

GLOBAL  
EDITION



# The Art and Science of Leadership

SEVENTH EDITION

Afsaneh Nahavandi

ALWAYS LEARNING

PEARSON

Seventh Edition

**Global Edition**

# The Art and Science of Leadership

**Afsaneh Nahavandi**

*University of San Diego*

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*To the memory of Frederick Rhodewalt, my professor and friend. His scholarship continues to inspire me.*



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# PREFACE

Leading people effectively is a tremendous challenge, a great opportunity, and a serious responsibility. Since the first edition of *The Art and Science of Leadership* was published, the call for leadership has been growing. Our organizations and institutions, more than ever, need effective leaders who understand the complexities of our dynamic global environment, who have the intelligence to deal with complex problems, and who have the sensitivity and ability to empathize with their followers to motivate them to strive for excellence. Every civilization has focused on its leaders, revering or reviling them. Throughout history, the fate of millions has depended on the leadership qualities of emperors, kings, queens, and other leaders and on their power struggles and succession battles. Children all over the world learn early, through the fairy tales they hear and read, the art they see, and the advice they get, that leaders matter and that the happiness and misery of people depend on the goodness or evilness of leaders.

It is no wonder, then, that we are fascinated by those who lead us. Some consider leadership to be a magical process. Indeed, when we reflect on historical figures or meet some of the leaders of our times, we can be transfixed by their seemingly magical exploits. They move armies, create new countries, and destroy whole civilizations through what often appears to be the sheer strength of their will. The actions of some business leaders during the recent financial crisis is further indication of the power of good and bad leadership. At every level, leaders can affect our very existence on this planet.

Although leaders are the ones who dazzle us, we often fail to consider that they alone can accomplish nothing. It is the strength of their followers that moves history. It is the army of foot soldiers that achieves victory. It is the hard work of employees that turns a profit in a faltering company. It is the initiative of volunteers that achieves an institution's goals. It is the dedication of public servants that makes government work. We also must remember that many extraordinary leaders found themselves shunned and rejected by the people who once admired them. President Charles de Gaulle's road to the leadership of France was long, tortuous, and fraught with failure. After coming to office as a hero after World War II, he was forced out of office twice. Winston Churchill of Great Britain was removed from office on two occasions and faced long periods in his life during which his leadership was neither valued nor wanted. More recently, Benazir Bhutto of Pakistan moved from national hero to national villain and back to hero several times before her assassination. George Watson Jr. was booted out of office after successfully leading IBM for many years. Jack Welch, former CEO of General Electric and considered by many to be one of the most successful U.S. CEOs, was nicknamed Neutron Jack in his early days at GE for decimating the company workforce through layoffs. Many elected leaders around the world face similar challenges. Their magic does not work all the time and with everyone.

If a leader's powers are truly magical, why do they wax and wane? Why are they not effective all the time? Why are they effective with some followers and not others? These questions, along with many others, will be addressed in this book.

For our organizations to be effective and for society to function successfully, we must be able to select, develop, and train the right leaders and know how to help them succeed. Because the processes of leading others to achieve organizational goals are applicable in any institutional settings, this book presents a broad review and analysis of the field of leadership with application to business, public, and other organizations. Current research goes far in demystifying



leadership and teaching it to the rest of us mortals. Although we still come across some leaders whose performance and behavior escape the bounds of scientific explanation, by and large, we know a good deal about leadership and how to train people to be leaders. The cornerstone of our new knowledge is that *leaders are made, not born*; most of us can learn to become better leaders. Maybe only a few of us will someday shape human civilization, but to a great extent, we all can improve our leadership skills, connect with our followers, and engage them to shape our organizations and communities.

## SOME BASIC ASSUMPTIONS

The seventh edition builds on the strengths of the previous six editions while updating theories and examples. The many debates and controversies within the field of leadership are presented in this edition as they were in the first six. I continue to emphasize integration of the concepts and distill useful and practical concepts from each theory while taking a strong cross-cultural perspective. The guiding philosophy, assumptions, and methods remain the same.

- ***Leadership is about others.*** Leaders exist to help others achieve their goals. While we tend to focus on the person of the leader, effective leadership is and should be about others, not the leader.
- ***Leadership is a complex process*** that cannot be explained by one word, one concept, or through a simple definition or action.
- ***We all can learn to become better leaders.*** For some of us, the learning is easier in certain areas than in others, but with motivation, practice and support from our organizations, we all can improve our leadership skills. While it is not easy to move teams, departments, and organizations toward higher levels of effectiveness and efficiency, there is no magic involved in achieving these goals. We can use the many existing leadership theories to achieve them.
- ***A cross-cultural perspective is essential to understanding leadership.*** Leadership is not a culture-free process. The book includes extensive cross-cultural and gender-based analyses of leadership as a major part of the discourse about leadership effectiveness.
- ***Theories are useful tools.*** While they sometimes appear esoteric, complicated, and even contradictory, theories are useful tools that help clarify the complex process of leadership. No one theory alone explains that complex process, but many of them together (even the old ones!) can provide a relatively complete picture of what it takes to lead effectively.
- ***Application and practice are essential to learning.*** You cannot learn to lead from a book or in a classroom alone. Knowledge is essential; the concepts and theories presented cover that aspect. But to learn to lead, you have to practice. The many examples, cases, and the various pedagogical features such as the *Leadership Challenges* as well as end-of-chapter exercises and self-assessments offer opportunities for engagement and are a starting point for practice to complete the theoretical knowledge.

## NEW TO THE SEVENTH EDITION

Research in the field of leadership is dynamic, extensive, and multidisciplinary. As has been the case with every edition, extensive research has gone into this edition. Additionally, I had the opportunity to teach several large undergraduate leadership classes for the past couple of years and my students' feedback has shaped many of the revisions that you will see in this edition. Although the overall structure remains the same, the outline in many chapters has been changed

and I have added several new features to ensure that students can learn more easily and apply what they learn more readily. Specific changes include the following:

- Close to two hundred new references have been added throughout the chapters, almost all dating from 2010 forward.
- Close to 150 references were removed because newer more current research was available, the examples no longer fit, or leaders had left or retired.
- Updated and revised learning outcomes for each chapter.
- Two new pedagogical features in all the chapters:
  - Each chapter starts with a “*The Leadership Question*” that focuses the student on the theoretical or practical issues covered in the chapter. The question is specifically addressed at some point in the chapter in “*The Leadership Question—Revisited*” segment.
  - Each chapter includes a “*What Do You Do?*” feature that presents a brief action-oriented scenario to help students connect the material with hands-on applications.

In addition to general updates of research and examples in all the chapters, six of the ten chapters have been substantially revised. Changes include the following:

- In Chapter 2:
  - A substantial revision of the presentation of the GLOBE research
  - Substantial revision and of the material on gender and diversity
  - New exercise added—*World Map*
  - *Cultural Mindset* self-assessment revised
- In Chapter 4:
  - New material and new self-assessment on proactive personality
  - New material on the Dark Triad replaces separate coverage of Machiavellianism and Narcissism
  - Extensive revision on the section on leaders who fail
  - New case about Zhang Xi of Soho-China
- In Chapter 6:
  - Chapter is retitled to address the new era in leadership research
  - Extensively revised presentation of value-based leadership including servant, authentic, and positive leadership
  - New “*Applying what you learn: Balancing a positive approach with realism*”
  - Revised self-assessment on Authentic Leadership
  - Extensive revision of the Avon-Andrea Jung case to reflect her leaving the company
- In Chapter 7:
  - New “*Leading change: Public Allies*”
  - Extensive revision of the *Leadership in Action* case to reflect changes in leadership at P&G
- In Chapter 8:
  - New “*Leading Change: Google*”
  - New material on helping teams become effective
- In Chapter 9:
  - Structure of the chapter has been revised
  - New “*Leading Change: Ford’s Alan Mulally*”
  - New exercise – *The Six Hats*
  - Extensively revised *Leadership in Action* that reflects Best Buy’s change in policy

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## WHO SHOULD READ THIS BOOK?

*The Art and Science of Leadership* is targeted to students of leadership—whether they are advanced undergraduate and graduate students or managers with a desire to learn and grow. It is written for those who want not only to understand the various theories and research in the field but also to apply that knowledge to become better leaders and to improve the leadership of their organizations. The examples and cases are from different types of industries and from the private and public sectors. Although the theories often are developed and tested by psychology and management researchers, they have broad applicability to all organizations and their leadership.

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## ABOUT THE AUTHOR

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# Building Blocks

Part I lays the foundation for understanding the processes of leadership. After studying Part I, you will be able to define the basic elements of leadership and be ready to integrate them to understand more complex leadership processes. Leadership involves interaction among several key elements: a leader, followers, and the situation. Since its beginnings in the West in the late nineteenth century, the formal study of leadership has generated many definitions of the concept. As with any social phenomenon, culture strongly influences not only our definitions of leadership but also how we actually lead and what we expect of our leaders. Tracing the history of the field can help us understand how our current views of leadership have developed and enable us to become aware of how the process of leadership and our images and expectations of effective leaders change with organizational, social, and cultural evolutions.

Chapter 1 provides a working definition of leadership and effectiveness, explores the reasons why we need leadership, describes the roles and functions of leaders, and discusses their impact. Chapter 2 focuses on understanding the role of culture in leadership. Several models for describing culture are presented, and the roles of gender and diversity in leadership are explored. Chapter 3 presents a history of the field of leadership and reviews the theories that provide the foundation for current approaches. Individual differences that affect leadership are discussed in Chapter 4. They include demographic differences, values, abilities, skills, and several personality traits. Chapter 5 reviews the concept of power and its importance to leadership.



# Definition and Significance of Leadership

**After studying this chapter, you will be able to:**

1. Define leadership and leadership effectiveness.
2. Discuss the major obstacles to effective leadership.
3. Compare and contrast leadership and management.
4. List the roles and functions of leaders and managers.
5. Explain the changes in organizations and how they affect leaders.
6. Summarize the debate over the role and impact of leadership in organizations.

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## THE LEADERSHIP QUESTION

*Some leaders are focused on getting things done while others put taking care of their followers first. Some look at the big picture, and others hone in on the details. Is one approach better than the other? Which one do you prefer?*

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Who is a leader? When are leaders effective? These age-old questions appear simple, but their answers have kept philosophers, social scientists, scholars from many disciplines, and business practitioners busy for many years. We recognize bad leadership. Bad leaders are dishonest, self-centered, arrogant, disorganized, and uncommunicative. However, being honest, selfless, organized and communicative are necessary, but not sufficient to be a good leader. This chapter defines leadership and its many aspects, roles, and functions.

## EFFECTIVE LEADERSHIP

We recognize effective leaders when we work with them or observe them. However, leadership is a complex process, and there are many different definitions of leadership and leadership effectiveness.

## Who Is a Leader?

Dictionaries define *leading* as “guiding and directing on a course” and as “serving as a channel.” A leader is someone with commanding authority or influence. Researchers have developed many working definitions of leadership. Although these definitions share several elements, they each consider different aspects of leadership. Some define leadership as an integral part of the group process (Green, 2002; Krech and Crutchfield, 1948). Others define it primarily as an influence process (Bass, 1960; Cartwright, 1965; Katz and Kahn, 1966). Still others see leadership as the initiation of structure (Homans, 1950) and the instrument of goal achievement. Several even consider leaders to be servants of their followers (Greenleaf, 1998). Despite the differences, the various definitions of leadership share four common elements:

- First, leadership is a *group and social phenomenon*; there can be no leaders without followers. Leadership is about others.
- Second, leadership necessarily involves interpersonal *influence* or persuasion. Leaders move others toward goals and actions.
- Third, leadership is *goal directed* and *action oriented*; leaders play an active role in groups and organizations. They use influence to guide others through a certain course of action or toward the achievement of certain goals.
- Fourth, the presence of leaders assumes some form of *hierarchy within a group*. In some cases, the hierarchy is formal and well defined, with the leader at the top; in other cases, it is informal and flexible.

Combining these four elements, we can define *a leader as any person who influences individuals and groups within an organization, helps them establish goals, and guides them toward achievement of those goals, thereby allowing them to be effective*. Being a leader is about getting things done for, through, and with others. Notice that the definition does not include a formal title and does not define leadership in terms of certain traits or personal characteristics. Neither is necessary to leadership.

This broad and general definition includes those who have formal leadership titles and many who do not. For Jonas Falk, CEO of OrganicLife, a start-up company that provide nutritious school lunches, leadership is taking “an average team of individuals and transform(ing) them into superstars” (Mielach, 2012). For consultant Kendra Coleman, leadership is about taking a stand (Mielach, 2012). Bill Gates, founder of Microsoft, considers empowerment to be an essential part of leadership (Kruse, 2013). For the CEO of the Container Store, “leadership and communication are the same thing. Communication is leadership” (Bryant, 2010). In all these examples, the leader moves followers to action and helps them achieve goals, but each focuses on a different element that constitutes leadership.

## When Is a Leader Effective?

What does it mean to be an effective leader? As is the case with the definition of leadership, effectiveness can be defined in various ways. Some researchers, such as Fred Fiedler, whose Contingency Model is discussed in Chapter 3, define leadership effectiveness in terms of group performance. According to this view, leaders are effective when their group performs well. Other models—for example, Robert House’s Path-Goal Theory presented in Chapter 3—consider follower satisfaction as a primary factor in determining leadership effectiveness; leaders are effective when their followers are satisfied. Still others, namely researchers working

on the transformational and visionary leadership models described in Chapters 6 and 9, define effectiveness as the successful implementation of change in an organization.

The definitions of leadership effectiveness are as diverse as the definitions of organizational effectiveness. The choice of a certain definition depends mostly on the point of view of the person trying to determine effectiveness and on the constituents who are being considered. For cardiologist Stephen Oesterle, senior vice president for medicine and technology at Medtronic, one of the world's biggest manufacturers of medical devices and pacemakers, restoring lives is both a personal and an organizational goal (Tuggle, 2007). Barbara Waugh, a 1960s civil rights and antidiscrimination activist and once personnel director and worldwide change manager of Hewlett-Packard Laboratories (often known as the "World's Best Industrial Research Laboratory"—WBIRL), defines effectiveness as finding a story that is worth living: "You decide what you want your life to be about and go after it" (Marshall, 2009: 3). John Hickenlooper, Colorado governor and former mayor of Denver, focuses on an inclusive style, cooperation, aligning people's self-interest, and getting buy-in from the people who are affected by his decisions (Goldsmith, 2008).

### **Effectiveness versus Success**

Clearly, no one way best defines what it means to be an effective leader. Fred Luthans (1989) proposes an interesting twist on the concept of leadership effectiveness by distinguishing between effective and successful managers. According to Luthans, effective managers are those with satisfied and productive employees, whereas successful managers are those who are promoted quickly. After studying a group of managers, Luthans suggests that successful managers and effective managers engage in different types of activities. Whereas effective managers spend their time communicating with subordinates, managing conflict, and training, developing, and motivating employees, the primary focus of successful managers is not on employees. Instead, they concentrate on networking activities such as interacting with outsiders, socializing, and politicking.

The internal and external activities that effective and successful managers undertake are important to allowing leaders to achieve their goals. Luthans, however, finds that only 10 percent of the managers in his study are effective *and* successful. The results of his study present some grave implications for how we might measure our leaders' effectiveness and reward them. To encourage and reward performance, organizations need to reward the leadership activities that will lead to effectiveness rather than those that lead to quick promotion. If an organization cannot achieve balance, it quickly might find itself with flashy but incompetent leaders who reached the top primarily through networking rather than through taking care of their employees and achieving goals. Barbara Waugh, mentioned earlier, considers the focus on what she calls the "vocal visionary" at the expense of the "quiet implementer" one of the reasons many organizations do not achieve their full potential (Marshall, 2009). Joe Torre, the famed Los Angeles Dodgers baseball coach, believes that solid, quiet, and steady managers who do not brag are the ones who get things done (Hollon, 2009).

Ideally, any definition of leadership effectiveness should consider all the different roles and functions that a leader performs. Few organizations, however, perform such a thorough analysis, and they often fall back on simplistic measures. For example, stockholders and financial analysts consider the CEO of a company to be effective if company stock prices keep increasing, regardless of how satisfied the company's employees are. Politicians are effective if the polls indicate their popularity is high and if they are reelected. A football coach is

effective when his team is winning. Students' scores on standardized tests determine a school principal's effectiveness. In all cases, the factors that make the leader effective are highly complex and multifaceted.

Consider the challenge faced by the executives of the *New York Times*, one of the world's most respected newspapers. In 2002, the paper won a record seven Pulitzer prizes, a clear measure of success. A year later, however, the same executive editor team that had led the company in that success was forced to step down because of plagiarism scandals (Bennis, 2003). The executive team's hierarchical structure, autocratic leadership style, and an organizational culture that focused on winning and hustling were partly blamed for the scandals (McGregor, 2005). By one measure, the *Times* was highly effective; by another, it failed a basic tenet of the journalistic profession. Politics further provide examples of the complexity of defining leadership effectiveness. Consider former U.S. president Clinton, who, despite being impeached in the U.S. Senate, maintained his popularity at the polls in 1998 and 1999; many voters continued to consider him effective. Hugo Chavez, the late president of Venezuela, was adored by his supporters for his advocacy for the poor and despised by his opponents for his dictatorial style. Whether any of these leaders is considered effective or not depends on one's perspective. General Motors' recent troubles further illustrate the need for a broad definition of effectiveness.

### An Integrative Definition

The common thread in all these examples of effectiveness is the focus on outcome. To judge their effectiveness, we look at the results of what leaders accomplish. Process issues, such as employee satisfaction, are important but are rarely the primary indicator of effectiveness. Nancy McKintry, CEO of Wolters Kluwer, an information services company, states, "At the end of the day, no matter how much somebody respects your intellect or your capabilities or how much they like you, in the end it is all about results in the business context" (Bryant, 2009a). The executive editorial team at the *New York Times* delivered the awards despite creating a difficult and sometimes hostile culture. Voters in the United States liked President Clinton because the economy flourished under his administration. Hugo Chavez survived many challenges because he pointed to specific accomplishments.

One way to take a broad view of effectiveness is to consider leaders effective when their group is successful in maintaining internal stability and external adaptability while achieving goals. Overall, *leaders are effective when their followers achieve their goals, can function well together, and can adapt to changing demands from external forces*. The definition of leadership effectiveness, therefore, contains three elements:

1. **Goal achievement**, which includes meeting financial goals, producing quality products or services, addressing the needs of customers, and so forth
2. **Smooth internal processes**, including group cohesion, follower satisfaction, and efficient operations
3. **External adaptability**, which refers to a group's ability to change and evolve successfully

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### THE LEADERSHIP QUESTION—REVISITED

*So focusing on the task, on people, on the big picture, on the details, and so forth can all be part of leadership. What works depends on the leader, the followers, and the situation. While some things generally don't work, for example using fear and threats in all situations, there are many different styles and approaches to leading that can be effective. Understanding the situation is key.*

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## Why Do We Need Leaders?

Leadership is a universal phenomenon across cultures. Why is leadership necessary? What needs does it fulfill? Do we really need leaders? In the business world, new leaders can influence a firm's credit rating by affecting the confidence of the financial community. For example, while Xerox weathered considerable financial and leadership problems in 2000 and 2001, the selection of Anne Mulcahy, a company veteran, as CEO helped ease stakeholders' concerns. In other sectors, a city or nation might feel a sense of revival and optimism or considerable concern when a new leader comes to power, as was the case in the 2008 U.S. presidential elections with the win of Barack Obama. We believe that leadership matters. The reasons why we need leaders closely fall in line with the functions and roles that leaders play and are related to the need or desire to be in collectives. Overall, we need leaders for following reasons:

- ***To keep groups orderly and focused.*** Human beings have formed groups and societies for close to 50,000 years. Whether the formation of groups itself is an instinct or whether it is based on the need to accomplish complex tasks too difficult for individuals to undertake, the existence of groups requires some form of organization and hierarchy. Whereas individual group members may have common goals, they also have individual needs and aspirations. Leaders are needed to pull the individuals together, organize, and coordinate their efforts.
- ***To accomplish tasks.*** Groups allow us to accomplish tasks that individuals alone could not undertake or complete. Leaders are needed to facilitate that accomplishment, and to provide goals and directions and coordinate activities.
- ***To make sense of the world.*** Groups and their leaders provide individuals with a perceptual check. Leaders help us make sense of the world, establish social reality, and assign meaning to events and situations that may be ambiguous.
- ***To be romantic ideals.*** Finally, as some researchers have suggested (e.g., Meindl and Ehrlick, 1987), leadership is needed to fulfill our desire for mythical or romantic figures who represent us and symbolize our own and our culture's ideals and accomplishments.

## Research on Significance of Leadership

Despite the common belief that leaders matter, considerable debate among leadership scholars addresses whether leadership actually affects organizations. Some researchers suggest that environmental, social, industrial, and economic conditions determine organizational direction and performance to a much higher degree than does leadership (Brown, 1982; Cyert and March, 1963; Hannan and Freeman, 1977; Salancik and Pfeffer, 1977a). External factors, along with organizational elements such as structure and strategy, are assumed to limit the leader's decision-making options, reducing the leader's discretion. For example, Salancik and Pfeffer (1977a), in a study of the performance of mayors, found that leadership accounted for only 7 to 15 percent of changes in city budgets. Similarly, Lieberman and O'Connor (1972) found that whereas leadership has minimal effects on the performance of large corporations (accounting for only 7 to 14 percent of the performance), company size and economic factors show considerable links to firm performance. Additionally research about managerial discretion indicates that managers have less influence on organizations than environmental and internal organizational factors (Finkelstein and Hambrick, 1996; Hambrick and Finkelstein, 1987).

Other research findings suggest that leadership does indeed have an impact. For example, in reevaluating Lieberman and O'Connor's 1972 study, Weiner and Mahoney (1981)

find that a change in leadership accounts for 44 percent of the profitability of the firms studied. Other researchers (Day and Lord, 1988; Thomas, 1988) indicate that the early results were not as strong as originally believed, and recent studies suggest that leadership can have an impact by looking at the disruption that can come from changes in leadership (Ballinger and Schoorman, 2007) and find a strong effect of CEOs on company performance (Mackey, 2008). Additionally, research continues to indicate that leadership has a positive impact on a

## LEADING CHANGE

### The Container Store

“You can build a much more wonderful company on love than you can on fear,” says Kip Tindell, the CEO of the highly successful Container Store chain (Klein, 2013). He has put that principle to work in all aspects of his business. Chances are that if you have engaged in a home or office organization project, you have heard of the Container Store. The privately held company offers creative, practical, and innovative solutions to a multitude of storage problems and has established an enviable track record of success and growth of 26 percent growth per year (Container Store’s secret growth story, 2013). The company has been consistently ranked as one of the best places to work in, and it considers its employees its greatest asset. Its unique culture and treating its employees well are other areas in which it claims leadership (Container Store Web site, 2013). One of the principles that the company espouses is that “one great person equals three good people” (Bliss, 2011).

Kip Tindell says, “We talk about getting the customer to dance . . . every time she goes into the closet . . . because the product has been designed and sold to her so carefully” (Birchall, 2006). Achieving this level of service takes a dedicated and, the company believes, happy employees that the company carefully recruits (often mostly through its existing employees) and trains. Whereas in comparable companies, the average salesperson gets about eight hours of training during the first year on the job, it is not unusual for Container Store salespeople to get over 200 hours of training before a new store opens (Birchall, 2006). In addition to a family-friendly work environment, the company covers close to 70 percent of its employees’ health-care insurance costs, pays 50 to 100 percent higher wages than its competitors’ pay, and provides flexible shifts to accommodate its employees’ work–life balance.

The investment in employees has paid off. The Container Store has an annual turnover of about 10 percent, compared with 90 percent for most retail stores. Its founders, Kip Tindell and Garrett Boone, believe that the unique culture and the success of the company are inseparable.

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Sources: Birchall, J. 2006. “Training improves shelf life,” *Financial Times*, March 8. <http://search.ft.com/ftArticle?queryText=Kip+Tindell&y=0&aje=true&x=0&id=060307009431> (accessed July 8, 2007); Bliss, J. 2011. “Container store—Flames of trust,” *SatMetrix*. [http://www.netpromoter.com/netpromoter\\_community/blogs/jeanne\\_bliss/2011/10/24/the-container-store—flames-of-trust](http://www.netpromoter.com/netpromoter_community/blogs/jeanne_bliss/2011/10/24/the-container-store—flames-of-trust) (accessed May 30, 2013); Container Store’s secret growth story, 2013. <http://www.youtube.com/watch?v=uDmfbrGxSk> (accessed May 30, 2013); Container store website, 2013. <http://standfor.containerstore.com/putting-our-employees-first/> (accessed October 6, 2013); Containing Culture, 2007. *Chain Store Age* (April): 23–24; Klein, J. 2013. “Put people first,” *Under 30 CEOs*. <http://under30ceo.com/put-people-first-reflections-from-kip-tindell-ceo-the-container-store/> (accessed May 30, 2013).

**TABLE 1-1 Significance of Leadership**

- Leadership is one of many factors that affect the performance of organizations.
- Leadership can indirectly impact other performance factors.
- Leadership is essential in providing vision and direction.
- Identifying the situations in which leadership matters is essential.
- The combination of leaders with followers and other organizational factors makes an impact.

variety of organizational effectiveness factors including climate and work group performance (McMurray et al., 2012) in both business and public organizations (e.g., Vashdi, Vigoda-Gadot, and Shlomi, 2013).

In trying to reconcile the different arguments regarding the need for and impact of leadership, it is important to recognize that leadership is one of many factors that influence the performance of a group or an organization (see Table 1-1 for a summary). Additionally, the leader's contribution, although not always tangible, is significant in providing a vision and direction for followers and in integrating their activities. The key is to identify situations in which the leader's power and discretion over the group and the organization are limited. These situations are discussed as part of the concept of leadership substitutes in Chapter 3 and in presentations of the role of upper-echelon leaders in Chapter 7. Finally, the potential lack of impact of leaders in some situations further emphasizes the importance of followers in the success of leadership and the need to understand organizations as broad systems.

## **OBSTACLES TO EFFECTIVE LEADERSHIP**

In any setting, being an effective leader is a challenging task. Even with a clear definition of leadership and what makes a leader effective, being effective is not easy. Meanwhile, organizations pay a heavy price for ineffective, incompetent, or unethical leadership (Bedeian and Armenakis, 1998; Kellerman, 2004). The keys to becoming an effective leader are knowledge, experience, practice, and learning from one's mistakes. Unfortunately, many organizations do not provide an environment in which leaders can practice new skills, try out new behaviors, and observe their impact. In most cases, the price for making mistakes is so high that new leaders and managers opt for routine actions.

Without such practice and without failure, it is difficult for leaders to learn how to be effective. The experience of failure, in some cases, may be a defining moment in the development of a leader (George, 2009). The question is, therefore, what are the obstacles to becoming an effective leader? Aside from different levels of skills and aptitudes that might prevent a leader from being effective, several other obstacles to effective leadership exist:

- First, organizations face considerable *uncertainty* that creates pressure for quick responses and solutions. External forces, such as voters and investors, demand immediate attention. In an atmosphere of crisis, there is no time or patience for learning. Ironically, implementing new methods of leadership, if they are allowed, would make dealing with complexity and uncertainty easier in the long run. Therefore, a vicious cycle that allows no time for the learning that would help current crises continues. The lack of learning and experimentation