Case study

Leadership theory and practice: a "case" in point

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Abstract
Leadership theory has little value if it cannot be applied to real world situations. A summary review of the literature on leadership theory is provided here first. A disguised real case concerning Ted Shade, a Vice-President at Galactic Chips, Inc. is then provided which describes a manager who is extremely task-oriented. The case analysis follows. It includes questions and answers which connect leadership theory to case specifics and requires learners to analyze the case using differing leadership models.

(*Editor's note.* Though this issue of *Management Decision* is intended to explore various issues related to leadership decisions, there are three reasons why this case study and the related discussion is included:

1 The case provides brief summaries of major groups of leadership theories for the benefit of readers who are not familiar with them.
2 The case provides insight into staff member reactions to a manager's leadership style and the manager's self-perception. It thus shows how the norms and other thoughts in a manager's mind influence leadership decisions and resulting behavior, and the influence they have on staff members.
3 Teaching leadership decisions can be enhanced with cases, even if the leadership behavior(s) are so bad as to be almost absurd.)

Introduction

There is an age-old debate that we, like many other management instructors, love to engage our students in; are leaders naturally born or can anyone be trained to become a leader? Although this discussion sometimes takes on a tenor similar to the question "which comes first, the chicken or the egg" it is an important discussion because it requires students to first define leadership, then to connect their definition to theories from the literature, and lastly to determine whether the theories have practical application. More specifically, students are confronted with the issue that if leadership is a competency, that is, if leadership can be learned, then which theories make the most sense to learn and how can these theories then be taught as foundations for decisions affecting leadership behavior and actions. Leadership theories would have little value if they could not be applied to real world situations.

An overview to leadership theory

Organizations are increasing their reliance on employee involvement because their success depends on the firm's ability to harness employee skills and knowledge. In order to remain competitive these companies must nurture employees and encourage their initiative. These companies must nurture employees and encourage their initiative. This proactive climate requires more than just traditional managers – it requires managers who also are leaders – who can help develop employees and instill a sense of commitment and engagement.

While many people use the terms "manager" and "leader" interchangeably, they refer to different functions. A manager is appointed by the organization and is given formal authority to direct the activity of others in fulfilling organization goals. A leader is a person who influences others because they willingly do what he or she requests. A leader can be appointed formally by an organization or may emerge informally as "the people's choice." A leader can be a manager, but a manager is not necessarily a leader. If a manager is able to influence people to achieve company goals, without using his or her formal authority to do so, then the manager is demonstrating leadership.

The key point in differentiating between these two concepts is the idea that employees willingly do what leaders ask – or follow leaders – because they want to – not because they have to. Leaders may not possess the formal power to reward or sanction

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performance; however, followers give the leader power by complying with what he or she requests. On the other hand, managers may have to rely on formal power to get subordinates to accomplish goals (Barnard, 1938).

Leadership is the ability to influence people toward the achievement of a common goal. Early leadership theories were content theories, focusing on "what" an effective leader is, and not on "how" to effectively lead. Leader trait and behavioral theories tried to identify these characteristics and behaviors.

Trait theories

In the 1920s and 1930s, research focused on trying to identify the traits that differentiate leaders from non-leaders. The goal was to identify sets of traits to assist in selecting the right people for positions requiring effective leadership. None of the six traits that were found to be associated with leadership (drive, the desire to lead, honesty and integrity, self-confidence, intelligence, and job-relevant knowledge), however, consistently distinguished leaders from followers (Kirkpatrick and Locke, 1991). A major reason for the failure of trait theories is that they do not take into account leader-subordinate interactions or situational conditions.

Behavioral theories

The intention of the behavioral theorists was to identify determinants of leadership so that people could be trained to be leaders. Studies conducted at the Ohio State University, and the University of Michigan identified two behavioral dimensions that point to two general types of leader behaviors. The first – consideration, or employee orientation suggest emphasis on employee's feelings and interpersonal relationships. The second – initiating structure, or production orientation – suggested a focus on tasks to achieve goals. Research findings on which dimension is most important for satisfaction and productivity were inconclusive. However, employee oriented leaders appeared to be associated with high group productivity and job satisfaction.

Another approach to leader behavior focused on identifying the best leadership styles. Work at the University of Iowa identified democratic (participation and delegation), autocratic (dictating and centralized) and *laissez-faire* styles (group freedom in decision making). Research findings were also inconclusive.

The dimensions identified at University of Michigan provided the basis for the development of a managerial style grid based on the dimensions; concern for people and concern for production (Blake and Mouton, 1964). Five styles were identified:

1 impoverished leader;
2 task management;
3 middle of the road;
4 country club management; and
5 team management.

Managers who scored high on both these dimensions simultaneously, labeled team management, performed best (Wren, 1994).

These theories failed as it became apparent that appropriate leader types are moderated by situational constraints. Contingency and transformational theories of leadership dominate current leadership thinking (DuBrin, 1998).

Contingency leadership

The Fiedler model (Fiedler et al.*, 1994)*

This first comprehensive contingency model proposes that effective group performance depends on the match between the leader's style of interacting with subordinates and the degree to which the situation allowed the leader to control and influence.

Building on the findings from behavioral approaches, Fielder suggested that leadership styles were either relationship or task oriented. He created the least-preferred co-worker (LPC) questionnaire for managers to complete, to measure their leadership styles. Respondents were asked to describe the co-worker with whom they have worked that they liked the least by responding to a list of adjectives. If the least preferred co-worker is responded to in relatively positive terms (high LPC score), the style is labeled "relationship oriented." If the co-worker is described in relatively negative terms (low LPC), the style is labeled "task oriented". Fiedler believed that a person's leadership style was fixed, and that the right style needed to be matched with the right situation. Fiedler suggested three contingency variables for defining situations:

1 *Leader-member relations:* the degree of confidence, trust and respect subordinates have for their leader.
2 *Task structure:* the degree of formalization and standard operating procedure in job assignments.
3 *Position power:* the leader's influence over power-based activities such as hiring, firing, discipline, promotions, and salary increases.

Each leadership situation resulting from these contingency variables could be classified as "very favorable," "favorable," and "unfavorable" for the leader.

Task-oriented leaders tended to perform better in situations that were very favorable or very unfavorable. Relationship-oriented leaders performed better in moderately favorable or moderately unfavorable situations. Because leadership behavior is fixed, according to Fiedler, effectiveness could only be improved by restructuring tasks or changing the amount of power the leader had over organizational factors such as salary, promotions, and disciplinary action.

While this model has had some success, it also has notable weaknesses. Additional contingency variables are needed to describe situations, and the one's that are used are complex. The least preferred coworker (LPC) and assumed similarity between opposites (ASO) measures are difficult to understand, and the LPC and ASO scores are not stable over time (unreliable). Also, people can change their style. The value in this theory though is its pioneering attempt to create a fit between leader style and situation.

Path-goal theory (Bass, 1990)

Based on the expectancy theory of motivation, path-goal theory suggested that it's the leader's job to assist followers in attaining goals, and to provide direction and support needed to ensure that their goals were compatible with the organization's. Effective leaders clarify the path to help their followers get from where they are to achieving their goals and making the journey easier by reducing roadblocks and pitfalls (expectancy and instrumentality linkages).

A leader's behavior is acceptable to subordinates when viewed as a source of satisfaction, and motivation when need satisfaction is contingent on performance. The leader facilitates, coaches, and rewards effective performance. There are four possible leader behaviors:

1. *Directive:* lets subordinates know what is expected of them, schedules work, and provides guidance regarding task accomplishment.
2. *Supportive:* is friendly and demonstrates concern for employee needs.
3. *Participative:* consults with subordinates and uses their suggestions before making a decision.
4. *Achievement-oriented:* sets challenging goals and expects subordinates to perform at their best.

Path-goal theory assumes that leaders are flexible and that they can change their style as situations require. The theory proposes two contingency variables that moderate the leader behavior-outcome relationship:

1. *Environment:* outside the control of subordinates-task structure, authority system and work group; and
2. *Subordinate characteristics:* locus of control, experience and perceived ability.

Environmental factors determine the type of leader behavior required if subordinate outcomes are to be maximized; personal characteristics of subordinates determine how the environment and leader are interpreted. Research has demonstrated that employee performance and satisfaction are likely to be positively influenced when the leader compensates for the shortcomings in either the employee or the work setting.

Leader participation model

Field and House (1990) and Vroom and Yetton (1973) related leadership behavior and participation to decision-making. The leader participation model is normative, providing a set of sequential rules to determine the form and amount of participative decision making in different situations. The model is a decision tree, requiring yes and no answers that incorporates seven contingencies about task structure and five alternative styles. The revised model, Vroom and Jargo (1988), extended contingency variables to 12. Research indicates that the model is a good tool for determining the optimal degree of employee participation in decision making.

Comments on contingency leadership

The managerial lesson from these theories is that there doesn't appear to be one best leader behavior that is appropriate across situations. However, the question surfaces as to whether these are theories of leadership or management? Do they explain why employees follow, or do they prescribe the correct behavior for different situations? In an effort to explain the "follower-ship" phenomenon, the section that follows reviews the theory on leader types.

Attribution theory and charismatic leadership theory (Yukl, 1994; Conger and Kanungo, 1998)

Attribution theory is a theory that suggests a particular way of understanding the judgments people make about behavior. The attribution theory of leadership proposes that leadership is merely an attribution that people make about other individuals. Regardless of situation, people tend to judge people high in task and high in relationship behavior as the best leaders. The perception of effective leaders is that they are consistent and unwavering in their decisions.

Charismatic leadership theory has its roots in attribution theory and suggests that followers make attributions of heroic or

extraordinary leadership abilities when they observe certain behaviors. Charismatic leaders have certain traits and characteristics including self-confidence, vision, ability to articulate the vision, strong convictions about the vision, behavior that is out of the ordinary, and environmental sensitivity.

Research has demonstrated that charismatic leadership correlates significantly with follower performance and satisfaction. People working for charismatic leaders are motivated to exert extra effort and, because they like their leader, express greater satisfaction. Research also demonstrates that people can be trained to display more charismatic traits such as maintaining eye contact, having a relaxed posture, and animating facial expressions.

Charismatic leadership may not always be needed to achieve high levels of performance. It is most appropriate when employees' tasks have an ideological component. In fact, this leadership style can become a liability when an organization is in crisis and needs a dramatic change. The charismatic leader's self confidence may render him or her unable to listen to others and uncomfortable with challenging assumptions.

Visionary and transformational leadership theory (Hughes et al.*, 1999)*

Visionary leadership goes beyond charismatic leadership by its ability to create and articulate a realistic, credible, and attractive vision for the future of the organization that improves upon the present situation. This vision energizes followers to engage all of their skills, knowledge, and abilities to make the vision happen.

A vision taps people's emotions, has clear imagery, and is the "glue" that holds organizational members together. Visionary firms have been found to outperform comparison companies six-fold on standard financial criteria, and their stocks outperformed the general market by fifteen times (Hughes *et al.*, 1999).

The key properties of a vision are inspirational, and value-centered. The visionary leader can articulate the vision and direct employees in innovative ways to meet the challenges of the future. Once the vision is articulated, visionary leaders display three qualities:

1 ability to explain the vision to others;
2 ability to express the vision verbally and through behavior; and
3 ability to extend or apply the vision to different leadership contexts.

Bill Gates has been called a visionary leader and has articulated a very clear vision:

> A computer on every desktop and in every home.

To fulfill this vision, employees are provided with the resources and goals necessary to challenge their creativity by developing user-friendly practical software.

Transactional versus transformational leadership

Transactional leaders, such as those identified previously in contingency theories, guide followers in the direction of established goals by clarifying role and task requirements. However, those who are charismatic and visionary can inspire followers to transcend their own self-interest for the good of the organization. Transformational leaders pay attention to the concerns and developmental needs of followers, help them look at old problems in new ways, and are able to excite and inspire followers to achieve goals. The transformational leader has charisma but differs from the charismatic leader in that he or she encourages subordinates to question established views including those of the leader.

Overall research evidence (Hater and Bass, 1988) indicates that transformational leadership, when compared to transactional leadership, is more strongly correlated with lower turnover rates, higher productivity, and higher employee satisfaction. Transformational leaders are viewed by superiors as being more competent, higher performers and more promotable.

This discussion has focused on leadership as a personal characteristic that impacts others regardless of task or situation. Perhaps transactional leadership or those processes discussed in contingency theories are really focusing on being a good manager – matching behavior to situations. The charismatic, visionary, and transformational leaders behave as such because they inspire or excite individuals to perform based on their belief in the person, his or her viewpoint, and/or vision for the future. These types of leaders are relevant to today's workplace which is characterized by flexibility, change, and innovation. While it is important to have people with the appropriate orientation defining tasks and managing interrelationships, it is even more important to have individuals lead who can bring organizations into futures they have not yet imagined. This is the essence of creating and sustaining competitive advantage.

Case method and instruction

As used within education, case study is a pedagogical method based on inquiry into or research about a real-life or true-to-life situation (a "slice of life" so to speak). This situation usually contains an in-depth description which usually details a critical decision facing key organization members. The inherent problems (or some times the lack of such problems) are usually complex enough to require students to bring a great deal of past experience and text-driven knowledge to bear so as to provide a range of satisfactory answers.

The case study method of instruction has been most widely utilized in the academic disciplines of business, education, and medicine. This certainly does not mean, however, that its use has been confined to these disciplines, since the case method has been employed by a rather vast array of academic fields (including anthropology, political science, psychology, sociology, etc.) examining a host of varied situations.

As to the case method's effectiveness as an instructional instrument, it has been widely accepted as a training tool for decision making (Willings, 1968). The Harvard MBA program is taught completely from the case method and many schools of business rely heavily upon this instructional technique. The case method has been recognized by AACSB as an appropriate research vehicle (when the teaching note is included with the actual case), a rather drastic change in attitude toward that method from Allen's (1981) study which noted that case writing carried the same low weight with deans of colleges of business as:

> ... papers presented at regional meetings ... articles in non-refereed journals, ... and book reviews.

In terms of corporate management development, Carroll *et al.* (1972) surveyed 117 training directors as to their opinion as to the relative effectiveness of different training techniques and found that the case method (as compared with the lecture method, conferences, business games, films, programmed instruction, role playing, sensitivity training and television lecture) was highly rated in teaching problem-solving skills, imparting knowledge, and participant acceptance.

Critics of the method, as reported by Campbell *et al.* (1970), felt that this method is not useful for learning general principles of management and that the lack of guided instruction that normally characterizes the group process inherent in the case method is detrimental to the learning experience. Argyris (1980) uncovered several faults with the case method:

- most trainers dominate the classroom by advocating positions so as to control the learning process; trainers often get to reduce the confrontation atmosphere so as to save face for participants and themselves;trainers' behaviors are inconsistent with training objectives in that although there are not right and wrong answers some trainers do take positions and give answers; and
- trainers select views in a way that suggests a "better" or "worse" method although there are supposedly numerous views possible via the case method.

Notwithstanding the case method's limitations, the widespread use of the method comes from the case method's high degree of adaptability to both varied situations and to varied pedagogical needs.

The case of Ted Shade

(This scenario description is an adaptation of a much more detailed case write-up of a real situation. The corporation and individual names have been changed to provide confidentiality.)

Ted Shade is Vice President of Supplier Management at Galactic Chips, Inc. Supplier Management is an important segment of the manufacturing organization, responsible for supplier negotiations and monitoring of the parts supply that is so critical to effective manufacturing. Recently Ted Shade described his leadership style with these words:

> I have an open-door policy. If a person has an issue, they can always come in and see me; they don't have to go through channels. However, I don't like to wave people in if they're passing by because I don't want to waste their time.

Still, David Ming, Senior Vice President of Operations, considers Ted's operation, which reports to him, a problem. "I don't know what to do with Ted" he said, when he discussed Ted with the VP of Human Resources.

Company background

Located in the New York metropolitan area, Galactic Chips, Inc. is a small manufacturer of microchips for diverse specialty products such as personal computers (PCs), printers, fax machines, telephones, and submarines which had grown rapidly since it was formed in the early 1970s by Patrick Rivers.

From the beginning, Rivers' vision was to create and maintain an organizational commitment to satisfying customer needs,

staying on the cutting edge of technology, and fostering mutual respect among and between employees. Under his leadership, the company grew to a comfortable $150 million in annual revenues over a 25 year period, before he sold a large part of the company. He relinquished CEO responsibilities to a new, externally recruited executive because he wanted to spend more time with his family and felt that "new blood" should take over to further grow the business. Rivers remained Chair of the Board of Trustees. The new CEO's leadership style was rather autocratic and thus drastically different from Rivers' much more participative approach. Morale plummeted and, over the next three years, Rivers regularly heard complaints from employees. Revenues and profits also dropped, gradually at first and then more briskly; Galactic was no longer keeping pace with the swiftly changing dynamics of the chip industry. The board strongly requested that Rivers return as CEO, and he accepted this new challenge.

Organizational assessment

Rivers moved on all fronts. He asked the respective vice presidents for assessments of the market strategy and opportunities, product comparisons with those of competitors, and operations effectiveness. From the Vice President for Human Resources, Alex Donovan, he requested an analysis of morale, attitudes, and culture.

Donovan immediately pointed out that many managers needed to hone their interpersonal skills. He recommended coaching and counseling by an industrial psychologist for managers who wanted such assistance and suggested that some managers should be urged, possibly strongly, to participate. One of these was Ted Shade, the Vice President of Supplier Management, whom David Ming considered a "problem".

Shade's background

Ted Shade is a 49 year old white male, who was born and raised in Abilene, Texas. His father was an oil field mechanic who died of a massive heart attack when Ted was 16. His mother, a school lunchroom attendant, was left to raise Shade along with his older brother and sister. Before he graduated McMurray College, a Methodist institution, he lost his brother to an illness and his sister in an accident. Despite the traumatic impact on him, Shade managed to complete both his undergraduate program and a Master's degree in Chemistry at Virginia Polytechnic Institute. Following this, Shade served as a Second Lieutenant for three years in the US Army; he was an environmental and chemical supervisor of nerve gas. He pointed out:

> I like my work ethic, my Texas heritage, and the fact that I'm tall.

After leaving the military, he went to work for Texas Instruments (TI) as a production supervisor. Shade was in charge of 30 operators who primarily made silicon wafer chips. "TI was a burnout company," he pointed out:

> ... most supervisors and managers were exposed to great stress, but TI would help by facilitating transfers, and in other ways.

In 1980, Shade left TI and took a position as a wafer fabrication manager at Galactic. He was impressed with his first boss though he was not well organized and a "shouter" who berated subordinates even for small errors "He got things done," Shade remarked. At that time, Galactic was riding the crest of the PC wave; orders were coming in faster than it seemed that they could be met. Still, somehow they were, despite the fact that most departments appeared to Shade to be very laid back.

Galactic was also under a great deal of pressure to get newly designed chips out to the customer. They were also beginning to have some quality problems and needed to deal with the resulting customer concerns. As Ming, the Vice President of Operations saw it, Shade was always there. He helped get the chips manufactured and met the customers' deadlines. He also helped in resolving the customer complaints. Shade would show up early in the morning before the third shift left to get feedback from the night's production, and he would stay very late at night to help the production supervisors on the second shift, working most Saturdays, and when needed even Sundays. Ming remembered that people used to joke at the time about Ted being married to a saint since he hardly ever saw the wife and kids. Looking back at those years, Shade said:

> I didn't spend enough time with my two daughters as they were growing up ... Now it's too late. They're grown up and have their own lives.

When the VP of manufacturing position opened up, David Ming recommended to Pat that it be given to Ted.

Just before Rivers took over at Galactic again, five supervisors from supplier management quit their jobs in just three months. Human resource management (HRM) staff conducted exit interviews. Ming described the results:

> We were surprised to hear some of the reasons. We had always assumed people were

leaving for promotional opportunities or compensation, but we discovered that it had more to do with the quality of leadership and the enormous job stress they were feeling.

In particular, the departing supervisors said that the directors reporting to Ted and even Ted, were reprimanding them severely, sometimes even in front of their subordinates. When Ming looked at the performance reviews of these employees, they were quite good, overall. It was then decided that HRM would interview all of the employees in Shade's operation. He concurred willingly.

Results of employee interviews

Shade's management group received mostly negative comments from the non-exempt staff (those who were paid by the hour). The most damning responses centered on inaccessible management, which was viewed as very strict and highly authoritarian. The interviews with the exempt (salaried) employees echoed a number of the same concerns and could be summed up in this response from one of them:

> We place too much stress on objectives/goals achievement. Instead of commanding people, they should be given the support they need.

The predicament for Ming concerned what to do with Ted Shade who had given many years of loyal service and exceptional effort. After considerable soul searching, Ming promoted Chuck Richards, a younger manager who had shown considerable competence in team building and contemporary management practices, to Vice President of Manufacturing and made Shade Vice President in charge of Supplier Management, a new position leaving him at the same level as before, but with reduced responsibilities

Selected director and manager comments about Ted Shade

1. Positive comments

Ted helped me to better structure my logical thought process. He stands by his people. He supports them if they follow his advice. He really respects the people who work hard and put in long hours.

Ted's very sincere. He's also very unselfish. He has the best interests of the company in mind, even to the extent of hurting himself. I have a lot of respect for him because he is honest and not self-serving. His motives are basically good. Ted is a good soldier. He listens very well to directions and orders given to him from the top.

Ted is a technically competent person. He knows his business. He is very analytical and supportive of his people, especially when it comes to personnel decisions. He's not an unreasonable man, as long as you communicate with him and tell him when things are going to get done.

2. Neutral or mixed comments

He saw many people over in the corporate building that would come in at nine and leave at five. He thought that was wrong and spoke to their managers about it. That's probably what got him into trouble. He's really not a bad guy, but I would rather not work for him. He's too strict especially on specifications and procedures.

He's so gung-ho on work that I think he lets his personal appearance go. He takes a great deal of pride in being in at 6 am and working every Saturday.

He doesn't question management, just follows them. For example, last year there was a fifteen-percent decrease in salary across the board. He passed this information along to all his subordinates and a good rationale for the decision. Essentially he sold us on it.

3. Negative comments

At meetings he would sometimes attack people, even calling their ideas or thoughts stupid. He's very insensitive about people's feelings. He's often a nitpicker, always involved in the small details. It is often better for someone to solve a problem without going to Ted. He would be prone to blow things out of proportion. But one can truly trust him.

He doesn't act or dress like a VP. His grooming is poor. His hair is always messed up and I think he goes for months without a haircut. I don't even think he showers every day.

Meetings are terrible with him. If it's his meeting, we don't have agendas; nobody takes minutes so we don't have a record. If it's someone else's meeting, he sometimes seems to be spaced out, like he's not really there. I've heard he has even fallen asleep once at one of Pat's senior staff meeting.

He has a lot of preconceived notions about the way things should be. He usually has his mind made up, although he thinks he practices participative management.

Some people could get a "know it all" impression from him.

You need to be direct and not try to put one over on him. He many times will be unclear in what he wants. He doesn't get to the point and doesn't focus on concerns. He goes off in different directions and at times is ambiguous. This wastes a lot of time.

Ted doesn't listen very well, probably because he talks too much. And he used to curse a lot to the point where people really got turned

off. That's inappropriate for a vice president and especially in public at meetings. He also doesn't look at people when he talks with them. He seems to be preoccupied with his thoughts. He shows no interest in the person or what they are saying. People would stop him and ask him a question and he would not give them an answer.

Ted doesn't communicate well. He doesn't let his people know the systems, procedures, and policies he has in his mind.

Ted is not a good role model for me. He's not professional. He's not a people person. He's abrasive and rude. He's accusatory. He criticizes in public. He can be sarcastic. He used to curse a lot, but seems to have stopped recently. When he got mad, he used to pound his fist.

He also uses words to hurt people. For example, at a meeting with the planning group, he told them they didn't know how to forecast. How can you have respect for him when he says things like that or when he argues publicly with another vice president?

Ted uses a lot of sexist comments such as "the girls in sales" or "the little ladies in Taiwan". And when he uses e-mail, he always uses too many exclamation points! My worst experience with him was at a meeting with Marie. I had put something on hold and the next day on a conference call with some suppliers, he told the suppliers that he and the suppliers didn't have very competent people working for them and to call him personally and immediately if it happened again. I was totally embarrassed.

He's very much a chain-of-command type of person. He's very rigid on follow-ups to previous items. He has his own set of priorities and doesn't realize that the product is important. Once, he bypassed me and took one of my staff members for an important project. He never told me, but when I found out and confronted him, he said, "That's the way it is always done around here."

Ted Shade's self-view

Ted Shade met with the industrial psychologist, often on a weekly basis. They looked at Shade's personal characteristics and competencies, basic beliefs, management style, and plan for personal change.

Excerpts of Ted Shade statements during discussions with the psychologist:

I have a very conservative background. There must be rules and boundaries not only in work, but in life. Rules don't change everyday.

An organization needs to be run in a very tight manner. There can be no variance allowed. You can't do a 99 per cent job. It must be 100 per cent because if you have 1 per cent error, and you have 300 steps in a manufacturing project, you can see the amount of resulting compounded error. We need to draw a line in the sand and tell those people who stand for quality to come over to this side and the rest can just go away.

"Teamwork" is like apple pie and motherhood. How can anyone be against it? But it is not just a statement; it must be ingrained within the entire organization. But the organization needs to first identify what the team is then let it operate. Don't force it. You need a team to identify what the customer/supplier needs but then, after that, do you really need the team?

In manufacturing, once the system has been set up, you can just let the people run it. You don't need teams all the time.

We need to operate like relay runners with a hand-off to someone else along the way. But we need to make certain that the hand-off is solid and a good one. We shouldn't be passing faulty designs or products along the process. It needs to be corrected immediately.

We should set up a plan to handle the problems. That's really a funny word around here "planning." Our planning is terrible. Management doesn't see the small stuff and how things get done. They are only concerned with the results.

At Galactic, people tend to abuse other people. They beat the heck out of them. That's why there are unions. Unions are there to constrain people policies.

Everyone here in Building 80 (the headquarters building) is very formal. Over in Building 35 (the manufacturing plant) it is really informal. When I was there, I organized a Friday afternoon softball game. Everyone showed up. We had a number of teams and other people just came to watch. It was a lot of fun. But here, when I tried to organize one, I had to send out a memo and get it cleared with a lot of people who didn't care. After awhile it became too much and we stopped it. I sure miss those days when we were all in one building.

The best way of handling a problem is getting rid of people who should be let go. You can't keep deadwood. It wastes resources.

People I like working with are truly cooperative and are team players. I work well with team players who get their hands dirty. I like people who have a positive attitude, who don't have a façade and are honest. I like people who have a natural ability that they have obtained either through training, experience, or that is part of their personalities.

What I dislike about myself is that I am overweight and didn't spend enough time with my kids. As a manager, I dislike that I

show my frustrations easily. I'm quite open and people can read me like a book.

Three things I would like to change about myself are my ability to communicate and work with my kids better; being able to accept other peoples' shortcomings and walk away from them without getting upset; and never have to worry about my weight.

I really prefer communicating with others via e-mail. I don't like speaking to people one-on-one. I don't know what it is; I just feel more comfortable sending them a message. Also, I have a hard copy saved just in case someone says I never told him or her. You can't do that with oral communications. If it's in black and white, they can't say I didn't understand or I wasn't listening. There are no excuses.

If I were to do a performance evaluation on myself, I would criticize me as not working well with "children". In other words, those people who are not very bright. Also, I know people say I don't work well with others in the company, but I disagree with that. I work well with others if they work well with me. You know I haven't seen many people change in this company. It is difficult to change people from black to white.

Case analysis

As the main character in the case, Ted shade is portrayed as a dedicated managerial employee who works conscientiously and ardently for his company. However, his rather poor leadership style has contributed extensively to turnover and low employee morale.

The case description offers many clues to how a manager can maintain and develop effective leadership practices.

For the purpose in this issue, only two questions are raised and discussed below that students could be asked to consider and a brief discussion follows each one. These two questions focus specifically on leadership issues:

1 Briefly analyze Ted Shade's behavior as a manager – does he seem to demonstrate leadership characteristics?
2 Describe Ted Shade's leadership style employing trait, contingency, path-goal and transformation leadership theories. Do these models help to understand Ted Shade's management problems?

Discussion of the case in a management class is likely to be enhanced by including David Ming, Ted's superior, in the these two questions, and with additional questions such as:

- What human relation skills are needed in this type of work environment? Does Ted Shade have these skills?

Or, even more specific questions such as:

- Given Ted Shade's work behavior, determine if Ming can re-engineer either the man or a job to create a better employee-task fit.
- Discuss the organization's tendency to tolerate Ted Shade's and others' ineffective leadership style. Is this a function of David Ming's personal management style or does it indicate more systemic problems?

Now, to the two questions that will be discussed here (as they would appear in the instructor's guide for the case):

1. Briefly analyze Ted Shade's behavior as a manager – does he seem to demonstrate leadership characteristics?

Ted Shade was a technical specialist, trained as a chemist, served in the military, and was first hired at TI as a wafer fabrication supervisor. His first exposure to broader management responsibilities, outside the military, was at Galactic where he found himself in a highly stressful environment under a tough disciplinary style of management. Managers who met scheduled deadlines wrote their own ticket and rose through the ranks, including Ted Shade. Ted was eventually appointed as the VP of manufacturing and given formal authority to direct the activity of others in fulfilling organization goals.

In light of the comments that were made about him and even his self-view, Shade does not seem to share characteristics with successful leaders. As a manager, his performance was considered to be quite good, but he achieved the favorable results primarily with the use of his disciplinary powers. He seemed to be ineffective as a leader in that he was unable or incapable of influencing and empowering others to accomplish their goals. His methodology for influencing others, not surprising given his prior work experiences, seemed to be punitive in nature and his ability to communicate with his staff was minimal. While he appeared to be highly organized, hard working, and technically competent, he lacked the people-skills necessary in order to create a team environment and positive employee morale. His staff members did not perceive him as a good role model and they questioned his selection as a vice president.

It appears that Ted Shade did not have much knowledge of leadership concepts or what can be learned from the leadership

research and the theories that sprung from them. He did not seem to give much thought to what he should consider when he made his day-to-day decisions so he would help his staff members work smarter rather than harder – by helping them develop greater competence – and so they would gain higher levels of satisfaction from their work:

> 2. Describe Ted Shade's leadership style employing trait, contingency, path-goal and transformation leadership theories. Do these models help to understand Ted Shade's management problems?

As can be seen from the discussion below, knowledge of these theories could have helped Ted Shade gain broader perspective on his behavior and on the issues that should influence his decisions – especially those that pertain to his relationships with staff members.

From the perspective of trait theory Ted is not a good leader and he knows it. He could be rated quite highly on drive, honesty, and intelligence but seems to lack the desire to lead, integrity, self-confidence, and job-relevant knowledge.

When his actions are rated on the basis of behavioral theories Ted clearly comes across as production oriented and autocratic. The job always got done, even if Ted had to work late hours and weekends and berate and verbally abuse his employees in order to get them to work harder and meet deadlines. He clearly does not work well with others and does not seem to understand the value of a democratic, considerate leader.

Employing the Fiedler contingency model results in the following findings. Ted Shade describes his co-workers and employees in a very negative manner and would therefore probably receive a low score on the least-preferred co-worker (LPC) questionnaire. Given Shade's low LPC score, his leadership style would be labeled as "task oriented." A task-oriented leader is appropriate, according to Fiedler, when the three contingency variables (leader-member relations, task structure, and position power) create very favorable, and also very unfavorable managerial situations.

Leader-member relations

Given the comments of Ted Shade's staff members and the fact that Ted has described his current dealings with his associates as being very formal and poor in nature, one could classify these relationships as very unfavorable.

Task structure

The task structure of Ted's staff members is not described in the case. However, it has to include supplier capacity, delivery dates, and final destination of the purchased products. Production and the manufacturing cycle of microchip involves highly stressful activities as a result of the time pressures. It can therefore be assumed that the task is fairly structured.

Position power

Ted Shade's power position within the organization has recently decreased (change in job title and reduction of duties) dropping his relative position power within the organization from managing five division to managing just one position. His is still a vice president, however, and is still two levels down the hierarchy from the president and therefore holds a strong power position within the firm. Inasmuch as he thinks that "... You can't keep deadwood. It wastes resources." It would appear that Ted would fire his "lazy" workers if he had the authority to do so. Given this lack of authority his position power has to be rated either as unclear or slightly favorable.

In summary, leader-member relationships are very unfavorable, task structure is favorable and position power is unclear, leaning toward favorable.

The cumulative effect of the three variables is that Ted Shade is managing in a "mixed" (between favorable and unfavorable) situation – a situation that calls for, according to Fiedler, a relationship oriented leader. Fiedler's theory, given the fixed nature of leadership, leads to the conclusion that Ted's effectiveness can only be improved by changing the amount of power the leader has over organization factors such as salary, promotions and disciplinary action or by moving him into a leadership position that better matched his style of leadership.

This analysis highlights an inherent weakness of Fiedler's leadership contingency theory in that the option of management development (training Ted Shade in differing approaches to leadership) is not an option under Fiedler's approach. Ted Shade would have to either be removed from the organization completely (fired) or demoted to a position in the organization where his behaviors would have a more benign effect. However, one could argue that a task-oriented leader was necessary in a pressure-packed environment where the increasing demand for the product seemed to outstrip the company's capacity to produce it and where the higher level managers seemed to take a laid back, hands off approach. Given the consistent amount of employee overtime, stress, lack of planning, and the absence of rules, it is not surprising that an executive

such as Ted Shade would have tried to impose more structure in what seemed to be a chaotic situation. It is not likely, however, that he did so based on an analysis of the situation, and with deliberate decisions, rather than as emotional reactions to situations as they presented themselves.

It is interesting to note that the application of House's path-goal leadership theory leads to a differing set of analyses. In the path-goal theory, the leader's job is to modify his or her style of leadership in order to assist followers in attaining goals, and to provide direction and support needed to ensure that their goals are compatible with the organization's vision (Bass, 1990). This differs from Fiedler's theory which treats leadership style as a fixed or "given" in the leadership equation. For House, a leader's behavior is acceptable to subordinates when viewed as a source of satisfaction, and motivational when need satisfaction is contingent on performance, and the leader facilitates, coaches and rewards effective performance.

It is apparent from the case that Ted Shade's leadership style could at best be described as achievement-oriented since he set challenging goals and expected subordinates to perform at their highest levels. It is also obvious from the case that the staff members were highly dissatisfied with Ted Shade's leadership style given their perceptions of their own abilities to do the job, coupled with their work experience – they wanted more control of their work environment.

Second, the highly stressful nature of the work environment (caused by the need to meet production schedules as dictated by industry competitiveness), as described by the subordinates, necessitated providing emotional support (empathy). Since employee performance and satisfaction are likely to be positively affected when the leader compensates for the shortcomings in either the employee or the work setting, Ted Shade's leadership style needed to be more supportive to defray the stress in the work environment. The application of path-goal theory to the case yields far more interesting results than those derived from applying Fiedler's contingency theory – it gets at the nature of the problem associated with Shade's leadership style, specifically Shade's lack of people skills.

Transformational leadership, the ability to create and articulate a realistic, credible, and attractive vision for the future of the organization that improves upon the present situation, is certainly not evident in Ted Shade's behavior and actions. The CEO of the company had a vision of "to create and maintain an organizational commitment to satisfying customer needs, staying on the cutting edge of technology, and engendering a mutual respect among and between employees", however, his departure and subsequent return did not engender inspiration or a particular value system.

One may question the applicability of transformation leadership theory to managers below the CEO – like Ted Shade – who else but the CEO should articulate the vision of the firm? This introduces an excellent discussion point, as articulated by Lussier and Achua (2001), that leadership should focus on accomplishments because they are the key to leadership. That, then shows that "transformational leaders can emerge from different levels of the organization" (Lussier and Achua, 2001, p. 382) since they try to transform the organization (or the part they particularly are involved with) through trust, sensitivity to others' needs, and risk-taking in order to increase organizational performance.

Out of the leadership theory jungle

It is apparent from the discussion in Question 2 that different leadership theories may yield varying results making it more difficult for managers to bridge the gap between leadership theory and practice. Managers must accept the notion that theories, by definition, are imperfect. There is no one best leadership theory, no magic bullet that will produce optimum leadership conditions. Consequently managers must use their own experience and training not only to analyze their situations from a range of theoretical perspectives but to use this experience and training to select the solution strategy that best fit's the situation at hand.

The way out of the leadership theory jungle is not an easy task but it requires managers to:

> . . . take a walk in the jungle, get lost, learn how the read the signs, and finally discover the way out.

In other words, managers must:

- first, learn about leadership theories;
- second, reflect on, but not be overwhelmed by the number of theories and the fact that they, in many cases, contradict one another;
- third, use their own experiences and judgment to try to make sense out of the amalgam of theories; and
- fourth, use leadership literature (those theories that have meaning for them and their work situation) to analyze and change their work environment.

Concluding comments

We hope that we have demonstrated that, through case analysis, learners can develop the foundation for bridging the gap between leadership theory and practice. We have shown that the application of leadership theory to practice can be used to enhance leadership decisions and bring leadership behavior that is more competent, and appropriate for the environment and the respective situation. Managers, with some training, should be able to develop a set of questions or guidelines (see Rausch and Washbush, 1998) that can help them analyze their own and their firm's leadership styles and approaches based upon the leadership literature.

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