

13

Leading

Learning Objectives

- Define leading and draw a schematic model of the process of leadership
- Discuss the ethical responsibilities of leaders
- Understand the roles of power and influence in leading
- Define motivation and model the motivation process
- Distinguish between the content and process perspectives on motivation and understand the implications of both perspectives for leading
- Understand the main approaches to studies of leading, which include leader traits, leader behaviors, and situational or contingency approaches

Discussion Questions

1. Distinguish between the roles of leaders in transactional and transformational leadership.

Transactional leading occurs throughout organizations because managers relate directly to people. A transactional process, leading in these relationships permits some of the followers' needs to be met if they perform to the leader's expectations; leaders and followers undertake transactions through which each receives something of value. Good leadership skills and techniques facilitate transactions that are essential if these pervasive relationships are to function well in organizations and systems.

In the second type of leading—more likely to be practiced in organizations and systems by senior-level managers—the purpose is significant change in the status quo. In practicing transformational leadership, managers are more focused on creating change than on exchanges. In their transformational leadership roles, managers focus on changes that are organizationwide or systemwide in scope and relate to such things as the following:

- Establishing vision, values, mission, and objectives
- Attaining or modifying the level of support for the mission among internal and external stakeholders
- Allocating responsibility for the HSO's/HS's operation and performance
- Developing new strategies or implementing existing ones differently
- Altering the balance between the economic, professional, and social interests of the HSO/HS and those who work in it
- Establishing new, or discarding existing, relationships with other organizations or systems with which interdependencies are shared

In contrast to the transactional leading process that occurs between managers and other individuals, a transformational leader must have a vision for the entire entity and must lead followers both inside and outside it if the vision is to be realized. Some contemporary authors argue for an overt extension of transformational leadership into meta-leadership. Rowitz, for example, suggests that leaders in public health “need to move outside their organizational positions and utilize their talents, knowledge, and transactional and transformational skills to create new models for collaboration with partners.”¹

2. Define leadership and model it.

Leadership or *leading* in a healthcare setting is influencing others to understand and agree about what needs to be done in order to achieve the mission and objectives established for the HSO/HS and facilitating the individual and collective contributions of others to achieve these desired results. Influencing is the most critical element of this definition and is central to success in leading. A *leader* is one who practices leadership, that is, an individual who influences another individual or group to achieve particular objectives. These perspectives of leaders and leading apply to transformational organizational- or system-level leading as well as transactional leading at the level of managers, individuals, and groups. In both situations, leadership means determining what is to be accomplished and influencing others to contribute to its accomplishment. Figure 13.1 shows a simplified model of this process.

3. *Describe the relationships between influence and leadership and between power and influence.*

Influence is important to the leadership process because influence is the means by which leaders persuade others to follow them. The essence of leading is the ability to influence followers. To have influence, however, one must also have power. Power is the potential to exert influence.

Those who want to exert influence must first acquire power by using the various sources of power that are available to them. The classic scheme for categorizing the bases of interpersonal power identified by French and Raven² includes legitimate, reward, coercive, expert, and referent power. Building on this earlier work, Yukl³ extended the understanding of the sources of interpersonal power to include information power and ecological power, and he divided the expanded set of sources of interpersonal power into position and personal power types, as shown in Figure 13.2.

Class discussion should point out that the power bases are not necessarily independent and can be complementary. Leaders who use reward power wisely strengthen referent power. Conversely, leaders who abuse coercive power quickly weaken or lose referent power.

Figure 13.2 illustrates that people in organizations derive power, in part, from their positions in the organizational design. *Position power* includes the authority that is granted to managers by the organization and its inherent control over resources, processes, and information. Power in organizational settings also depends on the attributes of the interpersonal relationships between leaders and followers. *Personal power* includes relative task expertise, the friendship and loyalty that some people engender in others, and, sometimes, the leader's charismatic qualities. Personal power also depends on certain political processes and skills.

4. *Compare the three basic conceptual approaches to the study of leadership (traits and skills, leader behavior, and situational or contingency approaches), and explain why different approaches to the study of leadership have been taken.*

The study of leadership has followed several paths but has not produced a definitive theory of effective leadership. Much of the theorizing about leadership and many of the studies of the subject can be classified into one of three basic approaches. One approach has been based on the proposition that inherent traits, skills, abilities, or characteristics explain why some people are better leaders. Theories and studies developed around this assumption belong to the "traits and skills approach" to understanding leadership and leaders. The failure of traits to fully explain leadership effectiveness led to another approach, based on the assumption that particular behaviors might be associated with successful leaders. A third approach, an integrative approach to understanding leadership, focuses on how leaders, followers, and the situations in which they find themselves interact and work.

Figure 13.7 illustrates the evolutionary relationships these approaches bear to one another. One can best understand leading by integrating all three conceptual approaches or perspectives rather than by thinking of them as competing approaches.

5. *How do process theories of motivation differ from content theories of motivation?*

Researchers have not established an undisputed and comprehensive theory about motivation or about how leaders affect it in the workplace. Instead, many competing theories have been posited to explain motivation. These varied approaches to motivation can be divided into two broad categories: *content* and *process* perspectives on motivation (Table 13.1). Each of the perspectives contributes something to understanding motivation and has implications for leading.

The content perspective on motivation focuses on the internal needs and desires that initiate, sustain, and eventually terminate behavior. The focus is on *what* motivates. In contrast, the process perspective seeks to explain *how* behavior is initiated, sustained, and terminated. Combined, these perspectives on motivation define variables that explain motivated behavior and show how they interact and influence one another to produce certain behavior patterns. Key studies and theories that underpin contemporary thought about human motivation in the workplace are noted in Table 13.1 and are briefly described in the chapter.

6. *Use the motivation process model in text Figure 13.3 to identify an example of an unmet need you have experienced. Review the goal you established and pursued to correct this deficiency. Was the goal attained? Was the need fulfilled? If it was not fulfilled, what was your response or reaction?*

This is a very personal question requiring individualized responses. The question will be most effective if it is assigned with directions that a humorous or relatively minor unmet need be identified so as not to embarrass the participant. The purpose is to channel the participants' thinking so that they will apply the motivational model (Figure 13.3) to themselves—that is, link unmet needs or need deficiencies to goal-directed behaviors in their own lives. As part of the discussion of this question, students can be reminded that the model shows how the motivation process is cyclical. It begins with an unmet need (need deficiency) and ends after the individual assesses the results of the efforts that were undertaken to satisfy the need. In between, the person searches for ways to satisfy the need, chooses a course of action, and exhibits goal-directed behavior that is intended to remove or reduce the need deficiency.

7. *Some have argued that leaders are born, not made, and that all great leaders have certain common traits. Discuss this viewpoint about leadership.*

The fact that some personal characteristics such as expertise and personal charisma are important bases of power suggests that certain traits and skills are associated with effective leaders. Most studies of leading in the first half of the 20th century sought to find leader traits in physical characteristics, personality, and ability. Researchers theorized that it was possible to identify traits that distinguished leaders and followers, or successful and unsuccessful leaders. These studies focused on the traits that are associated with effective leaders in business, but they also looked at leaders in government, military, and religious organizations. Of course, to prove that traits explained leadership, it was necessary to find traits that all leaders had in common. The many different traits studied included physical characteristics such as height, weight, appearance, and personality traits such as alertness, originality, integrity, and self-confidence, as well as intelligence or cleverness.

None of the studies conducted in search of universal leader traits were successful. A landmark review of the subject by Stogdill analyzed all the major studies of leader traits and concluded that “a person does not become a leader by virtue of the possession of some combination of traits. . . . The pattern of personal characteristics of the leader must bear some relevant relationship to the characteristics, activities, and goals of the followers.”⁴ This conclusion was useful in later research that studied leadership in the context of specific situations.

Stogdill's conclusion discouraged additional research to identify universal leader traits. However, people interested in the selection of effective managers through the identification of people with leadership potential continued to search for traits that might at least be associated with successful leaders. They used improved methods and added administrative and technical abilities to the traits of intelligence and personality studied earlier. Many of these studies showed associations between certain traits and leader effectiveness. In a later review of these newer, more sophisticated studies, Stogdill confirmed his original negative assessment of efforts

to identify universal leader traits, as did other researchers. However, he concluded that it is possible to develop a trait profile that characterizes successful leaders:

The leader is characterized by a strong drive for responsibility and task completion, vigor and persistence in pursuit of goals, venturesomeness and originality in problem solving, drive to exercise initiative in social situations, self-confidence and sense of personal identity, willingness to accept consequences of decision and action, readiness to absorb interpersonal stress, willingness to tolerate frustration and delay, ability to influence other persons' behavior, and capacity to structure social interaction systems to the purpose at hand.⁵

The idea that traits—whether intelligence, personality, or ability—are associated with leader effectiveness continues to be assessed. Although there is no longer a search for universal leader traits, the traits that are associated with leader effectiveness continue to be refined. Table 13.2 lists traits and skills that often characterize successful leaders. Kirkpatrick and Locke summarize contemporary thought about the role of traits in determining leadership effectiveness as follows:

Although research shows that the possession of certain traits alone does not guarantee leadership success, there is evidence that effective leaders are different from other people in certain key respects. Key leader traits include drive (a broad term that includes achievement, motivation, ambition, energy, tenacity, and initiative), leadership motivation (the desire to lead but not to seek power as an end in itself), honesty and integrity, self-confidence (which is associated with emotional stability), cognitive ability, and [expert] knowledge. There is less clear evidence for traits such as charisma, creativity, and flexibility. We believe that the key leader traits help the leader acquire necessary skills; formulate an organizational vision and an effective plan for pursuing it; and take the necessary steps to implement the vision in reality.⁶

8. *Draw a general model of expectancy theory. Use this model to discuss how expectations relate to performance.*

Figure 13.5 in the text is a simplified, general model of expectancy theory; it should be reproduced in discussing this question. The expectancy theory of motivation was developed by Vroom,⁷ who theorized that, although people are driven by their unmet needs, they make decisions about how they will and will not behave in attempting to fulfill their needs. Their decisions are affected by three conditions: 1) People must believe that through their own efforts, they are more likely to achieve desired levels of performance, 2) people must believe that achieving the desired level of performance will lead to some concrete outcome or reward, and 3) people must value the outcome. Figure 13.5 shows the three central components and the relationships in the expectancy theory model.

In this model, *expectancy* is what people perceive to be the probability that their efforts will lead to desired levels of performance. If a person believes that more effort will lead to improved performance, expectancy will be high. If, in a different situation, the same person believes that trying harder will not improve performance, the expectancy will be low.

Instrumentality is the probability perceived by individuals that their performance will lead to desired outcomes or rewards. If a person believes that better performance will be rewarded, the instrumentality of performance to reward will be high. Conversely, if the person believes that improved performance will not be rewarded, the instrumentality of improved performance will be low.

Outcomes are listed only once in Figure 13.5, but they play two important roles in the expectancy model. Level of performance (in the center of Figure 13.5) actually represents an outcome of the “individual effort to perform” component of the figure. Vroom calls this a first-order outcome. Examples of first-order outcomes include productivity, creativity, absenteeism,

quality of work, and other behaviors that result from a person's effort to perform. The outcomes component shown on the right side of Figure 13.5 is a second-order outcome that results from attainment of first-order outcomes. That is, these second-order outcomes are the rewards (or punishments) associated with performance. Examples include merit pay increases, esteem of coworkers, approval of managers, promotion, and flexible work schedules.

Crucial to Vroom's expectancy model is the concept that people have preferences for outcomes. Vroom called the value a person attaches to a particular outcome its *valence*. When a person has a strong preference for a particular outcome it receives a high valence; similarly, a lower preference for an outcome yields a lower valence. People have valences for both first- and second-order outcomes. For example, one person might prefer a merit pay increase to a flexible work schedule, whereas another might prefer the flexibility (second-order outcomes). One person might prefer to produce high-quality work (a first-order outcome) because this person believes this will lead to a merit pay increase (a second-order outcome).

The three components of the expectancy theory (expectancy, instrumentality, and valence for outcomes) can be combined into an equation to express the motivation to work:

$$\text{Motivation} = \text{Expectancy} \times \text{Instrumentality} \times \text{Valence}$$

or

$$M = E \times I \times V$$

It is important to note that, because the equation is multiplicative, a low value assigned to any variable will yield a low result. For example, if a person is certain that effort will lead to performance (an expectancy value of 1.0 is assigned), is certain that performance will lead to reward (an instrumentality value of 1.0 is assigned), but does not have a very high preference for the reward involved (a valence value of 0.5 is assigned), when the components are multiplied ($1.0 \times 1.0 \times 0.5 = 0.5$), the result is low, indicating that motivation is low. For motivation to be high, expectancy, instrumentality, and valence values all must be high.

9. Define equity theory. How are people in the workplace likely to react to perceived inequities?

Equity is an important extension of the expectancy theory. In addition to preferences of outcomes or rewards associated with performance, people also assess the degree to which potential rewards will be equitably distributed. Equity theory posits that people calculate the ratios of their efforts to the rewards they receive and compare them to ratios they believe exist for others in similar situations.⁸ They do this because they have a strong desire to be treated fairly.

When faced with situations they perceive to be inequitable, people seek to restore equity in a number of alternative ways. They may use some or all of the following alternatives simultaneously or in sequence before a feeling of equity is restored or attained. For example, people who feel an inequity about their pay (i.e., feel that it is too low or that they work harder than others with the same pay) may decrease their input by reducing effort, to compensate for this perceived inequity. Alternatively, they may seek to change their total compensation package as a means to reduce the perceived pay inequity. They may seek to modify their comparisons or referents. For example, they may try to persuade low performers who are receiving equal pay to increase their efforts, or they may try to discourage high performers from exerting so much effort. Others, feeling an inequity in their pay, perhaps in desperation, may distort reality and rationalize that the perceived inequities are somehow justified.

Finally, as a last resort, people may choose to leave an inequitable situation. This action, as a response to perceived inequities, usually occurs only when people cannot resolve the inequities and conclude that they will not be resolved. Thus participants can attempt to restore equity by changing the reality or the perception of the inputs and outcomes in the equity equation, which can create serious problems for managers.

10. Briefly describe three situational models of leadership presented in this chapter.

When traits, behaviors, or styles could not fully explain effectiveness in leading, and especially when behaviors and styles appropriate and effective in one situation produced failure in others, researchers turned their attention to incorporating situational influences, or contingencies, into models of leading. From among the many resulting models that seek to explain how situational variables help to determine the relative effectiveness of leading styles, three of the most important are the Fiedler model, Hershey and Blanchard's situational model, and the House-Mitchell path-goal theory. Each model is summarized here.

Fiedler's Contingency Model

Fiedler sought to identify situations in which certain leader styles are especially effective. His hypothesis was that effective leading is contingent on whether the elements in a particular leading situation fit the specific style of the leader. Complex theories have ample room for criticism, and Fiedler's is no exception.

The *contingency* model refers to Fiedler's theory that effective leadership is contingent on whether the elements in a particular leadership situation fit the style of the leader.⁹ He sought to identify leader styles that fit particular situations and that could be used to improve leader effectiveness by changing leader styles to fit situations, selecting leaders whose styles fit particular situations, moving leaders to situations that fit their styles, or changing situations to better fit leader styles.

Fiedler's leadership model is complex, but the underlying theory can be appreciated by understanding the leader styles he examined and the way in which he assessed situations. He was interested in whether a leader was more task or relations motivated or oriented. The task-motivated leader is more concerned about task success and task-related problems. Such leaders are motivated primarily by achieving task objectives and are not motivated to establish good relationships with followers unless the work is going well and there are no serious task-related problems.

In contrast, the relations-motivated leader is more concerned with good leader-follower relations, is motivated to have close interpersonal relationships, and will act in a considerate, supportive manner when relationships need to be improved. For such leaders, the achievement of task objectives is important only if the primary, affiliation motive is adequately satisfied by good personal relationships with followers.

Fiedler measured these two orientations in leaders by using the least-preferred coworker (LPC) score, which asked leaders to think of the present or past coworker with whom they least liked to work. The LPC questionnaire has a number of attributes (e.g., pleasant-unpleasant) with an eight-point rating scale. The LPC score is the sum of the ratings for the attribute sets. A high score reflects a leader who is primarily relationship motivated; a low score reflects a leader who is primarily task motivated.

According to Fiedler's theory, the relationship between a leader's LPC score and leadership effectiveness depends on a complex situational variable called *situational favorability*. Favorability is determined by three aspects of a situation: leader-follower relationships, task structure, and leader position power. With a way to measure certain leader traits and to scale the favorability of the situations faced by leaders, Fiedler tested the relationships. His results (Figure 13.9, top) show that relationship-motivated leaders (high LPC scores) do well, relative to task-motivated leaders, in moderately favorable situations. Conversely, task-motivated leaders (low LPC scores) do relatively well in situations that are either very favorable or very unfavorable. Fiedler's work is important because it is the first comprehensive attempt to incorporate situational variables directly into a leadership theory. This new dimension was refined in many subsequent studies.

Hershey and Blanchard's Situational Model

Hershey and Blanchard's situational leadership model attempts to explain effective leadership as the interplay between the leader's relationship behavior (extent to which leaders maintain personal relationships with followers through open communication and supportive behaviors and actions toward them); the leader's task behavior (extent to which leaders organize and define roles of followers and guide and direct them); and the follower's readiness level (readiness to perform a task or function or to pursue an objective).

Although recognizing that many situational variables, such as leader, followers, superiors, peers, organization, nature of the job, and time, affect leadership effectiveness, the Hershey and Blanchard model focuses on followers as the key situational variable, specifically their readiness to perform. The central premise is that the most effective leadership style is determined by the readiness level of those people whom the leader is attempting to influence.

Figure 13.10 integrates the four leadership styles identified by Hershey and Blanchard (telling, selling, participating, and delegating) with the four levels of follower readiness they identified (R1–R4) to suggest that effectiveness results when the leader's style matches the followers' readiness. The model suggests that, as followers reach high levels of readiness (R4), the leader responds by decreasing task and relationship behaviors. At R4, the leader needs to do very little because followers are willing and able to take responsibility. At the lowest level of follower readiness (R1), followers need explicit direction because they are unable and unwilling to take responsibility. At moderate or intermediate levels (R2 and R3), different leadership styles are needed. At R2, where the followers are unable but willing, the leader must exhibit high levels of task and relationship behaviors. High task behavior compensates for followers' lack of ability, and the high relationship behavior may help get them to psychologically “buy into” the leader's wishes. At R3, where followers are able but unwilling or insecure, a leadership style incorporating high levels of relationship behaviors may help overcome unwillingness or insecurity among followers.

House's Path–Goal Model

The path–goal model, like the other situational or contingency approaches described previously, attempts to predict the leadership behaviors that will be most effective in particular situations. This model is perhaps the most generally useful situational model of leading effectiveness, named for its focus on how leaders influence participants' perceptions of their work goals and the paths they follow toward attaining these goals.

In the original conception of this model, Robert House posited that the leader's functions are to increase personal payoffs to followers for attaining their work-related goals and to make the path to these payoffs smoother.¹⁰ As House and Terence Mitchell, who helped develop the theory further, note,

According to this theory, leaders are effective because of their impact on subordinates' motivation, ability to perform effectively, and satisfaction. The theory is called path–goal because its major concern is how the leader influences the subordinates' perceptions of their work goals, personal goals and paths to goal attainment. The theory suggests that a leader's behavior is motivating or satisfying to the degree that the behavior increases subordinate goal attainment and clarifies the paths to these goals.¹¹

The path–goal model is situational because its basic premise is that the effect of leader behavior on follower performance and satisfaction depends on the situation, specifically on

follower characteristics and characteristics of the work to be performed. Stated another way, different leader behaviors work better for different situations. There are four categories of leader behavior, according to House and Mitchell,¹² each of which is best suited to a particular situation:

- *Directive leading:* The leader tells followers what they must do and how to do it, requires that they follow rules and procedures, and schedules and coordinates the work.
- *Supportive leading:* The leader is friendly and approachable and exhibits consideration for the well-being and needs of followers.
- *Participative leading:* The leader consults with followers, asks for opinions and suggestions, and considers them.
- *Achievement-oriented leading:* The leader establishes challenging goals for followers, expects excellent performance, and exhibits confidence they will meet expectations.

House believes all four styles of leader behavior can and should be used by leaders as the situation dictates and that effective leaders match styles to situations, which can vary along two dimensions. One dimension is the nature of the people being led. Followers may or may not have the ability to do the job. They also differ in the perceived degree of control they have over their work. The second dimension is the nature of the task, which may be routine and one with which followers have prior experience, or it may be new and ambiguous, and help will be needed if followers are to perform it well.

Figure 13.11 illustrates how to produce leader effectiveness by matching the four leader behavior styles to subordinate characteristics and the nature of the task. Leaders face different situations, and the path-goal model suggests that effective leaders diagnose the situation and match behavior to it. For example, directive leadership could be used when followers are not well trained and the work they do is partly routine and partly ambiguous. Supportive or participative leadership would be most appropriate if followers do routine work and have experience. Achievement-oriented leadership is most effective if followers do innovative and ambiguous work and have a high level of related knowledge and skill.

The path-goal model of leadership suggests that the functions of effective leaders include 1) making the path to achieving work goals easier by providing coaching and direction when needed, 2) removing or minimizing frustrating barriers that interfere with followers' abilities to achieve work goals, and 3) increasing payoffs for followers when they achieve work-related goals.

House and Mitchell intend the path-goal theory to be a partial explanation of the motivational effects of leader behavior, and they do not include all relevant variables. Despite limited validation of much of the path-goal theory, it is a useful construct because it merges leadership and motivation theories. It also provides a valuable pragmatic framework for managers who try to match their leader behavior to subordinate or follower characteristics and task characteristics.

Furthermore, path-goal theory is useful in illustrating substitutes for leadership. For example, if being an effective leader means clarifying the path to a follower's goal, then the existence of clear organizational rules and plans that clarify the path partially substitute for leadership. Substitutes for leader behaviors include any actions that clarify role expectations, motivate employees, or satisfy employees. This phenomenon is significant for HSOs/HSs, with their highly professional work force and possession of a body of knowledge with standard practices to guide their work. These factors reduce the need for leaders to guide the work; they are a substitute for leadership.

Case Study 1

Leadership on the West Wing

1. *Describe the leadership at Wildwood Community Hospital in general and in the west wing in particular.*

To the extent this case reveals information about the leadership at Wildwood Community Hospital, it is clear that Harrison prefers to let the other managers who work for her exercise their own leadership styles. She was content with Mur's approach, so long as things worked well. Mur had a suitable style of leadership as things were running smoothly on the unit. It worked until a sudden change in demand changed things on the unit.

2. *Is this a leadership problem? Motivation problem? Both? What would you recommend to Harrison? To Mur?*

There are elements of leadership and motivation problems in this situation. Harrison had not led the Unit Managers in preparing for a significant jump in demand and the tighter schedules and more difficult work loads such changes would stimulate on the units. Mur now has a significant motivation problem on her hands.

Harrison must do what she can to increase the human and other resources available to the units. This leadership challenge will be difficult, but she must help improve staffing patterns on the west wing and perhaps other units. Mur must help staff find their motivation to work at a level that accommodates the new demands.

3. *Do the leadership problems in the west wing require application of any of the process or content theories of motivation? Which and why?*

Both content and process perspectives on motivation have application in this situation. As noted in text Table 13.1, managers must pay attention to the unique and varied needs, desires, and goals of people; that is, they must use the fact that people vary along these dimensions and avoid trying to find one content motivational variable that might work across the board in the west wing and other units of Wildwood Community Hospital.

Similarly, both Harrison and Mur must make every effort to understand how the unique and varied needs, desires, and goals of the people in their areas of responsibility interact with their preferences, and with rewards and accomplishments, to affect their behavioral choices.

Case Study 2

Charlotte Cook's Problem

This case provides an opportunity to explore issues related to leadership at the level of the supervisor-subordinate interface.

1. *What leadership style should Cook use with Sally? With John?*

Cook can use general supervision with Sally because she has demonstrated a high level of effectiveness. Cook will need to use closer supervision with John, and it will be necessary for her to document carefully what John allegedly has been doing. Interpersonal squabbles are difficult to isolate and difficult to document. Cook will not be able to take any disciplinary action against John until she can verify the facts.

2. *How should Cook approach and interact with Betty?*

Cook must decide how much of John's behavioral problem to discuss with Betty. This is important because, even though Cook has not had any difficulties with Betty, John and Betty spend a lot of time together and John's disgruntlement could negatively affect Betty if he continues to express negativity about Longview in general and about Stanley George and Cook in particular. In essence, Cook should take a preventive approach to Betty in this situation.

3. What should Cook do if John does not change?

Cook will have difficulty getting John to change. So far his behavior pattern is not a significant problem. Every HSO has people like John. Unless the situation worsens, Cook should not recommend his termination. In the meantime, counseling is in order, as is an attempt to determine what is causing John to behave as he does. Cook should remove Betty from John's influence so that she does not become a greater problem.

4. Did Mr. George do the correct thing in transferring John?

Not enough information exists to determine whether Mr. George did the right thing in transferring John. Problems are rarely solved by transferring employees from one department or section to another. It may work occasionally, but it should not be assumed that such action is always effective.

5. What could Mr. George have done to remedy the situation at the time he transferred John?

It is not likely that any single action could have been taken by Mr. George to fully remedy the situation. Reasons for the transfer should have been clearly explained to John, and he could have received a strong warning from Mr. George in the hope that it might affect his performance in his new position. It is unlikely that this would correct the situation, however.

Case Study 3

The Presidential Search

This case provides an opportunity to consider the leadership qualities that are needed by a hospital chief executive officer (CEO) and to consider some of the issues that are involved in institution-level leadership.

1. What capabilities should the new president possess? Rank them in order.

Challenges for the new president at Memorial include the following:

- Developing a consensus on organizational priorities
- Enlisting internal and external support for organizational purposes
- Selecting an optimal service and patient mix
- Locating responsibility for the organization's direction and performance
- Developing effective planning strategies
- Selecting competitive strategies to pursue

There is no correct order for the capabilities the new president will need to meet these challenges. Students can rank them in order of their views of the importance of the tasks facing the new president. In sum, the capabilities should reflect the fact that the new president must be a good *transformational* leader.

2. *Should this person be more skilled at the supervisor–subordinate interface or at organization-level leadership? How will the committee distinguish between skill at the two types of leadership?*

The new president should possess both supervisor–subordinate interface skills and organizational leader skills. However, the more important skills are those of organizational leader because this person must infuse values into Memorial, define its mission and objectives, and monitor and adjust to its environment. In other words, as the organizational leader, the new president holds the key to the organization's ability to survive and function effectively.

3. *Some committee members point out that the situation at Memorial is unique and that, therefore, finding a person who was successful at another hospital will not guarantee success at Memorial. What would be your position on this issue?*

A logical position is that Memorial is unique (as is every hospital) but that a track record of successful management and leadership at other hospitals is a good indication of the potential for success at Memorial. Effective leadership can be learned and practiced, and it is transferable to other settings.

Case Study 4

The Young Associate's Dilemma

This case provides an excellent opportunity to explore the issue of which human needs can be best fulfilled in the work situation.

1. *Identify and describe the motivation variables present in this case.*

Both positions provide considerable opportunity for the fulfillment of O'Hara's needs. For example, both positions offer good salary, security, and status. The positions also offer varying degrees of opportunity to satisfy her needs for achievement, recognition, advancement, and responsibility. O'Hara's problem is to develop priorities for her needs and relate them to these opportunities to satisfy her own most dominant needs.

2. *Would these two positions permit O'Hara to fulfill different needs? If so, what are they?*

Either position would permit her to fulfill many of the same needs. The key difference in the two situations for O'Hara is her desire to become the CEO of a large hospital. Her present position may not be as likely to permit her to fulfill this objective as would the opportunity at the hospital.

3. *What would you do if you were O'Hara? Why?*

This is a very personal choice. Obviously, there is no correct response. The instructor should make certain that students relate their own need structures to the relative ability of the two opportunities to fulfill those needs.

Case Study 5

The Holdback Pool

1. *Discuss this case in terms of the expectancy theory of motivation.*

As discussed in the response to Discussion Question 8, expectancy theory is based on the view that not only are people driven by their needs, but they also make choices about what they will and will not do to fulfill their needs, based on three conditions: expectancy, instrumentality,

and outcomes. Figure 13.5 shows the relationship among these three components of the expectancy theory model and can be used in this discussion.

With regard to expectancy, Dr. Brooks must believe that effort will cause something to happen. With regard to instrumentality, if Dr. Brooks believes that better performance will be rewarded, then the instrumentality of performance to reward will be high. Conversely, if he believes that improved performance will not be rewarded, then the instrumentality of improved performance will be low.

With regard to outcomes, in Dr. Brooks's case, "level of performance," which actually represents an outcome of the "individual effort to perform," may be more productivity or better quality of work. The "outcomes" component is a second-order outcome that results from the attainment of first-order outcomes. In Dr. Brooks's situation with the holdback pool, this would mean a larger payment based on his share of a larger pool of dollars.

The general model presented in Figure 13.5 can be used to explain how expectations relate to performance by showing that for motivated behavior to occur in Dr. Brooks, he must have a high expectation that effort and performance are actually linked, he must have a high expectation that performance will lead to outcomes or rewards, and he must have a preference for the outcomes that result from effort.

2. What are the implications of the holdback pool for motivating the physicians? For patient care?

As with anything that may affect physician motivation and performance, the holdback pool has implications for the patient care that they provide, as well. The HMO must be careful that its efforts to motivate through financial incentives do not have a negative impact on the care that physicians provide its members. This case raises ethical issues of conflict of interest, as well.

3. What are the implications for motivation in this case, considering the fact that managing diabetes cases effectively may require higher short-term costs to achieve the objectives of longer, healthier lives for patients and cost savings in the long run?

This fact complicates the motivation issues in the case. The rewards from the holdback pool are annual. The impact of current year expenditures on patient care may not be felt for years. It is possible that a financial incentive arrangement such as this one will deter certain preventive steps that might be taken with patients, to maximize the holdback pool in a current year, with the effect of much more serious and expensive complications in future years. Given its potential impact on the quality of healthcare, the holdback pool should be used carefully.

4. What changes in the HMO's efforts to motivate physician behavior do you recommend?

Although many changes are possible, including abandonment of the holdback pool, HMOs do face the challenge of motivating the performance of physicians. Financial incentives must play a part in the overall approach to motivation in these settings. However, total reliance on them is a limited approach to motivation. HMOs do better to consider physician motivation in the larger context of the variety of needs that all people have and in the organization's ability to use many opportunities to help people, including physicians, fulfill these needs as a means to better motivation and performance.

Case Study 6

Ethical Aspects of Leadership

1. If you were in Diana's position, how would you have responded given the circumstances?

Diana is in a difficult position since her and her unit's reputation and credibility are at stake. Diana may feel that she has every right to "pass the buck" and publicly blame Murky for putting her in this position: "Well, I'm sorry that I'm not well prepared to discuss our budget but

my boss . . . etc.” However, that approach demonstrates weakness and deflects her responsibility onto a convenient scapegoat. In spite of Murky’s deficiencies and “murky” ethics, Diana must assume responsibility for this delegated task, even if it seems patently unfair. Although she may justify her not having understood the expectation that she was to make a formal presentation, she had already developed a draft budget and should have been prepared at least to discuss that and justify the unit’s financial requirements. Being adequately prepared for a meeting is a professional responsibility with ethical implications, recognizing that one cannot anticipate all challenges that might arise.

2. What ethical issues are relevant to this situation and to Diana’s response?

Assuming accountability for one’s actions, especially when in a difficult situation, is a mark and expectation of professionalism. Avoiding this responsibility even when it seems justified is a sign of ethical immaturity. At the same time honesty is at the heart of personal integrity, arguably the key value at the foundation of ethical behavior. Consequently, if challenged by Ron to justify her apparent lack of preparation, Diana has the right, in fact the obligation, to respond honestly but tactfully. A postmeeting discussion with Ron might be necessary and appropriate, but publicly shifting the blame to Murky is ethically suspect and benefits no one. The political risks that truth-telling may entail (e.g., as in some instances of whistle-blowing) must be recognized, but this does not allow for easy compromise of the expectation of honest dealing.

3. What actions should Diana take after the department heads’ meeting?

At the earliest opportunity, Diana should schedule a meeting with Mr. Murky to provide him with an account of the department head’s meeting and to express her concerns about the way he handled this delegation. Depending on her degree of assertiveness and confidence in her position, she should indicate her dissatisfaction with being put in this vulnerable position without appropriate preparation and support. Assuming she is willing to “take this one for the team,” at the least Diana should indicate her expectations of Murky should similar situations arise in the future. Ideally Diana should play the ethically responsible and mature role here, presenting a problem-solving attitude rather than merely relieving her (quite justifiable) frustration and anger, which would likely be met with defensiveness if not hostility and would not result in constructive action. However, it would certainly be appropriate for Diana to make her ethical boundaries and values clear to Murky in terms of her own decision making and behavior.

4. Who has ethical accountability in this situation, Diana, Mike, or both?

As was suggested earlier, both Diana and Mike must assume their share of ethical accountability in spite of the fact that Mike’s immature and thoughtless behavior put Diana in this ethically and politically vulnerable position. Diana has the opportunity to demonstrate ethical maturity and professionalism in marked contrast to Murky’s poor example.

5. What other supervisory–managerial issues are suggested in this case?

This case suggests that communication lines within the department are not clear and may be obstructed. Although there was clearly a breakdown in communication between Diana and Murky (perhaps an intentional one), the fact that Murky had never responded to the draft budget reflects a problem in communication and control as well as his own ineffective time management, conflicting priorities, ineffective delegation, and other leadership deficiencies. The budgeting and planning system should have internal checks and alerts to ensure that the process moves forward. Worse yet, it appears that no process had been established to prepare for the Commission accreditation, which posed even greater risks than missing routine budgeting deadlines. The fact that the department had experienced severe staff shortages for at least 1 year indicates problems with the recruitment and selection processes and perhaps excessive employee turnover with inadequate compensation and ineffective supervision as possible contributing factors. From another perspective, this scenario could be seen as a leading indicator of a deeper problem in the organizational culture requiring transformational leadership.

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