill, his willingness to take calculated risks lead to his legendary speed and boldness that led to victory and the raising of moral and his popularity among his soldiers. (Bass, 1990).

A supporting view by Peters & Waterman[2] states that a firm operating under the flagship of transformation leadership in on all its levels influences additionally its outside contacts form suppliers to bankers, by sharing a better vision of the future, a sense of confidence and an emphasis on the development and the flexibility of the people and community.

It is clear that transformational leadership is more an art that a science. It is a good sigh that there has been an increase on leadership programs that put an emphasis to it, even and in the more traditional academies like the US Air force Academy of Colorado Springs. On the other hand when there are pseudo-transformational approaches the effects are mainly for the managers self interest and creation of a fake company culture that effects can be rather devastating. For example, when Donald Burr of People's Express Airlines tried this approach that initially had a positive impact on the firm, an approach that rapidly built and rapidly destroyed it (Bass, 1990).

A bad leadership example based on transactional practices is the case study of OJ30, the restructuring of a large insurance company, by Mr. Hall, CEO, who sought to structure the experience of staff members by creating a particular figure ground relationship. The process was initiated as an effort to eliminate backlog, the increase of complains and reduce the amount of bureaucracy within the organization. The original idea was to unite and inspire the various department working together, face conflicts, and volunteer people and longer working hours in the completion of their goal. (Gemmill, & Oakley, 1995)

The problem was that the existing culture at the time was so deeply ingrained on all levels of personnel that any major attempt to restructure was rather doomed to fail. Many of the executive stuff had expressed feeling of powerfulness, with the only two options to go along with the existing culture or resign. From the president's point he was considered to have developed many soft traits and a rather soft personality, that failed to inspire other into bringing change into the organization, and transform it. The president had used a rather stiff and general speech, about "everybody get their shoulder to the wheel", but there were not given any major incentives for the changes to occur. He was considered to be too trusting, not wanting hear if things are bad, and rather contradictory wanted the presence of confrontation within the people to bring change. (Gemmill, & Oakley, 1995)

Additionally to the voluntary idea there was no penalty system that threaten people, i.e. if you do not accordingly to the president's direction no harm will be done to you. The weight of responsibility very shortly was transferred to a few people that became the core to implement the directions of the president, with the rest simply enjoying "a free ride". The different views on what was wrong and what needed to be done were a clear representation of an inadequate way the fragmented organization was being run. It appeared as a management act that was avoid to deal with proper issues, and insisting on seeing the organization as a team, while in reality it was rather a group of badly managed, isolated departments,

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[2] In search of excellence, 1982, Warner Books

whose figure heads where self-interested and co-operating on a mere surface level. (Gemmill, & Oakley, 1995)

It would be a mistake to quickly criticize Mr. Hall as a weak and ineffective leader. One of the main problems was that his executive staff did not share his view on organizational reality. His strong personality had created a passive air of inactivity and non-confrontation, and avoidance to the real and existing organizational problems. His staff quickly adopted his non-conforming passive style, a rather settle adaptation to the norms. It is very important that Mr. Hall did not recognize how important was the influence and the management of meaning of situations and problems in a constructive way. A proper CEO should he or she attempt to deal and confront with the ambiguity that exists on long lasting interactions among department, analyze and interpret the view, opinions and directions of the parties involved and use the appropriate rituals, language and symbols in order to disclose the meanings and values that are a priority to a given organization (Gemmill, & Oakley, 1995).

Steinberg & Shapiro conducted a small survey investigating the myth of correct leadership characteristics, in 1982 among MBA students. The results of the survey showed no significant differences between the sexes. Additionally both sexes showed high scores on managerial characteristics like the need for achievement, responsibility, and self-assurance. Surprisingly both sexes found characteristics that were supposed to be traits of the opposite sex. Many female students were having masculine characteristics like tough minded, competitive, overprotective etc. While men were found to be trusting imaginative and tender minded more traditionally "feminine" characteristics. The researchers concluded that the women tended to exaggerate their masculine characteristics in order to appear more fitting to the typical managerial profile.

On another separate survey by Popp and Muhs in 1982 on 214 American civil servants, the question "does fear of success prevent women from becoming managers" was examined. They challenged the above theory on the presence of masculine characteristics to be successful manager, and left out other explanations. They found that the fear of success in women was not higher than men's. They argued "junior employees are more anxious because they face greater uncertainty over their careers than their older and more affluent and experienced supervisors".

VI. CONCLUSION

Leadership review is a complicated and multidimensional issue. Although extensive research and bibliography exists, there are still inconclusive evidence about its applications and real characteristics. The majority of the scientific community rejects the great man theory and the myth of charismatic leader as the only prerequisites for success in the business or political arena. The trend of these years is towards transformational leadership, where supervisors and managers act more like facilitators that apply soft and social skills to motivate and empower their subordinates. Besides, with the changes in lifestyle the emphasis is now more on fulfillment and satisfaction rather than strict obedience on high structure

hierarchies with to room for personal development and enrichment.

This review had presented findings on leadership efficiency, various definitions, women's leadership abilities, power types and enforcement, case study examples and theories on leadership types given the situation in hand. The research at times can be very subjective and might reflect assumptions and prejudgments of the academics involved. The main conclusion is that LPC theory combined with a transformationalist's approach would have the most beneficiary results for both the individuals and a given institution. To demonstrate this we conclude with Bill Gate's answer on the subject of success "one of the main reasons that Microsoft is so successful is that the majority of the company's departments are headed by true leaders in both personal and professional levels". (Gates, 1999)

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