CHAPTER 5 Contingency and Situational Leadership

**LEARNING OBJECTIVES**

After studying this chapter and doing the exercises, you should be able to

* • Describe how the situation influences the choice of leadership objectives. Present an overview of the contingency theory of leadership effectiveness.
* • Explain the path-goal theory of leadership effectiveness.
* • Explain Situational Leadership® II (SLII).
* • Use the normative decision model to determine the most appropriate decision-making style in a given situation.
* • Explain the basics of leadership during a crisis.
* • Explain how evidence-based leadership can contribute to contingency and situational leadership.

**CHAPTER OUTLINE**

**Situational Influences on Effective Leadership Behavior**

**Fiedler's Contingency Theory of Leadership Effectiveness**

Measuring Leadership Style: The Least Preferred Coworker (LPC) Scale

Measuring the Leadership Situation

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Evaluation of Fiedler's Contingency Theory

**The Path-Goal Theory of Leadership Effectiveness**

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Basics of SLII

Evaluation of SLII

**The Normative Decision Model**

Decision-Making Styles

Contingency Factors and Application of the Model

**Leader-Member Exchange (LMX) and Contingency Theory**

**Leadership During a Crisis**

**Evidence-Based Leadership for the Contingency and Situational Approach**

**Summary**

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**Guidelines for Action and Skill Development**

**Leadership Case Problem A**

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**Notes**

**I**n March 2013, Michigan governor Rick Snyder appointed Kevyn Orr as emergency manager of Detroit for an eighteen-month term to help resolve the city's overwhelming problems. Detroit had a history of political corruption, bribery, and sex scandals. The city's population shrank from 1.8 million in 1950 to 700,000 in 2013. Detroit led the United States in violent crime. Many parts of the outer city looked to be bombed out, with approximately 66,000 vacant lots, and 78,000 abandoned or distressed buildings, many of which were used as drug houses. A four-bedroom house in the inner city could be purchased for $7,000. City debt had reached $18 billion.

   Orr, a graduate of the University of Michigan Law School, had been a bankruptcy attorney for many years including working on Chrysler's bankruptcy in 2009. Orr admitted he had dictatorial powers as an emergency manager but he said he was going to be a benevolent dictator. Five months after Orr's appointment, Detroit filed for bankruptcy, and he regarded the decision as the beginning of the rebirth of the beleaguered city. He talked about other cities, such as Miami, Washington D.C., that rebounded from adversity in major sections of the metropolitan areas.

   Orr exuded optimism and energy as he talked about his plans to work Detroit out of bankruptcy before his term expired. He admitted that Detroit had horrendous problems, as reflected in his quip, “You can't have 20-year-old oak trees growing through the roofs of houses and not notice that there's some blight.” Yet Orr also pointed to pockets of optimism about the city. He referred to people in their 20s who are launching high-tech firms, restaurants, and rehabbing abandoned or blighted buildings. Venture capitalists and private foundations were investing billions in downtown. Dan Gilbert, the chairman of Quicken Loans, moved company headquarters to Detroit in 2010. He also attracted eighty-five other companies to downtown through a program that provides office space for startups.

   A key part of Orr's strategy for revitalization was the Detroit Future City plan created by public officials, community groups, and philanthropists to undo blight, and improve lighting and public safety in six demonstration districts. The hope is that improvements in one neighborhood become contagious. Despite the city's crippling debt, Orr proposed a $1.25 billion investment in the city over the next decade. At the same time, he is trimming costs through such measures as privatizing refuse collection and negotiating for lower pension payments to city retirees.

   Although candid about the dreadful corruption and misjudgments of the past, Orr points his stakeholders toward a brighter future. He says that Detroit has been given a second chance that should not be wasted. “This is our opportunity for a great All-American city to show what it really is,” he says.[**1**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8798)

   The story about the emergency manager of a troubled city illustrates an increasingly important leadership task: leading people through a crisis. Leadership of this type is a special case of the general subject of this chapter—adjusting one's approach to the situation. Contingency and situational leadership further expand the study of leadership styles by adding more specific guidelines about which style to use under which circumstance.

   In this chapter, we present an overview of the situational perspective on leadership. We then summarize four classic contingency theories of leadership: Fiedler's contingency theory, path-goal theory, the situational leadership model, and the normative decision model. We also explain how a more contemporary theory, the leader-member exchange, contributes to understanding the contingency perspective. In addition, we describe crisis leadership because leading others through a crisis has become a frequent challenge in recent years. Finally, we describe how evidence-based leadership and management contribute to the contingency approach.

Situational Influences on Effective Leadership Behavior

The situation can influence the leadership behavior or style a leader emphasizes. The essence of a [**contingency approach to leadership**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8625) is that leaders are most effective when they make their behavior contingent on situational forces, including group member characteristics. Both the internal and the external environment have a significant impact on leader effectiveness. For example, the quality of the workforce and the competitiveness of the environment can influence which behaviors the leader emphasizes. A manager who supervises competent employees might be able to practice consensus leadership readily. And a manager who faces a competitive environment might find it easier to align people to pursue a new vision.

   A useful perspective on implementing contingency leadership is that the manager must be flexible enough to avoid clinging to old ideas that no longer fit the current circumstances.[**2**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8805) Being stubborn about what will work in a given situation and clinging to old ideas can result in ineffective leadership. The effective leader adapts to changing circumstances. For example, at one point, offering employees generous benefits might not have been motivational. In reality, with many employers having cut back on benefits such as health insurance, these benefits can actually be helpful in attracting and retaining workers.

   As mentioned in several places in this textbook, the leader needs to take into account the major situational variable of organizational culture when choosing which approach to leadership will lead to favorable outcomes. A command-and-control leadership style may not be effective in a company with a collaborative, friendly organizational culture. If the culture seems at odds with what a highly placed leader wants to accomplish, the leader may attempt to change the culture.

   Victor H. Vroom and Arthur G. Jago have identified three conclusions about the role of situations in leadership, and these findings support the model of leadership presented in [**Figure 1-2**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_002.xhtml#eid1534), [**Chapter 1**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_002.xhtml#eid392). The conclusions are geared to support the idea that leadership involves motivating others to work collaboratively in the pursuit of a common goal.[**3**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8809) We also add a fourth conclusion, focused on the organization structure.

**1. *Organizational effectiveness is affected by situational factors not under leader control.*** The leader might be able to influence the situation, yet some situational factors are beyond the leader's complete control. The manager of a prosperous, independent coffee shop might be running her business and leading her employees successfully for ten years. Suddenly, a Starbucks opens across the street, thereby seriously affecting her ability to lead a successful enterprise. She might be smart enough to have a contingency plan of offering services Starbucks cannot equal, yet staying in business will be a struggle.

**2. *Situations shape how leaders behave*.** Contingency theorists believe that forces in the situation are three times as strong as the leader's personal characteristics in shaping his or her behavior. How the leader behaves is therefore substantially influenced by environmental forces. In the face of competition from Starbucks, our coffee shop owner might now act with a greater sense of urgency, be much more directive in telling her workers what to do, and become much less warm and friendly. Her normal level of enthusiasm might also diminish.

**3. *Situations influence the consequences of leader behavior*.** Popular books about management and leadership assume that certain types of leader behavior work in every situation. Situational theorists disagree strongly with this position. Instead, a specific type of leadership behavior might have different outcomes in different situations. The leader behavior of empowerment illustrates this idea. Perhaps empowerment will work for our coffee shop owner because she has a group of dedicated workers who want their jobs and her enterprise to endure. However, empowering incompetent workers with a weak work ethic is likely to backfire because the workers will most likely resist additional responsibility.

**4. *The type of organization influences which leadership approach is best*.** Henry Mintzberg has identified the form of organization as a key situational variable influencing which approach to leadership is likely to be most effective. Two examples will suffice here. In an *entrepreneurial organization*, the key leader will engage in considerable doing and dealing as well as creating visions. In a *machine organization*, or classic bureaucracy, the leader will engage in a considerable amount of controlling.[**4**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8813)

   In this chapter, as well as throughout the book, possible situational factors are mentioned that should be taken into consideration in leading others. A general approach to being aware of all these factors is for the leader to be mindful of events in the environment. If you are *mindful*, you are sensitive to what is happening around you. According to stress researcher Jon Kabat-Zinn, you learn to pay attention on purpose to the present moment, in a nonjudgmental way, to whatever arises in your leadership situation.[**5**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8817)

Fiedler's Contingency Theory of Leadership Effectiveness

Fred E. Fiedler developed a widely researched and quoted contingency model more than forty years ago that holds that the best style of leadership is determined by the situation in which the leader is working.[**6**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8821)Here we examine how the style and situation are evaluated, the overall findings of the theory, and how leaders can modify situations to their advantage. Although this theory is no longer the subject of new research, it still provides a few useful suggestions for today's leader.

Measuring Leadership Style: The Least Preferred Coworker (LPC) Scale

Fiedler's theory classifies a manager's leadership style as relationship motivated or task motivated. Style is therefore based on the extent to which the leader is relationship motivated or task motivated. According to Fiedler, leadership style is a relatively permanent aspect of behavior and thus difficult to modify. Leaders are regarded as having a consistent style of task or relations orientation. Fiedler reasons that once leaders understand their particular leadership style, they should work in situations that match that style. Similarly, the organization should help managers match leadership styles and situations.

   The least preferred coworker (LPC) scale measures the degree to which a leader describes favorably or unfavorably his or her LPC—that is, an employee with whom he or she could work the *least well*. A leader who describes the LPC in relatively favorable terms tends to be relationship motivated. In contrast, a person who describes this coworker in an unfavorable manner tends to be task motivated. The coworker is described by rating him or her on a series of eighteen polar-opposite adjectives, such as the following:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Pleasant | 8 | 7 | 6 | 5 | 4 | 3 | 2 | 1 | Unpleasant |
| Tense | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | Relaxed |

   The leadership style measure presented in Leadership Self-Assessment Quiz 4-1 is a more direct and less abstract way of measuring your style. To repeat, the general idea of the LPC approach is that if you have a positive, charitable attitude toward people you had a difficult time working with, you are probably relationship oriented. In contrast, if you take a dim view of people who gave you a hard time, you are probably task oriented. The message here is that a relationship-oriented leader should be able to work well with a variety of personalities.

Measuring the Leadership Situation

Fiedler's contingency theory classifies situations as high, moderate, and low control. The more control that the leader exercises, the more favorable the situation is for the leader. The control classifications are determined by rating the situation on its three dimensions: (1) *leader-member relations* measure how well the group and the leader get along; (2) *task structure* measures how clearly the procedures, goals, and evaluation of the job are defined; and (3) *position power* measures the leader's authority to hire, fire, discipline, and grant salary increases to group members.

   Leader-member relations contribute as much to situation favorability as do task structure and position power combined. The leader therefore has the most control in a situation in which relationships with members are the best.

Overall Findings

The key points of Fiedler's contingency theory are summarized and simplified in [**Figure 5-1**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid7601). The original theory is much more complex. Leadership effectiveness depends on matching leaders to situations in which they can exercise more control. A leader should therefore be placed in a situation that is favorable to, or matches, his or her style. If this cannot be accomplished, the situation might be modified to match the leader's style by manipulating one or more of the three following situational variables.

   The theory states that task-motivated leaders perform the best in situations of both high control and low control. Relationship-motivated leaders perform the best in situations of moderate control. The results of many studies indicated that the relationship-motivated leader outperformed the task-motivated leader in three of the eight situations but that the reverse was true in the other five situations. The eight situations result from each of the three situational variables being classified in one of two ways (good or poor, high or low, or strong or weak), as shown in [**Figure 5-2**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid7610).

FIGURE 5-1 Summary of Findings from Fiedler's Contingency Theory.

   Task-motivated leaders perform better in situations that are highly favorable for exercising control because they do not have to be concerned with the task. Instead, they can work on relationships. In moderately favorable situations, the relationship-motivated leader achieves higher group productivity because he or she can work on relationships and not get involved in micromanaging. In very-low-control situations, the task-motivated leader is able to structure and make sense out of confusion, whereas the relationship-motivated leader wants to give emotional support to group members or call a meeting.

Making the Situation More Favorable for the Leader

FIGURE 5-2 The Eight Different Situations in Fiedler's Contingency Theory.

A practical implication of contingency theory is that leaders should modify situations to match their leadership style, thereby enhancing their chances of being effective. Consider a group of leaders who are task motivated and decide that they need to exercise more control over the situation to achieve higher work unit productivity. To increase control over the situation, they can do one or more of the following:

* • Improve leader-member relations through displaying an interest in the personal welfare of group members, having meals with them, actively listening to their concerns, telling anecdotes, and in general being a nice person.
* • Increase task structure by engaging in behaviors related to initiating structure, such as being more specific about expectations, providing deadlines, showing samples of acceptable work, and providing written instructions.
* • Exercise more position power by requesting more formal authority from higher management. For example, the leader might let it be known that he or she has the authority to grant bonuses and make strong recommendations for promotion.

Now imagine a relationship-motivated leader who wants to create a situation of moderate favorability so that his or her interests in being needed by the group could be satisfied. The leader might give the group tasks of low structure and deemphasize his or her position power.

Evaluation of Fiedler's Contingency Theory

A major contribution of Fiedler's work is that it has prompted others to conduct studies about the contingency nature of leadership. Fiedler's theory has been one of the most widely researched theories in industrial/organizational psychology, and at one time it was used extensively as the basis for leadership training programs. The model has also alerted leaders to the importance of sizing up the situation to gain control. At the same time, Fielder pioneered in taking into account both traits and the situation to better understand leadership.[**7**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8826)

   Despite its potential advantages, however, the contingency theory is too complicated to have much of an impact on most leaders. A major problem centers on matching the situation to the leader. In most situations, the amount of control the leader exercises varies from time to time. For example, if a relationship-motivated leader were to find the situation becoming too favorable for exercising control, it is doubtful that he or she would be transferred to a less favorable situation or attempt to make the situation less favorable.

The Path-Goal Theory of Leadership Effectiveness

The [**path-goal theory**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8628) of leadership effectiveness, as developed by Robert House, specifies what a leader must do to achieve high productivity and morale in a given situation. In general, a leader attempts to clarify the path to a goal for a group member so that the group member receives personal payoffs. At the same time, this group member's job satisfaction and performance increase.[**8**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8829) Similar to the expectancy theory of motivation on which it is based, path-goal theory is multifaceted and has several versions. Its key features are summarized in [**Figure 5-3**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid7649).

   The theory is so complex that it is helpful to consider an overview before studying more of the details. The major proposition of path-goal theory is that the manager should choose a leadership style that takes into account the characteristics of the group members and the demands of the task. Furthermore, initiating structure will be effective in situations with a low degree of subordinate task structure but ineffective in highly structured task situations. The rationale is that in the first situation, subordinates welcome initiating structure because it helps to provide structure to their somewhat ambiguous tasks. Instead of just flailing around, the leader provides guidance. In the situation of highly structured tasks, more structure is seen as unnecessary and associated with overly close supervision.[**9**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8835)

   In his reformulated version of path-goal theory, House offered a metaproposition, which provides a capsule summary of a dizzying amount of studies and theorizing in relation to the theory. Understanding this metaproposition would be a good take-away from the theory: For leaders to be effective, they should engage in behaviors that complement subordinates' environments and abilities. They should engage in these behaviors in a manner that compensates for deficiencies and that enhances subordinate satisfactions as well as individual and work unit performance.[**10**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8838) For example, if our coffee shop owner found that one of her workers was fearful of losing his or her job because of Starbucks competition, she would give him or her lots of encouragement and explain the survival plan of the coffee shop in detail.

FIGURE 5-3 The Path-Goal Theory of Leadership.

To achieve the outcomes of productivity and morale, the manager chooses one of four leadership styles, depending on (a) the characteristics of the situation and (b) the demands of the task.

   Two key aspects of this theory will be discussed: matching the leadership style to the situation and steps the leader can take to influence performance and satisfaction.

Matching the Leadership Style to the Situation

Path-goal theory emphasizes that the leader should choose among four leadership styles to achieve optimum results in a given situation. Two important sets of contingency factors are the type of subordinates and the tasks they perform (a key environmental factor). The type of subordinates is determined by how much control they think they have over the environment (locus of control) and by how well they think they can do the assigned task.

   Environmental contingency factors are those that are not within the control of group members but influence satisfaction and task accomplishment. Three broad classifications of contingency factors in the environment are (1) the group members' tasks, (2) the authority system within the organization, and (3) the work group.

   To use path-goal theory, the leader must first assess the relevant variables in the environment. Then he or she selects one of the four styles listed next that fits those contingency factors best:

* **1.** ***Directive style.*** The leader who is directive (similar to task motivated) emphasizes formal activities such as planning, organizing, and controlling. When the task is unclear, the directive style improves morale.
* **2.** ***Supportive style.*** The leader who is supportive (similar to relationship motivated) displays concern for group members' well-being and creates an emotionally supportive climate. The supportive leader enhances morale when group members work on dissatisfying, stressful, or frustrating tasks. Group members who are unsure of themselves prefer the supportive leadership style.
* **3.** ***Participative style.*** The leader who is participative consults with group members to gather their suggestions, and then considers these suggestions seriously when making a decision. The participative leader is best suited for improving the morale of well-motivated employees who perform nonrepetitive tasks.
* **4.** ***Achievement-oriented style.*** The leader who is achievement oriented sets challenging goals, pushes for work improvement, and sets high expectations for team members, who are also expected to assume responsibility. This leadership style works well with achievement-oriented team members and with those working on ambiguous and nonrepetitive tasks.

   A leader can sometimes successfully combine more than one of the four styles, although this possibility is not specified in path-goal theory. For example, during a crisis, such as a major product recall, the marketing manager might need to be directive to help the group take fast action. After the initial emergency actions have been taken, the leader, recognizing how stressed the workers must be, might shift to a supportive mode.

   Few practicing leaders and managers attempt to systematically apply the path-goal theory, yet many effective leaders apply some aspects of the theory intuitively. An example is Mark Murphy, the president and CEO of the Green Bay Packers, a National Football League (NFL) team. Part of the reason Murphy is so well liked by team members and fans is that he uses a supportive style. At the same time, he emphasizes an achievement-oriented style to get the most from his staff and the players. After his playing days were over, Murphy earned a law degree and an MBA.

   Joe Gibbs, a Hall of Fame coach, noticed Murphy's knack for leadership early on. “He was somebody I could go and talk to if I were having problems,” he says. “Mark was so smart. He made the absolute most of his abilities.”11 Murphy also practices participative leadership, as evidenced by his frequent use of *management by wandering around* (MBWA) with his senior management.[**12**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8846) (MBWA refers to casually dropping by the work sites of subordinates and chatting with them about work and listening to their input.)

Steps Leaders Can Take to Influence Performance and Satisfaction

In addition to recommending the leadership style to fit the situation, the path-goal theory offers other suggestions to leaders. Most of them relate to motivation and satisfaction, including the following:

* **1.** Recognize or activate group members' needs over which the leader has control.
* **2.** Increase the personal payoffs to team members for attaining work goals. The leader might give high-performing employees special recognition.
* **3.** Make the paths to payoffs (rewards) easier by coaching and providing direction. For instance, a manager might help a team member be selected for a high-level project.
* **4.** Help group members clarify their expectations of how effort will lead to good performance and how performance will lead to a reward. The leader might say, “Anyone who has gone through this training in the past came away knowing how to implement a Six Sigma (quality standards) program. And most people who learn how to use this system wind up getting a good raise.”
* **5.** Reduce frustrating barriers to reaching goals. For example, the leader might hire a temporary worker to help with a seasonal work overload.
* **6.** Increase opportunities for personal satisfaction if the group member performs effectively. The *if* is important because it reflects contingent behavior on the leader's part.
* **7.** Be careful not to irritate people by giving them instructions on things they already can do well.
* **8.** To obtain high performance and satisfaction, the leader must provide structure if it is missing and supply rewards contingent on adequate performance. To accomplish this, leaders must clarify the desirability of goals for the group members.[**13**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8850)

   As a leader, you can derive specific benefit from path-goal theory by applying these eight methods of influencing performance. Although research interest in path-goal theory has almost disappeared in recent years, the basic tenets of the theory are on target. Any comprehensive theory of leadership must include the idea that the leader's actions have a major impact on the motivation and satisfaction of group members.[**14**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8854) Despite the potential contributions of path-goal theory, it contains so many nuances and complexities that it has attracted little interest from managers.

Situational Leadership® II (SLII)

The two contingency approaches to leadership presented so far take into account collectively the task, the authority of the leader, and the nature of the subordinates. Another explanation of contingency leadership places its primary emphasis on the characteristics of group members. [**Situational Leadership II (SLII)**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8631), developed by Kenneth H. Blanchard and his colleagues, explains how to match leadership style to the capabilities of group members on a given task.[**15**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8858) (The SLII model presented here is a newer version of the older Hersey-Blanchard Situational Leadership Theory.) For example, you might need less guidance from a supervisor when you are skilled in a task than when you are performing a new task. The situational model is particularly applicable to frontline leaders such as supervisors and team leaders.

   SLII is designed to increase the frequency and quality of conversations about performance and professional development between managers and group members so that competence is developed, commitment takes place, and turnover among talented workers is reduced. Leaders are taught to use the leadership style that matches or responds to the needs of the situation.

   Before delving further into the situational leadership model, do the Leadership Self-Assessment Quiz 5-1. It will help alert you to the specific behaviors involved in regarding the characteristics of group members as key contingency variables in choosing the most effective leadership style.

Basics of SLII

SLII stems from the original situational model. The major premise of SLII is that the basis for effective leadership is managing the relationship between a leader and a subordinate on a given task. The major concepts of the SLII model are presented in [**Figure 5-4**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8050). According to SLII, effective leaders adapt their behavior to the level of *commitment* and *competence* of a particular subordinate to complete a given task. For example, team member Tanya might be committed to renting some empty office space by year-end and is also highly skilled at such an activity. Or she might feel that the task is drudgery and not have much skill in selling office space. The combination of the subordinate's commitment and competence determines his or her *developmental level*, as follows:

* **D1**—Enthusiastic Beginner. The learner has low competence but high commitment.
* **D2**—Disillusioned Learner. The individual has gained some competence but has been disappointed after having experienced several setbacks. Commitment at this stage is low.
* **D3**—Capable but Cautious Performer. The learner has growing competence, yet commitment is variable.
* **D4**—Self-Reliant Achiever. The learner has high competence and commitment.

FIGURE 5-4 Situational Leadership II (SLII).

   SLII explains that effective leadership depends on two independent behaviors: *supporting* and *directing*. (By now, you have read about this dichotomy several times in this chapter as well as in [**Chapter 4**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_005.xhtml#eid5441).) Supporting refers to relationship behaviors such as the leader's listening, giving recognition, communicating, and encouraging. Directing refers to task-related behaviors such as the leader's giving careful directions and controlling.

   As shown in [**Figure 5-4**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8050), the four basic styles are:

   **S1**—Directing. High directive behavior/low supportive behavior.

   **S2**—Coaching. High directive behavior/high supportive behavior.

   **S3**—Supporting. Low directive behavior/high supportive behavior.

   **S4**—Delegating. Low directive behavior/low supportive behavior.

For best results on a given task, the leader is required to match his or her style to the developmental level of the group member. Each quadrant in [**Figure 5-4**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8050) indicates the desired match between leader style and subordinate development level.

   A key point of SLII is that no single style is best: An effective leader uses all four styles depending on the subordinate's developmental level on a given task.

   The most appropriate leadership style among SI to S4 corresponds to the subordinate developmental levels of Dl to D4, respectively: Enthusiastic beginners (Dl) require a directing (SI) leader; disillusioned learners (D2) need a coaching (S2) leader; capable but cautious performers (D3) need a supporting (S3) style of leader; and self-reliant achievers (D4) need a delegating (S4) style of leader.

Evaluation of SLII

Situational leadership represents a consensus of thinking about leadership behavior in relation to group members: Competent people require less specific direction than do less competent people. The model is also useful because it builds on other explanations of leadership that emphasize the role of task and relationship behaviors. As a result, it has proved to be useful as the basis for leadership training. At least 3 million managers have been trained in situational leadership, covering various stages of the model, so we can assume that situational leadership makes sense to managers and companies. The situational model also corroborates common sense and is therefore intuitively appealing. You can benefit from this model by attempting to diagnose the readiness of group members before choosing the right leadership style.

   A challenge in applying SLII is that the leader has to stay tuned into which task a group member is performing at a given time and then implement the correct style. Because assignments can change rapidly and group members are often working on more than one task in a day, the leader may have to keep shifting styles.

 LEADERSHIP SKILL-BUILDING EXERCISE 5-1

**Applying Situational Leadership II**

You are playing the role of a team leader whose team has been given the responsibility of improving customer service at a consumer electronics megastore. Before jumping into this task, you decide to use SLII. Today, you are going to meet with three team members individually to estimate their developmental level with respect to performing the customer-service-improvement task. You will want to estimate both their *competence* and *commitment* to perform the task. (Three different people will play the role of group members whose readiness is being assessed.) After the brief interviews (about five minutes) are conducted, you will announce which leadership style you intend to use with each of the people you interviewed. Class members not directly involved in the role play will offer feedback on how well you assessed the team members' readiness.

   SLII presents categories and guidelines so precisely that it gives the impression of infallibility. In reality, leadership situations are less clear-cut than the four quadrants suggest. Also, the prescriptions for leadership will work only some of the time. For example, many supervisors use a coaching style (S2) with a disillusioned learner (D2) and still achieve poor results. A major concern is that there are few leadership situations in which a high-task, high-relationship orientation does not produce the best results.

   Leadership Skill-Building Exercise 5-1 provides you with the opportunity to practice implementing the situational leadership model. The same exercise also supports other contingency and situational models.

The Normative Decision Model

Another contingency viewpoint is that leaders must choose a style that elicits the correct degree of group participation when making decisions. Since many of a leader's interactions with group members involve decision making, this perspective is sensible. The [**normative decision model**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8634) views leadership as a decision-making process in which the leader examines certain factors within the situation to determine which decision-making style will be the most effective. Here we present the latest version of the model that has evolved from the work of Victor Vroom and his associates over thirty years, based on research with more than 100,000 managers.[**16**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8863) The models have changed but they all include the basic idea of matching decision-making style to situational factors.

Decision-Making Styles

The normative model (formerly known as the leader-participation model) identifies five decision-making styles, each reflecting a different degree of participation by group members:

* **1.** ***Decide.*** The leader makes the decision alone and either announces or sells it to the group. The leader might use expertise in collecting information from the group or from others who appear to have information relevant to the problem.
* **2.** ***Consult (Individually).*** The leader presents the problem to the group members individually, gathers their suggestions, and then makes the decision.
* **3.** ***Consult (Group).*** The leader presents the problem to group members in a meeting, gathers their suggestions, and then makes the decision.
* **4.** ***Facilitate.*** The leader presents the problem and then acts as a facilitator, defining the problem to be solved and the boundaries in which the decision must be made. The leader wants concurrence and avoids having his or her ideas receive more weight based on position power.
* **5.** ***Delegate.*** The leader permits the group to make the decision within prescribed limits. Although the leader does not directly intervene in the group's deliberations unless explicitly asked, he or she works behind the scenes, providing resources and encouragement.

Contingency Factors and Application of the Model

The leader diagnoses the situation in terms of seven variables, or contingency factors, that contribute to selecting the most appropriate decision-making style. Based on answers to those variables, the leader or manager follows the path through decision matrices to choose one of five decision-making styles. The model has two versions: one when time is critical, and one when a more important consideration is developing group members' decision-making capabilities. When development of group members receives higher priority, the leader or manager relies more on the group to make a decision even if the process is time consuming.

   The situational factors, or problem variables, make the model a contingency approach. The decision-making style chosen depends on these factors, which are defined as follows:

* ***Decision Significance:*** The significance of the decision to the success of the project or organization (significance deals with decision quality).
* ***Importance of Commitment:*** The importance of team members' commitment to the decision (commitment deals with decision acceptance).
* ***Leader Expertise:*** Your knowledge or expertise in relation to the problem.
* ***Likelihood of Commitment:*** The likelihood that the team will commit itself to a decision you might make on your own.
* ***Group Support:*** The degree to which the team supports the organization's objectives at stake in the problem.
* ***Group Expertise:*** Team members' knowledge or expertise in relation to the problem.
* ***Team Competence:*** The ability of the team members to work together in solving problems.

Accurate answers to these seven situational factors can be challenging to obtain. The leader may have to rely heavily on intuition and also minimize distorted thinking, such as believing he or she has some expertise but in fact does not.

   Although applying the model in its true form is complicated and subject to misinterpretation, the take-away from the model provides useful clues about making group versus individual decisions, as follows:**[17](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml%22%20%5Cl%20%22eid8868)**

* **1.** A *consultative* or *collaborative* decision-making style is likely to bring about the best results when (a) you need information from others to solve the problem in question, (b) the problem is not clearly defined, (c) team member acceptance of the decision is important, and (d) you have sufficient time to deal with a group decision.
* **2.** A *decide* decision-making style (making the decision by yourself) is recommended when (a) you have more expertise than the individual group members, (b) you are confident about your ability to make the decision in question, (c) the team will most likely accept your decision, and (d) the time available for decision making is limited.

   The normative model provides a valuable service to practicing managers and leaders. It prompts them to ask questions about contingency variables in decision-making situations. At a minimum, the model prompts the leader to reflect on whether to make a group or unilateral decision in relation to an issue of consequence.

Leader-Member Exchange (LMX) and Contingency Theory

Another perspective on the contingency approach is suggested by the leader-member exchange theory. Leaders who adapt their style to different individuals within the group, or have different quality relationships with individual group members, are essentially practicing contingency leadership. Hundreds of studies have been conducted about LMX theory. One of the many questionnaires used to measure the quality of the relationship between the leader and the group member is presented in Leadership Self- Assessment Quiz 5-2. Here we present several conclusions from LMX research that suggest a contingency approach to leadership.

 LEADERSHIP SELF-ASSESSMENT QUIZ 5-2

**Quality of Leader-Member Relations**

***Instructions:*** Indicate whether you agree or disagree with each of the following statements in reference to a specific present or former supervisor.

|  |  |  |  |
| --- | --- | --- | --- |
|   |   | **AGREE** | **DISAGREE** |
| **1.** | I like my supervisor very much as a person. | □ | □ |
| **2.** | I respect my supervisor's knowledge and competence on the job. | □ | □ |
| **3.** | My supervisor would defend me to others in the organization if I made a mistake. | □ | □ |
| **4.** | I am impressed with my supervisor's knowledge of his or her job. | □ | □ |
| **5.** | My supervisor is the kind of person one would like to have as a friend. | □ | □ |
| **6.** | My supervisor is a lot of fun to work with. | □ | □ |
| **7.** | I do not mind working my hardest for my supervisor. | □ | □ |
| **8.** | I admire my supervisor's professional skills. | □ | □ |
| **9.** | My supervisor would come to my defense if I were “attacked” by others. | □ | □ |
| **10.** | I am willing to apply extra efforts, beyond those normally required to meet my supervisor's work goals. | □ | □ |
| **11.** | My supervisor defends my work actions to a superior, even without complete knowledge of the issue in question. | □ | □ |
| **12.** | I do my work for my supervisor that goes beyond what is specified in my job description. | □ | □ |

***Scoring and Interpretation:*** The more of the above statements you agree with, the higher the quality of your leader-member exchange. Agreeing with nine or more statements suggests a high-quality leader-member exchange. Agreeing with between four and eight statements suggests an average quality leader-member exchange. Agreeing with three or fewer suggests a poor-quality leader-member exchange.

*Source:* Robert Eisenberger et al., “Leader-Member Exchange and Affective Organizational Commitment: The Contribution of Supervisor's Organizational Embodiment,” *Journal of Applied Psychology*, November 2010, p. 1091.

**1.** Leaders tend to give members of their in-group more favorable performance ratings than they give to out-group members, even when their objective performance is the same. This finding reflects the idea that the leader might be kinder toward group members he or she likes.

**2.** Leaders do not always develop entirely different relationships with each group member, but may respond the same way to a few members of the group. For example, the leader might show equal care and trust for three members of an eight-person team.[**18**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8872)

**3.** In larger groups, there tends to be more differences with respect to leader-member exchanges. As a result, the leader of a large group is more likely to use a slightly different style with various group members, such as being more authoritarian with several of the group members.

**4.** A manager is more likely to act as a servant leader toward subordinates with whom he or she has high-quality exchanges.[**19**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8876) As a consequence, in-group members are likely to perceive that they have a leader who is working on their behalf.

**5.** Leaders are more likely to empower group members with whom they have a high-quality exchange (or good relationship) because they are more likely to trust those members. Research suggests, however, that better results for the organization will be attained if leaders attempt to have high-quality relationships with more group members and empower them at the same time.[**20**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8880)

**6.** Larger differences in leader-member exchanges tend to lead to higher team performance when the LMX-quality median is low (meaning that group members tend to have poor exchanges with the leader). In contrast, when the LMX-quality median is high, differences in leader-member exchanges are not related to team performance. (If most group members feel that they have good exchanges with the leader, being treated a little differently by the leader does not affect their performance.) Similarly, when the LMX-quality median is low, more differentiation in exchanges leads to higher commitment to the group by its members. In contrast, when the LMX-quality median is high, differentiation has no effect on commitment.[**21**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8884) (If you like your exchanges with the leader, your commitment is not affected by his or her different relationships with team mates.)

Leadership During a Crisis

Among the potential crises facing organizations are a drastic revenue decline; pending bankruptcy; homicide in the workplace; scandalous or criminal behavior by executives; natural disasters, such as hurricanes, floods, or earthquakes; nuclear radiation spills; bombings and other terrorist attacks; and a cruise ship being shipwrecked. Leading during a crisis can be regarded as contingency leadership because the situation demands that the leader emphasize certain behaviors, attitudes, and traits. [**Crisis leadership**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8637)is the process of leading group members through a sudden and largely unanticipated, intensely negative, and emotionally draining circumstance. Robin Kielkowski, vice president of Global Business Continuity with BNY Mellon, observes that leadership is the key ingredient in successful crisis management. Effective crisis leadership ensures that a business is prepared before a crisis emerges, and that successfully navigates response and recovery.[**22**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8888)

 LEADERSHIP SELF-ASSESSMENT QUIZ 5-3

**Checklist for Crisis Leadership**

***Instructions:*** Indicate whether you agree or disagree with each of the following statements in reference to dealing with a work-related crisis.

|  |  |  |  |
| --- | --- | --- | --- |
|   |   | **AGREE** | **DISAGREE** |
| **1.** | I can make decisions and recommendations although under extreme time pressures. | □ | □ |
| **2.** | I stay composed when I have to deal with an urgent problem that is suddenly facing me. | □ | □ |
| **3.** | I almost never choke under pressure. | □ | □ |
| **4.** | When the pressure is heavy, I can give clear direction to other people. | □ | □ |
| **5.** | When someone else is facing a very difficult situation, I am reassuring and helpful. | □ | □ |
| **6.** | When faced with an emergency, I can make a good decision even without all the facts I need. | □ | □ |
| **7.** | When facing a major problem, I quickly get the input from people who might have useful suggestions for dealing with the problem. | □ | □ |
| **8.** | If I am faced with a real mess that is mostly or partly my responsibility, I tell the truth about what happened. | □ | □ |
| **9.** | When faced with an overwhelming problem, I can usually imagine what can be done to find a solution. | □ | □ |
| **10.** | I can change my usual work activities immediately to take care of an urgent need. | □ | □ |

***Scoring and Interpretation:*** The more of the above statements you agree with, the stronger your tendencies for being an effective crisis leader. Agreeing with eight or more statements suggests (and your perception is accurate) high ability to deal with and lead others through a crisis. Agreeing with between three and seven statements suggests an average degree of crisis leadership ability. Agreeing with two or fewer statements suggests a limited ability right now to lead others through a crisis.

*Source*: Statements 1 and 10 are adapted from Constance Noonan Hadley, Todd L. Pittinsky, S. Amy Sommer, and Weichun Zhu, “Measuring the Efficacy of Leaders to Assess Information and Make Decision in a Crisis: The C-LEAD Scale,” *The Leadership Quarterly*, August 2011, p. 638.

***Be Decisive*** The best-accepted principle of crisis leadership is that the leader should take decisive action to remedy the situation. The graver the crisis, the less time the leader has to consult a wide array of people. After the plan is formulated, it should be widely communicated to help reassure group members that something concrete is being done about the predicament. After their physical facilities were destroyed in the terrorist attacks on the World Trade Center on September 11, 2001, several leaders announced the next day that their firms would move to nearby backup locations. Communicating plans helps reduce uncertainty about what is happening to the firm and the people in it. A leader who takes highly visible action to deal with a crisis is likely to be viewed as competent.

   A corollary of being decisive during a crisis is not to be indecisive or to hide from the crisis in its midst. The first phase of crisis leadership is to stabilize the emergency situation and buy time.[**23**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8892) Suppose, for example, that five key managers leave the company at the same time to join a competitor, and only one in-house replacement is available. To deal with the emergency, the CEO might hire four managers from an employment agency that specializes in providing temporary managers and professionals. The next step would be to prepare other company personnel to replace managers who quit in the near future.

   Being decisive in response to a crisis also includes communicating widely the plans for resolving the problems that created the crisis, assuming that the organization had some responsibility for the crisis. Announcing these plans appeared to give many employees hope for better times ahead.

   Another component of decisiveness is to avoid the fear of failure that can prevent taking the necessary action to exit the crisis. Chris Warner and Don Schmincke, authors of *High Altitude Leadership*, advise leaders that fear is the ultimate strategy killer. “It stops staff from making great decisions, stops change agents from disrupting the status quo, and stops leaders from leading.”[**24**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8896) The decision of Alan Mullaly at Ford to bring back the defunct Taurus model is a good example of avoiding the fear of failure. Ford officials had discontinued the Taurus because of declining sales, but Mullaly thought the former popularity of the model warranted bringing it back to the public.

***Lead with Compassion*** Displaying compassion with the concerns, anxieties, and frustrations of group members is a key interpersonal skill for crisis leadership. The type of compassionate leadership that brings about organizational healing involves taking some form of public action that eases pain and inspires others to act as well. Compassionate leadership encompasses two related sets of actions. The first is to create an environment in which affected workers can freely discuss how they feel, such as a group meeting to talk about the crisis or disaster. The second is to create an environment in which the workers who experience or witness pain can find a method to alleviate their own suffering and that of others. The leader might establish a special fund to help the families of workers who were victims of the disaster or give workers the opportunity to receive grief counseling.

   Another way to display compassion is for the leader to make personal sacrifices before asking others to make sacrifices to get through the crisis.[**25**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8900) During a financial crisis facing an organization, many leaders have voluntarily taken a pay cut before mandating a salary reduction for others. An extreme approach is for the CEO of a troubled company to ask the board for an annual salary of $1.00 until the company is again profitable. (Skeptics will point out that executives who take the $1.00 annual salary usually receive generous stock options.)

***Think Strategically (See the Big Picture)*** A success factor for the leader of an organization or a key organizational unit is to think strategically, including seeing the big picture. During an organizational crisis, this cognitive skill increases in importance because subordinates may become so mired in the crisis that they see no way out. The effective crisis leader helps the group understand that conditions will soon change for the better. A group of researchers headed by Leslie A. DeChurch used measures of historical events (or historiometric analysis) to elucidate the aspects of leadership essential in extreme contexts. Critical incidents, or key activities, taking place during the crisis situation were also studied. Published reports of events, including newspapers and books, constituted the qualitative data in this type of analysis. These extreme situations included responding to the aftermaths of natural disasters and orchestrating post-war stability, support, transition, and reconstruction efforts.

   As described in the study, multiteam systems are situations in which the leader orchestrates events beyond the individual and single team level but less than the total organization. The teams work together in a network fashion, such as teams of firefighters dealing with a burning apartment building. One category of multiteam systems studied was disaster response systems. The primary objectives of a disaster response system include immediate actions to save lives, protect property and the environment, and meet human needs. A disaster response system would be called for in response to an event such as Hurricane Katrina.

   Another category of multiteam systems studied was provincial reconstruction teams, or joint civilian-military systems designed to deliver aid and assist local communities in post-war reconstruction projects. At the same time, security is provided for the workers involved in the projects. The ability to reduce terrorism and build local communities and their governments (such as in Afghanistan and Iraq) is contingent upon the success of these teams.

   A major finding of the historical analysis of leadership events was that the leadership function of strategy was important in dealing with the crisis event. One aspect of strategy relevant here was labeled *analyze the situation/mission analysis*. It involves such action as gathering information, analyzing what is going on, determining constraints, and defining the problem. Another aspect of strategy uncovered that is relevant here was *understanding the big picture*. It involves the integration of gathered information in such a way that an understanding of the multiteam system's place in the system is achieved.[**26**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8904)Understanding how the component teams fit into the system is also part of understanding the big picture.

***Reestablish the Usual Work Routine*** A temporary drop in performance and productivity is almost inevitable for most workers after disaster strikes, such as an earthquake or terrorist attack—even if the organization was not directly affected.

   Although it may appear callous and counterintuitive, the leader should emphasize the temporary nature of the performance decline. An effective way of helping people deal with a workplace crisis is to encourage them to return to their regular work. It is important for workers to express their feelings about the crisis before refocusing on work, but once they have, returning to work helps ground them in reality and restores purpose to their lives. Randall Marshall, director of trauma studies for the New York State Office of Mental Health, said after 9/11, “A healthy response to this type of situation is to get back into a routine.”[**27**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8908)

***Avoid a Circle-the-Wagons Mentality*** One of the worst ways to lead a group through a crisis is to strongly defend yourself against your critics or deny wrongdoing. The same denial approach is referred to as maintaining a bunker mentality or stonewalling the problem. Instead of cooperating with other stakeholders in the crisis, the leader takes a defensive posture. A case in point is how U.S. interior secretary Ken Salazar dealt with one aspect of the disastrous BP oil spill in the Gulf of Mexico in 2009. Part of the problem had been attributed to a too-friendly relationship between the Minerals Management Service and oil companies, which might have resulted in nonrigorous inspections of oil drilling. Instead of denying that problems existed at the Minerals Management Service, Salazar quickly reorganized the government unit with a new name: Bureau of Ocean Energy Management, Regulation, and Enforcement. Stricter ethical standards were also imposed to show that the new agency would act more independently in inspecting oil-drilling equipment and processes.[**28**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8912)

***Display Optimism*** Pessimists abound in every crisis, so an optimistic leader can help energize group members to overcome the bad times. The effective crisis leader draws action plans that give people hope for a better future (as in strategic thinking). Barbara Baker Clark contends that the role of a leader during a crisis is to encourage hopefulness. She states:

* I'm not saying that you have to plaster a stupid grin on your face even if the bottom line is tanking or people are dying in battle. I am saying don't wallow in pessimism. Believe it or not, it matters to your employees that you remain reasonably optimistic. It will reduce anxiety and keep everyone motivated. That's the power of leadership.[**29**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8916)

***Prevent the Crisis Through Disaster Planning*** The ideal form of crisis leadership is to prevent a crisis through disaster planning. A key part of planning for a physical disaster, for example, is to anticipate where you would go, how you would get in touch with employees, and where you might set up a temporary workplace. Having a list of backup vendors in case they are hit by a physical disaster is also important. Small business owners should be networking with other business owners and agree to assist each other if a crisis strikes. Arranging in advance for support groups, such as grief counselors, is another key element of disaster planning. Even the fact of letting employees know that a disaster plan is in place can be an effective leadership act because it may lower worker anxiety. Also, the leader might communicate that the company has purchased disaster insurance.

   The Deepwater Horizon oil spill disaster was attributed, in part, to inadequate disaster plans. Former BP executive Tony Hayward said it was
probably true that the company didn't do enough planning in advance of the disaster. He said that “There are some capabilities that we could have available to deploy instantly rather than creating as we go.” Apparently, BP was not prepared for the long-term, round-the-clock process of coping with a deep-sea spill.[**30**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8920)

***Stay Calm and Provide Stable Performance*** Effective leaders stay calm and are steady performers, even under heavy workloads and uncertain conditions. Remaining steady under crisis conditions contributes to effectiveness because it helps team members cope with the situation. When the leader remains calm, group members are reassured that things will work out. Stability also helps the managerial leader appear professional and cool under pressure. A representative example is Fréderic Oudén, the chairman and chief executive officer of Société Générale. One of the major crises faced by this French banking giant were the stock market plunge in 2008, followed by a stock market scandal that cost the bank $7 billion (U.S.). Another crisis took place in 2011 when rumors arose that the bank had lost its liquidity as the Greek debt crisis swept Europe. Oudén says that the key to dealing with crisis of this magnitude is to remain calm, and manage your stress. Furthermore, to avoid creating useless turbulence, you must create a process to help the teams organize themselves to make the right decisions at the right time.[**31**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8924)

***Be a Transformational Leader*** During times of large and enduring crisis, transformational leadership may be the intervention of choice. The transformational leader can often lead the organization out of its misery. Transformational leadership is likely to benefit the troubled organization both in dealing with the immediate crisis and in performing better in the long run. David Novak, the CEO of Yum! Brands (which includes KFC, Taco Bell, Pizza Hut, and Long John Silver's), has seen his share of crisis, including vermin infestation in a restaurant that was broadcast on television and YouTube. He says that honesty, consistency, and continuity of communication is the key to managing through these issues and that the transformation may take six to nine months.[**32**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8929)

   Another way a transformational leader helps a company or work unit cope with crisis is to establish a climate of trust long before a crisis strikes.[**33**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8933) If workers and other shareholders trust the leader, they will take more seriously his or her directives during the crisis. Leaders at both Walmart and McDonald's did a notable job of holding their work force together after Hurricane Katrina. Executives and store managers alike scrambled to get in touch with employees to assure them that they would all have their jobs back as soon as operations were up and running. In general, workers in the Gulf Coast area had trusted leadership at the two companies.

   The Leader in Action profiles suggest a leader in a well-known company who practices contingency management, in general, and is facing a situation approaching the need for crisis leadership.

 **LEADER IN ACTION**

**Sandra E. Peterson, Group Worldwide Chairman of the Johnson & Johnson Consumer Health Unit**

In 2012, the Johnson & Johnson consumer health unit that manufactures and sells such household brands as Band Aid and Tylenol was really hurting. A series of forty-eight product recalls had cost the consumer unit about $1.6 billion in lost sales. Among the problems necessitating the recalls were metal shavings floating in some bottles, incorrect levels of certain ingredients, and bad odors. To help remedy these problems, the Johnson & Johnson board, including the company CEO decided to bring in an outsider.

   Sandra A. Peterson, the person chosen for this position as the group worldwide chairwoman (officially “chairman”), was given the responsibility of overseeing consumer companies, information technology, and the global supply chain. Prior to this position, she was the chairwoman and chief executive of Bayer CropScience, a division of the German pharmaceutical company, Bayer. Upon recruiting Peterson, Alex Gorsky, the Johnson & Johnson chief executive said, “Sandi Peterson is an experienced global leader known for her strategic thinking and proven track record in growing businesses. She brings 25 years of experience to her new role, which will draw on her expertise in building fully integrated global businesses, and focusing on growth.”

   As Peterson dug into her new position, she knew that the company was planning to make numerous upgrades in factories producing consumer health products, including rebuilding a factory that produces liquid children's medicines such as Tylenol. The same factories had to undergo more frequent inspections under a consent decree with the U.S. Food and Drug Administration. Many people thought that Peterson's distinguished career and stable leadership and management approach would give her the credibility needed to bring about these substantial changes.

   Peterson received a BA in government from Cornell University and an MPA in applied economics from Princeton University. Prior to joining Bayer, she held several leadership roles at Medco Health Solutions and had been in charge of research and development, quality, and regulatory affairs and procurement at Nabisco, Inc. She also worked in strategy, finance, and product development at Whirlpool Corp., and began her career as a consultant at McKinsey & Company Inc.

**QUESTIONS**

* 1. Which aspect of Peterson's leadership experiences do you think will enhance her ability to practice contingency management and leadership?
* 2. Why might her position at the consumer unit of Johnson & Johnson call for skills in crisis leadership?
* 3. Check media sources to see if Peterson has been successful in her leadership role at Johnson & Johnson.

*Source:* Original story based on facts and observations in the following sources: Ed Silverman, “J & J Hires Bayer Exec to Oversee Troubled Units,” *Pharmalot (*[***www.pharmalive.com***](http://www.pharmalive.com/)*)*, September 13, 2012, pp. 1–4; Katie Thomas, “J. & J. Names Outsider to Rut Its Troubled Consumer Unit,” The *New York Times*([**www.nytimes.com**](http://www.nytimes.com/)), September 13, 2012, pp. 1–2; Jonathan D. Rockoff and Joann S. Lublin, “J & J Recruits Bayer Executive,” *The Wall Street Journal*, September 14, 2012, p. B3; Linda A. Johnson, “J & J Taps Bayer Exec for New Post Over 3 Divisions,” *The Associated Press*, September 13, 2009; “Management Team: Sandra E. Peterson,” ([**www.investor.jnj.com/**](http://www.investor.jnj.com/)), Johnson & Johnson Services, Inc. 1997–2013, p. 1.

Evidence-Based Leadership for the Contingency and Situational Approach

A leading-edge way for a person to practice contingency leadership would be to look for research-based evidence about the best way to deal with a given situation. Before taking action, the leader would ask, “What does the research literature tell me is most likely to work in this situation?” [**Evidence-based leadership or management**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8640) is an approach whereby managers translate principles based on best evidence into organizational practices. [**34**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8937) Quite often the best evidence is empirical (based on experience) and recent. Yet, at times, old principles can still be useful. For example, it has been known for at least a century that when a manager has too many subordinates, coordinating the work of subordinates is difficult. The alternative to evidence-based leadership is to rely heavily on common sense and adopting practices used by other companies, whether or not they fit a particular situation. Many of the principles and suggestions presented throughout this text would help a manager practice evidence-based leadership.

   An example of using evidence-based leadership follows: Research indicates that empowerment is more likely to succeed with group members whose cultural values favor a manager or leader sharing power. In contrast, empowerment is less likely to succeed when the group members expect the leader to retain most of the power. (See [**Chapter 14**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_015.xhtml#eid22427) for the evidence.) In this example, a *principle* (empowerment works best when cultural values are compatible) is translated into *practice* (using empowerment to motivate and satisfy workers when the cultural values of the workers are compatible with empowerment).

   An example of using evidence-based leadership stemming from the experience of managers is to regularly express thanks for a job well done.[**35**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_006.xhtml#eid8942) The thank you can be expressed orally or in writing and should focus on something specific the person has accomplished such as, “Your tracking down of potential candidates for our opening by using the social media produced four good prospects. Thanks so much for lending your expertise.”

   Evidence-based leadership and management is not yet widely practiced, but taking the study of leadership and management seriously will move managers and organizations toward basing their practices and decisions on valid evidence. The result is likely to be more precise contingency leadership.

 **READER'S** ROADMAP

So far in this book, we have examined the nature of leadership, the inner qualities of leaders, and leadership styles, including contingency leadership. In the next chapter, we focus on a topic that incorporates many of these ideas: leadership ethics and social responsibility.

SUMMARY

Theories of contingency and situational leadership build on the study of leadership style by adding more specific guidelines about which style to use under which circumstances. Leaders are most effective when they make their behavior contingent on situational forces, including group member characteristics. Organizational effectiveness is affected by situational factors not under the leader's control. Situations shape how leaders behave, and they also influence the consequences of leader behavior.

   Fiedler's contingency theory states that the best style of leadership is determined by the leader's work situation. Style, in Fiedler's theory, is measured by the LPC scale. If you have a reasonably positive attitude toward your LPC, you are relationship motivated. You are task motivated if your attitude is negative. Situational control, or favorability, is measured by a combination of the quality of leader-member relations, the degree of task structure, and the leader's position power.

   The key proposition of Fiedler's theory is that in situations of high control or low control, leaders with a task-motivated style are more effective. In a situation of moderate control, a relationship-motivated style works better. Leaders can improve situational control by modifying leader-member relations, task structure, and position power.

   The path-goal theory of leadership effectiveness specifies what the leader must do to achieve high productivity and morale in a given situation. The major proposition of the theory is that the manager should choose a leadership style that takes into account the characteristics of the group members and the demands of the task. Initiating structure by the leader works best when the group faces an ambiguous task. Effective leaders clarify the paths to attaining goals, help group members progress along these paths, and remove barriers to goal attainment. Leaders must choose a style that best fits the two sets of contingency factors—the characteristics of the subordinates and the tasks. The four styles in path-goal theory are directive, supportive, participative, and achievement oriented.

   SLII, developed by Blanchard, explains how to match leadership style to the capabilities of group members on a given task. The combination of the subordinate's commitment and competence determines the four developmental levels: enthusiastic beginner, disillusioned learner, capable but cautious performer, and self-reliant achiever. The model classifies leadership style according to the relative amounts of supporting and directing the leader engages in. The four styles are different combinations of task and relationship behavior, both rated as high versus low: directing, coaching, supporting, and delegating. The most appropriate leadership style corresponds to the subordinate developmental levels. For example, enthusiastic beginners require a directing leader.

   The normative decision model explains that leadership is a decision-making process. A leader examines certain contingency factors in the situation to determine which decision-making style will be the most effective in either a time-driven or developmental situation. The model defines five decision-making styles: two individual styles and three group styles. By answering a series of seven diagnostic questions in a matrix, the manager follows the path to a recommended decision style. The most important take-away from the model is to know when to consult with the group versus making an independent decision.

   Leader-member exchange theory provides some insights into contingency leadership. LMX influences such factors as the favorability of performance ratings, which group member receives servant leadership, extent of empowerment, and team member performance.

   Leading others through a crisis can be considered a form of contingency leadership because the leader adapts his or her style to the situation. In a crisis, leaders should (a) be decisive, (b) lead with compassion, (c) think strategically, (d) reestablish the usual work routine, (e) avoid a circle-the-wagons mentality, (f) display optimism, (g) prevent the crisis through disaster planning, (h) provide stable performance, and (i) be a transformational leader.

   A leading-edge way for a person to practice contingency leadership would be to look for research-based evidence about the best way to deal with a given situation. This approach means using evidence-based leadership or management.

KEY TERMS

[**contingency approach to leadership**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_018.xhtml#eid25601) 146

[**path-goal theory**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_018.xhtml#eid26006) 151

[**Situational Leadership II (SLII)**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_018.xhtml#eid26121) 155

[**normative decision model**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_018.xhtml#eid25981) 159

[**crisis leadership**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_018.xhtml#eid25626) 163

[**evidence-based leadership or management**](https://jigsaw.vitalsource.com/books/9781305735026/epub/OPS/loc_018.xhtml#eid25741) 170

 GUIDELINES FOR ACTION AND SKILL DEVELOPMENT

* **1.** A major contingency factor for a team or group leader is the talent and motivation of the individual being led. Although talented and well-motivated workers may not require close monitoring of their efforts, they still require encouragement and recognition to sustain high performance. Otherwise, the leader has very little impact on their performance or their intention to stay a member of the team or group.
* **2.** When practicing the leader-member exchange theory of leadership by forming unique relationships with members of the group, it is important to minimize the potential unintended negative consequences of this type of leadership. For morale purposes, it is important to avoid establishing favorites or pets in the group, and having only superficial, mechanical relationships with other group members.
* **3.** A subtle way of practicing contingency leadership is to adapt to times that may have changed in terms of the demands of your leadership position. You have to fine-tune your leadership approach to meet the new circumstances. Assume that hospital administrator Maggie has held her position for ten years. According to her perception of her role, the focus of her leadership would be to inspire her staff toward doing what is best for patient care. Yet her role has now changed. Focusing on what is good for patients still receives high priority, yet Maggie has to emotionally accept the reality that finding ways to inspire her group to reduce the cost of operating the hospital has become a key part of her leadership and management role.

**Discussion Questions and Activities**

* **1.** What relevance might contingency leadership have for dealing with (a) men versus women, and (b) old versus young?
* **2.** Describe how it might be possible for a manager to be charismatic yet also practice contingency leadership.
* **3.** Identify a personality trait you think would help a manager function as a contingency leader. Also identify a trait you think might detract from a manager's ability to function as a contingency leader.
* **4.** How might a leader modify the clothing he or she wore to different work situations to help practice contingency leadership?
* **5.** How would a manager know which variables in a given situation should influence which approach to leadership he or she should take?
* **6.** Which of the four path-goal styles do you think would be the best for managing a group of software engineers? Justify your answer.
* **7.** To what extent do you think that battlefield experience would help a person become an effective crisis leader in a business situation?
* **8.** Why are both a task emphasis and a relationship emphasis often necessary to get a group through a crisis, such as a hurricane having destroyed a company facility?
* **9.** To what extent do you think most business leaders will ever use experience-based leadership or management?
* **10.** In what way do effective teachers practice contingency leadership?

LEADERSHIP CASE PROBLEM A

**Supervisory Styles at the Red Rascal**

Jessica Perez is the manager of a thriving Red Rascal Restaurant, a chain of several hundred moderately priced restaurants throughout the country. Jessica recently returned from a regional conference in which she was informed about a new program of recruiting several developmentally disabled workers to work at each restaurant. The restaurants would work closely with local institutions that provided vocational training for individuals who are intellectually challenged. In many of the communities, these institutions coordinate their effort with both psychology and special education departments at local colleges.

   The developmentally disabled workers would be hired into basic positions that fit their capabilities, such as salad chefs, bakers, dishwashing machine attendants, and custodial workers. Restaurant (store) managers would receive training into how to optimize the capabilities of developmentally disabled workers, as well as how to motivate or discipline the workers as needed.

   Three months after the program was launched, Jessica's branch had hired three developmentally disabled young adults, all assigned jobs within the kitchen. Jessica spent a little time coaching her kitchen supervisors about supervising developmentally disabled workers. She emphasized the importance of providing clear, uncomplicated directions, and not overwhelming these workers by changing their assignments frequently. As instructed at regional headquarters, Jessica also explained the need to provide positive feedback and encouragement to the intellectually challenged recruits.

   The program of hiring a few developmentally disabled kitchen workers appeared to be going generally well at the Red Rascal. No particular problems with the food prepared by the new workers were found, food preparation was not delayed, and their attendance was satisfactory. Yet as Jessica listened to several of the restaurant associates, the wait staff and kitchen staff included, she heard some grumbling. Head chef Tammy expressed her concerns in these terms: “I'm not exactly sure why this is happening, but these days my supervisor is treating me like I'm10 years old. She's so condescending, and she tells me what she wants done in tiny details. I asked Mindy (the supervisor) to taste a new salad dressing I prepared. She told me, ‘Tammy, I'm so proud of you. You did a great job.’ I mean, she's acting like I'm stupid or something.”

   Kurt, the host, made a similar comment about Jessica. He said, “All of a sudden you're treating me as if I'm a little slow. You made such a fuss just because my shoes were shined and my shirt was wrinkle free. Are you forgetting that I'm not developmentally challenged?”

   Mindy began to think that maybe there were some supervisory style problems at the Red Rascal.

**Questions**

* **1.** What does the restaurant scenario presented above have to do with contingency leadership?
* **2.** In what ways might Jessica and the supervisors modify their leadership styles to adapt to the differences in intellectual levels of the Red Rascal staff?
* **3.** What is the problem with the kitchen staff and wait staff at the Red Rascal? Should not all workers receive careful instructions, feedback, and encouragement?

**ASSOCIATED ROLE PLAY**

One student plays the role of a supervisor whose responsibility is to show a developmentally challenged recruit how to prepare a salad in a giant bowl, that will then be divided into single-portion salads as needed.

   Another student plays the role of the twenty year-old recruit who has never previously prepared food. Observers should be particularly cognizant if the supervisor is using an effective leadership style.

LEADERSHIP CASE PROBLEM B

**Metal Recycling Executive Attempts to Salvage Martha Stewart Living**

For several years, Martha Stewart Living Omnia-media Inc. (MSLO) had been losing money as a media company despite the fame of company founder Martha Stewart. As a result, company management decided to recast itself a merchandising company, particularly because of its former success in home-décor retailing.

   The company had also been involved in a prolonged lawsuit between retail chains Macy's and J.C. Penny Co. Macy's filed suit because it contended that it had the exclusive right to sell Martha Stewart branded merchandise in certain categories, including bedding and cookware. However, Martha Stewart Living also signed an agreement with Macy's competitor J.C. Penney. As part of the settlement, Martha Stewart Living shortened by four years, the length of its contract with J.C. Penney. Also, J.C. Penney agreed not sell certain Martha Stewart products, such as bed and bath products, but would sell others including lighting and rugs.

   During these troubled times, MSLO decided to appoint board member Daniel Dienst as Chief Executive Officer (CEO) of the company. Dienst was a metal industry veteran who had recently been CEDO of Sims Metal Management, the largest metal recycler in North America. Dienst had turnaround experience in the metals industry, plus corporate finance experience from positions he held on Wall Street.

   Upon joining MSLO, Dienst said, “I have long been a fan of Martha Stewart, the person and the brand, and believe there is enormous untapped opportunity for this organization and a terrific base of talented people to help us realize that opportunity.” He also mentioned that the company had already embarked on a turnaround plan that is expected to produce good results quickly. Dienst also said, “I look forward to rolling up my sleeves, getting to work, and helping write the next few chapters of this remarkable Company's story.”

   During the ten years previous to Dienst, six different people served as CEO of MSLO. Other senior executives have departed also, often because they clashed with Martha Stewart, the company founder and nonexecutive chairman.

**Questions**

* **1.** To what extent do you think Dan Dienst was facing a crisis leadership situation when he was appointed the CEO of the Martha Stewart company?
* **2.** So what leadership steps should Dienst take to begin “rolling up his sleeves?”
* **3.** What steps do you recommend that Dienst take to avoid becoming another senior executive who departs the company?
* **4.** What situational factors might make running a media and merchandise business quite different from running a metal recycling company?
* **5.** Based on current media reports, how successful has Dienst been in turning around MSLO?

*Source:* Original case based on facts and observations presented in the following sources: TNM Staff, “Metal Recycling Executive Becomes New CEO Of Martha Stewart Living Omnimedia,” *Talking News Media* ([**www.talking newsmedia.com**](http://www.talkingnewsmedia.com/)), October 29, 2013, pp. 1–4; Jeffrey A. Trachtenberg, “Martha Stewart's New CEO Is a Scrap- Metal Expert,” *The Wall Street Journal*, October 29, 2013, pp. B1-B2; Crayton Harrison and Sarah Frier, “Martha Stewart Appointment of Dienst as CEO Signals Cuts,” *Bloomberg*([**www.Bloomberg.com**](http://www.bloomberg.com/)), October 29, 2013, pp. 1–2.

**ASSOCIATED ROLE PLAY**

One student plays the role of Daniel Dienst, the new CEO of MSLO. Wanting to avoid being scrapped within one year, Dienst takes the initiative to ask why so many senior executives preceding him have left the company. He is concerned that Stewart might be a domineering personality who likes to micromanage her senior executives. Dienst schedules a lunch with Stewart at a high-class restaurant to discuss the situation. Stewart recognizes that she is a household name and believes that her charm, creativity, and superior leadership skills make her an excellent boss for any executive who can obtain good business results. Observers will provide feedback as to whether the meeting has been productive.

 LEADERSHIP SKILL-BUILDING EXERCISE 5-2

**My Leadership Portfolio**

For this chapter entry in your leadership portfolio, visualize two different leadership scenarios that you witnessed directly, read about, or saw on television or in a movie. Think through how you would have used a different leadership approach for each one if you had been the leader. To illustrate, suppose you had passed a construction site for a skyscraper and noticed that the crane operator seemed confident and competent. You might conclude, “In this situation, I would have used a *delegating* style of leadership with the crane operator because she was so self-sufficient. Yet I would still have given her some recognition for a job well done at the end of her shift.”

   Another scenario might be that you witnessed a bloody fight at a professional hockey match. You might conclude, “In this situation, I would be as directive as possible. I would suspend and fine the players, with no room for negotiation. Decisive action must be taken to quell violence in professional sports.”

 LEADERSHIP SKILL-BUILDING EXERCISE 5-3

**Crisis Leadership**

Working in a small group, find a crisis that a business or not-for-profit organization is facing these days. Examples would include a pharmaceutical firm needing to recall an over-the-counter medicine that has triggered illnesses in hundreds of consumers, or an investment banking firm in which several key executives have been accused of insider trading. After agreeing on which crisis to tackle, develop a list of suggestions on how the CEO should deal with the situation. Use several ideas from the section about crisis leadership presented in this chapter to help you develop an action plan.

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