

1.6: Leadership and Organization

Learning Objectives

- Describe key terms associated with management and leadership, including Theory X and Theory Y and transactional and transformational leadership
- Explain the significance of organizational culture

Management and Organizational Structure

A significant portion of I-O research focuses on management and human relations. Douglas McGregor (1960) combined **scientific management** (a theory of management that analyzes and synthesizes workflows with the main objective of improving economic efficiency, especially labor productivity) and human relations into the notion of leadership behavior. His theory lays out two different styles called Theory X and Theory Y. In the **Theory X** approach to management, managers assume that most people dislike work and are not innately self-directed. Theory X managers perceive employees as people who prefer to be led and told which tasks to perform and when. Their employees have to be watched carefully to be sure that they work hard enough to fulfill the organization's goals. Theory X workplaces will often have employees punch a clock when arriving and leaving the workplace: Tardiness is punished. Supervisors, not employees, determine whether an employee needs to stay late, and even this decision would require someone higher up in the command chain to approve the extra hours. Theory X supervisors will ignore employees' suggestions for improved efficiency and reprimand employees for speaking out of order. These supervisors blame efficiency failures on individual employees rather than the systems or policies in place. Managerial goals are achieved through a system of punishments and threats rather than enticements and rewards. Managers are suspicious of employees' motivations and always suspect selfish motivations for their behavior at work (e.g., being paid is their sole motivation for working).

In the **Theory Y** approach, on the other hand, managers assume that most people seek inner satisfaction and fulfillment from their work. Employees function better under leadership that allows them to participate in, and provide input about, setting their personal and work goals. In Theory Y workplaces, employees participate in decisions about prioritizing tasks; they may belong to teams that, once given a goal, decide themselves how it will be accomplished. In such a workplace, employees are able to provide input on matters of efficiency and safety. One example of Theory Y in action is the policy of Toyota production lines that allows any employee to stop the entire line if a defect or other issue appears, so that the defect can be fixed and its cause remedied (Toyota Motor Manufacturing, 2013). A Theory Y workplace will also meaningfully consult employees on any changes to the work process or management system. In addition, the organization will encourage employees to contribute their own ideas. McGregor (1960) characterized Theory X as the traditional method of management used in the United States. He argued that a Theory Y approach was needed to improve organizational output and the wellbeing of individuals. The table below summarizes how these two management approaches differ.

Table 1. Theory X and Theory Y Management Styles

Theory X	Theory Y
People dislike work and avoid it.	People enjoy work and find it natural.
People avoid responsibility.	People are more satisfied when given responsibility.
People want to be told what to do.	People want to take part in setting their own work goals.
Goals are achieved through rules and punishments.	Goals are achieved through enticements and rewards.

Another management style was described by Donald Clifton, who focused his research on how an organization can best use an individual's strengths, an approach he called strengths-based management. He and his colleagues interviewed 8,000 managers and concluded that it is important to focus on a person's strengths, not their weaknesses. A strength is a particular enduring talent possessed by an individual that allows her to provide consistent, near-perfect performance in tasks involving that talent. Clifton argued that our strengths provide the greatest opportunity for growth (Buckingham & Clifton, 2001). An example of a strength is public speaking or the ability to plan a successful event. The strengths-based approach is very popular although its effect on organization performance is not well-studied. However, Kaiser & Overfield (2011) found that managers often neglected improving their weaknesses and overused their strengths, both of which interfered with performance.

Leadership is an important element of management. Leadership styles have been of major interest within I-O research, and researchers have proposed numerous theories of leadership. Bass (1985) popularized and developed the concepts of transactional leadership versus transformational leadership styles. In **transactional leadership**, the focus is on supervision and organizational goals, which are achieved through a system of rewards and punishments (i.e., transactions). Transactional leaders maintain the status quo: They are managers. This is in contrast to the transformational leader. People who have **transformational leadership** possess four attributes to varying degrees: They are charismatic (highly liked role models), inspirational (optimistic about goal attainment), intellectually stimulating (encourage critical thinking and problem solving), and considerate (Bass, Avolio, & Atwater, 1996).

As women increasingly take on leadership roles in corporations, questions have arisen as to whether there are differences in leadership styles between men and women (Eagly, Johannesen-Schmidt, & van Engen, 2003). Eagly & Johnson (1990) conducted a meta-analysis to examine gender and leadership style. They found, to a slight but significant degree, that women tend to practice an interpersonal style of leadership (i.e., she focuses on the morale and welfare of the employees) and men practice a task-oriented style (i.e., he focuses on accomplishing tasks). However, the differences were less pronounced when one looked only at organizational studies and excluded laboratory experiments or surveys that did not involve actual organizational leaders. Larger sex-related differences were observed when leadership style was categorized as democratic or autocratic, and these differences were consistent across all types of studies. The authors suggest that similarities between the sexes in leadership styles are attributable to both sexes needing to conform the organization's culture; additionally, they propose that sex-related differences reflect inherent differences in the strengths each sex brings to bear on leadership practice. In another meta-analysis of leadership style, Eagly, Johannesen-Schmidt, & van Engen (2003) found that women tended to exhibit the characteristics of transformational leaders, while men were more likely to be transactional leaders. However, the differences are not absolute; for example, women were found to use methods of reward for performance more often than men, which is a component of transactional leadership. The differences they found were relatively small. As Eagly, Johannesen-Schmidt, & van Engen (2003) point out, research shows that transformational leadership approaches are more effective than transactional approaches, although individual leaders typically exhibit elements of both approaches.

A new and emerging area of research within psychology focuses on leadership and the relationship with leaders from the perspective of a follower. This “followership” research suggests that studies need to examine the leader-follower relationship in both directions—instead of focusing only on leadership—to better understand the dynamics of the relationship. Put differently, people are individuals, and because they are different, there probably is no single best leadership-follower dynamic between leaders and followers. For instance, think about the differences between yourself and someone you know well. Do you respond the same way to criticism? Maybe one of you likes a lot of structure and other seems to work best with less structure. Perhaps, one of you is ready to try a new restaurant at any time and the other prefers to go to the tried-and-true place that you've visited so many times the servers know your order before you place it.

Some early research has discovered that the characteristics of individual followers will result in different types of relationships with a leader depending on the leadership style. It appears that not all leadership styles work well with all follower types. One characteristic of followers, for example, is their degree of extroversion. Previous research suggests that individuals with a high degree of extroversion would need a larger amount of interaction with their leaders in order to function well; however, other research suggests this may not necessarily be the case and instead other factors may be at work (Phillips & Bedeian; Bauer et al, 2006).

Another characteristic of followers is their individual need for growth. For followers who have a strong desire to learn and grow within their organization, a leader who provides developmental opportunities might be better received than one who does not. In addition, for those followers who are low on growth and need strength, leaders who push them to grow may make them less satisfied followers as they feel forced into further development and training, possibly signaling a lower level of achievement from their supervisor. Training for leaders in both helping employees who have a strong drive for growth and those who do not appears to be helpful in improving the relationship between both types of followers and their leaders (Schyns, Kroon, & Moors, 2008).

Finally, an employee's need for leadership is an important component of the leader-follower relationship. Some individuals are significantly more autonomous than others and as a result do not respond as well to leaders who provide a lot of structure and rigidity of processes, in turn reducing the quality of their relationship with their leader. Other employees who are high in need for leadership have a better relationship with their leader if they are provided with a well-structured environment with clear responsibilities and little ambiguity in their work. These followers work best in situations where they feel they can comfortably perform the work with little requirement to think outside of the guidelines that have been provided. For these individuals, having a

leader who is able to set a clear path forward for the employee with little need for deviation promotes a strong positive leader-follower relationship (Felfe & Schyns, 2006).

Try It

Goals, Teamwork, and Work Teams



Figure 1. Teamwork is an essential part of the modern workplace.

The workplace today is rapidly changing due to a variety of factors, such as shifts in technology, economics, foreign competition, globalization, and workplace demographics. Organizations need to respond quickly to changes in these factors. Many companies are responding to these changes by structuring their organizations so that work can be delegated to work teams, which bring together diverse skills, experience, and expertise. This is in contrast to organizational structures that have individuals at their base (Naquin & Tynan, 2003). In the team-based approach, teams are brought together and given a specific task or goal to accomplish. Despite their burgeoning popularity, team structures do not always deliver greater productivity—the work of teams is an active area of research (Naquin & Tynan, 2003).

Why do some teams work well while others do not? There are many contributing factors. For example, teams can mask team members that are not working (i.e., social loafing). Teams can be inefficient due to poor communication; they can have poor decision-making skills due to conformity effects; and, they can have conflict within the group. The popularity of teams may in part result from the team halo effect: Teams are given credit for their successes, but individuals within a team are blamed for team failures (Naquin & Tynan, 2003). One aspect of team diversity is their gender mix. Researchers have explored whether gender mix has an effect on team performance. On the one hand, diversity can introduce communication and interpersonal-relationship problems that hinder performance, but on the other hand diversity can also increase the team's skill set, which may include skills that can actually improve team member interactions. Hoogendoorn, Oosterbeek, & van Praag (2013) studied project teams in a university business school in which the gender mix of the teams was manipulated. They found that gender-balanced teams (i.e., nearly equal numbers of men and women) performed better, as measured by sales and profits, than predominantly male teams. The study did not have enough data to determine the relative performance of female dominated teams. The study was unsuccessful in identifying which mechanism (interpersonal relationships, learning, or skills mixes) accounted for performance improvement.

There are three basic types of teams: problem resolution teams, creative teams, and tactical teams. Problem resolution teams are created for the purpose of solving a particular problem or issue; for example, the diagnostic teams at the Centers for Disease Control. Creative teams are used to develop innovative possibilities or solutions; for example, design teams for car manufacturers create new vehicle models. Tactical teams are used to execute a well-defined plan or objective, such as a police or FBI SWAT team handling a hostage situation (Larson & LaFasto, 1989). One area of active research involves a fourth kind of team—the virtual team; these studies examine how groups of geographically disparate people brought together using digital communications technology function (Powell, Piccoli, & Ives, 2004). Virtual teams are more common due to the growing globalization of organizations and the use of consulting and partnerships facilitated by digital communication.

Organizational Culture

Each company and organization has an organizational culture. **Organizational culture** encompasses the values, visions, hierarchies, norms, and interactions among its employees. It is how an organization is run, how it operates, and how it makes decisions—the industry in which the organization participates may have an influence. Different departments within one company

can develop their own subculture within the organization's culture. Ostroff, Kinicki, and Tamkins (2003) identify three layers in organizational culture: observable artifacts, espoused values, and basic assumptions. Observable artifacts are the symbols, language (jargon, slang, and humor), narratives (stories and legends), and practices (rituals) that represent the underlying cultural assumptions. Espoused values are concepts or beliefs that the management or the entire organization endorses. They are the rules that allow employees to know which actions they should take in different situations and which information they should adhere to. These basic assumptions generally are unobservable and unquestioned. Researchers have developed survey instruments to measure organizational culture.

With the workforce being a global marketplace, your company may have a supplier in Korea and another in Honduras and have employees in the United States, China, and South Africa. You may have coworkers of different religious, ethnic, or racial backgrounds than yourself. Your coworkers may be from different places around the globe. Many workplaces offer diversity training to help everyone involved bridge and understand cultural differences. **Diversity training** educates participants about cultural differences with the goal of improving teamwork. There is always the potential for prejudice between members of two groups, but the evidence suggests that simply working together, particularly if the conditions of work are set carefully that such prejudice can be reduced or eliminated. Pettigrew and Tropp (2006) conducted a meta-analysis to examine the question of whether contact between groups reduced prejudice between those groups. They found that there was a moderate but significant effect. They also found that, as previously theorized, the effect was enhanced when the two groups met under conditions in which they have equal standing, common goals, cooperation between the groups, and especially support on the part of the institution or authorities for the contact.

Try It

Dig Deeper: Managing Generational Differences

An important consideration in managing employees is age. Workers' expectations and attitudes are developed in part by experience in particular cultural time periods. Generational constructs are somewhat arbitrary, yet they may be helpful in setting broad directions to organizational management as one generation leaves the workforce and another enters it. The baby boomer generation (born between 1946 and 1964) is in the process of leaving the workforce and will continue to depart it for a decade or more. Generation X (born between the early 1960s and the 1980s) are now in the middle of their careers. Millennials (born from 1979 to the early 1994) began to come of age at the turn of the century, and are early in their careers.

Today, as these three different generations work side by side in the workplace, employers and managers need to be able to identify their unique characteristics. Each generation has distinctive expectations, habits, attitudes, and motivations (Elmore, 2010). One of the major differences among these generations is knowledge of the use of technology in the workplace. Millennials are technologically sophisticated and believe their use of technology sets them apart from other generations. They have also been characterized as self-centered and overly self-confident. Their attitudinal differences have raised concerns for managers about maintaining their motivation as employees and their ability to integrate into organizational culture created by baby boomers (Myers & Sadaghiani, 2010). For example, millennials may expect to hear that they need to pay their dues in their jobs from baby boomers who believe they paid their dues in their time. Yet millennials may resist doing so because they value life outside of work to a greater degree (Myers & Sadaghiani, 2010). Meister & Willyerd (2010) suggest alternative approaches to training and mentoring that will engage millennials and adapt to their need for feedback from supervisors: reverse mentoring, in which a younger employee educates a senior employee in social media or other digital resources. The senior employee then has the opportunity to provide useful guidance within a less demanding role.

Recruiting and retaining millennials and Generation X employees poses challenges that did not exist in previous generations. The concept of building a career with the company is not relatable to most Generation X employees, who do not expect to stay with one employer for their career. This expectation arises from of a reduced sense of loyalty because they do not expect their employer to be loyal to them (Gibson, Greenwood, & Murphy, 2009). Retaining Generation X workers thus relies on motivating them by making their work meaningful (Gibson, Greenwood, & Murphy, 2009). Since millennials lack an inherent loyalty to the company, retaining them also requires effort in the form of nurturing through frequent rewards, praise, and feedback.

Millennials are also interested in having many choices, including options in work scheduling, choice of job duties, and so on. They also expect more training and education from their employers. Companies that offer the best benefit package and brand

attract millennials (Myers & Sadaghiani, 2010).

One well-recognized negative aspect of organizational culture is a culture of **harassment**, including sexual harassment. Most organizations of any size have developed sexual harassment policies that define sexual harassment (or harassment in general) and the procedures the organization has set in place to prevent and address it when it does occur. Thus, in most jobs you have held, you were probably made aware of the company's sexual harassment policy and procedures, and may have received training related to the policy. The U.S. Equal Employment Opportunity Commission (n.d.) provides the following description of **sexual harassment**:

Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual harassment when this conduct explicitly or implicitly affects an individual's employment, unreasonably interferes with an individual's work performance, or creates an intimidating, hostile, or offensive work environment.
(par. 2)

One form of sexual harassment is called quid pro quo. Quid pro quo means you give something to get something, and it refers to a situation in which organizational rewards are offered in exchange for sexual favors. Quid pro quo harassment is often between an employee and a person with greater power in the organization. For example, a supervisor might request an action, such as a kiss or a touch, in exchange for a promotion, a positive performance review, or a pay raise. Another form of sexual harassment is the threat of withholding a reward if a sexual request is refused. Hostile environment sexual harassment is another type of workplace harassment. In this situation, an employee experiences conditions in the workplace that are considered hostile or intimidating. For example, a work environment that allows offensive language or jokes or displays sexually explicit images. Isolated occurrences of these events do not constitute harassment, but a pattern of repeated occurrences does. In addition to violating organizational policies against sexual harassment, these forms of harassment are illegal.

Harassment does not have to be sexual; it may be related to any of the protected classes in the statutes regulated by the EEOC: race, national origin, religion, or age.

Violence in the Workplace

In the summer of August 1986, a part-time postal worker with a troubled work history walked into the Edmond, Oklahoma, post office and shot and killed 15 people, including himself. From his action, the term "going postal" was coined, describing a troubled employee who engages in extreme violence.

Workplace violence is one aspect of workplace safety that I-O psychologists study. **Workplace violence** is any act or threat of physical violence, harassment, intimidation, or other threatening, disruptive behavior that occurs at the workplace. It ranges from threats and verbal abuse to physical assaults and even homicide (Occupational Safety & Health Administration, 2014).

There are different targets of workplace violence: a person could commit violence against coworkers, supervisors, or property. Warning signs often precede such actions: intimidating behavior, threats, sabotaging equipment, or radical changes in a coworker's behavior. Often there is intimidation and then escalation that leads to even further escalation. It is important for employees to involve their immediate supervisor if they ever feel intimidated or unsafe.

Murder is the second leading cause of death in the workplace. It is also the primary cause of death for women in the workplace. Every year there are nearly two million workers who are physically assaulted or threatened with assault. Many are murdered in domestic violence situations by boyfriends or husbands who chose the woman's workplace to commit their crimes.

There are many triggers for workplace violence. A significant trigger is the feeling of being treated unfairly, unjustly, or disrespectfully. In a research experiment, Greenberg (1993) examined the reactions of students who were given pay for a task. In one group, the students were given extensive explanations for the pay rate. In the second group, the students were given a curt uninformative explanation. The students were made to believe the supervisor would not know how much money the student withdrew for payment. The rate of stealing (taking more pay than they were told they deserved) was higher in the group who had been given the limited explanation. This is a demonstration of the importance of procedural justice in organizations. **Procedural justice** refers to the fairness of the processes by which outcomes are determined in conflicts with or among employees.

In another study by Greenberg & Barling (1999), they found a history of aggression and amount of alcohol consumed to be accurate predictors of workplace violence against a coworker. Aggression against a supervisor was predicted if a worker felt unfairly treated or untrusted. Job security and alcohol consumption predicted aggression against a subordinate. To understand and

predict workplace violence, Greenberg & Barling (1999) emphasize the importance of considering the employee target of aggression or violence and characteristics of both the workplace characteristics and the aggressive or violent person.

[Try It](#)

Glossary

diversity training: training employees about cultural differences with the goal of improving teamwork

organizational culture: values, visions, hierarchies, norms and interactions between its employees; how an organization is run, how it operates, and how it makes decisions

procedural justice: fairness by which means are used to achieve results in an organization

sexual harassment: sexually-based behavior that is knowingly unwanted and has an adverse effect of a person's employment status, interferes with a person's job performance, or creates a hostile or intimidating work environment

scientific management: theory of management that analyzed and synthesized workflows with the main objective of improving economic efficiency, especially labor productivity

Theory X: assumes workers are inherently lazy and unproductive; managers must have control and use punishments

Theory Y: assumes workers are people who seek to work hard and productively; managers and workers can find creative solutions to problems; workers do not need to be controlled and punished

transactional leadership style: characteristic of leaders who focus on supervision and organizational goals achieved through a system of rewards and punishments; maintenance of the organizational status quo

transformational leadership style: characteristic of leaders who are charismatic role models, inspirational, intellectually stimulating, and individually considerate and who seek to change the organization

workplace violence: violence or the threat of violence against workers; can occur inside or outside the workplace

work team: group of people within an organization or company given a specific task to achieve together

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